

## DCP 434 – Credit Cover RAV in ED-2

### Legal Text

#### Amend Schedule 1, Paragraph 2.3 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 (or, where no price control financial model 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):

$$RAV = RAV_{2020+2-213} \times RPI$$

where:

$RAV_{2020+2-213}$  = the Company's *Opening ~~RAV~~asset value (after transfers)* for the Regulatory Year prior to that in which RAV is effective from the *~~SavedResultsReturn&RAV~~* worksheet of the price control financial model *most recently* published by the *Company (in support of a variation to Use of System Charges)* prior to the Regulatory Year in which RAV is effective *Authority following the annual iteration process in the previous Regulatory Year*, in 2020+2-213 prices; and

$$RPI = RPI_{n-1} / RPI_{2020+2-213}$$

where:

$RPI_{2020+2-213}$  = *294.167244.675* (the arithmetic average of the Office of National Statistics *RPI All Items ~~Retail Prices~~ Index (CHAW Series)* published or determined with respect to each of the twelve months from 1 April 2020+2 to 31 March 20213); and

$RPI_{n-1}$  = the arithmetic average of the Office of National Statistics *RPI 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).