

**DCP 279 Draft Legal Text**

**Linking Credit Cover to the Annual Iteration Process**

**Amend paragraph 2.3 of Schedule 1 as follows:**

2.3 The User's Credit Allowance (CA here below) shall be calculated according to the following formula:

$$CA = RAV \times 2\% \times CAF$$

where:

RAV is calculated for each Regulatory Year in accordance with the formula set out below the closing balance for the Regulatory Asset Value as published in the Company's latest price control review information (or, where no price control financial model Regulatory Asset Value is published in relation to the Company, shall be a value to be determined by the Authority as a suitable replacement following consultation with the Company); ~~and~~

$$RAV = RAV_{2012-13} \times RPI$$

where:

RAV<sub>2012-13</sub> = the Company's Opening asset value (after transfers) for the Regulatory Year prior to that in which RAV is effective from the SavedResults worksheet of the price control financial model published by the Authority following the annual iteration process in the previous Regulatory Year, in 2012-13 prices;  
and

$$RPI = RPI_{n-1} / RPI_{2012-13}$$

where:

RPI<sub>2012-13</sub> = 244.675 (the arithmetic average of the Office of National Statistics All Items Retail Prices Index (CHAW Series)

published or determined with respect to each of the twelve months from 1 April 2012 to 31 March 2013); and

RPI<sub>n-1</sub> = the arithmetic average of the Office of National Statistics All Items Retail Prices Index (CHAW Series) published or determined with respect to the months of December and January most recently preceding the start of the Regulatory Year in which RAV is effective; and

CAF is the Credit Allowance Factor (which is to be expressed as a percentage determined pursuant to Paragraph 2.4 or 2.5).

**Delete the following definition from paragraph 10 of Schedule 1:**

**~~Regulatory~~** ~~has the meaning given to that term in the Authority's decision~~  
**~~Asset~~** ~~document published on 7 December 2009 under reference number~~  
**~~Value~~** ~~144/09.~~  
**~~(RAV)~~**

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