

STATEMENT OF SIGNIFICANT CHANGES TO CHARGES SCHEME CHARGES FOR 2022/23

This statement is published in accordance with the Charges Scheme Rules issued by the Water Services Regulation Authority under sections 143(6A) and 143B of the Water Industry Act 1991.

2019 Price Review

As we have previously highlighted, on 14 February 2020, NWL formally rejected the Final Determination (FD19) published by Ofwat in December 2019 and requested Ofwat to refer it to the Competition and Markets Authority (CMA) for redetermination. Ofwat referred our FD19 to the CMA on 19 March 2020 and we submitted our Statement of Case on 2 April 2020. We received a draft redetermination from the CMA on 29 September 2020.

2022/23 Charges

We confirm that:

- a) All customer types will see bill increases of greater than 5% from the 2021/22 charges (for a given customer type assuming a constant level of consumption).

The final outcomes from the CMA's redetermination of the FD19 price review were published in March 2021. The timing of this did not allow us to incorporate these changes into our 2021/22 charges, we are therefore implementing the decision in our charges from 2022/23 through to 2024/25, this means we will effectively see the impact across three years of charges rather than five. Additionally, we incorporate the November 2021 CPIH rate into our charges for 2022/23 which is 4.6%.

The combined impact of the CMA redetermination and the relatively high inflation rate means our charges are increasing by greater than 5% from 2021/22 charges, assuming a similar level of consumption.

We have a detailed plan of handling strategies to communicate with our customers which has been presented to our Water Forum which includes representatives from CCW.

- b) There have been no significant changes in our charging policy.

13 January 2022