Portsmouth Water

Statement of Significant Changes in relation to 2026-27 Wholesale Charges

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, we are required to publish details of any significant changes to our indicative Wholesale Charges for 2026-27, including where bill increases are expected to be greater than 5% from the previous year.

Our indicative Wholesale Charges, published alongside this statement, have been developed using the best available information and assumptions, based on the PR24 Final Determination and forecast Blind Year adjustments. Our final Wholesale Charges will reflect the Final Determination, final Blind Year adjustments and updated inflation which will be available in December 2025.

Changes to charging policy

Balance between fixed and variable charges

Charges for household customers currently consist of a fixed charge to reflect Retail (customer service) costs, and fixed and variable charges to reflect Wholesale costs. To simplify our charges, we propose that, for most customers (household and non-household), we should remove the fixed element of Wholesale charges. This simplification will also increase the incentive for our metered customers to use water efficiently. To begin this process, we have reduced all Wholesale fixed charges by 10% for 2026-27.

Balance between measured and unmeasured charges

Analysis of consumption levels and charges for a typical unmeasured customer demonstrate that there may currently be an imbalance between the level of unmeasured and measured charges. Based on average unmeasured consumption the level of unmeasured charges should be higher relative to measured charges. To begin to address this imbalance higher increases have been applied to unmeasured charges than measured charges for 2026-27.

Large user discounts

We currently offer discounted charges for large and intermediate users, comprising a lower volumetric rate and a fixed ‘site charge’. Historically these charges were set to recognise that larger users did not make use of the local distribution network.

Ofwat has signalled that it no longer believes reduced volumetric charges for large users are consistent with promoting water efficiency. We agree and propose that we should begin to phase out our large user discounts, beginning this year. Within our indicative charges we have reduced the level of volumetric discounts for our Intermediate and Large user charges, with a corresponding reduction in the associated site fee. Alongside this, we are looking at options for incentivising reduced non-household consumption.

Bill increases of greater than 5% from the previous year

From 2026 we are changing the start of our billing period from July to April. We have therefore conducted our bill analysis based on the change in prices between those applying for the period from 1 July 2025-31 March 2026 and 1 April 2026-31 March 2027.

This analysis shows that bill increases for a small number of customers will exceed 5%. This principally reflects the forecast CPIH for November of 3.8% as well as:

(i) the decision to begin to rebalance charges between fixed and variable elements to simplify charges and maximise the incentive for customers to save water; and,

(ii) the progressive reduction in the level of large user discounts noted above.

The Board has considered the need for handling strategies to minimise the impact on customers of these changes in charging policy and has determined that phasing in these changes over time is appropriate. This phasing-in approach has been reflected in the 2026-27 indicative charges.

Changes for the final Wholesale Charges

Prior to publication of our final charges, we will consult further with customers, CCWater and our Independent Challenge Group. As a result of this further consultation, we may adjust elements of our final charges.

In addition, our final Wholesale will reflect the actual CPIH figure published by the Office for National Statistics, as well as Ofwat's final determination of the Blind Year adjustments.