Anglian Water Non-Household Services

Tariff Trial FAQ

Version	Date	Amendment
1	13th January 2026	Published

Q1. Why are we introducing a tariff trial?

Maximising Water Efficiency

The East of England is the driest part of the country, with climate change making summers hotter and even drier. The region has been designated water scarce. To help protect the environment, the Environment Agency (EA) is reviewing licenses and reducing further the amount of water that Anglian Water can abstract. As a result, the gap between the demand for water and our ability to supply (our "headroom") is shrinking.

The Anglian Water supply region is a high growth area. Already the situation is reducing our ability to be flexible with new requests to supply non-domestic connections which were not planned for in the Water Resources Management Plan (WRMP). Where our supplies allow, we will endeavour to help businesses to meet their needs and continue to serve the communities and economies they support.

However, this cannot be guaranteed.

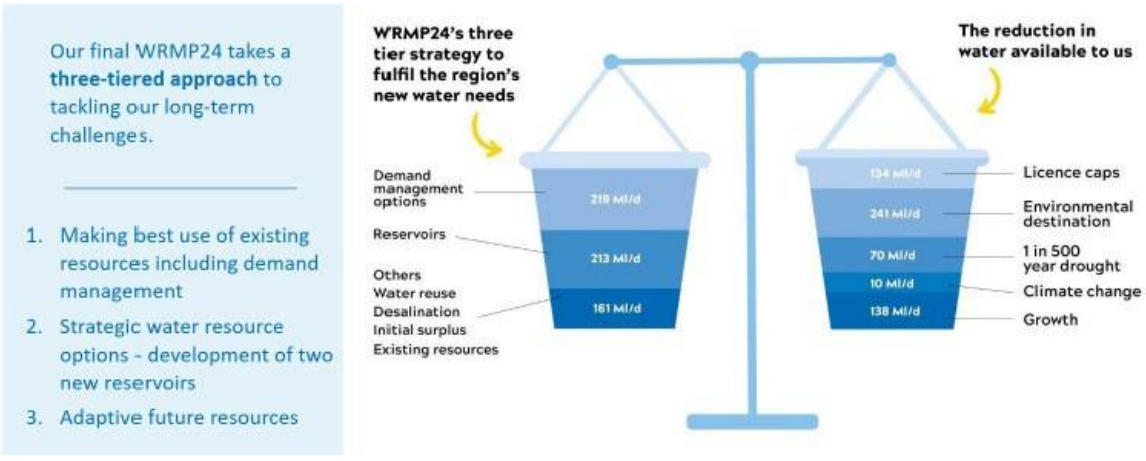
To respond to this challenge and a growing population, Anglian Water is building a new strategic pipeline to move water around our region. We have also developed plans to build two new reservoirs to increase water supply. These projects are reflected in our large investment program running from 2025 to 2030 and beyond. Further into the future, we're planning for large scale desalination projects including a 60 Ml/d plant at Mablethorpe to accommodate industrial growth on the South Humber Bank. But these projects will take time to deliver and are not a solution in themselves.

We are acutely conscious that economic growth depends on improving water efficiency. Anglian

Water is therefore exploring a more sustainable model for matching demand to supply.

It is more crucial than ever that all homes and businesses are water efficient, to reduce the overall demand for water, to meet government targets and to ensure there is enough water to go around.

To this end, Ofwat challenged water companies as part of PR24 to develop innovative tariffs that encouraged greater water efficiency through appropriate price signalling. This is reflected in the diagram below showing the targeted impact of demand management options including tariff innovation.



Q2. What are the trial objectives?

The trial's key objective is to motivate positive change to the way water is utilised whilst ensuring that all participants see tangible value from their efforts.

We understand that collaboration among stakeholders is essential to achieving meaningful water efficiency outcomes. We've considered how efficiency study costs are allocated and it is equitable that they are funded by the end customers who will see the benefits of reduced consumption and the operational savings arising.

Rather than defaulting to alternatives like a Rising Block Tariff—which may not recognise or reward sites already operating efficiently—we consider efficiency pricing is a more effective incentive in actively encouraging improvement in water efficiency.

