

OFFICIAL

Tideway Revenue Statement 2024

Allowed Revenue for Charging Year 2025/26

2340-TDWAY-TTTUN-990-ZZ-ED-700137

Revenue Statement - 2025/26 Allowed Revenue

Submitted to Ofwat on 20 December 2024

<i>£, nominal</i>	Year preceding Prior Charging Year 2022/23	Prior Charging Year 2023/24	Current Charging Year 2024/25	Forthcoming Charging Year 2025/26
Allowed Revenue	86,316,446	117,946,599	133,568,927	134,168,566
Amounts received from TWUL in Charging Year	86,667,996	106,544,937		

IP Charge Notification - 2025/26 Allowed Revenue

Submitted to Thames Water on 20 December 2024

IP Charge Estimate for 2025/26 (£)

134,168,566

November 2024 RPI

390.9

Source: ONS (18 December 2024 release)

Financing Cost Adjustment (t) = (Net Debt (t-2) - Net Debt (t-3)) * Market Cost of Debt Adjustment Factor (t) * (1 + BWACC)^2 * Applicable Change in Revenue RPI (t)
 where Market Cost of Debt Adjustment Factor (t) =
 i) if the difference between the BRP and the ARP on any ARP Calculation Date is +/- 50 bps, the market cost of debt adjustment factor will be 0
 ii) if the difference between the BRP and the ARP is between (+/-) 51 bps and 100 bps, the market cost of debt adjustment factor will be equal to 50% of the amount by which such difference exceeds 50bps
 iii) if the difference between the BRP and the ARP is greater than +/- 100 bps, the market cost of debt adjustment factor will be equal to the amount by which such difference exceeds 75 bps
 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.
 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 = $(1 + \text{Iboxx BBB UK non-financials with 10+ year maturity}) \cdot (1 + \text{spot implied inflation rates for 10 year maturity published by the Bank of England})$

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 Year and all previous 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 previous years, and details of prior years calculations are available in previous Revenue Statements (with the relevant Revenue Statement identified in the table). There was no Financing Cost Adjustment in respect of the Allowed Revenue for the First or Second Charging Years, as in both cases, Tideway did not exist in Charging Year t-2 and t-3, and so did not hold any Net Debt at this time. The Financing Cost Adjustment building block was zero in the Third Charging Year as the difference between the BRP and ARP was less than 50 bps, and therefore the Market Cost of Debt Adjustment Factor was zero. The Financing Cost Adjustment for the Eighth charging year includes an adjustment agreed with Ofwat to correct for an error in the published net debt figure within the regulatory accounts. Prior year net debt figures were restated through the Reconciliation Adjustment and it was agreed that a one off adjustment to correct the FCA would be applied, so that customers and Tideway are in a position 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	2025/26	
Revenue Statement	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Base Reference Point	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	
Annual Reference Point	1.30%	1.30%	1.43%	0.36%	0.01%	0.23%	-0.47%	-0.88%	0.00%	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%	0.00%	
Change in Net Debt	0.0	0.0	-130.4	-185.5	-243.8	-315.2	-413.8	-532.5	0.0	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	-18.4	0.0	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	-18.4	

For the Eleventh 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
 = (1889.5 - 1156.97) * -1.43% * (1 + 0.02497)^2 * 1.22 * 1.13 * 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%) = -1.43%
 (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 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6) + Financing Cost Adjustment(year 7) + Financing Cost 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.
 = 0.0 (€m)

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 Yt = Allowed Revenue for Charging Year t-2 - (the amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Charging Year t-2 + the amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of any Charging Year falling prior to Charging Year t-2 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 Eleventh Charging Year is based on recovery of revenue for the Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Charging Years. The Ninth Charging Year is being reconciled for the first time and the Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Charging Years are being reconciled to remove amounts that have been reconciled previously but have subsequently been recovered from Thames Water.

Note: Tideway agreed with TWUL, approved by Ofwat (March 2023) to simplify the revenue collection allocation methodology. Under the simplification revenues collected from April 2023 are only allocated to recent years. This does NOT impact the overall amounts paid by customers.
 The table below sets out the amount in respect of the IP Charge recovered by Tideway in respect of the Tenth Charging Year at the time this Revenue Statement is being prepared.

Charging Year	€m	Payment received from Thames Water in period																Total	
		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2023/24			2024/25
	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	Oct-Mar	Apr-Sep	
2015/16	11.2																		
2016/17	22.4	12.1	14.6	4.3	0.8	0.3	0.2												
2017/18	28.6	n/a	n/a	9.3	12.4	2.4	0.4	0.2	0.4	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018/19	49.2	n/a	n/a	n/a	n/a	16.3	18.7	10.7	1.6	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0
2020/21	76.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.1	13.6	3.1	0.5	0.2	0.2	0.0	0.0	0.0	0.0
2021/22	87.0	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	-0.1	0.2	0.2	0.2
2022/23	86.3	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	-0.6	0.9	0.9	0.9	0.9
2023/24	117.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	39.4	55.1	14.5	109.0	109.0	109.0

Reconciliation amounts in respect of Ninth Charging Year (before NPV adjustment) = Allowed Revenue for Ninth Charging Year - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Ninth Charging Year (to end of September 2024)
 = 117.9 - 109
 = 8.9 (€m)
 Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Eighth Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Eighth Charging Year (to end of September 2023)
 = 71.2 - 70.9
 = 0.3 (€m)
 Reconciliation amounts in respect of Seventh Charging Year (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Seventh Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Seventh Charging Year (to end of September 2023)
 = 83.0 - 82.9
 = 0.2 (€m)
 Reconciliation amounts in respect of Sixth Charging Year (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Sixth Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Sixth Charging Year (to end of September 2023)
 = 68.1 - 68.1
 = 0.0 (€m)
 Reconciliation amounts in respect of Fifth Charging Year not previously included (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Fifth Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Fifth Charging Year (to end of September 2023)
 = 60.8 - 60.8
 = 0.0 (€m)
 Reconciliation amounts in respect of Fourth Charging Year not previously included (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Fourth Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Fourth Charging Year (to end of September 2023)
 = 47.9 - 47.9
 = 0.0 (€m)
 Reconciliation amounts in respect of Third Charging Year not previously included (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Third Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Third Charging Year (to end of September 2023)
 = 28.1 - 28.1
 = 0.0 (€m)
 Reconciliation amounts in respect of Second Charging Year not previously included (before NPV adjustment) = Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Second Charging Year (to end of September 2024) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Second Charging Year (to end of September 2023)
 = 32.1 - 32.1
 = 0.0 (€m)

As required by Appendix 1 A7 of the licence, the reconciliation amounts are subject to a net present value (NPV) adjustment, which 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 Ninth Charging Year (after NPV adjustment) = Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * ((1+BWACC)^2) * Applicable Change in Revenue RPI (year 11) - Applicable Change in Revenue RPI (year 9)
 = 8.9 * (1 + 0.02497)^2 * 1.52 * 1.40
 = 10.2 (€m)
 Reconciliation amounts in respect of Eighth Charging Year (after NPV adjustment) = Reconciliation amounts in respect of Eighth Charging Year (before NPV adjustment) * (1+BWACC) * Applicable Change in Revenue RPI (year 11) - Applicable Change in Revenue RPI (year 10)
 = -0.3 * (1 + 0.02497) * 1.52 * 1.47
 = -0.3 (€m)
 Reconciliation amounts in respect of Seventh Charging Year (after NPV adjustment) = Reconciliation amounts in respect of Seventh Charging Year (before NPV adjustment) * (1+BWACC) * Applicable Change in Revenue RPI (year 11) - Applicable Change in Revenue RPI (year 10)
 = -0.2 * (1 + 0.02497) * 1.52 * 1.47
 = -0.2 (€m)

