

April 2021

# Changes to the 2020-21 regulatory accounting guidelines since IN 20/08

This document sets out the changes we have made to the 2020-21 regulatory accounting guidelines (RAGs) since we published [IN 20/08 Regulatory accounting guidelines 2020-21](#) on 30 November. These changes have been made following comments we received from companies and principally to clarify our expectations and also to correct some errors.

RAGs 1-4 each have a version control table on the front of the document setting out the changes from the previous publication. Many of the changes were corrections to the cross referencing. However, where a data requirement has changed in RAG 4.09 then those changes are set out below together with a brief explanation.

## Changes to RAG 4.09; v1 to v2

Line definition or RAG4 paragraph	Change made	Reason
1F	<ul style="list-style-type: none"> <li>Move the line 'Actual performance adjustments 2015-20', to below the current 'Total Earnings' line and re-naming the current 'Total Earnings' line as 'RoRE', ie:  <math display="block">\frac{\text{RoRE (currently Total Earnings)} \times \% \text{ 2015-20 past performance}}{\text{Total earnings}} = z\%</math> </li> <li>Amend the gearing calculation for 'Actual returns and notional regulatory equity', so that the sum of 'Return on regulatory equity' plus 'Gearing' equals the 'Return on regulatory equity' in the 'Notional returns on notional regulatory equity' column.</li> </ul>	<p>Feedback from companies including a discussion at the Financial Flows workshop (27 January 2021).                      RORE in table 1F will now equal the value reported in table 4H.</p>
2B.15, 2B.22	Line definitions updated to reflect changes in table 2E.	Changes to maintain consistency with another updated table
2B.26	Line definition updated to "sum of lines 2B.23 to 2B.25."	Correction
2E.10, 2E.23	Line define clarifies that this should include 'infrastructure charges collected by NAVs and passed through to incumbents'.	Response to a company request for clarification
2E.34	Now labelled as 'input' not 'calculation'.	Correction
2E.35	Include copy rule; WR copies from 2E.7 col2, WN+ copies from 2E.20 col2, WWN+ copies from 2E.32 col2.	Response to a company request for clarification
2F.1, 2F.2	Both 2F.1 and 2F.2 now copy from table 2I.	Response to a company request for clarification
2I.13-2I.25	New lines for additional controls 2I.13-2I.15 added and subsequent rows renumbered and formulae updated.	Correction to RAGs to recognise inputs that have been previously used for the Thames Tideway control.
2K.4	Inputs added to table in columns 1 and 2	Correction
2M.2	Line definition updated to "sum of lines 2E.3, 2E.16 and 2E.28".	Correction

<b>2N.22</b>	Line definition updated and input moved to the "average per customer" column.	Correction
<b>2N.23</b>	Line definition updated and input moved to the "average per customer" column.	Correction
<b>3A.27, 3A.28</b>	New summary calculated lines added.	Lines added to aid usability of table, these are calculated so are not an additional data requirement.
<b>3B.19</b>	New summary calculated line added.	Lines added to aid usability of table, these are calculated so are not an additional data requirement.
<b>3E.29</b>	New summary calculated line added.	Lines added to aid usability of table, these are calculated so are not an additional data requirement.
<b>3F</b>	Line definitions updated.	Correction
<b>3G</b>	Line definitions updated.	Correction
<b>3I columns 14, 16</b>	The denominator in the formulae updated to be 'Total pe served' in column 10.	Correction
<b>4C</b>	Table broken with new sub-headings and line descriptions changed to ensure each line has a unique title.	Lines changed to aid usability of table and are not an additional data requirement.
<b>4D.7, 4D.14</b>	Line definition updated to point to table 2E as our expected source for grants and contributions which are further analysed into capex and opex related in tables 2B/4D/4E.	Response to a company request for clarification
<b>4E.7, 4E.14</b>	Line definition updated to point to table 2E as our expected source for grants and contributions which are further analysed into capex and opex related in tables 2B/4D/4E.	Response to a company request for clarification
<b>4H.8, 4H.9</b>	Line definitions updated.	Correction
<b>4N, 4O</b>	New lines for developer services activities which were omitted in error and which will ensure all developer services activities are included (excluding those in table 4P).	Response to a company request for clarification
<b>6B.27-6B.32</b>	Lines that were included in the consultation but were omitted from v1 in error.	Correction
<b>6C.21</b>	Updated line definition to "PR19 for meeting lead standards"	Correction
<b>6C.24</b>	Updated line definition to "This should be completed by all companies and is calculated as the difference from the previous years 'Total annual leakage' figure reported in 6B.9."	Correction
<b>6D.15</b>	Removed "basic" from line title.	Correction
<b>7B.9</b>	Updated line definition to refer to 7D.6 rather than 4S.6.	Correction
<b>7E.1-7E.8</b>	Updated line definition to change references from 7E.18, 7E.19 and 7E.20 to 7E.6, 7E.7 and 7E.8 respectively. Updated line definition for 7E.8 to "Sum of lines 7E.6 and 7E.7."	Correction

<b>7E.2</b>	Correct line title to "Designated coastal bathing waters". Simplify line definition by deleting all but the first sentence.	Response to a company request for clarification
<b>8C.12</b>	Updated line definition to change reference from "sum of lines 8C.6 – 8C.10" to "sum of lines 8C.7 – 8C.11".	Correction
<b>Paragraph 13.2: definition of developer services</b>	Updated definition for developer services activities, some of which which were omitted in error.	Response to a company request for clarification

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