# **Tideway Revenue Statement 2023**

Allowed Revenue for Charging Year 2024/25

2340-TDWAY-TTTUN-990-ZZ-ED-700112

## **Revenue Statement - 2024/25 Allowed Revenue**

Submitted to Ofwat on 21 December 2023

| £, nominal                                  | Year preceding<br>Prior Charging<br>Year<br>2021/22 | Prior Charging<br>Year<br>2022/23 | Current Charging<br>Year<br>2023/24 | Forthcoming<br>Charging Year<br>2024/25 |
|---|---|-----------------------------------|-------------------------------------|---|
| Allowed Revenue                             | 87,029,095  | 86,316,446                        | 117,946,599                         | 133,568,927                             |
| Amounts received from TWUL in Charging Year | 72,886,391  | 86,667,996                        |                                     |   |

# IP Charge Notification - 2024/25 Allowed Revenue

Submitted to Thames Water on

IP Charge for 2024/25 (£)

133,568,927

## November 2023 RPI

**377.3** Source: ONS (20 December 2023 release)

## Statement of calculation

| ntroduction  |   |   |   |                                     |   |   |   |   | Statement of calculation  |   |   |
|--|---|---|---|-------------------------------------|---|---|---|---|---|---|---|
| The following section sets out how Tideway's Allowed Revenue calcu<br>The Licence has been written to provide the basis of a revenue subm  | nission in a typical year. A number of detailed mode  | alling assumptions have been m  | ade in interpreting Appendic                                  | ix 1 of the Project Licence to en   | isure the mechanics of the c  | lculation are in line with the sp   | pirit of the licence. These m   | odelling assumptions are set out in t   | he table below.   |   |   |
| his model, including these assumptions, as set out in the table belo   | w, has been sent to Ofwat. In an email dated 29/09  | //2023, Ofwat noted it is content   | with the resolutions describ                                  | ed.                                 |   |   |   |   |   |   |   |
| heet Issue<br>BRA Inputs<br>1020 BRRA  |   |   |   |                                     | Resolution  |   |   |   |   |   |   |
| 120, BORA<br>puts 2021. The 2014/15 RPI Adjustment Factor refers to "the pe<br>BBRA Inputs<br>values for April and September are taken, this only p<br>acculation<br>023.  |   |   |   |                                     |   |   | tember as the movement be   | etween the March and September in   | lex values, which ensures April   |   |   |
| JBRA<br>Jaculation<br>200, BBRA<br>Alculation<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>201, BBRA<br>100, BBRA | hould be deflated by the Applicable Change in Cost  | RPI for a Charging Year, rather   | than the 2014/15 RPI Adju                                     | stment Factor. However, the         | Use the 2014/15 R   | PI Adjustment Factor to deflate<br>terment as part of the building I  | e the Annual Actual Project<br>block reconciliation adjustn   | Spend in the current Charging Year.<br>eent.  | This will be trued up in next   |   |   |
| BRA<br>diaciation<br>20, BBRA In order to reconcile Allowed Revenue calculated in<br>information is available (i.e. a further year of actual in<br>localation<br>22.   | prior years for updated inflation, it is not appropriate<br>ifflation data which can be used to replace the forect  | to use the 2014/15 RPI Adjustn<br>ast).   | nent Factor defined in Tidew                                  | vay's licence as more up to dat     | to applying the 201   | istent with definition of 2014/1<br>4/15 RPI Adjustment Factor va<br>ta is taken into account.  | 5 RPI Adjustment Factor by alues as calculated for the T  | t with actual inflation used up to Seg<br>enth Charging Year Allowed Reven  | tember of YL. This is equivalent<br>accalculation, and ensures the  |   |   |
| Calculation One of the terms in the formula for the under/over re<br>023 Infrastructure Provider in respect of Charging Year I-  | covered revenue adjustment (as set out in Appendia<br>2". However, the licence does not specify the time p  | <ol> <li>Part A 7 of Tideway's licence<br/>beriod to which this element of the<br/>third to which this element of the third the the third the third the third the third the third the the third the the third the the third the the the the the the the the the the</li></ol> | e) is "the amount in respect<br>le calculation should relate. | of the IP Charge recovered by       | the Interpret "the amou<br>been paid by Tham  | nt in respect of the IP Charge r<br>es Water to Tideway and rece  | recovered by the Infrastruct<br>ipted in Tideway's bank ac  | ure Provider in respect of Charging<br>sount prior to the end of September of   | ∕ear t-2° as the amount that has<br>f Charging Year t-1.  |   |   |
| Appendix 1, Part A 7 of Tideway's licence requires th<br>adjustment formulaically or specify the means of adju   |   | calculated on a net present valu  | e neutral basis using the B1                                  | WACC, but it does not specify       | To reconcile amour<br>(1+BWACC) <sup>A</sup> 2 and<br>revenue receipts).<br>A separate one-yea<br>that have not been<br>original amounts ar | ts not yet received in respect of<br>the ratio between the Applicat<br>r NPV adjustment is applied to<br>netuded in a previous revenue<br>d their incorporation into this r<br>justed reconciliation amount I | of Charging Year t-2, this in<br>ble Change in Revenue RP<br>o the further amounts receiv<br>e adjustment calculation. Th<br>revenue adjustment calcula | as the real discount factor and adju<br>volves multiplying the unadjusted re<br>of the two charging years (baccou<br>ed in respect of any Charging Year<br>is to account the one-year defu-<br>ion for the forthcoming Charging Ye<br>to between the Applicable Charge in | conciliation amount by<br>nt for the two year delay in<br>alling prior to Charging Year 1-2<br>y between the collection of the<br>ar. The adjustment involves |   |   |
| Calculation Appendix 1, Part A 8 of Tideway's licence requires a value neutral basis using the BWACC, but It does no   | reconciliation adjustment of a number of building b<br>of specify the adjustment formulaically or specify the   | locks for updated values. The lic<br>means of adjusting for inflation   | cence requires that the adju-                                 | stment is calculated on a net p     | taking into account<br>resent reconciliation amou<br>calculated, and the  | the number of years since the<br>nt by (1+BWACC) raised to th<br>ratio between the Applicable C   | Allowed Revenue for a give<br>to power of the number of y<br>Change in Revenue RPI of t   | as the real discount factor and adju<br>in year was first calculated. This invi<br>ars since the Allowed Revenue for t<br>he two Charging Years. The reconci<br>n this reconciliation are as set out in   | alves multiplying the<br>he relevant year was first<br>iation amount is calculated  |   |   |
| BRA<br>iaculation<br>200, BBRA<br>actaulation<br>201, BBRA<br>Revenue (AR).)<br>actaulation<br>actuation<br>actuation<br>actuation   | Building Blocks may never become relevant (i.e. th  | ese building blocks may only b  | acome relevant if Tideway a                                   | upplies for an Increase in Allowe   | ed Exclude calculation  | s for Additional Return on Cap  | ital and Additional Liquidity   | until there is a non-negligible proba   | billy that these will be required.  |   |   |
| Key to Charging Years  |   |   |   |                                     |   |   |   |   |   |   |   |
| tear         Charging Year           015/16         Y1           015/17         Y2           017/18         Y3           018/19         Y4           020/21         Y5           020/21         Y6           020/22         Y7           022/23         Y8           022/24         Y9           022/25         Y11  | Full description<br>First Charging Year<br>Second Charging Year<br>Third Charging Year<br>Fight Charging Year<br>Fight Charging Year<br>Severth Charging Year<br>Eighth Charging Year<br>Tenh Charging Year<br>Tenh Charging Year |   |   |                                     |   |   |   |   |   |   |   |
| Summary<br>lelow is a high-level breakdown of the Allowed Revenue for the Tent   | th Charoing Year, with respect to each of the buildin   | ng blocks involved in the calcula   | tion.   |                                     |   |   |   |   |   |   |   |
| Fideway Allowed Revenue (t) =  |   | Return on   |   | Jity + Operating exper              | nditure - Financing cost ac   | justment + Ta   | ax + Rever  | ue adjustment + Building bloc   | k for reconciliation adjustment + Additiona   | al return on capital + Add                  | tional liquidity                          |
| ideway Allowed Revenue (Tenth Charging Year)<br>he calculation of each of these elements is described below.   | =   | 134.0<br>133.6  |   | 9 +0                                | -18.4   | +1  | 0   | + 12.8  | 12  | 0   | 0   |
| nputs<br>he inputs to this calculation, and the sources of these inputs, are se<br>to "BRRA Inputs 2022" sheet isolates the inputs required to record<br>the reconcilisations are for update cost and inflation data and the<br>line with Appendix 1 A8 of Tideway's licence, the Expenditure Fore<br>represents the company's latest vertified forecast of cash expenditure   | ile Allowed Revenue first calculated in 2022.<br>inputs are consistent with those set out on "Inputs 2<br>ecast is that most recently verified by the Independe   | 023".   |   | vorkbook. The "BBRA Inputs 20       | 020" sheet isolates the input   | required to reconcile Allowed   | Revenue first calculated in   | 2020 (for the seventh charging yea  | ), "BBRA Inputs 2021" sheet isolates the inputs requi   | red to reconcile Allowed Revenue first calc | slated in 2021 and                        |
| Return on Capital<br>'he Retum on Capital building block allows Tideway to earn a return<br>werage RCV is calculated using annual actual, estimated and foreca   | n on capital in relation to the forecast average RCV i  |   |   |                                     |   |   |   |   |   |   |   |
| reraye nov is calculated using annual actual, estimated and lored  | 2015/16   | 2016/17   | 2017/18   | 2018/19                             | 2019/20<br>Y4   | 2020/21   | 2021/22   | 2022/23<br>Y7   | 2023/24   | 2024/25                                     | 2025/26                                   |
|  | £m, 2014/15 prices<br>Opening RCV<br>Allowable Project Spend<br>Closing RCV   | Y1<br>0.0<br>148.7<br>148.7   | Y2<br>148.7<br>329.8<br>478.5                                 | 962.3                               | 962.3<br>528.0<br>1,490.3   | Y5<br>1,490.3<br>534.2<br>2,024.5   | 2,024.5<br>473.1<br>2,497.6   | 2,497.6<br>437.9<br>2,935.4   | ¥8<br>2,935.4<br>372.5<br>3,307.9   | Y9<br>3,307.9<br>255.4<br>3,563.3           | <b>Y10</b><br>3,563.3<br>176.7<br>3,740.0 |
|  | Average RCV   | 74.4  | 313.6   | 720.4                               | 1,226.3   | 1,757.4   | 2,261.0   | 2,716.5   | 3,121.7   | 3,435.6                                     | 3,651.6                                   |
| or the Tenth Charging Year, this building block is calculated as follo   |   |   |   |                                     |   |   |   |   |   |   |   |
| Return on Cap  | pital = Average RCV in Y10<br>= 3,651.6<br>= 134.0 (£m)   | • Bid WA<br>• 2.497'  |   | Applicable Change<br>377.3<br>256.7 | in Revenue RPI for the Ten  | th Charging Year  |   |   |   |   |   |
|  |   |   |   |                                     |   |   |   |   |   |   |   |
| .iquidity<br>he Liquidity building block allows Tideway a liquidity allowance (ret   | turn on capital) in relation to the incremental average   | e RCV in the year following the (   | Charging Year in question.                                    |                                     |   |   |   |   |   |   |   |
| he Liquidity building block allows Tideway a liquidity allowance (ret<br>or the Tenth Charging Year, this building block is calculated as follo  | ows:  |   |   |                                     | - V   |   |   |   |   |   |   |
| he Liquidity building block allows Tideway a liquidity allowance (ret<br>or the Tenth Charging Year, this building block is calculated as follo  |   |   |   | enue RPI for the Ninth Charging     | ] Year  |   |   |   |   |   |   |
| he Liquidity building block allows Tideway a liquidity allowance (ret<br>or the Tenth Charging Year, this building block is calculated as follo  | ows:<br>idity = (Forecast average RCV in year 10 - Average  |   | Applicable Change in Reve                                     |                                     | g Year  |   |   |   |   |   |   |
| he Liquidity building block allows Tideway a liquidity allowance (ret<br>or the Tenth Charging Year, this building block is calculated as follo  | zws:<br>idity = (Forecast average RCV in year 10 - Average<br>= 105.2<br>= 3.9 (£m)   | e RCV in year9) * Bid WACC * .<br>•   | Applicable Change in Reve                                     |                                     | g Year  |   |   |   |   |   |   |

## The Financing Cost Adjustment for a given year is calculated as follows:

### Einancing Cost Adjustment (t) = (Net Debt (I-2) - Net Debt (I-3)) \* Market Cost of Debt Adjustment Factor (I) \* (1 + BWACC)\*2 \* Applicable Change in Revenue RPI (I) Applicable Change in Revenue RPI (I-2)

| where | Market Cost of Debt Adjustment Factor (t) | - | i) if the difference between the BRP and the ARP on any ARP Calculation Date is +1-50 bos, the market cost of debt adjustment will be 0<br>ii) if the difference between the BRP and he ARP is between (+1):51 bos and 100 bos, the market cost of debt adjustment factor will be equal to 50% of the amount by which such difference exceeds 50bps<br>iii) if the difference between the BRP and he ARP is protect the protect of debt adjustment factor will be equal to the amount by which such difference exceeds 50bps<br>The Market Cost of Debt Adjustment Factor shall be expressed as a positive figure where the ARP exceeds the BRP, and a negative figure where the BRP exceeds the ARP. |
|-------|---|---|---|
|       |   |   | PPP - the 12 menths' trailing average of the Einspeine Cost Adjustment Index Vield as at 21 March 2015  |

## BRP = the 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015 ARP = the 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March of Charging Year t-2

## where the Financing Cost Adjustment Index Yield = (1+ Boox BBB UK non-financials with 10+ year maturity) - 1 (1 + spot implied inflation rates for 10 year maturity published by the Bank of England)

Note that where the ratio between Net Debt and Ofwat-stated RCV (current prices) is higher than the notional debt to RCV ratio, Net Debt will be deemed to equal the notional debt to RCV ratio multiplied by the Ofwat-stated RCV in current prices.

The Financing Cost Adjustment Building Block for each Charging Year is the sum of the Financing Cost Adjustment for that Charging Years to reflect the build-up of the market cost of debt protection over time. The table below summarises the build-up of the Financing Cost Adjustment in provious years, and defails of prior years acaduations are available in previous Revenue Statement identified in the table). There vans on Financing Cost Adjustment in segarci of the Allowed Revenue for the Financi Social Octaring Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases, Tideway (id not exist in Charging Years, as in both cases). The Financing Cost Adjustment the Eith charging year in the Time Tideway are in a polition as if the error had never occurred. The Financing Cost Adjustment the Eith charging year in the Charging Years are find the State (see thin). The Reconciliation Adjustment for the Eith charging year in a row in the published red defails que within the required was cased. The Reconciliation Adjustment for the Allow (id to case), Tideway are in a polition as if the error had never occurred.

|   |         |         |         | Charging Year |         |         |         |         |         |         |
|---|---------|---------|---------|---------------|---------|---------|---------|---------|---------|---------|
|   | 2015/16 | 2016/17 | 2017/18 | 2018/19       | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| Revenue Statement                                     | 2015    |         | 2016    | 2017          | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| Base Reference Point                                  | 1.30%   | 1.30%   | 1.30%   | 1.30%         | 1.30%   | 1.30%   | 1.30%   | 1.30%   | 0.00%   | 0.00%   |
| Annual Reference Point                                | 1.30%   | 1.30%   | 1.43%   | 0.35%         | 0.01%   | 0.23%   | -0.47%  | -0.88%  | 0.00%   | 0.00%   |
| Market Cost of Debt Adjustment Factor                 | 0.00%   | 0.00%   | 0.00%   | -0.22%        | -0.54%  | -0.32%  | -1.01%  | -1.43%  | 0.00%   | 0.00%   |
| Change in Net Debt                                    | 0.0     | 0.0     | -130.4  | -185.5        | 243.8   | 615.2   | 613.8   | 532.5   | 0.0     | 0.0     |
| Adjustment agreed with Ofwat in the 2022/23 Revenue   |         |         |         |               |         |         |         |         |         |         |
| Statement   |         |         |         |               |         |         |         | 0.2     | 0.0     | 0.0     |
| Financing Cost Adjustment                             | 0.00    | 0.00    | 0.00    | 0.5           | -1.5    | -2.2    | -6.7    | -8.4    | 0.0     | 0.0     |
| Financing Cost Adjustment building block (cumulative) | 0.00    | 0.00    | 0.00    | 0.5           | -1.0    | -3.2    | -9.9    | -18.4   | -18.4   | -18.4   |

## For the Tenth Charging Year, this building block is calculated as follows: Financing Cost Adjustment (year 8)

= (Net Debt (year 6) - Net Debt (year 5))\* Market Cost of Debt Adjustment Factor (year 8)\* (1 + BWACC)\*2\* Applicable Change in Revenue RPI (year 8) + Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts Applicable Change in Revenue RPI (year 6)

= (1689.5 - 1156.97) \* -1.43% \* (1+0.02497) \*2 \* <u>122</u> + 0.2

= -8.4 (£m)

## Where the Market Cost of Debt Adjustment Factor (year 8) results from the difference between the BRP and the ARP:

BRP - ARP= 1.30% - -0.88%

## = 2.18%, a difference of 218 basis points, which falls in the greater than 100 bps band.

This leads to a Market Cost of Debt Adjustment Factor (year 8) of the amount by which this difference exceeds 75bps, or (2.18% - 0.75%)) = -1.4.3% (The Market Cost of Debt Adjustment Factor shall be expressed as a positive figure where the ARP exceeds the BRP, and as a negative figure where the BRP exceeds the ARP)

| Financing Cost Adjustment building block | = | Financing Cost Adjustment(year | ) + Financing Cost Adjustment(year 2) | + Financing Cost Adjustment(year 3) + Fin | ancing Cost Adjustment(year | 4) + Financing Cost Adjustment(ye | ar 5) + Financing Cost Adjustment(year 6) + | Financing Cost Adjustment(year 7) + Financing C | ost Adjustment(year 8) |
|--|---|--------------------------------|---------------------------------------|---|-----------------------------|-----------------------------------|---|---|------------------------|
|  | = | 0                              | + 0                                   | + 0                                       | 0.5                         | -1.5                              | -2.2  | -6.7  | -8.4                   |
|  | = | -18.4 (£m)                     |                                       |   |                             |                                   |   |   |                        |

Tax In line with Tideway's licence, the tax building block is zero as Tideway is not currently required to pay corporation tax or any other income-based tax.

Revenue Adjustment The revenue adjustment building block is to reconcile for under/over recovered Allowed Revenue in previous Charging Years. Appendix 1 A7 of the licence defines it as:

RA Y1 = Allowed Revenue for Charoino Year 1-2 - (the amount in respect of the IP Charoe recovered by the Infrastructure Provider in respect of any Charoino Year -12 that has not been included in any previous RA calculation)

This building block applied for the first time in the Fourth Charging Year (2018/19). There was no revenue adjustment for the Allowed Revenue in the Third Charging Year, as Thames Water only started billing Tideway's revenue in the Second Charging Year (2016/17).

The Revenue Adjustment for the Tenth Charging Year is based on recovery of revenue for the Second, Third, Fourth, Fifth, Sixth and Eighth Charging Years. The Eighth Charging Years is being reconciled for the first time and the Second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for The and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled to remove a mounts that have been reconciled for while the being reconciled to remove a mounts that have been reconciled for the first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for The first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for The first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for The first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for The first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for the first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for the first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for the first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for the first time and the second, Third, Fourth, Fifth, Sixth and Seventh Charging Year is being reconciled for the first time and the second the seco

= Allowed Revenue for Eighth Charging Year - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Eighth Charging Year (to end of June 2023)

|   | £m                             |                           |                |         |         |         |         | Payment received from T | hames Water in period |         |         |         |         |         |         |           |       |
|---|--------------------------------|---------------------------|----------------|---------|---------|---------|---------|-------------------------|-----------------------|---------|---------|---------|---------|---------|---------|-----------|-------|
|   | ΣIII                           | 20                        | 16/17          | 201     | 7/18    | 201     | 8/19    |                         | 2019/20               | 2020/21 |         | 202     | 1/22    | 2022/   | 23      | 2023/24   | Total |
| Charging Year   | Allowed revenue                | Apr-Sep                   | Oct-Mar        | Apr-Sep | Oct-Mar | Apr-Sep | Oct-Mar | Apr-Sep                 | Oct-Mar               | Apr-Sep | Oct-Mar | Apr-Sep | Oct-Mar | Apr-Sep | Oct-Mar | Apr - Sep | 1     |
| 2015/16   | 11.2                           | 12.1                      | 14.6           | 4.3     | 0.8     | 0.3     | 0.2     |                         |                       |         |         |         |         |         |         |           | 32.1  |
| 2016/17   | 22.4                           |                           |                |         |         |         |         | 0.4                     | -1.1                  | 0.0     | 0.3     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0       |       |
| 2017/18   | 28.5                           | n/a                       | n/a            | 9.3     | 12.4    | 2.4     | 0.4     | 0.2                     | 2.0                   | 0.0     | 1.3     | 0.1     | 0.0     | 0.0     | 0.0     | 0.0       | 28.1  |
| 2018/19   | 49.2                           | n/a                       | n/a            | n/a     | n/a     | 16.3    | 18.7    | 10.7                    | 1.0                   | -0.5    | 1.6     | 0.0     | 0.1     | 0.0     | 0.0     | 0.0       | 47.9  |
| 2019/20   | 63.4                           | n/a                       | n/a            | n/a     | n/a     | n/a     | n/a     | 20.1                    | 24.3                  | 11.2    | 4.5     | 0.5     | 0.1     | 0.1     | 0.1     | 0.0       | 60.8  |
| 2020/21   | 76.5                           | n/a                       | n/a            | n/a     | n/a     | n/a     | n/a     | n/a                     | n/a                   | 15.4    | 35.1    | 13.6    | 3.1     | 0.5     | 0.2     | 0.2       | 68.1  |
| 2021/22   | 87.0                           | n/a                       | n/a            | n/a     | n/a     | n/a     | n/a     | n/a                     | n/a                   | n/a     | n/a     | 24.7    | 30.6    | 21.8    | 4.7     | 1.0       | 82.9  |
| 2022/23   | 86.3                           | n/a                       | n/a            | n/a     | n/a     | n/a     | n/a     | n/a                     | n/a                   | n/a     | n/a     | n/a     | n/a     | 24.5    | 34.9    | 11.5      | 70.9  |
| Note: The table data to the end of 2022/23 is extracted fro | om Tideway's 2022/23 Annual Re | port. [Regulatory Account | ts Table TTTA] |         |         |         |         |                         |                       |         | •       |         |         |         |         |           |       |

Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment)

