Tideway Revenue Statement 2022

Allowed Revenue for Charging Year 2023/24

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

Revenue Statement - 2023/24 Allowed Revenue

Submitted to Ofwat on 20 December 2022

£, nominal	Year preceding Prior Charging Year 2020/21	Prior Charging Year 2021/22	Current Charging Year 2022/23	Forthcoming Charging Year 2023/24
Allowed Revenue	76,465,429	87,029,095	86,316,446	117,946,599
Amounts received from TWUL	68,887,910	72,886,391		

IP Charge Notification - 2023/24

Submitted to Thames Water on 20 December 2022

IP Charge for 2023/24 (£)

117,946,599

November 2022 RPI

358.3 Source: ONS (14 December 2022 release)

Statement of calculation

Introduction								Sta	atement of calculation		
The following section sets out how Tideway's Allowed Revenue cald The Licence has been written to provide the basis of a revenue sub	culation has been made for the charging year 2023/2	(Ninth Charging Year).	n made in interpreting Appe	ndix 1 of the Project Licence to	insure the mechanics of t	e calculation are in line with t	he snirit of the licence. These n	nodelling accumptions are set out in th	a tahla halaw		
This model, including these assumptions, as set out in the table bel	low, has been sent to Ofwat. In an email dated 29/09	/2022, Ofwat noted it is cor	tent with the resolutions de	scribed.			no apine of the notified. These h				
Sheet Issue BBRA Inputs					Resolution						
2019, BBRA The 2014/15 RPI Adjustment Factor refers to "the r Inputs 2020, index values for April and September are taken, this 2021, BBRA puts 2021, BBRA Inputs 2022	percentage movement in the RPI (All Items) index as s only picks up 5 months of inflation. Together with t	published by ONS for the p the other elements of the form	eriod April to September in i nula, this results in an unde	the calendar year" However, i restimate of inflation for the Cha	f the Interpret the m inflation is also	ovement for the period April to picked up.	o September as the movement	between the March and September inc	lex values, which ensures April		
BBRA Calculation Z019, BBRA Calculation Annual Actual Project Spand for the current Chargi 2020, licence specifies that Annual Actual Project Spand BBRA/Calculat Policable Chargie To Cost RPI can only be calcula on 2021, time the Revenue Statement is prepared. BBRA Calculation 2022	ng Year (Yt-1) feeds into the calculation of RCV, whi should be deflated by the Applicable Change in Cost feed following the publication of RPI for each month o	RPI for a Charging Year, ra	ther than the 2014/15 RPI A	Adjustment Factor. However, the	Use the 2014/	15 RPI Adjustment Factor to c Statement as part of the buil	leflate the Annual Actual Projec ding block reconciliation adjust	t Spend in the current Charging Year. ment.	This will be trued up in next		
BBRA Calculation 2019, BBRA Calculation 2020, BBRA Calculation Calculation Calculation Calculation Calculation Calculation Calculation 2021.	prior years for updated inflation, it is not appropriate inflation data which can be used to replace the forecr	to use the 2014/15 RPI Adju st).	ustment Factor defined in Ti	ideway's licence as more up to c	equivalent to a	consistent with definition of 20 pplying the 2014/15 RPI Adju est actual RPI data is taken in	stment Factor values as calcula	out with actual inflation used up to Sep ted for the Eighth Charging Year Allow	tember of Y1. This is ed Revenue calculation, and		
	ecovered revenue adjustment (as set out in Appendia t-2". However, the licence does not specify the time p				by the Interpret "the a been paid by T	mount in respect of the IP Ch hames Water to Tideway and	arge recovered by the Infrastruc receipted in Tideway's bank ac	cture Provider in respect of Charging Y scount prior to the end of September of	ear I-2" as the amount that has Charging Year I-1.		
Calculation Appendix 1, Part A 7 of Tideway's licence requires adjustment formulaicaily or specify the means of ad	that the under/over recovered revenue adjustment is justing for inflation.	calculated on a net present :	value neutral basis using the	e BWACC, but it does not speci	To reconcile at (1+BWACC) ⁵ revenue receip A separate one that have not to original amoun multiplying the	nounts not yet received in res 2 and the ratio between the Ap ts). -year NPV adjustment is appl een included in a previous rev ts and their incorporation into	pect of Charging Year t-2, this i plicable Change in Revenue Ri ied to the further amounts recei renue adjustment calculation. T this revenue adjustment calcula	c) as the real discount factor and adjust moveme multiplying the unadjusted rec PI of the two charging years (to account wed in respect of any Charging Year fa his to account the on-year delay ation for the forth-coming Charging Year to between the Applicable Change in 1	onciliation amount by t for the two year delay in lling prior to Charging Year t-2 between the collection of the . The adjustment involves		
Calculation Appendix 1, Part A 8 of Tideway's licence requires value neutral basis using the BWACC, but it does r	a reconciliation adjustment of a number of building b not specify the adjustment formulaically or specify the	ocks for updated values. Th means of adjusting for infla	e licence requires that the a tion.	adjustment is calculated on a net	taking into acc present reconciliation a calculated, and	ount the number of years sinc mount by (1+BWACC) raised I the ratio between the Applica	e the Allowed Revenue for a giv to the power of the number of able Change in Revenue RPI of	C) as the real discount factor and adjust en year was first calculated. This invol- years since the Allowed Revenue for the the two Charging Years. The reconcili m this reconciliation are as set out in the set out in the the set out in the the set out in the set out of the	ves multiplying the ie relevant year was first ation amount is calculated		
BBRA Calculation 2019, BBRA Galculation 2020, BBRA Calculation Revenue (IAR).) 2021. 2021.	y Building Blocks may never become relevant (i.e. th	ese building blocks may onl	y become relevant if Tidewa	ay applies for an Increase in Allo	ved Exclude calcul	ations for Additional Return or	Capital and Additional Liquidit	y until there is a non-negligible probabi	illy that these will be required.		
Key to Charging Years											
Year Charging Year 2010/16 Yi 2011/18 Yi 2019/20 Yi 2019/21 Y6 2020/22 Y7 2020/22 Y7 2020/22 Y7 2020/22 Y7 2020/24 Y9 2024/25 Y10 Summary Below is a high-level breakdown of the Allowed Revenue for the Nin Trideway Allowed Revenue (I) = =	Full description First Charana Year Test Charana Year Test Charana Year Fourth Charging Year Firth Chararina Year Soventh Chararina Year Soventh Chararina Year Firth Chararing Year Ninth Charging Year Tenth Charging Year th Charging Year th Charging Year			quidity + Operating ex	senditure - Financing co	st adjustment	+Tax +Rev	nue adjustment + Building block	for reconciliation adjustment + Addition	si return on capital + Addi	itional liquidity
Tideway Allowed Revenue (Ninth Charging Year)	=			6.1 + 0	-	8.4	+ 0	+ 8.1	2.2	0	0
The calculation of each of these elements is described below.	=	1	17.9 (£m)								
Inputs The inputs to this calculation, and the sources of these inputs, are s All the reconclinations are for updated cost and inflation data and the In line with Appendix 1 A8 of Tideway's licence, the Expenditure Fo It represents the company's latest verified forecast of cash expendit	e inputs are consistent with those set out on "Inputs 2 precast is that most recently verified by the Independence	022*.		his workbook. The "BBRA Inputs	2019* sheet isolates the	nputs required to reconcile All	lowed Revenue first calculated	in 2018 (for thesixth charging year), "B	BRA Inputs 2020" sheet isolates the inputs required	to reconcile Allowed Revenue first calculated	d in 2020 and the "BBR
Return on Capital The Return on Capital building block allows Tideway to earn a return Average RCV is calculated using annual actual, estimated and forer			tion.								
and a second service service accord, contracted and fore	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	Em, 2014/15 prices Opening RCV Allowable Project Spend Closing RCV Average RCV	Y1 0.0 148.7 148.7 74.4	Y2 148.7 329.8 478.5 313.6	Y3 478.5 483.8 962.3 720.4	Y4 962.3 528.0 1,490.3 1,226.3	Y5 1,490.3 534.2 2,024.5 1,757.4	Y6 2,024.5 473.1 2,497.6 2,261.0	Y7 2.497.6 437.9 2,935.4 2,716.5	Y8 2,935.4 375.7 3,311.1 3,123.3	Y9 3.311.1 255.1 3,566.2 3,438.7	Y10 3,566.2 95.1 3,661.4 3,613.8
For the Ninth Charging Year, this building block is calculated as foll Return on Ci			WACC 497%	Applicable Chan 358.3 256.7	ge in Revenue RPI for the	Ninth Charging Year					
Liquidity The Liquidity building block allows Tideway a liquidity allowance (re		RCV in the year following the	he Charging Year in questio	in.							
For the Ninth Charging Year, this building block is calculated as foll	ows: uidity = (Forecast average RCV in year 9 - Average = 175.1	RCV in year 8) * Bid WACC	* Applicable Change in Re 2.497% *	wenue RPI for the Eighth Chargi 358.3 256.7	ng Year						
Operating Expenditure (opex)	= <u>6.1</u> (£m)										
In line with Tideway's licence, the Opex building block is currently z	tero as all costs are accounted for as capital expendit	ire.									

Financing Cost Adjustment

ed in 2020 and the "BBRA Inputs 2021" sheet isolates the inputs required to reconcile Allowed Revenue first calculated in 2021.

- 1

0.2

The Financing Cost Adjustment building block is intended to protect against movements in the market cost of debt, recognising that Tideway's Bid WACC will apply for a much longer period than the standard five year control period for a WaSC or WoC. The Financing Cost Adjustment will apply to movements in the market cost of debt until (and including) 31st March 2021.

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

Financing Cost Adjustment (t) =

where

(Net Debt (t-2) - Net Debt (t-3)) * Market Cost of Debt Adjustment Factor (t) * (1 + BWACC)*2 * Applicable Change in Revenue RPI (t) Annlicable Change in Revenue RPI (t-2)

Market Cost of Debt Adjustment Factor (t) =

i) if the difference between the BRP and the ARP on any ARP Calculation Date is 4-50 bps, the market cost of debt adjustment 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 50 bps 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 50% of 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+ iBoox BBB UK non-financials with 10+ year maturity) (1 + spot implied inflation rates for 10 year maturity published by the Bank of England)

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

The Financing Cost Adjustment Building Block for each Charging Year is the sum of the Financing Cost Adjustment for that Charging Years, and details of provious Charging Years, to reflect the build-up of the market cost of debt protection over time. The table bolow summarises the build-up of the Financing Cost Adjustment in previous years, and details of prior years advatalise in previous Revenue Statements (with the relevant Revenue Statement identified in the table). There vans of Financing Cost Adjustment in the Allowed Revenue of the Financing Cost Adjustment in sequed to the Allowed Revenue Charging Years 1 as a lost of and 1 as and add on 1 and and year build-to the table). There vans of Financing Cost Adjustment touling block was zero in the Timit Charging Years 1 as the difference between the BRP and ARP was less than 50 bps, and therefore the Market Cost of Debt Adjustment and the Wass appreciation Adjustment and the Wass appreciation and the state in the Financing Cost Adjustment and the Wass appreciation and the state and the Charging Years 1 as a dot of the other the table in the financing Cost Adjustment and the Wass appreciation and the Wass appreciation Adjustment and the Wass appreciation Adjustment and the Wass appreciation adjustment and the Wass appreciation adjustment and the Wass appreciation adjustment and the Wass appreciation adjustment appreciation and the Wass appreciation adjustment appreciation adjustment appreciation adjustment appreciation adjustment appreciation adjustment appreciation adjustm

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

For the Ninth 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 * <u>Applicable Change in Revenue RPI (year 8) +</u> Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts Applicable Change in Revenue RPI (year 6)

= (1689.5 - 1156.97) * -1.43% * (1+0.02497)^2 * <u>1.22</u> +

-	-8.4 (£m)	



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 5) + Financing Cost Adjustment(year 7) + Financing Cost Adjustment(year 7) + Financing Cost Adjustment(year 8) 0.5 -1.5 -2.2 -6.7 0 +0 +0 --8.4

-18.4 (£m)	

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

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

=

RA YI = Allowed Revenue for Chamina Year 1-2 - (the amount in respect of the IP Chamine recovered by the Infrastructure Provider in respect of any Chamina Year 1-2 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 Eighth Charging Years is based on recovery of revenue for the Second, Third, Fourth, Fifth and Stoth Charging Years. The Sixth Charging Years is being reconciled for the first time and the Second, Third, Fourth and Fifth Charging Years are being reconciled to remove a mounts that have been reconciled previously but have subsequently been recovered from Thames Water. The table below sets out the amount in respect of the IP Charge recovered by Tideway in respect of the Sixth Charging Years are being prepared. This is split between 2020/21 (as reported in our 2020/21 Annual Report) and the period April to September 2021 (consistent with the assumptions set out in the table at the beginning of this statement).

