Thames Water Utilities Limited (TWUL) Wholesale
Publication Date: 22 December 2025
Version 1.0

Consultation on wholesale metered charges

Decision document

Information about this document

This document is being issued to share the decision Thames Water has made with regards to its consultation on simplifying its wholesale metered tariffs.

In October 2025, we issued a consultation to Retailers seeking views on the timelines for implementing the metered consumption band Good Practice Guide (GPG) published by the RWG. We also asked for views on simplifying our fixed charges for Surface Water Drainage (SWD) and Highway Drainage (HD).

For more information on the consultation, please refer to [Consultation on wholesale metered charges] available on our website.

Contents

1. Summary of decisions

In light of the consultation feedback received we have decided:

a) We will remove our intermediate water user charging band in order to align with the RWG Good Practice banding. We will implement this change over two charging years commencing in 2026/27. This will be profiled so that approximately 20% of the discount will unwind in 2026/27 and 80% in 2027/28. (Note – Wastewater charging bands already align with the RWG good practice so are unaffected).

b) We will not make any change to our surface water and highways drainage charging structure at this time, pending future RWG review.

The changes set out here will take effect in our wholesale tariffs for 2026/27 within our Wholesale Tariff Document 2026/27 that will be published by 13th January 2026.

The rationale for our decisions is set out below.

2. Implementation of RWG GPG for wholesale metered tariffs

Background

The RWG Tariffs Subgroup published a Good Practice Guide ("GPG") in February 2025 setting out a common metered charging structure for use as good practice by wholesalers. This was the product of several years' work, spanning a number of industry consultations and a project commissioned to external consultants.

Thames Water's charging structure aligns well with the GPG across water and waste tariffs, except for the tariffs for intermediate users under existing structures.

Thames Water's current water charging structure

- Standard users (0 – 20,000m^3 per annum)
- Intermediate users (20,000m^3 -50,000m^3 per annum)
- Large users (50,000m^3 per annum – 250,000m^3 per annum)
- Super Large users (above 250,000m^3 per annum)

Note: Supplementary fixed charges apply to all non-standard user tariffs.

The RWG good practice structure is set out below:

- 0 – 500m^3 per annum
- 500 – 50,000m^3 per annum
- 50,000 – 100,000m^3 per annum
- 100,000 – 250,000m^3 per annum
- Above 250,000m^3 per annum

The GPG sets out that wholesalers should complete the transition to the above structure within five tariff cycles, in time for the 2030/31 charging year.

Considerations

- Consultation responses. Four responses from Retailers were received and the views expressed were mixed, two asking for change to be implemented fully in 2026/27, one suggesting implementing over two years and the other suggesting to wait until 2027/28 to start the change.
- Impact on customers: the main impact of the changes would be felt by existing intermediate water users consuming 20,000 – 50,000m^3 per annum. Around 550 of our 133,000 water service SPIDs sit within this group, representing around 0.4% of our water service business customer base. The full impact on water services charges at the mid-point of this consumption band is an additional bill increase of 3.8% with a maximum additional bill increase of just over 5%.
- Bill increases: Implementing the full change this year would push some of the intermediate water users above the 5% dual service price rise threshold that is deemed 'significant' in Ofwat's wholesale charging rules.

Our decision and reasons for decision

Based on the consultation responses and limiting the impact on business customers, we have decided to implement the change over two years. There will be a 20% unwind of the discount currently applied to the intermediate water users for 2026/27. In the following year, 2027/28, the remaining discount will be removed so that intermediate water users are charged in line with standard users (0 – 20,000m^3 per annum).

This approach will limit the impact on customers, allow us to quickly align to the RWG Good Practice Guide and be the first step towards simplifying our tariff structure.

3. Rationalising Surface Water Drainage and Highways Drainage metered fixed charges

Background

Thames Water currently has 14 charging bands for Surface Water Drainage and Highways Drainage. We consulted on two options to simplify this structure to either eight or four bands instead (as set out in the table below).

<table>
<tr><th colspan="2">Pipe Size</th><th colspan="3">Proposed Bands</th></tr>
<tr><th>mm</th><th>Inches</th><th>14 (Current)</th><th>8</th><th>4</th></tr>
<tr><td>12/15</td><td>0.5</td><td>Band 1</td><td>Band 1</td><td rowspan="3">Band 1</td></tr>
<tr><td>20/22</td><td>0.75</td><td>Band 2</td><td rowspan="2">Band 2</td></tr>
<tr><td>25/28</td><td>1.00</td><td>Band 3</td></tr>
<tr><td>30/32/35</td><td>1.25</td><td>Band 4</td><td rowspan="2">Band 3</td><td rowspan="3">Band 2</td></tr>
<tr><td>40/42</td><td>1.5</td><td>Band 5</td></tr>
<tr><td>50/54</td><td>2.0</td><td>Band 6</td><td>Band 4</td></tr>
<tr><td>65</td><td>2.50</td><td>Band 7</td><td rowspan="2">Band 5</td><td rowspan="3">Band 3</td></tr>
<tr><td>75/80</td><td>3.00</td><td>Band 8</td></tr>
<tr><td>100</td><td>4.00</td><td>Band 9</td><td>Band 6</td></tr>
<tr><td>125</td><td>5.00</td><td>Band 10</td><td rowspan="2">Band 7</td><td rowspan="5">Band 4</td></tr>
<tr><td>150</td><td>6.00</td><td>Band 11</td></tr>
<tr><td>200</td><td>8.00</td><td>Band 12</td><td rowspan="3">Band 8</td></tr>
<tr><td>250</td><td>10.00</td><td>Band 13</td></tr>
<tr><td>300</td><td>12.00</td><td>Band 14</td></tr>
</table>

Considerations

- Consultation responses. Four responses from Retailers were received and the views expressed were mixed. One wanted us to remain with the current 14 bands, liking the detailed approach, one wanted us to simplify to 4 bands straightaway, another wanted us to align to the Good Practice Guide and the last wanted more details to understand the impact on their customers.
- RWG Tariff Subgroup: The Subgroup is yet to discuss a Good Practice Guide for SWD and HD charges, and we are unsure of the timescale for a Good Practice Guide to be released on this subject.
- Household customers: The 12mm rate for these charges is the base rate for all subsequent size charges, but it is also the rate we use to charge our household customers. So, any changes made will also impact our household customer bills.
- Bill increases: Some customer groups may be adversely impacted by implementing a change to our drainage charges, thus potentially exceeding the five per cent dual service price rise threshold that is deemed 'significant' in Ofwat's wholesale charging rules.

Our decision and reasons for decision

Based on the consultation responses and limiting the impact on our customers, we have decided not to go ahead with this change at this time. This will avoid the potential for the need for additional structural changes in the near future, which may be confusing for customers and burdensome for Retailers to administer.

We will wait for the RWG to take forward additional work and potentially release a Good Practice Guide on drainage charges to ensure we are fully aligned with the good practice agreed collectively by the industry.

4. Conclusion

We would like to thank Retailers for sharing their views to help us to decide how best to simplify our wholesale tariffs.

The changes set out here will take effect in our wholesale tariffs for 2026/27 within our Wholesale Tariff Document 2026/27 that will be published by 13th January 2026.