

OFFICIAL
TIDEWAY

Revision History

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Owner	Steven Giddings
Author	Steven Giddings
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Major review stage

This document has been issued and amended as follows:

Revision	Date	Issued	Revised by
01-Aug	30-Jul	IP Charge Estimate	Steven Giddings
01-Nov	30-Nov	1 November Revenue Statement Submission	Steven Giddings
24-Dec	18-Dec	24 December IP Charge Notification 2025	Steven Giddings

Required approvals

	Name	Role	Signature	Date
Checked by	Steven Giddings	Senior Regulation Manager		
Reviewed by	Heather Glass	Head of Regulation		
Reviewed by	Matt Parr	Deputy Chief Executive Officer		
Approved by	Mathew Duncan	Chief Financial Officer		
Approved by	Board		Delegated to CFO	23 September 2025

Revenue Statement - 2026/27 Allowed Revenue

Submitted to Ofwat on 22 December 2025

£, nominal	Year preceding Prior Charging Year	2023/24	Prior Charging Year	2024/25	Current Charging Year	2025/26	Forthcoming Charging Year 2026/27
	2023/24	2024/25	2025/26	2026/27			
Allowed Revenue		117,946,599		133,568,927		134,168,566	
Amounts received from TWUL in Charging Year		106,544,937		128,099,116			

IP Charge Submission - 2026/27 Allowed Revenue

Submitted to Thames Water on 22 December 2025

IP Charge for 2026/27 (£)

136,424,270

November 2025 RPI

405.6

Source: ONS (17 December 2025 release)

Introduction

The following section sets out how Tideway's Allowed Revenue calculation has been made for the charging year 2026/27 (Twelfth Charging Year). The Licence has been written to provide the basis of a revenue submission in a typical year. A number of detailed modelling assumptions have been made in interpreting Appendix 1 of the Project Licence to ensure the mechanics of the calculation are in line with the spirit of the licence. These modelling assumptions are set out in the table below. This model, including these assumptions, as set out in the table below, has been sent to Ofwat. In an email dated 09/08/2025, Ofwat noted it is content with the resolutions described.

Sheet	Issue	Resolution
BBRA Inputs 2022, BBRA Inputs 2023, BBRA Inputs 2024, BBRA Inputs 2025	The 2014/15 RPI Adjustment Factor refers to "the percentage movement in the RPI (All Items) index as published by ONS for the period April to September in the calendar year..." However, if the index values for April and September are taken, this only picks up 5 months of inflation. Together with the other elements of the formula, this results in an underestimate of inflation for the Charging Year.	Interpret the movement for the period April to September as the movement between the March and September index values, which ensures April inflation is also picked up.

BBRA Calculation 2022, BBRA Calculation 2023, BBRA Calculation 2024, Calculation 2025	Annual Actual Project Spend for the current Charging Year (Yt-1) feeds into the calculation of RCV, which is required for the calculation of the Return on Capital and Liquidity building blocks. The licence specifies that Annual Actual Project Spend should be deflated by the Applicable Change in Cost RPI for a Charging Year, rather than the 2014/15 RPI Adjustment Factor. However, the Applicable Change in Cost RPI can only be calculated following the publication of RPI for each month of the relevant Charging Year. This information is not available for the current Charging Year at the time the Revenue Statement is prepared.	Use the 2014/15 RPI Adjustment Factor to deflate the Annual Actual Project Spend in the current Charging Year. This will be true'd up in next year's Revenue Statement as part of the building block reconciliation adjustment.
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BBRA Calculation 2022, BBRA Calculation 2023, BBRA Calculation 2024	In order to reconcile Allowed Revenue calculated in prior years for updated inflation, it is not appropriate to use the 2014/15 RPI Adjustment Factor defined in Tideway's licence as more up to date information is available (i.e. a further year of actual inflation data which can be used to replace the forecast).	Use approach consistent with definition of 2014/15 RPI Adjustment Factor but with actual inflation used up to September of Yt. This is equivalent to applying the 2014/15 RPI Adjustment Factor values as calculated for the Twelfth Charging Year Allowed Revenue calculation, and ensures the latest actual RPI data is taken into account.
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Calculation 2025	One of the terms in the formula for the under/over recovered revenue adjustment (as set out in Appendix 1, Part A 7 of Tideway's licence) is "the amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Charging Year t-2". However, the licence does not specify the time period to which this element of the calculation should relate.	Interpret "the amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Charging Year t-2" as the amount that has been paid by Thames Water to Tideway and received in Tideway's bank account prior to the end of September of Charging Year t-1.
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Calculation 2025	Appendix 1, Part A 7 of Tideway's licence requires that the under/over recovered revenue adjustment is calculated on a net present value neutral basis using the BWACC, but it does not specify the adjustment formulaically or specify the means of adjusting for inflation.	Apply a net present value adjustment in nominal terms by using $(1+BWACC)$ as the real discount factor and adjusting for inflation using RPI. To reconcile amounts not yet received in respect of Charging Year t-2, this involves multiplying the unadjusted reconciliation amount by $(1+BWACC)^2$ and the ratio between the Applicable Change in Revenue RPI of the two charging years (to account for the two year delay in revenue receipts). A separate one-year NPV adjustment is applied to the further amounts received in respect of any Charging Year falling prior to Charging Year t-2 that have not been included in a previous revenue adjustment calculation. This is to account for the one-year delay between the collection of the original amounts and their incorporation into this revenue adjustment calculation for the forthcoming Charging Year. The adjustment involves multiplying the unadjusted reconciliation amount by $(1+BWACC)$ and the ratio between the Applicable Change in Revenue RPI in the current and forthcoming Charging Years.
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Calculation 2025	Appendix 1, Part A 8 of Tideway's licence requires a reconciliation adjustment of a number of building blocks for updated values. The licence requires that the adjustment is calculated on a net present value neutral basis using the BWACC, but it does not specify the adjustment formulaically or specify the means of adjusting for inflation.	Apply a net present value adjustment in nominal terms by using $(1+BWACC)$ as the real discount factor and adjusting for inflation using RPI, taking into account the number of years since the Allowed Revenue for a given year was first calculated. This involves multiplying the net present reconciliation amount by $(1+BWACC)$ raised to the power of the number of years since the Allowed Revenue for the relevant year was first calculated, and the ratio between the Applicable Change in Revenue RPI of the two Charging Years. The reconciliation amount is calculated relative to the value calculated in the prior year. The formulae used to perform this reconciliation are as set out in this statement of calculation.
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BBRA Calculation 2022, BBRA Calculation 2023, BBRA Calculation 2024, Calculation 2025	Additional Return on Capital and Additional Liquidity Building Blocks may never become relevant (i.e. these building blocks may only become relevant if Tideway applies for an increase in Allowed Revenue (IAR).)	Exclude calculations for Additional Return on Capital and Additional Liquidity until there is a non-negligible probability that these will be required.
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Key to Charging Years

