

R1 - Return on Regulatory Equity (RoRE)

NGN
2023

Navigate

	Actuals	Actuals	Forecast	Forecast	Forecast		
	2022	2023	2024	2025	2026	Cumulative to	RIIO-2 period
	2021/22	2022/23	2023/24	2024/25	2025/26	2023	
RoRE based on Notional Gearing							
Allowed Equity Return	4.52%	4.56%	5.28%	5.24%	5.25%	4.54%	4.97%
Totex outperformance	2.22%	1.88%	-0.53%	-0.78%	-0.57%	2.05%	0.43%
Business Plan Incentive	0.13%	0.13%	0.13%	0.13%	0.12%	0.13%	0.13%
Customer Satisfaction Survey ODI - (SpC 4.2)	0.15%	0.18%	0.13%	0.19%	0.19%	0.17%	0.18%
Complaints metric ODI - (SpC 4.3)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unplanned Interruption Mean Duration ODI [NGN, SGN and	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unplanned Interruption Mean Duration ODI [Cadent only]-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Shrinkage Management ODI - (SpC 4.4)	-0.04%	0.04%	0.00%	0.02%	0.01%	0.00%	0.01%
Collaborative streetworks ODI [Cadent Lon & EoE, SGN So	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Network innovation input for RORE	-0.02%	-0.02%	-0.04%	-0.03%	-0.02%	-0.02%	-0.03%
Carry-over Network innovation input for RORE	-0.02%	0.00%	0.00%	0.00%	0.00%	-0.01%	0.00%
Strategic innovation input for RORE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Penalties and fines (Other Activities)	-0.07%	-0.04%	-0.05%	-0.04%	-0.04%	-0.05%	-0.05%
RoRE - Operational performance	6.88%	6.73%	4.98%	4.71%	4.95%	6.81%	5.64%
Debt performance - at notional gearing	5.00%	5.14%	5.36%	-0.80%	-1.45%	7.08%	3.40%
Tax performance - at notional gearing	0.46%	0.05%	0.03%	-0.08%	-0.15%	0.25%	0.06%
RoRE - including financing and tax	12.34%	15.92%	10.37%	3.83%	3.36%	14.14%	9.10%

RoRE based on Actual Gearing

Allowed Equity Return	5.0%	4.9%	5.6%	6.0%	6.4%	4.9%	5.6%
Totex outperformance	2.15%	2.0%	-0.6%	-0.9%	-0.7%	2.2%	0.5%
Business Plan Incentive	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%
Customer Satisfaction Survey ODI - (SpC 4.2)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Complaints metric ODI - (SpC 4.3)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unplanned Interruption Mean Duration ODI [NGN, SGN and	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unplanned Interruption Mean Duration ODI [Cadent only]-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shrinkage Management ODI - (SpC 4.4)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collaborative streetworks ODI [Cadent Lon & EoE, SGN So	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network innovation input for RORE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Carry-over Network innovation input for RORE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Strategic innovation input for RORE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines (Other Activities)	-0.1%	0.0%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%
RoRE - Operational performance	7.6%	7.2%	5.3%	5.4%	6.0%	7.4%	6.3%
Debt performance - at actual gearing	5.7%	10.1%	5.8%	-1.3%	-2.5%	7.9%	3.7%
Tax performance - at actual gearing	0.5%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
RoRE - including financing and tax	13.8%	17.3%	11.2%	4.1%	3.6%	15.6%	10.1%