Introducing discounted pricing or other financial incentives for lower use is considered insufficient to drive behavioural change where the universal feedback is that water is (by volume) already the cheapest input commodity for large users.

Q3 - Why use SIC codes to determine participants? How do we know which SPIDs are included?

SIC codes are considered appropriate as they already determine the taxable status of the supply.

The relevant codes are those where the economic activity on site corresponds to divisions zero to five and seven of the Standard Industrial Classification of Economic Activities 1980 published by the Office of National Statistics".

We will write to all retailers by 13 January with our assessment of sites within the scope of the trial.

If Retailers consider sites are not within the scope of the trial they need to contact us by 31 January.

We will confirm back to Retailers by 14 Feb our conclusions.

Q4 – Who pays for the efficiency study? What's the indicative cost range for such studies?

We've considered how efficiency study costs are allocated and it is equitable that they are funded by the end customers who will see the benefits of reduced consumption and the operational savings arising.

The pre-trial water efficiency studies were delivered by a Senior Environmental engineer (PhD CEng MICE). The studies included a site visit and a report detailing the site specific findings. The average cost was circa £8,000.

Consultation feedback supports the conclusion that Retailers and Customers are able to find suitably qualified resource from the competitive market.

Given the above, examples of how long it would take a site to recover the cost of the water efficiency study (for different levels of annual potable water consumption) are shown in the table below:

Water Efficiency Study **£8,000**

Inefficiency charge (£)	Volume per year (m3)	Months to recover
£0.2500	25,000	15
£0.1500	25,000	26
£0.2500	75,000	5
£0.1500	75,000	9
£0.2500	150,000	3
£0.1500	150,000	4

Q5 – What qualifies as "an independent environmental and process water efficiency expert with evidence of appropriate qualifications and experience to deliver such studies"?

The water efficiency studies are to be carried out at site level (SPID) with recommendations based upon process level inspection.

The individual Assessor is the person(s) conducting the audit and should be competent for the task and in a position to act impartially and objectively. They will have demonstrable experience of working on industrial sites (see the accompanying quality assurance document – "statement of competency"). The Retailer will be responsible for assessing that the Assessor meets the competency requirements.

The site water efficiency studies can be carried out by the Retailer or a third party (not the end user).

In addition, to assure quality control, a chartered process engineer must attest that the report is complete, technically accurate, and represents an impartial assessment.

The Implementation Plan submitted to us (before 30th November 2026) and details of the Stage 1 and Stage 2 completed recommendations shall be signed-off by a Director (or equivalent) of the retailer's customer (end-user).

Q6 – What constitutes a "statement of competency"?

Evidence of competency of the on-site Assessor shall be provided to the Retailer in the form of a Competency Statement.

This should be a concise, evidence-based description of the Assessors skills, knowledge, experience and behaviours, demonstrating how they are suitable to carry out the water efficiency study. Examples (using the STAR method: Situation, Task, Action, Result) to show how they achieved outcomes, proving they can apply those capabilities to the water efficiency study. It highlights their personal actions, impact, and the specific competencies they have applied, to demonstrate they can competently carry out the activities required to deliver the audit and achieve report sign-off by a chartered process engineer.

Q7 – What's the purpose of sign off by a chartered process engineer?

To ensure engineering rigour and consistency, all completed reports must be reviewed, validated and formally signed off by a Chartered Process Engineer (CEng or equivalent).

Responsibilities of the Chartered Process Engineer

- Technical review of all findings, calculations, and assumptions.
- Validation that Stage 1 minimum requirements have been accurately assessed.
- Assessment of Stage 2 measures, including appropriateness of recommended technology, feasibility as to implementation, and accuracy of payback periods.
- Quality assurance to ensure reports meet guidance set out in the study assurance template document and contain adequate evidence.
- An accurate assessment of the site and the report is justified in its conclusions and recommendations.