Year	Charging Year	Full description
2015/16	Y1	First Charging Year
2016/17	Y2	Second Charging Year
2017/18	Y3	Third Charging Year
2018/19	Y4	Fourth Charging Year
2019/20	Y5	Fifth Charging Year
2020/21	Y6	Sixth Charging Year
2021/22	Y7	Seventh Charging Year
2022/23	Y8	Eighth Charging Year
2023/24	Y9	Ninth Charging Year
2024/25	Y10	Tenth Charging Year
2025/26	Y11	Eleventh Charging Year
2026/27	Y12	Twelfth Charging Year
2027/28	Y13	Thirteenth Charging Year
2028/29	Y14	Fourteenth Charging Year

Summary
Below is a high-level breakdown of the Allowed Revenue for the Twelfth Charging Year, with respect to each of the building blocks involved in the calculation.

Tideway Allowed Revenue (t)	Return on capital	+ Liquidity	+ Operating expenditure	- Financing cost adjustment	+ Tax	+ Revenue adjustment	+ Building block for reconciliation adjustment	+ Additional return on capital	+ Additional liquidity
Tideway Allowed Revenue (Twelfth Charging Year)	= 150.6	+ 1.5	+ 0	-18.4	+ 0	+ 3.2	-0.4	0	0
	= 136.4 (£m)								

The calculation of each of these elements is described below.

Inputs
The inputs to this calculation, and the sources of these inputs, are set out on the "Inputs 2025" "BBRA Inputs 2024" "BBRA Inputs 2023", and "BBRA Inputs 2022" sheets of this workbook. The "BBRA Inputs 2022" sheet isolates the inputs required to reconcile Allowed Revenue first calculated in 2022 (for the ninth charging year), "BBRA Inputs 2023" sheet isolates the inputs required to reconcile Allowed Revenue first calculated in 2023 and the "BBRA Inputs 2024" sheet isolates the inputs required to reconcile Allowed Revenue first calculated in 2024.
All the reconciliations are for updated cost and inflation data and the inputs are consistent with those set out on "Inputs 2025".
In line with Appendix 1 A8 of Tideway's licence, the Expenditure Forecast is that most recently verified by the Independent Technical Assessor (verified 16 October 2025). [Note the 1 August Estimate is based on a non-verified ITA forecast]
It represents the company's latest verified forecast of cash expenditure over 2025/26, 2026/27 and 2027/28.

Return on Capital

The Return on Capital building block allows Tideway to earn a return on capital in relation to the forecast average RCV in the Charging Year in question.

Average RCV is calculated using annual actual, estimated and forecast allowable project spend, as shown in the table below.