	~							Payment received from 1	hames Water in period						
	2111	201	6/17	201	17/18	201	18/19		2019/20	2020/21		2021/22		2022/23	Tota
Charging Year	Allowed revenue	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Jun	-
2015/16	11.2	12.1	14.6	43	0.8	0.3	0.2								32 '
2016/17	22.4		14.0	4.5	0.0	0.5	0.2	0.4	-1.1	0.0	0.3	0.0	0.0	0.	.0
2017/18	28.5	n/a	n/a	9.3	12.4	2.4	0.4	0.2	2.0	0.0	1.3	0.1	0.0	0.	.0 28.1
2018/19	49.2	n/a	n/a	n/a	n/a	16.3	18.7	10.7	1.0	-0.5	1.6	0.0	0.1	0.	.0 47.9
2019/20	63.4	n/a	n/a	n/a	n/a	n/a	n/a	20.1	24.3	11.2	4.5	0.5	0.1	0.	0.1 60.7
2020/21	76.5	n/a	n/a	15.4	35.1	13.6	3.1	0.	0.5 67.8						
2021/22	87.0	n/a	n/a	n/a	n/a	24.7	30.6	21.	.8 77.1						

2021/22 87.0 n/a n/

Note: The table data to the end of 2021/22 is extracted from Tideway's 2021/22 Annual Report. [Regulatory	Accounts Table 111Aj
Reconciliation amounts in respect of Seventh Charging Year (before NPV adjustment)	= Allowed Revenue for Seventh Charging Year - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Seventh Charging Year (to end of June 2022)
	= 87.0 - 77.1
	= 9.9 (£m)
Reconciliation amounts in respect of Sixth Charging Year	= Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of the Sixth Charging Year (to end of June 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Sixth Charging Year (to end of September 2021)
(before NPV adjustment)	= 67.8 - 64.2
	= 3.6 (£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 Filth Charging Year (to end of June 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Filth Charging Year (to end of September 2021)
(Derote MPY adjustment)	= 60.7 - 60.5
	= 0.2 (£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 June 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of September 2021)
	= 47.9 - 47.8
	= 0.1 (£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 June 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Third Charging Year (to end of September 2021)
	= 28.1 - 28.1
	= 0.0 (Em)
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 June 2022) - Amount in respect of the IP Charge recovered by the Infrastructure Provider in respect of Second Charging Year (to end of September 2021)
	= <u>32.1</u> - <u>32.1</u>
	= 0.0 (Em)
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 Seventh Charging Year (after NPV adjustment)	= Reconciliation amounts in respect of Sixth Charging Year (before NPV adjustment) * ((1+BWACC)*2)) * Applicable Change in Revenue RPI (year 8) Applicable Change in Revenue RPI (year 6)
	= 9.9 ' ((1+0.02497)2) ' <u>1.40</u>
	= 12.7 (£m) 1.14
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 8) Applicable Change in Revenue RPI (year 6)
	= -3.61360225 * ((1+0.02497)) *
	= 4.22230/3 (fm) 1.2
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 7)
	= -0.2 * ((1+0.02497)) * <u>1.40</u>
	= -0.2 (Em) 1.22

= Reconciliation amounts in respect of Fourth Charging Year (before NPV adjustment) * ((1+BWACC)) * Reconciliation amounts in respect of Fourth Charging Year not previously included

Applicable Change in Revenue RPI (year 8)

(after NPV adjustment)				Applicable Change in Revenue RPI (year 7)			
	=	-0.1	* ((1 + 0.02497) *	1.40			
	=	-0.1 (£m)					
Reconciliation amounts in respect of Third Charging Year not previously included (after NPV adjustment)	= Reconciliation an	nounts in respect of Third Charging Year not previously include		Applicable Change in Revenue RPI (year 8) Applicable Change in Revenue RPI (year 7)			
	=	0.0	* (1 + 0.024	97) *			
	=	0.0 (£m)		1.22			
Reconciliation amounts in respect of Second Charging Year not previously included (after NPV adjustment)	= Reconciliation an	ounts in respect of Second Charging Year not previously inc	luded (before NPV adjustment) * (1+BWACC)	Applicable Change in Revenue RPI (year 8) Applicable Change in Revenue RPI (year 7)			
	=	0.0	* (1 + 0.024	97) *			
	=	0.0 (£m)		1.22			
Revenue Adjustment (Ninth Charging Year) (after NPV adjustment)	= Reconciliation an	ounts in respect of Sixth Charging Year (after NPV adjustme	ant) + Reconciliation amounts in respect of Fifth Charging 1	Year not previously included(after NPV adjustment) + Reconciliation amounts in re	sspect of Fourth Charging Year not previously included (after NPV adjustment) + Recor	nciliation amounts in respect of Third Charging Year not previou:	isly included (after NPV adjustmen
	=	12.7	4.2	-0.2	-0.1	0.0	0.0
	=	8.1 (£m)					

nent) + Reconciliation amounts in respect of Second Charging Year not previously included (after NPV adjustment)

		2015/16	Allowed Revenue 2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 2	004/00	
Allowed Revenue - as calculated for 2 Allowed Revenue - as calculated for 2	016 Revenue Statement	2015/16 11.2 8.7	22.4 19.8	34.0		2019/20	2020/21	2021/22 2	021/22	
Allowed Revenue - as calculated for 2 Allowed Revenue - as calculated for 2	017 Revenue Statement 018 Revenue Statement 019 Revenue Statement 020 Revenue Statement 021 Revenue Statement	8.1	18.6 18.2	32.9 31.9 31.7	49.5 48.4 47.7 47.6	62.5 62.6 62.0 61.6	74.7 74.9 73.5 73.6	80.4 78.5 79.0	85.6 86.8	
a table above shows the Allowed Revenue for each Allowed Revenue figures set out above exclude the building block reconciliation is made on a net pres	e building block reconciliation adjustment	venue Statement (BBRA) and revenue adjustment (RA) building blocks, which are not subject to reconciliation (and C as a discount factor and adjusting for inflation using RPI, which takes into account the number of	which were zero for 2015/16 and 2 of years since the Allowed Revenue	2016/17 Allowed Revenue). e for a given year was first calcula	ated. This gives the following c	alculation:				
ding block reconciliation adjustment = th Charging Year)	=	(2020/21 Allowed Revenue [2022 calculation] - 2020/21 Allowed Revenue [2021 calc	ulation]) * ((1 + Bid WACC)^3) * A		91 (year 9)		d Revenue [2022 calculation] - 2021/22 Allowed Revenue [2021 d - 78.5)	calculation]) * ((1 + Bid WACC)^2) * <u>Applicable</u> Applicable * ((1 + 0.02497)^2) *	Change in Revenue RPI (year 9) Change in Revenue RPI (year 6)	+ (2022/23 Allowed Revenue [+ (86.8
	=	0.2 + 0.7	+	1.13					1.14	
	=	2.2 (£m)								
sections below set out the recalculation of the 202	0/21, 2021/22 and 2022/23 Allowed Reve	nue.								
turn on Capital th Charging Year	Return on Canital = Average RCV in Sixt	th Charging Year * Bid WACC * Applicable Change in Revenue RPI for the Sixth Charging Year	Seventh C Return on	harging Year Canital = Average R	CV in Seventh Charoing Year *	Bid WACC * Applicable Change in F	Revenue RPI for the Seventh Charging Year	Eighth Charging Year Return on Capital =	Average RCV in Fighth Charging Year * Bid	WACC * Applicable Change in Revenue RPI for the Eighth
	=	2,497.6 *2.497% * <u>291.0</u>		=	2,716.5	*2.497%*	293.5		= 3,123.3	*2.497% *
	=	296.7 70.7 (Em)		=	77.6 (£m)		256.7		= 95.5 (£m)	256.7
quidity										
th Charging Year	Liquidity = (Forecast average R	CV in year 7 - Average RCV in year 6) * Bid WACC * Applicable Change in Revenue RPI for the S	Seventh C Sixth Charging Year	harging Year Liquidity = (Forecast a	average RCV in year 8 - Averag	e RCV in year 7) * Bid WACC * Appl	licable Change in Revenue RPI for the Seventh Charging Year	Eighth Charging Year Liquidity =	(Forecast average RCV in year 9 - Average	RCV in year 8) * Bid WACC * Applicable Change in Revenue
	=	455.5 *2.497% * <u>291.0</u> 256.7		=	406.8	*2.497%*	293.5		= 315.4	*2.497% * 314.3 256.7
	=	12.9 (Em)		=	11.6 (£m)				= 9.6 (£m)	
ex with Tideway's licence, the Opex building block	is zero as all costs are accounted for as ca	apital expenditure. Therefore, no reconciliation is required.								
ancing Cost Adjustment [Final reconciliation	on for 2021/22]	n for actuals and updated forecasts is not required.								
wever, if any actuals are restated for prior years, for	any reason, the FCA will need to be recon	1 of actuals and updated forecasts is not required. cited. 1 2017/18, impacting on three Charging Years back to 2019/20 (the Fifth Charging Year) for use in	the FCA, therefore a reconciliation	n is required for the three Chargin	g Years impacted.					
h Charging Year ancing Cost Adjustment (year 5)	=	(Restated Net Debt (year 3) - Net Debt (year 2)) * Market Cost of Debt Adjustment Fr	actor (vear 5) * (1 + BWACC)^2 * /	Apolicable Change in Revenue R	PI (vear 5)					
			Applicable Ct	hange in Revenue RPI (year 3)						
	=	(-67.05315.87) * -0.54%	* (1+ 0.0249	97) ^2 *	1.11 1.03					
	=	-1.5 (£m)								
ncing Cost Adjustment building block	=	Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing	Cost Adjustment(year 3) + Financ	cing Cost Adjustment(year 4) + Fi	inancing Cost Adjustment(year	5) + Financing Cost Adjustment(year	6)			
	=	0 + 0 + 0	0.5	-1.5						
	=	-1.047473 (Em)								
n Charging Year										
ancing Cost Adjustment (year 6)	=	(Restated Net Debt (year 4) - Restated Net Debt (year 3)) * Market Cost of Debt Adjust	stment Factor (year 6) * (1 + BWA	CC) ⁴ 2 * <u>Applicable Change in Re</u>	evenue RPI (year 6)					
	=	(556.6367.05) * -0.32%	* (1+ 0.0245	hange in Revenue RPI (year 4)	1.13					
		-2.2 (Em)			1.07					
	=									
ncing Cost Adjustment building block	-	Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing 0 + 0 + 0	Cost Adjustment(year 3) + Financ 0.5	cing Cost Adjustment(year 4) + Fi -1.5	inancing Cost Adjustment(year -2.2	5) + Financing Cost Adjustment(year	6)			
	=	-3.3 (£m)								
enth Charging Year		(Restated Net Debt (year 5) - Restated Net Debt (year 4)) * Market Cost of Debt Adjur	in ant Easter (user 7) * (1 - DWA	CCW2 * Applicable Change in Re	DI (mar 7)					
ncing Cost Adjustment (year 7)	=			hange in Revenue RPI (year 5)	avenue RPI (year 7)					
	=	(1182 - 556.63) * -1.01%	* (1+ 0.0249	97) ^2 *	<u>1.14</u> 1.11					
	=	-6.9 (£m)								
ancing Cost Adjustment building block	=	Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing	Cost Adjustment(year 3) + Financ	cing Cost Adjustment(year 4) + Fi	inancing 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)								
hth Charging Year										
ancing Cost Adjustment (year 8)	=	(Restated Net Debt (year 6) - Restated Net Debt (year 5)) * Market Cost of Debt Adjust	stment Factor (year 8) * (1 + BWA Applicable Ch	CC)^2 * <u>Applicable Change in Re</u> hange in Revenue RPI (year 6)	evenue RPI (year 8)					
	=	(1689.5 - 1156.97) * -1.43%	* (1+ 0.0249		1.22					
	=	-8.6 (£m)			1.13					
ncing Cost Adjustment building block	_	Financing Cost Adjustment(year 1) + Financing Cost Adjustment(year 2) + Financing	Cost Adjustment(vear 3) + Financ	cing Cost Adjustment(year 4) + Fi	inancing Cost Adjustment/vear	5) + Financing Cost Adjustment/vear	6) + Financing Cost Adjustment (year 7)			
	=	0 +0 +0	0.5	-1.5	-2.2	-6.7	-8.6			
	=	-18.4 (£m)								
x line with Tideway's licence, the tax building block is	zero as Tideway is not required to pay corp	poration tax or any other income-based tax.								
Iditional Return on Capital and Additional Li ase building blocks will only apply if spend exceeds arefore this building block is zero for the purposes o	the Threshold Outturn and Tideway has m	ade an IAR Overrun Application.								
ecalculated Allowed Revenue										
eway Allowed Revenue (t) =	and revenue adjustment building bleeter	Return on capital + Liquidity + Operating expenditure + Fir	nancing cost adjustment + Tax + A	dditional return on capital + Addit	tional liquidity					
ludes the building block reconciliation adjustment										
	d above. This results in the following recall	culated Allowed Revenue for 2019/20, 2020/21 and 2021/22:	. 0	2.2		. 0				
Fideway Allowed Revenue (Sixth Charging Year)		= 70.7 + 12.9	+ 0	-3.3	+ 0	+ 0	+ 0			

d Allowed Revenue for 2019/20, 2020/21 and 2022/22 = 70.7 +12.9 +0 -3.3 +0 +0 +0 +0 = 80.3 (Em) Tideway Allowed Revenue (Sixth Charging Year)

llowed Revenue [2022 calculation] - 2022/23 Allowed Revenue [2021 calculation])*((1 + Bid WACC)^1) * <u>Applicable Change in Revenue RPI (vear 9)</u> Applicable Change in Revenue RPI (vear 8) - 85.6) *((1 + 0.02497)×1)* <u>1.40</u>

PI for the Eighth Charging Year 314.3 256.7

hange in Revenue RPI for the Eighth Charging Year

314.3

vary Allowed Revenue (Seventh Charging Year) = 77.6 + 11.6 + 0 + 0 + 0 + 0 = 79.0 (Em)										
vay Allowed Revenue (Eighth Charging Year) = 95.5 + 9.6 + 0 -18.4 + 0 + 0 + 0	ieway Allowed Revenue (Seventh Charging Year)	=	77.6	+ 11.6	+ 0	-10.1	+ 0	+ 0	+ 0	
		=	79.0	(£m)						
= 86.7 (£m)	eway Allowed Revenue (Eighth Charging Year)	=	95.5	+ 9.6	+ 0	-18.4	+ 0	+ 0	+ 0	
		=	86.7	(£m)						

