

Updated Expenditure Forecast Plan and
Table Reconciliation - April 2012



**Updated Appendix A8:
Expenditure Forecast Plan and Table Reconciliation
April 2012 resubmission**

A. Controllable Operating Expenditure (2009/10 Prices)**i. Controllable Opex (Excluding Real Price Effects) – Table 2.0 Business Plan Data Template**

	RIIO-GD1							
	2014	2015	2016	2017	2018	2019	2020	2021
	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Operations Management	8.7	8.6	8.4	8.3	8.2	8.1	7.9	7.8
Customer Management	3.6	3.6	3.7	3.7	3.8	3.8	3.8	3.8
System Control	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Work Management Total	16.4	16.3	16.2	16.1	16.1	15.9	15.7	15.5
Emergency	9.8	11.8	11.5	11.1	10.8	10.7	8.7	8.7
Repairs	17.7	17.6	17.3	16.9	16.4	16.2	15.8	15.4
Maintenance	9.6	9.5	9.2	8.6	8.3	8.1	7.8	7.6
Other Direct Activities (inclusive xoserve)	10.0	11.4	12.2	13.4	12.3	12.4	13.1	13.5
Total Direct Activities	63.5	66.6	66.4	66.1	63.9	63.3	61.1	60.7
R&D	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
IT & Telecoms	5.9	5.8	5.8	5.7	5.6	5.5	5.5	5.4
Property Mgt	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Training & Apprentices	2.5	3.5	4.3	4.7	4.6	4.3	3.9	3.4
Insurance	3.9	4.1	4.3	4.2	4.2	4.1	4.1	4.0
HR	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Finance,audit and regulation	2.6	2.6	2.5	2.5	2.4	2.4	2.4	2.4
Procurement	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Store and logistics	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CEO	3.2	3.1	3.1	3.1	3.0	3.0	2.9	2.9
Total Indirect Activities	23.6	24.7	25.4	25.6	25.2	24.8	24.2	23.5
Operating Costs - Price Controlled Activities	87.1	91.2	91.8	91.7	89.1	88.0	85.3	84.2

ii. Real Price Effects – Controllable Opex

		2014	2015	2016	2017	2018	2019	2020	2021
Direct opex	£'m	0.5	1.1	1.6	2.0	2.5	2.9	3.4	3.8
Indirect opex	£'m	0.2	0.3	0.5	0.7	0.9	1.0	1.2	1.3
Total opex	£'m	0.7	1.4	2.1	2.7	3.4	4.0	4.6	5.1

iii. Controllable Opex (Including Real Price Effects) – NGN Business Plan Fig 7.47 & Table 2.0 Business Plan Data Template

	RIIO-GD1							
	2014	2015	2016	2017	2018	2019	2020	2021
	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Operations Management	8.8	8.7	8.7	8.7	8.6	8.6	8.5	8.4
Customer Management	3.6	3.6	3.7	3.8	3.8	3.9	3.9	3.9
System Control	2.3	2.3	2.4	2.3	2.3	2.3	2.3	2.3
Work Management Total	16.5	16.6	16.7	16.7	16.7	16.7	16.6	16.5
Emergency	9.9	12.0	11.7	11.4	11.2	11.2	9.2	9.3
Repairs	17.9	17.9	17.8	17.5	17.2	17.1	16.9	16.6
Maintenance	9.7	9.8	9.6	9.1	8.9	8.8	8.6	8.5
Other Direct Activities (inclusive xoserve)	10.0	11.5	12.2	13.4	12.3	12.5	13.2	13.6
Total Direct Activities	64.1	67.7	68.0	68.2	66.4	66.2	64.6	64.5
R&D	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
IT & Telecoms	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Property Mgt	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Training & Apprentices	2.5	3.6	4.4	4.9	4.7	4.5	4.2	3.6
Insurance	3.9	4.1	4.3	4.2	4.2	4.1	4.1	4.1
HR	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Finance,audit and regulation	2.7	2.7	2.5	2.5	2.5	2.5	2.5	2.5
Procurement	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Store and logistics	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CEO	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1
Total Indirect Activities	23.8	25.0	25.9	26.3	26.1	25.8	25.4	24.8
Operating Costs - Price Controlled Activities	87.9	92.7	93.9	94.4	92.5	92.0	89.9	89.3

B. Capital Expenditure

i. Capital Expenditure (Excluding Real Price Effects) – Table 3.1 Business Plan Data Template

