

NORTHUMBRIAN WATER LIMITED

Statement of significant changes to primary wholesale charges 2026/27

In accordance with the Wholesale Charging Rules issued by the Water Services Regulation Authority (Ofwat) under sections 66E and 117I of the Water Industry Act 1991, this notice is to update stakeholders on any proposed significant changes to our primary wholesale charges for 2026/27.

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.

We do not intend to change the structure of our standard charges or the methodology for calculating primary wholesale charges currently. We continue to prefer to provide stability and consistency for our end customers and retailers.

The indicative wholesale charges reflect the Ofwat final determination (FD24) and draft in-period outcome delivery incentives adjustments for 2024/25, issued by Ofwat in October 2025.

Trade Effluent (TE) Charges

We are reviewing the structure of our published TE charges with a view to incorporating a standard ammonia charge. The intention is that the charge will apply to new large industrial discharges and to our Special Agreements when current contracts end, where effluent has an ammonia content which breaches the threshold set by NWL. We therefore do not consider handling strategies are required for this change at this stage.

Simplification and harmonisation of metered consumption bands

In accordance with the RWG Good Practice Guide we have changed our metered volumetric consumption bands to align with the proposed bandings across the market.

0 – 0.5ML per annum

0.5 – 50ML per annum

50 – 100ML per annum

100 – 250ML per annum

250+ML per annum

Promoting water efficiency in wholesale charges

Following the publication of the Cunliffe report (Independent Water Commission Recommendation 38) and the subsequent Ofwat consultation and IN 25/04, we will review our tariffs to ensure we promote water efficiency.

Raw Water

Raw water volumes have stabilised after a period of decline, but the charges still need to be increased to ensure recovery of the fixed costs of the raw water system.

Vacant premises

We continue to have the highest vacancy rate in the non-household market. As part of our vacant property management strategy, we have previously created an exercisable option to charge for consumption recorded at vacant non-household premises. We have not yet exercised this option to charge but we continue to reserve the right to consult on this matter in the future.

Competition and Markets Authority referral

We received our draft redetermination from the Competition and Markets Authority (CMA) on 9 October 2025. Please note that we have not incorporated any changes from the draft redetermination into our indicative wholesale charges at this stage. This is due to ongoing consultation and uncertainty around how any revisions will be profiled. We believe this approach is the most appropriate given our current position.

As the final outcomes from the CMA redetermination of the FD24 price review are not due for publication until December 2025 at the earliest, and potentially as late as 17 March 2026, we must continue to draw your attention to the greater level of uncertainty around the scope and timing of any such changes to our charges.

Handling Strategies

NWL's account managers will contact retailers individually to advise of any anticipated tariff changes relating to the consumption threshold changes and discuss price increases.

13 October 2025