Em. 2014/15 prices	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
Opening RCV	0.0	148.7	478.5	962.3	1,490.3	2,024.5	2,497.6	2,935.4	3,307.9	3,547.1	3,684.0	3,780.5	3,852.3	
Annual Actual Spend	148.7	320.8	488.3	934.5	1,471	2,024.5	2,497.6	2,935.4	3,307.9	3,547.1	3,684.0	3,780.5	3,852.3	
Closing RCV	148.7	478.5	962.3	1,480.3	2,024.5	2,497.6	2,935.4	3,307.9	3,547.1	3,684.0	3,780.5	3,852.3	3,854.1	
Average RCV	74.4	313.6	720.4	1,226.3	1,757.4	2,261.0	2,716.5	3,121.7	3,427.5	3,615.5	3,732.2	3,816.4	3,854.1	

For the Twelfth Charging Year, this building block is calculated as follows:

Return on Capital	= Average RCV in Y12	+ Bid WACC	- Applicable Change in Revenue RPI for the Eleventh Charging Year
	= 3.816.4	+ 2.497%	- 405.6 256.7
	= 150.6 (£m)		

Liquidity
The Liquidity building block allows Tideway a liquidity allowance (return on capital) in relation to the incremental average RCV in the year following the Charging Year in question.

For the Twelfth Charging Year, this building block is calculated as follows:

Liquidity	= (Forecast average RCV in year 13 - Average RCV in year 12) * Bid WACC * Applicable Change in Revenue RPI for the twelfth Charging Year
	= 37.7 + 2.497% - 405.6 256.7
	= 1.5 (£m)

Operating Expenditure (Opex)
In line with Tideway's licence, the Opex building block is currently zero as all costs are accounted for as capital expenditure.

The Financing Cost Adjustment building block is intended to protect against movements in the market cost of debt, recognising that Tideway's

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 12) Applicable Change in Revenue RPI (year 11)
	=	-0.1 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	-0.1 (€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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€m)	
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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€m)	
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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€m)	
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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€m)	
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 12) Applicable Change in Revenue RPI (year 11)
	=	0.0 * (1 + 0.02497) *	<u>1.58</u> 1.52
	=	0.0 (€m)	
Revenue Adjustment (Eleventh Charging Year) (after NPV adjustment)	=	The sum of the reconciliation amounts all after NPV adjustments in respect of Tenth Charging Year, and (where previously not included) the Ninth, Eighth, Seventh, Sixth, Fifth, Fourth, Third, and Second Charging Years.	
	=	2.7 0.6 -0.1 0.0 0.0 0.0 0.0 0.0	
	=	3.2 (€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 final 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	2025/26
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	126.4
Allowed Revenue - as calculated for 2025 Revenue Statement									107.7	118.6	126.8

The table above shows the Allowed Revenue for each year as calculated/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 =	(2023/24 Allowed Revenue [2025 calculation] - 2023/24 Allowed Revenue [2024 calculation]) * ((1 + Bid WACC)^3) * Applicable Change in Revenue RPI (year 12)	+	(2024/25 Allowed Revenue [2025 calculation] - 2024/25 Allowed Revenue [2024 calculation]) * ((1 + Bid WACC)^2) * Applicable Change in Revenue RPI (year 12)	+	(2025/26 Allowed Revenue [2025 calculation] - 2025/26 Allowed Revenue [2024 calculation]) * ((1 + Bid WACC)^1) * Applicable Change in Revenue RPI (year 12)
(Twelfth Charging Year)			Applicable Change in Revenue RPI (year 9)		Applicable Change in Revenue RPI (year 11)
=	(107.7)	-	107.9	* ((1 + 0.02497)^3) * 1.58	+ (118.6)
=	-0.2	+ -0.6	+ 0.4		- 119.1
=		-0.4	(Em)		

Return on Capital

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	Eleventh Charging Year	Return on Capital = Average RCV in Eleventh Charging Year * Bid WACC * Applicable Change in Revenue RPI for the Eleventh Charging Year
=	3,427.5 *2.497% * 358.3	=	3,615.5 *2.497% * 377.3	=	3,732.2 *2.497% * 390.9
=	256.7		256.7		256.7

Liquidity

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	Eleventh Charging Year	Liquidity = (Forecast average RCV in year 12 - Average RCV in year 11) * Bid WACC * Applicable Change in Revenue RPI for the Eleventh Charging Year
=	188.0 *2.497% * 358.3	=	16.7 *2.497% * 377.3	=	84.2 *2.497% * 390.9
=	256.7		256.7		256.7

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)
=	(-67.05) * -315.87 * -0.54% * (1 + 0.02497)^2 * 1.11
=	-1.5 (Em)

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 (Em)

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
=	256.7

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 (Em)

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
=	256.7

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 (Em)

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
=	256.7

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
=	-

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)								

Eleventh Charging Year

Financing Cost Adjustment (year 11)

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 projected 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) + Financing Cost Adjustment (year 10)								
	=	0 + 0 + 0 +0.5 -1.5 -2.2 -6.7 -8.4 0.0 0.0								