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

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

			Inp	outs 2022		Fi	irst Charging	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Те
Year starts	Unit	Source/notes	2012/13	2013/14	2014/15	Ye	ear 015/16 01/04/2015	charging year (2016/17 2 01/04/2016	Charging Year 2017/18 01/04/2017	Charging Year 2018/19 01/04/2018	2019/20 01/04/2019	Charging Year 2020/21 01/04/2020	Charging Year 2021/22 01/04/2021	Charging Year 2022/23 01/04/2022	Charging Year 2023/24 01/04/2023	C Ye 20
Year ends Year I-2 Year 1-1 Year 1							31/03/2016 2013/14 2014/15 2015/16	31/03/2017 2014/15 2015/16 2016/17	31/03/2018 2015/16 2016/17 2017/18	31/03/2019 2016/17 2017/18 2018/19	31/03/2020 2017/18 2018/19 2019/20	31/03/2021 2018/19 2019/20 2020/21	31/03/2022 2019/20 2020/21 2021/22	31/03/2023 2020/21 2021/22 2022/23	31/03/2024 2021/22 2022/23 2023/24	
Year t+1 Year t+2							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	
1.1 2014/15 RPI Adjustment Factor		Security Automa independent new formatic for DDI Table 1/D "Formatic for the 1/K analysis a comparison of														_
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%	Source: Average independent new forecasts for PPI, Table M3, "Forecasts for the UK economy: a comparison of independent increasts", HM Teasury, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)												12.309	6 8.	50%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%	Source: Average independent new forecasts for FR/ Table M3, "Forecasts for the UK economy: a comparison of independent forecasts", HM Tessury, Aug 2020. Required by Project Licence Appendix 1, 1 (1), (ii), (iii) Source: FP((Al terms) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National											12.30%	8.509	6 3.	60%
RPI, September of Charging Year		Statistics. Required by Project Licence Appendix 1, 1.1(iii)				257.6	259.6	264.9	275.1	284.1	291.	0 294.3	308.6	347.	6	
RPI, March of Charging Year		Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National Statistics: Required by Project Licence Appendix 1, 1.1 (iii)		25	4.8	257.1	261.1	269.3	278.3	285.1	292.	6 296.9	323.5			
Applicable Change in Revenue RPI		Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 October 2022, Office for														
RPIt (RPI for November in Charging Year Yt-1)		National Statistics. Estimated for November 2022 based on March 2022 RPI and Forecast RPI Adjustment Factor for 2022 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	r	2	15.6	252.1	259.8	259.8	265.5	275.8	284.	6 291.0	293.5	314.	3 3	158.3
Year average RPI		Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 October 2022 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			
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, https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limite didwwy:220722072 /2ero prior to isonce award Regulied by Project Licence Appendix 1, Part A 3	d-		0	o	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 June 2022 Allowable Project Spend	Outturn prices, £	Source: "Regulation Reporting Sep 22" Required by Project Licence Appendix 1, Part A 3				0	150,344,662	340,489,147	518,165,900	582,828,772	604,855,688	3 542,182,309	530,822,453	251,633,30	1	
Estimated Allowable Project Spend	Outturn prices, £	Source: "Regulation Reporting Sep 22" Required by Project Licence Appendix 1, Part A 3				0	0	0	0	0		0 (C		0	
Forecast Allowable Project Spend	Outturn prices, £	Souroz: "P06 02 2022-23 Expenditure Forecast Basecase" - from Sudhir Anand, 17/1022 for full-year 2022/23, 2023/24 and 2024/25 forecast. The 2022/23 figure is net of expenditure already realised (April to Sep) - sum of rows 28 and 29 Required by Project Licence Appendix 1, Part A 3, 4				0	0	0	0	C		0	a	261,440,41	7 373,773	,148 1
Excluded Project Spend	Outturn prices, £	Source 2021/22: https://diewar.bienpoint.com/x_fr/siles/Operations/StrategyAndReg.lation/Reporting/Annual%20Report%20anc %20Accounts/1,22%20Annua%20Report/Regulatory%20Reporting/2021. 22%20Regularov/S02Section%20T1%202tale%20Anorkings.txtx/20we4Re2edf85414d878c786Sac290Bae68& 1=18web=18e-222p1/A. Agrees to reported excluded project spend in regulatory table TTTB in the 21/22 Annual Report. Source 22/03- Consol Model Sep'22, Output 1 tab Cell N41 (Available from Financial Control) - relates to the period Apr-Sept Note: For information (not required for Allowed Revenue calculation), backward-booking only.	s				64,394,743	87,615,825	108,108,556	80,287,259	66,925,84	9 30,837,611	63,258,312	23,670,08	3	
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, £	Source: Head of Commercial, Tideway Notes: Zero prior to Licence award. Required by Project Licence Appendix 2, 1.5				0	O	0	0	c		0 0	0		D	0
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 June 2022	Outtum prices, £	Note: In line with the Project Licence, zero as all expenditure treated as capex. Required by Project Licence Appendix 1, Part A 5					0	0	0	0		0 0	0		0	0
A.6. Financing Cost Adjustment																
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Source: "FCA yield calculator 2020.21.xlsx" Calculated with reference to (Box BBB data and spot implied inflation rates for 10 year maturity from Bank of England Required by Project Licence Appendix 1, Part A 6				1.30%	1.43%	0.35%	0.01%	0.23%	-0.479	-0.88%	n/a			
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March		capitral-values-bazaigette-tunnel-immeto-boleway-220/2020/ for the current year (i.e. 2021/22). Phor 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 3 March of Charging Year	\$1 Source: Tideway linancial statements as at 31 March 2022 (will be 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 Source: Letter from Ofwat olated 26/10/2021		-		62.5%									-	
Adjustment agreed with Ofwat to correct for net debt error within the accounts	£, current prices	Advisionant approach with Ofwart to approach fast identified events in prior years Not Date year in the ECA. This is added												218,424		
A 1.4. Tax		In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based								1				1		
Tax as at June 2022	Outturn prices, £						0	0	0	c		0 0	C		0	0
A.7. Under/Over Recovered Revenue Adjustment - as at October 2022		See Project Licence, Appendix 1, Part A.7														
Allowed Revenue (including building block reconciliation)	£	Source: 2015, 2016, 2017, 2018, 2019, 2020 and 2021 Updated Revised Revenue Statements Source: 2022 Final Monthly Collection - July 2022					ĺ	33,603,285	28,559,132	49,235,940	63,431,062	2 76,465,429	87,029,095	86,316,44	6	
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 Allowed Revenue (to end of September 2022)	Outturn prices, £	Note: Captures all 2016/17, 2017/18, 2019/19, 2019/20, 2020/21 and 2021/22 revenue received from Thames Water prior to the end of September 2022 - this is based on revenue collected by Thames Water up to and including July 2022.						32,081,332	28,064,047	47,888,979	60,700,65	2 67,768,616	77,135,929			
Amount recovered in respect of 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue (to end	o Outturn prices, £	Source: Tidiway 2021 updated Revenue Statement 24 Dec 21 - submitted vis Note: Captures all 2016/17, 2017/18, 2019/19, 2019/20 and 202021 revenue received from Thames Water prior the end of September 2021- this is based on revenue collected by Thames Water up to and including July 2021.	D					32,063,717	28,068,726	47,817,813	60,505,43	9 64,155,114		1		
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 2022"					[1	1	1	1	1	2]		
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £	"Final monthly collection statement - Jun-22 xfsx" and Tideway bank records Note: Captures all 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 revenue received from Thames Water prior to the end of March 2022						26,747,386	26,791,391	38,387,688	57,610,001	68,887,910	72,886,391			
A.8. Reconciliation adjustment	Years	See Project Licence, Appendix 1, Part A 8 Represents the number of years since revenue was first calculated to feed into the NPV adjustment of the										4			1	0
Time since original calculation Reconcile this year?	rears	reconciliation adjustment. Revenue for a given Charging Year is subject to building block reconciliation adjustment where estimated or				-	7	1	6			0	2			0
		forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as follows: 1 = yes, 0 = no Source: Calculated from "Tideway 2021 updated revised Revenue Statement submission - 24 Dec - submitted".					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)	3	2022/23 charging year calculated by deducting Allowed Revenue less A.7. Under/over recovered revenue buildin block less A.8. Reconciliation adjustment building block. 2021/22 and 2020/21 taken from last years revenue statement tabs "BBRA Calculation 2020" and "BBRA Calculation 2019."	3									73,512,925	78,530,583	85,599,82	4	
A.11. Additional Return on Capital Building Block Additional Allowable Project Spand		Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an IAR Overum Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence Appendix 1, Part A 11														

Tideway 2022 24 December Submission v1.0 (FINAL)

