

NORTHUMBRIAN WATER LIMITED

STATEMENT OF SIGNIFICANT CHANGES TO PRIMARY WHOLESAL CHARGES 2020/21

In accordance with the Wholesale Charging Rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991 published in October 2018, this notice is to update stakeholders on the scope of any proposed significant changes to our primary Wholesale Charges for 2020/21.

Wholesale Charges, as defined by Ofwat in the Wholesale Charging Rules, relate to the charges water and sewerage undertakers can impose on retailers for wholesale water and wastewater services.

This statement is issued in advance of the receipt of our price review (PR19) Draft Determination from Ofwat which is due for publication on 18th July. We have therefore based this statement on the reasonable expectations of the wholesale charges that will be set for the 2020/21 charging year.

In accordance with our submitted PR19 Business Plan we anticipate a reduction in our charges from 2020/21.

We are reviewing the structure of our Focus and Large User tariffs where we are considering options to remove site charges and apply reducing block tariffs for measured consumption on an individual meter basis. If any changes are proposed we will be consulting on these changes and examining any handling strategies that may be adopted for any incidence effects.

Additionally, as part of our vacant property management strategy we are considering the option to charge retailers for measured consumption on non-household vacant premises from April 2020.

As the final results of our PR19 price review are not due for publication until December 2019 we must draw your attention to the greater level of uncertainty this year around the scope of any such changes to our charges. This is due to the fact that we are not in a position to know the final results of the price review process at this time.

July 2019