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 (Ninth Charging Year)	=	119.5	+6.6	+ 0	-18.4	+ 0	+ 0	+ 0	+ 0	
	=	107.7	(£m)							

Tideway Allowed Revenue (Tenth Charging Year)	=	132.7	+4.3	+ 0	-18.4	+ 0	+ 0	+ 0
	=	118.6	(8m)					
Tideway Allowed Revenue (Eleventh Charging Year)	=	141.9	+3.2	+ 0	-18.4	+ 0	+ 0	+ 0
	=	128.8	(8m)					

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** (8m)

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** (8m)

Outs 2025

A.11 Additional Return on Capital Building Block

Calculation 2025

Building Block	Unit	Notes/description	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
			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 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
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
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
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
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
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
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
1.1.2014/15 RPI Adjustment Factor		A factor calculated for each Charging Year to express costs associated with that year in a price base. See Project Licence, Appendix 1, Part 1.1												
(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 calculated from a price base in Charging Year Yt-1 to the Base RPI Index year (2014/15) and the forecasted amount from the forecasted amount set out in Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences	%	Forecast RPI - see input sheet for description of source												3.2%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends	%	Forecast RPI - see input sheet for description of source												3.2%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt commences	%	Forecast RPI - see input sheet for description of source												3.5%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt ends	%	Forecast RPI - see input sheet for description of source												3.5%
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	%	Calculated with reference to the index values for March and September to capture April to September inflation (see detailed modelling assumption in "Statement of calculation 2025")												2.7%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commenced	%	Forecast RPI - see input sheet for description of source												4.0%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends	%	Forecast RPI - see input sheet for description of source												3.5%
Base RPI		Year average RPI for 2014/15, used as base year RPI												396.7
Charging Year Yt-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)												396.7
1.1 (i)		Factor used to adjust prices from Charging Year T-1 to Charging Year T												1.03
1.1 (ii)		Factor used to adjust prices from Charging Year T-1 to Charging Year T-1												1.03
1.1 (iii)		Factor used to adjust prices from Charging Year T-1 to Charging Year T-2												1.05
1.1 (iv)		Factor used to adjust prices from Charging Year T-2 to Base RPI Index year												1.02
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												1.70
RPi Adjustment Factor Charging Year T		Combines factors (i), (ii) and (iii) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base												1.64
RPi Adjustment Factor Charging Year T-1		Combines factors (ii) and (iii) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base												1.59
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												1.52
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	245.6	252.1	258.8	268.8	263.5	278.8	284.6	291.0	293.1	314.3	356.3	377.3
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	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, Part 1. See Statement of calculation 2023 for further detail												136,424,270
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 1.3												150,091,534
Own Stated RCV for Yt-2		RCV at the end of Charging Year Yt-2 as published by Ofwat by 1 September following the end of the Charging Year												3,683,972,829
OPRCV Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T-1												3,683,972,829
2014/15 RPI Adjustment Factor Yt-1		Scalar to adjust forecasted cost in Charging Year T-1 to 2014/15 price base												3,683,972,829
Annual Actual Project Spend Yt-1		Actual Project Spend Yt-1												26,884,795
Estimated Allowable Project Spend Yt-1		Allowable Project Spend not verified by the ITA) incurred in Charging Year T-1												25,984,456
Forecast Allowable Project Spend Yt-1		Allowable Project Spend forecast to be incurred in Charging Year T-1												43,657,456
OPRCV Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T - the sum of opening RCV for Charging Year T-1 and all forecasted costs in Charging Year T												3,780,000,133
2014/15 RPI Adjustment Factor Yt-1		Scalar to adjust forecast costs for Charging Year T to 2014/15 price base												1.64
Annual Actual Project Spend Yt-1		Actual Project Spend Yt-1												0.00
Estimated Allowable Project Spend Yt-1		Allowable Project Spend not verified by the ITA) incurred in Charging Year T-1												0.00
