

## Statement of Significant Changes in relation to the Anglian Water Services Charges Scheme 2021/22

- Our tariff structure for 2021/22 is unchanged from our 2020/21 scheme.
- Charges recover, at 2021/22 prices, the revenue allowed in the wholesale and household retail revenue controls published in Ofwat's 2019 Final Determination.
- On this basis, no customer class will experience increases that exceed five per cent, with the exception of some customers on our SoLow tariff, as discussed below.
- We have asked Ofwat to refer this determination to the Competition & Markets Authority ("the CMA"). In the event that the CMA's Redetermination is published in time to be reflected in allowed revenue and so charges for the charging year 2021/22 we expect all customer classes to experience bill increases that exceed five per cent, based on a calculation of allowed revenue resulting from our representations to the CMA following publication of its Provisional Finding. These bill increases are not expected to exceed 8% for any class of customer.

### SoLow

The SoLow tariff was introduced in 1997/98 to help with our metering programme. It was designed to make sure people in properties with a low Rateable Value did not see their bills rise unduly when switching to a meter. It did this by removing the relatively high fixed charge on a Standard, metered bill and charging a higher volumetric rate.

New research, together with better information on customers water use, and changes to the way fixed charges are set, have now led us to conclude that the tariff no longer serves the purpose intended.

The average consumption per customer on SoLow is the same as that for all our metered customers. This means SoLow was benefitting small households rather than those that were more water efficient. Also, where no fixed charges are included in a bill there is a risk, particularly for very low users, that the fixed costs of serving the customer are not recovered.

The removal of the fixed charge for SoLow customers was subsidised by increasing charges for those on the Standard tariff. Larger households were effectively subsidising smaller ones, regardless of their relative water efficiency or their financial circumstances.

For these reasons, we closed SoLow to new entrants in April 2015 and introduced a fixed charge, creating the same structure as the Standard tariff. This charge will steadily increase each year for SoLow customers, while the volumetric charge reduces.

The break-even point remains at 75m<sup>3</sup> so all customers on Solow remain better off on the tariff, albeit by a reducing amount each year, until charges are finally aligned and all customers charged on the Standard tariff. SoLow charges will be aligned with the Standard tariff by 2022/23 at the earliest.

This approach has been developed following discussions with the Consumer Council for Water.

The following table sets out the approximate bill incidence effects at various typical consumption bands:

Usage band (m <sup>3</sup> per annum)	Bill increase %	Bill increase £	Approx. no. of customers
10m <sup>3</sup>	7.5%	£9.97	12,000
15m <sup>3</sup>	6.7%	£9.91	12,000
20m <sup>3</sup>	6.0%	£9.84	12,000

We have previously communicated our proposals to effected customers but will continue to provide information for SoLow customers on their bill documents and online.

We will also continue to work with third sector organisations to raise awareness about our social tariff (LITE) among SoLow customers who may struggle to pay their bill in full. Details are available on our website.