RoRE input values

Input values provided in £m 18/19 prices

Equity Return on the RAV	£m 18/19	40.0	40.9	47.9	48.0	48.5	80.9	225.2
Totex outperformance	£m 18/19	19.6	16.9	(4.8)	(7.2)	(5.3)	36.5	19.3
Business Plan Incentive	£m 18/19	1.1	1.1	1.1	1.1	1.1	2.3	5.7
Customer Satisfaction Survey ODI - (SpC 4.2)	£m 18/19	1.4	1.6	1.7	1.8	1.8	3.0	8.2
Complaints metric ODI - (SpC 4.3)	£m 18/19	-	-	-	-	-	-	-
Unplanned Interruption Mean Duration ODI [NGN, SGN and	£m 18/19	-	-	-	-	-	-	-
Unplanned Interruption Mean Duration ODI [Cadent only]-	£m 18/19	-	-	-	-	-	-	-
Shrinkage Management ODI - (SpC 4.4)	£m 18/19	(0.3)	0.4	-	0.1	0.1	0.0	0.3
Collaborative streetworks ODI [Cadent Lon & EoE, SGN So	£m 18/19	-	-	-	-	-	-	-
Network innovation input for RORE	£m 18/19	(0.1)	(0.2)	(0.4)	(0.3)	(0.1)	(0.3)	(1.2)
Carry-over Network innovation input for RORE	£m 18/19	(0.1)	-	-	-	-	(0.1)	(0.1)
Strategic innovation input for RORE	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
	£m 18/19	-	-	-	-	-	-	-
Penalties and fines (Other Activities)	£m 18/19	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)	(0.9)	(2.2)
RoRE - Operational performance	£m 18/19	60.9	60.4	45.2	43.2	45.7	121.3	255.3
Debt performance - at notional gearing	£m 18/19	44.2	82.0	48.6	(7.3)	(13.4)	126.2	154.1
Debt performance - impact of actual gearing	£m 18/19	1.1	2.4	0.9	(3.0)	(5.4)	3.5	(3.9)
Tax performance - at notional gearing	£m 18/19	4.0	0.5	0.2	(0.8)	(1.3)	4.5	2.6
Tax performance - impact of actual gearing	£m 18/19	(0.2)	(0.5)	(0.2)	0.8	1.3	(0.7)	1.2
RoRE - including financing and tax	£m 18/19	110.0	144.8	94.7	32.9	27.0	254.8	409.3
NPV-neutral equity RAV based on notional gearing	£m 18/19	884.7	897.1	906.5	916.1	923.2		
Equity RAV based on actual gearing	£m 18/19	796.1	838.1	848.7	802.8	756.1		

Supporting Comments/Narrative

Note:
Some of the 21/22 numbers have changed from the prior year RFP submission due to the changes in definitions as defined by Ofgem

R2 - Reconciliation to Revenue and Profit NGN

Navigate

Actuals	Actuals
2022	2023
2021/22	2022/23

Reconciliation: Regulated Network Revenue to Accounts

Allowed Revenue - per latest published PCFM

Calculated revenue (as published)	Rt* x PI2018/19	£m nominal	430.7	566.2
AIP adjustment term (as published)	ADJt*	£m nominal	-	23.3
Adjusted revenue (as published)	ADJRt*	£m nominal	430.7	589.6
Legacy Allowed Revenue	LARt	£m nominal	(13.8)	10.8
K Correction Factor	Kt	£m nominal	0.2	0.4
Allowed Network Revenue	ARt	£m nominal	417.2	600.7
(Under) / Over recovery		£m nominal	(0.4)	(4.3)

Collected Regulated Network Revenue (per latest PCFM) RRt

£m nominal	416.9	596.4
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Other Turnover Items

Strategic Innovation Fund (SIF) payments received from TO		£m nominal		
Legacy Metering Equipment charges		£m nominal		
Directly Remunerated Services revenue		£m nominal	1.0	1.1
Network Asset Secondary Deliverables incentive/penalty		£m nominal		
Charging outside the Distribution Services Area (Out of Area Charges)		£m nominal		
De Minimis Business of the licensee		£m nominal		
Other consented activities		£m nominal	(0.0)	(0.0)
Data Services revenue		£m nominal		
SoLR costs		£m nominal	(0.8)	(95.9)
Total Other Turnover Items		£m nominal	0.1	(94.8)

Other adjustments - please list

RDEC income		£m nominal	-	2.8
Shipper Bad Debt (Invoiced value vs Recovered)		£m nominal	4.3	0.0
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
[Input description]		£m nominal		
Total other adjustments		£m nominal	4.3	2.9

Reconciled total revenue		£m nominal	421.3	504.5
Turnover as per Profit and Loss (Stat Accounts)		£m nominal	421.3	504.5
Check			OK	OK