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

30%	3.00%	3.40%
60%	3.40%	3.90%





			Calculation 2022								
Building Block	Unit	Notes/description	2013/14	Year Yea	ar	hird Charging fear		harging Year	Sixth Charging Year	Seventh Charging Year	Eighth Ninth Charging Charging Year Year
Year starts Year ends Year t-2				2015/16 01/04/2015 31/03/2016 2013/14	2016/17 01/04/2016 31/03/2017 2014/15	2017/18 01/04/2017 31/03/2018 2015/16	2018/19 01/04/2018 31/03/2019 2016/17	2019/20 01/04/2019 31/03/2020 2017/18	2020/21 01/04/2020 01/04/2021 2018/19	2021/22 01/04/2021 31/03/2022 2019/20	2022/23 2023/24 01/04/2022 01/04/2 31/03/2023 31/03/2 2020/21 2021/
Year t-1 Year t Year t+1				2014/15 2015/16 2016/17	2015/16 2016/17 2017/18	2016/17 2017/18 2018/19	2017/18 2018/19 2019/20	2018/19 2019/20 2020/21	2019/20 2020/21 2021/22	2020/21 2021/22 2022/23	2021/22 2022/ 2022/23 2023/ 2023/24 2024/
Year t+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		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 2025/
(a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year Forexast RPI Adjustmen Factor for the calendar year in which Charging Year Ye1 commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year Ye1 commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y1 commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y1 commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year Y1 commences	% %	e Project Spend for the said Charging Year shall be deflated from a price base Foreast RPI - see input shee for description of source Foreast RPI - see input shee for description of source Foreast RPI - see input shee for description of source Foreast RPI - see input sheet for description of source	in Charging Year Yt+1 to the Bas	se RPI Index year ([2014/15]), using a	n adjustment factor deriv	ed from multiplying the f	actors set out in (i), (ii),	(iii) and (iv) below;			
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 YI-1 commenced	%	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 2022")									
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 commenced Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 ends		Forecast RPI - see input sheet for description of source Forecast RPI - see input sheet for description of source									
Base RPI Charging Year Yh-2, or where this is on or before Base RPI Index year, 2014/15 $1.1(0)$		Year average RPI for 2014/15, used as base year RPI Year average RPI for Charging year T-2 (or 2014/15 where this is later) Factor used to adjust prices from Charging Year T+1 to Charging Year T									
1.1 (ii) 1.1 (iii) 1.1 (iv)		Factor used to adjust prices from Changing Year T-1 to Changing Year T- Factor used to adjust prices from Changing Year T-1 to Changing Year T-1 Factor used to adjust prices from Changing Year T-2 to Changing Year T-2 Factor used to adjust prices from Changing Year T-2 to Base RPI Index year									
RPI Adjustment Factor Charging Year T+1		Combines factors (i), (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T+1 to 2014/15 price base.									
RPI Adjustment Factor Charging Year T		Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to 2014/15 price base.									
RPI Adjustment Factor Charging Year T-1 RPI Adjustment Factor Charging Year T-2		Combines factors (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T-1 to 2014/15 price base. Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15 price base.									
Applicable Change in Revenue RPI RP≵		RPI in November of previous Charging Year relative to 2014/15 base year RPI in November of Charging Year T-1 Average RPI for 2014/15	0.96	0.98 1.01 252.1 259.8	1.01 259.8	1.03 265.5	1.07 275.8	1.11 28	1.13	1.14 291.0 293	1.22 1.40 5 314.3
RPIbase (Base RPI Index) 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 2020	256.7	256.7 256.7	256.7	256.7	256.7	25	5.7	.56.7 256.	7 256.7
A.3. Return on Capital		for further detail. The Return on Capital building block allows the IP to earn a return on capital in relation to the forecast average RCV in the Charging Year in question. See Project Licence, Appendix I, Part A 3									119
Ofwat Stated RCV for Yh-2	£ 2014/15 prices	Appendix 1, Part A 3 RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year									2,935,
OPRCV Yt-1 2014/15 RPI Adjustment Factor Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T-1. Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base									2,935,
Annual Actual Project Spend Yt-1 Estimated Allowable Project Spend Yt-1 Forecast Allowable Project Spend Yt-1 OPRCV Yt	£, 2014/15 prices	Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend forecast to be incurred in Charging Year T-1 Opening RCV for Charging Year T - the sum of opening RCV for Charging year T-1 and									194, 191 3,311,
2014/15 RPI Adjustment Factor Yt Annual Actual Project Spend Yt Estimated Allowable Project Spend Yt Forecast Allowable Project Spend Yt	£, 2014/15 prices	all Allowable Project Spend in that year Scalar to adjust forecast costs for Charging Year T to 2014/15 price base Allowable Project Spend (verified by the ITA) incurred in Charging Year T Allowable Project Spend (or verified by the ITA) incurred in Charging Year T Allowable Project Spend (or costs to be incurred in Charging Year T									
rorecast Allowable Project Spend 11 CPRCV Yt YARCV Yt	£, 2014/15 prices	Anoware Project spend rolocast to be incurred in charging year 1 Colosing RCV for Charging Year. T- the sum of opening RCV for Charging Year T and all Allowable Project Spend in that year Year average RCV for Charging Year T									3,566
A.4. Liquidity		Year average RCV for Charging Year 1 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									3,438
DPRCV 11+1 014/15 RPI Adjustment Factor 11+1		reautor to the intremental average rick in any year toxoring and Changing Year in quastion. See Project Licence, Approximation, I Part A Opening RCV for Changing Year T+1 Scalar to adjust forecast costs for Changing Year T+1 to 2014/15 price base Allowable Project Spend Forecast to be incurred in Changing Year T+1									3,566
Create Allowards Project Spend for year t+1 PRCV Yt+1 VARCV Yt+1	£, 2014/15 prices	Allowable Project Spand foreast to be incurred in Charging Year T+1 Closing RCV for Charging Year T+1 Average RCV for Charging Year T+1									95, 3,661
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									
A.6. Financing Cost Adjustment building block Financing Cost Adjustment Yt		accommon se as capace adjance to the index in the chemics, registrian is in , r an is 0 The Financing Cost Adjantament bubble block is internet of protect againstant movements in the manket cost of debt. by comparing a measure of linancing costs at an annual reference point to a base reference point of March 2015. See Project Licence, Appendix 1, Park A S				0	461,614	-1,016,6			
Financing Cost Adjustment Index Yield	%	See Project Licence Appendix 1, Part A 6.3		1.30% 1.43%	0.35%	0.01%	0.23%	-0.4	7% -0	2.88%	
Base Reference Point (BRP) Annual Reference Point (ARP)		The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015 The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as		1.30%	1.30%	1.30%	0.35%	1.3		1.30% 1.30 0.23% -0.47	
Annual Renormice Point (ARP) BRP-ABP Market Coat to Debt Adjustment Factor (absolute) Market Cost of Debt Adjustment Factor (corrected sign)	% %	at 31 March of Changing Year Yt-2 Dilference between BRP and ARP See Project Licence Appendix 1 Part A 6.7 See Project Licence Appendix 1 Part A 6.7		0.00% 0.00% 0.00%	0.00%	-0.13% 0.00%	0.35% 0.95% 0.22% -0.22%	1.2 0.5 -0.5	9% 4% 4%	1.07% 1.76 0.32% 1.01 0.32% -1.01	% 2.18% % 1.43% % -1.43%
Change in net debt	8	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		o	o	-130,376,913	-185,492,645	243,778,3	615,24	6,186 613,812,22	3 532,530,646
Net Debt in Charging Year Yr-2 Water Senices Regulation Authority Adjusted RCV (Current Prices) 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, 1.41 RCV at the end of Charging Year T-2 in then current prices		0 0	0 0	-130,376,913 151,310,515	-315,869,558 502,087,458	-72,091,1 1,043,425,5	53 1,655,43	5,722 2,307,915,72	
Netional Debt to RCV Ratio Notional Net Debt in Charging Year Yh-2	£, current prices (March of Charging Year T-2)	As defined in Project Licence Appendix 1, 1.42 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9		62.5% 0	62.5% 0	62.5% 94,569,072	62.5% 313,804,661	62.3 652,141,2		32.5% 62.53 7,326 1,442,447,32	62.5% 7 1,805,657,883
Net Debt in Charging Year Yi-3 Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yi-3 Notional Debt to RCV Ratio	£, current prices (March of Charging Year T-3)	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.41 RCV at the end of Charging Year T-3 in then current prices		0 0	0	0	-130,376,913 151,310,515	-315,869,5 502,087,4	58 1,043,42	5,953 1,655,435,72	
Noronal veet to KuV kano Noronal Net Debt in Charging Year Yt-3 Applicable Change in Revenue RPI for Charging Year Yt	£, current prices (March of Charging Year T-3)	As defined in Project Licence Appendix 1, 1.42 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9		02.0%	0	62.5% 0	62.5% 94,569,072	62.3 313,804,6		32.5% 62.51 1,221 1,034,647,320	6 1,442,447,327
Applicable Change in Revenue RPI for Charging Year Yh-2		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		0.96	0.98	1.03	1.07	1.	03	1.07 1.1	
Adjustment agreed with Ofwat to correct for net debt error within the regulatory accounts	x, current prices	the row, rins a doed of the immening Cost Adjustment for it 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. In line with the Project Licence, zero as the IP is not required to pay corporation tax or									218,424
A.1.4. Tax	3	any other income-based tax See Project Licence Appendix 1, Part A 1.4									
A.7. Under/Over Recovered Revenue Adjustment Allowed Revenue		The revenue adjustment building block is to reconcile for underbower recovered Allowed Revenue in previous Charging Years. See Project Licence, Appendix 1, Part A.7 Allowed Revenue as submitted in 2015, 2016, 2017, 2018, 2019 and 2020 updated revised Revenue Statement Amount collected by Thames Water and received by Tideway in respect of 2016/17,			33,603,285	28,559,132	49,235,940	63,431,0		5,429 87,029,09	
Amount recovered in respect of Allowed Revenue (to end of September 2022)		2017/18, 2018/19, 2019/20 and 2020/21 Allowed Revenue, prior to the end of September 2021. Amount collected by Thames Water and received by Tideway in respect of 2016/17,			32,081,332	28,064,047	47,888,979	60,700,6			1
Amount recovered in respect of Allowed Revenue (to end of September 2021) Applicable Change in Revenue RPI		2017/18, 2018/19 and 2019/20 Allowed Revenue, prior to the end of September 2020. RPI in November of previous Charging Year relative to 2014/15 base year			32,063,717	28,068,726 1.03	47,817,813 1.07	60,505,4		5,114 1.13 1.1	4 1.22
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 2021"			e.	1	t.		1	1	2
Amounts in respect of prior Charging Years not yet reconciled (unadjusted) Reconciliation amounts - Charging Year T-2 (unadjusted)		Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by Thames Water and received by Tdeway in respect of that Allowed Revenue.			17,615 -	4,679	71,166	195,2	13 3,613	9,893,164	•
Reconciliation amounts (NPV-adjusted)		Thames Water and received by Tideway in respect of that Allowed Revenue. Reconclustor 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.			20,582	5,467	83,155 -	228,0	99 - 4,223		
A.8. Reconciliation adjustment	-	Reconciliation for updated expenditure and inflation data to reflect realised actuals and updated forecasts. See Project Licence, Appendix 1, Part A 8 Revenue for a given Charging Year is subject to building block reconciliation adjustment									2
Reconcile this year? Time since original calculation	n/a	Where estimated or forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as follows: 1 = yea; 0= no Represents the number of years since revenue was first calculated to feed into the NPV adjustment of the reconciliation adjustment.								1	1 1 2 1
Allowed Revenue (as at October 2022)	£	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							73,64	12,426 79,043,34	86,777,427
Allowed Revenue (as at October 2021)	8	2019, BBRA Calculation 2020 and BBRA Calculation 2021. Allowed Revenue as submitted in 2021 updated revised Revenue Statement. Excludes the under/ver recovered revenue advistment and the reconciliation adjustment building							73,51	2,925 78,530,58	3 85,599,824
Applicable Change in Revenue RPI (year in which original calculation was made) Applicable Change in Revenue RPI (current year) Reconciliation amounts (unadjusted)	£	blocks, as these building blocks are not subject to reconciliation.								1.13 1.1 19,501 512,76	
Reconciliation amounts (NPV-adjusted)	-	calculation, prior to NPV adjustment. Adjustment calculated as difference between updated calculation and previous year's calculation, post NPV-adjustment using BWACC and Applicable Change in Revenue RPL								1,696 657,62	
A.11. Additional Return on Capital Building Block	£	Not applicable. To be added to calculation if buikting 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.11. Additional Liquidity Building Block	£	Not applicable. To be added to calculation if buikting block becomes relevant (i.e. if Tideway makes an IAR Overun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11									

			В	BRA Inputs 2	021										
Year starts Year ends Year t-2 Year t-1 Year t t	Unit	Source/notes	2012/13	2013/14	20	014/15	First Charging Year 2015/16 01/04/2015 31/03/2016 2013/14 2014/15 2015/16 2016/17	2016/17 01/04/2016 31/03/2017 2014/15 2015/16 2016/17 2017/18	2017/18 01/04/2017 31/03/2018 2015/16 2016/17 2017/18 2018/19	Fourth Charging Year 2018/19 01/04/2018 31/03/2019 2016/17 2017/18 2018/19 2019/20	Fifth Charging Year 2019/20 01/04/2019 31/03/2020 2017/18 2018/19 2019/20 2020/21	Sixth Charging Year 2020/21 01/04/2020 31/03/2021 2019/20 2020/21 2021/22	Seventh Charging Year 2021/22 01/04/2021 31/03/2022 2019/20 2020/21 2021/22 2022/23	Eighth Charging Year 2022/23 01/04/2022 31/03/2023 2020/21 2021/22 2022/23 2023/24	Ninth Charging Year 2023/24 01/04/2023 31/03/2024 2021/22 2022/23 2023/24 2024/25
Year t+2							2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1.1 2014/15 RPI Adjustment Factor		Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison	of												
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%	independent forecasts", HM Treasury, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)												12.3	% 8
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, Aug 2022 Required by Project Licence Appendix 1, 11 (f), (iii) (iii)	of										12.3%	8.5	% 3
RPI, September of Charging Year		Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National Statistics. Required by Project Licence Appendix 1, 1.1(iii)				257.6	259.6	264.9	275.1	284.1	291.0	294.3	308.6	347.0	6
RPI, March of Charging Year		Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (iii)		2	54.8	257.1	261.1	269.3	278.3	285.1	292.6	296.9	323.5		
Applicable Change in Revenue RPI														-	_
RPIt (RPI for November in Charging Year Yt-1)		Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 October 2022, Office fo National Statistics. Estimated for November 2022 based on March 2022 RPI and Forecast RPI Adjustment Factor for 2022	N ^r	2	45.6	252.1	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3	3
Year average RPI		Required by Project Licence Appendix 1, Part A 3, 4 and 6 Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 Octobe 2022 Office for National Statistics	ər			256.7	259.4	265.0	274.9	283.3	290.6	294.2	311.2		
		Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)							Į					Į	
A.3. Return on Capital and A.4 Liquidity									1				1		
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £	Source: Ofwat publication, https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel- limiteb-dieway-202702202 / 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 2021 Annual Actual Project Spend	0	Source: "Regulation Reporting Sep 22"					150,344,662	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453	251,633,30	
Annual Actual Project Spend Estimated Allowable Project Spend	Outturn prices, £ Outturn prices, £	Required by Project Licence Appendix 1, Part A 3				-	- 150,344,062	- 340,489,147	- 518,165,900		-	- 542,182,309	-	- 251,633,30	1
Forecast Allowable Project Spend	Outturn prices, £	Source: "P06 Q2 2022-23 Expenditure Forecast Basecase" - from Sudhir Anand, 17/10/22				-	-	-	-		-			261,440,417	7 373,773,1
Excluded Project Spend	Outturn prices, £	Required by Project Licence Appendix 1, Part À 3, 4 Data removed as not required for reconciliation purposes. See "Inputs 2022".													
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		Data removed as not required for reconciliation purposes. See "Inputs 2022".													
BWACC	%	Source: Project Licence, Appendix 1, 1.18 Required by Project Licence Appendix 1, Part A 3, 4, 6, 7, 8					2.497%	Ī							
								-							
A.5. Opex Opex forecast as at October 2021	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					-	-	-	-	-	-	-	-	
A.6. Financing Cost Adjustment															
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Source: "FCA yield calculator xbx" Calculated with reference to Box BBB data from Lloyds Bank and spot implied inflation rates for 10 year maturity from Bank of England Required by Project Leonce Appendix 1, Part A 6				1.3%	6 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 March of Chargin Year	g Zero prior to licence award	<i>95-</i>				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	Required by Project Licence Appendix 1, Part A 3	-		-	-	- 130,376,913	- 315,869,558	- 72,091,186	543,155,000	1,156,967,223	1,689,497,869			
Notional Debt to RCV ratio	Year %	Source: Project Licence Appendix 1, 1.42 Required by Project Licence Appendix 1, 1.42				62.5%	6								_
Adjustment agreed with Ofwat to correct for net debt error within the accounts	£, current price	Source: Letter from Ofwar dated 26/102021 Adjustment argreed with Ofwar to correct for identified error in prior year Net Debt used in the FCA. This is add to the Financing Cost Adjustment for Y1 in the 2021 revenue statement only so that the FCA is in a position that should have been if the error had never occurred.	ed it											218,424	4
A 1.4. Tax										1					_
Tax as at October 2021	Outturn prices, £	In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based tax. NOTE: Conv relates to BTI Tax. See Project Licence Appendix 1, Part A 1.4					-	-		-	-		-		
A.7. Under/Over Recovered Revenue Adjustment - as at October 2022		See Project Licence, Appendix 1, Part A.7													
Allowed Revenue Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of September 2019) Amount recovered in respect of Allowed Revenue (to end of September 2018)		Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".													
Years of NPV adjustment		Data removed as not required for reconciliation purposes. See "Inputs 2022".													
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices,	£ Data removed as not required for reconciliation purposes. See "Inputs 2022".													
A.8. Reconciliation adjustment Time since original calculation Reconcile this year? Allowed Revenue as per most recently submitted Revenue Statement (excluding building block reconciliation and under/over recovered revenue adjustment)	Years £	See Project Licence, Appendix 1, Part A 8 Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".													
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 Outurn). See Project													
A 1.6.4. Net Present Value Adjustment End of first charging year		Licence, Appendix 1, Part A 11 Last day of the First Charging Year					31/03/2016	I							
Licence Award		Date of Licence award					24/08/2015	1							

BBRA Inputs 2021

ng	Tenth Charging Year	Eleventh Charging Year
4	2024/25	2025/26
4/2023	01/04/2024	01/04/2025
3/2024	31/03/2025	31/03/2026
21/22	2022/23	2023/24
22/23	2023/24	2024/25
23/24	2024/25	2025/26
24/25	2025/26	2026/27
25/26	2026/27	2027/28