Reconciliation amounts in respect of Sixth Charging Year (after NPV adjustment)	=	Reconciliation amounts in respect of Sixth Charging Year (before NPV adjustment) * ((1+BWACC)) *	Applicable Change in Revenue RPI (year 11)						
	=	0.0 * ((1 + 0.02497)) *	Applicable Change in Revenue RPI (year 10)						
	=	0.0 (€m)	<u>1.52</u>						
			1.47						
Reconciliation amounts in respect of Fifth Charging Year not previously included (after NPV adjustment)	=	Reconciliation amounts in respect of Fifth Charging Year (before NPV adjustment) * ((1+BWACC)) *	Applicable Change in Revenue RPI (year 11)						
	=	0.0 * ((1 + 0.02497)) *	Applicable Change in Revenue RPI (year 10)						
	=	0.0 (€m)	<u>1.52</u>						
			1.47						
Reconciliation amounts in respect of Fourth Charging Year not previously included (after NPV adjustment)	=	Reconciliation amounts in respect of Fourth Charging Year (before NPV adjustment) * ((1+BWACC)) *	Applicable Change in Revenue RPI (year 11)						
	=	0.0 * ((1 + 0.02497)) *	Applicable Change in Revenue RPI (year 10)						
	=	0.0 (€m)	<u>1.52</u>						
			1.47						
Reconciliation amounts in respect of Third Charging Year not previously included (after NPV adjustment)	=	Reconciliation amounts in respect of Third Charging Year (before NPV adjustment) * ((1+BWACC)) *	Applicable Change in Revenue RPI (year 11)						
	=	0.0 * ((1 + 0.02497)) *	Applicable Change in Revenue RPI (year 10)						
	=	0.0 (€m)	<u>1.52</u>						
			1.47						
Reconciliation amounts in respect of Second Charging Year not previously included (after NPV adjustment)	=	Reconciliation amounts in respect of Second Charging Year (before NPV adjustment) * ((1+BWACC)) *	Applicable Change in Revenue RPI (year 11)						
	=	0.0 * ((1 + 0.02497)) *	Applicable Change in Revenue RPI (year 10)						
	=	0.0 (€m)	<u>1.52</u>						
			1.47						
Revenue Adjustment (Tenth Charging Year) (after NPV adjustment)	=	The sum of the reconciliation amounts all after NPV adjustments in respect of Ninth Charging Year, and (where previously not included) the Eighth, Seventh, Sixth, Fifth, Fourth, Third, and Second Charging Years.							
	=	10.2 -0.3 -0.2 0.0 0.0 0.0 0.0 0.0							
	=	9.7 (€m)							

Building Block Reconciliation Adjustment (BBRA)

A reconciliation adjustment applies for the Return on Capital, Liquidity, Opex, Financing Cost Adjustment, Tax, Additional Return on Capital and Additional Liquidity building blocks.

The reconciliation is calculated on a net present value neutral basis, using the Bid WACC as the discount factor. It reconciles for actual values realised since the previous calculation of the Allowed Revenue for a particular year, and updated forecasts. In practice, this means reconciling for updated expenditure and inflation.

In the 2024 Revenue Statement, the building block reconciles 2023/24 Allowed Revenue for the first time and includes a further reconciliation of 2021/22 and 2022/23 Allowed Revenue. The 2021/22 Allowed Revenue is being reconciled for the first time in this 2024 Revenue Statement. This is because actual values have now been 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 reconciled in previous years.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Allowed Revenue - as calculated for 2015 Revenue Statement	11.2	22.4								
Allowed Revenue - as calculated for 2016 Revenue Statement	8.7	19.8	34.0							
Allowed Revenue - as calculated for 2017 Revenue Statement	8.1	18.6	32.9	49.5						
Allowed Revenue - as calculated for 2018 Revenue Statement		18.2	31.9	48.4	62.5					
Allowed Revenue - as calculated for 2019 Revenue Statement			31.7	47.7	62.6	74.7				
Allowed Revenue - as calculated for 2020 Revenue Statement				47.6	62.0	74.9	80.4			
Allowed Revenue - as calculated for 2021 Revenue Statement					61.6	73.5	78.5	85.6		
Allowed Revenue - as calculated for 2022 Revenue Statement						73.6	79.0	86.8	107.6	
Allowed Revenue - as calculated for 2023 Revenue Statement							79.0	86.7	108.9	119.5
Allowed Revenue - as calculated for 2024 Revenue Statement								86.4	107.9	119.1

The table above shows the Allowed Revenue for each year as calculated/re-calculated in each Revenue Statement

The Allowed Revenue figures set out above exclude the building block reconciliation adjustment (BBRA) and revenue adjustment (RA) building blocks, which are not subject to reconciliation (and which were zero for 2015/16 and 2016/17 Allowed Revenue).

The building block reconciliation is made on a net present value neutral basis using the Bid WACC as a discount factor and adjusting for inflation using RPI, which takes into account the number of years since the Allowed Revenue for a given year was first calculated. This gives the following calculation:

Building block reconciliation adjustment = (Eleventh Charging Year)	(2022/23 Allowed Revenue [2024 calculation] - 2022/23 Allowed Revenue [2023 calculation]) * ((1 + Bid WACC)^3) * Applicable Change in Revenue RPI (year 11)	(2023/24 Allowed Revenue [2024 calculation] - 2023/24 Allowed Revenue [2023 calculation]) * ((1 + Bid WACC)^2) * Applicable Change in Revenue RPI (year 11)	(2024/25 Allowed Revenue [2024 calculation] - 2024/25 Allowed Revenue [2023 calculation]) * ((1 + Bid WACC)^1) * Applicable Change in Revenue RPI (year 11)
=	(86.4 - 86.7) * ((1 + 0.02497)^3) * 1.52	(107.9 - 108.9) * ((1 + 0.02497)^2) * 1.40	(119.5 - 119.1) * ((1 + 0.02497)^1) * 1.47
=	-0.3	-0.4	-2.0
=			(£m)

Return on Capital

Eleventh Charging Year

Return on Capital = Average RCV in Eleventh Charging Year * Bid WACC * Applicable Change in Revenue RPI for the Eleventh Charging Year	Ninth Charging Year Return on Capital = Average RCV in Ninth Charging Year * Bid WACC * Applicable Change in Revenue RPI for the Ninth Charging Year	Tenth Charging Year Return on Capital = Average RCV in Tenth Charging Year * Bid WACC * Applicable Change in Revenue RPI for the Tenth Charging Year
= 3,121.7 * 2.497% * 314.3 / 256.7	= 3,427.5 * 2.497% * 358.3 / 256.7	= 3,621.2 * 2.497% * 377.3 / 256.7
= 95.5 (£m)	= 119.5 (£m)	= 132.9 (£m)

Liquidity

Eleventh Charging Year

Liquidity = (Forecast average RCV in year 9 - Average RCV in year 8) * Bid WACC * Applicable Change in Revenue RPI for the Eleventh Charging Year	Ninth Charging Year Liquidity = (Forecast average RCV in year 10 - Average RCV in year 9) * Bid WACC * Applicable Change in Revenue RPI for the Ninth Charging Year	Tenth Charging Year Liquidity = (Forecast average RCV in year 11 - Average RCV in year 10) * Bid WACC * Applicable Change in Revenue RPI for the Tenth Charging Year
= 305.8 * 2.497% * 314.3 / 256.7	= 193.7 * 2.497% * 358.3 / 256.7	= 124.4 * 2.497% * 377.3 / 256.7
= 9.4 (£m)	= 6.8 (£m)	= 4.6 (£m)

Opex
In line with Tideway's licence, the Opex building block is zero as all costs are accounted for as capital expenditure. Therefore, no reconciliation is required.

