

Non-Household Water Efficiency Tariff Trial (2026–2030)

The East of England is the driest region in the country, and climate change is increasing pressure on already limited water resources. At the same time, the Anglian Water region continues to experience significant economic and population growth.

The Environment Agency is reducing abstraction licences to protect the environment, narrowing the gap between supply and demand. While we are investing in major new infrastructure — including a strategic water transfer pipeline, two proposed reservoirs, and future desalination — new supply alone cannot solve water scarcity. Improving water efficiency across homes and businesses is essential.

To support sustainable growth, Anglian Water is introducing a Non-Household (NHH) Water Efficiency Tariff Trial running until at least 31 March 2030.

Retailers are the primary point of contact for all non-household customers. Retailers have been provided with full guidance, templates, assurance requirements and customer lists to enable them to communicate directly and effectively with their customers.

Consultation and Advance Notice

In October and November 2025, we consulted all Retailers on proposals for a tariff trial targeting business customers using more than 25,000m³ per year, where water use is primarily non-domestic (process use).

Feedback was generally supportive of the core objective: encouraging businesses to better understand their water use and take reasonable steps to optimise it. The consultation informed the development of detailed guidance and supporting documentation.

Retailers were provided with:

- The proposed tariff framework
- The list of customers expected to fall within scope
- A detailed FAQ document explaining objectives and requirements

Retailers were again supplied with customer lists on 13 January 2026.

Who the Trial Applies To

The trial applies to business customers that:

- Use more than 25,000m³ per year; and

- Use water primarily for non-domestic or process purposes.

Purpose of the Trial

Water is often the lowest-cost input for large industrial users. Small discounts for reduced use are unlikely to drive meaningful behavioural change.

The trial is designed to:

- Incentivise better understanding of site-level water use
- Encourage practical efficiency improvements
- Ensure water is appropriately valued
- Enable businesses to prioritise cost-saving water projects
- Protect long-term regional resilience

The objective is not to penalise efficient sites, but to ensure that all participating businesses can evidence good operational practice and optimisation.

Water Efficiency Study Requirements

Each site must complete a water efficiency study that:

- Accounts for at least 90% of water entering the site (mass balance)
- Includes process-level inspection
- Produces a site-specific benchmark (KPI)
- Identifies improvement opportunities

Studies must be carried out by a competent assessor and formally reviewed and signed off by an independent Chartered Process Engineer (CEng or equivalent).

The assessor must not be the sign-off engineer, ensuring independence and engineering rigour.

Recommendations must be implemented by 30 November 2026. Charges from 1 April 2027 will reflect site efficiency status.

Stage Requirements

Stage 1 – Operational Good Practice

Examples include:

- Sub-metering of key water-using areas
- Leak and overflow elimination

- Dry clean-up techniques
- Pressure optimisation
- Employee awareness campaigns

For customers already operating efficiently, Stage 1 should align with normal operational practice and is not expected to be onerous.

Stage 2 – Process Optimisation (ROI < 4 years)

Targeted improvements delivering measurable water savings with a payback period of less than four years.

We recognise that some Stage 2 measures may be more challenging to implement by November 2026. However, discussions with end users indicate that cost savings are a strong driver for accelerating investment decisions.

Charges and Bill Impacts

The tariff framework includes:

- An Efficiency Rate
- A Lower Efficiency Incentive Rate
- A Higher Efficiency Incentive Rate

From 1 April 2027, charges will reflect whether Stage 1 and Stage 2 recommendations have been implemented.

Indicative impacts equate to approximately:

- 0% increase (completion of recommended activities)
- 8% increase (lower inefficiency charge); or
- 13% increase (higher inefficiency charge).

These charges are set by Anglian Water as Wholesaler within the Wholesale Charges Schedule. They are applied to Retailers and are expected to be passed through to customers.

However, inefficiency charges will only apply where customers are unable to demonstrate implementation of Stage 1 and Stage 2 recommendations.

Where both stages are implemented and evidenced, no additional efficiency charge will apply.

The trial is intended to test how pricing signals can incentivise behavioural change, not to penalise good practice.

Costs of Studies

Water efficiency studies are funded by the end customer, who benefits directly from reduced consumption and operational savings.

Pre-trial studies averaged approximately £8,000. Depending on site consumption and inefficiency charge level, indicative payback periods ranged from approximately 3 to 26 months.

Timing and Deadlines

We recognise concerns about timing. However, the East of England is a water-scarce region and climate change impacts are already being felt. Prompt action is necessary.

Key dates:

- 30 November 2026 – Deadline for implementation of recommendations
- 1 April 2027 – Efficiency charges take effect
- Trial runs to at least 31 March 2030

The deadlines are intended to drive timely action while allowing over a year for study completion and implementation.

Monitoring, Learning and Future Rollout

The trial will be reviewed regularly through quarterly account management meetings with Retailers.

We have committed to:

- Provide updates to Retailers, Ofwat and CCW
- Publish a progress overview in January 2027
- Use findings to inform WRMP29 and AMP8 performance commitments

The trial runs until 2030. We will assess its impact on demand reduction before considering any wider rollout to other non-domestic customers. Any broader implementation would be discussed with stakeholders before decisions are made.

Working Together

Retailers remain the primary point of contact for non-household customers and have been provided with comprehensive documentation to support delivery of the trial.

Improving water efficiency is essential to balancing environmental protection, economic growth and long-term resilience across the Anglian region. This trial represents a collaborative step towards achieving that balance.

Non-household growth

Our non-household growth forecasts are not as accurate as our population and property forecasts as:

- there is significant uncertainty and lack of visibility regarding large site-specific development plans
- when requests for new or additional water are received, these are often required in the very near term and can be for large quantities (of water)
- there is an uncertain socio-economic environment
- environmental regulations are now limiting our capacity for contingencies (headroom), as well as impacting businesses.

This uncertainty in non-household growth cannot be easily addressed in our investment plans as our regulators require us to demonstrate high levels of utilisation, so we cannot build assets in preparation for unknown non-household growth.

Therefore, to ensure we have sufficient water to meet existing and forecasted housing growth we have in the past year placed a cap on non-household developments, for non-domestic water requests, such as for food and drink manufacturing; this is set at 20 m³/day.

litres per day. This can be viewed in our non-domestic demand policy that was published in December 2024 and can be found on our website here:

<https://www.anglianwater.co.uk/siteassets/developers/new-content/p--c/aws-non-domestic-demand-policy-sm-v2.pdf>

We want to work with Local Planning Authorities to gain better insight of expected non-household growth from 2030 to 2055 so we can incorporate it into our forecasts and provide evidence to our regulators.