

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTION 13(1)

Modification of the Conditions of Appointment of Portsmouth Water Limited

Made on November 2016

Coming into effect on 15 December 2016

The Water Services Regulation Authority, in exercise of the power conferred on it by section 13(1) of the Water Industry Act 1991 ("the Act"), after giving notice as required by section 13(2) of the Act, hereby makes the modifications described in the Schedule attached hereto to the Conditions of the Appointment of Portsmouth Water Limited ("the Appointee") as a water undertaker under Chapter 1 of Part II of the Act, the Appointee having consented to these modifications.

Signed for and on behalf of the

Water Services Regulation Authority

Cathryn Ross

Chief Executive

Schedule

Condition B: Charges

Part III (Periodic Reviews) of Condition B (Charges) is amended as follows -

After sub-paragraph 8.1, insert the following sub-paragraph:

“8.1A For the avoidance of doubt, sub-paragraph 8.1 does not prevent the Appointee from levying charges to recover a Relevant Shortfall in a Relevant Charging Year regardless of the limit on the change in revenue allowed to the Appointed Business in respect of the Wholesale Activities concerned. For the purposes of this sub-paragraph:

(a) a “Relevant Charging Year” is a Charging Year in the period from 1 April 2017 to 31 March 2020; and

(b) a “Relevant Shortfall” is any positive amount (RFIMt) calculated for the Relevant Charging Year in accordance with the Wholesale Revenue Forecasting Incentive Mechanism (WRFIM) formula published by the Water Services Regulation Authority in October 2016.

This sub-paragraph shall cease to have effect and be deleted on 1 April 2020.”