



SES Water's 2024-25 Charges

Statement of Significant Year-on-Year Changes

1. Background

Our charging year runs from 1 April to 31 March. We will publish our household charges scheme for the next year, beginning 1 April 2024, on 13 January 2024.

For this new tariff year of 2023-24, we expect to increase charges by c15% from 2023-24. These 2024-25 charges have been calculated in accordance with our Final Determination, in-period allowed revenue adjustments, customer number and consumption forecasts, and the latest inflation index available at the time of tariff setting.

2. Summary of changes

The increase of c15% in charges from the previous charging year is due to:

- the impact of Consumer Price indexed inflation for 2024/25 (4.7%, CPIH Nov 2022 to Nov 2023);
- a catch up of ongoing lower than allowed revenues realised. In 2022-23 we were not able to bill the revenue allowed in our Final Determination due to lower overall consumption levels;
- Ofwat's regulatory framework allows for this catch-up of lower-than-expected revenue through increased tariffs in future years.
- For cost reflectivity purpose, we will commence a process of gradual adjustment of non-household assessed charges over the next five years to align the charges with the equivalent household assessed charges for multiple occupancy. As a result, non-household customers on assessed charges will see an amount of £33 added to their fixed charge this year. This is also part of the accelerated meter rollout program in which we offer customers to fit a meter where possible. For those customers who decline the meter, we have introduced a fixed charge of £35 per year.

3. Impact assessment

Based on our analysis of cost to serve and consumption for both metered and unmetered customers, we consider that both groups pay fair charges given their consumption. Therefore the % increase in charges for 2024-25 will be uniform for most customer groups. We only

make minor adjustments in unmeasured/assessed charges to make sure customers with similar consumption pattern pay similar charges. Customers can expect a similar increase in their bill for measured, unmeasured and combined bills. We will work across the business to keep the bill as stable as possible, as we have always done in the past.

4. Stakeholder engagement

Ofwat

We have informed Ofwat that we anticipate a significant change in our charges for 2024-25 as compared to 2023-24.

Consumer Council for Water (CCW)

We have informed CCW about the significant change in our charges from 2023-24 and explained the contributing factors. We are being transparent about the impact of such changes and the associated handling strategy with our customers as summarised below.

Customer Scrutiny Panel

We have informed our Customer Scrutiny Panel of the significant change in our charges and taken into account their feedback in our associated handling strategy.

Others

Our customer engagement team will reach out to representatives of customers with financial hardship including local authority communication departments, Citizens Advice, foodbanks, charities for disability and illness, council leaders, parish councillors, housing associations and family centres. We will listen to reaction and advice from these stakeholders' perspectives and - where appropriate - make necessary adjustments in our business processes to reflect stakeholders' concern.

5. Handling strategy

Aside from the stakeholder engagement we will carry out the following for our customers.

Customer impact assessment

Our Customer team will conduct an impact assessment of customer bills to inform our plan for bill stability, including further work to promote items such as water saving measures.

Customer affordability assessment

Our Customer team will also analyse the bill impact on affordability of various customer groups, especially those with financial hardship, to evaluate and where necessary update our support for those who are most vulnerable. Where we are in contact with individual customers about the affordability of their bill, we will seek to understand their individual circumstances so we are able to offer appropriate support.

Customer communication

We will communicate with our customers using all available channels (to prevent any customer group being disadvantaged) and customer care teams, to inform them about our charges and any anticipated impacts. Feedback will be sought from customers and groups that represent them and carefully considered. We will also increase activity to promote awareness of our financial support and water efficiency schemes at the same time to further ensure customers know about the help available to them to reduce their bills.

This statement applies to our household customers only. Business customers seeking information about their charges should refer to our published Wholesale Charges Schedule and talk to their retailer about the impact this will have on their bills from April 2024.


Signed on behalf of the Board of Directors, 11 January 2024.

Ian Cain



(Group Chief Executive Officer)

Murray Legg



(Non-Executive Director and Chair of the Audit Committee)

Paul Kerr



(Group Chief Financial Officer)