

STATEMENT OF SIGNIFICANT CHANGE TO INDICATIVE WHOLESALE CHARGES 2023-24

Under the charges scheme rules issued by the Water Services Regulation Authority (Ofwat), the Company is required to provide a statement summarising any significant changes to indicative 2023-24 wholesale charges. These are outlined below:

Structure of charges

South Staffs Water is not proposing any changes to the structure of its wholesale charges and no new wholesale tariffs are being introduced.

Indicative wholesale charge increases

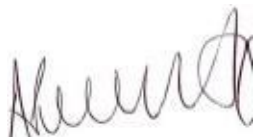
Our indicative wholesale charges are increasing by around 7.2%. We are allowed to add inflation to our charges each year. This is published by the Office of National Statistics (<https://www.ons.gov.uk/>) and as such is not under our control. We have assumed that the November CPIH inflation rate will be 10%.

There is significant uncertainty over the level of inflation for November 2022. The impact of the recent government announcement on a price cap on energy bills is also not fully known. The impact will become clearer over the coming months.

We communicated the increase in charges to retailers at the beginning of October in order to give them the maximum amount of time to consider the impact on their own retail charges to customers. We will take into account any comments we receive from retailers when publishing our final wholesale charges in January 2023.

If the final wholesale charges are significantly different from the indicative charges published for the same period, we will issue a statement explaining the impact and, if necessary, why those changes were not anticipated and/or mitigated.

Approved by the Board of Directors on 29 September 2022 and signed on its behalf.



Andy Willicott
Managing Director
South Staffordshire Water PLC