= 86.3 - 70.9 = 15.4 (£m) Reconciliation amounts in respect of Seventh Charging Year = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Seventh Charging Year (to end of Suptember 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Seventh Charging Year (to end of September 2022)

| (before NPV adjustment)   |  |
|---|--|
|   | = 82.9 - 77.1  |
|   | = 5.7 (Em)   |
| Reconciliation amounts in respect of Sixth Charging Year<br>(before NPV adjustment)   | = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Skith Charging Year (to end of June 2023) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Skith Charging Year (to end of September 2022)   |
| (before NPV adjustment)   | = 68.1 - 67.8  |
|   | = 0.4 (Em)   |
| Reconciliation amounts in respect of Fifth Charging Year not previously included  | = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Fiel Th Charging Year (to end of June 2023) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Fillh Charging Year (to end of September 2022)   |
| (before NPV adjustment)   | = 60.8 - 60.7  |
|   | = 0.1 (£m)   |
| Reconciliation amounts in respect of Fourth Charging Year not previously included   | = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Fourth Charging Year (beend of June 2023) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Fourth Charging Year (beend of September 2022)   |
| (before NPV adjustment)   | = 47.9 - 47.9  |
|   | = 0.0 (Em)   |
| Reconciliation amounts in respect of Third Charging Year not previously included  | = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Third Charging Year (to end of June 2023) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Third Charging Year (to end of September 2022)   |
| (before NPV adjustment)   | = 28.1 - 28.1  |
|   | = 0.0 (Em)   |
| Reconciliation amounts in respect of Second Charging Year not previously included<br>(before NPV adjustment)  | = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Be Second Charging Year (to end of June 2023) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Second Charging Year (to end of September 2022)  |
| (Detore NPV adjustment)   | = 32.1 - 32.1  |
|   |  |
|   | = 0.0 (Em)   |
| As required by Appendix 1 A7 of the licence, the reconciliation amounts are subject to a net present value (NPV) adjustment.  | = 0.0 (Em) th is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.  |
| As required by Appendix 1 A7 of the licence, the reconciliation amounts are subject to a net present value (NPV) adjustment, v<br>Reconciliation amounts in respect of Eighth Charqing Year<br>(after NPV adjustment)                   |  |
| Reconciliation amounts in respect of Eighth Charging Year   | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)*2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 8)<br>= 15.4 * ((1 + 0.02497)*2) * 1.47   |
| Reconciliation amounts in respect of Eighth Charging Year   | ch is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)*2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 8)   |
| Reconciliation amounts in respect of Eighth Charging Year   | a set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.         a Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC/*2)) * Applicable Change in Revenue RPI (year 10) Applicable Change in Revenue RPI (year 8)         a 15.4       * ((1+0.02497 )*2) * 122   |
| Reconciliation amounts in respect of Eighth Charging Year   | a set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.         a Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC/*2)) * Applicable Change in Revenue RPI (year 10) Applicable Change in Revenue RPI (year 8)         a 15.4       * ((1+0.02497 )*2) * 122   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year   | h is set out below. The NPV dijustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconcillation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (var 10)<br>Applicable Change in Revenue RPI (var 8)<br>= 15.4 * ((1 + 0.02497 )*2) * <u>1.47</u><br>= 19.5 (Em)<br>= Reconcillation amounts in respect of Seventh Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (var 10)<br>Applicable Change in Revenue RPI (var 9)<br>= -5.7 * ((1 + 0.02497 )*2) * 1.47   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year   | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.       =     Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment)     * ((1+80/42C)'2)) *     Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 3)       =     15.4     * ((1+0.02497 )'2) *     1.47<br>1.22       =     19.5 (Em)     * ((1+80/42C)'2)) *   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year   | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 2)<br>= 15.4 * (1+0.02497 )'2) * <u>14.7</u><br>= 19.5 (Em)<br>= Reconciliation amounts in respect of Seventh Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 9)<br>= -5.7 * ((1+0.02497 )'2) * <u>14.7</u><br>1.20   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year   | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 2)<br>= 15.4 * (1+0.02497 )'2) * <u>14.7</u><br>= 19.5 (Em)<br>= Reconciliation amounts in respect of Seventh Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 9)<br>= -5.7 * ((1+0.02497 )'2) * <u>14.7</u><br>1.20   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Sixth Charging Year | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.<br>= Reconcillation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 9)<br>= 4.2 (Em)<br>= Reconcillation amounts in respect of Stath Changing Year (before NPV adjustment) * ((1+BWACC)'2)) * Applicable Change in Revenue RPI (year 9)<br>Applicable Change in Revenue RPI (year 9)<br>= 0.4 ((1+0.02497)) * 147   |
| Reconciliation amounts in respect of Eighth Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Seventh Charging Year<br>(after NPV adjustment)<br>Reconciliation amounts in respect of Sixth Charging Year | h is set out below. The NPV adjustments are made consistent with the assumptions set out in the table at the beginning of this statement.       a     Reconciliation amounds in respect of Eighth Charging Year (before NPV adjustment)     * ((1+8WACC)'2)) * Applicable Change in Revenue RPI (year 10) Applicable Change in Revenue RPI (year 9)       a     15.4     * ((1+0.02497)'2) * 122       a     19.5 (Em)   a Reconciliation amounds in respect of Seventh Charging Year (before NPV adjustment) * ((1+8WACC)'2)) * Applicable Change in Revenue RPI (year 10) Applicable Change in Revenue RPI (year 9)       a     -5.7     * ((1+0.02497)'2) * 147       a     -5.7     * ((1+0.02497)'2) * 147       a     -1.47       a     -5.7     * ((1+0.02497)'2) * 147       a     -1.47       b     -1.47       c     -5.7     * ((1+0.02497)'2) * 140       a     -5.7     * (1+0.02497)'2) * 140       a     -5.7     * (1+0.02497)'2) * 140       a     -5.7     * (1+0.02497)' |

