

WATER SERVICES REGULATION AUTHORITY

WATER INDUSTRY ACT 1991, SECTION 12A(2)

Modification of the Conditions of Appointment of ESP Water Limited

Made on 24 October 2022

Coming into effect on 1 January 2023

The Water Services Regulation Authority, in exercise of the power conferred on it by section 12A(2) of the Water Industry Act 1991 (the "Act"), after giving notice as required by section 12A(3) of the Act, hereby makes the modifications described in the Schedule attached hereto to the Conditions of the Appointments of ESP Water Limited as a water and sewerage undertaker under Chapter I of Part II of the Act.

**Signed for and on behalf of the
Water Services Regulation Authority**

**David Black
Chief Executive**

Schedule

1. The definitions in paragraph 3 of Condition A: Interpretation and Construction of the terms "Prior Five Year Period" and "Relevant Five Year Period" are deleted.

2. Paragraphs N13 to N16 of Condition N: Fees are deleted and replaced with the following text:

"N13 The sum of the Annual General Fee and any Special Fee in each Charging Year must not exceed an amount calculated as $S \times A$ where:

N13.1 S is, subject to paragraph N14, the amount of the income limit set by the Treasury for Ofwat for the Charging Year when Ofwat determines the amount of the Annual General Fee or any Special Fee; and

N13.2 A is the Appointee's Turnover Share for the Charging Year.

N14 If when Ofwat determines the amount of the Annual General Fee or any Special Fee the Treasury has not set an income limit for Ofwat for the Charging Year then S shall be the amount calculated in accordance with paragraph N15.

N15 Where this paragraph applies, S shall be the amount of the final income limit for the last Charging Year for which the Treasury set an income limit, as increased from the November immediately before that Charging Year to the November immediately before the Charging Year in which the Annual Fee or any Special Fee is payable using the Relevant Index."