Financing Cost Adjustment (Final reconciliation for 2021/22)

The Financing Cost Adjustment does not rely on any forecast inputs and therefore a reconciliation for actuals and updated forecasts is not required.

However, if any actuals are restated for prior years, for any reason, the FCA will need to be reconciled.

Tideway restated its reported net debt figures back to the regulatory accounts for the year ending 2017/18, impacting on three Charging Years back to 2019/20 (the Fifth Charging Year) for use in the FCA, therefore a reconciliation was required for the three Charging Years impacted.

Fifth Charging Year

Financing Cost Adjustment (year 5) = (Restated Net Debt (year 3) - Net Debt (year 2)) * Market Cost of Debt Adjustment Factor (year 5) * (1 + BWACC)^2 * Applicable Change in Revenue RPI (year 5)
= (-57.05 - -315.87) * -0.54% * ((1 + 0.02497)^2) * 1.11 / 1.03
= -1.5 (£m)

Financing Cost Adjustment building block = Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6)
= 0 + 0 + 0 + 0.5 -1.5
= -1.0 (£m)

Sixth Charging Year

Financing Cost Adjustment (year 6) = (Restated Net Debt (year 4) - Restated Net Debt (year 3)) * Market Cost of Debt Adjustment Factor (year 6) * (1 + BWACC)^2 * Applicable Change in Revenue RPI (year 6)
= (556.63 - -67.05) * -1.01% * ((1 + 0.02497)^2) * 1.13 / 1.07
= -2.2 (£m)

Financing Cost Adjustment building block = Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6)
= 0 + 0 + 0 + 0.5 -1.5 -2.2
= -3.3 (£m)

Seventh Charging Year

Financing Cost Adjustment (year 7) = (Restated Net Debt (year 5) - Restated Net Debt (year 4)) * Market Cost of Debt Adjustment Factor (year 7) * (1 + BWACC)^2 * Applicable Change in Revenue RPI (year 7)
= (1182 - 556.63) * -1.43% * ((1 + 0.02497)^2) * 1.14 / 1.11
= -6.9 (£m)

Financing Cost Adjustment building block = Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6) + Financing Cost Adjustment (year 7)
= 0 + 0 + 0 + 0.5 -1.5 -2.2 -6.9
= -10.1 (£m)

Eighth Charging Year

Financing Cost Adjustment (year 8) = (Restated Net Debt (year 6) - Restated Net Debt (year 5)) * Market Cost of Debt Adjustment Factor (year 8) * (1 + BWACC)^2 * Applicable Change in Revenue RPI (year 8)
= (1689.5 - 1156.97) * -1.43% * ((1 + 0.02497)^2) * 1.22 / 1.13
= -8.4 (£m)

Financing Cost Adjustment building block = Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6) + Financing Cost Adjustment (year 7) + Financing Cost Adjustment (year 8)
= 0 + 0 + 0 + 0.5 -1.5 -2.2 -6.7 -8.4
= -18.4 (£m)

Ninth Charging Year

Financing Cost Adjustment (year 9)
Mar 2022 Ofwat amended Tideway's licence to base the Financing Cost Adjustment Mechanism for future years on the inputs at end of March 2021. Under this change the Financing Cost Adjustment mechanism benefit to customers is preserved and is protected to deliver future benefits to customers of £18.4m p.a.

= 0.0 (£m)
Financing Cost Adjustment building block = Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6) + Financing Cost Adjustment (year 7) + Financing Cost Adjustment (year 8)
= 0 + 0 + 0 + 0.5 -1.5 -2.2 -6.7 -8.4 0.0
= -18.4 (£m)

Tenth Charging Year

Financing Cost Adjustment (year 10)
Mar 2022 Ofwat amended Tideway's licence to base the Financing Cost Adjustment Mechanism for future years on the inputs at end of March 2021. Under this change the Financing Cost Adjustment mechanism benefit to customers is preserved and is protected to deliver future benefits to customers of £18.4m p.a.

= 0.0 (£m)

Financing Cost Adjustment building block	=	Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing Cost Adjustment(year 3) + Financing Cost Adjustment(year 4) + Financing Cost Adjustment(year 5) + Financing Cost Adjustment(year 6) + Financing Cost Adjustment (year 7) + Financing Cost Adjustment (year 8) + Financing Cost Adjustment (year 9)									
	=	0	+ 0	+ 0	+0.5	-1.5	-2.2	-6.7	-8.4	0.0	0.0
	=	-18.4 (€m)									

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

Additional Return on Capital and Additional Liquidity
 These building blocks 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.

Recalculated Allowed Revenue
 Tideway Allowed Revenue (t) = Return on capital + Liquidity + Operating expenditure + Financing cost adjustment + Tax + Additional return on capital + Additional liquidity
 (excludes the building block reconciliation adjustment and revenue adjustment building blocks, which are not subject to reconciliation)

The calculation of these building blocks is as described above. This results in the following recalculated Allowed Revenue for 2021/22, 2022/23 and 2023/24:

Tideway Allowed Revenue (Eighth Charging Year)	=	95.5	+9.4	+ 0	-18.4	+ 0	+ 0	+ 0
	=	86.4 (€m)						

Tideway Allowed Revenue (Ninth Charging Year)	=	119.5	+6.8	+ 0	-18.4	+ 0	+ 0	+ 0
	=	107.9	(£m)					
Tideway Allowed Revenue (Tenth Charging Year)	=	132.9	+4.6	+ 0	-18.4	+ 0	+ 0	+ 0
	=	119.1	(£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. **0.0** (£m)

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. **0.0** (£m)