Reconciliation: Regulated Network Profit to Statutory Accounts

Actuals	Actuals
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Turnover/Revenue as per Statutory Accounts	£m nominal	421.3	504.5
Collected Regulated Network Revenue	£m nominal	416.9	596.4
Operating Costs, Pensions and Other Costs as per Statutory Accounts (excluding depreciation & amortisation)	£m nominal	181.1	203.1
<i>Reconciliation</i>			
Total Costs not related to the price control Regulated business (excluding depreciation & amortisation)	£m nominal	-	-
Atypical costs adjustment (reported on cash basis)	£m nominal	0.8	95.9
Total Operating Costs as reported in the latest RRP submission (excluding depreciation & amortisation)	£m nominal	181.9	299.0
<i>Difference</i>	£m nominal	ok	ok
Earnings/ Operating Profit (EBITDA) per Statutory Accounts	£m nominal	240.2	301.4
Operating Profit related to Regulated business	£m nominal	234.9	297.4
Depreciation and Amortisation costs as per Statutory Accounts	£m nominal	87.6	89.3
<i>Reconciliation</i>			
Costs not related to the price control Regulated business			
Depreciation, amortisation related to capex adjustments	£m nominal		-
Other [Input description, add additional rows as required]	£m nominal		
Total Adjustments	£m nominal	-	-
Total Depreciation and Amortisation Costs related to the Regulated business	£m nominal	87.6	89.3
Earnings before Interest and Taxes (EBIT) per Statutory Accounts	£m nominal	152.6	212.1
Operating Profit before Interest and Taxes related to Regulated business	£m nominal	147.3	208.1
Net Interest as per Statutory Accounts	£m nominal	79.2	27.8
Net Interest Per Regulatory (RIIO-2) Definition	£m nominal	51.4	78.6
<i>Difference</i>	£m nominal	27.7	- 50.8
Tax as per Statutory Accounts	£m nominal	126.9	27.3
Less Deferred Taxes	£m nominal	(104.4)	(11.3)
Tax as per Statutory Accounts (net of deferred taxes)	£m nominal	22.5	16.0
Tax related to Regulated business	£m nominal	21.4	21.8
<i>Difference</i>	£m nominal	1.2	- 5.7
Net Profit as per Statutory Accounts	£m nominal	(53.5)	157.0
Net Profit related to Regulated business	£m nominal	74.6	107.8
<i>Difference</i>	£m nominal	- 128.1	49.2

Supporting Comments/Narrative

Note:
- Row 75 has been used to include SOLR costs which in the statutory accounts are netted off revenue
- The 21/22 figures have been updated from the prior year submission - this is to reflect the final statutory accounts for 31 March 2022 (which were draft when the RFP was submitted) and for formula and definition changes in the RFP and PCFM

Actuals	Actuals	Forecast	Forecast	Forecast	Forecast		
2022	2023	2024	2025	2026	Cumulative to 2023	RIIO-2 period	
2021/22	2022/23	2023/24	2024/25	2025/26			

