



Reissue of wholesale revenue figures for charging

In the draft determinations ([appendix A8](#)), we set out companies' allowed wholesale revenues for the purposes of charging.

Since the draft determinations, a number of companies have informed us that these figures contained a calculation error. The error resulted in all figures in the table being 3% too small.

The calculation used was for the 2015-16 figures to be rebased to November 2013 prices. However, when the rebased figures are inflated by RPI (November to November as per licence condition B) they did not equal the nominal forecast revenue.

We will therefore amend the calculations for final determinations so as to take the forecast nominal revenue for 2015-16 and to deflate by a single-year's RPI (November to November).

Restated figures for the draft determinations are set out below in table 2, the RPI figures used are set out below in table 1.

Table 1 – RPI used in calculating allowed revenue

Description	RPI
Financial year average 2012-13	244.7
Financial year average 2015-16	268.1
November 2013	252.1
November 2014	260.1

Companies' allowed revenue for 2015-16 (in 2012-13 prices) have been rebased to 2015-16 prices (ie forecast outturn) - that is, are inflated by 9.6%. The revenue figures are then rebased by the difference between November 2014 and November 2013 RPI – that is, are deflated by 3.2%. This gives revenue figures that when inflated by RPI+K (for 2015-16, $K = 0$), will give the correct allowed revenue for 2015-16.

It should be noted that we may update our RPI forecasts for final determinations to reflect the latest information available.

Table 2 - Allowed wholesale revenue, 2014-15 notional base (draft)

	2014-15
Anglian	
Wholesale water – allowed revenues (£m)	441.30
Wholesale wastewater – allowed revenues (£m)	664.22
Dŵr Cymru	
Wholesale water – allowed revenues (£m)	278.75
Wholesale wastewater – allowed revenues (£m)	373.63
Northumbrian	
Wholesale water – allowed revenues (£m)	403.46
Wholesale wastewater – allowed revenues (£m)	292.00
Severn Trent	
Wholesale water – allowed revenues (£m)	632.87
Wholesale wastewater – allowed revenues (£m)	717.81
South West	
Wholesale water – allowed revenues (£m)	196.30
Wholesale wastewater – allowed revenues (£m)	254.89
Southern	
Wholesale water – allowed revenues (£m)	170.87
Wholesale wastewater – allowed revenues (£m)	531.96
Thames	
Wholesale water – allowed revenues (£m)	839.84
Wholesale wastewater – allowed revenues (£m)	925.52
Thames Tideway - allowed revenues (£m)	45.32
United Utilities	
Wholesale water – allowed revenues (£m)	664.65

	2014-15
Wholesale wastewater – allowed revenues (£m)	783.25
Wessex	
Wholesale water – allowed revenues (£m)	168.21
Wholesale wastewater – allowed revenues (£m)	289.31
Yorkshire	
Wholesale water – allowed revenues (£m)	388.51
Wholesale wastewater – allowed revenues (£m)	482.17
Affinity Water	
Wholesale water – allowed revenues (£m)	270.33
Bristol Water	
Wholesale water – allowed revenues (£m)	87.12
Dee Valley Water	
Wholesale water – allowed revenues (£m)	20.89
Portsmouth Water	
Wholesale water – allowed revenues (£m)	32.93
Sembcorp Bournemouth	
Wholesale water – allowed revenues (£m)	34.54
South East	
Wholesale water – allowed revenues (£m)	187.18
South Staffordshire	
Wholesale water – allowed revenues (£m)	100.22
Sutton & East Surrey	
Wholesale water – allowed revenues (£m)	55.58

September 2014