| Reconciliation amounts in respect of Fifth Charging Year not previo<br>(after NPV adjustment)  | iously included  | = Reconciliation amounts in respect of Fifth Char  | rging Year (before NPV adjustment)   | * ((1+BWACC))) *   | Applicable Change in R<br>Applicable Cha   | tevenue RPI (year 10)<br>ange in Revenue RPI (year 9)             |  |   |  |  |   |  |  |
|--|--|--|--|--|--|---|--|---|--|--|---|--|--|
|  |  | = -0.1   |  | * ((1 + 0.02497 )) *   |  | 1.47  |  |   |  |  |   |  |  |
|  |  | = -0.1 (£m)  |  |  |  |   |  |   |  |  |   |  |  |
| Reconciliation amounts in respect of Fourth Charging Year not pre<br>(after NPV adjustment)  | eviously included  | = Reconciliation amounts in respect of Fourth Cha  | harging Year (before NPV adjustment)   | ) * ((1+BWACC)) *  |  | Revenue RPI (year 10)<br>ange in Revenue RPI (year 9)             |  |   |  |  |   |  |  |
|  |  | = 0.0  |  | * ((1 + 0.02497) *   |  | 1.47  |  |   |  |  |   |  |  |
|  |  | = 0.0 (£m)   |  |  |  | 1.40  |  |   |  |  |   |  |  |
| Reconciliation amounts in respect of Third Charging Year not prev<br>(after NPV adjustment)  | viously included   | <ul> <li>Reconciliation amounts in respect of Third Char<br/></li> </ul>   | arging Year not previously included (b   | efore NPV adjustment)  |  | Change in Revenue RPI (year 10)<br>Change in Revenue RPI (year 9) |  |   |  |  |   |  |  |
|  |  | = 0.0  |  |  | * (1 + 0.02497 ) *   | 1.47  |  |   |  |  |   |  |  |
|  |  | = 0.0 (£m)   |  |  |  |   |  |   |  |  |   |  |  |
| Reconciliation amounts in respect of Second Charging Year not pr<br>(after NPV adjustment)   | reviously included   | <ul> <li>Reconciliation amounts in respect of Second Cl</li> </ul>   | Charging Year not previously included  | (before NPV adjustment)  |  | Change in Revenue RPI (year 9)                                    |  |   |  |  |   |  |  |
|  |  | = 0.0  |  |  | * (1 + 0.02497 ) *   | 1.47<br>1.40  |  |   |  |  |   |  |  |
|  |  | = 0.0 (£m)   |  |  |  |   |  |   |  |  |   |  |  |
| Revenue Adjustment (Tenth Charging Year)<br>(after NPV adjustment)   |  | = Reconciliation amounts in respect of Eighth Cha  | harging Year (after NPV adjustment) +  | Seventh Charging Year (after I   | NPV adjustment) + Sixth Charging Year  | (after NPV adjustment) + Reconciliation                           | amounts in respect of Fifth Charging Year not previously i   | cluded(after NPV adjustment) + Reconcilia                 | ion amounts in respect of Fourth Charging Year not   | previously included (after NPV adjustment) + Recond            | iliation amounts in respect of Third Char           | arging Year not previously included (after NPV adjus | tment) + Reconciliation amounts in respect of Second Charging Year not pre                                   |
|  |  | = 19.5   | -6.2   |  | -0.4   |   | -0.1   |   | 0.0  | 0.0  | 0.0   |  |  |
|  |  | = <u>12.8</u> (£m)   |  |  |  |   |  |   |  |  |   |  |  |
| Building Block Reconciliation Adjustment (BBRA)<br>A reconciliation adjustment applies for the Return on Capital, Liqui<br>The reconciliation is calculated on a net present value neutral basis   | uidity, Opex, Financing Cost Adjustment, Tax, Additional Return  | Capital and Additional Liquidity building blocks.  | file Allowed December for a sector la  | and and stated framestary is   |  | dated around these and in Better                                  |  |   |  |  |   |  |  |
| In the 2023 Revenue Statement, the building block reconciles 202   | 23/24 Allowed Revenue for the first time and includes a further n  | nciliation of 2021/22 and 2022/23 Allowed Revenue  | ie. The 2021/22 Allowed Revenue is b   | being reconciled for the final tim                                     | e in this 2023 Revenue Statement. This   | is because actual values have now beer                            | n realised for all inputs to this calculation, with no forecasts   | that would require further reconciliation. The            | 2015/16, 2016/17, 2017/18, 2018/19, 2019/20 and  | 2020/21 Allowed Revenues have been fully reconcile             | d in previous years.                                |  |  |
|  |  |  | Allowed Revenue  | 2017/18  |  |   |  |   |  |  |   |  |  |
| Allowed Revenue - as calculated for 2015 Revenu<br>Allowed Revenue - as calculated for 2016 Revenu   | ue Statement   |  | 015/16 2016/17<br>11.2 22.4<br>8.7 19.8  | 34.0   | 2018/19  | 2019/20   | 2020/21  | 2021/22   | 2022/23 2023/24  |  |   |  |  |
| Allowed Revenue - as calculated for 2017 Revenu<br>Allowed Revenue - as calculated for 2018 Revenu<br>Allowed Revenue - as calculated for 2019 Revenu  | ue Statement<br>ue Statement   |  | 8.1 18.6<br>18.2   | 32.9<br>31.9   | 48.4   | 62.5  |  |   |  |  |   |  |  |
| Allowed Revenue - as calculated for 2019 Revenu<br>Allowed Revenue - as calculated for 2020 Revenu<br>Allowed Revenue - as calculated for 2021 Revenu  | ue Statement   |  |  | 31.7   | 47.7<br>47.6   | 62.6<br>62.0<br>61.6  | 74.7<br>74.9<br>73.5   | 80.4<br>78.5  | 85.6   |  |   |  |  |
| Allowed Revenue - as calculated for 2022 Revenu<br>Allowed Revenue - as calculated for 2023 Revenu   | ue Statement   |  |  |  |  |   | 73.6   | 79.0<br>79.0  | 86.8 107.6<br>86.7 108.9   |  |   |  |  |
| The table above shows the Allowed Revenue for each year as calc<br>The Allowed Revenue figures set out above exclude the building b  | block reconciliation adjustment (BBRA) and revenue adjustmen   | (A) building blocks, which are not subject to reconci  | ciliation (and which were zero for 2015  | 5/16 and 2016/17 Allowed Reve  | anue).   |   |  |   |  |  |   |  |  |
| The building block reconciliation is made on a net present value ne  | neutral basis using the Bid WACC as a discount factor and adjust   | g for inflation using RPI, which takes into account th   | he number of years since the Allowed   | Revenue for a given year was   | first calculated. This gives the following   |   | Provenue 19022 entry - 51 - 0020/20 - 41   | 122 estadoine) * //( + 84 ******************************* | Simple Change in Provenue BDI (  |  | 204 Allound Provent Stores                          | ani 2022/24 Allowed Bergers 20000                    | (1 + Bid WACCM1) * Applicable Observe to Barrow COV (  |
| Building block reconciliation adjustment =<br>(Tenth Charging Year)  |  | enue [2023 calculation] - 2021/22 Allowed Revenue  |  | Applicable Change in Rev   | venue RPI (year 6)   |   | Revenue [2023 calculation] - 2022/23 Allowed Revenue [2  | Appli   | cable Change in Revenue RPI (year 7)   | + (20  | LJrZ⊣ Anoweo Revenue (2023 calculatio               |  | ((1 + Bid WACC)^1) * Applicable Change in Revenue RPI (year 10)<br>Applicable Change in Revenue RPI (year 8) |
|  | = (79  | - 79)  | * ((1 + 0.02497 )^3)*  | 1.47   |  | + (86.7   | - 86.8   | ) * ((1 + 0.02497   | ^2)* <u>1.47</u><br>1.22   | + (10  | 3.9   | - 107.6 )  | *((1 + 0.02497 )^1)* <u>1.47</u><br>1.40   |
|  | = -0.1   | + -0.1   | ÷  | 1.4  |  |   |  |   |  |  |   |  |  |
|  | = 1.2  | (£m)   |  |  |  |   |  |   |  |  |   |  |  |
| The sections below set out the recalculation of the 2021/22, 2022/   | 2/23 and 2023/24 Allowed Revenue.  |  |  |  |  |   |  |   |  |  |   |  |  |
| Return on Capital  |  |  | _  |  |  |   |  |   |  |  |   |  |  |
| Seventh Charging Year Return on C  | Capital = Average RCV in Seventh Charging Year * Bid WACC  | Applicable Change in Payanue PBI for the Saveeth   |  |  |  |   |  |   |  |  |   |  |  |
|  |  | Applicable Change in Revenue RF1 for the Sevenue   | h Charging Year Ri   | ighth Charging Year<br>eturn on Capital =                              | Average RCV in Eighth Charging Year *  | Bid WACC * Applicable Change in Reve                              | venue RPI for the Eighth Charging Year   | Ninth Charging Year<br>Return on Capital =                |  | r * Bid WACC * Applicable Change in Revenue RPI f              | or the Ninth Charging Year                          |  |  |
|  | = 2,716.5 *2.497%  | * <u>293.5</u><br>256.7  | n Charging Year Ri   |  | Average RCV in Eighth Charging Year *<br>3,121.7   | Bid WACC * Applicable Change in Reve<br>*2.497%*                  | venue RPI for the Eighth Charging Year<br>314.3<br>256.7   |   |  | r * Bid WACC * Applicable Change in Revenue RPI f<br>*2.497% * | or the Ninth Charging Year<br><u>358.3</u><br>256.7 |  |  |
|  | = 2,716.5 *2.497%<br>= 77.6 (£m)   | * <u>293.5</u><br>256.7  | n Charging Year Ri   |  |  |   | venue RPI for the Eighth Charging Year<br>314.3<br>256.7   |   | Average RCV in Ninth Charging Yes  |  |   |  |  |
| Liquidity  |  | * 2935<br>256.7  | n Charging Year Ri   | eturn on Capital = 4   | 3,121.7  |   | venue RPI for the Elahth Charaina Year<br>314.3<br>256.7   |   | Average RCV in Ninth Charging Yea<br>= 3,435.6   |  |   |  |  |
| Liquidity<br>Seventh Charging Year Lig   |  | • <u>293.5</u><br>256.7  |  | etum on Capital = =<br>=<br>ighth Charging Year                        | 3,121.7<br>95.5 (Em)   | *2.497%*  | venue RPI for the Elahth Charging Year<br>314.3<br>296.7<br>able Change in Revenue RPI for the Elahth Charging Year                | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes<br>= 3,435.6<br>= 119.8 (Em)   |  | <u>358.3</u><br>256.7                               | rçing Year   |  |
| Seventh Charging Year  | = 77.6 (£m)  | • <u>293.5</u><br>256.7  |  | etum on Capital = =<br>=<br>ighth Charging Year                        | 3,121.7<br>95.5 (Em)   | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes<br>= 3,435.6<br>= 119.8 (Em)   | *2.497% *  | <u>358.3</u><br>256.7                               | rging Year   |  |
| Seventh Charging Year  | = 77.6 (Em)  | 203.5     256.7 7) * Bid WACC * Applicable Change in Revenue R   |  | etum on Capital = =<br>=<br>ighth Charging Year                        | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera  | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes<br>= 3.435.6<br>= 119.8 (Em)<br>(Forecast average RCV in year 10 -   | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year Liq  | <ul> <li>77.6 (Em)</li> <li>iquidity = (Forecast average RCV in year 8 - Average RCV in y</li> <li>405.2 *2.497%</li> <li>11.6 (Em)</li> </ul>   | *  |  | etum on Capital = //<br>=<br>ighth Charging Year<br>Liquidity = (<br>= | 3.121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9   | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tidewey's licence, the Opex building block is zero as al  | = 77.6 (£m)<br>iquidity = (Forecast average RCV in year 8 - Average RCV in y<br>= 405.2 *2.497%<br>= 11.6 (£m)<br>all costs are accounted for as capital expenditure. Therefore, no  | *  |  | etum on Capital = //<br>=<br>ighth Charging Year<br>Liquidity = (<br>= | 3.121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9   | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as a<br>Financing Cost Adjustment dee not reiv on any ferroast Irou<br>However, if any actualisate are related for prior verses for any reason.  | =         77.6 (Em)           iquidity =         (Forecast average RCV in year 8 - Average RCV in y           =         405.2         *2.497%           =         11.6 (Em)           all costs are accounted for as capital expenditure. Therefore, no         11.221           use reconciliation for actuals and uvdated foreca.         therefore a reconciliation for actuals and uvdated foreca.   | 233.5 256.7 7) * Bid WACC * Applicable Change in Revenue R     233.5 256.7 conciliation is required. is not required.  | EPI for the Seventh Charging Year  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3.121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)  | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as a<br>Financing Cost Adjustment [Final reconciliation for 2021<br>The Financing Cost Adjustment dees not rely on any torecast inpu<br>Tideway restated it's reported net debt figures back to the regulato   | =         77.6 (Em)           iquidity =         (Forecast average RCV in year 8 - Average RCV in y           =         405.2         *2.497%           =         11.6 (Em)           all costs are accounted for as capital expenditure. Therefore, no         11.221           use reconciliation for actuals and uvdated foreca.         therefore a reconciliation for actuals and uvdated foreca.   | 233.5 256.7 7) * Bid WACC * Applicable Change in Revenue R     233.5 256.7 conciliation is required. is not required.  | EPI for the Seventh Charging Year  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3.121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)  | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as a<br>Financing Cost Adjustment dee not reiv on any ferroast Irou<br>However, if any actualisate are related for prior verses for any reason.  | =     77.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in y       =     405.2       *2.497%       =     11.6 (Em)       all costs are accounted for as capital expenditure. Therefore, no       r1/22]       uts and therefore a reconciliation for actuals and updated forecar, no expenditure to be reconciled to reconcile to reconcile and updated forecar, and expenditure. Therefore, no expension of the year ending 2017/18, impacting on three CI   | 233.5 256.7 7) * Bid WACC * Applicable Change in Revenue R     233.5 256.7 conciliation is required. is not required.  | EPI for the Seventh Charging Year  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3.121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).  | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation for 2022]<br>The Financing Cost Adjustment deve not rely on any kineson,<br>Tideway restated it's reported net debt figures back to the regulato<br>Fifth Charging Year   | =     77.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in y       =     405.2       *2.497%       =     11.6 (Em)       all costs are accounted for as capital expenditure. Therefore, no       r1/22]       uts and therefore a reconciliation for actuals and updated forecar, no expenditure to be reconciled to reconcile to reconcile and updated forecar, and expenditure. Therefore, no expension of the year ending 2017/18, impacting on three CI   | 233.5 256.7 7) * Bid WACC * Applicable Change in Revenue R     233.5 256.7 2000liation is required. Is not required. Is not required. Is not required.   | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>djustment Factor (vear 5) * (1 + BWAC<br>Appli  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue BPI(iyear 5).<br>(year 3)   | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation for 2022]<br>The Financing Cost Adjustment deve not rely on any kineson,<br>Tideway restated it's reported net debt figures back to the regulato<br>Fifth Charging Year   | =     7.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     *2.497%       =     11.8 (Em)       all costs are accounted for as capital expenditure. Therefore, no       11/22]       Us and therefore a reconciliation for actuals and updated foreca:       year ECAN line do be reconciled.       are Counted for the year ending 2017/18, impacting on three CP       =     (Restated Net Debt)       =     (-67.05)  | 233.5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233.5     256.7  conciliation is required. is not required. is not required. is not required. ang Years back to 2019/20 (the Fifth Charging Yea ar 3) - Net Debt (year 2)) * Market Cost of Debt Adj   | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>djustment Factor (vear 5) * (1 + BWAC<br>Appli  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3.121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).  | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation for 2022]<br>The Financing Cost Adjustment deve not rely on any kineson,<br>Tideway restated i's reported net debt figures back to the regulato<br>Fifth Charging Year  | =     7.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     *2.497%       =     11.8 (Em)       all costs are accounted for as capital expenditure. Therefore, no       11/22]       Us and therefore a reconciliation for actuals and updated foreca:       ye FCAN ill need to be reconciled.       are counted for the vear ending 2017/18, impacting on three CP       =     (Restated Net Debt)       =     (-67.05)  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. ar 3) - Net Debt (vear 21) * Market Cost of Debt Ad    315.87 ) * -0.54%   | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>djustment Factor (vear 5) * (1 + BWAC<br>Appli  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue BPI(iyear 5).<br>(year 3)   | *2.497%*  | 314.3<br>256.7   | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Lig<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation for 2022]<br>The Financing Cost Adjustment deve not rely on any kineson,<br>Tideway restated i's reported net debt figures back to the regulato<br>Fifth Charging Year  | <ul> <li>77.6 (Em)</li> <li>Iquidity = (Forecast average RCV in year 8 - Average RCV in year</li> <li>405.2 *2.497%</li> <li>11.6 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no</li> <li>11.22 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no</li> <li>11.22 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no</li> <li>11.22 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no</li> <li>11.22 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no</li> <li>all costs are accounted for a reconciled.</li> <li>a reconciled.</li> <li>and therefore a reconciled.</li> <li>b reconciled.</li> <li>c (-67.05</li> <li>and therefore a reconciled.</li> <li>c (-67.05</li> <li>and therefore a reconciled.</li> <li>c (-67.05</li> <li>and therefore a reconciled.</li> </ul>  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is not required. is not required. ar 3) - Net Debt (var 21) * Market Cost of Debt Adj    315.87 ) * .0.54% 1.5 (Em) ment(var 1) * Financing Cost Adjustment(var 2) *   | E<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reci-<br>guatment Factor (vear 5) * (1 + BWAA<br>Appli<br>• (1<br>+ Financing Cost Adjustment(vear 3)  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>(vear 3)<br><u>1.11</u><br>1.03  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Un<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation of receast inpu<br>However, if any actuals are restated for prior years, for any reason,<br>Tideway restated is reported ned deb figures back to the requisitor<br>Fifth Charging Year<br>Financing Cost Adjustment (year 5)   | =     77.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       all costs are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast and the year ending 2017/18, impacting on three CI       =     (-67.05       =     Financing Cost Adij<br>=       =     Tinancing Cost Adij   | 233.5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233.5     256.7  conciliation is required. is not required. is not required. ar 3)- Net Debt (vear 2)) * Market Cost of Debt Ad  | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>djustment Factor (vear 5) * (1 + BWAG<br>Appli<br>• (1  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>(vear 3)<br><u>1.11</u><br>1.03  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Un<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation of receast inpu<br>However, if any actuals are restated for prior years, for any reason,<br>Tideway restated is reported ned deb figures back to the requisitor<br>Fifth Charging Year<br>Financing Cost Adjustment (year 5)   | =     77.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       all costs are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast and the year ending 2017/18, impacting on three CI       =     (-67.05       =     Financing Cost Adij<br>=       =     Tinancing Cost Adij   | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is not required. is not required. ar 3) - Net Debt (var 21) * Market Cost of Debt Adj    315.87 ) * .0.54% 1.5 (Em) ment(var 1) * Financing Cost Adjustment(var 2) *   | E<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reci-<br>guatment Factor (vear 5) * (1 + BWAA<br>Appli<br>- (1)<br>+ Financing Cost Adjustment(vear 3)   | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>(vear 3)<br><u>1.11</u><br>1.03  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Seventh Charging Year<br>Un<br>Opex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation or 2014<br>The Financing Cost Adjustment debt figures back to the required<br>However, if any actuals are restated for prior years, for any reason,<br>Tideway restated its recorder and debt figures back to the required<br>Fifth Charging Year<br>Financing Cost Adjustment (year 5)  | =     77.6 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       all costs are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast are accounted for as capital expenditure. Therefore, no       r1/22       ut and therefore a reconstitution for actuals and uodated foreas:<br>the FCA will need to be reconsided.       are Cast and the year ending 2017/18, impacting on three CI       =     (-67.05       =     Financing Cost Adij<br>=       =     Tinancing Cost Adij   | 233.5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233.5     256.7  conciliation is required. is not required. is not required. ar 3)- Net Debt (vear 2)) * Market Cost of Debt Ad  | E<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reci-<br>guatment Factor (vear 5) * (1 + BWAA<br>Appli<br>- (1)<br>+ Financing Cost Adjustment(vear 3)   | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>(vear 3)<br><u>1.11</u><br>1.03  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year  Opex In line with Tidewey's licence, the Opex building block is zero as a Financing Cost Adjustment (Final reconciliation for 2022 The Financing Cost Adjustment debt figures back to the reculator Fifth Charging Year Financing Cost Adjustment (year 5)  Financing Cost Adjustment building block  | =     7.5 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year 9 -  | 233.5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233.5     256.7  conciliation is required. is not required. is not required. ar 3)- Net Debt (vear 2)) * Market Cost of Debt Ad  | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>glustment Factor (vear 5) * (1 + BWA<br>* (1<br>+ Financing Cost Adjustment/vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>9.6 | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Swenth Charging Year  Opex Inite with Tideway's licence, the Opex building block is zero as al Financing Cost Adjustment [Final reconcilation for 2021 Tideway restated it's reported net debt figures back to the regulato Fifth Charging Year Financing Cost Adjustment (war 5) Sixth Charging Year  | =     7.5 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year 9 -  | 2035     256.7  7) * Bid WACC * Applicable Chance in Revenue R     2035     256.7  conciliation is required. is not required. ar 3) - Net Debt (vear 2)) * Market Cost of Debt Ad    315.87 ) * -0.54% 1.5 (Em) ment/vear 1) + Financing Cost Adjustment/vear 2) +     + 0 + 0 1.0 (Em)  | El<br>RPI for the Seventh Charaina Year<br>ar) for use in the FCA, therefore a reco<br>gustment Factor (vear 5) * (1 + BWAG<br>4 + Financing Cost Adjustment(vear 3)<br>0.5<br>If Debt Adjustment Factor (vear 6) * (1<br>Acpli  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3.121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>9.6 (Em)<br>ree Charging Years impacted.<br>Avenue RP(Ivear 5).<br>(vear 3)<br>1.11<br>1.03<br>rear 4) + Financing Cost Adjustment/vea<br>ange in Revenue RPI (vear 6).<br>(vear 4)   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Swenth Charging Year  Opex Inite with Tideway's licence, the Opex building block is zero as al Financing Cost Adjustment [Final reconcilation for 2021 Tideway restated it's reported net debt figures back to the regulato Fifth Charging Year Financing Cost Adjustment (war 5) Sixth Charging Year  | =     77.5 (Em)       rquidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       us are benefician for securate and updated forecast       at costs are accounted for as capital expenditure. Therefore, no       t1/22]       at are the to be reconciled.       =     (Restated Net Debt)       =     (-47.05)       =     Financing Cost Adly       =     0       =     0       =     (Restated Net Debt)  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     232 5     236.7  conciliation is required. is not required. is not required. is not required. ar 3) - Net Debt (voir 2) * Market Cost of Debt Adi315.87 ) * -0.54% 1.5 (Em) ment(vear 1) * Financing Cost Adjustment(vear 2) *     + 0 + 0 1.0 (Em) ar 4) - Restated Net Debt (year 3)) * Market Cost of67.05 ) * -1.01%   | El<br>RPI for the Seventh Charaina Year<br>ar) for use in the FCA, therefore a reco<br>gustment Factor (vear 5) * (1 + BWAG<br>4 + Financing Cost Adjustment(vear 3)<br>0.5<br>If Debt Adjustment Factor (vear 6) * (1<br>Acpli  | etum on Capital = , , , , , , , , , , , , , , , , , ,                  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>9.6 | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>256.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | rging Year   |  |
| Swenth Charging Year  Opt Interest Televory's licence, the Opex building block is zero as al Financing Cost Adjustment for prior year, for any tensor, the formation Cost Adjustment (ever 5)  Financing Cost Adjustment building block  Sixth Charging Year Financing Cost Adjustment (ver 6)   | =     7.5 (Em)       iquidity =     (Forecast average RCV in year 8 - Average RCV in year 9 -  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is 1.0 AND Bebt (vear 2)) * Market Cost of Debt Ad    315.87 ) * -0.54% 1.5 (Em) nent(vear 1) + Financing Cost Adjustment(vear 2) +  | El<br>RPI for the Seventh Charqiana Year<br>ar) for use in the FCA, therefore a reco-<br>djustment Factor (vear 5) * (1 + BWAG<br>Appli<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>Appli<br>- (1   | etum on Capital =  | 3,121.7<br>955 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Keenue RPI(year 5).<br>(year 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(year 4)<br>1.13<br>1.07   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year<br>Copex<br>In line with Tideway's licence, the Opex building block is zero as al<br>Financing Cost Adjustment [Final reconciliation for 2021<br>The Financian Cost Adjustment (Final reconciliation for 2021<br>Tideway resisted it's reported net debt figures back to the requised<br>Fifth Changing Year<br>Financing Cost Adjustment (vear 5)<br>Sixth Charging Year  | a     77.5 (Em)       rquidity     (Forecast average RCV in year 8 - Average RCV in year 9 -   | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is not required. is not required. is not required. ar 3) - Net Debt (vear 2)) * Market Cost of Debt Adj    315.87 ) * -0.54% 1.5 (Em) nent(vear 1) + Financing Cost Adjustment(vear 2) +     + 0 + 0 1.0 (Em) ar 4) - Restated Net Debt (vear 3)) * Market Cost of    67.05 ) * -1.01% 2.2 (Em) nent(vear 1) + Financing Cost Adjustment(vear 2) +   | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a rec<br>justment Factor (vear 5) * (1 + BWAG<br>Appli<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>Appli<br>- (1<br>+ Financing Cost Adjustment(vear 3)  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).<br>(ver 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(ver 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment<br>4) + Fina   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year  Opex In line with Tideway's licence, the Opex building block is zero are al Financing Cost Adjustment [Final reconciliation of rotation Fifth Changing Year Financing Cost Adjustment (vear 5)  Fifth Changing Year Financing Cost Adjustment (vear 6)  | =     77.5 (Em)       quidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       us are both the reconstruction for subula and updated forecast average accounted for the capital expenditure. Therefore, no       t1/22]       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       at a cost are a reconstruction for subula and updated forecast average accounts for the year ending 2017/18, impacting on three OF       =     (-47.05)       =     (-47.05)       =     0       =     0       =     0       =     0       =     (556.83)       =     Financing Cost Adit       =     Financing Cost Adit       =     0   |  | El<br>RPI for the Seventh Charqiana Year<br>ar) for use in the FCA, therefore a reco-<br>djustment Factor (vear 5) * (1 + BWAG<br>Appli<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>Appli<br>- (1   | etum on Capital =  | 3,121.7<br>955 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Keenue RPI(year 5).<br>(year 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(year 4)<br>1.13<br>1.07   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Swenth Charging Year  Opt Interest Televory's licence, the Opex building block is zero as al Financing Cost Adjustment for prior year, for any tensor, the formation Cost Adjustment (ever 5)  Financing Cost Adjustment building block  Sixth Charging Year Financing Cost Adjustment (ver 6)   | =     77.5 (Em)       quidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       us are both the reconstruction for subula and updated forecast average accounted for the capital expenditure. Therefore, no       t1/22]       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       at a cost are a reconstruction for subula and updated forecast average accounts for the year ending 2017/18, impacting on three OF       =     (-47.05)       =     (-47.05)       =     0       =     0       =     0       =     0       =     (556.83)       =     Financing Cost Adit       =     Financing Cost Adit       =     0   | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is not required. is not required. is not required. ar 3) - Net Debt (vear 2)) * Market Cost of Debt Adj    315.87 ) * -0.54% 1.5 (Em) nent(vear 1) + Financing Cost Adjustment(vear 2) +     + 0 + 0 1.0 (Em) ar 4) - Restated Net Debt (vear 3)) * Market Cost of    67.05 ) * -1.01% 2.2 (Em) nent(vear 1) + Financing Cost Adjustment(vear 2) +   | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a rec<br>justment Factor (vear 5) * (1 + BWAG<br>Appli<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>Appli<br>- (1<br>+ Financing Cost Adjustment(vear 3)  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).<br>(ver 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(ver 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment<br>4) + Fina   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year  | =     77.5 (Em)       quidity =     (Forecast average RCV in year 8 - Average RCV in year       =     405.2     "2.497%       =     11.6 (Em)       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       us are both the reconstruction for subula and updated forecast average accounted for the capital expenditure. Therefore, no       t1/22]       atl costs are accounted for as capital expenditure. Therefore, no       t1/22]       at a cost are a reconstruction for subula and updated forecast average accounts for the year ending 2017/18, impacting on three OF       =     (-47.05)       =     (-47.05)       =     0       =     0       =     0       =     0       =     (556.83)       =     Financing Cost Adit       =     Financing Cost Adit       =     0   |  | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a rec<br>justment Factor (vear 5) * (1 + BWAG<br>Appli<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>Appli<br>- (1<br>+ Financing Cost Adjustment(vear 3)  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).<br>(ver 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(ver 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment<br>4) + Fina   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year  | =     77.5 (Em)       Iquidity     (Forecast average RCV in ver 8 - Average RCV in ver 8 - Average RCV in ver 9 - 405.2 * 2.497%       =     405.2 * 2.497%       =     11.8 (Em)       all costs are accounted for as capital expenditure. Therefore, no critical to be reconciled to a capital expenditure. Therefore, no critical to be reconciled to a capital expenditure. Therefore, no critical to a structure of the reconciled to be reconciled to  |  | El<br>RPI for the Seventh Charging Year<br>ar) for use in the FCA, therefore a reco<br>gustment Factor (vear 5) * (1 + BWA<br>Appl<br>- (1<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>1 Debt Adjustment Factor (vear 7) * (1   | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Resenue RPI(year 5).<br>(var 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(var 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>2.2<br>ange in Revenue RPI (year 7).  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year  | =     77.5 (Em)       Iquidity     (Forecast average RCV in ver 8 - Average RCV in ver 8 - Average RCV in ver 9 - 405.2 * 2.497%       =     405.2 * 2.497%       =     11.8 (Em)       all costs are accounted for as capital expenditure. Therefore, no critical to be reconciled to a capital expenditure. Therefore, no critical to be reconciled to a capital expenditure. Therefore, no critical to a structure of the reconciled to be reconciled to  | 203.5         256.7           7) * Bid WACC * Applicable Change in Revenue R         203.5           200.0         256.7           concollation is required.         1           is not required.         1           ar 3) - Net Debt (voar 2)) * Market Cost of Debt Adjustment(vear 1) + Financing Cost Adjustment(vear 2) + + 0         + 0           1.5 (Em)         + 0         + 0           nent(vear 1) + Financing Cost Adjustment(vear 2) + + 0         + 0           2.2 (Em)        10.1%           2.2 (Em)        10.1%           2.2 (Em)         + 0           nent(vear 1) + Financing Cost Adjustment(vear 2) + + 0           3.3 (Em)         + 0   | El<br>RPI for the Seventh Charqing Year<br>ar) for use in the FCA, therefore a reco<br>justment Factor (vear 5) * (1 + BWAG<br>1 + Financing Cost Adjustment/year 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>1 Debt Adjustment Factor (vear 7) * (1<br>Appli<br>Appli<br>1 Debt Adjustment Factor (vear 7) * (1<br>Appli   | etum on Capital =  | 3,121.7<br>96.5 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Avenue RPI(year 5).<br>(ver 3)<br><u>1.11</u><br>1.03<br>ear 4) + Financing Cost Adjustment/year<br>(vear 4)<br><u>1.13</u><br>1.07<br>ear 4) + Financing Cost Adjustment/year<br>-2.2<br>ange in Revenue RPI (year 7).<br>(vear 5)   | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year  | a     77.5 (Em)       rquidity     (Forecast average RCV in year 8 - Average RCV in year 4 -   | .         283 5           7) * Bid WACC * Applicable Change in Revenue R           .         283 5           .         283 5           .         283 5           .         256 7           conciliation is required.         .           is not required.         .           ar 3) - Net Debt (vear 2)) * Market Cost of Debt Adjustment/vear 2) *           -         -315.87 )         -0.54%           1.5 (Em)           nent(vear 1) + Financing Cost Adjustment/vear 2) *           + 0         + 0           1.0 (Em)           ar 4) - Restated Net Debt (vear 3)) * Market Cost of           -         -67.05 ) *         -1.01%           22 (Em)           nent(vear 1) + Financing Cost Adjustment(vear 2) *           + 0         + 0           3.3 (Em)         * 0   | El<br>RPI for the Seventh Charqing Year<br>ar) for use in the FCA, therefore a reco<br>justment Factor (vear 5) * (1 + BWAG<br>1 + Financing Cost Adjustment/year 3)<br>0.5<br>f Debt Adjustment Factor (vear 6) * (1<br>+ Financing Cost Adjustment(vear 3)<br>0.5<br>1 Debt Adjustment Factor (vear 7) * (1<br>Appli<br>Appli<br>1 Debt Adjustment Factor (vear 7) * (1<br>Appli   | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Resenue RPI(year 5).<br>(var 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>ange in Revenue RPI (year 6).<br>(var 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>2.2<br>ange in Revenue RPI (year 7).  | *2.497%*  | 314.3<br>256.7<br>able Change in Revenue RPI for the Eighth Charging Year<br><u>314.3</u><br>266.7                                 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year  Opox Initee with Tideway's licence, the Opex building block is zero and al Financing Cost Adjustment (Final reconciliation for 2021 Tideway restated it's reported net debt figures back to the requised Fifth Changing Year Financing Cost Adjustment building block: Stath Charging Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block  | =         77.5 (Em)           Iquidity         (Forecast average RCV in ver 8 - Average RCV in ver<br>405.2 "240%"           =         405.2 "240%"           =         11.8 (Em)           all costs are accounted for as capital expenditure. Therefore, no<br>11/27]           uts and therefore a reconciliation for actuals and updated foreart<br>is the FCA will need to be reconciled.<br>=         (Restated Net Debt<br>=           =         (Restated Net Debt)           =         (Restated Net Debt)           =         (Restated Net Debt)           =         (Restated Net Debt)  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is 0 2019/20 (the Fifth Charging Year ar 3) - Net Debt (year 2)) * Market Cost of Debt Adj    315.87 ) * -0.54% 1.5 (Em) nent(year 1) + Financing Cost Adjustment(year 2) +  | Electronic Cost Adjustment (vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1)<br>(1) Financing Cost Adjustment(vear 3)<br>(1)<br>(1) Financing Cost Adjustment(vear 3)<br>(2)<br>(1) Financing Cost Adjustment(vear 3)<br>(2) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1   | etum on Capital =  | 3,121.7<br>955 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Iteration (Second Second Seco   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year  | <ul> <li>T.S. (Em)</li> <li>(Forecast average RCV in year 8 - Average RCV in year 9 - Average RCV in y</li></ul> | 233.5           256.7           7) * Bid WACC * Applicable Change in Revenue R           232.5           256.7           conciliation is required.           is not required.           ing Years back to 2019/20 (the Fifth Charging Year           ar 3) - Net Debt (year 2)) * Market Cost of Debt Adjustment/year 1) + Financing Cost Adjustment/year 2) + 0           1.0 (Em)           ar 4) - Restated Net Debt (year 3)) * Market Cost of - 0.54%           1.0 (Em)           ar 4) - Restated Net Debt (year 3)) * Market Cost of - 0.101%           22 (Em)           ment/year 1) + Financing Cost Adjustment/year 2) + 0           3.3 (Em)           ar 5) - Restated Net Debt (year 4)) * Market Cost of - 566.63 ) * -1.43%           3.9 (Em)           ment/year 1) + Financing Cost Adjustment/year 2) + 1.43%   | Electron control of the seventh Charging Year  ar) for use in the FCA, therefore a reco- djustment Factor (vear 5) * (1 + BWAC function of the seventh factor (vear 5) * (1 + BWAC function of the seventh factor (vear 6) * (1 + Financing Cost Adjustment/vear 3) 0.5  f Debt Adjustment Factor (vear 7) * (1 + Financing Cost Adjustment/vear 3) 0.5  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).<br>(ver 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>2.2<br>ange in Revenue RPI (year 7).<br>(ver 5)<br>1.14<br>1.13<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>9) (ver 6)<br>1.14<br>1.11   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Swenth Charging Year       Opx       Financing Cost Adjustment (Financing Cost Adjustment (Financing Cost Adjustment (exer f))       Financing Cost Adjustment (ver f)   | <ul> <li>T.S. (Em)</li> <li>(Forecast average RCV in year 8 - Average RCV in year 4 - 6.4 everage RCV in year 4 - 6.4 everage RCV in year 4 - 6.5 cm</li> <li>11.5 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>as are 2.4 with meet to be reconciled.</li> <li>a (-67.05)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated</li></ul>  | 233 5     256.7  7) * Bid WACC * Applicable Change in Revenue R     233 5     256.7  conciliation is required. is not required. is 0.2019/20 (the Fifth Charging Year ar 3) - Net Debt (year 2)) * Market Cost of Debt Adj    315.87 ) * -0.54% 1.5 (Em) nent(year 1) + Financing Cost Adjustment(year 2) +  | Electronic Cost Adjustment (vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1) Financing Cost Adjustment(vear 3)<br>(1)<br>(1) Financing Cost Adjustment(vear 3)<br>(1)<br>(1) Financing Cost Adjustment(vear 3)<br>(2)<br>(1) Financing Cost Adjustment(vear 3)<br>(2) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1   | etum on Capital =  | 3,121.7<br>955 (Em)<br>(Forecast average RCV in year 9 - Aven<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Iteration (Second Second Seco   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Swenth Charging Year       Opx       Financing Cost Adjustment (Financing Cost Adjustment (Financing Cost Adjustment (exer f))       Financing Cost Adjustment (ver f)   | <ul> <li>T.S. (Em)</li> <li>(Forecast average RCV in year 8 - Average RCV in year 4 - 6.4 everage RCV in year 4 - 6.4 everage RCV in year 4 - 6.5 cm</li> <li>11.5 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>as are 2.4 with meet to be reconciled.</li> <li>a (-67.05)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated Net Debt)</li> <li>b (Restated Net Debt)</li> <li>a (Restated</li></ul>  | .         283 5           256.7         256.7           7) * Bid WACC * Applicable Change in Revenue R         283 5           .         .         283 5           .         .         256.7           conciliation is required.         .         .           is not required.         .         .           ar 3) - Net Debt (ver 2)) * Market Cost of Debt Adjustment/vear 2) +         .         -           -         -315.87         .         -0.54%           1.5 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           1.0 (Em)         .         .         .           ar 4) - Restated Net Debt (year 3)) * Market Cost of 1.         .         .           2.2 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           3.3 (Em)         .         .         .         .           ar 5) - Restated Net Debt (year 4)) * Market Cost of .         .         .         .           .         .         .         .         .           .         .         .         .         .   | Electron control of the seventh Charging Year  ar) for use in the FCA, therefore a reco- djustment Factor (vear 5) * (1 + BWAC function of the seventh factor (vear 5) * (1 + BWAC function of the seventh factor (vear 6) * (1 + Financing Cost Adjustment/vear 3) 0.5  f Debt Adjustment Factor (vear 7) * (1 + Financing Cost Adjustment/vear 3) 0.5  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RPI(year 5).<br>(ver 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>2.2<br>ange in Revenue RPI (year 7).<br>(ver 5)<br>1.14<br>1.13<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>9) (ver 6)<br>1.14<br>1.11   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Changing Year  Opox Initee with Tideway's licence, the Opex building block is zero and al Financing Cost Adjustment (Final reconciliation for 2021 Tideway restated it's reported net debt figures back to the requised Fifth Changing Year Financing Cost Adjustment building block: Stath Charging Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block Seventh Changing Year Financing Cost Adjustment building block  | <ul> <li>T.S. (Em)</li> <li>(Forecast average RCV in year 8 - Average RCV in year 4 - 6.4 everage RCV in year 4 - 6.4 everage RCV in year 4 - 6.5 cm</li> <li>11.5 (Em)</li> <li>all costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>as are 2.4 with meet to be reconciled.</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>as are 2.4 with meet to be reconciled.</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>as are 2.4 with meet to be reconciled.</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for as capital expenditure. Therefore, no trit/22]</li> <li>a costs are accounted for accounted for</li></ul> | .         283 5           256.7         256.7           7) * Bid WACC * Applicable Change in Revenue R         283 5           .         .         283 5           .         .         256.7           conciliation is required.         .         .           is not required.         .         .           ar 3) - Net Debt (ver 2)) * Market Cost of Debt Adjustment/vear 2) +         .         -           -         -315.87         .         -0.54%           1.5 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           1.0 (Em)         .         .         .           ar 4) - Restated Net Debt (year 3)) * Market Cost of 1.         .         .           2.2 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           3.3 (Em)         .         .         .         .           ar 5) - Restated Net Debt (year 4)) * Market Cost of .         .         .         .           .         .         .         .         .           .         .         .         .         .   | Electron control of the seventh Charging Year  ar) for use in the FCA, therefore a reco- djustment Factor (vear 5) * (1 + BWAC function of the seventh factor (vear 5) * (1 + BWAC function of the seventh factor (vear 6) * (1 + Financing Cost Adjustment/vear 3) 0.5  f Debt Adjustment Factor (vear 7) * (1 + Financing Cost Adjustment/vear 3) 0.5  | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>Revenue RP[(year 5).<br>(year 3)<br>1.11<br>1.03<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>2.2<br>ange in Revenue RP[(year 7).<br>(year 5)<br>1.14<br>1.13<br>ear 4) + Financing Cost Adjustment(year<br>4) + Financing Cost Adjustment(year<br>9) (year 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>9) (year 4)<br>1.13<br>1.07<br>ear 4) + Financing Cost Adjustment(year<br>9) (year 4)<br>1.14<br>1.11   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Swenth Charging Year       Opex       Inne with Tideway's licence, the Opex building block is zero as all<br>Financing Cost Adjustment Jenar conciliation for 2021       Financing Cost Adjustment del finanz back to the required<br>to experimentation of the operation of the operation of the operation<br>film charging Year       Financing Cost Adjustment building block       Skith Charging Year       Financing Cost Adjustment building block       Seventh Charging Year       Financing Cost Adjustment (vear 7)  | =         77.5 (Em)           Iquidity         (Forecast average RCV in year 8 - Average RCV in year 9 - Av  | .         283 5           256.7         256.7           7) * Bid WACC * Applicable Change in Revenue R         283 5           .         .         283 5           .         .         256.7           conciliation is required.         .         .           is not required.         .         .           ar 3) - Net Debt (ver 2)) * Market Cost of Debt Adjustment/vear 2) +         .         -           -         -315.87         .         -0.54%           1.5 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           1.0 (Em)         .         .         .           ar 4) - Restated Net Debt (year 3)) * Market Cost of 1.         .         .           2.2 (Em)         .         .         .           ment/year 1) + Financing Cost Adjustment/year 2) +         + 0         + 0           3.3 (Em)         .         .         .         .           ar 5) - Restated Net Debt (year 4)) * Market Cost of .         .         .         .           .         .         .         .         .           .         .         .         .         .   | El for the Seventh Charqing Year  API for the Seventh Charqing Year  ar) for use in the FCA, therefore a rec justment Factor (vear 5) * (1 + BWAG justment Factor (vear 5) * (1 + BWAG justment Factor (vear 5) * (1 + Financing Cost Adjustment(vear 3) 0.5  f Debt Adjustment Factor (vear 7) * (1 + Financing Cost Adjustment(vear 3) 0.5  f Debt Adjustment Factor (vear 6) * (1 + Financing Cost Adjustment(vear 3) 0.5  f Debt Adjustment Factor (vear 6) * (1 + Financing Cost Adjustment(vear 3) 0.5 | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>keenus RPI (year 5).<br>(ver 3)<br><u>1.11</u><br>1.03<br>ear 4) + Financing Cost Adjustment/year<br>ange in Revenue RPI (year 6).<br>(ver 4)<br><u>1.13</u><br>1.07<br>ear 4) + Financing Cost Adjustment/year<br>-2.2<br>ange in Revenue RPI (year 7).<br><u>1.14</u><br>1.11<br>ear 4) + Financing Cost Adjustment/year<br>-2.2<br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>2.2   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |
| Seventh Charging Year  Opex In line with Tideway's licence, the Opex building block is zero as al Financing Cod Adjustment [Financing Cod Adjustment [Financing Cod Adjustment [Financing Cod Adjustment [Vear 5] Financing Cod Adjustment (vear 5) Financing Cod Adjustment building block Stath Charging Year Financing Cod Adjustment building block Seventh Charging Year Financing Cod Adjustment building block Financing Cod Adjustment (vear 7) Financing Cod Adjustment building block Financ | =         77.5 (Em)           Iquidity         (Forecast average RCV in year 8 - Average RCV in year 9 - Av  | 7) * Bid WACC * Applicable Chance in Revenue R<br>2035<br>256.7 2000 Distribution of the revenue R<br>2035<br>256.7 conciliation is required. is not required. | Pl for the Seventh Charging Year  ar) for use in the FCA, therefore a reco gustment Factor (vear 5) * (1 + BWAA Appi   | etum on Capital =  | 3,121.7<br>95.5 (Em)<br>(Forecast average RCV in year 9 - Avera<br>313.9<br>9.6 (Em)<br>ree Charging Years impacted.<br>keenus RPI (year 5).<br>(ver 3)<br><u>1.11</u><br>1.03<br>ear 4) + Financing Cost Adjustment/year<br>ange in Revenue RPI (year 6).<br>(ver 4)<br><u>1.13</u><br>1.07<br>ear 4) + Financing Cost Adjustment/year<br>-2.2<br>ange in Revenue RPI (year 7).<br><u>1.14</u><br>1.11<br>ear 4) + Financing Cost Adjustment/year<br>-2.2<br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>ange in Revenue RPI (year 7).<br><u>2.2</u><br>2.2   | *2.497%*  | 314.3         256.7           aable Change in Revenue RPI for the Eighth Charging Year         314.3           360.7         266.7 | Return on Capital =<br>Ninth Charging Year                | Average RCV in Ninth Charging Yes           =         3.435.6           =         119.8 (Em)           (Forecast average RCV in year 10 -<br>=         216.0 | *2.497% •  | 258.3<br>256.7                                      | nging Year   |  |

