



Statement of Significant Changes in relation to the Anglian Water Services Indicative Wholesale Charges 2022/23

Our tariff structure for 2022/23 is unchanged from our 2021/22 scheme.

Charges seek to recover, at 2022/23 prices, the revenue allowed to us by the Regulator, Ofwat.

The calculation of allowed revenue for 2022/23 has three elements:

1. the wholesale revenue per control based on the “k” factors per service area set out in the CMA Redetermination published on 17 March 2021;
2. a forecast of CPIH for November 2021; and
3. the results of those mechanisms set out in the PR19 Rulebook that adjust those allowed revenues for performance in prior years.

Published “K” Factors

The K factors set out a percentage increase to the prior year allowed revenues on a consistent price base. For the 2022/23 charging year the CMA published K factors are as set out in the table below:

Price Control	K Factor
Water Resources	2.61%
Water Network Plus	5.16%*
Wastewater Network Plus	3.38%
Bioresources	2.91%**

*Adjusted for the change in scope to the Elsham DPC

**Bioresources = deduced K re 20/21 outturn and adjusted usage (fixed vs variable costs)

Some of the increase to next year’s bills is to support investment that allows us to meet the challenges from a rapidly changing climate and a growing population. Water is also increasingly scarce, with a need to leave more water in the environment, and which increases the costs of finding, treating and supplying it to customers. We referred the original Final Determination to the CMA in order to support our long term environmental and social responsibilities. We had hoped that a revised determination would be published in time to be reflected across four years of the AMP from the 2021/22 charging year, however this was not possible. As a consequence, the revised determination has been reflected into the final three years of the AMP, starting with the charging year 2022/23, thereby compressing the uplift in revenues into that time period.

CPIH

Alongside other industries we are experiencing upward cost pressures and it is important that we can recover these costs in order to maintain delivery of our service obligations to our customers.

It is predicted that this year inflation will be higher than in recent years. We have based November CPIH on the latest consensus forecast as of 6 October, using a figure of 3.6%.

PR19 Rulebook

Application of the PR19 Rulebook mechanisms results in two types of adjustment: the first for under or over recovery of allowed wholesale revenue in the 2020/21 charging year under the RFI mechanism; and the second for under or over performance of the outcome performance commitments set out in the Final Determination at PR19. For the 2022/23 charging year the resulting adjustments (in 2022/23 prices, £m) per revenue control are set out in the following table:

Price Control	RFI Adjustment	Outcome Performance
Water Resources	(11.0)	0.6
Water Network Plus	(0.2)	3.0
Wastewater Network Plus	8.0	8.8
Bioresources	(3.1)	-

The RFI adjustments reflect under/over recovery in allowed wholesale revenues on a "single till" basis across main charges and revenue from developers (called Grants & Contributions). The 2020/21 over recovery on wholesale water revenue reflects the higher household usage due to the Covid-19 "lock-down"; the under-recovery on wastewater revenue reflects lower recovery of Grants & Contributions revenue than forecast, principally due to the disruption caused by Covid-19 to the housing market.

The outcome performance payments reflect the net position of under/over performance for the outcome performance commitments, as set out in tables 3A and 3B of our Annual Performance Report 2020/21.

Bill incidence effects

As a consequence of the calculation of allowed revenue, and our current forecast of customer numbers and demand, we expect all customer classes to experience bill increases that exceed five per cent, based on a constant level of usage.

Wholesale charges settled in the non-household retail market will therefore increase.

We will actively seek to engage and support Retailers to help them manage these bill impacts. We have maintained a dialogue with Retailers throughout the CMA Redetermination process to inform them as to potential bill impacts, particularly in the event that the redetermination was reflected in three rather than four charging years. We have ongoing account management meetings with all retailers on a one to one basis and will provide assistance for them to understand how bill incidence effects for the charging year will impact across different service combinations by tariff.

Typical bill incidence effects are as set out in the tables below:

Table 1: Non Household Wholesale Incidence Effects

Line description	WATER			SEWERAGE			TOTAL WITH SWD		
	2021/22	2022/23	% Change	2021/22	2022/23	% Change	2021/22	2022/23	% Change
ANGLIAN - WHOLESALE									
Measured - streamline green									
75 m3 pa	£110	£115	4.7%	£167	£179	7.3%	£277	£294	6.3%
250 m3 pa	£351	£368	5.0%	£411	£446	8.7%	£761	£815	7.0%
350 m3 pa	£488	£512	5.0%	£550	£599	8.9%	£1,038	£1,112	7.1%
Measured - streamline orange									
500 m3 pa	£694	£729	5.0%	£776	£845	8.9%	£1,470	£1,574	7.1%
1,500 m3 pa	£1,966	£2,064	5.0%	£2,133	£2,315	8.5%	£4,099	£4,379	6.8%
2,500 m3 pa	£3,238	£3,399	5.0%	£3,491	£3,786	8.4%	£6,729	£7,184	6.8%
Measured - streamline blue									
5,000 m3 pa	£6,417	£6,736	5.0%	£6,963	£7,543	8.3%	£13,380	£14,279	6.7%
7,500 m3 pa	£9,425	£9,899	5.0%	£10,270	£11,140	8.5%	£19,695	£21,039	6.8%
10,000 m3 pa	£12,433	£13,062	5.1%	£13,576	£14,738	8.6%	£26,009	£27,800	6.9%
Measured - profile									
3.00 peak to average ratio									
10,000 m3 pa	£15,164	£15,937	5.1%						
15,000 m3 pa	£22,540	£23,681	5.1%						
20,000 m3 pa	£29,916	£31,424	5.0%						
Measured - profile plus									
1.90 peak to average ratio									
25,000 m3 pa	£32,108	£33,084	3.0%	£34,536	£37,490	8.6%	£66,644	£70,574	5.9%
150,000 m3 pa	£186,613	£193,865	3.9%	£194,365	£210,504	8.3%	£380,978	£404,368	6.1%
250,000 m3 pa	£310,218	£322,489	4.0%	£322,228	£348,915	8.3%	£632,445	£671,403	6.2%
Measured - profile interruptible									
1.90 peak to average ratio									
75,000 m3 pa	£91,108	£95,963	5.3%						
250,000 m3 pa	£294,770	£311,502	5.7%						
500,000 m3 pa	£585,715	£619,415	5.8%						
Unmeasured									
£100 rv	£250	£263	5.1%	£270	£292	8.2%	£520	£555	6.7%
£250 rv	£272	£286	5.1%	£293	£316	7.9%	£565	£602	6.5%
£300 rv	£280	£294	5.0%	£300	£324	7.8%	£580	£618	6.5%
HARTLEPOOL - WHOLESALE									
Measured - streamline									
75 m3 pa	£79	£82	3.9%						
500 m3 pa	£484	£505	4.2%						
25,000 m3 pa	£23,857	£24,870	4.2%						
Measured - profile plus									
1.4 peak to average ratio									
100,000 m3 pa	£62,878	£66,267	5.4%						
500,000 m3 pa	£301,992	£318,933	5.6%						
1,000,000 m3 pa	£600,884	£634,766	5.6%						