8.5%	3.6%	3.4%
3.6%	3.4%	3.9%

373,773,148

		BBRA Calcu	lation 2021								
Building Block	Unit	Notes/description	2013/14 2014/15		Second Charging Year 2016/17	Third Charging Year 2017/18		ifth Charging Year 2019/20	Sixth Charging Year 2020/21	Seventh Charging Year 2021/22	Eighth Charging Year 2022/23
réar starts lear ends lear t-2				2013/16 01/04/2015 31/03/2016 2013/14	2016/17 01/04/2016 31/03/2017 2014/15	2017/16 01/04/2017 31/03/2018 2015/16	01/04/2018 31/03/2019 2016/17	2019/20 01/04/2019 31/03/2020 2017/18	01/04/2020 01/04/2021 2018/19	2021/22 01/04/2021 31/03/2022 2019/20	2022/23 01/04/2021 31/03/2022 2020/21
fear t-1 fear t				2014/15 2015/16	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
fear t+1 fear t+2				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 2023/24
I.1 2014/15 RPI Adjustment Factor a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year Yt+1, es	timated Allowable Pro	A factor calculated for each Charging Year to express costs associated with that year in a 2014/15 price bases. See Project Learner, Appendix 1, 1.1 sject Spend for the said Charging Year shall be deflated from a price base in Charging Year Yt+1 to	the Base RPI Index year ([2	014/15]), using an adj	ustment factor derived fi	rom multiplying the factors	set out in (i), (ii), (iii) and (v) below;			
irrecast RPI Adjustment Factor for the calendar year in which Charging Year YH+1 commences iorecast RPI Adjustment Factor for the calendar year in which Charging Year YH+1 ends increast RPI Adjustment Factor for the calendar year in which Charging Year Yt commences iorecast RPI Adjustment Factor for the calendar year in which Charging Year Yt ends	%	Forecast RPI - see input abeet for description of source Forecast RPI - see input abeet for description of source Forecast RPI - see input abeet for description of source									8.5% 3.6% 12.3% 8.5%
Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the eriod April to September in the catendar year in which Charging Year Yh-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									3.9%
Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the eriod April to September in the calendar year in which Charging Year Yt commenced	%	assumptions in "Statement of calculation 2022") 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 2022")									7.4%
forecast RPI Adjustment Factor for the calendar year in which Charging Year Yh-1 commenced orecast RPI Adjustment Factor for the calendar year in which Charging Year Yh-1 ends	% %	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source									
lase RPI Danging Year Yh-2, or where this is on or before Base RPI index year, 2014/15 Danging Year Yh-1 Danging Year Yh		Year average RPI for 2014/15, Lised as base year RPI Year average RPI for Charging year 7-2 (or 2014/15 where this is later) NeW ROW ADDEC ROR RECONCLUITION Year average RPI for Charging Year I-1 NOT USED FOR RECONCLUATION									256.7 294.2 311.2
.1 (i) .1 (ii) .1 (iii) .1 (iii)		Factor used to adjust prices from Charging Year T+1 to Charging Year T CALCULATION ALTERED FOR RECONCLATION Factor used to adjust prices from Charging Year T to Charging CALCULATION ALTERED FOR RECONCLATION Factor used to adjust prices from Charging Year T-1 to Chargin Factor used to adjust prices from Charging Year T-2 to Base RPI Index year	Year T-1 Ig Year T-2								1.07 1.13 1.06 1.15
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		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 RPIbase (Base RPI Index)		RPI in November of previous Charging Year relative to 2014/15 base year RPI in November of Charging Year T-1 Avenage RPI for 2014/15	0.96 0.98 245.6 252.1 256.7 256.7	1.01 259.8 256.7	1.01 259. 256.	1.03 8 265 7 256	1.07 .5 275.8 .7 256.7	1.11	1.13 156.7	1.14 291.0 29 256.7 25	1.22 3.5 314.3 3.7 256.7
L1. 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 2022 for further detail.									86,777,427
L3. 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									95,499,716
Nwat Stated RCV for Yh-2	£, 2014/15 prices	RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the and of the Charging Year									2,497,553,061
14/15 RPI Adjustment Factor Yt-1		Opening RCV for Charaing Year T-1. Scalar to adjust forecast costs for Charajng Year T-1 to 2014/15 price base Allowable Revise Found I walling the Utilia (TAL incrurred to Charaing Year T-1									2,497,553,061 1,21
nnual Actual Project Spend Yr-1 siimated Allowable Project Spend Yr-1 orecast Allowable Project Spend Yr-1	£, 2014/15 prices £, 2014/15 prices	Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (nat verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (forecast to be incurred in Charging Year T-1 Downie PCI) of Charging Year T-1 Downie PCI of Charging Year T-1									437,862,063
PRCV Y1 14/15 RPI Adjustment Factor Y1 mual Actual Project Spend Y1	a, 2014 10 proce	Opening RCV for Charging Year T - the sum of opening RCV for Charging year T-1 and all Allowable Project Spand in that year Scalar to adjust forecast costs for Charging Year T to 2014/15 pice base Allowable Project Spand (verified by the TIA) incurred in Charging Year T									2,935,415,123 1.3656590 184,257,785
stimated Allowable Project Spend Yt precast Allowable Project Spend Yt	£, 2014/15 prices £, 2014/15 prices	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T Allowable Project Spend forecast to be incurred in Charging Year T Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all									184,257,785 0 191,439,019 3,311,111,927
ARCV YI	a, 2014 10 proce	Allowable Project Spend in that year Year average RCV for Charging Year T									3,123,263,525
L4. 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 I, Part A ve following the Charging Year in question.									9,644,416
DPRCV Yi+1 014/15 RPI Adjustment Factor Yi+1	£, 2014/15 prices	Opening RCV for Charging Year T+1 Scalar to adjust forecast costs for Charging Year T+1 to 2014/15 price base									3,311,111,927 1.47
nnual Actual Project Spend Yt+1 stimated Allowable Project Spend Yt+1	E, 2014/15 prices	NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (not verified by the									0
simmand unlowable Project Spend for year I+1 orecast Allowable Project Spend for year I+1 PRCV Y+1 YARCV YI+1	£, 2014/15 prices £, 2014/15 prices	TrA) incurred in Chararian Year T+1 Allowable Project Spend forecast to be incurred in Charging Year T+1 Classing RCV for Charging Year T+1 Avenage RCV for Charging Year T+1									255,133,394 3,566,245,321
1.5. Opex		Average KCV for Charging Year 1+1 In line with the Project Licence, the Opex building block is zero as all costs are accounted for as capital expenditure. See Project Licence, Ageneratic 1, Part A 5									0,730,070,024
.6. Financing Cost Adjustment building block		The Financing Cost Adjustment building block is intended to protect against movements in					0 461,614	-1,016	.891	201,092 -9,948,1	-18,366,706
inancing Cost Adjustment Yt		the market cost of debt, by comparing a measure of linancing costs at an annual reference point to a base reference point of March 2015. See Project Leence, Appendix 1, Part A 6		0		0	0 461,614	-1,478	1,505 -2,1	184,201 -6,747,1	
inancing Cost Adjustment Index Yield		See Project Licence Appendix 1, Part A 6.3	1.30%	1.43%	0.355	.0.01	% 0.23%	-0.	47%	-0.88%	
lase Reference Point (BRP)	94	The historic 12 months' brailing average of the Financing Cost Adjustment Index Yield as at 31 March 2015 The historic 12 months' brailing average of the Financing Cost Adjustment Index Yield as at	-	1.30%	1.30					1.30% 1.3 0.23% -0.4	
3RP-ABP Aarket Cost of Debt Adjustment Factor (absolute)	%	31 March of Charging Year Yi-2 Difference between BRP and ARP See Project Licence Appendix 1 Part A.6.7		0.00%	0.00	% 1.43 % -0.13 % 0.00			29% 54%	0.23% -0.4 1.07% 1.7 0.32% 1.0	2.18% % 1.43%
Aarket Cost of Debt Adjustment Factor (corrected sign)	current prices (March of	See Project Licence Appendix 1 Part A 6.7 Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1, 1.44		0.00%	0.00*	% 0.00 0 -130,376,9	% -0.22% 13 -315,869,558	-0.	,186 543,1	-0.32% -1.0 155,000 1,156,967,2	 -1.43% 23 1,689,497,869
	Charging Year T-2) current prices (March of Charging Year T-2)	ren Lobar a la la fanta do Lobarging. Frant 1-2 as comined in Frieglant Lobarco reppendor, 1, 1-44 RCV at the end of Charging Year T-2 in then current prices As defined in Project Licence Appendix 1, 1.45		0 62.5%	62.51	0 151,310,5	15 502,087,458	1,043,425	,953 1,655,4		24 2,889,052,612
otional Net Debt in Charging Year Yt-2 £, c	current prices (March of Charging Year T-2)	RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9		02.5%		0 94,569,07		652,141			
Vater Services Regulation Authority Adjusted RCV (Current Prices) in Charning Year VI-3	current prices (March of	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44 RCV at the end of Charging Year T-3 in then current prices		0			0 -130,376,913 0 151,310,515	-315,865		091,186 543,155,0 125,953 1,655,435,7	
lotional Debt to RCV Ratio	%	RCV at the end of Charging Year 7-3 in then current prices As defined in Project Licence Appendix 1, 1.45 RCV multiplied by Notional Debt to RCV maio. See Project Licence Appendix 1 Part A 6.9	Γ	0 62.5% 0	62.5	62.5			2.5%	62.5% 62.	% 62.5%
bplicable Change in Revenue RPI for Charging Year YI splicable Change in Revenue RPI for Charging Year YI-2	unarging Year T-3)			1.01 0.96	1.0	11 1.0 18 1.0	03 1.07 01 1.01		1.11 1.03	1.13 1 1.07 1	14 1.22
djustment agreed with Ofwat to correct for net debt error within the regulatory accounts	£, current prices	Adjustment agreed with Ofwat to correct for identified error in prior year Net Debt used in 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 mean occurred.									218,424
	£	never occurred. 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 Appandix 1, Part A 1.4									o
1.7. Under/Over Recovered Revenue Adjustment	£	REMOVED FROM THIS RECONCLAINTON SHEET AS RECONCLED SEPARATELY, AS UNDERVOVER ECOVERD REVEAUE IN ERLATION TO ALL APPLICABLE CHARGING YEARS IS RECONCLED IN CALCULATION 2021. The revenue adjustment building block is to recorder for standitive recordend Allowed Revenues in previous Changing Years. See Project Learce, Appandix I, Put A 7 Miowed Revenues automismide 10:05.25 (2014 ad) 2017 application revious Roberd Revenues automismide and 2015 application revious Roberd Revenues automismide and 2015 application revious Revenue Revenues automismide and 2015 application revious Revenue									0
nowed Revenue mount recovered in respect of Allowed Revenue (to end of September 2021)		Statement Amount collected by Thames Water and received by Trideway in respect of 2018/17, 2017/18, 2018/19 and 201920 Allowed Revenue, prior to the end of September 2021.									
mount recovered in respect of Allowed Revenue (to end of September 2020)	£	Amount collected by Timanes Water and received by Tidenay in respect of 2016/17, 2017/18 and 2019/19 Allowed Revenue, prior to the end of Segnether 2019. The cu-off is the same as that used for the 2019 Revenue Statement ensuing that the amounts received are treated consistently between Revenue Statements.									
spplicable Change in Revenue RPI		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 Charolog									
		Year being reconciled for the first time, and one year to recorcile further amounts received in respect of Charging Years already reconciled. See "Statement of Calculation 2022"									
unounts in respect of prior Charging Years not yet reconciled (unadjusted) teconciliation amounts - Charging Year T-2 (unadjusted)		Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by Thames Water and received by Tideway in respect of that Allowed Revenue.									
Reconciliation amounts (NPV-adjusted)		Thamew Water and received by Tidaway in respect of that Allowed Revenue. Reconciliation amount as called above, NPV-adjusted for the delay between the original Changra year and the year of neconciliation using the BWACC and Applicable Change in Revenue RPI.									
A8. Reconciliation adjustment		REMOVED FROM THIS RECONCLENTION SHEET AS RECONCLED SEPARATELY IN BRA CALCULATION Reconciliation for updated expendiume and inflation data to reflect realised actuals and updated forecass. See Project Loence, 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 vear's revenue was calculated. Defined as shows: 1 = ves. 0 = no									L
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. Notwed Revenue recalculated using updated expenditure and inflation data. Excludes the									

Applicable Change in Revenue RPI (year in which original calculation was made) Applicable Change in Revenue RPI (current year) Reconciliation amounts (unadjusted)

Allowed Revenue (as at October 2020)

Exoca, as these busing brocks are not subject to reconcision.
 Adjustment calculated as difference between updated calculation and previous year's
 calculation, prior to NPV adjustment.
 Adjustment calculated as difference between updated calculation and previous year's

Allowed Revenue as submitted in 2020 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.