Inputs 2024

Unit	Source/notes	2012/13	2013/14	2014/15	First Charging Year 2015/16	Second Charging Year 2016/17	Third Charging Year 2017/18	Fourth Charging Year 2018/19	Fifth Charging Year 2019/20	Sixth Charging Year 2020/21	Seventh Charging Year 2021/22	Eighth Charging Year 2022/23	Ninth Charging Year 2023/24	Tenth Charging Year 2024/25	Eleventh Charging Year 2025/26	Twelfth Charging Year 2026/27	Thirteenth Charging Year 2027/28
Year starts					01/04/2015	01/04/2016	01/04/2017	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025	01/04/2026	01/04/2027
Year ends					31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028
Year t-2					2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Year t-1					2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Year t					2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Year t+1					2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Year t+2					2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
1.1 2014/15 RPI Adjustment Factor																	
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%													3.50%	2.90%	2.80%	3.20%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%												3.50%	2.90%	2.80%	3.20%	3.10%
RPI, September of Charging Year				257.6	259.6	264.9	275.1	284.1	291.0	294.3	308.6	347.6	378.4	388.6			
RPI March of Charging Year		254.8	257.1	261.1	269.3	278.3	285.1	292.6	296.9	323.5	367.2	383.0					
Applicable Change in Revenue RPI																	
RPI (RPI for November in Charging Year Yt-1)		245.6	252.1	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3	358.3	377.3	390.9			
Year average RPI			256.7	259.4	265.0	274.9	283.3	290.6	294.2	311.2	351.2	377.5					
A.3. Return on Capital and A.4 Liquidity																	
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £	0	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	3,547,091,496					
Allowable Project Spend (actual and forecast) - as at October 2024																	
Allowable Project Spend	Outturn prices, £	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	351,787,175	72,381,674					
Estimated Allowable Project Spend	Outturn prices, £	0	0	0	0	0	0	0	0	0	0	0	61,736,409				
Forecast Allowable Project Spend	Outturn prices, £	0	0	0	0	0	0	0	0	0	0	0	90,432,148	156,806,876	38,305,208		
Excluded Project Spend	Outturn prices, £		64,394,743	87,615,825	108,108,556	80,287,259	66,925,849	30,837,611	63,258,312	66,449,248	6,659,416	52,388,586					
Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project Spend and therefore is excluded from the Allowable spend metrics set out above	Outturn prices, £	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BWACC	%			2.497%													
A.5. Opex																	
Opex forecast as at September 2024	Outturn prices, £	0	0	0	0	0	0	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	%		1.30%	1.43%	0.35%	0.01%	0.23%	-0.47%	-0.88%	n/a	n/a	n/a					
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Current prices at 31 March of Charging Year	-	-	-	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	n/a				
Net Debt at 31 March	Current prices at 31 March of Charging Year	-	-	-	130,376,913	315,869,558	72,091,186	543,155,000	1,156,967,223	1,689,497,869	n/a	n/a	n/a				
Notional Debt to RCV ratio	%			82.5%													
Adjustment agreed with Ofwat to correct for net debt error within the accounts	£, current prices											218,424					
A.1.4. Tax																	
Tax forecast as at September 2024	Outturn prices, £	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.7. Under/Over Recovered Revenue Adjustment - as at October 2024																	
Allowed Revenue (including building block reconciliation)	£				33,603,285	28,559,132	49,235,940	63,431,062	76,465,429	87,029,095	86,316,446	117,946,599	133,568,927				
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 Allowed Revenue (to end of September 2024)	Outturn prices, £				32,084,075	28,072,343	47,902,574	60,755,832	68,135,566	83,025,897	71,182,706	109,039,667					
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 Allowed Revenue (to end of September 2023)	Outturn prices, £				32,084,075	28,072,343	47,902,574	60,755,832	68,135,566	82,865,896	70,879,508						
Years of NPV adjustment				1	1	1	1	1	1	1	1	2					
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £				26,747,386	26,791,391	38,387,688	57,610,001	68,887,910	72,886,391	86,667,996	106,544,937					
A.8. Reconciliation adjustment																	
Time since original calculation	Years		9	9	8	7	6	5	4	3	2	1	0				
Reconcile this year?			0	0	0	0	0	0	0	1	1	1	0				
Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	£											86,682,535	108,919,115	119,528,815			
A.11. Additional Return on Capital Building Block																	
Additional Allowable Project Spend																	

BBRA Inputs 2023

Unit	Source/notes	2012/13	2013/14	2014/15	First Charging Year 2015/16 01/04/2015	Second Charging Year 2016/17 01/04/2016	Third Charging Year 2017/18 01/04/2017	Fourth Charging Year 2018/19 01/04/2018	Fifth Charging Year 2019/20 01/04/2019	Sixth Charging Year 2020/21 01/04/2020	Seventh Charging Year 2021/22 01/04/2021	Eighth Charging Year 2022/23 01/04/2022	Ninth Charging Year 2023/24 01/04/2023	Tenth Charging Year 2024/25 01/04/2024	Eleventh Charging Year 2025/26 01/04/2025	Twelfth Charging Year 2026/27 01/04/2026	Thirteenth Charging Year 2027/28 01/04/2027	
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																		
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%													0.0%	3.5%	2.9%	2.8%	3.2%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%												0.0%	3.5%	2.9%	2.8%	3.2%	3.1%
RPI September of Charging Year				257.6	259.6	264.9	275.1	284.1	291.0	294.3	308.6	347.6	378.4	388.6				
RPI March of Charging Year		254.8	257.1	261.1	269.3	278.3	285.1	292.6	296.9	323.5	367.2	383.0						
Applicable Change in Revenue RPI																		
RPI (RPI for November in Charging Year Yt-1)		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		256.7	259.4	265.0	274.9	283.3	290.6	294.2	311.2	351.2	377.5							
A.3. Return on Capital and A.4 Liquidity																		
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £	-	-	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 2024	Outturn prices, £	-	150,344,602	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453	509,695,109	351,787,175	72,381,674						
Estimated Allowable Project Spend	Outturn prices, £	-	-	-	-	-	-	-	-	-	-	-	61,736,409					
Forecast Allowable Project Spend	Outturn prices, £	-	-	-	-	-	-	-	-	-	-	-	90,432,148	156,806,876				
Excluded Project Spend	Outturn prices, £	Data removed as not required for reconciliation purposes. See "inputs 2024".																
Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project 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 2024".																
BWACC	%	2.407%																
A.5. Opex																		
Opex forecast as at September 2024	Outturn prices, £	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.6. Financing Cost Adjustment																		
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	1.3%	1.4%	0.4%	0.0%	0.2%	-0.5%	-0.9%	n/a	n/a								
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Current prices at 31 March of Charging Year	-	-	-	151,310,515	502,087,458	1,043,425,953	1,855,435,722	2,307,915,724	2,889,052,612	n/a	n/a						
Net Debt at 31 March	Current prices at 31 March of Charging Year	-	-	-	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	%	62.5%																
Adjustment agreed with Ofwat to correct for net debt error within the accounts	£, current prices												218,424					
A 1.4. Tax																		
Tax forecast as at September 2024	Outturn prices, £	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.7. Under/Over Recovered Revenue Adjustment - as at October 2024																		
Allowed Revenue (including building block reconciliation)	£	Data removed as not required for reconciliation purposes. See "inputs 2024".																
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 Allowed Revenue (to end of September 2024)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "inputs 2024".																
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 Allowed Revenue (to end of September 2023)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "inputs 2024".																
Years of NPV adjustment		Data removed as not required for reconciliation purposes. See "inputs 2024".																
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "inputs 2024".																
A.8. Reconciliation adjustment																		
Time since original calculation	Years	Data removed as not required for reconciliation purposes. See "inputs 2024".																
Reconcile this year?		Data removed as not required for reconciliation purposes. See "inputs 2024".																
Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	£	Data removed as not required for reconciliation purposes. See "inputs 2024".																
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 Oversun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11																
A 1.6.4. Net Present Value Adjustment																		
End of first charging year		31/03/2016																
Licence Award		24/06/2015																