|   | =   | -8.4                                 | (£m)                     |                 |                       |                              |                                  |                                      |                               |   |   |
|---|---|--------------------------------------|--------------------------|-----------------|-----------------------|------------------------------|----------------------------------|--------------------------------------|-------------------------------|---|---|
| Financing Cost Adjustment building block  | -   | Financing Cost Adjustme              | ont/vear 1) + Financing  | a Cost Adjustm  | ent/vear 2) + Finan   | ring Cost Adjustment/year 3) | + Einancing Cost Adjustment/v    | aar 4) + Financing Cost Adjustme     | nt/vear 5) + Financing Cost / | Adjustment(year 6) + Financing Cost Adjustment (y | por 7)                                      |
| r manong cost relation building block   | =   | 0                                    | ing your ry - rinarioni, | + 0             | +0                    | 0.5                          | -1.5                             | -2.2                                 | -6.7                          | -8.4  |   |
|   | =   | -18.4                                | (£m)                     |                 |                       |                              |                                  |                                      |                               |   |   |
|   |   |                                      |                          |                 |                       |                              |                                  |                                      |                               |   |   |
| Ninth Charging Year   |   |                                      |                          |                 |                       |                              |                                  |                                      |                               |   |   |
| Financing Cost Adjustment (year 9)<br>Mar 2022 Ofwat amended Tideway's licence to base the Finan  | ncing Cost Adjustment Mechanism for       | futrue years on the inputs at end c  | f March 2021. Under      | this change the | e Financing Cost Ad   | justment mechanism benefit   | to customers is preserved and i  | s projected to deliver future benefi | ts to customers of £18.4m p.  | a.  |   |
|   | =   | 0.0                                  | ) (£m)                   |                 |                       |                              |                                  |                                      |                               |   |   |
| Financing Cost Adjustment building block  | =   | Financing Cost Adjustme              | ent(year 1) + Financing  | g Cost Adjustm  | ient(year 2) + Financ | cing Cost Adjustment(year 3) | + Financing Cost Adjustment(y    | ear 4) + Financing Cost Adjustme     | nt(year 5) + Financing Cost / | Adjustment(year 6) + Financing Cost Adjustment (y | ear 7) + Financing Cost Adjustment (year 8) |
|   | =   | 0                                    |                          | + 0             | + 0                   | 0.5                          | -1.5                             | -2.2                                 | -6.7                          | -8.4  | 0.0   |
|   | =   | -18.4                                | (£m)                     |                 |                       |                              |                                  |                                      |                               |   |   |
| Tax<br>In line with Tideway's licence, the tax building block is zero as<br>Additional Return on Capital and Additional Liquidit<br>These building blocks will only apply if spend exceeds the Th<br>Therefore this building block is zero for the purposes of this c | V<br>reshold Outturn and Tideway has mad  |                                      | d tax.                   |                 |                       |                              |                                  |                                      |                               |   |   |
| Recalculated Allowed Revenue  |   |                                      |                          |                 |                       |                              |                                  |                                      |                               |   |   |
| Tideway Allowed Revenue (t) =<br>(excludes the building block reconciliation adjustment and rev   | enue adjustment building blocks, whi      | h are not subject to reconciliation) |                          | Liquidity + Ope | arating expenditure + | Financing cost adjustment +  | • Tax + Additional return on cap | tai + Additional liquidity           |                               |   |   |
| The calculation of these building blocks is as described above  | e. This results in the following recalcul | ated Allowed Revenue for 2020/21     | , 2021/22 and 2022/2     | 23:             |                       |                              |                                  |                                      |                               |   |   |
| Tideway Allowed Revenue (Seventh Charging Year)   |   | =                                    | 77.6                     |                 | + 11.6                | + 0                          | -10.1                            | + 0                                  | + 0                           | + 0   |   |
|   |   | =                                    | 79.0                     | (£m)            |                       |                              |                                  |                                      |                               |   |   |
| Tideway Allowed Revenue (Eighth Charging Year)  |   | =                                    | 95.5                     |                 | + 9.6                 | + 0                          | -18.4                            | + 0                                  | + 0                           | + 0   |   |
|   |   | =                                    | 86.7                     | (£m)            |                       |                              |                                  |                                      |                               |   |   |
| Tideway Allowed Revenue (Ninth Charging Year)   |   | =                                    | 119.8                    |                 | + 7.5                 | + 0                          | -18.4                            | + 0                                  | + 0                           | + 0   |   |
|   |   | =                                    | 108.9                    | (£m)            |                       |                              |                                  |                                      |                               |   |   |

Additional Return on Capital The Additional Return on Capital building block will only apply if spend exceeds the Threshold Outturn and Tideway has made an IAR Overrun Application. Therefore this building block is zero for the purposes of this calculation.

Additional Liquidity The Additional Return on Capital building block will only apply if spend exceeds the Threshold Outturn and Tideway has made an IAR Overrun Application. Therefore this building block is zero for the purposes of this calculation.

|  |  |   | Inputs 2023 |         | First   | Second                              | Third                               | Fourth                              | Fifth                               | Sixth                               | Seventh                             | Eighth                              | Ninth                               | Tenth                               | Eleventh                      | Twelfth                       |                                     |
|--|--|---|-------------|---------|---------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|-------------------------------|-------------------------------------|
|  | Unit   | Source/notes  | 2012/13     | 2013/14 | 2014/15 | Charging<br>Year<br>2015/16         | Charging<br>Year<br>2016/17         | Charging<br>Year<br>2017/18         | Charging<br>Year<br>2018/19         | Charging<br>Year<br>2019/20         | Charging<br>Year<br>2020/21         | Charging<br>Year<br>2021/22         | Charging<br>Year<br>2022/23         |                                     | Charging<br>Year              | Charging C<br>Year            |                                     |
| Year starts<br>Year ends<br>Year 1-2   | onit   | Sourcemptes   | 2012/13     | 2013/14 | 2014/10 | 01/04/2015<br>31/03/2016<br>2013/14 | 01/04/2016<br>31/03/2017<br>2014/15 | 01/04/2017<br>31/03/2018<br>2015/16 | 01/04/2018<br>31/03/2019<br>2016/17 | 01/04/2019<br>31/03/2020<br>2017/18 | 01/04/2020<br>31/03/2021<br>2018/19 | 01/04/2021<br>31/03/2022<br>2019/20 | 01/04/2022<br>31/03/2023<br>2020/21 | 01/04/2023<br>31/03/2024<br>2021/22 | 01/04/2024                    | 01/04/2025                    | 01/04/2026<br>31/03/2027<br>2024/25 |
| Year I-1<br>Year I<br>Year I+1   |  |   |             |         |         | 2014/15<br>2015/16<br>2016/17       | 2015/16<br>2016/17<br>2017/18       | 2016/17<br>2017/18<br>2018/19       | 2017/18<br>2018/19<br>2019/20       | 2018/19<br>2019/20<br>2020/21       | 2019/20<br>2020/21<br>2021/22       | 2020/21<br>2021/22<br>2022/23       | 2021/22<br>2022/23<br>2023/24       | 2022/23<br>2023/24<br>2024/25       | 2023/24<br>2024/25<br>2025/26 | 2024/25<br>2025/26<br>2026/27 | 2025/26<br>2026/27<br>2027/28       |
| Year I+2   |  |   |             |         |         | 2017/18                             | 2018/19                             | 2019/20                             | 2020/21                             | 2020/21                             | 2022/22                             | 2022/23                             | 2024/25                             | 2025/26                             | 2026/27                       | 2027/28                       | 2028/29                             |
| 1.1 2014/15 RPI Adjustment Factor<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences   | %  | Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HM Treasury, 24 August 2023  |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     | 9.20%                               | 4.40%                         | 2.80%                         | 2.70%                               |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends   | %  | Required by Project Licence Appendix 1, 1: 10, (iii)<br>Required by Project Licence Appendix 1, 1: 10, (iii) (iiii)<br>Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HM Treasury, 24 August 2023   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     | 9.20%                               | 4.40%                               | 2.80%                         | 2.70%                         | 3.30%                               |
| RPI, September of Charging Year  |  | Required by Project Licence Appendix 1, 1 1 (i), (iii)<br>Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National<br>Statistics.   |             |         | 257.6   | 259.6                               | 264.9                               | 275.1                               | 284.1                               | 291.0                               | 294.3                               | 308.6                               | 347.6                               | 378.4                               |                               |                               |                                     |
| RPI, March of Charging Year  |  | Required by Project Licence Appendix 1, 1.1(iii)<br>Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National<br>Statistics:   |             | 254.8   |         | 261.1                               | 269.3                               | 278.3                               | 285.1                               | 292.6                               | 296.9                               | 323.5                               | 367.2                               |                                     |                               |                               |                                     |
| Applicable Change in Revenue RPI   |  | Required by Project Licence Appendix 1, 1.1 (iii)   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| RPIt (RPI for November in Charging Year YI-1)  |  | Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 20 December 2023, Office for<br>Haltonal Statistics.<br>Required by Project Licence Appendix 1, Part 3, 3 and 6<br>Note: for both Frist and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both   |             | 245.6   | 252.1   | 259.8                               | 259.8                               | 265.5                               | 275.8                               | 284.6                               | 291.0                               | 293.5                               | 314.3                               | 358.3                               | 377.3                         |                               |                                     |
| Year average RPI   |  | these years is being calculated together<br>Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 18 October<br>2023 Office for Valional Statistics<br>Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)   |             |         | 256.7   | 259.4                               | 265.0                               | 274.9                               | 283.3                               | 290.6                               | 294.2                               | 311.2                               | 351.2                               | I                                   |                               |                               |                                     |
| A.3. Return on Capital and A.4 Liquidity   |  |   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March  | 2014/15 prices, £                                | Source: Olwat publication:<br>Ofwat Regulatory Capital Values - Bazalgette Tunnel Limited (Tideway):<br>https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-<br>22072202/ Zero pior to licence award<br>Regulated by Project Licence Appendix 1, Part A 3  |             | c       | 0       | 148,741,346                         | 478,533,658                         | 962,316,426                         | 1,490,337,315                       | 2,024,487,477                       | 2,497,553,061                       | 2,935,415,123                       | 3,307,896,720                       |                                     |                               |                               |                                     |
| Allowable Project Spend (actual and forecast) - as at October 2023   |  | Source: "ITA Verification No.74" - received 4/10/2023 from Paul Horton. Verification to July 2023.  |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Allowable Project Spend Estimated Allowable Project Spend  | Outturn prices, £<br>Outturn prices, £           | Required by Project Licence Appendix 1, Part A 3<br>Source: "Regulation Reporting Sep 23", tab Regulatory Cost Metrics, sum of cells H44:144  |             |         | 0       | 150,344,662                         | 340,489,147                         | 518,165,900                         | 582,828,772                         | 604,855,688                         | 542,182,309                         | 530,822,453                         | 509,695,109                         | 141,357,385<br>55,707,075           |                               |                               |                                     |
| Forecast Allowable Project Spend   | Outturn prices, £                                | Required by Project Licence Appendix 1, Part A 3<br>Source: "POB (22023-AE Expenditure Forecast Basecase" - from Rob Oliver, 11/10/23 16:31<br>for full-year 2023/24, 2024/25 and 2025/26 forecast.<br>The 2023/24 figure is net of expenditure aiready realised (April to Sep) - sum of rows 12 and 13<br>Required by Project Licence Appendix 1, Part A 3, 4  |             |         | 0       | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 174,898,445                         | 267,696,261                   | 52,328,819                    |                                     |
| Excluded Project Spend   | Outturn prices, £                                | All years up to and including 2021/22: from 2022 Revenue Statemant<br>2022/23: from "2022-23 Regulatory Section TTT table workings" - tab TTT Bespoke tables, cell O41. Agrees to<br>reported excluded project spend (outturn prices) in regulatory table TTTB in the 22/3 Annual Performance Report.<br>2023/24 figure from Consol Model Sep' 23, Output 1 tab Cell N41 (Available from Financial Control) - relates to the<br>period Apr-Sept   |             |         |         | 64,394,743                          | 87,615,825                          | 108,108,556                         | 80,287,259                          | 66,925,849                          | 30,837,611                          | 63,258,312                          | 66,449,248                          | 5,966,774                           |                               |                               |                                     |
| Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project Spend an<br>therefore is excluded from the Allowable spend metrics set out above | d Outturn prices, £                              | Source: Head of Commercial, Tideway<br>Notes: Zero prior to Licence award.<br>Required by Project Licence Appendix 2, 1.5   |             |         | 0       | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                             |                               |                                     |
| BWACC  | %  | Source: Project Licence, Appendix 1, 1.18<br>Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8   |             |         |         | 2.497%                              |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| A.5. Opex  |  |   |             |         | F       |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Opex forecast as at October 2023   | Outturn prices, £                                | Note: In line with the Project Licence, zero as all expenditure treated as capex.<br>Required by Project Licence Appendix 1, Part A 5   |             |         |         | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                             |                               |                                     |
| A.6. Financing Cost Adjustment   |  |   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March   | %  | Source: "FCA yield calculater 2000 21 xisx"<br>Calculated with reference to Boxx BBB data and spot implied inflation rates for 10 year maturity from Bank of<br>England<br>Required by Project Licence Appendix 1, Part A 6   |             |         | 1.30%   | 1.43%                               | 0.35%                               | 0.01%                               | 0.23%                               | -0.47%                              | -0.88%                              | n/a                                 | n/a                                 |                                     |                               |                               |                                     |
| Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March  | Current prices at 3<br>March of Charging<br>Year | Source Regulatory Accounts 2021/22 Need to update to Source: https://www.ofwat.gov.uk/publication/regulatory-<br>1 capital-values-bazaigette-turnel-limited-tideway-22072020' for the current year (i.e. 2021/22). Prior year values<br>are the value recorded in that charging year.<br>Required by Project Lecence Appendix 1, Part A 3   | -           | -       | -       | 151,310,515                         | 502,087,458                         | 1,043,425,953                       | 1,655,435,722                       | 2,307,915,724                       | 2,889,052,612                       | n/a                                 | n/a                                 |                                     |                               |                               |                                     |
| Net Debt at 31 March   |  | M Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts<br>tables October 2022)<br>Required by Project Licence Appendix 1, Part A 6   | -           | -       |         | 130,376,913                         | 315,869,558                         | 72,091,186                          | 543,155,000                         | 1,156,967,223                       | 1,689,497,869                       | n/a                                 | n/a                                 |                                     |                               |                               |                                     |
| Notional Debt to RCV ratio   | real %   | Source: Project Licence Appendix 1, 1.45<br>Required by Project Licence Appendix 1, Part A 6  |             | 1       | 62.5%   |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Adjustment agreed with Ofwat to correct for net debt error within the accounts   | £, current prices                                | Source: Letter from Oftwel dated 28/10/2021<br>Adjustment agreed with Oftwat to correct for identified error in prior year Net Debt used in the FCA. This is added<br>to the Financing Cost Adjustment for Y in the 2021 revenue statement only so that the FCA is in a position that it<br>should have been if the error had never occurred.   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     | 218,424                             |                                     |                               |                               |                                     |
| A 1.4. Tax   |  | In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based   |             |         | F       |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Tax as at October 2023   | Outturn prices, £                                | in me wind the religion Cherke, zero as une in sink required to pay corporation tax or any onen income-based<br>tax. NOTE: Ony fieldes to BTT Tax.<br>See Project Licence Appendix 1, Part A 1.4  |             |         |         | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | D                                   | 0                             |                               |                                     |
| A.7. Under/Over Recovered Revenue Adjustment - as at October 2023  |  | See Project Licence, Appendix 1, Part A.7   |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Allowed Revenue (including building block reconciliation)  | £  | Source: 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 Updated Revised Revenue Statements<br>Source: 2023 Final Monthly Collection - July 2023   |             |         |         |                                     | 33,603,285                          | 28,559,132                          | 49,235,940                          | 63,431,062                          | 76,465,429                          | 87,029,095                          | 86,316,446                          | 117,946,599                         |                               |                               |                                     |
| Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21,2021/22 and 2022/23 Allowe<br>Revenue (to end of September 2023)  | d Outturn prices, £                              | Note: Captures all 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 revenue received from<br>Thames Water prior to the end of September 2023 - this is based on revenue collected by Thames Water up to<br>and including July 2023.   |             |         |         |                                     | 32,084,075                          | 28,072,343                          | 47,902,574                          | 60,755,832                          | 68,135,566                          | 82,865,898                          | 70,879,508                          |                                     |                               |                               |                                     |
| Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 Allowed<br>Revenue (to end of September 2022)   | Outturn prices, £                                | Source: Tdeway 2022 24 December 22 - submission v1.0 (FIN4L) xis<br>Note: Captures all 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 revenue received from Thames<br>Watter prior to the end of September 2022: this is based on revenue collected by Thames Water up to and<br>including July 2022.  |             |         |         |                                     | 32,081,332                          | 28,064,047                          | 47,888,979                          | 60,700,652                          | 67,768,616                          | 77,135,929                          |                                     |                                     |                               |                               |                                     |
| Years of NPV adjustment  |  | Represents the number of years of NPV adjustment required - two years for a Charging Year being reconciled for<br>the first time, and one year to reconcile further amounts received in respect of Charging Years already reconciled.<br>See "Statement of Calculation 2023"  |             |         |         |                                     | 1                                   | 1                                   | 1                                   | 1                                   | 1                                   | 1                                   | 2                                   |                                     |                               |                               |                                     |
| Amounts received from TWUL in Charging Year (all years of Allowed Revenue)   | Outturn prices, £                                | "Final monthly collection statement - April-23.xtsx" and Tideway bank records (see Financial Control latest Monthly<br>Revenue Model Tab: Tideway)<br>Note: Captures all 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 revenue received from<br>Thames Water prior to the end of March 2023.   |             |         |         |                                     | 26,747,386                          | 26,791,391                          | 38,387,688                          | 57,610,001                          | 68,887,910                          | 72,886,391                          | 86,667,996                          |                                     |                               |                               |                                     |
| A.8. Reconciliation adjustment   |  | See Project Licence, Appendix 1, Part A 8   |             |         | _       |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |
| Time since original calculation  | Years  | Represents the number of years since revenue was first calculated to feed into the NPV adjustment of the<br>reconciliation adjustment.<br>Revenue for a given Charging Year is subject to building block reconciliation adjustment where estimated or   |             |         | -       | 8                                   | 8                                   | 7                                   | 6                                   | 5                                   | 4                                   | 3                                   | 2                                   | 1                                   | 0                             |                               |                                     |
| Reconcile this year?   |  | forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as<br>follows: 1 = yes, 0 = no<br>Source: Calculated from 'Tideway 2022 24 December 22 - submission v1.0 (FINAL) xts". 2023/24 charoing vear   |             |         |         | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 0                                   | 1                                   | 1                                   | 1                                   | 0                             |                               |                                     |
| Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliatio<br>and under/over recovered revenue adjustment)                           | n £  | calculated builded builded and a set of the |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     | 79,043,347                          | 86,777,427                          | 107,601,803                         |                               |                               |                                     |
| A.11. Additional Return on Capital Building Block Additional Allowable Project Spend   |  | Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an<br>IAR Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,<br>Appendix 1, Part A 11  |             |         |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                               |                               |                                     |











|   |                   |   | Calculation | 2023                     |  |  |  |   |  |   |
|---|-------------------|---|-------------|--------------------------|--|--|--|---|--|---|
| Building Block<br>Year starts<br>Year ends<br>Year 1-<br>Year 1-<br>Year 1-<br>Year 1-2   | Unit              | Notes/description   |             | 2013/14 2014/15          | First<br>Charging<br>Year<br>2015/16<br>01/04/2015<br>31/03/2016<br>2013/14<br>2014/15<br>2015/16<br>2015/16<br>2015/17<br>2017/18 | Second<br>Charging<br>Year<br>2016/17<br>01/04/2016<br>31/03/2017<br>2014/15<br>2015/16<br>2015/16<br>2015/16<br>2015/17<br>2017/18<br>2019/19 | Third<br>Charging<br>Year<br>2017/18<br>01/04/2017<br>31/03/2018<br>2015/16<br>2015/16<br>2015/16<br>2015/16<br>2015/17<br>2017/18<br>2019/19<br>2019/20 | Fourth<br>Charging<br>Year<br>2018/19<br>0104/2018<br>31003/2019<br>2016/17<br>2017/18<br>2018/19<br>2019/20<br>2020/21 | Fifth<br>Charging<br>Year<br>2019/20<br>01/04/2019<br>31/05/2020<br>2017/18<br>2019/19<br>2019/20<br>2019/20<br>2020/21<br>2020/21 | Sixth<br>Charging<br>Year<br>2020/21<br>01/04/2020<br>31/03/2021<br>2018/20<br>2020/21<br>2020/21<br>2021/22<br>2022/23 |
| 1.1 2014/15 RPI Adjustment Factor<br>(a) for the purposes of calculating Forecast Allowable Project Spend for Charging<br>Year Y1+1, estimated Allowable Project Spend for the said Charging Year shall be<br>deflated from a price base in Charging Year Y1+1 to the Base RPI index year<br>(b), (b), (b), (b), and (b) below:   |                   | A factor calculated for each Charging Yeer to express costs associated with that yeer in a<br>2014/15 price base. See Project Licence, Appendix 1, 1.1  |             |                          |  |  |  |   |  |   |
| In. III. IIII and IVP Derive:<br>Forecast RP (Adjustment Factor for the calendar year in which Charging Year YH+1 commences<br>Forecast RP (Adjustment Factor for the calendar year in which Charging Year YH+1 ends<br>Forecast RPI (Adjustment Factor for the calendar year in which Charging Year YL ends<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year YL ends | %<br>%<br>%       | Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source  |             |                          |  |  |  |   |  |   |
| Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt-1 commenced   | %                 | Calculated with reference to the index values for March and September to capture April to<br>September inflation (see detailed modelling assumptions in "Statement of calculation<br>2023")   |             |                          |  |  |  |   |  |   |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI-1 commenced<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI-1 ends   | %<br>%            | Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source  |             |                          |  |  |  |   |  |   |
| Base RPI<br>Charging Year Yt-2, or where this is on or before Base RPI Index year, 2014/15  |                   | Year average RPI for 2014/15, used as base year RPI<br>Year average RPI for Charging year T-2 (or 2014/15 where this is later)  |             |                          |  |  |  |   |  |   |
| 1.1 (i)<br>1.1 (ii)<br>1.1 (iii)<br>1.1 (iii)   |                   | Factor used to adjust prices from Changing Year T+1 to Changing Year T<br>Factor used to adjust prices from Changing Year T-1 Changing Year T-1<br>Factor used to adjust prices from Changing Year T-1 to Changing Year T-2<br>Factor used to adjust prices from Changing Year T-2 to Base RP1 Index year |             |                          |  |  |  |   |  |   |
| RPI Adjustment Factor Charging Year T+1   |                   | Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from<br>Charging Year T+1 to 2014/15 price base.   |             |                          |  |  |  |   |  |   |
| RPI Adjustment Factor Charging Year T   |                   | Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from<br>Charging Year T to 2014/15 price base.  |             |                          |  |  |  |   |  |   |
| RPI Adjustment Factor Charging Year T-1<br>RPI Adjustment Factor Charging Year T-2  |                   | Combines factors (iii) and (iv) above to calculate factor used to adjust prices from<br>Changing Year T-1 to 2014/15 price base.<br>Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price<br>base.   |             |                          |  |  |  |   |  |   |
| Applicable Change in Revenue RPI  |                   | RPI in November of previous Charging Year relative to 2014/15 base year<br>RPI in November of Charging Year T-1   |             | 0.96 0.98<br>245.6 252.1 | 1.01 259.8   | 1.01 259.8   | 1.03 265.5   | 1.07 275.8  | 1.11 284.6   | 1.13  |
| RPIbase (Base RPI Index)  |                   | Average RPI for 2014/15   |             | 256.7 256.7              | 256.7  | 256.7  | 256.7  | 256.7   | 256.7  |   |
| A.1. Allowed Revenue  | £                 | Total Allowed Revenue calculated as the total of the building blocks below, in accordance<br>with Project Licence, Appendix 1, 1.4. See Statement of calculation 2023 for further<br>detail.  |             |                          |  |  |  |   |  |   |
| A.3. Return on Capital  | £                 | The Return on Capital building block allows the IP to earn a return on capital in relation to<br>the forecast average RCV in the Charging Year in question. See Project Licence,<br>Appendix 1, Part A 3  |             |                          |  |  |  |   |  |   |
| Ofwat Stated RCV for Yt-2   | £, 2014/15 prices | RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the<br>end of the Charging Year  |             |                          |  |  |  |   |  |   |
|   |                   |   |             |                          |  |  |  |   |  |   |

end of the Charging Year 2. 2014/15 price 3. 2

The Liquidity building block allows the IP a liquidity allowance (return on capital) in relation to the incremental average RCV in the year following the Charging Year in question. See Project Licence, Appendix 1, Part A 4

In line with the Project Licence, the Opex building block is zero as all costs are accounted for as capital expenditure. See Project Licence, Appendix 1, Part A 5

The Financing Cost Adjustment building block is intended to protect against movements in the market cost of debt, by comparing a measure of financing costs at an annual reference point to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6

The Instance 12 months failing average of the Financing Cost Adjustment Index Yield as at 31 March 2015 The Instance 12 months failing average of the Financing Cost Adjustment Index Yield as at 31 March of Chansine Year Yi-2 Difference Batemac Ref and Adjust See Project Lennes Agements / Part A 57

Calculation of Net debt at end of Charging year T-2 less Net debt at end of Charging year T-3, subject to the notional gearing cap defined in Project Licence Appendix 1 Part A 6.9

In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax See Project Licence Appendix 1, Part A 1.4

The revenue adjustment building block is to reconcile for underlover recovered Allowed Revenue in previous Onarjon Years. See Project Liceose, Appendix 1, Parl A 7, Addomed Revenue assumetime in 2015, 2017, 2018, 2018 and 2020 appliederlevent Revenue Statement Anounct collected by Thames Water and received by Tidleway in respect of 2016/17, 2017/18, 2016/18, 2018, 2018, 2012, 2017/21 and 2022/23 Allowed Revenue, prior to the end of dissemblered.

Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2016/19, 2010/20, 2020/21 and 2021/22 Allowed Revenue, prior to the end of September 2022.

ren in november of previous unarging rear relative to 2014/10 base year Represents the number of years of NPV adjustment required - two years for a Charging Year being reconciled for the first time, and one year to reconcile further amounts received in respect of Charging Years already reconciled. See "Statement of Calculation 2023"

Further amounts received in respect of Charging Years that have already been reco

Difference between Allowed Revenue for a Charging Year and the amount collected by Thames Water and received by Tideway in respect of that Allowed Revenue. Reconciliation amount as calculated above, NPV-adjusted for the delay between the original Charging Year and the year of reconciliation using the BWACC and Applicable Change in Revenue RPI.

Reconcilitation for updated expenditure and inflation data in reflect resisted actuals and updated dorscasts. See Project Lennon, Appendix I, Part A B Revenue for a given Chonging Yate in august the building block renconciliation adjustment where estimated or forecast expenditure or inflation inputs were used the last time that year's revenue and actualised. Defined as follows. If yea, Com You Represents the number of years arise revenue was first calculated to feed into the NPV adjustment of the reconstition adjustment.

Allowed Revenue recalculated using updated expenditure and inflation data. Excludes th underlower recovered revenue adjustment and the reconciliation adjustment building blocks, as these building blocks are not subject to reconciliation. See BBRA Calculation 2020, BBRA Calculation 2021 and BBRA Calculation 2022.

Allowed Revenue as submitted in 2022 updated revised Revenue Statement. Excludes the under/over recovered revenue adjustment and the reconciliation adjustment building blocks, as these building blocks are not subject to reconciliation.

Adjustment calculated as difference between updated calculation and previous year's calculation, prior to NPV adjustment. Adjustment calculated as difference between updated calculation and previous year's actuation, part NPV-adjustment using BVACC and Applicable Change in Revenue RPI.

Not applicable. To be added to calculation if building block becomes relevant (i.e. if Tidenay makes an IAR Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11

Not applicable. To be added to calculation if building block becomes relevant (i.e. if Tidenay makes an IAR Overrun Application to increase Allowable Project Spend above the Threshold Outlurn). See Project Licence, Appendix 1, Part A 11

RPI in November of previous Charging Year relative to 2014/15 base year

C. 2014/15 prices Opening RCV for Charging Year T+1 Scalar to adjust forecast costs for Charging Year T+1 to 2014/15 price base Allowable Project Span forecast to be incurred in Charging Year T+1 E, 2014/15 prices Closing RCV for Charging Year T+1

See Project Licence Appendix 1, Part A 6.3

T-3, adaptit to the including and provide the second of Charging year 7-2 ress Net delet at end of Net delet at end of Charging year 7-2 ress Net delet at end of Net del

Charatera Yane Alach d A current prices (March d Charaying Year T-3) C. aurrent prices (March d) Karamet prices (March d) Charaying Year T-3) Charamet prices (March d) Charamet

Adjustment agreed with Ofwat to correct for identified error in prior year Net Debt used in the FCA. This is added to the Financing Cost Adjustment for Y in the 2021 revenue statement only so that the FCA is in a position that it should have been if the error had never occurred.

£, 2014/15 prices Year average RCV for Charging Year T

£, 2014/15 prices Average RCV for Charging Year T+1

£, 2014/15 prices

%

%

% % %

£

£

£

£

3

n/a

years

3

3

£ £

3

£

OPRCV YI-1 201415 RPI Adjustment Factor YI-1 Annual Achual Project Spend YI-1 Estimated Allowable Project Spend YI-1 OPRCV YI 201415 RPI Adjustment Factor YI Annual Achual Project Spend YI Estimated Allowable Project Spend YI Erecant Allowable Project Spend YI CPRCV YI

A.4. Liquidity

OPRCV Yt+1 2014/15 RPI Adjustment Factor Yt+1 Forecast Allowable Project Spend for year t+1 CPRCV Yt+1 FYARCV Yt+1

A.5. Opex

YARCV Yt

A.6. Financing Cost Adjustment building block Financing Cost Adjustment Yt

Financing Cost Adjustment Index Yield

Base Reference Point (BRP) Annual Reference Point (ARP)

BRP-ABP Market Cost of Debt Adjustment Factor (absolute) Market Cost of Debt Adjustment Factor (corrected sign)

Change in net debt Net Debt in Charging Year Yt-2

Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2 otional Debt to RCV Ratio Notional Net Debt in Charging Year Yt-2

let Debt in Charging Year Yt-3 Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year YI-3 Notional Debt for RCV Ratio Notional Net Debt in Charging Year YI-3

Applicable Change in Revenue RPI for Charging Year Yt Applicable Change in Revenue RPI for Charging Year Yt-2

ent agreed with Ofwat to correct for net debt error within the regulatory accounts

A.1.4. Tax

A.7. Under/Over Recovered Revenue Adjustment Allowed Revenue

Amount recovered in respect of Allowed Revenue (to end of September 2023)

Amount recovered in respect of Allowed Revenue (to end of September 2022) Applicable Change in Revenue RPI

Years of NPV adjustment

ints in respect of prior Charging Years not yet reconciled (unadjusted) Reconciliation amounts - Charging Year T-2 (unadjusted)

Reconciliation amounts (NPV-adjusted)

A.8. Reconciliation adjustment

Reconcile this year? Time since original calculation

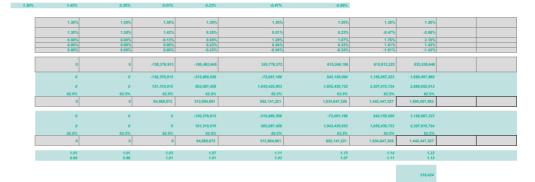
illowed Revenue (as at October 2023)

dowed Revenue (as at October 2022) Applicable Change in Revenue RPI (year in which original calculation was made) Applicable Change in Revenue RPI (current year)

Reconciliation amounts (NPV-adjusted)

A.11. Additional Return on Capital Building Block

A.11. Additional Liquidity Building Block



-1,016,891

-1.478.505

461,614

0

0

-3,201,092

-2.184.201

-9,948,780

-6.747.688

-18,366,706

-8.417.925

| 0          |             |            |             |              |            |            |              |            |
|------------|-------------|------------|-------------|--------------|------------|------------|--------------|------------|
| 12,801,519 | ]           |            |             |              |            |            |              |            |
|            | 117,946,599 | 86,316,446 | 87,029,095  | 76,465,429   | 63,431,062 | 49,235,940 | 28, 559, 132 | 33,603,285 |
|            |             | 70,879,508 | 82,865,898  | 68, 135, 566 | 60,755,832 | 47,902,574 | 28,072,343   | 32,084,075 |
|            |             |            | 77,135,929  | 67,768,616   | 60,700,652 | 47,888,979 | 28,064,047   | 32,081,332 |
| 1.47       | 1.40        | 1.22       | 1.14        | 1.13         | 1.11       | 1.07       | 1.03         | 1.01       |
|            |             | 2          | 1           | 1            | 1          | 1          | 1            | 1          |
|            |             |            | 5,729,970   | 366,950      | 55,180     | 13,595     | 8,295        | 2,744      |
|            |             | 15,436,938 |             |              |            |            |              |            |
|            |             | 19,468,204 | - 6,184,484 | - 396,057    | . 59,557   | - 14,673   | - 8,953      | - 2,961    |
|            |             |            |             |              |            |            |              |            |

| 1,238, |             |            |            |
|--------|-------------|------------|------------|
|        | 1           | 1          | <i>t</i> . |
|        | 1           | 2          | a          |
|        | 108,919,115 | 86,682,535 | 78,997,445 |
|        | 107,601,803 | 86,777,427 | 79,043,347 |
| 1      | 1.40        | 1.22       | 1.14       |
|        | 1,317,313   | -94,892    | -45,902    |
|        | 1,421,805   | -119,672   | -63,540    |

Eighth Charging Year 2022/23 0104/2022 31/03/2023 2020/21 2021/22 2022/23 2023/24 2023/24

.13 1.14 1.22 1.40 1.47 291.0 293.5 374.3 358.3 377.3 296.7 296.7 296.7 296.7

Ninth Charging Year 2023/24 01/04/2023 31/03/2024 2021/22 2022/23 2023/24 2024/25 2025/26

Tenth Charging Year 2024/25 01/04/2024 31/03/2025 2022/23 2023/24 2024/25 2025/26 2026/27

2.8% 2.7% 4.4% 2.8%

9.2%

3,307,896,720

3,307,896,720 1.4/ 97,043,66/ 38,243,68/ 120,069,91 3,563,253, 0. 176,708,4 3,739,962,1

3,651,607,985

3,739,962,188 33,609,988 3,773,672,176 3,756,767,182

0

-18,366,706 -18,366,70

3,859,963

Seventh Charging Year 2021/22 01/04/2021 31/03/2022 2019/20 2020/21 2021/22 2022/23 2022/23

|  |   |  | BB      | RA Inputs 2022 |         | First   | Second  | Third   | Fourth  | Fifth   | Sixth   | Seventh   | Eighth  | Ninth  |  |
|--|---|--|---------|----------------|---------|---|---|---|---|---|---|---|---|--|--|
| Year starts<br>Year ends<br>Year t-2<br>Year t-1<br>Year t-1<br>Year t-1   | Unit  | Source/notes   | 2012/13 | 2013/14        | 2014/15 | Charging<br>Year<br>2015/16<br>01/04/2015<br>31/03/2016<br>2013/14<br>2014/15<br>2015/16<br>2015/17 | Charging<br>Year<br>2016/17<br>01/04/2016<br>31/03/2017<br>2014/15<br>2015/16<br>2016/17<br>2017/18 | Charging<br>Year<br>2017/18<br>01/04/2017<br>31/03/2018<br>2015/16<br>2016/17<br>2017/18<br>2018/19 | Charging<br>Year<br>2018/19<br>01/04/2018<br>31/03/2019<br>2016/17<br>2017/18<br>2018/19<br>2018/20 | Charging<br>Year<br>2019/20<br>01/04/2019<br>31/03/2020<br>2017/18<br>2018/19<br>2018/20<br>2020/21 | Charging<br>Year<br>2020/21<br>01/04/2020<br>31/03/2021<br>2018/19<br>2019/20<br>2020/21<br>2021/22 | Charging<br>Year<br>2021/22<br>01/04/2021<br>31/03/2022<br>2019/20<br>2020/21<br>2021/22<br>2022/23 | Charging<br>Year<br>2022/23<br>01/04/2022<br>31/03/2023<br>2020/21<br>2021/22<br>2022/23<br>2023/24 | Charging<br>Year<br>2023/24<br>01/04/2023<br>31/03/2024<br>2021/22<br>2022/23<br>2022/23<br>2023/24<br>2024/25 |  |
| Year I+2 1.1 2014/15 RPI Adjustment Factor   |   |  |         |                |         | 2017/18   | 2018/19   | 2019/20   | 2020/21   | 2021/22   | 2022/23   | 2023/24   | 2024/25   | 2025/26  |  |
| 1.1 2014/15 RPT Adjustment Pactor  | %   | Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HM Treasury, 24 August 2023   |         |                |         |   |   |   |   |   |   |   |   | 9.2%   |  |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends   | %   | Required by Project Licence Appendix 1, 1.1 (), (i), (iii)<br>Source: Average independent new forecasts for FPJ: Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HM Trausury, 24 August 2023<br>Required by Project Licence Appendix 1, 1.1 (), (ii), (iii)  |         |                |         |   |   |   |   |   |   |   | 9.2%  | 4.4%   |  |
| RPI, September of Charging Year  |   | Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National<br>Statistics.<br>Required by Project Licence Appendix 1, 1.1(iii)  |         |                | 257.6   | 259.6   | 264.9   | 275.1   | 284.1   | 291.0   | 294.3   | 308.6   | 347.6   | 378.4  |  |
| RPI, March of Charging Year  |   | Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National<br>Statistics.<br>Required by Project Licence Appendix 1, 1.1 (iii)   |         | 254.8          | 257.1   | 261.1   | 269.3   | 278.3   | 285.1   | 292.6   | 296.9   | 323.5   | 367.2   |  |  |
| Applicable Change in Revenue RPI   |   | Source, neri (vii neins) moex, consumer ence inination nerence Laures, Laure 30, 20 December 2023, Onice or<br>National Statistics.  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| RPIt (RPI for November in Charging Year Yt-1)  |   | Required by Project Licence Appendix 1, Part A 3, 4 and 6<br>Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both<br>these users is being excluded developted to the second second second second second second second second second  |         | 245.6          | 252.1   | 259.8   | 259.8   | 265.5   | 275.8   | 284.6   | 291.0   | 293.5   | 314.3   | 358.3  |  |
| Year average RPI   |   | Source: Calculated from RPI (All Items) index. Consumer Price Inflation Reference Tables, Table 36, 18 October<br>2023 Office Ivalianal Statisticas<br>Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)  |         |                | 256.7   | 259.4   | 265.0   | 274.9   | 283.3   | 290.6   | 294.2   | 311.2   | 351.2   |  |  |
| A.3. Return on Capital and A.4 Liquidity   |   |  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March  | 2014/15 prices, §                             | Ofwart Regulatory Capital Values - Bazalgette Tunnel Limited (Tideway):<br>https://www.dwat.gov.uk/publication/regulatory-capital-values-bazalgette-lunnel-limited-tideway-22072020/ Zero<br>pfor to licence award   |         | -              | -       | 148,741,346   | 478,533,658   | 962,316,426   | 1,490,337,315   | 2,024,487,477   | 2,497,553,061   | 2,935,415,123   |   |  |  |
| Allowable Project Spend (actual and forecast) - as at October 2023<br>Annual Actual Project Spend  | Outturn prices, £                             | Source: "ITA Verification No.74" - received 4/10/2023 from Paul Horton. Verification to July 2023.   |         |                |         | 150,344,662   | 340,489,147   | 518,165,900   | 582,828,772   | 604,855,688   | 542,182,309   | 530,822,453   | 509,695,109   | 141,357,385  |  |
| Estimated Allowable Project Spend  | Outturn prices, £                             | Required by Project Libence Appendix 1, Park A 3<br>Source: "Regulation Reporting Sep 23", tab Regulatory Cost Metrics, sum of cells H44:I44<br>Required by Project Libence Appendix 1, Park A 3   |         |                | -       | -   | -   | -   | -   | -   | -   | -   | -   | 55,707,075   |  |
| Forecast Allowable Project Spend   | Outturn prices, £                             | Source: 'P06 02 2023-24 Expenditure Forenast Basecase' from Rob Oliver, 11/10/23 16:31<br>for full-year 02/324, 024/25 and 020525 forecast<br>The 0203/24 figure is net of expenditure already realised (April to Sep) – sum of rows 12 and 13<br>Required by Project Licence Appendix I, Park A 3,  |         |                | -       | -   | -   | -   | -   | -   | -   | -   | -   | 174,898,445  |  |
| Excluded Project Spend   | Outturn prices, £                             | Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |                |         |   |   |   |   |   |   |   |   |  |  |
| Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project<br>Spend and therefore is excluded from the Allowable spend metrics set out above  | Outturn prices, £                             | Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |                |         |   |   |   |   |   |   |   |   |  |  |
| BWACC  | %   | Source: Project Licence, Appendix 1, 1.18<br>Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8  |         |                | [       | 2.497%  |   |   |   |   |   |   |   |  |  |
| A.5. Opex<br>Opex forecast as at October 2023  | Outturn prices, £                             | Note: In line with the Project Licence, zero as all expenditure treated as capex.<br>Required by Project Licence Appendix 1, Part A 5  |         |                | [       | -   | -   | -   | -   | -   | -   | -   | -   | -  |  |
| A.6. Financing Cost Adjustment   |   |  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March   | %   | Source: "FCA yield calculator 2020.21.xisx."<br>Calculated with reference to iBoxx BBB data and spot implied inflation rates for 10 year maturity from Bank of<br>England<br>Required by Project Licence Appendix 1, Part A 6  |         |                | 1.3%    | 1.4%  | 0.4%  | 0.0%  | 0.2%  | -0.5%   | -0.9%   | n/a   |   |  |  |
| Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March  | Current prices at<br>March of Chargir<br>Year | Source Regulatory Accounts 2021/22 Need to update to Source: https://www.ofwat.gov.uk/publication/regulatory-<br>capital-values-bazalgette-tunnel-limited-tideway-22072020 for the current year (i.e. 2021/22). Prior year values<br>are the value recorded in that charging year.<br>Required by Prior Licence Appendix 1, Fart A 3   | -       | -              | -       | 151,310,515   | 502,087,458   | 1,043,425,953   | 1,655,435,722   | 2,307,915,724   | 2,889,052,612   | n/a   |   |  |  |
| Net Debt at 31 March   | Current prices at<br>March of Chargir<br>Year | 31 Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts<br>g tables October 2022)<br>Required by Project Licence Appendix 1, Part A 6   | -       | -              | -       | - 130,376,913   | - 315,869,558   | - 72,091,186  | 543,155,000   | 1,156,967,223   | 1,689,497,869   | n/a   |   |  |  |
| Notional Debt to RCV ratio   | real<br>%                                     | Source: Project Licence Appendix 1, 1.45<br>Required by Project Licence Appendix 1, Part A 6   |         |                | 62.5%   |   |   |   |   |   |   |   |   |  |  |
| Adjustment agreed with Ofwat to correct for net debt error within the accounts   | £, current price                              | Source: Letter from Ofheat dated 28/10/2021<br>Adjustment agreed with Ofheat to correct for identified error in prior year Net Debt used in the FCA. This is added<br>to the Financing Cost Adjustment for Y1 in the 2021 revenue statement only so that the FCA is in a position that it<br>should have been if the error had never occurred.   |         |                |         |   |   |   |   |   |   |   | 218,424   |  |  |
| A 1.4. Tax<br>Tax as at October 2023   | Outturn prices, £                             | In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based<br>tax. NOTE: Only relates to BTL Tax.<br>See Project Licence Appendix 1, Part A 1.4   |         |                |         | -   | -   | -   | -   | -   | -   | -   | -   | -  |  |
| A.7. Under/Over Recovered Revenue Adjustment - as at October 2022  |   | See Project Licence, Appendix 1, Part A.7  |         |                | L       |   |   |   |   |   |   |   |   |  |  |
| Allowed Revenue<br>Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of Septemb<br>2019)   | Outtuin prices,                               | Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023"<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes.<br>Data removed as not removed for reconciliation purposes.<br>Data removed as not removed for reconciliation purposes.<br>Data removed for reconciliation purposes.<br>Data removed for remo |         |                |         |   |   |   |   |   |   |   |   |  |  |
| Amount recovered in respect of Allowed Revenue (to end of September 2018)<br>Years of NPV adjustment   | Outuin prices,                                | Data removed as not required for reconciliation purposes. See "Inputs 2023". Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| Amounts received from TWUL in Charging Year (all years of Allowed Revenue)   | Outturn prices,                               | £ Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |                |         |   |   |   |   |   |   |   |   |  |  |
| A.8. Reconciliation adjustment<br>Time since original datulation<br>Recording this year? Jere most recently submitted Revenue Statement (excluding building block<br>reconciliation and under/over recovered revenue adjustment) | Years   | See Project Licence, Appendix 1, Part AB<br>Data removed as not required for reconciliation purposes. See "Inputs 2023"<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| A.11. Additional Return on Capital Building Block<br>Additional Allowable Project Spend  |   | Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an<br>IAR Overum Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,<br>Accendix I. Part A f1  |         |                |         |   |   |   |   |   |   |   |   |  |  |
| A 1.6.4. Net Present Value Adjustment<br>End of first charging vear<br>Licence Award   |   | Last day of the First Charging Year<br>Date of Licence award   |         |                | [       | 31/03/2016<br>24/08/2015  |   |   |   |   |   |   |   |  |  |
|  |   |  |         |                |         |   |   |   |   |   |   |   |   |  |  |

| Tenth      | Eleventh   | Twelfth    |
|------------|------------|------------|
| Charging   | Charging   | Charging   |
| Year       | Year       | Year       |
| 2024/25    | 2025/26    | 2026/27    |
| 01/04/2024 | 01/04/2025 | 01/04/2026 |
| 31/03/2025 | 31/03/2026 | 31/03/2027 |
| 2022/23    | 2023/24    | 2024/25    |
| 2023/24    | 2024/25    | 2025/26    |
| 2024/25    | 2025/26    | 2026/27    |
| 2025/26    | 2026/27    | 2027/28    |
| 2026/27    | 2027/28    | 2028/29    |
|            |            |            |
|            |            |            |

|      | 9.2% | 4.4% | 2.8% | 2.7% |
|------|------|------|------|------|
| 9.2% | 4.4% | 2.8% | 2.7% | 3.3% |
|      |      |      |      |      |