Forecast Allowable Project Spend Yt-1		Allowable Project Spend forecast to be incurred in Charging Year T-1												0.00
CPRCV Yt-1	£, 2014/15 prices	Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all forecasted costs in Charging Year T												71,793,636
YARCV Yt-1	£, 2014/15 prices	Average RCV for Charging Year T-1												3,852,293,769
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 4												1,486,602
OPRCV Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T-1												3,892,293,769
2014/15 RPI Adjustment Factor Yt-1		Scalar to adjust forecast costs in Charging Year T-1 to 2014/15 price base												1.70
Annual Actual Project Spend Yt-1		Actual Project Spend Yt-1												26,884,795
Estimated Allowable Project Spend Yt-1		Allowable Project Spend not verified by the ITA) incurred in Charging Year T-1												25,984,456
Forecast Allowable Project Spend Yt-1		Allowable Project Spend forecast to be incurred in Charging Year T-1												43,657,456
FYARCV Yt-1	£, 2014/15 prices	Closing RCV for Charging Year T-1												3,854,071,456
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 Yt			0	461,614	-1,016,091	-3,201,092	-9,948,780	-18,366,706	-18,366,706	-18,366,706	-18,366,706			
Financing Cost Adjustment Index Yield	%	See Project Licence Appendix 1, Part A 3	0	0	0	461,614	-1,478,005	-2,184,201	-6,747,688	-8,417,925	0	0	0	
Base Reference Point (BRP)		The historic 12 monthly 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%	
Annual Reference Point (ARP)		The historic 12 monthly 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%				
BRP-ARP	%	Difference between BRP and ARP	0.00%	0.00%	-0.13%	0.00%	0.00%	0.00%	1.76%	2.13%				
Market Cost of Debt Adjustment Factor (absolute)	%	See Project Licence Appendix 1 Part A 6.7	0.00%	0.00%	0.00%	0.22%	0.54%	0.32%	1.01%	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%	-0.22%	-0.54%	-0.32%	-1.01%	-1.43%				
Change in net debt	£	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												
Net Debt in Charging Year Yt-2	£	Net debt at the end of Charging Year Yt-2 as defined in Project Licence Appendix 1, Part 1.41	0	0	-130,376,913	-185,492,648	243,778,372	615,246,166	615,812,223	632,530,646				
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2	£, Current prices	RCV at the end of Charging Year Yt-2 in then current prices	0	0	-130,376,913	-315,869,558	-72,091,186	543,155,000	1,156,967,223	1,689,497,869				
National Debt to RCV Ratio		As defined in Project Licence Appendix 1, Part A 42	0	0	151,316,515	502,087,458	1,043,425,953	1,651,434,722	2,307,915,724	2,889,052,612				
National Net Debt in Charging Year Yt-2	£	RCV multiplied by National Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	
Net Debt in Charging Year Yt-3	£	Net debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, Part 1.41	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 Yt-3	£, Current prices	RCV at the end of Charging Year T-3 in then current prices	0	0	0	151,316,515	502,087,458	1,043,425,953	1,655,435,722	2,307,165,724				
National Debt to RCV Ratio		As defined in Project Licence Appendix 1, Part A 42	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	
National Net Debt in Charging Year Yt-3	£	RCV multiplied by National Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9	0	0	0	94,569,072	313,804,661	652,141,221	1,034,647,326	1,442,447,527				
Applicable Change in Revenue RPI for Charging Year Yt-1	£	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-1 in the 2021 revenue statement so that the FCA is in a position it should have been if the error had never occurred	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22	1.40	1.47	1.52	1.58
Applicable Change in Revenue RPI for Charging Year Yt-2	£	Forecast as in line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax	0.96	0.98	1.01	1.01	1.01	1.03	1.07	1.11	1.14	1.22	1.40	1.58
Adjustment agreed with Ofwat to correct for net debt error in the 2021 revenue statement	£	Reconciliation amount - difference between forecasted and actual Net Debt in the 2021 revenue statement											218,424	
A.4. Tax	£	Reconciliation amount - difference between forecasted and actual Net Debt in the 2021 revenue statement												0
A.7. Under/Over Recovered Revenue Adjustment	£	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												3,162,238
Allowed Revenue		Allowed Revenue as submitted in 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025	33,603,285	28,559,132	49,235,940	63,431,062	76,465,429	87,029,093	86,316,446	117,946,599	132,566,927	134,168,566		
Amount recovered in respect of Allowed Revenue (to end of September 2025)	£	Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25 Allowed Revenue, prior to the end of September 2025	32,084,075	28,072,343	47,902,574	60,755,832	68,135,566	83,025,897	71,289,772	108,496,801	131,168,058			
Amount recovered in respect of Allowed Revenue (to end of September 2024)	£	Amount collected by Thames Water and received by Tideway in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 Allowed Revenue, prior to the												