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

£



BBRA Inputs 2020

			В	BRA Inputs 20	20											
	Unit Source/notes 2012/13 2013/14 arging Year commences % Source: Average independent new forecasts for RPI, Table M3, "Forecasts for the UK economy: a comparison of independent forecasts," HMT Teasury, Aug 2022 Required of the UK economy: a comparison of independent on the operation of independent forecasts," HMT Teasury, Aug 2022			Fi	irst Charging		Third Charging			Sixth Charging		Eighth Charging	Ninth Charging	Tenth		
	Virit Source/holes 2012/13 2013/14 2014/15 2015/15 av comments * Busics: Average independent one lowastis for PP, Table AL, Torestats for the LK scionory: a companion of a redgement formating independent one lowastis for PP, Table AL, Torestats for the LK scionory: a companion of a redgement formating independent one lowastic for the LK scionory: a companion of a redgement formating independent one lowastic for the LK scionory: a companion of a redgement formating independent reve lowastic for PP, Table AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, LK and AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, BL and AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, BL and AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, BL and AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, BL and AL, Torestats for the LK scionory: a companion of a redgement formating independent reve lowastic for PA, BL and AL, Torestats for the LK scionory: a companion of a redgement formating independent reverse lowastic for the lowastic for the lowastic for PA, BL and AL, Torestat FM, AL, BL and AL, Torestat FM, AL, BL and AL, Torestat FM, AL, BL and AL, AL AN AL, AL AN AL, AL AN AL		charging year	Year	Charging Year	0 0	Year		Year	Year	Charging Year					
Year starts	Unit	Source/notes	2012/13	2013/14	2014/15	20		2016/17 01/04/2016	2017/18 01/04/2017	2018/19 201/04/2018	2019/20 201/04/2019	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
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
Year t-2 Year t-1							2014/15	2014/15 2015/16	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
Year t Year t+1								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
Year t+2							2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1.1 2014/15 RPI Adjustment Factor		Source: Auerane independent new forecasts for DDI Table M3 "Encasets for the LIK economy: a comparison of														
Forecast RPI Adjustment Factor for the calendar year in which Charging Year commences	%	independent forecasts", HM Treasury, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)												12.39	6 8.	5% 3.6%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year ends	%	independent forecasts", HM Treasury, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (iii), (iii)											12.3%	8.5%	6 3.	6% 3.4%
RPI, September of Charging Year		Statistics. Required by Project Licence Appendix 1, 1.1(iii)				257.6	259.6	264.9	275.1	284.1	291.0	294.3	308.6	347.6		
RPI, March of Charging Year		Statistics.		25	4.8	257.1	261.1	269.3	278.3	285.1	292.6	296.9	323.5			
Applicable Change in Revenue RPI		Source: RPI (All litems) index. Consumer Price Inflation Reference Tables. Table 36: 19 October 2022. Office for														
RPIt (RPI for November in Charging Year Yt-1)		National Statistics. Estimated for November 2022 based on March 2022 RPI and Forecast RPI Adjustment Factor for 2022		24	5.6	252.1	259.8	259.8	265.5	275.8	284.6	291.0	293.5	314.3		
		Note: for both First and Second Charging years, stated RPI is for November 2015, as Allowed Revenue for both these vears is being calculated together														
Year average RPI		2022 Office for National Statistics				256.7	259.4	265.0	274.9	283.3	290.6	294.2	311.2			
A.3. Return on Capital and A.4 Liquidity																
		Source: Ofwat publication, https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalqette-tunnel-limited	1-													
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £	tideway-22072020/ Zero prior to licence award			-	-	148,741,346	478,533,658	962,316,426	1,490,337,315	2,024,487,477					
Allowable Project Spend (actual and forecast) - as at October 2021		LIDRATED EDD DEPONNULIATION Sources "Allowable Darias Source Vertication Also 50% Marsh & C. 11														
Annual Actual Project Spend	Outturn prices, £	Thames Tideway ITA				-	150,344,662	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453	251,633,301		
Estimated Allowable Project Spend	Outturn prices, £	UPDATED FOR RECONCILIATION Source: "Regulation Reporting Sep 21 - updated 121021 for LC reporting"											-	-		
Forecast Allowable Project Spend	Outturn prices, f	UPDATED FOR RECONCILIATION Source: "2021 Revenue Statement - ITA Q1 2021-22 Expenditure Forecast Review - Rev 001 - Issued" for full-year 2021/22, 2022/23 and 2023/24 forecasts. The 2021/22 figure is net of												261,440,417	-	
		Required by Project Licence Appendix 1. Part A 3. 4														
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	¹ Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2022".														
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		Note: In line with the Project Licence, zero as all expenditure treated as capex.												1		
Opex forecast as at October 2021	Outturn prices, £	Required by Project Licence Appendix 1, Part A 5					-	-		-	-	-	-			
A.6. Financing Cost Adjustment																
A.o. Financing Cost Aujustment		Source: "FCA yield calculator 2020.21.xlsx"														
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Calculated with reference to iBoxx BBB data and spot implied inflation rates for 10 year maturity from Bank of England				1.3%	1.4%	0.4%	0.0%	0.2%	-0.5%					
		Required by Project Licence Appendix 1, Part A 6														
		Source Regulatory Accounts 2021/22 Need to update to Source: https://www.ofwat.gov.uk/publication/regulatory- canitaluralues.https://actives.imited.inited.i														
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Current prices at 3 March of Charging Year	control integrations and the interfactor of the interfactor of the integration of the integration of the integration of the integration of the interfactor of the int				-	151,310,515	502,087,458	1,043,425,953	1,655,435,722	2,307,915,724					
	Current prices at 3	required by Project Licence Appendix 1, Part A 3 I Source: Tideway financial statements as at 31 March 2022 (will be checked against republished Regulatory Accounts tables October 2022)					130,376,913	- 315,869,558 ·	67,048,664	556.634.438	1,181,999,087					
	Year	Required by Project Licence Appendix 1, Part A 6 Source: Project Licence Appendix 1, 1.45			-		130,376,913	- 315,009,550 -	07,040,004	550,034,436	1,101,999,007					
Notional Debt to RCV ratio	%	Required by Project Licence Appendix 1, 1.45 Required by Project Licence Appendix 1, Part A 6				62.5%										
A 4 4 Tev																
	0	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.	K.													
Tax as at October 2021	Outturn prices, £	See Project Licence Appendix 1, Part A 1.4								-	-	-	-			
A.7. Under/Over Recovered Revenue Adjustment - as at October		See Project Licence, Appendix 1, Part A.7														
2021	_															
Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of September	£ Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".														
2019) Amount recovered in respect of Allowed Revenue (to end of September 2018)		Data removed as not required for reconciliation purposes. See "Inputs 2022".														
Years of NPV adjustment		Data removed as not required for reconciliation purposes. See "Inputs 2022".														
Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2022".														
A.8. Reconciliation adjustment		See Project Licence, Appendix 1, Parl A 8														
Reconcile this year?	Years	Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".														
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 2022".														
A.11. Additional Return on Capital Building Block																
		Not applicable at present. Inputs to be added if this building block becomes relevant (i.e. if Tideway makes an IAF Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,	2													
		Appendix 1, Part A 11														
A 1.6.4. Net Present Value Adjustment		Last day of the First Charging Year					31/03/2016									
Vater Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March 2014/15 Ulowable Project Spend Outhurn prices (Spend) Outhurn prices (Spend) oraceast Allowable Project Spend Outhurn prices (Spend) Outhurn prices (Spend) wind Actual Project Spend Outhurn prices (Spend) Outhurn prices (Spend) wind Warder Project Spend Outhurn prices (Spend) Outhurn prices (Spend) wind Warder Project Spend Outhurn prices (Spend) Outhurn prices (Spend) wind therefore is excluded from the Allowable Spend metrics set out above Outhurn prices (Spend) Outhurn prices (Spend) WACC A.S. Opex Outhurn prices (Spend) Outhurn prices (Spend) Outhurn prices (Spend) A.S. Opex Opex Outhurn prices (Spend) Outhurn prices (Spend) Outhurn prices (Spend) A.S. Opex Opex Outhurn prices (Spend) Outhurn prices (Spend) Outhurn prices (Spend) A.S. Financing Cost Adjustment Index (Stell Project Spend) Outhurn prices (Spend) Outhurn prices (Spend) A.1.4. Tax ax as al October 2021 Outhurn prices (Spend) Outhurn prices (Spend) Outhurn prices (Spend) A.7. Under/Over Recovered Revenue (Adjustment - as at October 2021 Outhurn prices (Sp		Date of Licence award					24/08/2015									

BBRA Calculation 2020

		BBRA Ca	Iculation 2020							
Building Block	Unit	Notes/description	2013/14 2014/15	First Charging	Second Charging	Third Charging Year		Fifth	Sixth	Seventh Charging
				Year 2015/16	Year 2016/17	2017/18	Charging Year (2018/19	2019/20	Charging Year 2020/21	Year 2021/22
Year starts Year ends				01/04/2015 31/03/2016	01/04/2016 31/03/2017	01/04/2017 31/03/2018	01/04/2018 31/03/2019	01/04/2019 31/03/2020	01/04/2020 01/04/2021	01/04/2021 31/03/2022
Year t-2 Year t-1				2013/14 2014/15	2014/15 2015/16	2015/16 2016/17	2016/17 2017/18	2017/18 2018/19	2018/19 2019/20	2019/20 2020/21
Yeart Yeart+1 Yeart-2				2015/16 2016/17 2017/18	2016/17 2017/18 2018/19	2017/18 2018/19 2019/20	2018/19 2019/20 2020/21	2019/20 2020/21 2021/22	2020/21 2021/22 2022/23	2021/22 2022/23 2023/24
Year H2		A factor calculated for each Charging Year to express costs associated with that year		2017/18	2016/19	2019/20	2020/21	2021/22	2022/23	2023/24
······································	estimated Allowable Pro	in a 2014/15 price base. See Project Licence, Appendix 1, 1.1 oject Spend for the said Charging Year shall be deflated from a price base in Charging Year Yt+ Forecast RPI- see input sheet for description of source	1 to the Base RPI Index year ([20)14/15]), using an ac	djustment factor derived fre	om multiplying the factors set	out in (i), (ii), (iii) and (iv	v) below;		12.3%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt+1 ends Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt commences	%	Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source								8.5%
Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt ends	%	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Calculated with reference to the index values for								
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	%	March and September to capture April to September inflation (see detailed modelling assumptions in "Statement of calculation 2022")								
Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the period April to September in the calendar year in which Charging Year Yt commenced	%	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 2022")								
Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the seriod 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 2022")								7.4%
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 Charging Year YI-2, or where this is on or before Base RPI Index year, 2014/15		Year average RPI for 2014/15, used as base year RPI Year average RPI for Charging year T-2 (or 2014/15 where this is later) NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year t-1								256.7 290.6 294.2
Charging Year Yt-1 Charging Year Yt		NEW ROW ADDED FOR RECONCILIATION Year average RPI for Charging Year F								294.2 311.2
1.1 (i)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T+1 to Charging Year T								1.13
1.1 (ii)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T to Charging Year T-1								1.06
1.1 (ii)		CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to Charging Year T-2 Factor used to adjust prices from Charging Year T-2 to Base RPI Index year								1.01
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.								1.37
RPI Adjustment Factor Charging Year T		Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from								1.21
RPI Adjustment Factor Charging Year T-1		Charging Year T to 2014/15 price base. Combines factors (iiii) and (iv) above to calculate factor used to adjust prices from								1.15
RPI Adjustment Factor Charging Year T-1 RPI Adjustment Factor Charging Year T-2		Charging Year T-1 to 2014/15 price base. Equal to factor (iv) above - used to adjust prices from Charging Year T-2 to 2014/15								1.15
		price base.								
Applicable Change in Revenue RPI RPIt 2015ang (Ress RPI Index)		RPI in November of previous Charging Year relative to 2014/15 base year RPI in November of Charging Year T-1	0.96 0.98 245.6 252.1	1.01 259.8	1.01 8 259.8	1.03	1.07 275.8	1.11 284.	1.13 6	1.14 291.0 293.5 256.7 256.7
RPIbase (Base RPI Index)		Average RPI for 2014/15	256.7 256.7	256.7	, 256.7	256.7	256.7	256.		
A.1. Allowed Revenue	£	rour hornor two hornor culconado da an total o tad outra gooda dodn, in forest, in a contra cont								79,043,347
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,								77,564,740
		Appendix 1, Part A 3								
Ofwat Stated RCV for Yt-2	£, 2014/15 prices	RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the end of the Charging Year								2,024,487,477
DPRCV Yt-1 2014/15 RPI Adjustment Factor Yt-1	£, 2014/15 prices	Opening RCV for Charging Year T-1. Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base								2,024,487,477
Annual Actual Project Spend Yt-1 Estimated Allowable Project Spend Yt-1	£, 2014/15 prices £, 2014/15 prices	Allowable Project Spend (verified by the ITA) incurred in Charging Year T-1 Allowable Project Spend (not verified by the ITA) incurred in Charging Year T-1								473,065,584
Forecast Allowable Project Spend Yt-1 DPRCV Yt	£, 2014/15 prices £, 2014/15 prices	Allowable Project Spend forecast to be incurred in Charging Year T-1 Opening RCV for Charging Year T - the sum of opening RCV for Charging year T-1 and al Allowable Project Spend in that year								2,497,553,061
2014/15 RPI Adjustment Factor Yt Annual Actual Project Spend Yt	£, 2014/15 prices	Scalar to adjust forecast costs for Charging Year T to 2014/15 price base Allowable Project Spend (verified by the ITA) incurred in Charging Year T								1.21230519 437,862,063
Estimated Allowable Project Spend Yt Forecast Allowable Project Spend Yt	£, 2014/15 prices £, 2014/15 prices	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T Allowable Project Spend forecast to be incurred in Charging Year T								0
CPRCV Yt	£, 2014/15 prices	Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all Allowable Project Spend in that year								2,935,415,123
YARCV YI	£, 2014/15 prices	Year average RCV for Charging Year T								2,716,484,092
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								11,614,918
DPRCV YI+1	£, 2014/15 prices	question. See Project Licence, Äppendix 1, Part A 4 Opening RCV for Charging Year T+1								2,935,415,123
2014/15 RPI Adjustment Factor YI+1 Annual Actual Project Seend YI+1		Opening RCV for Charagent rear 1+1 Scalar to adjust forecast costs for Charging Year T+1 to 2014/15 price base NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (verified by the								1.365658991
Annual Actual Project Spend YI+1 Estimated Allowable Project Spend YI+1	2, 2014/10 pilots	ITA) incurred in Charging Year T+1 NEW ROW ADDED FOR RECONCILIATION Allowable Project Spend (not verified by								184,257,785
Forecast Allowable Project Spend for year t+1 DPRCV Yt+1	£, 2014/15 prices	the ITA) incurred in Charging Year T+1 Allowable Project Spend forecast to be incurred in Charging Year T+1 Closing RCV for Charging Year T+1								<u>191,439,019</u> 3,311,111,927
FYARCV Yt+1		Average RCV for Charging Year T+1								3,123,263,525
A.5. Opex		In line with the Project Licence, the Opex building block is zero as all costs are								
A.S. Opex		accounted for as capital expenditure. See Project Licence, Appendix 1, Part A 5								U
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				0	461,614	-1,047,47	3 -3,26	-10,136,312
Financing Cost Adjustment Yt		Licence, Appendix 1, Part A 6		(0	0 0	461,614	-1,509,08	-2,21	4,153 -6,874,685
Financing Cost Adjustment Index Yield	%	See Project Licence Appendix 1, Part A 6.3	1.30%	1.43%	6 0.35%	6 0.01%	0.23%	-0.47	16 I	
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%	4 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 YI-2		1.30%				0.01		0.23% -0.47%
RP-ABP Varket Cost of Debt Adjustment Factor (absolute) Varket Cost of Debt Adjustment Factor (corrected sign)	% %	Difference between BRP and ARP See Project Licence Appendix 1 Part A 6.7 See Project Licence Appendix 1 Part A 6.7		0.00%	% 0.00% % 0.00% % 0.00%	6 -0.13% 6 0.00% 6 0.00%	0.95% 0.22% -0.22%	1.29' 0.54' -0.54'	%	1.07% 1.76% 0.32% 1.01% 0.32% -1.01%
	£, current prices (March of	Net Debt at the end of Charging Year T-2 as defined in Project Licence Appendix 1,		0.00%	0.00%	-130,376,913		-67,048,66		
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2	Charging Year T-2) £, current prices (March of Charging Year T-2)	1.44 RCV at the end of Charging Year T-2 in then current prices		a	0 0) -130,376,913) 151,310,515	-315,869,558 502,087,458	-67,048,66		
Notional Debt to RCV Ratio	% £, current prices (March of	As defined in Project Licence Appendix 1, 1.45 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A		62.5%	62.5% 0	62.5% 0 94,569,072	62.5% 313,804,661	62.51 652,141,22		52.5% 62.5% 7,326 1,442,447,327
	Charging Year T-2) £, current prices (March of	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1,			0					
Net Debt in charging real 11-5	Charging Vear T-3)	Net bed as the end of Charging Year 1-3 as seened in Project Eldence Appendix 7, 1.44 RCV at the end of Charging Year T-3 in then current prices		0	0 0) o) o	-130,376,913 151,310,515	-315,869,55 502,087,45		
Notional Debt to RCV Ratio	% £, current prices (March of	As defined in Project Licence Appendix 1, 1.45 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A		62.5%	62.5%		62.5% 94,569,072	62.51 313,804,66	к, і	52.5% 62.5%
Notional Net Debt in Charging Year Yt-3 Applicable Change in Revenue RPI for Charging Year Yt	Charging Year T-3)	6.9	L	1.01	0 0	0 0	94,569,072	313,804,66		1,221 1,034,647,326
Applicable Change in Revenue RPI for Charging Year Yt Applicable Change in Revenue RPI for Charging Year Yt-2				1.01 0.96	6 0.98	1.03 3 1.01	1.07	1.1 1.0		1.13 1.14 1.07 1.11
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								0
	-	See Project Licence Appendix 1, Part A 1.4								
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 2020. The revenue								0
-		adjustment building block is to reconcile for under/over recovered Allowed Revenue in previous Charging Years. See Project Licence, Appendix 1, Part A.7								
Allowed Revenue		Allowed Revenue as submitted in 2015, 2016 and 2017 updated revised Revenue Statement Amount collected by Thames Water and received by Tideway in respect of 2016/17,								
Amount recovered in respect of Allowed Revenue (to end of September 2020)		2017/18, 2018/19 and 2019/20 Allowed Revenue, prior to the end of September 2020. Amount collected by Thames Water and received by Tideway in respect of 2016/17,								
Amount recovered in respect of Allowed Revenue (to end of September 2019)	£	2017/18 and 2018/19 Allowed Revenue, prior to the end of September 2019. The cut- off is the same as that used for the 2019 Revenue Statement ensuring that the								
Applicable Change in Revenue RPI		amounts received are treated consistently between Revenue Statements. RPI in November of previous Charging Year relative to 2014/15 base year Bearmont the survivos of Long of MDI of charged participation and the survivos of Charging								
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 2021*								
Amounts in respect of prior Charging Years not yet reconciled (unadjusted)		Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by								
Reconciliation amounts - Charging Year T-2 (unadjusted)		Linterence between Airowea 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 Charge in Revenue RPI.								
A.8. Reconciliation adjustment		REMOVED FROM THIS RECONCILLATION 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								0
		A 8 Revenue for a given Charging Year is subject to building block reconciliation								
Reconcile this year?	n/a	adjustment where estimated or forecast expenditure or inflation inputs were used the last time that year's revenue was calculated. Defined as follows: $1 = vos$, $0 = no Represents the number of vears since revenue was first calculated to feed into the$								
Time since original calculation	years	reopresents are number of years since revenue was mist calculated to feed into the NPV adjustment of the reoconciliation adjustment. Allowed Revenue recalculated using updated expenditure and inflation data. Excludes								
		revenue revaluated using updated expenditure and inflation data. Excludes								