267,696,261

|  |   | BBRA Calculation 20   | 22                       |  |  |  |  |  |  |  |  |  |
|--|---|---|--------------------------|--|--|--|--|--|--|--|--|--|
| Building Block   | Unit  | Notes/description   |                          | First<br>Charging<br>Year                      | Second<br>Charging<br>Year                     | Third<br>Charging<br>Year                      | Fourth<br>Charging<br>Year                     | Fifth<br>Charging<br>Year                      | Sixth<br>Charging<br>Year                      | Seventh<br>Charging<br>Year                    | Eighth<br>Charging<br>Year                     | Ninth<br>Charging<br>Year                      |
| Year starts<br>Year ends<br>Year 1-2   |   |   | 2013/14 2014/15          | 2015/16<br>01/04/2015<br>31/03/2016<br>2013/14 | 2016/17<br>01/04/2016<br>31/03/2017<br>2014/15 | 2017/18<br>01/04/2017<br>31/03/2018<br>2015/16 | 2018/19<br>01/04/2018<br>31/03/2019<br>2016/17 | 2019/20<br>01/04/2019<br>31/03/2020<br>2017/18 | 2020/21<br>01/04/2020<br>31/03/2021<br>2018/19 | 2021/22<br>01/04/2021<br>31/03/2022<br>2019/20 | 2022/23<br>01/04/2022<br>31/03/2023<br>2020/21 | 2023/24<br>01/04/2023<br>31/03/2024<br>2021/22 |
| Year 1-1<br>Year 1-1<br>Year 1-1   |   |   |                          | 2014/15<br>2015/16<br>2016/17                  | 2015/16<br>2016/17<br>2017/18                  | 2016/17<br>2017/18<br>2018/19                  | 2017/18<br>2018/19<br>2019/20                  | 2018/19<br>2019/20<br>2020/21                  | 2019/20<br>2020/21<br>2021/22                  | 2020/21<br>2021/22<br>2022/23                  | 2021/22<br>2022/23<br>2023/24                  | 2022/23<br>2023/24<br>2024/25                  |
| Year I+2   |   | A factor calculated for each Charging Year to express costs associated with that year in a  |                          | 2017/18  | 2018/19  | 2019/20  | 2020/21  | 2021/22  | 2022/23  | 2023/24  | 2024/25  | 2023/24  |
| (a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year<br>Yt+1, estimated Allowable Project Spend for the said Charging Year shall be deflated from  |   | 2014/15 price base. See Project Licence, Appendix 1, 1.1  |                          |  |  |  |  |  |  |  |  |  |
| a price base in Charging Year Y+1 to the Base RPI Index year ((2014/15)), using an<br>adjustment factor derived from multiholium the factors set out in 10(in)(iii) and (iv) helow:<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends | %   | Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source  |                          |  |  |  |  |  |  |  |  | 4.4%<br>2.8%<br>9.2%                           |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt commences<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt ends  | %   | Forecast RPI - see input sheet for description of source<br>Forecast RPI - see input sheet for description of source  |                          |  |  |  |  |  |  |  |  | 9.2%<br>4.4%                                   |
| Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt-1 commenced  | %   | NOT USED FOR RECONGLIATION Calculated with reference to the index values for<br>March and September to capture April to September inflation (see detailed modelling<br>assumptions in "Statement of calculation 2023")<br>NEW ROW ADDED FOR RECONCLIATION Calculated with reference to the index  |                          |  |  |  |  |  |  |  | г  |  |
| Percentage movement in the RPI (All items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt commenced  | %   | values for March and September to capture April to September inflation (see "Statement of<br>Calculation 2023)  |                          |  |  |  |  |  |  |  |  | 3.1%   |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yh-1 commenced<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yh-1 ends  | %   | NOT USED FOR RECONCLUSTION Forecast RPI - see input sheet for description of source<br>NOT USED FOR RECONCLUSTION Forecast RPI - see input sheet for description of source  |                          |  |  |  |  |  |  |  |  |  |
| Base RPI<br>Charging Year Y1-2, or where this is on or before Base RPI Index year, 2014/15<br>Charging Year Y1<br>Charging Year Y1   |   | Year average RPI for 201415, used as base year RPI<br>Year average RPI for Charging year T-2 (or 201415 share Bis Is later)<br>NEW ROW ADDE DOR RECONCLATION Year average RPI for Charging Year I-1<br>NOT USED FOR RECONCLATION  |                          |  |  |  |  |  |  |  |  | 256.7<br>311.2<br>351.2                        |
| 1.1 (i)<br>1.1 (ii)<br>1.1 (iii)<br>1.1 (iii)<br>1.1 (iv)  |   | Factor used to adjust prices from Charging Year T+1 to Charging Year T<br>CALCULATION ALTERED FOR RECONCLATION Factor used to adjust prices from Charging Year T to Charging<br>ALCULATION ALTERED FOR RECONCLATION Factor used to adjust prices from Charging Year T-1 to Charging<br>Factor used to adjust prices from Charging Year T-2 to Base RPI Index year | Year T-1<br>Ig Year T-2  |  |  |  |  |  |  |  | Ē  | 1.04<br>1.06<br>1.13<br>1.21                   |
| RPI Adjustment Factor Charging Year T+1  |   | Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T+1 to 2014/15 price base.  |                          |  |  |  |  |  |  |  |  | 1.51   |
| RPI Adjustment Factor Charging Year T  |   | Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base.   |                          |  |  |  |  |  |  |  |  | 1.46   |
| RPI Adjustment Factor Charging Year T-1<br>RPI Adjustment Factor Charging Year T-2   |   | Combines factors (iii) and (i/) above to calculate factor used to adjust prices from<br>Charging Year - 11 o 2014/15 price base.<br>Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price<br>base.   |                          |  |  |  |  |  |  |  | -  | 1.37   |
| Applicable Change in Revenue RPI   |   | pase.<br>RPI in November of previous Charging Year relative to 2014/15 base year<br>RPI in November of Charging Year 7-1  | 0.96 0.98<br>245.6 252.1 | 1.01 259.8                                     | 1.01 259.8                                     | 1.03 265.5                                     | 1.07 275.8                                     | 1.11   | 1.13   | 1.14   | 1.22   | 1.40   |
| RPibase (Base RPI Index)   | £   | Average RPI for 2014/15   | 256.7 256.7              | 256.7  | 256.7  | 256.7  | 256.7  | 256.7  | 256.7  | 256.7  | 256.7  | 108,919,115                                    |
| A.1. Allowed Revenue   | £   | with Project Licence, Appendix 1, 1.4. See Statement of calculation 2022 for further detail.  |                          |  |  |  |  |  |  |  | Ĺ  | 119.765.466                                    |
|  |   | the forecast evening RCV in the Charging Year in question. See Project Licence,<br>Appendix 1, Part A 3<br>RCV at the end of Charging Year T-2 as published by Olwat by 1 September following the   |                          |  |  |  |  |  |  |  | l  |  |
| Ofwat Stated RCV for Yh-2<br>OPRCV Yh-1  | £, 2014/15 prices<br>£, 2014/15 prices                      | RCV & Infe einä od Charokulaging Teer I -∠ as puolisineo by Univer by 1 september toilowing the<br>end of the Charokulaging Teer I -∠ as puolisineo by Univer by 1 september toilowing the<br>Opening RCV for Charokula Year T-1<br>Sociar to adulto thorcast costs for Charolino Year T-1 to 2014/15 price base  |                          |  |  |  |  |  |  |  | C  | 2,935,415,123<br>2,935,415,123                 |
| 2014/15 RPI Adjustment Factor Yr-1<br>Annual Actual Project Spend Yr-1<br>Estimated Allowable Project Spend Yr-1<br>Forcast Allowable Project Spend Yr-1   | £, 2014/15 prices<br>£, 2014/15 prices<br>£, 2014/15 prices | Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base<br>Allowable Project Spend (verlifed by the ITA) numeral in Charging Year T-1<br>Allowable Project Spend (not verlifed by the ITA) incurred in Charging Year T-1<br>Allowable Project Spend forecast to be incurred in Charging Year T-1  |                          |  |  |  |  |  |  |  | r<br>F   | 1.37<br>372,481,596<br>-<br>0                  |
| OPRCV Yt<br>2014/15 RPI Adjustment Factor Yt   | £, 2014/15 prices   | Opening RCV for Charging Year T - the sum of opening RCV for Charging year T-1 and all<br>Allowable Project Spend in that year<br>Scalar to adjust forecast costs for Charging Year T to 2014/15 price base   |                          |  |  |  |  |  |  |  |  | 3,307,896,719.73<br>1.4566384                  |
| Annual Actual Project Spend Yi<br>Estimated Allowabe Project Spend Yi<br>Forecast Allowabe Project Spend Yi  | £, 2014/15 prices<br>£, 2014/15 prices<br>£, 2014/15 prices | Allowable Project Spend (verified by the T/A) incurred in Charging Year T<br>Allowable Project Spend (not verified by the T/A) incurred in Charging Year T<br>Allowable Project Spend (not verified by the T/A) incurred in Charging Year T<br>Closing RCU for Charging Year T- the sum of opening RCV for Charging Year T and all                                |                          |  |  |  |  |  |  |  | Ē  | 97,043,566<br>38,243,585<br>120,069,912        |
| CPRCV Y1<br>YARCV Y1   | £, 2014/15 prices<br>£, 2014/15 prices                      | Allowable Protect Spend in that vear<br>Year average RCV for Charging Year T  |                          |  |  |  |  |  |  |  | L  | 3,563,253,782<br>3,435,575,251                 |
| A.4. Liquidity   | £   | The Liquidity building block allows the IP e Rquidity allowance (return on capital) in relation<br>to the incremental average RCV in the year following the Charging Year in question. See  |                          |  |  |  |  |  |  |  | ſ  | 7,530,355                                      |
| OPRCV Y+1<br>2014/15 RPI Adjustment Factor Y+1   | £, 2014/15 prices   | Project Licence, Appendix 1, Part A 4<br>Opening RCV for Charging Year T-1<br>Scalar to adjust foresat costs for Charging Year T+1 to 2014/15 price base  |                          |  |  |  |  |  |  |  | L  | 3,563,253,782                                  |
| 2014/15 (*) Adjustment i raciot (*)<br>Annual Actual Project Spend Yt+1<br>Estimated Allowable Project Spend Yt+1  | £, 2014/15 prices   | Scelar to aquist forecast costs for Charging rear 1+1 to 2UH415 price base<br>NEW ROW ADDE FOR RECONCLINITON Allowable Project Speen (verified by the<br>ITA) incurred in Charging Year T+1<br>NEW ROW ADDE FOR RECONCLINITON Allowable Project Spend (not verified by the  |                          |  |  |  |  |  |  |  |  | 0.00   |
| Forecast Allowable Project Spend for year t+1<br>CPRCV Yt+1  | £, 2014/15 prices<br>£, 2014/15 prices                      | ITA) incurred in Chardrad Year T+1<br>Allowable Project Send forecast to be incurred in Charging Year T+1<br>Closing RCV for Charging Year T+1  |                          |  |  |  |  |  |  |  | c  | 176,708,406<br>3,739,962,188                   |
| FYARCY Y+1   | £, 2014/15 prices   | Average RCV for Charging Year T+1 In line with the Project Licence, the Opex building block is zero as all costs are accounted  |                          |  |  |  |  |  |  |  | C  | 3,651,607,985                                  |
|  |   | for as capital expenditure. See Proiect Licence. Abcendix 1. Part A 5<br>The Financing Cost Adjustment building block is intended to protect against movements in   |                          |  |  |  |  |  |  |  |  | -  |
| A.6. Financing Cost Adjustment building block<br>Financing Cost Adjustment Yt  |   | the market cost of debt, by comparing a measure of financing costs at an annual reference<br>point to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6   |                          | 0  | 0  | 0  | 461,614  | -1,016,891<br>-1,478,505                       | -3,201,092<br>-2,184,201                       | -9,948,780<br>-6,747,688                       | -18,366,706<br>-8,417,925                      | -18,366,706                                    |
| Financing Cost Adjustment Index Yield  | %   | See Project Licence Appendix 1, Part A 6.3  | 1.30%                    | 1.43%  | 0.35%  | 0.01%  | 0.23%  | -0.47%   | -0.88% n/                                      | b  |  |  |
| Base Reference Point (BRP)<br>Annual Reference Point (ARP)   | %   | The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at<br>31 March 2015<br>The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at<br>31 March of Channing Year Yi-2   |                          | 1.30%  | 1.30%  | 1.30%  | 1.30%<br>0.35%                                 | 1.30%  | 1.30%<br>0.23%                                 | 1.30%<br>-0.47%                                | 1.30%  |  |
| BRP-ABP<br>Market Cost of Debt Adjustment Factor (absolute)<br>Market Cost of Debt Adjustment Factor (corrected sign)  | %<br>%  | 31 Narch of Changing Treat Tri-2<br>Difference between BRP and ARP<br>See Project Licence Appendix 1 Part A 6.7<br>See Project Licence Appendix 1 Part A 6.7  |                          | 0.00%<br>0.00%<br>0.00%                        | 0.00%<br>0.00%<br>0.00%                        | -0.13%<br>0.00%<br>0.00%                       | 0.95%<br>0.22%<br>-0.22%                       | 1.29%<br>0.54%<br>-0.54%                       | 1.07%<br>0.32%<br>-0.32%                       | 1.76%<br>1.01%<br>-1.01%                       | 2.18%<br>1.43%<br>-1.43%                       |  |
| Net Debt in Charging Year YI-2   | £, current prices (March of<br>Charoing Year T-2)           | Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1, 1.44   |                          | 0  | 0  | -130,376,913                                   | -315,869,558                                   | -72,091,186                                    | 543,155,000                                    | 1,156,967,223                                  | 1,689,497,869                                  |  |
| Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yh-2<br>Notional Debt to RCV Ratio<br>Notional Net Debt in Charging Year Yh-2   | %   | RCV at the end of Charging Year T-2 in then current prices<br>As defined in Project Licence Appendix 1, 1.45<br>RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9   |                          | 0<br>62.5%                                     | 0<br>62.5%                                     | 151,310,515<br>62.5%<br>94,569,072             | 502,087,458<br>62.5%<br>313,804,661            | 1,043,425,953<br>62.5%<br>652,141,221          | 1,655,435,722<br>62.5%<br>1,034,647,326        | 2,307,915,724<br>62.5%<br>1,442,447,327        | 2,889,052,612<br>62.5%<br>1,805,657,883        |  |
| Notional Net Debt in Charging Year YI-2<br>Net Debt in Charging Year YI-3  |   | RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 8.9<br>Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44  |                          | 0  | 0  | 94,569,072                                     | -130,376,913                                   | -315,869,558                                   | -72,091,186                                    | 543,155,000                                    | 1,156,967,223                                  |  |
| Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-3<br>Notional Debt to RCV Ratio  | £, current prices (March of<br>Charging Year T-3)<br>%      | RCV at the end of Charging Year T-3 in then current prices<br>As defined in Project Licence Appendix 1, 1,45  |                          | 0<br>62.5%                                     | 0<br>62.5%                                     | 0<br>62.5%                                     | 151,310,515<br>62.5%                           | 502,087,458<br>62.5%                           | 1,043,425,953<br>62.5%                         | 1,655,435,722<br>62.5%                         | 2,307,915,724<br>62.5%                         |  |
| Notional Net Debi in Charging Year YI-3<br>Applicable Change in Revenue RPI for Charging Year Yt   | £, current prices (March of<br>Charging Year T-3)           | RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 8.9   |                          | 0  | 0  | 0  | 94,569,072                                     | 313,804,661<br>1.11                            | 652,141,221<br><i>1.13</i>                     | 1,034,647,326                                  | 1,442,447,327                                  |  |
| Applicable Change in Revenue RPI for Changing Year Yk-2<br>Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts   | £, current prices   | Adjustment agreed with Ofwat to correct for identified error in prior year Net Debt used in<br>the FCA. This is added to the Financing Cost Adjustment for Y1 in the 2021 revenue   |                          | 0.96   | 0.98   | 1.01   | 1.01   | 1.03   | 1.07   | 1.11   | 1.13<br>218,424                                |  |
| A.1.4. Tax   | E   | statement only so that the FCA is in a position that it should have been if the error had<br>never occurred.<br>In line with the Project Licence, zero as the IP is not required to pay corporation tax or any<br>other income-based tax.   |                          |  |  |  |  |  |  |  |  |  |
|  |   | See Project Licence Appendix 1, Part A 1.4<br>REMOVED FROM THIS RECONCLIATION SHEET AS RECONCILED SEPARATELY,<br>AS UNDERVOVER RECOVERED REVENUE IN RELATION TO ALL APPLICABLE  |                          |  |  |  |  |  |  |  | [  |  |
| A.7. Under/Over Recovered Revenue Adjustment   | 3   | CHARGING YEARS IS RECONCLED IN CALCULATION 2022. The revenue adjustment<br>building block is breancille for underlower recovered Allowed Revenue in previous<br>Charging Years. See Project Licence, Appendix 1, Part A.7<br>Allowed Revenues as submitted in 2015, 2016 and 2017 updatted revised Revenue  |                          |  |  |  |  |  |  |  |  | 0  |
| Allowed Revenue<br>Amount recovered in respect of Allowed Revenue (to end of September 2022)   |   | Statement<br>Amount colliciticated by Thames Water and received by Tideway in respect of 2016/17,<br>2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue, prior to the end of September<br>2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue, prior to the end of September   |                          |  |  |  |  |  |  |  |  |  |
| Amount recovered in respect of Allowed Revenue (to end of September 2021)  | £   | Amount collected by Thames Water and received by Tideway in respect of 2016/17,<br>2017/18, 2018/19 and 2019/20 Allowed Revenue, prior to the end of September 2020. The<br>cut-off is the same as that used for the 2020 Revenue Statement ensuing that the  |                          |  |  |  |  |  |  |  |  |  |
| Applicable Change in Revenue RPI   |   | amounts received are treated consistently between Revenue Statements.<br>RPI in November of previous Charging Year relative to 2014/15 base year<br>Represents the number of years of NPV adjustment required - two years for a Charging  |                          |  |  |  |  |  |  |  |  |  |
| Years of NPV adjustment  |   | Represents are number of years of ner- equipament required - wo years to a clearging<br>Year being recoiled for the first line, and one year to reconcile further amounts received<br>in respect of Charging Years already reconciled. See "Statement of Calculation 2023"  |                          |  |  |  |  |  |  |  |  |  |
| Amounts in respect of prior Charging Years not yet reconciled (unadjusted)<br>Reconciliation amounts - Charging Year T-2 (unadjusted)  |   | Further amounts received in respect of Charging Years that have already been reconciled.<br>Difference between Allowed Revenue for a Charging Year and the amount collected by  |                          |  |  |  |  |  |  |  |  |  |
| Reconciliation amounts (NPV-adjusted)  |   | Themes Water and received by Toleway in respect of that Allowed Revenue.<br>Reconciliation amount as calculated above, NPV-adjusted for the delay between the<br>original Charging Year and the year of reconciliation using the BIVACC and Applicable<br>Charge in Revenue RPI.  |                          |  |  |  |  |  |  |  |  |  |
| A.8. Reconciliation adjustment   | 3   | REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED SEPARATELY IN<br>BBRA CALCULATION Reconciliation for updated expenditure and inflation data to reflect   |                          |  |  |  |  |  |  |  |  | o  |
| Reconcile this year?   | n/a   | realised actuals and updated forecasts. See Project Licence, Appendix 1, Parl A 8<br>Revenue for a given Charging Year is subject to building block reconciliation adjustment<br>where estimated or forecast expenditure or inflation inputs were used the last time that<br>year's revenue was calculated. Defined as follows: " = w, 0, 0 no                    |                          |  |  |  |  |  |  |  |  |  |
| Time since original calculation  | years   | Represents the number of years since revenue was first calculated to feed into the NPV<br>adjustment of the reconciliation adjustment.  |                          |  |  |  |  |  |  |  |  |  |
| Allowed Revenue (as at October 2022)   | £   | Allowed Revenue recalculated using updated expenditure and inflation data. Excludes the<br>under/over recovered revenue adjustment and the reconciliation adjustment building<br>bocks, as these building blocks are not subject to reconscillation. See BBRA Calculation<br>2020, BBRA Calculation 2021 and BBRA Calculation 2022.                               |                          |  |  |  |  |  |  |  |  |  |
| Allowed Revenue (as at October 2020)   | £   | Allowed Revenue as submitted in 2020 updated revised Revenue Statement. Excludes the<br>under/over recovered revenue adjustment and the reconciliation adjustment building<br>blocks, as these building blocks are not subject to reconciliation.   |                          |  |  |  |  |  |  |  |  |  |
| Applicable Change in Revenue RPI (year in which original calculation was made)<br>Applicable Change in Revenue RPI (current year)  | -   | aduate a main aduate and a sequence of concentration.   |                          |  |  |  |  |  |  |  |  |  |

BBRA Calculation 2022

| Applicable Change in Revenue RPI (current year)   |   |  |
|---|---|--|
| Reconciliation amounts (unadjusted)               | £ | Adjustment calculated as difference between updated calculation and previous year's<br>calculation. prior to NPV adjustment.   |
| Reconciliation amounts (NPV-adjusted)             | £ | Adjustment calculated as difference between updated calculation and previous year's<br>calculation, post NPV-adjustment using BWACC and Applicable Change in Revenue RPI.  |
| A.11. Additional Return on Capital Building Block | 3 | Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Tideway makes an IAR Overrun Application to increase Allowable Project Spend above the<br>Threshold Outturn). See Project Licence, Appendix 1, Part A 11 |
| A.11. Additional Liquidity Building Block         | £ | Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Tideway makes an IAP Overrun Application to increase Allowable Project Spend above the<br>Threshold Outlum). See Project Licence, Appendix I, Part A 11  |



