



SES Water's 2024/25 charges

Statement of significant year-on-year changes of indicative charges

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 12 January 2024.

Our charges have been calculated in accordance with our PR19 Final Determination, with an increase in charges of c14% due to the impact of higher inflation and the inclusion of revenue under-recovered in 2022/23.

Significant deliberation of these indicative 2024/25 wholesale tariffs occurred at our recent Board meetings (in conjunction with our PR24 Business Plan submission).

Factors affecting the level of our final charges

1. Inflation and regulatory performance

Our charges reflect the allowed revenue set by Ofwat as part of the price review in 2019. The latest inflation rates have been utilised to calculate the indicative wholesale tariffs, together with estimated adjustments to our allowed revenue based on our 2022/23 regulatory performance. For our final tariffs published in January 2024, the allowed revenue will be updated based on the inflation rate published by the Office of National Statistics for November 2023. In addition, allowed revenue will be updated following Ofwat's finalisation of our 2022/23 regulatory performance.

2. Forecast properties and consumption

In setting indicative charges for the 2024/25 tariff year, we forecast the number of properties and consumption for the year ahead, to ensure that our charges recover the allowed revenue from the price control. We will update our 2024/25 charges in January 2024 for updated forecast properties and consumption data.

3. Financial performance of 2022/23

Under Ofwat's regulatory rules, an under-recovery of revenue can be recovered in the subsequent years. In 2022/23 we experienced an under-recovery of revenue, compared to the amount allowed by the price control. This shortfall is recoverable in 2024/25, resulting in upward pressure on bills.

Ofwat has provided flexibility over the timing of adjustments associated with other aspects of our performance. As all elements that impact our future revenue remain uncertain, and given the risk of another year of under-recovery, we decided to set charges for full recovery of allowed revenue in 2024/25 to avoid accumulated shortfall that would result in an even larger tariff increase in the future.

Overall level of expected bill increase


These proposals are subject to review and approval by the Board of SES Water of our final charges for our Non-household and Household Charges Schedule for 2024/25, which are required to be published by 12 January 2024. The level of final charges may vary from those of the indicative charges.

The Company has assessed the effect of the charges that will apply from April 2024 as part of the PR24 Business Plan submission. Given the increases in charges from prior year are above 5%, the Company will implement a handling plan to communicate and engage with stakeholders and help customers with financial vulnerability. Changes in the bills in 2024/25 will depend on individual circumstances, for example whether a customer is metered and corresponding levels of water usage.

This statement applies to both our household and business customers from 1 April 2024.

Signed on behalf of the Board of Directors on 13 October 2023.

Ian Cain



(Group Chief Executive Officer)

Murray Legg



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

Paul Kerr



(Group Chief Financial Officer)