BBRA Calculation 2023

Building Block

Unit	Notes/description	2013/14	2014/15	First Charging Year 2015/16	Second Charging Year 2016/17	Third Charging Year 2017/18	Fourth Charging Year 2018/19	Fifth Charging Year 2019/20	Sixth Charging Year 2020/21	Seventh Charging Year 2021/22	Eighth Charging Year 2022/23	Ninth Charging Year 2023/24	Tenth Charging Year 2024/25
Year starts		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Year ends													
Year 1-2													
Year 1-1													
Year 1													
Year 1-1													
Year 1-2													
1.1 2014/15 RPI Adjustment Factor	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												
(a) For the purposes of calculating Forecast Allowable Project Spend for Charging Year Y+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 (2014/15), using an adjustment factor derived from multiplying the factors set out in Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences	%												2.9%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences	%												2.9%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences	%												2.9%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends	%												2.9%
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 Y+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 Y+1 commenced	%												1.8%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commenced	%												
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends	%												
Base RPI	Year average RPI for 2014/15, used as base year RPI												286.7
Charging Year Y+2, or where this is on or before Base RPI Index year, 2014/15	Year average RPI for Charging Year T+2 (or 2014/15 where this is later)												297.3
Charging Year Y+1	NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year T+1												
Charging Year Y+1	NOT USED FOR RECONCILIATION												
1.1 (i)	Factor used to adjust prices from Charging Year T+1 to Charging Year T												1.03
1.1 (ii)	CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T to Charging Year T-1												1.03
1.1 (iii)	CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2												1.03
1.1 (iv)	Factor used to adjust prices from Charging Year T-2 to Base RPI Index year												1.03
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.												1.06
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.												1.02
RPI Adjustment Factor Charging Year T-1	Combines factors (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base.												1.47
RPI Adjustment Factor Charging Year T-2	Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price base.												1.37
Applicable Change in Revenue RPI	RPI in November of previous Charging Year relative to 2014/15 base year	0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22	1.40	1.47
RPI	RPI in November of Charging Year T-1	245.8	252.1	288.8	295.8	268.5	275.8	284.8	291.0	293.9	314.3	358.3	377.3
RPIbase (Base RPI Index)	Average RPI for 2014/15	286.7	286.7	286.7	286.7	286.7	286.7	286.7	286.7	286.7	286.7	286.7	286.7
A.1. Allowed Revenue	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 2024 for further detail.												118,118,847
A.3. Return on Capital	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												122,918,078
Ofset Stated RCV for Y+2	RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year												3,307,898,720
OPRCV Y+1	Opening RCV for Charging Year T-1												3,307,898,720
2014/15 RPI Adjustment Factor Y+1	Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base												1.47
Annual Actual Project Spend Y+1	Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1												238,194,777
Estimated Allowable Project Spend Y+1	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1												0
Forecast Allowable Project Spend Y+1	Allowable Project Spend forecast to be incurred in Charging Year T-1												0
OPRCV Y1	Quarrying RCV for Charging Year T-1 - the sum of opening RCV for Charging Year T-1 and all Allowable Project Spend in that year												3,547,091,498.29
2014/15 RPI Adjustment Factor Y1	Scalar to adjust forecast costs for Charging Year T to 2014/15 price base												1.52
Annual Actual Project Spend Y1	Allowable Project Spend (verified by the ITA) incurred in Charging Year T												47,732,954
Estimated Allowable Project Spend Y1	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T												48,729,952
Forecast Allowable Project Spend Y1	Allowable Project Spend forecast to be incurred in Charging Year T												18,621,546
OPRCV Y1	Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all Allowable Project Spend in that year												3,688,236,168
YARCV Y1	Year average RCV for Charging Year T												3,621,163,820
A.4. Liquidity	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												4,864,478
OPRCV Y+1	Opening RCV for Charging Year T+1												3,688,236,168
2014/15 RPI Adjustment Factor Y+1	Scalar to adjust forecast costs for Charging Year T+1 to 2014/15 price base												1.56
Annual Actual Project Spend Y+1	NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (verified by the ITA) incurred in Charging Year T+1												0.00
Estimated Allowable Project Spend Y+1	NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (not verified by the ITA) incurred in Charging Year T+1												0.00
Forecast Allowable Project Spend for year T+1	Allowable Project Spend forecast to be incurred in Charging Year T+1												109,590,882
OPRCV Y+1	Closing RCV for Charging Year T+1												3,798,786,951
FVRCV Y+1	Average RCV for Charging Year T+1												3,748,616,488
A.5. Opex	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												0
A.6. Financing Cost Adjustment building block	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												
Financing Cost Adjustment Y1							481,814	-1,016,891	-3,201,892	-8,948,790	-18,368,706	-18,368,706	-18,368,706
Financing Cost Adjustment Yield	See Project Licence Appendix 1, Part A.6.3	1.30%	1.43%	0.30%	0.01%	0.23%	-0.47%	-0.88%	n/a				
Base Reference Point (BRP)	The historic 12 months trailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Annual Reference Point (ARP)	The historic 12 months trailing average of the Financing Cost Adjustment Index Yield as at 31 March of Charging Year Y+2	1.30%	1.30%	1.43%	0.30%	0.01%	0.23%	-0.47%	-0.88%	-0.47%	-0.88%	-0.88%	-0.88%
BRP-ARP	Difference between BRP and ARP	0.00%	0.00%	-0.13%	0.98%	1.29%	1.07%	1.78%	2.18%	2.18%	2.18%	2.18%	2.18%
Market Cost of Debt Adjustment Factor (unadjusted)	See Project Licence Appendix 1 Part A.6.7	0.00%	0.00%	0.00%	0.00%	0.22%	0.84%	0.32%	1.01%	1.43%	1.43%	1.43%	1.43%
Market Cost of Debt Adjustment Factor (corrected sign)	See Project Licence Appendix 1 Part A.6.7	0.00%	0.00%	0.00%	0.00%	-0.22%	-0.84%	-0.32%	-1.01%	-1.43%	-1.43%	-1.43%	-1.43%
Net Debt in Charging Year Y+2	Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1, 1.44	0	0	-130,378,913	-315,868,558	-72,091,188	842,158,000	1,156,967,223	1,688,497,869				
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Y+2	RCV at the end of Charging Year T-2 then current prices	0	0	191,310,515	802,087,458	1,043,425,953	1,655,435,722	2,307,915,724	2,889,052,612				
Notional Debt to RCV Ratio	As defined in Project Licence Appendix 1, Part A.6.9	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%				
Notional Net Debt in Charging Year Y+2	RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A.6.9	0	0	94,968,072	313,084,661	682,141,221	1,034,647,226	1,442,447,327	1,808,687,883				
Net Debt in Charging Year Y+3	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44	0	0	-130,378,913	-315,868,558	-72,091,188	842,158,000	1,156,967,223					
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Y+3	RCV at the end of Charging Year T-3 then current prices	0	0	191,310,515	802,087,458	1,043,425,953	1,655,435,722	2,307,915,724					
Notional Debt to RCV Ratio	As defined in Project Licence Appendix 1, 1.45	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%					
Notional Net Debt in Charging Year Y+3	RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A.6.9	0	0	94,968,072	313,084,661	682,141,221	1,034,647,226	1,442,447,327					
Applicable Change in Revenue RPI for Charging Year Y1		0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22	1.40	1.47
Applicable Change in Revenue RPI for Charging Year Y+2		0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22	1.40	1.47
Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts	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 Y1 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.												216,424
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 tax. See Project Licence Appendix 1, Part A.1.4												0
A.7. Under/Over Recovered Revenue Adjustment	REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED SEPARATELY, AS UNDER/OVER RECOVERED REVENUE IN RELATION TO ALL APPLICABLE CHARGING YEARS IS RECONCILED IN CALCULATION 2024. The revenue adjustment building block is to reconcile under/over recovered Allowed Revenue in previous Charging Years. See Project Licence, Appendix 1, Part A.7												0
Allowed Revenue	Allowed Revenue as submitted in 2015, 2016 and 2017 updated revised Revenue Statement												
Amount recovered in respect of Allowed Revenue (to end of September 2023)	Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue, prior to the end of September 2023.												
Amount recovered in respect of Allowed Revenue (to end of September 2022)	Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19 and 2019/20 Allowed Revenue, prior to the end of September 2022. The cut-off is the same as that used for the 2020 Revenue Statement ensuring that the amounts received are treated consistently between Revenue Statements.												
Applicable Change in Revenue RPI	RPI in November of previous Charging Year relative to 2014/15 base year												
Years of NPV adjustment	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 2024"												
Amounts in respect of prior Charging Years not yet reconciled (unadjusted)	Further amounts received in respect of Charging Years that have already been reconciled.												
Reconciliation amounts - Charging Year T-2 (unadjusted)	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 amounts (NPV-adjusted)	Reconciliation amount as calculated above, NPV-adjusted for the delay between the original Charging Year and the year of reconciliation using the BWAACC and Applicable Change in Revenue RPI.												
A.8. Reconciliation adjustment	REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED 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												0
Reconcile this year?	Revenue for a given Charging Year is subject to building block reconciliation adjustment where estimated or forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as follows: 1 = yes, 0 = no												
Time since original calculation	Represents the number of years since revenue was first calculated to feed into the NPV adjustment of the reconciliation adjustment.												
Allowed Revenue (as at October 2023)	Allowed Revenue recalculated using updated expenditure and inflation data. Excludes the under/over recovered revenue adjustment and the reconciliation adjustment building blocks, as these building blocks are not subject to reconciliation. See BBRA Calculation 2021, BBRA Calculation 2022 and BBRA Calculation 2023.												
Allowed Revenue (as at October 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.												
Applicable Change in Revenue RPI (year in which original calculation was made)													
Applicable Change in Revenue RPI (current year)													
Reconciliation amounts (unadjusted)	Adjustment calculated as difference between updated calculation and previous year's calculation, prior to NPV adjustment.												
Reconciliation amounts (NPV-adjusted)	Adjustment calculated as difference between updated calculation and previous year's calculation, post NPV-adjustment using BWAACC 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 Tideway makes an IAR Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A.11												

