

Statement of significant changes

2021-22 Wholesale Non-Household Scheme of Charges

We expect that the vast majority of our non-household charges will increase by less 5% next year. You can read more about [why bills are changing](#) further on in this document.

Illustrative bills – wholesale non-household

Typical customers will see different bill changes depending on whether they are metered or unmetered and the amount of water they use. Illustrative bill changes for a range of customers are set out below.

Wholesale bills for typical customers in Powys and Monmouthshire

| Wholesale ¹ | 20-21 Water | Waste ² | Total | 21-22 Water | Waste | Total | Incr % | £ per month |
|------------------------|----------------|--------------------|-----------------|----------------|---------|-----------------|-----------|----------------|
| <i>Unmetered</i> | | | | | | | | |
| Low | £63 | £84 | £146 | £71 | £79 | £151 | 2.9% | +£0.25 |
| Average | £140 | £172 | £312 | £160 | £172 | £332 | 6.1% | +£1.50 |
| High | £217 | £261 | £478 | £249 | £264 | £512 | 7.1% | +£2.75 |
| <i>Metered</i> | | | | | | | | |
| V Small (60m3) | £94 | £156 | £250 | £100 | £159 | £259 | 3.6% | +£0.75 |
| Small (120m3) | £236 | £254 | £490 | £249 | £255 | £504 | 3.0% | +£1.25 |
| 1,000m3 | £1,431 | £1,231 | £2,662 | £1,507 | £1,216 | £2,723 | 2.3% | +£5.00 |
| 5,000m3 | £7,113 | £6,749 | £13,862 | £7,495 | £6,653 | £14,148 | 2.1% | +£23.75 |
| 25,000m3 | £30,836 | £29,817 | £60,653 | £33,988 | £29,342 | £63,330 | 4.4% | +£223.00 |
| 75,000m3 | £76,930 | £87,049 | £163,979 | £85,756 | £85,631 | £171,387 | 4.5% | +£617.25 |
| <i>Trade effluent</i> | | | | | | | | |
| Small (120m3) | £236 | £250 | £486 | £249 | £250 | £499 | 2.8% | +£1.25 |
| 1,000m3 | £1,431 | £921 | £2,352 | £1,507 | £898 | £2,406 | 2.3% | +£4.50 |
| 5,000m3 | £7,113 | £4,981 | £12,094 | £7,495 | £4,845 | £12,340 | 2.0% | +£20.50 |
| 25,000m3 | £30,836 | £20,758 | £51,593 | £33,988 | £20,090 | £54,079 | 4.8% | +£207.00 |
| <i>Band T</i> | | | | | | | | |
| 1,000m3 | £1,431 | £1,242 | £2,674 | £1,507 | £1,295 | £2,802 | 4.8% | +£10.75 |
| 5,000m3 | £7,113 | £5,160 | £12,273 | £7,495 | £5,143 | £12,638 | 3.0% | +£30.50 |

- Note that these are all **wholesale bills** for retailers. Final bills for customers will depend on retailer charges.
- Only water services for customers using more than 50,000m³ per year are eligible for competition in Wales. No wastewater charges are included within the market.

We also provide water services in the Wrexham area. We don't provide sewerage services there, so the wastewater charges for these customers will usually be set by Dŵr Cymru Welsh Water (DCWW). We've estimated overall bills in Wrexham including DCWW wastewater bills.

Wholesale bills for typical customers in the Wrexham area

| Wholesale ¹ | 20-21 Water | Waste ² | Total | 21-22 Water | Waste* | Total | Incr % | £ per month |
|------------------------|----------------|--------------------|----------|----------------|----------|----------|-----------|----------------|
| <i>Unmetered</i> | | | | | | | | |
| Low | £120 | £224 | £344 | £128 | £224 | £352 | 2.5% | +£0.75 |
| Average | £211 | £371 | £582 | £232 | £372 | £604 | 3.9% | +£1.75 |
| High | £283 | £488 | £772 | £316 | £489 | £805 | 4.4% | +£2.75 |
| <i>Metered</i> | | | | | | | | |
| V Small (60m3) | £76 | £171 | £247 | £81 | £172 | £252 | 2.2% | +£0.50 |
| Small (120m3) | £187 | £337 | £524 | £198 | £338 | £536 | 2.3% | +£1.00 |
| 1,000m3 | £1,152 | £2,013 | £3,165 | £1,206 | £2,017 | £3,223 | 1.8% | +£4.75 |
| 5,000m3 | £5,662 | £8,816 | £14,478 | £5,958 | £8,834 | £14,792 | 2.2% | +£26.25 |
| 25,000m3 | £27,936 | £42,393 | £70,328 | £29,479 | £42,477 | £71,957 | 2.3% | +£135.75 |
| 75,000m3 | £83,569 | £126,553 | £210,121 | £88,253 | £126,806 | £215,059 | 2.3% | +£411.50 |

1. Hafren Dyfrdwy bills are wholesale – DCWW bills are based on end-customer charges as DCWW wastewater services were not open to competition in 2020-21.
2. Estimate based on applying a uniform increase to Dwr Cymru charges.
3. Only water services for customers using more than 50,000m³ per year are eligible for competition in Wales. No wastewater charges are included within the market.