Allowed Revenue (as at October 2020)	£	Allowed revenue reaculated using updated expendiure and initiation 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 2020.
Allowed Revenue (as at October 2019)	£	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 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 BWACC and Applicable Change in Revenue RPI.
A.11. Additional Return on Capital Building Block	£	Not applicable. To be added to calculation if building block becomes relevant (i.e. if Trideway makes an IAR Overrun Application to increase Allowable Project Spand above the Thrashold Outturn). See Project Licence, Appendix 1, Part A 11
A.11. Additional Liquidity Building Block	£	Not applicable. To be added to calculation if building block becomes relevant (i.e. if Tideway makes an IAR Overrun Application to increase Allowable Project Spand above the Thrashold Outturn). See Project Licence, Appendix 1, Part A 11

				BBRA I	Inputs 20	19	First Charging	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth
	Unit	Source/notes	2012/13	2013/14	2014	4/15	Year 2015/16	Second charging year 2016/17	2017/18	Fourth Charging Year 2018/19	Year 2019/20	Charging Year 2020/21	Year 2021/22	Charging Year 2022/23	Charging Year 2023/24
Year starts Year ends							01/04/2015 31/03/2016	01/04/2016 31/03/2017	01/04/2017 31/03/2018	01/04/2018 31/03/2019	01/04/2019 31/03/2020	01/04/2020 31/03/2021	01/04/2021 31/03/2022	01/04/2022 31/03/2023	01/04/2023 31/03/2024
Year t-2 Year t-1							2013/14 2014/15 2015/16	2014/15 2015/16 2016/17	2015/16 2016/17 2017/18	2016/17 2017/18 2018/19	2017/18 2018/19	2018/19 2019/20 2020/21	2019/20 2020/21	2020/21 2021/22 2022/23	2021/22 2022/23 2023/24
Year t Year t+1 Year t+2							2015/16 2016/17 2017/18	2016/17 2017/18 2018/19	2017/18 2018/19 2019/20	2018/19 2019/20 2020/21	2019/20 2020/21 2021/22	2020/21 2021/22 2022/23	2021/22 2022/23 2023/24	2022/23 2023/24 2024/25	2023/24 2024/25 2025/26
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, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii)												12.3	% 8.5%
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, Aug 2022 Required by Project Licence Appendix 1, 1.1 (i), (ii), (iii) Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National											12.3%	8.5	% 3.6%
RPI, September of Charging Year		Statistics. Required by Project Licence Appendix 1, 1.1(iii)				257.6	259	.6 264.9	275.1	284.1	291.0	294.3	308.6		
RPI, March of Charging Year		Source: RPI (All Items) index, Consumer Price Inflation Tables, Table 36, 19 October 2022, Office for National Statistics. Required by Project Licence Appendix 1, 1.1 (iii)			254.8	257.1	261	.1 269.3	278.3	285.1	292.6	296.9			
Applicable Change in Revenue RPI		Source: RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 October 2022, Office for									1				
RPIt (RPI for November in Charging Year Yt-1)		National Statistics. Estimated for November 2022 based on March 2022 RPI and Forecast RPI Adjustment Factor for 2022 Required by Project Licence Appendix 1, Part A 3, 4 and 6	r		245.6	252.1	259	.8 259.8	265.5	275.8	284.6	291.0			
		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 Source: Calculated from RPI (All Items) index, Consumer Price Inflation Reference Tables, Table 36, 19 October												1	
Year average RPI		Source: calculated inn Per (vin terrs) moor, Consumer Price initiation Reinerence Facilies, Face 36, 19 October 2022 Office for National Statistics Required by Project Licence Appendix 1, Part A 3, 4 and 6 and Appendix 1, 1.1 (iv)				256.7	7 259	.4 265.0	274.9	283.3	290.6	294.2	311.2		
A.3. Return on Capital and A.4 Liquidity															
Water Services Regulation Authority Stated RCV (2014/15 Prices) at 31 March	2014/15 prices, £	Source: Ofwat publication, https://www.ofwat.gov.uk/publication/regulatory-capital-values-bazalgette-tunnel-limites tideway-202200/ Zero prior to licence award Required by Project Licence Appendix 1, Part A 3	d-		-	-	148,741,34	478,533,658	962,316,426	1,490,337,315					
Allowable Project Spend (actual and forecast) - as at October 2021		UPDATED FOR RECONCILIATION Source: "Allowable Project Spend Verification No. 52", Mott MacDonald:							1					1	
Annual Actual Project Spend	Outturn prices, £	Thames Tideway ITA Required by Project Licence Appendix 1, Part A 3				-	150,344,66	340,489,147	518,165,900	582,828,772	604,855,688	542,182,309	530,822,453		
Estimated Allowable Project Spend	Outturn prices, £	Required by Project Licence Appendix 1, Part A 3				-	-	-	-	-	-	-	-		
Forecast Allowable Project Spend	Outturn prices, £	UPDATED FOR RECONCLIATION Source: "2021 Revenue Statement - ITA 01 2021-22 Expanditure Forecast Review - Rev 001 - Issued for full-year 2021/22, 2022/33 and 2023/24 forecasts. The 2021/22 figure is net of expanditure already realised (April to September) 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 2020".													
Alliance Agreement receipts - expenditure funded by these receipts is treated as Excluded Project Sper and therefore is excluded from the Allowable spend metrics set out above	nd Outturn prices, £	Data removed as not required for reconciliation purposes. See "Inputs 2020".													
BWACC	%	Source: Project Licence, Appendix 1, 1.18 Reaulind by Protect Licence Appendix 1, Part A 3, 4, 6, 7, 8					2.497%								
A.5. Opex Opex forecast as at October 2021	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													
A.6. Financing Cost Adjustment											_				
Financing Cost Adjustment Index Yield - 12 months trailing average at 31 March	%	Source: "FCA yield calculator 2020.21.xtsx" Calculated with reference to iBox 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 1.4	0.49	6 0.0%	6 0.2%					
Water Services Regulation Authority Adjusted RCV (Current Prices) at 31 March	Current prices at March of Charging	capital-values-bazaigette-turinel-ilmited-tideway-22072020/ for the current year (i.e. 2021/22). Prior year values	-				151,310,51	5 502,087,458	1,043,425,953	1,655,435,722]				
	Year Current prices at	are une value recordeu in nacionaging year. Required by Project Licence Appendix 1, Part A 3 31 Source: Tideway financial statements as at 31 March 2022 (will be checked against republished Regulatory									-				
Net Debt at 31 March	Year	g Accounts tables October 2022) Required by Project Licence Appendix 1, Part A 6 Source: Project Licence Appendix 1, 1.45	-		-	-	- 130,376,91	3 - 315,869,558	- 67,048,664	556,634,438					
Notional Debt to RCV ratio	%	Source: Project Exerce Appendix 1, 1-93 Required by Project Licence Appendix 1, Part A 6				62.5	lo l								
A 1.4. Tax											1				
Tax as at October 2021	Outturn prices, £	In line with the Project Licence, zero as the IP is not required to pay corporation tax or any other income-based ta NOTE: Only relates to BIT_Tax. See Project Licence Appendix 1, Part A 1.4	х.				-	-		-	-	-			
A.7. Under/Over Recovered Revenue Adjustment		See Project Licence, Appendix 1, Part A.7													
Allowed Revenue Amount recovered in respect of 2016/17, 2017/18 and 2018/19 Allowed Revenue (to end of September 2019)	Outturn prices,	Data removed as not required for reconciliation purposes. See "Inputs 2022". £ Data removed as not required for reconciliation purposes. See "Inputs 2022".													
Amount recovered in respect of Allowed Revenue (to end of September 2018)	Outturn prices,	Data removed as not required for reconciliation purposes. See "Inputs 2022".													
Years of NPV adjustment Amounts received from TWUL in Charging Year (all years of Allowed Revenue)	Outturn prices	Data removed as not required for reconciliation purposes. See "Inputs 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".													
	Outurn prices,	E Data removed as not required for recurrumation purposes. See Imputs 2022 .													
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 2022".													
Reconcile this year? 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 2022". Data removed as not required for reconciliation purposes. See "Inputs 2022".													
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 IA) Overrun Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence,	2												
		Appendix 1, Part A 11													
A 1.6.4. Net Present Value Adjustment End of first charging year Licence Award		Last day of the First Charging Year Date of Licence award					31/03/20 24/08/20								