|   |   |   | BBF     | RA Inputs 2021 |         | First                               | Second                              | Third                               | Fourth                              | Fifth                               | Sixth                               | Seventh                             | Eighth                              | Ninth                               | Tenth                               | Eleventh                            |
|---|---|---|---------|----------------|---------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|   |   |   |         |                |         | Charging<br>Year                    |
| Year starfs<br>Year ends  | Unit  | Source/notes  | 2012/13 | 2013/14        | 2014/15 | 2015/16<br>01/04/2015<br>31/03/2016 | 2016/17<br>01/04/2016<br>31/03/2017 | 2017/18<br>01/04/2017<br>31/03/2018 | 2018/19<br>01/04/2018<br>31/03/2019 | 2019/20<br>01/04/2019<br>31/03/2020 | 2020/21<br>01/04/2020<br>31/03/2021 | 2021/22<br>01/04/2021<br>31/03/2022 | 2022/23<br>01/04/2022<br>31/03/2023 | 2023/24<br>01/04/2023<br>31/03/2024 | 2024/25<br>01/04/2024<br>31/03/2025 | 2025/26<br>01/04/2025<br>31/03/2026 |
| Yeart-2<br>Yeart-1<br>Yeart   |   |   |         |                |         | 2013/14<br>2014/15<br>2015/16       | 2014/15<br>2015/16<br>2016/17       | 2015/16<br>2016/17<br>2017/18       | 2016/17<br>2017/18<br>2018/19       | 2017/18<br>2018/19<br>2019/20       | 2018/19<br>2019/20<br>2020/21       | 2019/20<br>2020/21<br>2021/22       | 2020/21<br>2021/22<br>2022/23       | 2021/22<br>2022/23<br>2023/24       | 2022/23<br>2023/24<br>2024/25       | 2023/24<br>2024/25<br>2025/26       |
| Year t+1<br>Year t+2  |   |   |         |                |         | 2016/17<br>2017/18                  | 2017/18<br>2018/19                  | 2018/19<br>2019/20                  | 2019/20<br>2020/21                  | 2020/21<br>2021/22                  | 2021/22<br>2022/23                  | 2022/23<br>2023/24                  | 2022/23<br>2023/24<br>2024/25       | 2024/25<br>2025/26                  | 2025/26<br>2026/27                  | 2026/27<br>2027/28                  |
| 1.1 2014/15 RPI Adjustment Factor   |   | Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     | Γ                                   |                                     |                                     |                                     |                                     |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences   | %   | independent forecasts, "HM Treasury, 24 August 2023<br>Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)<br>Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of  |         |                |         |                                     |                                     |                                     |                                     |                                     | 1                                   |                                     | 0.0%                                | 9.2%                                | 4.4%                                | 2.8%                                |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends  | %   | independent forecasts", HM Treasury, 24 August 2023<br>Required by Project Licence Appendix 1, 1.1 (i), (iii), (iii)<br>Source: RP (I All lems) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     | 0.0%                                | 9.2%                                | 4.4%                                | 2.8%                                | 2.7%                                |
| RPI, September of Charging Year   |   | Statistics.<br>Required by Project Licence Appendix 1, 1.1(iii)<br>Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National   |         |                | 257.6   | 259.6                               | 264.9                               | 275.1                               | 284.1                               | 291.0                               | 294.3                               | 308.6                               | 347.6                               | 378.4                               |                                     |                                     |
| RPI, March of Charging Year   |   | Statistics.<br>Required by Project Licence Appendix 1, 1.1 (iii)  |         | 254.8          | 257.1   | 261.1                               | 269.3                               | 278.3                               | 285.1                               | 292.6                               | 296.9                               | 323.5                               | 367.2                               |                                     |                                     |                                     |
| Applicable Change in Revenue RPI  |   | Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 20 December 2023, Office for  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| RPIt (RPI for November in Charging Year Yt-1)   |   | National Statistics.<br>Required by Project Licence Appendix 1, Part A 3, 4 and 6<br>Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both   |         | 245.6          | 252.1   | 259.8                               | 259.8                               | 265.5                               | 275.8                               | 284.6                               | 291.0                               | 293.5                               | 314.3                               | 358.3                               |                                     |                                     |
| Year average RPI  |   | these years is being calculated together<br>Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 18 October<br>2023 Office for National Statistics   |         |                | 256.7   | 259.4                               | 265.0                               | 274.9                               | 283.3                               | 290.6                               | 294.2                               | 311.2                               | 351.2                               |                                     |                                     |                                     |
|   |   | Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| A.3. Return on Capital and A.4 Liquidity  |   | Source: Ofwat publication:  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March   | 2014/15 prices, £                             | Ofwat Begulatany Capital Valuas Bazalgatta Tunnal Limitad (Tidaway):  |         | -              | -       | 148,741,346                         | 478,533,658                         | 962,316,426                         | 1,490,337,315                       | 2,024,487,477                       | 2,497,553,061                       |                                     |                                     |                                     |                                     |                                     |
| Allowable Project Spend (actual and forecast) - as at October 2023<br>Annual Actual Project Spend   | Outturn prices, £                             | Source: "ITA Verification No.74" - received 4/10/2023 from Paul Horton. Verification to July 2023.  |         |                | -       | 150,344,662                         | 340,489,147                         | 518,165,900                         | 582,828,772                         | 604,855,688                         | 542,182,309                         | 530,822,453                         | 509,695,109                         | 141,357,385                         |                                     |                                     |
| Estimated Allowable Project Spend   | Outturn prices, £                             | Required by Project Licence Appendix 1, Part A 3<br>Source: "Regulation Reporting Sep 23", tab Regulatory Cost Metrics, sum of cells H44:I44<br>Required by Project Licence Appendix 1, Part A 3  |         |                | -       | -                                   | -                                   | -                                   | -                                   |                                     | -                                   | -                                   | -                                   | 55,707,075                          |                                     |                                     |
| Forecast Allowable Project Spend  | Outturn prices, £                             | Source: "P06 Q2 2023-24 Expenditure Forecast Basecase" - from Rob Oliver, 11/10/23 16:31<br>for full-year 2023/4, 2024/26 and 2025/56 forecast.<br>The 2023/24 figure is net of expenditure already realised (April to Sep) - sum of rows 12 and 13<br>Reourised by Protect Licence Abcondit 1. Park A. 3. 4                                  |         |                | -       | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | 174,898,445                         |                                     |                                     |
| Excluded Project Spend  | Outturn prices, £                             | Recume un rivera cherice Audeniux 1, rai (43, 4)<br>Data removed as not required for reconciliation purposes. See "Inputs 2022".  |         | I              |         | 1                                   | 1                                   | 1                                   | ľ                                   | I                                   |                                     |                                     |                                     |                                     |                                     |                                     |
| Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project Spe<br>and therefore is excluded from the Allowable spend metrics set out above | nd Outturn prices, £                          | Data removed as not required for reconciliation purposes. See "Inputs 2022".  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| BWACC   | %   | Source: Project Licence, Appendix 1, 1.18<br>Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8   |         |                |         | 2.497%                              |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| A.5. Opex   |   |   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Opex forecast as at October 2023  | Outturn prices, £                             | Note: In line with the Project Licence, zero as all expenditure treated as capex.<br>Required by Project Licence Appendix 1, Part A 5   |         |                |         | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   |                                     |                                     |                                     |
| A.6. Financing Cost Adjustment  |   |   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March  | %   | Source: "FCA yield calculator 2020.21.xlsx"<br>Calculated with reference to iBoxx BBB data and spot implied inflation rates for 10 year maturity from Bank of<br>England  |         |                | 1.3%    | 1.4%                                | 0.4%                                | 0.0%                                | 0.2%                                | -0.5%                               | -0.9%                               |                                     |                                     |                                     |                                     |                                     |
|   |   | Required by Project Licence Appendix 1, Part A 6  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March   | Current prices at<br>March of Chargir<br>Year | 31 Source Regulatory Accounts 2021/22 Weed to update to Source: https://www.ofwat.gov.uk/publication/regulatory-<br>capital-values-bacagetetuni-imited-idews-20270202 for the current year (i.e. 2021/22). Prior year values are<br>require a value recorded in that charging year.<br>Required by Project Licence Appendix 1, Part A 3       | -       | -              | -       | 151,310,515                         | 502,087,458                         | 1,043,425,953                       | 1,655,435,722                       | 2,307,915,724                       | 2,889,052,612                       |                                     |                                     |                                     |                                     |                                     |
| Net Debt at 31 March  |   | recounted by Protect Loence Appendix 1, Part A 3<br>Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts<br>g tables October 2022)<br>Required by Project Licence Appendix 1, Part A 6   | -       | -              |         | 130,376,913                         | - 315,869,558                       | 72,091,186                          | 543,155,000                         | 1,156,967,223                       | 1,689,497,869                       |                                     |                                     |                                     |                                     |                                     |
| Notional Debt to RCV ratio  | 16ai<br>%                                     | Source: Project Licence Appendix 1, 1.45<br>Required by Project Licence Appendix 1, Part A 6  |         |                | 62.5%   |                                     | 1                                   |                                     |                                     | I                                   |                                     |                                     |                                     |                                     |                                     |                                     |
| Adjustment agreed with Ofwat to correct for net debt error within the accounts  | £, current price                              | Source: Letter from Ofwat dated 26/10/2021<br>Adjustment agreed with Orkwat to correct for identified error in prior year Net Debt used in the FCA. This is added to<br>the Financing Cost Adjustment for Y in the 2021 revenue statement only so that the FCA is in a position that it<br>should have been if the error hand never occurred. |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     | 218,424                             |                                     |                                     |                                     |
| A 1.4. Tax  |   |   |         |                | -       |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Tax as at October 2023  | Outturn prices, £                             | In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax.<br>NOTE: Only relates to B1T_tax.<br>See Project Licence Appendix 1, Part A 1.4  |         |                |         | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   | -                                   |                                     |                                     |                                     |
| A.7. Under/Over Recovered Revenue Adjustment - as at October 2021   |   | See Project Licence, Appendix 1, Part A.7   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Allowed Revenue<br>Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of Septembr  | £<br>Outturn prices                           | Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>£ Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| 2019)<br>Amount recovered in respect of Allowed Revenue (to end of September 2018)  | Outtuin photos,                               | Data Hemoved as not required for reconciliation purposes. See "inputs 2023".     Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Years of NPV adjustment<br>Amounts received from TWUL in Charging Year (all years of Allowed Revenue)   | Outturn prices,                               | Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| A.8. Reconciliation adjustment  |   | See Project Licence, Appendix 1, Part A 8   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Time since original calculation<br>Reconcile this year?<br>Allowed Revenue as per most recently submitted Revenue Statement (excluding building block                             | Years   | Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| reconciliation and under/over recovered revenue adjustment)   | -   |   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| A.11. Additional Return on Capital Building Block Additional Allowable Project Spend  |   | Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an IAR<br>Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| A 1.6.4. Net Present Value Adjustment   |   | Appendix 1, Part A 11   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| End of first charging year<br>Licence Award   |   | Last day of the First Charging Year<br>Date of Licence award  |         |                |         | 31/03/2016<br>24/08/2015            |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
|   |   |   |         |                |         |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |



| <b>BBRA</b> | Calculation | 2021 |
|-------------|-------------|------|

| Building Block |  |
|----------------|--|
|                |  |

# Year starts Year ends Year t-2 Year t-1 Year t Year t+1 Year t+2

1.1 2014/15 RPI Adjustment Factor

(a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year Yt+1, estimated Allowable Project Spend for the said Charging Year shall be deflated from a price base in Charging Year Y+1 to the Base RPI Index year (2004/15), using an adjustment factor derived from multiplying the factors set out in (b), (b), (b) and (b) below; Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y commerces Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y ends

Unit

% % % %

%

%

%

% %

£

£

£, 2014/15 prices

£, 2014/15 prices £, 2014/15 prices £, 2014/15 prices

£, 2014/15 prices

£, 2014/15 prices £, 2014/15 prices £, 2014/15 prices

£, 2014/15 prices

£

£

£, 2014/15 prices Year average RCV for Charging Year T

Notes/description

A factor calculated for each Charging Year to express costs associated with that year in a 2014/15 price base. See Project Licence, Appendix 1, 1.1

Forecast RPI - see input sheet for description of source Forecast RPI - see input sheet for description of source NOT USED FOR RECONCULATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCULATION Forecast RPI - see input sheet for description of source

NOT USED OF RECONCLATION Calculated with reference to the index space was for March and September to capture April to September inflation (see detailed modeling assumption in "Statement of calculation 3223") NEW ROW ADDED FOR RECONCLATION Calculated with reference to the index values for March ad September to capture April to September inflation (see "Statement of Calculation 2223") NEW ROW ADDED FOR RECONCLATION Calculated with reference to the index Were New York 2005 FOR RECONCLATION Calculated with reference to the index values for March DOP ARE CONCLATION Calculated with reference to the index statement of Calculation 2023")

NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source

Year average RPI for 2014/15, used as base year RPI Year average RPI for Chaming year T-2 (or 2014/15 where this is later) NEW ROW ADDED FOR RECONCULTATION Year everage RPI for Charging Year I-1 NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year I

CALCULATION ALTERED FOR RECONCLIATION Factor used to adjust prices from Charging Year. 7 + 1 to Charging Year T CALCULATION ALTERED FOR RECONCLIATION Factor used to adjust prices from Charging Year. To Charging Year T to Charging Year T-1 to Charging Year T-1 to Charging Year T-2 Factor used to adjust prices from Charging Year T-2 to Base RPI Index year

Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T+1 to 2014/15 price base.

Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base.

Combines factors (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T-T to 2014/15 price base. Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price base.

Total Allowed Revenue calculated as the total of the building blocks below, in accordance with Project Licence, Appendix 1, 1.4. See Statement of calculation 2023 for further detail.

The Return on Capital building block allows the IP to earn a return on capital in relation to the forecast average RCV in the Charging Year in question. See Project Licence, Appendix 1, Part A 3

the end of the Changing Year Openning RCV to Changing Vear T-1: Soalar for adjust forecast costs for Changing Year T-1 to 2014/15 price base Allowable Project Speed (not welfield by the ITA) incurred in Changing Year T-1 Allowable Project Speed (not welfield by the ITA) incurred in Changing Year T-1 Allowable Project Speed (not set) to be incurred in Changing Year T-1 Closening RCV for Changing Year T- the sum of opening RCV for Changing year T-1 ad Allowable Project Speed (not set) the project Year T-1 Allowable Project Speed (not set) the project Year T-1 Allowable Project Speed (not welfield by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred al Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred in Changing Year T Allowable Project Speed (not welfied by the ITA) incurred (not project Speed (not welfied by the ITA) incurred (not havel) in the Year T Allowable Project Speed (not welfied by the ITA) incurred (not havel) in the Year T

The Liquidity building block allows the IP a liquidity allowance (return on capital) in relation to the incremental average RCV in the year following the Charging Year in question. See Project Licence, Appendix 1, Part A 4

RPI in November of previous Charging Year relative to 2014/15 base year RPI in November of Charging Year T-1 Average RPI for 2014/15

£, 2014/15 prices RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year

Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the period April to September in the calendar year in which Charging Year Yt-1 commenced

Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the period April to September in the calendar year in which Charging Year Yt commenced

Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the period April to September in the calendar year in which Charging Year Yt+1 commenced

Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 commenced Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 ends

Base RPI Charging Year Yt-2, or where this is on or before Base RPI Index year, 2014/15 Charging Year Yt-1 Charging Year Yt

1.1 (i) 1.1 (ii)

1.1 (iii) 1.1 (iv)

## RPI Adjustment Factor Charging Year T+1

RPI Adjustment Factor Charging Year T

RPI Adjustment Factor Charging Year T-1 RPI Adjustment Factor Charging Year T-2

Applicable Change in Revenue RPI RPit RPibase (Base RPI Index)

## A.1. Allowed Revenue

A.3. Return on Capital

## Ofwat Stated RCV for Yt-2

OPRCV Yt-1 2014/15 RPI Adjustment Factor Yt-1 Annual Actual Project Spend Yt-1 Estimated Allowable Project Spend Yt-1 Forecast Allowable Project Spend Yt-1 OPRCV Yt

2014/15 RPI Adjustment Factor Yt Annual Actual Project Spend Yt Estimated Allowable Project Spend Yt Forecast Allowable Project Spend Yt CPRCV Yt

## YARCV Yt

A.4. Liquidity

| OPRCV Yt+1<br>2014/15 RPI Adjustment Factor Yt+1<br>Annual Actual Project Spend Yt+1 |  |
|--|--|
| Estimated Allowable Project Spend Yt+1   |  |
| Forecast Allowable Project Spend for year t+1<br>CPRCV Yt+1                          |  |
| FYARCV Yt+1  |  |

A.5. Opex

## A.6. Financing Cost Adjustment building block

## Financing Cost Adjustment Index Yield

Base Reference Point (BRP) Annual Reference Point (ARP) BRP-ABP Market Cost of Debt Adjustment Factor (absolute) Market Cost of Debt Adjustment Factor (corrected sign)

## Net Debt in Charging Year Yt-2

Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2 Notional Debt to RCV Ratio Notional Net Debt in Charging Year Yt-2

## Net Debt in Charging Year Yt-3

Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-3 Notional Debt to RCV Ratio Notional Net Debt in Charging Year Yt-3

## Applicable Change in Revenue RPI for Charging Year Yt Applicable Change in Revenue RPI for Charging Year Yt-2

Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts

A.1.4. Tax

## A.7. Under/Over Recovered Revenue Adjustment

Allowed Revenue

Amount recovered in respect of Allowed Revenue (to end of September 2021)

Amount recovered in respect of Allowed Revenue (to end of September 2020)

## Applicable Change in Revenue RPI

Years of NPV adjustment

## Amounts in respect of prior Charging Years not yet reconciled (unadjusted)

Reconciliation amounts - Charging Year T-2 (unadjusted)

ation amounts (NPV-adju

## A.8. Reconciliation adjustment

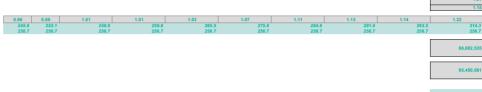
REMOVED FROM THIS RECONCLIATION SHEET AS RECONCLED SEPARATELY IN BBRA CALCULATION Reconciliation for updated expenditure and inflation data to reflect realised actuals and updated forecasts. See Project Licence, Appendix 1, Part A 8 £ enue for a given Charging Year is subject to buildin

| 2014/15         2015/16         2016/17         2017/18         2018/19         2019/20         2020/21           2015/16         2016/17         2017/18         2018/19         2019/20         2020/21         2020/21           2015/17         2017/18         2018/19         2019/20         2020/21         2021/22         2021/22         2021/22           2016/17         2017/18         2018/19         2019/20         2021/22         2022/23         2022/23           2017/18         2018/19         2019/20         2021/22         2022/23         2022/23         2022/24 | 2013/14 2014/15 | First<br>Charging<br>Year<br>2015/16<br>01/04/2015<br>31/03/2016<br>2013/14 | Second<br>Charging<br>Year<br>2016/17<br>01/04/2016<br>31/03/2017<br>2014/15 | Third<br>Charging<br>Year<br>2017/18<br>01/04/2017<br>31/03/2018<br>2015/16 | Fourth<br>Charging<br>Year<br>2018/19<br>01/04/2018<br>31/03/2019<br>2016/17 | Fifth<br>Charging<br>Year<br>2019/20<br>01/04/2019<br>31/03/2020<br>2017/18 | Sixth<br>Charging<br>Year<br>2020/21<br>01/04/2020<br>31/03/2021<br>2018/19 | Seventh<br>Charging<br>Year<br>2021/22<br>01/04/2021<br>31/03/2022<br>2019/20 |
|---|-----------------|---|--|---|--|---|---|---|
|   |                 | 2015/16   | 2016/17  | 2017/18   | 2018/19  | 2019/20   | 2020/21   | 2021/22   |
|   |                 |   |  |   |  |   |   |   |
|   |                 |   |  |   |  |   |   |   |

Eighth Charging Year 2022/23 01/04/2022 31/03/2023 2019/20 2020/21 2021/22 2022/23 2024/25

3.1%

294. 311. 351.





3.307.896.720 1.456638406 97,043,56 38,243,5 120,069,912 3,563,253,782

3,435,575,251

0

-18,366,706

-8,417,925

1.30%

-0.88

2.18% 1.43% -1.43%

62.5

1,689,497,869

2,889,052,61

1,805,657,883

1,156,967,223

2,307,915,72

1,442,447,327

1.14 1.22 1.11 1.13 218,424

-9,948,780

-6,747,688

1.30%

-0.47%

1.76% 1.01% -1.01%

1,156,967,223

2,307,915,724

1,442,447,327

543,155,000

1,655,435,722

62.59 1,034,647,326

 E. 2014/15 prices
 Genering CRV in Charaming Year T+1
 Scalar to adjust forecast contart for Charging Year T+1 to 2014/15 price base
 MoVW ROW ADDE FOR RECONCLATION Allowable Project Spend (inetified by the
 T/A) incurred in Charging Year T+1
 E. 2014/15 prices
 Allowable Project Spend forecast to 1
 Allowable Project Spend forecast to 1 £, 2014/15 prices Average RCV for Charging Year T+1 In line with the Project Licence, the Opex building block is zero as all costs are accounted for as capital expenditure. See Project Licence, Appendix 1, Part A 5

# The Financing Cost Adjustment building block is intended to protect against movements in the market cost of debt, by comparing a measure of financing costs at an annual reference point to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6

% See Project Licence Appendix 1, Part A 6.3

- % %
- % % %
- Courrent prices (March Net Debt at the end of Charging Year 7-2 as defined in Project Licence Appendix 1, d Charging Year 7-2, 1.44
   E. current prices (March RCV at the end of Charging Year 7-2 in their current prices d'Chanon Year 7-2, 35
   As defined in Project Licence Appendix 1, 1.45
   E. current prices (March NCV multipleed by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A d'Chanon Year 7-2, 6

- E, current prices (March Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, of Charging Year T-3) 1.44 E, current prices (March R-CV et the end of Charging Year T-3 in then current prices of Charging Year T-3) As defined in Project Licence Appendix 1, 1.45 E, current prices (March RCV and RCV multipled by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A of Charging Year T-3) 6.8
- - In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax See Project Licence Appendix 1, Part A 1.4
  - Sale mayou Lbance Application (, min 1, min £

  - Seatember 2021. Anount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19 and 2021/20 Allowed Revenue, prort to the end of September 2020 The cu-off at less areas that fuil ador the 2020 Nervence Statements. The cu-off at less areas that fuil ador the 2020 Nervence Statements. PRI In November of previous Charging Yaterratibite to 2014/15 Sates year Represents the number of years of NPV adjustment required two years for a Charging Year being reconcile for the first time, and one year to reconcile further anounts reacting of Colleging Years already reconcided. See "Statement of Calculation 2023" £

  - Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by Thames Water and received by Tideway in respect of that Allowed Revenue.
  - Reconciliation amount as calculated above, NPV-adjusted for the delay between the original Charging Year and the year of reconciliation using the BWACC and Applicable Change in Revenue RPI.

| 1.30% | 1.30% | 1.30%        | 1.30%        | 1.30%         | 1.30%         |   |
|-------|-------|--------------|--------------|---------------|---------------|---|
| 1.30% | 1.30% | 1.43%        | 0.35%        | 0.01%         | 0.23%         | ĺ |
| 0.00% | 0.00% | -0.13%       | 0.95%        | 1.29%         | 1.07%         | ſ |
| 0.00% | 0.00% | 0.00%        | 0.22%        | 0.54%         | 0.32%         | ſ |
| 0.00% | 0.00% | 0.00%        | -0.22%       | -0.54%        | -0.32%        | ſ |
|       |       |              |              |               |               |   |
| 0     | 0     | -130,376,913 | -315,869,558 | -72,091,186   | 543,155,000   |   |
| 0     | 0     | 151,310,515  | 502,087,458  | 1,043,425,953 | 1,655,435,722 |   |
| 62.5% | 62.5% | 62.5%        | 62.5%        | 62.5%         | 62.5%         |   |
| 0     | 0     | 94,569,072   | 313,804,661  | 652,141,221   | 1,034,647,326 |   |
|       |       |              |              |               |               |   |
| 0     | 0     | 0            | -130,376,913 | -315,869,558  | -72,091,186   |   |
| 0     | 0     | 0            | 151,310,515  | 502,087,458   | 1,043,425,953 |   |
| 62.5% | 62.5% | 62.5%        | 62.5%        | 62.5%         | 62.5%         |   |
| 0     | 0     | 0            | 94,569,072   | 313,804,661   | 652,141,221   |   |

 1.01
 1.01
 1.03
 1.07
 1.11

 0.96
 0.98
 1.01
 1.01
 1.03

0.35%

0

1.30% 1.43%

461,614

461,614

-1,016,891

-1,478,505

-3,201,092

-2,184,201

-0.88%

1.13 1.07

The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as a 13 March 2015 The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as a 13 March of Charging Year Y-2 Difference Debress Biff and AdV See Physic Licence Appendix 1 Part A 6.7 See Physic Licence Appendix 1 Part A 6.7

| Allowed Revenue (as at October 2021)       £       Allowed Revenue react-fulded using indexted spendtum and inferior data. Excludes the underview received mighted and the concillation adjusted at the reconcillation. See BBRA Calculation 2022 and BBRA Calc | Recordle this year?<br>Time since original calculation | n/a<br>years | adjustment where estimated or forecast expenditure or inflation inputs were used the<br>last time that yea's revenue was calculated. Defined as follows: 1 = yes, 0 = no<br>Represents the number of years since revenue was first calculated to feed into the<br>NPV adjustment of the reconciliation adjustment. |
|---|--|--------------|--|
| Allowed Revenue (is at October 2020)         E         Exclusion therefore recovered review adjustment and the reconciliation<br>adjustment building blocks, as these building blocks are not subject to reconciliation.           Applicable Change in Revenue RPI (yearn which adjustation was made)<br>Applicable Change in Revenue RPI (yearn which adjusted)         E         Adjustment adjustment and the reconciliation<br>adjustment building blocks, as these building blocks are not subject to reconciliation.           Reconciliation amounts (unadjusted)         E         Adjustment calculated as difference between updated calculation and previous year's<br>calculation, profit by PP adjustment using BWACC and Applicable Change in Revenue<br>RPI.           A.11. Additional Return on Capital Building Block         E         Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Todeway makes an IAR Owernu Application to IMP adjustment . The TA II.           A.11. Additional Liquidity Building Block         E         Not applicable. To be added to calculation if building block becomes relevant<br>(i.e. if<br>Todeway makes an IAR Owernu Application to increase Allowable Project Spend  | Allowed Revenue (as at October 2021)                   | £            | the under/over recovered revenue adjustment and the reconciliation adjustment<br>building blocks, as these building blocks are not subject to reconciliation. See BBRA   |
| Applicable Change in Revenue RPI (current year)       Adjustment calculated as difference between updated calculation and previous year's calculated, prior to NPV adjustment.         Reconciliation amounts (unadjusted)       £         Adjustment calculated as difference between updated calculation and previous year's calculation, post NPV-adjusted)         Adjustment using BWACC and Applicable Change in Revenue PPI.         Not applicable. To be added to postcation in Youlding block become relevant (i.e. if Tokeny remains an RA Pomm, replaced to calculation between Applicable To between Appli   |  | £            | Excludes the under/over recovered revenue adjustment and the reconciliation  |
| Peconolision amounts (unaquated)  C  C  C  C  C  C  C  C  C  C  C  C  C   |  |              |  |
| Reconciliation amounts (NPV-adjusted)         £         calculation, post NPV-adjustem truing BWACC and Applicable Change in Revience<br>RPI.           A.11. Additional Return on Capital Building Block         £         Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Toleway makes an IAR Ownm Applicable on biomesae Allowable Project Spend<br>above the Thesebod Columni, See Project Losence, Application is priority of the<br>Provide Columni, See Project Losence, Application is priority of the<br>Toleway makes and IAR Ownm Application is priority of the<br>Toleway makes and IAR Ownm Application is priority and the sender of the<br>Toleway makes and IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the<br>Toleway makes and IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender on IAR Ownm Application is priority and the sender of the sender o             | Reconciliation amounts (unadjusted)                    | £            |  |
| A.11. Additional Return on Capital Building Block     £     Toteway makes an IAP Overma Application to Increase Allowable Project Spend<br>above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11       A.11. Additional Liquidity Building Block     £     Toteway makes an IAP Overma Application to Increase Allowable Project Spend       A.11. Additional Liquidity Building Block     £     Toteway makes an IAP Overma Application to Increase Allowable Project Spend   | Reconciliation amounts (NPV-adjusted)                  | £            | calculation, post NPV-adjustment using BWACC and Applicable Change in Revenue  |
| A.11. Additional Liquidity Building Block £ Tideway makes an IAR Overrun Application to increase Allowable Project Spend  | A.11. Additional Return on Capital Building Block      | £            | Tideway makes an IAR Overrun Application to increase Allowable Project Spend   |
|   | A.11. Additional Liquidity Building Block              | £            | Tideway makes an IAR Overrun Application to increase Allowable Project Spend   |