		RIIO-GD1							
		2014	2015	2016	2017	2018	2019	2020	2021
		£m	£m	£m	£m	£m	£m	£m	£m
LTS (3.2)	LTS pipelines	3.4	3.3	9.0	7.5	2.9	2.9	2.8	2.9
	NTS offtakes & other direct feeds	1.7	4.4	3.2	1.9	2.4	2.3	1.5	1.6
	PRSSs	5.6	3.6	5.9	7.0	7.2	7.5	5.5	5.6
	LTS Storage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Storage (LTS Linepack)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL LTS	10.7	11.3	18.1	16.4	12.5	12.6	9.8	10.1
Reinforcement (3.3)	Reinforcement (Mains & Governors)	5.3	5.2	5.1	5.0	4.8	4.5	4.5	4.2
Governors (replacement)(3.4)	District Governor Renewal	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3
	Service Governor Renewal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Connections (3.5)	Connections	5.9	5.8	6.0	6.0	6.0	6.1	6.3	6.5
Other Capex (3.6)	Other Capex	24.4	28.8	23.7	23.5	13.7	13.5	15.8	15.8
TOTAL Net Capital Expenditure		48.6	48.0	52.9	54.6	52.5	38.6	38.4	38.0

ii. Real Price Effects – Capital Expenditure

		2014	2015	2016	2017	2018	2019	2020	2021
Capital Expenditure	£m	0.4	0.9	1.5	1.9	1.7	2.1	2.4	2.7

iii. Capital Expenditure (Including Real Price Effects) – NGN Business Plan Fig 7.30

		RIIO-GD1							
		2014	2015	2016	2017	2018	2019	2020	2021
LTS (3.2)	LTS pipelines	3.4	3.4	9.2	7.7	3.0	3.0	3.0	3.1
	NTS offtakes & other direct feeds	1.7	4.5	3.3	2.0	2.5	2.4	1.6	1.7
	PRSSs	5.6	3.7	6.1	7.2	7.5	7.9	5.9	6.0
	LTS Storage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Storage (LTS Linepack)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL LTS	10.8	11.5	18.6	17.0	13.0	13.3	10.4	10.8
Reinforcement (3.3)	Reinforcement (Mains & Governors)	5.4	5.3	5.2	5.2	5.0	4.8	4.7	4.5
Governors (replacement)(3.4)	District Governor Renewal	1.5	1.4	1.4	1.4	1.4	1.5	1.4	1.4
	Service Governor Renewal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Connections (3.5)	Connections	6.0	5.9	6.1	6.2	6.2	6.4	6.7	7.0
Other Capex (3.6)	Other Capex	24.6	29.3	24.4	24.3	14.3	14.2	16.8	16.9
TOTAL Net Capital Expenditure		48.4	53.8	56.0	54.4	40.3	40.5	40.4	40.9

C. Replacement Expenditure

i. Replacement Expenditure (Excluding Real Price Effects) – Table 3.9 Business Plan Data Template

		Net Expenditure £m							
		2014	2015	2016	2017	2018	2019	2020	2021
Installed Main									
HSE Programme		45.7	45.3	44.5	45.1	45.3	44.5	45.0	44.5
Other policy and Condition		9.8	8.6	8.6	8.5	8.4	8.4	8.4	8.4
Non-rechargeable Diversions		6.2	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Total of HSE Programme, Other policy & condition & non-rechargeable		61.7	58.6	57.7	58.4	58.4	57.6	58.1	57.5
Rechargeable Diversions		0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7
Total Mains		62.5	59.4	58.5	59.1	59.2	58.3	58.9	58.2
Services and risers									
Replacement Services-domestic		32.4	32.4	32.2	31.9	31.7	31.4	30.2	30.0
Replacement Services non -domestic		0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Multiple Occupancy Buildings Risers planned replacement		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Multiple Occupancy Buildings Risers replacement on failure		0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Services		33.4	34.2	33.9	33.7	33.4	33.2	31.9	31.7
Total		95.9	93.6	92.4	92.8	92.6	91.5	90.8	89.9

ii. Real Price Effects – Replacement Expenditure – Table 2.6 Business Plan Data Template

		2014	2015	2016	2017	2018	2019	2020	2021
Mains Replacement Expenditure	£m	0.7	1.4	2.0	2.7	3.4	4.0	4.7	5.3
Services Replacement Expenditure	£m	0.3	0.7	1.1	1.4	1.7	2.1	2.3	2.6
Total Replacement Expenditure	£m	1.1	3.4	4.5	4.1	4.4	5.4	6.1	7.0

iii. Replacement Expenditure (Including Real Price Effects) – Business Plan Fig 7.5

Net Expenditure £m							
2014	2015	2016	2017	2018	2019	2020	2021

Installed Main

HSE Programme	46.2	46.4	46.0	47.2	47.9	47.5	48.6	48.5
Other policy and Condition	9.9	8.8	8.8	8.9	8.9	9.0	9.1	9.1
Non-rechargeable Diversions	6.3	4.8	4.9	4.9	5.0	5.0	5.1	5.1
Total of HSE Programme, Other policy & condition & non-rechargeable	62.4	60.0	59.7	61.0	61.7	61.5	62.8	62.8
Rechargeable Diversions	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Mains	63.2	60.8	60.5	61.8	62.5	62.3	63.6	63.6

Services and risers

Replacement Services-domestic	32.7	33.1	33.2	33.2	33.3	33.4	32.4	32.5
Replacement Services non -domestic	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Multiple Occupancy Buildings Risers planned replacement	0.5	1.0	1.0	1.0	1.1	1.1	1.1	1.1
Total Multiple Occupancy Buildings Risers replacement on failure	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Services	33.8	34.9	35.0	35.1	35.2	35.2	34.3	34.3

Total

96.9	95.6	95.5	96.9	97.7	97.6	97.9	97.9
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