

# Statement of Significant Changes

**In relation to the Wholesale  
Charging Structures 2021-2022**

**October 2020**

# Statement of Significant Changes

## In Relation to the Wholesale Charging Structures 2021-22

### Primary Wholesale Charges 2021-2022

This statement of significant changes is published in line with the “Wholesale charging rules issued by the Water Services Regulation Authority under sections 66E and 117I of the Water Industry Act 1991” section A2.

We are required, no later than 3 months before publishing our final Wholesale Charges, to inform stakeholders if we intend to make any significant changes to our Primary charges.

As defined by Ofwat in the Wholesale Charging Rules, Wholesale Charges relate to the charges water and sewerage undertakers can impose on retailers for wholesale water and wastewater services.

We do not intend to make any changes to the wholesale charging structure or methodology for calculating such charges for 2021-2022.

We would like to highlight the potential impact of the timings of the ongoing Competition and Market Authority (CMA) redetermination of our Price Review (PR19) Final Determination (FD) and the developments of the ongoing Covid-19 situation.

The CMA has been granted a 6-month extension to the normally prescribed timetable, the CMA has met its planned timetable and published the provisional findings report in September 2020. The CMA is now targeting to publish the final determination no later than the 17 December 2020 to allow the redetermination to be used in the charges for 2021-2022.

As the Covid-19 situation is still ongoing and the impacts will not be fully understood in the short term we have included assumptions within our forecasts based on the best information we had to date with regards to customer and consumption forecasts.

We have published our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we have been provided within the CMA provisional findings and the most up to date understanding of the impact of Covid-19.

However, we would anticipate that the final Wholesale Charges, which will be published in January 2021, will differ by more than an indexation variance to the indicative Wholesale Charges. As per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the final Wholesale Charges.

### Gap Sites and Vacant Premises Initiatives

The Gap Site and Vacant Premises initiatives planned for introduction in April 2020, which included a combination of wholesale new ways of working and retailer incentive schemes, have been put on hold due to Covid-19. We aim to introduce these now from 1 April 2021 which will allow time for wholesalers and retailers to complete a review of Covid-19 vacancies following the intervention by Ofwat/MOSL and the associated market code changes.

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