BBRA Calculation 2024

Building Block	Unit	Notes/description	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
Year starts			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Year ends			01/04/2015	01/04/2016	01/04/2017	01/04/2018	01/03/2019	01/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025
Year t-2			31/03/2015	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
Year t-1			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24
Year t-1			2015/16	2016/17	2017/18	2018/19	2019/20	2019/20	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	2025/26	2026/27	2027/28
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 the said Charging Year Yt+1, estimated Allowable Project Spend for the said Charging Year shall be deflated from a price base in Charging Year Yt+1 to the Base RPI index year (2014/15), using an adjustment factor for the calendar year in which Charging Year Yt+1 commences and RPI		Forecast RPI - see input sheet for description of source											
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences	%	Forecast RPI - see input sheet for description of source											
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends	%	Forecast RPI - see input sheet for description of source											
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences	%	Forecast RPI - see input sheet for description of source											
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends	%	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 Yt+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 2025")											
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	%	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 2025")											
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+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 Yt+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 RPI											
Charging Year Yt-1		Year average RPI for Charging Year T-2 (or 2014/15 where this is later)											
Charging Year Yt		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year T-1											
1.1 (i)		NOT USED FOR RECONCILIATION											
1.1 (ii)		Factor used to adjust prices from Charging Year T-1 to Charging Year T-2											
1.1 (iii)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2											
1.1 (iv)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2											
RPI Adjustment Factor Charging Year T+1		Combining factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T+1 to 2014/15 price base											
RPI Adjustment Factor Charging Year T		Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base											
RPI Adjustment Factor Charging Year T-1		Combines factors (i) and (iv) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base											
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											
Applicable Change in Revenue RPI		RPI in November of previous Charging Year relative to 2014/15 base year											
RPI		RPI in November of Charging Year T-1	0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22	1.40
RPIbase (Base RPI Index)		Average RPI for 2014/15	245.6	252.7	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3	356.3
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 2025" for further detail.	1.03	1.05	1.07	1.09	1.11	1.13	1.15	1.17	1.19	1.21	1.23
A.3. Return on Capital	£	The Return on Capital building block allows the P 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	126,767,000	141,932,160									
Own 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 end of the Charging Year											2,547,091,496
OPRCV Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T-1											3,547,091,496
2014/15 RPI Adjustment Factor Yt-1		Scalar to adjust forecast costs for Charging Year Yt-1 to 2014/15 price base											1.52
Annual Actual Project Spend Yt-1		Allowable Project Spend verified by the (TA) incurred in Charging Year Yt-1											136,881,343
Estimated Allowable Project Spend Yt-1		Allowable Project Spend forecast to be incurred in Charging Year Yt-1											0
Forecast Allowable Project Spend Yt-1		Allowable Project Spend forecast to be incurred in Charging Year Yt-1											3,683,972,839
OPRCV Yt	£, 2014/15 prices	Opening RCV for Charging Year T-1 to the sum of opening RCV for Charging Year Yt-1 and all 2014/15 RPI Adjustment Factor Yt-1											1.59
2014/15 RPI Adjustment Factor Yt		Scalar to adjust forecast costs for Charging Year Yt-1 to 2014/15 price base											26,031,642
Annual Actual Project Spend Yt		Allowable Project Spend verified by the (TA) incurred in Charging Year Yt											218,984,795
Estimated Allowable Project Spend Yt		Allowable Project Spend forecast to be incurred in Charging Year Yt											43,657,450
Forecast Allowable Project Spend Yt		Allowable Project Spend forecast to be incurred in Charging Year Yt											3,785,500,133
OPRCV Yt	£, 2014/15 prices	Average RCV for Charging Year T-1											3,732,316,486
A.4. Liquidity	£	The Liquidity building block allows the P 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	3,206,837										
OPRCV Yt+1	£, 2014/15 prices	Opening RCV for Charging Year T+1											3,780,605,133
2014/15 RPI Adjustment Factor Yt+1		Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base											1.64
Annual Actual Project Spend Yt+1		Allowable Project Spend verified by the (TA) incurred in Charging Year Yt+1											0.00
Estimated Allowable Project Spend Yt+1		Allowable Project Spend forecast to be incurred in Charging Year Yt+1											0.00
Forecast Allowable Project Spend Yt+1		Allowable Project Spend forecast to be incurred in Charging Year Yt+1											71,793,636
OPRCV Yt+1	£, 2014/15 prices	Average RCV for Charging Year T+1											3,816,396,851
A.5. Opex		In line with the Project Licence, the Open building block is zero as all costs are accounted for as capital expenditure. See Project Licence, Appendix 1, Part A 5	0										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 point relative to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6	0	0	461,614	-1,016,891	-3,201,092	-8,948,780	-18,366,700	-18,366,700	-18,366,700	-18,366,700	
Financing Cost Adjustment Yt		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 point relative to a base reference point of March 2015. See Project Licence, Appendix 1, Part A 6	0	0	461,614	-1,476,505	-2,184,201	-6,747,688	-6,417,925	0	0	0	
Financing Cost Adjustment Index Yield	%	See Project Licence Appendix 1, Part A 6	1.30%	1.43%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	
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 Yt-2	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	
BRP-ARP	%	Difference between BRP and ARP	0.00%	0.00%	-0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Market Cost of Debt Adjustment Factor (absolute)	%	See Project Licence Appendix 1, Part A 6.7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Net Debt in Charging Year Yt-2	£, current prices (March of Charging Year T-2)	Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1, 1.44	0	0	-130,378,913	-315,869,558	-72,091,186	543,155,000	1,156,987,223	1,689,497,869			
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2													

