WSX-D02 – Commentary on data table changes – Risk and return

Response to Ofwat's PR24 draft determination

Wessex Water
YTL GROUP

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CONTENTS

This document is part of Wessex Water's response to Ofwat's PR24 draft determination.

More information can be found at wessexwater.co.uk

1. Our approach

We are resubmitting tables RR1 to RR16 as requested in Ofwat's Draft Determination.

Our submitted financial model is consistent with these revised tables, except where we have retained the notional cost of debt values in the model yet populated RR4 with our actual debt values.

The changes are summarised below:

RR1 is updated with our latest plan for cost recovery set out in WSX-R07

RR2 is updated to reflect the IRE totex adjustment for ACICR

RR3 is updated to reflect the latest view of past delivery tables and models submitted.

RR4 is updated with our latest view on actual debt and forecast interest rates. In the financial model, as per at the DD we have retained the notional costs of debt used and retained our assumption of no dividend distributions.

RR5 is updated following the same methodology as initial submission to reflect our latest view of capital allowances.

RR6 is updated to reflect the latest view of past delivery tables and models submitted.

RR7 is updated with the ACTS set out in the DD, updated customer forecasts consistent with the number of connected properties from SUP1A and latest views on retail working capital assumptions.

RR8 no changes from initial submission.

RR9 is updated to reflect our latest internal financial modelling, following the same methodology as our initial submission.

RR10 to 16 are updated to reflect the outputs in the latest financial model. Note only the notional company part is completed as per guidance in IN24/02.

Full commentary for the Risk & Return data tables submitted as part of our October 2023 business plan submission is available here: WSX48 - Risk and return tables commentary.