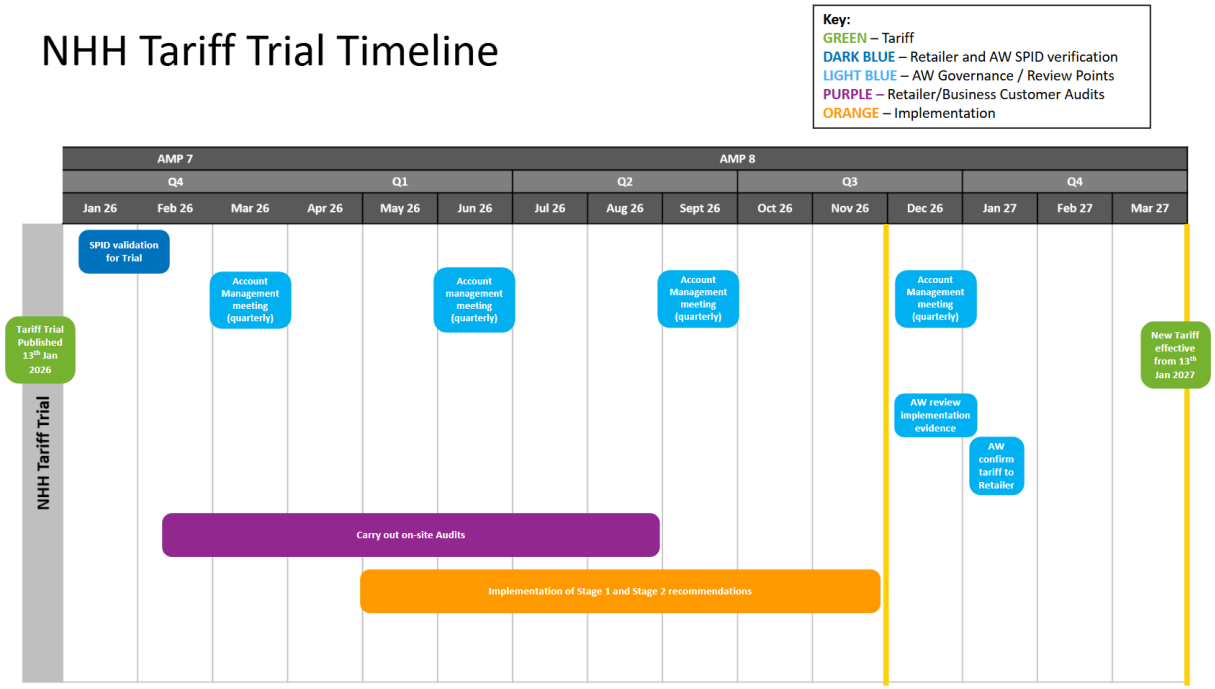
Independence and Professional Accountability

The Chartered Process Engineer:

- Must not have been the primary on-site assessor;
- Must be accountable to their engineering institution's code of conduct; and
- Must attest that the report is complete, technically accurate and represents an impartial assessment.

Anglian Water's nominated representative may notify of their intention to attend at the time of the Assessor's site visit or inspect the site following implementation of the recommendations.

Q8 – What does the audit process look like?



Q9 – What supporting materials are available to help?

- Water Efficiency Study Report Template – nhh-water-efficiency-study-report.pdf
- Quality Assurance document – see separate document - nhh-we-study-aassurance-process.pdf
- Guidance Documents – as published by WRAP (please see links below)
- Tariff impact examples – please table below

Option 2 – volumetric charge

	Customer 1 (high user)	Customer 2 (medium user)	Customer 3 (low user)
Annual Demand	500,000m³	100,000m³	32,000 m³
Maximum Daily Demand	2,000m³	400m³	150 m³
Current Wholesale Annual Charge	£948,926	£192,086	£66,591
Annual Charge (inc. high inefficiency surcharge)	£1,073,926	£217,086	£74,591
Change on current Charge	13%	13%	12%
Annual Charge (inc. low inefficiency surcharge)	£1,023,926	£207,086	£71,391
Change on current Charge	8%	8%	7%

Q10 – What's the difference between stage 1 and stage 2 requirements?

Stage 1 - Basic operational good practice - Examples are provided in the Report template. Implemented/evidenced sub-metering, employee awareness campaign, operational good practice (elimination of leaks, overflows, dry clean up techniques, pressure management where practical, optimised domestic demand etc).

Stage 2 - Process Optimisation, with Return on Investment <4 years - Examples are provided in the Report template document.