BBRA Inputs 2023

Unit	Source/notes	2012/13	2013/14	2014/15	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth	Eleventh	Twelfth	Thirteenth
					Charging Year	Charging Year	Charging Year	Charging	Charging Year								
Year starts					2015/16 01/04/2015	2016/17 01/04/2016	2017/18 01/04/2017	2018/19 01/04/2018	2019/20 01/04/2019	2020/21 01/04/2020	2021/22 01/04/2021	2022/23 01/04/2022	2023/24 01/04/2023	2024/25 01/04/2024	2025/26 01/04/2025	2026/27 01/04/2026	2027/28 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	
Year I-2					2013/14 2014/15	2014/15 2015/16	2015/16 2016/17	2016/17 2017/18	2018/19 2019/20	2019/20 2020/21	2020/21 2021/22	2021/22 2022/23	2022/23 2023/24	2023/24 2024/25	2024/25 2025/26	2025/26 2026/27	2026/27 2027/28
Year I-1					2015/16 2016/17	2016/17 2017/18	2017/18 2018/19	2018/19 2019/20	2019/20 2020/21	2020/21 2021/22	2021/22 2022/23	2022/23 2023/24	2023/24 2024/25	2024/25 2025/26	2025/26 2026/27	2026/27 2027/28	2027/28 2028/29
Year I+1					2017/18 2018/19	2018/19 2019/20	2019/20 2020/21	2020/21 2021/22	2021/22 2022/23	2022/23 2023/24	2023/24 2024/25	2024/25 2025/26	2025/26 2026/27	2026/27 2027/28	2027/28 2028/29	2028/29 2029/30	
Year I+2																	
1.1 2014/15 RPI Adjustment Factor																	
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%																
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%																
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	406.1	
RPI, March of Charging Year					254.8	257.1	261.1	269.3	278.3	285.1	292.6	323.5	367.2	383.0	395.3		
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	390.0		
A.3. Return on Capital and A.4 Liquidity																	
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £																
Allowable Project Spend (actual and forecast) - as at October 2025																	
Allowable Project Spend	Outturn prices, £																
Estimated Allowable Project Spend	Outturn prices, £																
Forecast Allowable Project Spend	Outturn prices, £																
Excluded Project Spend	Outturn prices, £																
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, £																
BWACC	%																
A.5. Opex																	
Opex forecast as at September 2025	Outturn prices, £																
A.6. Financing Cost Adjustment																	
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%																
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Outturn prices, £																
Net Debt at 31 March	£, current prices																
Notional Debt to RCV ratio	%																
Adjustment agreed with Ofwat to correct for net debt error within the accounts	£, current prices																
A.14. Tax																	
Tax forecast as at September 2025	Outturn prices, £																
A.7. Under/Over Recovered Revenue Adjustment - as at October 2025																	
Allowed Revenue (including building block reconciliation)	£																
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25 Allowed Revenue (to end of September 2025)	Outturn prices, £																
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, £																
Years of NPV adjustment																	
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £																
A.8. Reconciliation adjustment																	
Time since original calculation	Years																
Reconcile this year?																	
Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	£																
A.11. Additional Return on Capital Building Block																	
Additional Allowable Project Spend																	
A.16.4. Net Present Value Adjustment																	
End of first charging year																	
Licence Award																	

