

STATEMENT OF SIGNIFICANT CHANGES – CHARGES 2026/27 (Covers Sutton & East Surrey Water – (SES))

As required under section A4 of the Wholesale Charging Rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991, Sutton & East Surrey Water (SES) is publishing details of any significant changes to our indicative primary wholesale charges for 2026/27, including where bill increases are expected to be greater than 5% from the previous year.

Our wholesale charges, published alongside this statement, have been developed using best available information and assumptions, notwithstanding ongoing uncertainty around the economic environment.

Our Charges Schemes, to be published separately, will set out charges for all customer tariffs for 2026/27.

Key assumptions underpinning charge movements

The changes in primary charges for 2026/27 include the following assumptions:

- November CPIH inflation (3.6%) using Government and independent sources.
- PR24 Final Determination allowed revenue alongside relevant reconciliation items and estimation of blind year adjustments
- Estimated future consumption and customer numbers.

Charging policy

Over the next five years we are undertaking work to ensure customers reduce water consumption and that bills remain fair and affordable. SES also has a long-term ambition to eliminate water poverty by 2050, meaning no customer will spend more than 5% of their disposable income on their water bill. This year's tariffs include steps that further support these aims.

We are proposing to introduce a Direct Debit and e-billing discount, allowing customers to reduce their bill when they sign up for both payment and communication methods. Further details can be found in the appendix to the Household Charging Scheme.

Fundamentally, our objective is to ensure that our charges are as fair as possible. Fairer charging means that customers who use more water pay more, while those who use less benefit accordingly. We also remain committed to ensuring that our tariffs are progressive, with appropriate support options available to help ensure bills remain affordable for customers who may struggle to pay for an essential service.

Bill movement from previous year

The table below shows the underlying drivers of the movement in the average household bill between prior and current year.

Nominal Bill Movement	SES
2025/26 Average Bill	248.8
K factors	20.2
CPIH (3.6%)	8.1
RFI	(17.2)
ODI	(11.9)
Other Tariff Assumptions	8.6
2026/27 Average Bill	256.5

The main uplift is due to the funding for the business plan submitted for PR24 (k factors) – this funding will be utilised to deliver our customer's top priorities, including securing safe, clean drinking water, reducing the use of storm overflows across the regions' bathing waters, and protecting the environment.

November CPIH inflation and regulatory adjustments (RFI balances for prior over or under recovery / ODI penalties or rewards for performance) are also key contributing factors.

Bill increases of more than 5% from the previous year

All customers are expected to see a bill increase greater than 5% in 2026/27

To support customers with their bills, we offer a range of assistance measures beyond opting for a meter. These include domestic support tariffs such as WaterSure and WaterSupport. For the current-year tariffs, we are proactively delivering targeted campaigns to ensure customers are fully informed about the support available.

For the current-year tariffs, we are looking to introduce a Direct Debit and e-billing discount for customers who select these payment methods.

We are actively engaging with customers through payment breaks, water efficiency advice, home visits, and debt support, including proactive interventions via our Breathing Space scheme. For benefit recipients, we offer Water Direct, enabling bill payments to be made directly from benefits. Additionally, we assist customers in identifying benefit entitlements to ensure they are accessing all available financial support.

For the first time in the SES supply area, we will be including water efficiency incentives in our Tariffs. This is where customers a financial reward for collective water efficiency activity. We are also working to incorporate SES customers into our Watershare + incentive scheme, where Pennon shares its profits with customers by offering customers a share in Pennon or money off their bill.

For non-household (NHH) customers, we are working through retailers to promote water efficiency measures aimed at reducing consumption and lowering bills. This includes targeted support for the most impacted customers ahead of the new charging year to ensure tailored assistance is in place.