BBRA Calculation 2019

		BBRA Calculation	50 2019							
Building Block	Unit	Notes/description	2013/14	2014/15		Second Charging Year	Third Charging Ye	ar Fourth Charging Yea	Fifth Charging Yea	Sixth 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
Year ends Year t-2					31/03/2016 2013/14	31/03/2017 2014/15	31/03/2018 2015/16	31/03/2019 2016/17	31/03/2020 2017/18	01/04/2021 2018/19
Year I-1 Year I Year I+1					2014/15 2015/16 2016/17	2015/16 2016/17 2017/18	2016/17 2017/18 2018/19	2017/18 2018/19 2019/20	2018/19 2019/20 2020/21	2019/20 2020/21 2021/22
Year I+2					2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1.1 2014/15 RPI Adjustment Factor (a) for the purposes of calculating Forecast Allowable Project Spend for Charging Year Yt	+1. estimated Allowable Pr	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 sject Spend for the said Charging Year shall be deflated from a price base in Charging Year Yt+1	to the Base RPI I	ndex vear ([20 ⁻	14/151), using an adius	stment factor derived fro	n multiplying the factors	set out in (i), (ii), (iii) and (iv) be	low:	
Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI+1 commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI-1 ends Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI commences Forecast RPI Adjustment Factor for the calendar year in which Charging Year YI ends	% % %	NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source NOT USED FOR RECONCILIATION Forecast RPI - see input sheet for description of source 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								
Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the	%	assumptions in "Statement of calculation 2022") NOT USED FOR RECONCILIATION Calculated with reference to the index values for March and Sentember to canture Andi to Santember inflation (see detailed modelling								
period April to September in the calendar year in which Charging Year Yt commenced Percentage movement in the RPI (All Items) index as published by Office for National Statistics for the	%	assumptions in "Statement of calculation 2022") NEW ROW ADDED FOR RECONCILIATION Calculated with reference to the index values for March and September to capture April to September inflation (see "Statement								
period April to September in the calendar year in which Charging Year Yt+1 commenced Forecast RPI Adjustment Factor for the calendar year in which Charging Year Yt-1 commenced	%	of calculation 2022") 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 RECONCILIATIONForecast RPI - see input sheet for description of source								
Base RPI Charging Year YN-1 Charging Year YN-1 Charging Year YN-1 Charging Year YN-1 Charging Year YN-1		Yaar awanga PRI into 2014/11, sued as baas yaar RPI Vaar awanga PRI for Changing yaar 7 (ar 2014/15 shwate tiha is later) NEW ROW ADDED FOR RECONCILLATION Year awanga RPI for Changing Year 1 NEW ROW ADDED FOR RECONCILLATION Year awanga RPI for Changing Year 1 NEW ROW ADDED FOR RECONCILLATION Year awanga RPI for Changing Year 1								256.7 283.3 290.6 294.2 311.2
1.1 (i) 1.1 (ii) 1.1 (iii) 1.1 (iii)		CALCULATION ALTERED POR RECONCILIATION Factor used to adjust prices from Charging Year T+1 to CL CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T to Cha CALCULATION ALTERED FOR RECONCILIATION Factor used to adjust prices from Charging Year T-1 to CL Factor used to adjust prices from Charging Year T-2 to Base RPI Index year	ging Year T-1							1.06 1.01 1.03 1.10
RPI Adjustment Factor Charging Year T+1		Combines factors (i), (i), (ii) 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		Combines factors (ii), (iii) and (iv) above to calculate factor used to adjust prices from Charging Year T to $2014/15$ price base.								1.15
RPI Adjustment Factor Charging Year T-1 RPI Adjustment Factor Charging Year T-2		Compiling Year 1 to 2014 (5 phote base) Combines factors (iii) and (iii) above to acculate factor used to adjust prices from Changing Year 1: to 2014 (5 phote base). NOT USED FOR RECONCLUATION Equal to factor (ii) above - used to adjust prices from Changing Year 7: 2 to 2014 (5 price base).								1.13
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
RPit RPitose (Base RPI Index)		PP in November of Charging Year 7-1 Average RPI for 2014/15	245.6 256.7	252.1 256.7	259.8 256.7	259.8 256.7	20	55.5 275 56.7 256		291.0 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 2022 for further detail.								73,642,426
A.3. Return on Capital	£	detail. The Return on Capital building block allows the IP to earn a return on capital in relation to the forecast average RCU in the Charging Year in question. See Project Licence, Appendix I, Part A 3								64,009,807
Ofwat Stated RCV for YI-2	£, 2014/15 prices	RCV at the end of Charging Year T-2 as published by Ofwat by 1 September following the								1,490,337,315
OPRCV Yt-1	£, 2014/15 prices £, 2014/15 prices	end of the Charging Year Opening RCV for Charging Year T-1.								1,490,337,315
2014/15 RPI Adjustment Factor Yt-1 Annual Actual Project Spend Yt-1 Estimated Alkowable Project Spend Yt-1	£, 2014/15 prices £, 2014/15 prices	Scalar to adjust forecast costs for Charging Year T-1 to 2014/15 price base Allowable Project Spend (venilde dy he TA) incurrad in Charging Year T-1 Allowable Project Spend (not venilde dy he TA) incurrad in Charging Year T-1								1.13 534,150,162
Earning Allowable Project Spend Yt-1 OPRCV Yt	£, 2014/15 prices £, 2014/15 prices	Alcowable Project Spend from virolated by nor rrY incorrect Charging Year T-1 Alcowable Project Spend from the sum of opening RCV for Charging year T-1 Opening RCV for Charging Year T - the sum of opening RCV for Charging year T-1 and al Alcowable Project Spend in that year								0 2,024,487,477
2014/15 RPI Adjustment Factor Yt Annual Actual Project Spend Yt	£, 2014/15 prices	Scalar to adjust forecast costs for Charging Year T to 2014/15 price base Allowable Project Spand (verified by the ITA) incurred in Charging Year T								1.15 473,065,584
Estimated Allowable Project Spend Yt Forecast Allowable Project Spend Yt CPRCV Vt	£, 2014/15 prices £, 2014/15 prices £, 2014/15 prices	Allowable Project Spend (not verified by the ITA) incurred in Charging Year T Allowable Project Spend forecast to be incurred in Charging Year T Closing RCV for Charging Year T - the sum of opening RCV for Charging Year T and all								0 0 2,497,553,061
YARCV YI	£, 2014/15 prices	Allowable Project Spend in that year Year average RCV for Charging Year T								2,261,020,269
		The Liquidity building block allows the IP a liquidity allowance (return on capital) in relation								
A.4. Liquidity	£	The Explosity building block tables in it is a splating undersitive (vital) of cupular in relation to the incremental average (CV) in the year following the Charging Year in question. See Project Licence, Appendix 1, Part A 4								12,894,246
OPRCV Y+1 2014/15 RPI Adjustment Factor Y+1 Annual Actual Project Spend Y+1 Estimated Advabab Project Spend Y+1 Forecast Allowabe Project Spend for year t+1 CPRCV Y+1	£, 2014/15 prices £, 2014/15 prices £, 2014/15 prices £, 2014/15 prices £, 2014/15 prices	Opening RCV for Changing Yava T+1 Scalar to adjust foreast totat for Changing Yava T+1 to 2014/15 price base NEW ROW ADDED FOR RECONCLLATION Allowable Project Speed (verified by the ITA) incurred in Changin NEW ROW ADDED FOR RECONCLLATION Allowable Project Speed (verified by the ITA) incurred in Changin Allowable Project Spend Reveast to be accured in Changing Yava T+1	g Year T+1 rging Year T+1							2,497,553,061 1.21 437,862,063 0 2,935,415,123
FYARCV YI+1	£, 2014/15 prices £, 2014/15 prices	Closing RCV for Charging Year T+1 Average RCV for Charging Year T+1								2,935,415,123
A.5. Opex		In line with the Project Licence, the Opex building block is zero as all costs are accounted								0
		for as capital expenditure. See Project Licence, Appendix 1, Part A 5 The Financing Cost Adjustment building block is intended to protect against movements in								
A.6. Financing Cost Adjustment building block		the market cost of debi, 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						0 461,6	14 -1,047,47	3 -3,261,627
Financing Cost Adjustment Yt Financing Cost Adjustment Index Yield	%	See Project Licence Appendix 1. Part A 6.3		1.30%	0	0.35%		0 461,6 01% 0.23		8 -2,214,153
	78	The historic 12 months trailing average of the Financing Cost Adjustment Index Yield as		1.30 /						
Base Reference Point (BRP) Annual Reference Point (ARP)	%	at 31 March 2015 The historic 12 months' trailing average of the Financing Cost Adjustment Index Yield as		-	1.30%	1.30%		30% 1.3 43% 0.3		
BRP-ABP Market Cost of Debt Adjustment Factor (absolute)	%	al 31 March of Charging Year Yt-2 Difference between BRP and APP See Project Licence Appendix 1 Part A 6.7			0.00% 0.00%	0.00%	-0.1	13% 0.9 00% 0.2	1.299 % 0.549	6 1.07% 6 0.32%
Market Cost of Debt Adjustment Factor (corrected sign) Net Debt in Charging Year Yt-2	% £, current prices (March of	See Project Licence Appendix 1 Part A 6.7 Net Debt at the and of Charrison Year T-2 as defined in Project Licence Americky 1, 1,44			0.00%	0.00%		913 -315,869,5		
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-2	Charging Year T-2) £, current prices (March of Charging Year T-2)	Nov at the end of charging real ris in their current prices			0	c c	151,310,	515 502,087,4	58 1,043,425,95	3 1,655,435,722
Notional Debt to RCV Ratio Notional Net Debt in Charging Year Yt-2	% £, current prices (March of	As defined in Project Licence Appendix 1, 1.45 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9		Γ	<u>62.5%</u> 0	62.5%	62 94,569,0			
Net Debt in Charging Year Yt-3	£, current prices (March of Charging Year T-3)	Net Debt at the end of Charging Year T-3 as defined in Project Licence Appendix 1, 1.44			0	c		0 -130,376,9	13 -315,869,55	3 -67,048,664
Water Services Regulation Authority Adjusted RCV (Current Prices) in Charging Year Yt-3 Notional Debt to RCV Ratio	£, current prices (March of Charging Year T-3) %	RCV at the end of Charging Year T-3 in then current prices As defined in Project Licence Appendix 1, 1.45			0 62.5%	62.5%	62	0 151,310,5 .5% 62.5		
Notional Net Debt in Charging Year Yt-3	£, current prices (March of Charging Year T-3)	As werned in register bounde appendix 1, 1.49 RCV multiplied by Notional Debt to RCV ratio. See Project Licence Appendix 1 Part A 6.9			0	02.37		0 94,569,07		
Applicable Change in Revenue RPI for Charging Year Yt Applicable Change in Revenue RPI for Charging Year Yt-2					1.01 0.96	1.01 0.98		1.03 1. 1.01 1.		
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								O
A.7. Under/Over Recovered Revenue Adjustment	£	REMOVED FROM THIS RECONCILATION SHEET AS RECONCILED SEPARATELY, AS UNDERVOVER RECOVERED REVENUE IN RELATION TO ALL APPLICABLE CHARGING YEARS IS RECONCILED IN CALCULATION 2020. The rewnwe adjustment building block is to reconcile for under/over recovered Allowed Revenue in previous Charleng Versen: Sea Berniel Learne, danced et al. 2								0
Allowed Revenue		Charging Years. See Project Licence, Appendix 1, Part A.7 Allowed Revenue as submitted in 2015, 2016 and 2017 updated revised Revenue Statement								
Amount recovered in respect of Allowed Revenue (to end of September 20019)		Arount collected by Thamse Water and received by Tdeway in respect of 2016/17, 2017/18, and 2018/19 Allowed Revenue, prior to the end of September 2019. Arount collected by Thamse Water and received by Tdeway in respect of 2015/16,								
Amount recovered in respect of Allowed Revenue (to end of September 2018)	£	Problem Council and 2017/18 Allowed Revenue, prior to the end of Stephenet Or Do 124 for, 2016/17 and 2017/18 Allowed Revenue, prior to the end of Stephenet 2016. The cut-off is the same as that used for the 2019 Revenue Statement ensuing that the amounts received an treated consistently between Revenue Statements.								
Applicable Change in Revenue RPI		Received are interaction consistenting between retretion estation retries. RPI in November of previous Charging Year retretione Statistics 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								
Years of NPV adjustment		Year being reconcised for the first time, and one year to reconcise further amounts received in respect of Charging Years already reconciled. See "Statement of Calculation 2022"								
Amounts in respect of prior Charging Years not yet reconciled (unadjusted)		Further amounts received in respect of Charging Years that have already been reconciled. Difference between Allowed Revenue for a Charging Year and the amount collected by								
Reconciliation amounts - Charging Year T-2 (unadjusted)		Thames Water and received by Tideway in respect of that Allowed Revenue.								
Reconditation amounts (NPV-adjusted)		Reconciliation amount as calculated above, NPV-adjusted for the dalay between the original Champing 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, D= 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 Dewown provide the during under an anglithm and inflation data. Evolution								

Allowed Revenue (as at October 2019)	£	Allowed Revenue recalculated using updated expenditure and initiation 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, BBRA Calculation 2020 and BBRA Calculation 2021
Allowed Revenue (as at October 2018)	£	Allowed Revenue as submitted in 2018 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 BWACC and Applicable Change in Revenue RPI.
A.11. Additional Return on Capital Building Block	£	Not applicable. To be added to calculation if building block becomes relevant (i.e. if Tideway makes an IAR Overum Application to increase Allowable Project Spend above the Threshold Outturn). See Project Licence, Appendix 1, Part A 11
A.11. Additional Liquidity Building Block	£	Not applicable. To be added to calculation if building block becomes relevant (i.e. if Tideway makes an IAR Overrun Application to increase Alkowable Project Spend above the Threshold Outum). See Project Licence, Appendix 1, Part A 11