Table 2: Non Household Wholesale Incidence Effects

Line description	TRADE EFFLUENT			TRADE EFFLUENT - MOGDEN			TRADE EFFLUENT - FIXED			TRADE EFFLUENT - TOTAL			SEWERAGE	SEWERAGE			TOTAL WASTEWATER		
	Volume m3	COD mg/l	SS mg/l	2021/22	2022/23	% Change	2021/22	2022/23	% Change	2021/22	2022/23	% Change	Volume m3	2021/22	2022/23	% Change	2021/22	2022/23	% Change
ANGLIAN - WHOLESale																			
Measured - streamline green																			
Customer 1	75	1,000	250	£126	£137	8.4%	£10	£10	0.0%	£136	£147	7.8%	350	£605	£659	9.0%	£741	£806	8.8%
Customer 2	125	725	200	£179	£194	8.5%	£10	£10	0.0%	£189	£204	8.1%	250	£450	£489	8.8%	£638	£693	8.6%
Customer 3	225	500	400	£310	£337	8.5%	£10	£10	0.0%	£320	£347	8.2%	250	£450	£489	8.8%	£770	£836	8.5%
Customer 4	300	600	200	£399	£434	8.6%	£10	£10	0.0%	£409	£444	8.4%	500	£837	£914	9.2%	£1,246	£1,357	8.9%
Measured - streamline orange																			
Customer 1	750	500	250	£937	£1,013	8.1%	£20	£20	0.0%	£957	£1,033	7.9%	250	£474	£518	9.3%	£1,431	£1,551	8.4%
Customer 2	1,800	700	200	£2,467	£2,665	8.0%	£20	£20	0.0%	£2,487	£2,685	8.0%	500	£851	£927	8.9%	£3,338	£3,612	8.2%
Customer 3	2,500	1,000	500	£4,465	£4,810	7.7%	£20	£20	0.0%	£4,485	£4,830	7.7%	500	£851	£927	8.9%	£5,336	£5,757	7.9%
Customer 4	3,750	500	200	£4,569	£4,940	8.1%	£20	£20	0.0%	£4,589	£4,960	8.1%	350	£625	£682	9.1%	£5,214	£5,642	8.2%
Measured - streamline blue																			
Customer 1	7,500	350	150	£7,853	£8,504	8.3%	£75	£75	0.0%	£7,928	£8,579	8.2%	3,000	£4,759	£5,144	8.1%	£12,687	£13,723	8.2%
Customer 2	10,000	500	100	£11,262	£12,189	8.2%	£75	£75	0.0%	£11,337	£12,264	8.2%	2,000	£3,289	£3,545	7.8%	£14,626	£15,809	8.1%
Customer 3	15,000	750	200	£20,552	£22,196	8.0%	£75	£75	0.0%	£20,627	£22,271	8.0%	2,000	£3,289	£3,545	7.8%	£23,916	£25,816	7.9%
Customer 4	25,000	900	200	£36,995	£39,930	7.9%	£75	£75	0.0%	£37,070	£40,005	7.9%	5,000	£7,698	£8,342	8.4%	£44,768	£48,347	8.0%
Measured - profile plus																			
Customer 1	35,000	1,000	250	£50,311	£54,226	7.8%	£125	£125	0.0%	£50,436	£54,351	7.8%	5,000	£9,674	£10,577	9.3%	£60,110	£64,928	8.0%
Customer 2	50,000	1,500	350	£90,736	£97,606	7.6%	£125	£125	0.0%	£90,861	£97,731	7.6%	6,000	£11,094	£12,114	9.2%	£101,955	£109,846	7.7%
Customer 3	150,000	1,250	300	£243,913	£262,608	7.7%	£125	£125	0.0%	£244,038	£262,733	7.7%	6,000	£11,094	£12,114	9.2%	£255,132	£274,848	7.7%
Customer 4	400,000	1,000	200	£564,079	£608,169	7.8%	£125	£125	0.0%	£564,204	£608,294	7.8%	10,000	£16,777	£18,266	8.9%	£580,981	£626,560	7.8%