BBRA Inputs 2022

	Unit	Source/notes	2012/13	2013/14	2014/15	First Charging Year	Second Charging Year	Third Charging Year	Fourth Charging Year	Fifth Charging Year	Sixth Charging Year	Seventh Charging Year	Eighth Charging Year	Ninth Charging Year	Tenth Charging Year	Eleventh Charging Year	Twelfth Charging Year
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Year starts			01/04/2015	01/04/2016	01/04/2017	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022	01/04/2023	01/04/2024	01/04/2025	01/04/2026	01/04/2027	01/04/2028	01/04/2029
Year ends			31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029	31/03/2030
Year t-2			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Year t-1			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Year t			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Year t+1			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Year t+2			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
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 independent forecasts", HM Treasury, 21 August 2024. Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii). Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of independent forecasts", HM Treasury, 21 August 2024. Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii).										0.0%	0.0%	3.5%	2.9%	2.8%	
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%	Source: RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (ii).									0.0%	0.0%	3.5%	2.9%	2.8%	3.2%	
RPI, September of Charging Year		Source: RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (ii).		257.6	259.6	264.9	275.1	284.1	291.0	294.3	308.6	347.6	378.4	388.6			
RPI, March of Charging Year		Source: RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (ii).	254.8	257.1	261.1	269.3	278.3	285.1	292.6	296.9	323.5	367.2	383.0				
Applicable Change in Revenue RPI																	
RPI (RPI for November in Charging Year Yt-1)		Source: RPI All Items index, Consumer Price Inflation time series (MM23), 18 December 2024, Office for National Statistics. Required by Project Licence Appendix 1, Part A 3, 4 and 6. Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both these years is being calculated together.	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		Source: Calculated from RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. 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	377.5					
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: Ofwat Regulatory Capital Values - Bazalgette Tunnel Limited (Tideway); https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-22072020/ Zero prior 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 2024																	
Allowable Project Spend	Outturn prices, £	Source: "ITA Verification No. 85" - received 16/10/2024 from Paul Horton, Verification to June 2024. Required by Project Licence Appendix 1, Part A 3.	-	150,344,662	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453	509,695,109	351,787,175	72,381,674				
Estimated Allowable Project Spend	Outturn prices, £	Source: "Regulation Reporting Sep 24", tab Regulatory Cost Metrics, sum of cells G48:I48 (equal to July, August and September 2024 allowable spending not yet verified by ITA), rounded to nearest £1. Required by Project Licence Appendix 1, Part A 3.	-	-	-	-	-	-	-	-	-	-	61,736,409				
Forecast Allowable Project Spend	Outturn prices, £	Source: "P6 2024-25 Expenditure Forecast Basecase v1" - from Rob Oliver, 14/10/24 for full-year 2024/25, 2025/26 and 2026/27 forecast. The 2024/25 figure is net of expenditure already realised (April to Sep) - sum of rows 29 and 30. Required by Project Licence Appendix 1, Part A 3, 4.	-	-	-	-	-	-	-	-	-	-	90,432,148				
Excluded Project Spend	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project 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 2024".															
BWACC	%	Source: Project Licence, Appendix 1, 1.18. Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8.				2.497%											
A.5. Opex																	
Opex forecast as at September 2024	Outturn prices, £	Note: In line with the Project Licence, zero as all expenditure treated as capex. Required by Project Licence Appendix 1, Part A 5. Source: Financial Control - Consol Model September 2024 (for 24/25), Financial Model (for 25/26).	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.6. Financing Cost Adjustment																	
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Source: "FCA yield calculator 2020.21.xlsx" Calculated with reference to Boxx BBB data and spot implied inflation rates for 10 year maturity from Bank of England. 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 31 March of Charging Year	Source: https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-22072020/ for the current year. Prior year values are the value recorded in that charging year. 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	n/a					
Net Debt at 31 March	Current prices at 31 March of Charging Year	Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts tables October 2022). 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	%	Source: Project Licence Appendix 1, 1.45. 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 prices	Source: Letter from Ofwat dated 26/10/2021. 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 Yt 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.										218,424					
A 1.4. Tax																	
Tax forecast as at September 2024	Outturn prices, £	Tax forecast is in line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax. NOTE: Only relates to BTL Tax. See Project Licence Appendix 1, Part A 1.4. Source: Financial Control - Consol Model September 2024 (for 24/25), Financial Model (for 25/26).	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.7. Under/Over Recovered Revenue Adjustment - as at October 2024																	
Allowed Revenue (including building block reconciliation)	£	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 Allowed Revenue (to end of September 2024)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 Allowed Revenue (to end of September 2023)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Years of NPV adjustment		Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
A.8. Reconciliation adjustment																	
Time since original calculation	Years	See Project Licence, Appendix 1, Part A 8. Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Reconcile this year?		Data removed as not required for reconciliation purposes. See "Inputs 2024".															
Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	£	Data removed as not required for reconciliation purposes. See "Inputs 2024".															
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 Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11.															
A 1.6.4. Net Present Value Adjustment																	
End of first charging year		Last day of the First Charging Year				31/03/2016											
Licence Award		Date of Licence award				24/08/2015											

