

## Schedule 21 CMA CHARGES

1. This schedule sets out the method for calculating:
  - each Licensed Provider's share of the Licensed Provider CMA Charges;
  - in relation to each year, the adjustment in respect of the amounts payable by Scottish Water, its liability for any shortfall and its entitlement to any surplus; and
  - in relation to each year, the adjustment in respect of the amounts payable by each Licensed Provider, its liability for any shortfall and its entitlement to any surplus.

2. Each Licensed Provider's share of the Licensed Provider CMA Charges is as follows:

- (i) For the first Month following the Go-Live Date

$$\text{Licensed Provider Share (per Month)} = \frac{\text{Total Licensed Provider Pending Supply Point Registrations}}{\text{Aggregate Market Pending Supply Point Registrations}} \times 100\%$$

- (ii) Subsequent Months until and including August 2008

$$\text{Licensed Provider Share (per Month)} = \frac{\text{Total Licensed Provider Supply Points}}{\text{Aggregate Market Supply Points}} \times 100\%$$

- (iii) Subsequent Months from September 2008

$$\text{Licensed Provider Share (per Month)} = \frac{\text{Licensed Provider Meter Wholesale Charges}}{\text{Aggregate Market Meter Wholesale Charges}} \times 100\%$$

where,

"Licensed Provider Share (per Month)" is the Licensed Provider's percentage share of the Licensed Provider CMA Charges in any Month following the Go Live Date;

"Total Licensed Provider Pending Supply Point Registrations" is the total number of Supply Point Registrations Registered to the Licensed Provider in the Supply Point Register as at the date which is sixteen (16) Business Days prior to the Go Live Date with a Registration Start Date which is the Go Live Date;

"Aggregate Market Pending Supply Point Registrations" is the aggregate number of all Supply Points Registered to all Licensed Providers in the Supply Point Register as at the date which is sixteen (16) Business Days prior to the Go Live Date with a Registration Start Date which is the Go Live Date;

"Total Licensed Provider Supply Points" is the aggregate number of Supply Points Registered to the Licensed Provider in the Supply Point Register as at the date sixteen (16) Business Days prior to the start of the relevant Month;

"Aggregate Market Supply Points" is the aggregate number of all Supply Points Registered to all Licensed Providers in the Supply Point Register as at the date which is sixteen (16) Business Days prior to the start of the relevant Month;

"Licensed Provider Meter Wholesale Charges" is the aggregate of the Meter Related Wholesale Charges for that Licensed Provider as calculated in the R1 Settlement Run normally carried out at the beginning of the Month prior to the relevant Month;

"Aggregate Market Meter Wholesale Charges" is the aggregate of all Meter Related Wholesale Charges for all Licensed Providers as computed in the R1 Settlement Run normally carried out at the beginning of the Month prior to the relevant Month; and

"Meter Related Wholesale Charges" is the aggregate of:

- The Water Charge, being the sum of the Meter Based Annual Charge and the Volumetric Charge, as defined in the Scottish Water Wholesale Charges Scheme; and
- The Meter Based Annual Charge component and the Volumetric Charge component of the Sewerage Charge, as defined in the Scottish Water Wholesale Charges Scheme.

For the charging period 2008-2009 where no meter is installed or meters have been installed under Scottish Water's meter installation programme the Supply Point will be assigned an assessed volume and assessed meter size based on the rateable value as defined in the Scottish Water Wholesale Charges Scheme and are thus included within Meter Related Wholesale Charges.

For the avoidance of doubt, Meter Related Wholesale Charges do not include any of the following charges that are defined in the Scottish Water Wholesale Charges Scheme:

- Field Troughs and Drinking Bowls;
- Outside Taps
- Water and Sewerage Services to Caravans;
- Property Drainage;
- Roads Drainage; or
- Trade Effluent.

3. In relation to each Year, Scottish Water shall be liable for one third (1/3) of any shortfall between the CMA Charges recovered and the CMA outturn costs. In relation to each Year, subject to Section 7.11.4 Scottish Water shall be entitled to one third (1/3) of any surplus between the CMA Charges recovered and the CMA outturn costs.
  
4. The CMA shall calculate the aggregate Licensed Providers' share of the CMA outturn costs for the Year being two-thirds of the costs in the audited accounts. The CMA shall carry out a reconciliation of each Licensed Provider's share of the outturn costs by
  - Allocating the aggregate Licensed Providers' share of the CMA outturn costs to each Month such that the share of the costs for each Month are proportional to the number of days in each Month; and calculating each Licensed Provider's liability for the CMA outturn costs for each Month by applying the Licensed Provider Share (per Month) originally determined in accordance with paragraph 2 of this Schedule to the aggregate Licensed Providers' share of the CMA outturn costs for the Year.

Each Licensed Provider is liable to any shortfall between the sum of the CMA Charges paid by that Licensed Provider and the sum of its liability for the CMA outturn costs as determined above. Subject to Section 7.11.4, each Licensed Provider shall be entitled to any surplus between the sum of the CMA Charges paid by that Licensed Provider and the sum of its liability for the CMA outturn costs as determined above.