BBBA Calculation 2023

Building Block	Unit	Notes/description	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
way Revenue Statement 2025			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
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 Yt+1, estimated Allowable Project Spend for the said Charging Year shall be defined from a price base in Charging Year Yt+1 to the Base RPI index year (2014/15), using an adjustment factor for the calendar year in which Charging Year Yt+1 commences, and (i) RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences, (ii) Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences, (iii) Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends, (iv) Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends.	%	Forecast RPI - see input sheet for description of source										4.0%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 commences	%	Forecast RPI - see input sheet for description of source										3.5%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+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 Yt+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 Yt+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 2025")										
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	%	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 2025")										
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	%	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 2025")										2.7%
Base RPI		Year average RPI for 2014/15, used as base RPI										
Charging Year Yt+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)										
Charging Year Yt+1		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year Yt+1										
Charging Year Yt+1		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year Yt+1										
1.1.1(i)												1.05
1.1.1(ii)												1.03
1.1.1(iii)												1.07
1.1.1(iv)												1.37
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										1.59
RPI Adjustment Factor Charging Year T		Combines factors (i), (ii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base										1.52
RPI Adjustment Factor Charging Year T-1		Combines factors (ii) 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		RPI in November of previous Charging Year relative to 2014/15 base year										
RPIbase (Base RPI Index)		RPI in November of Charging Year T-1	0.96	0.98	1.01	1.01	1.03	1.07	1.11	1.13	1.14	1.22
		Average RPI for 2014/15	245.6	252.1	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3
			256.7	256.7	256.7	256.7	256.7	256.7	256.7	256.7	256.7	358.3
												377.3
												256.7
A.1. Allowed Revenue	£											
A.3. Return on Capital	£											
Ofwat Stated RCV for Yt+2		RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year										
	£, 2014/15 prices											
OPRCV Yt+1		Opening RCV for Charging Year T-1										
2014/15 RPI Adjustment Factor Yt+1		Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base										
Annual Actual Project Spend Yt+1		Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1										
Estimated Allowable Project Spend Yt+1		Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1										
Forecast Allowable Project Spend Yt+1		Allowable Project Spend forecast to be incurred in Charging Year T-1										
OPRCV Yt		Opening RCV for Charging Year T-1 - the sum of opening RCV for Charging Year T-1 and all Allowable Project Spend that year										
2014/15 RPI Adjustment Factor Yt		Scalar to adjust forecast costs for Charging Year T to 2014/15 price base										
Annual Actual Project Spend Yt		Allowable Project Spend (verified by the ITA) incurred in Charging Year T										
Estimated Allowable Project Spend Yt		Allowable Project Spend (not verified by the ITA) incurred in Charging Year T										
Forecast Allowable Project Spend Yt		Allowable Project Spend forecast to be incurred in Charging Year T										
CPRCV Yt		Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all Allowable Project Spend in that year										
YARCV Yt		Year average RCV for Charging Year T										
	£, 2014/15 prices											
A.4. Liquidity	£											
OPRCV Yt+1		The Liquidity building block allows the IP to earn a 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										
2014/15 RPI Adjustment Factor Yt+1		Opening RCV for Charging Year T-1										
Annual Actual Project Spend Yt+1		Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base										
Estimated RCV Yt+1		Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1										
Forecast Allowable Project Spend Yt+1		Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1										
OPRCV Yt		Allowable Project Spend forecast to be incurred in Charging Year T-1										
2014/15 RPI Adjustment Factor Yt		Opening RCV for Charging Year T-1										
Annual Actual Project Spend Yt		Scalar to adjust forecast costs for Charging Year T to 2014/15 price base										
Estimated RCV Yt		Allowable Project Spend (verified by the ITA) incurred in Charging Year T										
Forecast Allowable Project Spend Yt		Allowable Project Spend (not verified by the ITA) incurred in Charging Year T										
CPRCV Yt		Allowable Project Spend forecast to be incurred in Charging Year T										
YARCV Yt		Closing RCV for Charging Year T										
	£, 2014/15 prices											
A.5. Opex												
A.6. Financing Cost Adjustment building block		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										
Financing Cost Adjustment Yt		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 Index Yield	%	See Project Licence Appendix 1, Part A 6.3										
Base Reference Point (BRP)	%	The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015										
Annual Reference Point (ARP)	%	The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March in Charging Year Yt-2										
BRP-ARP	%	Difference between BRP and ARP										
Market Cost of Debt Adjustment Factor (absolute)	%	See Project Licence Appendix 1 Part A 6.7										
Market Cost of Debt Adjustment Factor (corrected sign)	%	See Project Licence Appendix 1 Part A 6.7										
Net Debt in Charging Year Yt-2		Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1, 1.44										
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2		RCV at the end of Charging Year T-2 in then current prices										
National RCV Yt-2	%	As defined in Project Licence Appendix 1, 1.45										
Forecast Allowable Project Spend for year t+1		RCV multiplied by National Debt to RCV ratio. See Project Licence Appendix 1 Part A 4										
CPRCV Yt-1		Closing RCV for Charging Year T-1										
	£, 2014/15 prices	Average RCV for Charging Year T-1										
A.6. Financing Cost Adjustment building block												
Financing Cost Adjustment Index Yield	%											
Base Reference Point (BRP)	%											
Annual Reference Point (ARP)	%											
BRP-ARP	%											
Market Cost of Debt Adjustment Factor (absolute)	%											
Market Cost of Debt Adjustment Factor (corrected sign)	%											
Net Debt in Charging Year Yt-3		Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44										
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-3		RCV at the end of Charging Year T-3 in then current prices										
National Net Debt in Charging Year Yt-3	%	As defined in Project Licence Appendix 1, 1.45										
Forecast Allowable Project Spend for year t+2		RCV multiplied by National Debt to RCV ratio. See Project Licence Appendix 1 Part A 4										
CPRCV Yt-2		Closing RCV for Charging Year T-2										
	£, 2014/15 prices	Average RCV for Charging Year T-2										
Applicable Change in Revenue RPI for Charging Year Yt-1												
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.4.4. Tax	£											
	£, 2014/15 prices	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 4										
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 2025. The revenue 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 7										
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, 2020/21, 2021/22 and 2022/23 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, 2019/20, 2020/21 and 2021/22 Allowed Revenue, prior to the end of September 2022. The cut-off is the same as that used for the 2022 Revenue Statement ensuring that the amounts received are treated consistently between Revenue Statement and the 2022 Revenue Statement										
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 2025"										
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		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										
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										
Reconcile this year?	n/a	Reversal 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 a year's revenue was calculated. Details of the last year's reconciliation are provided in the "Statement of Calculation 2025"										
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 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		</td								

RA Inputs 2022

A.11. Additional Return on Capital Building Block

A.11. Additional Return C

A 1.6.4. Net Present Value Adjustment

End of first charging year
Licence Award

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

31/03/2016
24/08/2015

BBRA Calculation 2022