BBRA Inputs 2021

	Unit	Source/notes	2012/13	2013/14	2014/15	First Charging Year 2015/16 01/04/2015	Second Charging Year 2016/17 01/04/2016	Third Charging Year 2017/18 01/04/2017	Fourth Charging Year 2018/19 01/04/2018	Fifth Charging Year 2019/20 01/04/2019	Sixth Charging Year 2020/21 01/04/2020	Seventh Charging Year 2021/22 01/03/2022	Eighth Charging Year 2022/23 01/04/2022	Ninth Charging Year 2023/24 01/04/2023	Tenth Charging Year 2024/25 01/04/2024	Eleventh Charging Year 2025/26 01/04/2025	
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																	
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 independent forecasts", HM Treasury, 21 August 2024 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)													0.0%	3.5%	2.9%
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 independent forecasts", HM Treasury, 21 August 2024 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)											0.0%	3.5%	2.9%	2.8%	
RPI, September of Charging Year		Source: RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (ii)			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 time series (MM23), 16 October 2024, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (ii)	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																	
RPI (RPI for November in Charging Year Yt-1)		Source: RPI All Items index, Consumer Price Inflation time series (MM23), 18 December 2024, Office for National Statistics. Required by Project Licence Appendix 1, Part A 3, 4 and 6 Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both these years is being calculated together.		245.6	252.1	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3				
Year average RPI		Source: Calculated from RPI All Items index, Consumer Price Inflation time series (MM23), 16 October 2024, Office for National Statistics. 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	377.5				
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: Ofwat Regulatory Capital Values - Bazalgette Tunnel Limited (Tideway): https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-22072020/ Zero prior to licence award 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	2,497,553,061							
Allowable Project Spend (actual and forecast) - as at October 2024																	
Allowable Project Spend	Outturn prices, £	Source: "ITA Verification No.85" - received 16/10/2024 from Paul Horton. Verification to June 2024. Required by Project Licence Appendix 1, Part A 3				150,344,662	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453	509,695,109	351,787,175			
Estimated Allowable Project Spend	Outturn prices, £	Source: "Regulation Reporting Sep 24", tab Regulatory Cost Metrics, sum of cells G48:H8 (equal to July, August and September 2024 allowable spending not yet verified by ITA), rounded to nearest £1 Required by Project Licence Appendix 1, Part A 3				-	-	-	-	-	-	-	-	-			
Forecast Allowable Project Spend	Outturn prices, £	Source: "P6 2024-25 Expenditure Forecast Basecase v1" - from Rob Oliver, 14/10/24 for full-year 2024/25, 2025/26 and 2026/27 forecast. The 2024/25 figure is net of expenditure already realised (April to Sep) - sum of rows 29 and 30 Required by Project Licence Appendix 1, Part A 3, 4				-	-	-	-	-	-	-	-	-			
Excluded Project Spend	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project 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 2024"															
BWACC	%	Source: Project Licence, Appendix 1, 1.18 Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8				2.497%											
A.5. Opex																	
Opex forecast as at September 2024	Outturn prices, £	Note: In line with the Project Licence, zero as all expenditure treated as capex. Required by Project Licence Appendix 1, Part A 5 Source: Financial Control - Consol Model September 2024 (for 24/25), Financial Model (for 25/26)				-	-	-	-	-	-	-	-	-			
A.6. Financing Cost Adjustment																	
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Source: "FCA yield calculator 2020.21.xlsx" Calculated with reference to iBoxx BBB data and spot implied inflation rates for 10 year maturity from Bank of England Required by Project Licence Appendix 1, Part A 6			1.3%	1.4%	0.4%	0.0%	0.2%	-0.5%	-0.9%						
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Current prices at 31 March of Charging Year	Source: https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limited-tideway-22072020/ for the current year. Prior year values are the value recorded in that charging year. 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	Current prices at 31 March of Charging Year	Source: Tideway financial statements as at 31 March 2022 (checked against republished Regulatory Accounts tables October 2022) Required by Project Licence Appendix 1, Part A 6				130,376,913	315,869,558	72,091,186	543,155,000	1,156,907,223	1,689,497,869						
Notional Debt to RCV ratio	%	Source: Project Licence Appendix 1, 1.45 Required by Project Licence Appendix 1, Part A 6 Source: Letter from Ofwat dated 26/10/2021			62.5%												
Adjustment agreed with Ofwat to correct for net debt error within the accounts		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 Y1 as the 2021 revenue statement only so that the FCA is in a position that it should have been if the error had never occurred.											218,424				
A 1.4. Tax																	
Tax forecast as at September 2024	Outturn prices, £	Tax forecast is in line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax. NOTE: Only relates to BTL Tax. See Project Licence Appendix 1, Part A 1.4 Source: Financial Control - Consol Model September 2024 (for 24/25), Financial Model (for 25/26)															
A.7. Under/Over Recovered Revenue Adjustment - as at October 2024																	
Allowed Revenue (including building block reconciliation)	£	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 Allowed Revenue (to end of September 2024)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 Allowed Revenue (to end of September 2023)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Years of NPV adjustment		Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Tax as at September 2023																	
Time since original calculation	Years	See Project Licence, Appendix 1, Part A 8 Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Reconcile this year?		Data removed as not required for reconciliation purposes. See "Inputs 2024"															
Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	£	Data removed as not required for reconciliation purposes. See "Inputs 2024"															
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 Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11															
A 1.6.4. Net Present Value Adjustment																	
End of first charging year		Last day of the First Charging Year				31/03/2016											
Licence Award		Date of Licence award				24/09/2015											