Stage 3 - For the purposes of the Trial, Stage 3 recommendations are for information only to inform a future site action plan with potential sustainable water saving opportunities with a return on investment >4 year.

Charges for the 2027/28 charging year are based on full implementation by 30 November2026.

Q11 -The site water balance doesn't account for a minimum of 90% of water into site – does this meet the requirements of the Study?

No.

A key requirement of the trial is to complete a water mass balance, which shall account for at least 90% of the total water coming into the site.

Where practical, temporary flow measurement shall be used to determine water use (where sub-meters are not present).

The trial's objective is to drive action to implement the report findings to ultimately reduce consumption/wastage. Where additional sub metering is required to enable better resolution of the water balance, we would expect this to be delivered in the implementation phase.

Q12 - What does evidence of implementation look like?

Implementation can be evidenced by Assessor/Retailer confirmation in the following ways:

- Before and after photos.
- Invoice/internal worksheet for installation.
- Data reports/control panel/dashboard screen shots i.e. spreadsheets, data visualisation tools etc.
- Changes in site specific benchmark.

The site specific water use benchmark calculated in the report shall be used as further evidence of implementation and to monitor continuing good practice (allowing for growth).

Q13 – Are their equivalent pathways to proving existing site efficiency?

We recognise that some customers may already be engaging with other audit frameworks such as ISO 46001:2019, CDP Water.

In these cases, please translate site specific findings using the report template, together with supporting documentation to evidence implementation e.g. sub-metering, leakage detection (Stage 1) process optimisation initiatives (Stage 2).

This will ensure consistency of assessment for the purposes of the Trial.

Q14 – How long will the trial extend?

The Trial will run to at least 31 March 2030.

We will plan staging posts to provide feedback to stakeholders including retailers, Ofwat and CCW.

The trial is supervised by our Demand Strategy Board and is managed within our Demand Management Strategy Group.

Progress will inform both our Water Resources Management Plan 29 ("WRMP29") and delivery of the AMP8 performance commitment for reducing non-household demand.

Q15 – What is the intended structure of charges for the trial from 1 April 2027? What are typical bill impacts?

The proposed structure of charges is set out in the 26/27 Charges Scheme. This will apply from 1 April 2026 until 31 March 2030.

This refers to the following:

(i) An Efficiency rate;

(ii) a Lower Efficiency Incentive rate; and

(iii) a Higher Efficiency Incentive rate.

The lower and higher efficiency rates will apply as relevant from 1 April 2027 in combination with the Efficiency Rate.

In CMOS the charges will be aggregated into a single volumetric rate in the relevant combination.

Charges will move each charging year in line with CPIH +K ("allowed revenue") for the duration of the trial subject to any rebalancing across all customer classes required to adjust to respective changes in the cost to serve.

The weighting between the lower and higher efficiency charges may be subject to review from 1 April 2028.

Q16 – What's the intended frequency of water efficiency studies for end-user premises? How will growth in production be managed within the trial?

We anticipate water efficiency studies would be update every five years.

We expect each study to produce an evidenced site-specific benchmark or water usage key performance indicator (KPI) i.e. output per m3 of water.

This will comprise three element:

- A mains water KPI;
- An alternative supply (e.g. borehole) KPI; and
- A total water KPI.

This benchmark KPI will be used to monitor ongoing water efficiency.

Where the KPI water efficiency deteriorates materially following implementation we will require an explanation to understand the reasons for this.

Q17 – What is the expected pathway of charges for AMP8?