Dwr Cymru sewerage bills for 2021-22 are estimates because we don't have their final charges at the time of publication. We've taken their charges from last year, adjusting for inflation and [Ofwat](#)'s decisions on their prices next year.

Why bills are changing

Each year the revenue controls set by [Ofwat](#) (our regulator) allow us to recover a fixed amount of revenue from our customers. For most of our charges this is modified by inflation, adjustments for performance and any past over or under-recovery in previous years.

For 2021-22:

- We forecast inflation on the Consumer Price Index with Housing (CPIH) of 0.2%, which is the same as the published rate for August;
- There are real increases in allowed water (+2.8%) and wastewater revenue (+1.4%) to fund improvements investment and improve our service under the new revenue controls [Ofwat](#) has set for next year;
- There is no [revenue correction](#) this year and there are no adjustments for [Outcome Delivery Incentives](#) (ODIs).

Stakeholder views

Our research tells us that household customers would be concerned if their overall bill increased by more than £2 per month¹, which is equivalent to around 8% of an average household bill in our area. Non-households are much more varied in size so there is no "average" non-household, but small business customers (the vast majority, by number) have usage similar to households.

¹ Results from Hafren Dyfrdwy annual customer survey .

Because changes in our bills affect some customers that receive either water or sewerage services from another company, we made sure that we included some single-service customers in our research. We also showed a draft of this statement to an online panel of customers and have taken account of their views regarding the way we communicate bill changes.

We don't expect significant increases for the majority of our customers. As we don't provide sewerage services in the Wrexham area, we've estimated the overall bill impact with indicative figures for Dwr Cymru Welsh Water bills. Our assessment of the impact on is [here](#).

We showed a draft view of our charges to [CCWater](#), who represent the views of water customers. Our retail account managers also engage with retailers directly, particularly regarding the way our charges are structured in CMOS² and we are simplifying our tariff structure within the system – in particular, we will complete the phased removal of seasonal charging for our largest customers in 2021-22. Note that only wholesale water charges that could apply to non-households using more than 50,000m³ of water per year are included within CMOS for Hafren Dyfrdwy.

Managing changes in wholesale bills

[Ofwat](#) has set revenue controls for the 5 years 2020-25 and we try to manage bill changes within this envelope, taking account of the annual level of inflation and in-period adjustments. As noted above, there are no adjustments for [revenue correction](#) or [ODIs](#) next year but these will be a feature in charges for the 3 years from 2022-25, so we need to look ahead when setting charges for this year. We've discussed our overall approach to managing these effects with [CCW](#).

Unmetered customers

We have introduced a fixed charge for water and a separate highway drainage charge for wastewater. For very small business customers, this could generate a rise of more than 5% in a combined bill but only from a low starting point – for small and medium-sized customers the increase would be less than £1.50 per month, which is not a level that most would find significant. We encourage all non-household customers to be metered, and where a meter cannot be fitted we can offer an assessed charge based on the characteristics of their business or organisation.

Band T (Transitional Surface Water Drainage)

In 2016-17 Severn Trent introduced a transitional scheme for some customer groups which had previously been charged a concessionary rate for surface water drainage – primarily nursing homes, care homes and day care centres. Under Government guidance these did not qualify as “community premises”.

Hafren is continuing to implement this transition, to bring the surface water drainage (SWD) charge for these customers into line with other non-households. While the SWD charge is increasing, we do not think these customers will see significant increases in their overall charge as shown in the [indicative bills](#) above.

Wrexham area

Wholesale water bills in the Wrexham area which were previously served by Dee Valley Water will rise more quickly than the rest of the region. However, we expect overall bill increases for the area to remain well below 5%.

² Central Market Operating System

Bills for sewerage only customers

We have a small number of sewerage customers on the borders of our area that are billed on our behalf by Dwr Cymru Welsh Water (DCWW). Given the level of inflation and [Ofwat](#)'s draft determination for Dwr Cymru, we would not a significant increase in their combined bills.

Glossary

Revenue correction

We are regulated by Ofwat, which sets our revenue controls. We are allowed to collect a fixed overall amount to cover the cost of running the network, supplying water, collecting waste water and treating sewage. When we set charges, we try to make sure that they will recover the correct amount in the next charging year, but we need to forecast – for example, we don't know exactly how much water customers will use in advance. If we collect more than Ofwat allowed, we return this to customers by reducing future charges and vice versa.

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Outcome Delivery Incentives (ODIs)

When Ofwat sets our revenue controls, we also agree a set of Performance Commitments with our regulator and other stakeholders. These are things that our customers tell us are important to them such as reducing bursts, leakage and sewer flooding. If we don't hit our targets then customers get a reduction in their bills; if we do really well and exceed the target then we are allowed to collect a little more revenue. Overall, ODIs are a small proportion of the average bill. You can read more about what your bills pay for on our website [here](#).

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