BBRA Calculation 2021

Building Block	Unit	Notes/description	2013/14	2014/15	First Charging Year 2015/16	Second Charging Year 2016/17	Third Charging Year 2017/18	Fourth Charging Year 2018/19	Fifth Charging Year 2019/20	Sixth Charging Year 2020/21	Seventh Charging Year 2021/22	Eighth Charging Year 2022/23
Year starts					01/04/2015	01/04/2016	01/04/2017	01/04/2018	01/04/2019	01/04/2020	01/04/2021	01/04/2022
Year ends					31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
Year T-2					2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Year T-1					2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Year T					2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Year T+1					2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Year T+2					2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1.1 2014/15 RPI Adjustment Factor		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										
(a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year Y+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 (2014/15), using an adjustment factor derived from multiplying the factors set out in (i), (ii), (iii) and (iv) below:												
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source										
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source										
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commences	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source										
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends	%	NOT USED FOR RECONCILIATION 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 period April to September in the calendar year in which Charging Year Y+1 commenced	%	NOT USED FOR RECONCILIATION Calculated with reference to the index values for March and September to capture April to September inflation (see detailed modelling assumptions in "Statement of calculation 2024")										
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 Y+1 commenced	%	NOT USED FOR RECONCILIATION Calculated with reference to the index values for March and September to capture April to September inflation (see detailed modelling assumptions in "Statement of calculation 2024")										
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 Y+1 commenced	%	NEW ROW ADDED FOR RECONCILIATION Calculated with reference to the index values for March and September to capture April to September inflation (see "Statement of calculation 2024")										
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 commenced	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source										
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y+1 ends	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source										
Base RPI		Year average RPI for 2014/15, used as base year RPI										256.7
Charging Year Y+2, or where this is on or before Base RPI Index year, 2014/15		Year average RPI for Charging Year T-2 (or 2014/15 where this is later)										284.2
Charging Year Y+1		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year T-1										311.2
Charging Year Y+1		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year T										351.2
Charging Year Y+1		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year T+1										377.5
1.1 (i)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T+1 to Charging Year T										1.07
1.1 (ii)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T to Charging Year T-1										1.13
1.1 (iii)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2										1.08
1.1 (iv)		Factor used to adjust prices from Charging Year T-2 to Base RPI Index year										1.18
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.										1.47
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.										1.37
RPI Adjustment Factor Charging Year T-1		Combines factors (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base.										1.21
RPI Adjustment Factor Charging Year T-2		NOT USED FOR RECONCILIATION Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price base.										1.15
Applicable Change in Revenue RPI		RPI in November of previous Charging Year relative to 2014/15 base year	0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22
RPI		RPI in November of Charging Year T-1	245.6	252.1	259.8	259.8	259.8	265.5	275.8	284.6	291.0	293.5
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
A.1. Allowed Revenue	£	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.										86,435,439
A.3. Return on Capital	£	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										95,460,561
Offset Stated RCV for Y+2	£	RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year										2,497,553,061
OPRCV Y+1	£	Opening RCV for Charging Year T-1										2,497,553,061
2014/15 RPI Adjustment Factor Y+1	£	Scale to adjust forecast costs for Charging Year T-1 to 2014/15 price base										1.21
Annual Actual Project Spend Y+1	£	Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1										437,862,063
Estimated Allowable Project Spend Y+1	£	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1										0
Forecast Allowable Project Spend Y+1	£	Allowable Project Spend forecast to be incurred in Charging Year T-1										0
OPRCV Y+1	£	Opening RCV for Charging Year T - the sum of opening RCV for Charging Year T-1 and all Allowable Project Spend in that year										2,935,415,123
2014/15 RPI Adjustment Factor Y+1	£	Scale to adjust forecast costs for Charging Year T to 2014/15 price base										1.37
Annual Actual Project Spend Y+1	£	Allowable Project Spend (verified by the ITA) incurred in Charging Year T										372,481,596
Estimated Allowable Project Spend Y+1	£	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T										0
Forecast Allowable Project Spend Y+1	£	Allowable Project Spend forecast to be incurred in Charging Year T										0
OPRCV Y+1	£	Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all Allowable Project Spend in that year										3,307,896,720
YARCV Y+1	£	Year average RCV for Charging Year T										3,121,655,922
A.4. Liquidity	£	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										9,361,584
OPRCV Y+1	£	Opening RCV for Charging Year T+1										3,307,896,720
2014/15 RPI Adjustment Factor Y+1	£	Scale to adjust forecast costs for Charging Year T+1 to 2014/15 price base										1.47
Annual Actual Project Spend Y+1	£	NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (verified by the ITA) incurred in Charging Year T+1										239,194,777
Estimated Allowable Project Spend Y+1	£	NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (not verified by the ITA) incurred in Charging Year T+1										0
Forecast Allowable Project Spend for year T+1	£	Allowable Project Spend forecast to be incurred in Charging Year T+1										0
OPRCV Y+1	£	Closing RCV for Charging Year T+1										3,547,091,498
FYARCV Y+1	£	Average RCV for Charging Year T+1										3,427,484,108
A.5. Opex		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										0
A.6. Financing Cost Adjustment building block		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										
Financing Cost Adjustment Y+1			0	0	0	461,614	-1,016,891	-3,201,092	-9,948,780	-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%	-0.47%	-0.88%				
Base Reference Point (BRP)	%	The historic 12 month trailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Annual Reference Point (ARP)	%	The historic 12 month trailing average of the Financing Cost Adjustment Index Yield as at 31 March of Charging Year Y+2	1.30%	1.30%	1.43%	0.35%	0.01%	0.23%	-0.47%	-0.88%		
BRP-ARP	%	Difference between BRP and ARP	0.00%	0.00%	-0.13%	0.95%	1.29%	1.07%	1.78%	2.18%		
Market Cost of Debt Adjustment Factor (absolute)	%	See Project Licence Appendix 1 Part A 6.7	0.00%	0.00%	0.22%	0.54%	0.32%	1.21%	1.43%	1.43%		
Market Cost of Debt Adjustment Factor (corrected sign)	%	See Project Licence Appendix 1 Part A 6.7	0.00%	0.00%	-0.22%	-0.54%	-0.32%	-1.21%	-1.43%	-1.43%		
Net Debt in Charging Year Y+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	1,689,407,869		
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Y+2	£	RCV at the end of Charging Year T-2 in then current prices	0	0	151,310,515	502,087,458	1,043,425,953	1,655,435,722	2,307,915,724	2,889,052,612		
Notional Debt to RCV Ratio	%	As defined in Project Licence Appendix 1, 1.45	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%		
Notional Net Debt in Charging Year Y+2	£	RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9	0	0	94,569,072	313,304,661	652,141,121	1,034,647,326	1,442,447,327	1,805,657,883		
Net Debt in Charging Year Y+3	£	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44	0	0	0	-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 Y+3	£	RCV at the end of Charging Year T-3 in then current prices	0	0	0	151,310,515	502,087,458	1,043,425,953	1,655,435,722	2,307,915,724		
Notional Debt to RCV Ratio	%	As defined in Project Licence Appendix 1, 1.45	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%		
Notional Net Debt in Charging Year Y+3	£	RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9	0	0	0	94,569,072	313,304,661	652,141,121	1,034,647,326	1,442,447,327		
Applicable Change in Revenue RPI for Charging Year Y+1			1.07	1.01	1.03	1.07	1.11	1.13	1.14	1.22		
Applicable Change in Revenue RPI for Charging Year Y+2			0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13		
Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts												219,824
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 tax. See Project Licence Appendix 1, Part A 1.4										0
A.7. Under/Over Recovered Revenue Adjustment	£	REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED SEPARATELY, AS UNDER/OVER RECOVERED REVENUE IN RELATION TO ALL APPLICABLE CHARGING YEARS IS RECONCILED IN CALCULATION 2024. The revenue adjustment building block is to reconcile for under/over recovered revenue in previous Charging Years. See Project Licence, Appendix 1, Part A 7										0
Allowed Revenue		Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue, prior to the end of September 2021.										
Amount recovered in respect of Allowed Revenue (to end of September 2021)	£	Amount collected by Thames Water and received by Tideway in respect of 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 Allowed Revenue, prior to the end of September 2019. The cut-off is the same as that used for the 2020 Revenue Statement ensuring that the amounts received are treated consistently between Revenue Statements.										
Amount recovered in respect of Allowed Revenue (to end of September 2020)	£	RPI in November of previous Charging Year relative to 2014/15 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 2024"										
Applicable Change in Revenue RPI												
Years of NPV adjustment												
Amounts in respect of prior Charging Years not yet reconciled (unadjusted)		Further amounts received in respect of Charging Years that have already been reconciled.										
Reconciliation amounts - Charging Year T-2 (unadjusted)		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 amounts (NPV-adjusted)		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.										
A.8. Reconciliation adjustment	£	REMOVED FROM THIS RECONCILIATION SHEET AS RECONCILED 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										0
Reconcile this year?	n/a	Revenue for a given Charging Year is subject to building block reconciliation adjustment where estimated or forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as follows: 1 = yes, 0 = no										
Time since original calculation	years	Represents the number of years since revenue was first calculated to feed into the NPV adjustment of the reconciliation adjustment.										
Allowed Revenue (as at October 2021)	£	Allowed Revenue recalculated using updated expenditure and inflation data. Excludes the under/over recovered revenue adjustment and the reconciliation adjustment building blocks, as these building blocks are not subject to reconciliation. See BBRA Calculation 2018, BBRA Calculation 2019 and BBRA Calculation 2021.										
Allowed Revenue (as at October 2020)	£	Allowed Revenue as submitted in 2019 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.										
Applicable Change in Revenue RPI (year in which original calculation was made)												
Applicable Change in Revenue RPI (current year)												
Reconciliation amounts (unadjusted)	£	Adjustment										