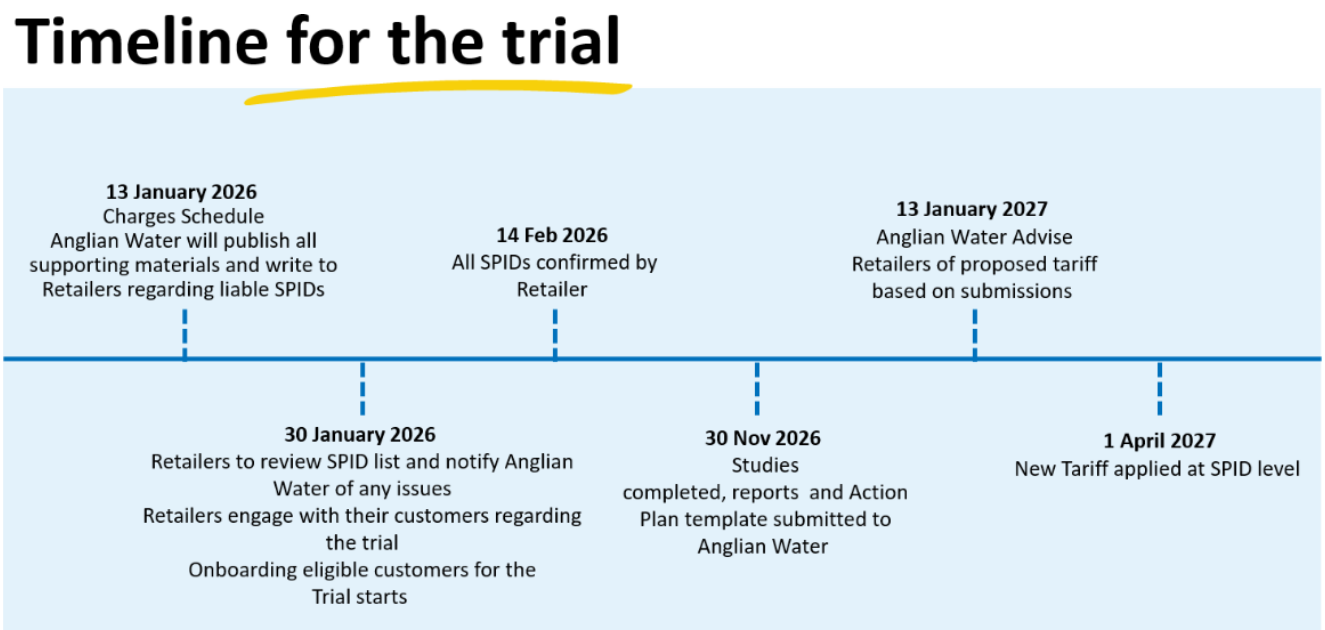
Charges for the remainder of AMP8 (2027/28 to 2029/30) will be set in line with the CMA Redetermination, expected by 31 March 2026.

The redetermination will set out in a constant price base (2022/23) the allowed revenue by control for each charging year.

This revenue will be indexed using November CPIH in the usual way.

We will continue across the AMP with our strategy to reduce the proportion of revenue recovered through the MDD charge and increase the proportion recovered from volumetric charges. This will increase the price signal for incremental use and reinforce our approach to promoting greater water efficiency.

Q18 - What is the proposed timetable for the trial?



Q19 – Will there be ongoing review and assessment of the Trial?

We will assess engagement, effectiveness and market capacity through the usual account management meetings held on a quarterly basis.

Accountant management meetings - Quarterly calls - w/c March; June; September; December.

We will publish an update to all Retailers in January 2027 to provide an overview of progress to date and key findings.

Q20 - What's required of new connections during the trial period?

To ensure consistency across existing customer sites and new NHH connections, the same principles of Stage 1 and 2 water efficient practices are being applied to requests for new supply. For example, new connection requests will only be provided on the basis that the site installs sub-meters to the key water consuming areas of site.

New customers will also be required to deliver alternative water resources such as re-use to support their application.

Q21 – What guidance documents are available?

A collection of resources known as "the Ripple Effect," published by WRAP, is available to support water efficiency studies. Although these documents date back to 2009/2010, they offer comprehensive guidance and methodologies for assessing typical process water use and activities. Users should verify any calculation factors, as the documents have not been updated.

We have however updated the carbon emission factors taken from 'guidance document 6: hot water' and incorporated these into the Water Efficiency Study Report Template.

Links to the documents are here:

nhh-where-is-the-water-going.pdf

nhh-reducing-water-use-in-boiler-houses.pdf

nhh-reducing-water-use-in-cooling-towers.pdf

nhh-reducing-water-use-in-hot-water-supply.pdf

nhh-reducing-water-use-pressure-pipework-hoses.pdf

nhh-reducing-water-use-in-softeners.pdf

nhh-reducing-water-use-water-reclaimation.pdf