|  |                     |  |         | BBRA Input | s 2020  |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
|--|---------------------|--|---------|------------|---------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|--|---------------------------------------|--------------------------------------|--------------------------------------|
|  | Unit                | Source/notes   | 2012/13 | 2013/14    | 2014/15 | First<br>Charging<br>Year<br>2015/16 | Second<br>Charging<br>Year<br>2016/17 | Third<br>Charging<br>Year<br>2017/18 | Fourth<br>Charging<br>Year<br>2018/19 | Fifth<br>Charging<br>Year<br>2019/20 | Sixth<br>Charging<br>Year<br>2020/21 | Seventh<br>Charging<br>Year<br>2021/22 | Eighth<br>Charging<br>Year<br>2022/23 | Ninth<br>Charging<br>Year<br>2023/24 | Tenth<br>Charging<br>Year<br>2024/25 |
| Year starts<br>Year ends   |                     |  |         |            |         | 01/04/2015<br>31/03/2016             | 01/04/2016<br>31/03/2017              | 01/04/2017<br>31/03/2018             | 01/04/2018<br>31/03/2019              | 01/04/2019<br>31/03/2020             | 01/04/2020<br>31/03/2021             | 01/04/2021<br>31/03/2022               | 01/04/2022<br>31/03/2023              | 01/04/2023<br>31/03/2024             | 01/04/2024<br>31/03/2025             |
| Year I-2<br>Year I-1<br>Year t   |                     |  |         |            |         | 2013/14<br>2014/15<br>2015/16        | 2014/15<br>2015/16<br>2016/17         | 2015/16<br>2016/17<br>2017/18        | 2016/17<br>2017/18<br>2018/19         | 2017/18<br>2018/19<br>2019/20        | 2018/19<br>2019/20<br>2020/21        | 2019/20<br>2020/21<br>2021/22          | 2020/21<br>2021/22<br>2022/23         | 2021/22<br>2022/23<br>2023/24        | 2022/23<br>2023/24<br>2024/25        |
| Year t+1<br>Year t+2   |                     |  |         |            |         | 2016/17<br>2017/18                   | 2017/18<br>2018/19                    | 2018/19<br>2019/20                   | 2019/20<br>2020/21                    | 2020/21 2021/22                      | 2021/22<br>2022/23                   | 2022/23<br>2023/24                     | 2023/24<br>2024/25                    | 2024/25<br>2025/26                   | 2025/26<br>2026/27                   |
| 1.1 2014/15 RPI Adjustment Factor  |                     |  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  | -                                     |                                      |                                      |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences  | %                   | Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HH resury, 24 August 2023<br>Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      | _                                      |                                       | 9.2%                                 | 4.4%                                 |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends   | %                   | Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of<br>independent forecasts", HM Tessary, 24 August 2023<br>Required by Project Licence Appendix 1, 1.1 (0, (ii), (iii)<br>Source: RPI (All lemsh) index. Consumer Proc. Inflation Tables. Table 36, 18 October 2023. Office for National |         | ſ          |         |                                      |                                       |                                      |                                       |                                      | ]                                    |  | 9.2%                                  | 4.4%                                 | 2.8%                                 |
| RPI, September of Charging Year  |                     | Statistics.<br>Required by Project Licence Appendix 1, 1.1(iii)<br>Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 18 October 2023, Office for National  |         |            | 257.6   | 259.6                                | 264.9                                 | 275.1                                | 284.1                                 | 291.0                                | 294.3                                | 308.6                                  | 347.6                                 |                                      |                                      |
| RPI, March of Charging Year  |                     | Source, ren (an aems) moex, Consumer mice initiation radies, radie se, re October 2023, Onice for National<br>Statistics:<br>Required by Project Licence Appendix 1, 1.1 (iii)   |         | 254.8      | 257.1   | 261.1                                | 269.3                                 | 278.3                                | 285.1                                 | 292.6                                | 296.9                                | 323.5                                  |                                       |                                      |                                      |
| Applicable Change in Revenue RPI   |                     | Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 20 December 2023, Office for   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| RPIt (RPI for November in Charging Year Yt-1)  |                     | National Statistics.<br>Required by Project Licence Appendix 1, Part A 3, 4 and 6<br>Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both<br>these years is being calculated together  |         | 245.6      | 252.1   | 259.8                                | 259.8                                 | 265.5                                | 275.8                                 | 284.6                                | 291.0                                | 293.5                                  |                                       |                                      |                                      |
| Year average RPI   |                     | Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 18 October<br>2023 Office for National Statistics<br>Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)  |         |            | 256.7   | 259.4                                | 265.0                                 | 274.9                                | 283.3                                 | 290.6                                | 294.2                                | 311.2                                  | 351.2                                 |                                      |                                      |
| A.3. Return on Capital and A.4 Liquidity   |                     |  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March  | 2014/15 prices, £   | Source: Ofwat publication:<br>Ofwat Regulatory Capital Values - Bazalgette Tunnel Limited (Tideway):<br>https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-22072020/ Zero<br>prior to licence award<br>Required by Project Licence Appendix 1, Part A 3  |         | -          | -       | 148,741,346                          | 478,533,658                           | 962,316,426                          | 1,490,337,315                         | 2,024,487,477                        |                                      |  |                                       |                                      |                                      |
| Allowable Project Spend (actual and forecast) - as at October 2023   | Outturn prices, £   | Source: "ITA Verification No.74" - received 4/10/2023 from Paul Horton. Verification to July 2023.   |         | 1          |         | 150,344,662                          | 340,489,147                           | 518,165,900                          | 582,828,772                           | 604,855,688                          | 542,182,309                          | 530,822,453                            | 509,695,109                           |                                      |                                      |
| Annual Actual Project Spend<br>Estimated Allowable Project Spend   | Outturn prices, £   | Required by Project Licence Appendix 1, Part A 3   |         |            | -       | -                                    | -                                     | -                                    | -                                     | -                                    | -                                    | -                                      | -                                     |                                      |                                      |
| Forecast Allowable Project Spend   | Outturn prices, £   | Source: "P06 Q2 2023-24 Expenditure Forecast Basecase" - from Rob Oliver, 11/10/23 16:31   |         |            | -       | -                                    | -                                     | -                                    | -                                     | -                                    | -                                    | -                                      | -                                     |                                      |                                      |
| Excluded Project Spend   | Outturn prices, £   | Paquined of Fridest Dualitie Fuberliux 1, Fail A 3, 4<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |            |         | 1                                    | 1                                     | 1                                    | 1                                     |                                      |                                      |  |                                       |                                      |                                      |
| Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project Spend<br>and therefore is excluded from the Allowable spend metrics set out above  | d Outturn prices, £ | Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| BWACC  | %                   | Source: Project Licence, Appendix 1, 1.18<br>Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8  |         |            |         | 2.497%                               |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| A.5. Opex<br>Opex forecast as at October 2023  | Outturn prices, £   | Note: In line with the Project Licence, zero as all expenditure treated as capex.  |         |            |         | -                                    | -                                     | -                                    | -                                     | -                                    | -                                    | -                                      |                                       |                                      |                                      |
| A.6. Financing Cost Adjustment   |                     | Required by Project Licence Appendix 1, Part A 5   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| A.G. I manoing oost Aujustinent  |                     | Source: "FCA yield calculator 2020.21.xlsx"  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March   | %                   | Calculated with reference to IBoxx BBB data and spot implied inflation rates for 10 year maturity from Bank of<br>England<br>Required by Project Licence Appendix 1, Part A 6  |         |            | 1.3%    | 1.4%                                 | 0.4%                                  | 0.0%                                 | 0.2%                                  | -0.5%                                |                                      |  |                                       |                                      |                                      |
| Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March  | March of Chargin    | Source Regulatory Accounts 2021/22 Need to update to Source: https://www.ofwat.gov.uk/publication/regulatory-<br>capital-values-bazalgette-tunnel-limited-tideway-2207202/ for the current year (i.e. 2021/22). Prior year values<br>are the value recorded in that charging year.   | -       |            |         | 151,310,515                          | 502,087,458                           | 1,043,425,953                        | 1,655,435,722                         | 2,307,915,724                        |                                      |  |                                       |                                      |                                      |
| Net Debt at 31 March   | March of Chargin    | Required by Project Licence Appendix 1, Part A 3<br>31 Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts<br>g tables October 2022)   | -       | -          |         | 130,376,913                          | - 315,869,558                         | 67,048,664                           | 556,634,438                           | 1,181,999,087                        |                                      |  |                                       |                                      |                                      |
| Notional Debt to RCV ratio   | Year<br>%           | Required by Project Licence Appendix 1, Part A 6<br>Source: Project Licence Appendix 1, 1.45<br>Required by Project Licence Appendix 1, Part A 6   |         |            | 62.5%   |                                      |                                       |                                      | !                                     |                                      |                                      |  |                                       |                                      |                                      |
| A 1.4. Tax   |                     |  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Tax as at October 2023   | Outturn prices, £   | In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax.<br>NOTE: ON prelates to BTL Tax.<br>See Project Licence Appendix 1, Part A 1.4  |         |            |         | -                                    | -                                     | -                                    | -                                     | -                                    | -                                    | -                                      |                                       |                                      |                                      |
| A.7. Under/Over Recovered Revenue Adjustment   |                     | See Project Licence, Appendix 1, Part A.7  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Allowed Revenue<br>Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of September<br>2019)   | Outturn prices,     | Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>E Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Amount recovered in respect of Allowed Revenue (to end of September 2018)<br>Years of NPV adjustment   | Outturn prices,     | Data removed as not required for reconciliation purposes. See "Inputs 2023". Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Amounts received from TWUL in Charging Year (all years of Allowed Revenue)   | Outturn prices,     | £ Data removed as not required for reconciliation purposes. See "Inputs 2023".   |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| A.8. Reconciliation adjustment<br>Time since original calculation<br>Reconcile this year?<br>Allowed Revenue as per most recently submitted Revenue Statement (excluding building block<br>reconciliation and under/over recovered revenue adjustment) | Years<br>£          | See Project Licence, Appendix 1, Part A 8<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".<br>Data removed as not required for reconciliation purposes. See "Inputs 2023".  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| A.11. Additional Return on Capital Building Block  |                     | Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an IAR  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| Additional Allowable Project Spend   |                     | Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,<br>Appendix 1, Part A 11  |         |            |         |                                      |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |
| A 1.6.4. Net Present Value Adjustment<br>End of first charging year<br>Licence Award   |                     | Last day of the First Charging Year<br>Date of Licence award   |         |            |         | 31/03/2016<br>24/08/2015             |                                       |                                      |                                       |                                      |                                      |  |                                       |                                      |                                      |

|  |             | в  | BRA Calcu | lation 202 | 20      |  |  |
|--|-------------|--|-----------|------------|---------|--|--|
| Building Block   | Unit        | Notes/description  |           | 2013/14    | 2014/15 | First<br>Charging<br>Year<br>2015/16   | Second<br>Charging<br>Year<br>2016/17  |
| Year starts<br>Year ends<br>Year t-2<br>Year t-1<br>Year t-1<br>Year t+2<br>Year t+2   |             |  |           |            |         | 01/04/2015<br>31/03/2016<br>2013/14<br>2014/15<br>2015/16<br>2016/17<br>2016/17<br>2017/18 | 01/04/2016<br>31/03/2017<br>2014/15<br>2015/16<br>2016/17<br>2016/17<br>2017/18<br>2018/19 |
| 1.1 2014/15 RPI Adjustment Factor  |             | A factor calculated for each Charging Year to express costs associated with that year in a<br>2014/15 price base. See Project Licence, Appendix 1, 1.1   |           |            |         |  |  |
| (a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year<br>Yt+1, estimated Allowable Project Spend for the said Charging Year shall be defined<br>from a price base in Charging Year Yt+1 to the Base RPI Index year ((2) 41/415), using an<br>adiustment factor derived from multiolivin the factors set out in 10, (ii), (iii) and (iv)<br>Forecast RPI Adjustmer Factor for the calendar year in which Charging Year Yt+1 commences<br>Forecast RPI Adjustmer Factor for the calendar year in which Charging Year Yt+1 commences<br>Forecast RPI Adjustmer Factor for the calendar year in which Charging Year Yt+1 ends<br>Forecast RPI Adjustmer Factor for the calendar year in which Charging Year Yt+1 ends<br>Forecast RPI Adjustmer Factor for the calendar year in which Charging Year Yt+1 ends | %<br>%<br>% | NOT USED FOR RECONCILATION Forecast RPI - see input sheet for description of source<br>NOT USED FOR RECONCILATION Forecast RPI - see input sheet for description of source<br>NOT USED FOR RECONCILATION Forecast RPI - see input sheet for description of source<br>NOT USED FOR RECONCILATION Forecast RPI - see input sheet for description of source |           |            |         |  |  |
| Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt-1 commenced  | %           | NOT USED FOR RECONCILATION Calculated with reference to the index values for<br>March and September to capture April to September inflation (see detailed modelling<br>assumptions in "Statement of calculation 2023")   |           |            |         |  |  |
| Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt commenced  | %           | NOT USED FOR RECONCILIATION Calculated with reference to the index values for<br>March and September to capture April to September inflation (see detailed modelling<br>assumptions in "Statement of calculation 2023")  |           |            |         |  |  |
| Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the<br>period April to September in the calendar year in which Charging Year Yt+1 commenced  | %           | NEW ROW ADDED FOR RECONCILIATION Calculated with reference to the index<br>values for March and September to capture April to September inflation (see "Statement of<br>calculation 2023")   |           |            |         |  |  |
| Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 commenced<br>Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 ends  | %<br>%      | NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source<br>NOT USED FOR RECONCILIATIONForecast RPI - see input sheet for description of source  |           |            |         |  |  |

Year average RPI for 2014/15, used as base year RPI Year average RPI for Charging year 7.2 (or 2014/15 where this is later) NEW ROW ADDED FOR RECONCULATION Year average RPI for Charging Year 1-1 NEW ROW ADDED FOR RECONCULATION Year average RPI for Charging Year 1-1 NEW ROW ADDED FOR RECONCULATION Year average RPI for Charging Year 1-1 NEW ROW ADDED FOR RECONCULATION Year average RPI for Charging Year 1-1

Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T+1 to 2014/15 price base.

Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base.

Combines factors (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base. NOT USED FOR ECONCILLATION Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price base.

Total Allowed Revenue calculated as the total of the building blocks below, in accordance with Project Licence, Appendix 1, 1.4. See Statement of calculation 2023 for further detail.

The Return on Capital building block allows the IP to earn a return on capital in relation to the forecast average RCV in the Charging Year in question. See Project Licence, Appendix 1, Part A 3

end of the Charging Year Domining RCV for Charging Year T-1 Scalar to signist Toresast costs for Charging Year T-1 to 2014/15 price base Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend for verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend foreasts to be incurred in Charging Year T-1 Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (verified by the ITA) incurred Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend in that year

The Liquidity building block allows the IP a liquidity allowance (return on capital) in relation to the incremental average RCV in the year following the Charging Year in question. See Project Licence, Appendix 1, Part A 4

In line with the Project Licence, the Opex building block is zero as all costs are accounted for as capital expenditure. See Project Licence, Appendix 1, Part A 5

The Financing Cost Adjustment building block is intended to protect against movements in the market cost of debt, by comparing a measure of financing costs at an annual reference point to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6

The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 37 March 2015 The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March of Charaina Year Y-2 Difference Boleware BRP and ARP A 6.7 See Project Learne Appendix 1 Plant A 6.7

Queunon Lower Freque Licencies, reparation (\* 1997) Denning RCV for Danging Year T-1 Scalar to adjust forcenat costs for Charging Year T-1 to 2014/15 price base NEW ROW ADDED FOR RECONCILIATION Allowable Project Spand (verified by the ITA) incurred in Charging Year T+1 NEW ROW ADDED FOR RECONCILIATION Allowable Project Spand (not verified by the ITA) incurred in Charging Year T+1 Allowable Project Spand forecast to be incurred in Charging Year T+1 Closing RCV for Charging Year T+1

RPI in November of previous Charging Year relative to 2014/15 base year RPI in November of Charging Year T-1 Average RPI for 2014/15

£, 2014/15 prices RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year

Year average RCV for Charging Year T

Average RCV for Charging Year T+1

See Project Licence Appendix 1, Part A 6.3

E, current prices (March of Charding Year T-2)
 E, current prices (March of Charding Year T-2)
 Charding Year T-2 in then current prices
 Charding Year T-2
 in then current prices
 A defined in Project Licence Appendix 1, 1.45
 E. current prices (March of Charding Year T-2)
 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9
 Charding Year T-2)

E, current prices (March of Charging Year T-3)
 E. Current prices (March of RCV at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44 E. current prices (March of Charging Year T-3)
 As defined in Project Licence Appendix 1, 1.45
 E. current prices (March of Charging Year T-3)
 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9
 Charging Year T-3)

In line with the Project Licence, zero as the IP is not required to pay corp other income-based tax See Project Licence Appendix 1, Part A 1.4

REMOVED FROM THIS RECONCLIATION SHEET AS RECONCLED SEPARATELY, AS UNDERVOYER RECOVERED REVENUE IN RELATION TO ALL APPLICABLE CHARGING YARABS IS RECONCLED TO ALCILLATION 2020. The reviewe adjustment building block is to reconcile for underiver recovered Allowed Reviewe in previous Charging Years. See Project Licence, Appendix 1, Part A 7 Allowed Reviewus as submitted in 2015, 2016 and 2017 updated revised Revenue Statement

Alloyade revenues as summaries in core, sorvers as a set of the se

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CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T + 1 to Charging Year T CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T to Charging Year T-2 CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2 Factor used to adjust prices from Charging Year T-2 to Base RPI Index year

# Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 comm Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 ends

|                    | Charging Year Yt-2, or where this is on or before Base RPI Index year, 2014/15 |  |  |  |  |  |  |
|--------------------|--|--|--|--|--|--|--|
| Charging Year Yt-1 |  |  |  |  |  |  |  |
|                    | Charging Year Yt   |  |  |  |  |  |  |
|                    | Charging Year Yt+1   |  |  |  |  |  |  |
|                    |  |  |  |  |  |  |  |
|                    | 1.1 (i)  |  |  |  |  |  |  |
|                    | 1.1 (ii)   |  |  |  |  |  |  |
|                    | 1.1 (iii)  |  |  |  |  |  |  |
|                    | 1.1 (iv)   |  |  |  |  |  |  |
|                    |  |  |  |  |  |  |  |
|                    |  |  |  |  |  |  |  |
|                    | RPI Adjustment Factor Charging Year T+1  |  |  |  |  |  |  |
|                    |  |  |  |  |  |  |  |

RPI Adjustment Factor Charging Year T

RPI Adjustment Factor Charging Year T-1 tment Factor Charging Year T-2

Applicable Change in Revenue RPI RPlt RPlbase (Base RPI Index)

A.1. Allowed Revenue

A.3. Return on Capital

Ofwat Stated RCV for Yt-2

OPRCV YI-1 2014/15 RPI Adjustment Factor YI-1 Annual Actual Project Spend YI-1 Estimated Allowable Project Spend YI-1 Forecast Allowable Project Spend YI-1

OPRCV Yt

2014/15 RPI Adjustment Factor Yt Annual Actual Project Spend Yt Estimated Allowable Project Spend Yt Forecast Allowable Project Spend Yt

CPRCV Yt YARCV Yt

A.4. Liquidity

OPRCV Yt+1 2014/15 RPI Adjustment Factor Yt+1 Annual Actual Project Spend Yt+1 Estimated Allowable Project Spend Yt+1 Forecast Allowable Project Spend for year t+1 CPRCV Yt+1

FYARCV Yt+1

A.5. Opex

A.6. Financing Cost Adjustment building block

Financing Cost Adjustment Yt Financing Cost Adjustment Index Yield

Base Reference Point (BRP) Annual Reference Point (ARP)

Market Cost of Debt Adjustment Factor (absolute) Market Cost of Debt Adjustment Factor (corrected sign)

Net Debt in Charging Year Yt-2 Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2 Notional Debt to RCV Ratio

Notional Net Debt in Charging Year Yt-2 Net Debt in Charging Year Yt-3

Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-3 Notional Debt to RCV Ratio Notional Net Debt in Charging Year Yt-3

Applicable Change in Revenue RPI for Charging Year Yt Applicable Change in Revenue RPI for Charging Year Yt-2

A.1.4. Tax

A.7. Under/Over Recovered Revenue Adjust

Allowed Revenue

Amount recovered in respect of Allowed Revenue (to end of September 2020)

Amount recovered in respect of Allowed Revenue (to end of September 2019)

Applicable Change in Revenue RPI

Years of NPV adjustment

Amounts in respect of prior Charging Years not yet reconciled (unadjusted)

Reconciliation amounts - Charging Year T-2 (unadjusted)

Reconciliation amounts (NPV-adjusted)

A.8. Reconciliation adjustment

£

REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED SEPARATELY IN BBRA CALCULATION Reconciliation for updated expenditure and inflation data to reflect realisted actuatis and inditated formacets. Real Primer Lineare Appendix A &

Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by Thames Water and received by Tideway in respect of that Allowed Revenue. Reconciliation amount as calculated above, NPV-adjusted for the delay between the original Charging Year and the year of reconciliation using the BWACC and Applicable Change in Revenue RPI.

0.95% 0.22% -315,869,558 130,376,913 151,310,515 502,087,458 313,804,661 94,569,072 -130,376,913 0 151,310,515 62.5% 0 62.5% 62.5% 62.5% 0 0 94,569,072 1.03 1.07 1.01 1.11 1.03 1.01

1.30%

Third Charging Year 2017/18 01/04/2017 31/03/2018 2015/16 2016/17 2017/18 2018/19 2019/20

Fourth Charging Year 2018/19 01/04/2018 31/03/2019 2016/17 2017/18 2018/19 2019/20 2020/21

Fifth Charging Year 2019/20 01/04/2019 31/03/2020 2017/18 2018/19 2019/20 2020/21 2020/21 2021/22

Sixth

Sixth Charging Year 2020/21 01/04/2020 31/03/2021 2018/19 2019/20 2020/21 2021/22 2022/23

 0.96
 0.98
 1.01

 245.6
 252.1
 259.8

0

1.30%

1.

1.01

259.8

1.03

290.6 294.2 311.2 351.2

Seventh Charging Year 2021/22 01/04/2021 31/03/2022 2019/20 2020/21 2021/22 2022/23 2022/23

1.3 1.21

1.14 293.5 256.7 1.11 1.13 284.6 291.0 265.5 1.07 275.8 78,997,445 77,564,74 2,024,487,477 2,024,487,477 1.15 473,065,584 2,497,553,0 437,862,06 2,935,415,123

> 2,716,484,092 11,569,016 2,935,415,123 1.37 372,481,59

3,307,896,720 3,121,655,922

0 -3,261,627 -10,136,312 -2,214,153

-1,047,473 -1,509,088 -6,874,685 -0.47% 1.30% 1.30% 1.30% 0.01% 0.239 -0.47%

1.13

1.30% 1.30% 1.43% 0.35% 1.76% 1.01% -1.01% 1.29% 0.54% 0.54% 1,181,999,087 -67,048,664 556,634,438 1,043,425,953 1,655,435,722 2,307,915,72 62.5% 1,442,447,327 652,141,221

461,614

461,614

1.30%

1.30%

556,634,438 -315,869,558 -67,048,664 1,043,425,953 1,655,435,7 502,087,458 62.5% 62.5 652,141,221 313,804,661 1,034,647,326

1.14

|   |              | realised details and aparted foredate. Gee higher Electrice, reperior 1, rather  |
|---|--------------|--|
| Reconcile this year?<br>Time since original calculation   | n/a<br>years | Revenue for a given Dharging Year is subject to building block reconciliation adjustment<br>where estimated or forecast expenditure or inflation inputs were used the last time that<br>year's revenue was calculated. Defined as follows: 1: yea, 0- no<br>Represents the number of years since revenue was first calculated to leed into the NPV<br>adjustment of the reconciliation adjustment. |
| Allowed Revenue (as at October 2020)  | £            | Allowed Revenue recelculated using updated expenditure and inflation data. Excludes<br>the under/over recovered revenue adjustment and the reconciliation adjustment building<br>blocks, as these building blocks are not subject for exoniliation. See BBRA Calculation<br>2018, BBRA Calculation 2019 and BBRA Calculation 2020.   |
| Allowed Revenue (as at October 2019)  | £            | Allowed Revenue as submitted in 2019 updated revised Revenue Statement. Excludes<br>the under/over recovered revenue adjustment and the reconciliation adjustment building<br>blocks, as these building blocks are not subject to reconciliation.  |
| Applicable Change in Revenue RPI (year in which original calculation was made)<br>Applicable Change in Revenue RPI (current year) |              |  |
| Reconciliation amounts (unadjusted)   | £            | Adjustment calculated as difference between updated calculation and previous year's<br>calculation, prior to NPV adjustment.   |
| Reconciliation amounts (NPV-adjusted)   | £            | Adjustment calculated as difference between updated calculation and previous year's<br>calculation, post NPV-adjustment using BWACC and Applicable Change in Revenue RPI.  |
| A.11. Additional Return on Capital Building Block   | £            | Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Tideway makes an IAR Overrun Application to increase Allowable Project Spend above<br>the Threshold Outturn). See Project Licence, Appendix 1, Part A 11   |
| A.11. Additional Liquidity Building Block   | £            | Not applicable. To be added to calculation if building block becomes relevant (i.e. if<br>Tideway makes an IAR Overrun Application to increase Allowable Project Spend above<br>the Threshold Outturn). See Project Licence, Appendix 1, Part A 11   |