



Statement of Significant Changes in relation to the Anglian Water Services Charges Scheme 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 four 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. the published CPIH for November 2021;
3. the results of those mechanisms set out in the PR19 Rulebook that adjust those allowed revenues for performance in prior years; and
4. the allowed retail revenue expressed as an average cost to serve per customer.

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:

| Revenue Control | K Factor |
|-------------------------|----------|
| Water Resources | 2.61% |
| Water Network Plus | 5.16%* |
| Wastewater Network Plus | 3.38% |
| Bioresources | 1.14%** |

*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.

Inflation this year is higher than in recent years. Our charges are based on the November CPIH figure of 4.6%.

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 | (0.2) | 0.6 |
| Water Network Plus | (11.3) | 3.2 |
| Wastewater Network Plus | 8.2 | 8.8 |
| Bioresources | (3.3) | - |
| Retail Revenue | - | 3.4 |

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 position set out in Ofwat’s determination published on 11 November 2021.

Bill incidence effects

As a consequence of the calculation of allowed revenue, and our forecast of customer numbers and demand, we expect all customer classes to experience bill increases at or above five per cent, based on a

constant level of usage. The exception to this will be household customers in the Hartlepool Water supply area who are not funding resilience investment in the Anglian supply area.

Household Customers Handling Strategy

For Household customers we are focusing on increasing awareness of the budgeting and affordability support we offer in advance of bill increases next year. We have targeted messaging directly at those customers with low credit scores which has proved to be a strong proxy for affordability issues. We have also used “Talk Money Week” in mid-November to contact c.700k customers by email to raise awareness of the support we offer and repeated the exercise in December contacting c.950k customers with information on the budgeting and financial support available. We will also signal on our website next year’s bill increases and signpost where customers can go to for assistance if they have resulting concerns. We will then maintain a dialogue with customers across various channels in the run up to the publication of charges on 1 February and the new charging year on 1 April, emphasising the financial and budgeting support available.

In addition, we continue to highlight to customers on their bills how to access support if they have any concerns regarding paying their bill.

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

| Line description | WATER | | | SEWERAGE | | | COMBINED (WITH SWD) | | | |
|--------------------------|---------|---------|----------|----------|---------|----------|---------------------|---------|----------|----------|
| | 2021/22 | 2022/23 | % Change | 2021/22 | 2022/23 | % Change | 2021/22 | 2022/23 | % Change | £ Change |
| ANGLIAN WATER | | | | | | | | | | |
| Measured - standard | | | | | | | | | | |
| 100 m3 pa | £190.15 | £199.03 | 4.7% | £227.90 | £246.65 | 8.2% | £418.05 | £445.68 | 6.6% | £27.64 |
| 150 m3 pa | £270.23 | £283.30 | 4.8% | £298.34 | £323.60 | 8.5% | £568.57 | £606.90 | 6.7% | £38.33 |
| 200 m3 pa | £350.30 | £367.56 | 4.9% | £368.79 | £400.55 | 8.6% | £719.09 | £768.11 | 6.8% | £49.02 |
| 250 m3 pa | £430.38 | £451.83 | 5.0% | £439.24 | £477.50 | 8.7% | £869.61 | £929.33 | 6.9% | £59.71 |
| Measured - solow | | | | | | | | | | |
| 10 m3 pa | £46.02 | £47.35 | 2.9% | £96.84 | £108.14 | 11.7% | £142.86 | £155.49 | 8.8% | £12.64 |
| 20 m3 pa | £62.03 | £64.21 | 3.5% | £111.59 | £123.53 | 10.7% | £173.62 | £187.74 | 8.1% | £14.12 |
| 35 m3 pa | £86.05 | £89.49 | 4.0% | £133.70 | £146.62 | 9.7% | £219.75 | £236.10 | 7.4% | £16.35 |
| Measured - watersure | | | | | | | | | | |
| | £193.00 | £203.00 | 5.2% | £236.00 | £257.00 | 8.9% | £429.00 | £460.00 | 7.2% | £31.00 |
| Measured - aquacare plus | | | | | | | | | | |
| 100 m3 pa | £169.32 | £177.20 | 4.7% | £207.73 | £224.73 | 8.2% | £377.05 | £401.93 | 6.6% | £24.88 |
| 150 m3 pa | £207.73 | £217.80 | 4.8% | £237.84 | £257.85 | 8.4% | £445.57 | £475.65 | 6.7% | £30.07 |

| | | | | | | | | | | |
|------------|---------|---------|------|---------|---------|------|---------|---------|------|--------|
| 200 m3 pa | £246.14 | £258.40 | 5.0% | £267.96 | £290.96 | 8.6% | £514.10 | £549.36 | 6.9% | £35.27 |
| 250 m3 pa | £284.55 | £299.00 | 5.1% | £298.07 | £324.08 | 8.7% | £582.62 | £623.08 | 6.9% | £40.46 |
| Unmeasured | | | | | | | | | | |
| 100 rv | £276.26 | £289.93 | 4.9% | £297.99 | £322.83 | 8.3% | £574.25 | £612.76 | 6.7% | £38.51 |
| 180 rv | £288.19 | £302.39 | 4.9% | £310.06 | £335.49 | 8.2% | £598.25 | £637.89 | 6.6% | £39.64 |
| 250 rv | £298.63 | £313.30 | 4.9% | £320.63 | £346.58 | 8.1% | £619.25 | £659.88 | 6.6% | £40.63 |
| 300 rv | £306.08 | £321.09 | 4.9% | £328.17 | £354.49 | 8.0% | £634.25 | £675.58 | 6.5% | £41.33 |

| Line description | WATER | | |
|------------------|---------|---------|----------|
| | 2021/22 | 2022/23 | % Change |

| | HARTLEPOOL WATER | | |
|--------------------------|------------------|---------|------|
| Measured - standard | | | |
| 75 m3 pa | £107.50 | £110.50 | 2.8% |
| 100 m3 pa | £134.67 | £138.50 | 2.8% |
| 150 m3 pa | £189.01 | £194.50 | 2.9% |
| 200 m3 pa | £243.34 | £250.50 | 2.9% |
| Measured - watersure | | | |
| | £126.00 | £134.00 | 6.3% |
| Measured - aquacare plus | | | |
| 75 m3 pa | £107.51 | £110.50 | 2.8% |
| 100 m3 pa | £122.84 | £126.33 | 2.8% |
| 150 m3 pa | £153.51 | £158.00 | 2.9% |
| 200 m3 pa | £184.18 | £189.66 | 3.0% |

| | | | | |
|-------------|---------|---------|------|--|
| Unmeasured | | | | |
| Licence Fee | £142.05 | £145.65 | 2.5% | |