



Statement of Indicative Scope for 2020-21 Wholesale Charges

Introduction

1. The purpose of this Statement of Indicative Scope is to provide our stakeholders with information as to what, if any, significant changes we are considering making to our wholesale primary charges for the 2020-21 charging year, compared with the 2019-20 charging year.

Primary Wholesale Charges

2. Primary charges generally include an annual standing charge and/or a variable charge (reflecting the rateable value (RV) of the customer's property or the volume of consumption) that relate to the supply of Water Services and the supply of Sewerage Services, on an enduring or temporary basis.
3. Our primary wholesale charges also include services provided under a special agreement (as notified to Ofwat under section 142(6A) of the WIA91).

Information about significant changes to our primary Wholesale Charges for 2020-21

4. Our Wholesale Tariff Document for 2019-20 includes charges for the current charging year that would be defined as wholesale primary charges on the basis set out above.
5. The document is published on our website at: <https://www.thameswater.co.uk/-/media/Site-Content/Thames-Water/Help-and-Advice/Helpful-literature/Accord1/2019/Wholesale-Tariff-Document-2019-20.pdf>
6. Indicative primary wholesale charges for 2020-21 will be published on our website by mid October 2019.
7. We do not currently intend to make any significant changes to the structure of primary wholesale charges for 2019-20. Any changes to the level of charges we make will reflect:
 - a. The change in November 2019 inflation, including a move from RPI to CPI-H;
 - b. Changes in allowed revenue – currently based on our April 2019 Business Plan¹;
 - c. Update on leakage rebate; and
 - d. Updated information on the costs associated with providing services, changes in anticipated customer numbers, and associated consumption.
8. The wholesale charging rules require that our Board evaluates our impact assessment of any bill increases for retailers exceeding five per cent. The Board must also assess any handling strategies developed to address significant bill increases. We do not anticipate bills increasing by more than 5% for 2020-21.

¹ We will update our allowed revenue to reflect the Draft Determination in our indicative charges published in October 2019 and the Final Determination in our final charges published in January 2020.

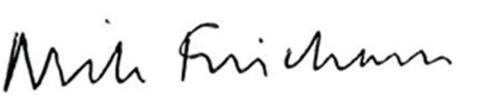
Status of our Statement of Significant Changes

9. In accordance with the outcome in June 2018 of Ofwat's investigation into our performance on leakage, we will again be returning money to customers through the leakage rebate. The rebate will be applied as a proportional reduction of around five per cent to all 2020-21 water service bills.
10. These proposals, the indicative wholesale charges to be published in October 2019 and the final wholesale charges to be published in January 2020 are subject to the review and final approval of the Board of Thames Water Utilities Limited.
11. Our Statement of Significant Changes due to be published in mid-October 2019 will confirm:
 - I. what changes are expected, subject to the Final Determination;
 - II. how water supply and sewerage licensees (as a whole or in groups) and customers occupying eligible premises (as a whole or in groups) are likely to be affected; and
 - III. the handling strategies, if appropriate, that we may adopt.

Dated: 8 July 2019

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Signed
Nick Land, Non-Executive Director


Signed
Nick Fincham, Director of Strategy and Regulation

Dated: 5 July 2019


Signed
Brandon Rennet, Chief Financial Officer

For and on behalf of Thames Water Utilities Limited