Totex per the latest PCFM

In this section, rows 13-99 do not apply to ESO

Capitalisation 1 totex (excluding repex)								
Latest Totex actuals/forecast	£m 18/19	109.0	122.2	144.1	143.7	143.7	231.2	662.7
Totex allowance	£m 18/19	146.9	150.1	142.3	138.8	134.6	297.0	712.7
Totex out(under)performance	£m 18/19	37.9	27.9	(1.7)	(5.0)	(9.1)	65.8	49.9
Funding Adjustment Rate (often referred to as 'sharing factor')	%	51.00%	51.00%	51.00%	51.00%	51.00%		
Customer share of out(under) performance	£m 18/19	19.3	14.2	(0.9)	(2.5)	(4.7)	33.6	25.5
NWO share of performance	£m 18/19	18.6	13.7	(0.9)	(2.4)	(4.5)	32.3	24.5
Enduring Value adjustments to Totex performance								
[Cross Price Control]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
Total enduring value adjustments	£m 18/19	-	-	-	-	-	-	-
Enduring Value adjustments (UIOLI)								
[Cross Price Control]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
Total enduring value adjustments	£m 18/19	-	-	-	-	-	-	-
Enduring Value: Customer share of performance		-	-	-	-	-	-	-
Enduring Value: NWO share of performance		-	-	-	-	-	-	-
Total out(under) performance (including enduring value adjustments)								
Customer share of out(under) performance	£m 18/19	19.3	14.2	(0.9)	(2.5)	(4.7)	33.6	25.5
NWO share of performance	£m 18/19	18.6	13.7	(0.9)	(2.4)	(4.5)	32.3	24.5
Total out (under) performance	£m 18/19	37.9	27.9	(1.7)	(5.0)	(9.1)	65.8	49.9
Capitalisation 2 totex (excluding repex)								
Latest Totex actuals/forecast	£m 18/19	5.2	2.9	2.9	3.0	1.5	8.1	15.5
Totex allowance	£m 18/19	5.4	3.0	2.9	3.0	1.5	8.3	15.8
Totex out(under)performance	£m 18/19	0.2	0.1	(0.0)	0.0	0.0	0.2	0.3
Funding Adjustment Rate (often referred to as 'sharing factor')	%	51.00%	51.00%	51.00%	51.00%	51.00%		
Customer share of out(under) performance	£m 18/19	0.1	0.0	(0.0)	0.0	0.0	0.1	0.1
NWO share of performance	£m 18/19	0.1	0.0	(0.0)	0.0	0.0	0.1	0.1
Enduring Value adjustments to Totex performance								
[Cross Price Control]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
Total enduring value adjustments	£m 18/19	-	-	-	-	-	-	-
Enduring Value adjustments (UIOLI)								
[Cross Price Control]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
Total enduring value adjustments	£m 18/19	-	-	-	-	-	-	-
Enduring Value: Customer share of performance		-	-	-	-	-	-	-
Enduring Value: NWO share of performance		-	-	-	-	-	-	-
Total out(under) performance (including enduring value adjustments)								
Customer share of out(under) performance	£m 18/19	0.1	0.0	(0.0)	0.0	0.0	0.1	0.1
NWO share of performance	£m 18/19	0.1	0.0	(0.0)	0.0	0.0	0.1	0.1
Total out (under) performance	£m 18/19	0.2	0.1	(0.0)	0.0	0.0	0.2	0.3
Repex (only applicable for GD2)								
Latest Repex actuals/forecast	£m 18/19	100.7	95.8	103.0	103.7	97.0	196.5	500.2
Totex allowance	£m 18/19	102.7	102.3	95.0	94.0	95.4	204.9	489.3
Totex out(under)performance	£m 18/19	2.0	6.5	(8.0)	(9.6)	(1.6)	8.4	(10.9)
Funding Adjustment Rate (often referred to as 'sharing factor')	%	51.00%	51.00%	51.00%	51.00%	51.00%		
Customer share of out(under) performance	£m 18/19	1.0	3.3	(4.1)	(4.9)	(0.8)	4.3	(5.5)
NWO share of performance	£m 18/19	1.0	3.2	(3.9)	(4.7)	(0.8)	4.1	(5.3)
Enduring Value adjustments to Totex performance								
[Cross Price Control]	£m 18/19						-	-
[other Enduring Value adjustment]	£m 18/19						-	-
Total enduring value adjustments	£m 18/19	-	-	-	-	-	-	-
Enduring Value: Customer share of performance		-	-	-	-	-	-	-
Enduring Value: NWO share of performance		-	-	-	-	-	-	-
Total out(under) performance (including enduring value adjustments)								
Customer share of out(under) performance	£m 18/19	1.0	3.3	(4.1)	(4.9)	(0.8)	4.3	(5.5)
NWO share of performance	£m 18/19	1.0	3.2	(3.9)	(4.7)	(0.8)	4.1	(5.3)
Total out (under) performance	£m 18/19	2.0	6.5	(8.0)	(9.6)	(1.6)	8.4	(10.9)
Totex Summary								
Total out(under) performance								
Customer share of performance	£m 18/19	20.4	17.6	(5.0)	(7.5)	(5.5)	38.0	20.1
NWO share of performance	£m 18/19	19.6	16.9	(4.8)	(7.2)	(5.3)	36.5	19.3
Total	£m 18/19	40.0	34.4	(9.8)	(14.6)	(10.7)	74.5	39.4

Reconciliation to Totex

Actuals	Actuals	N/A	N/A	N/A
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

Total Expenditure Per Accounts

Tangible Fixed Asset Additions	£m nominal	149.4	165.9			
Intangible Asset Additions (under IFRS) - IT Software	£m nominal	12.7	8.3			
Disposals (cash proceeds)[If Statutory Accounts treat this as an exceptional i	£m nominal	0.7	0.8			
Customer Contributions Additions	£m nominal	(16.0)	(10.9)			
Capitalised interest	£m nominal	1.5	0.9			
Revaluation of tangible fixed assets	£m nominal					
1 [Input description]	£m nominal					
2 [Input description]	£m nominal					
3 [Input description, add additional rows as required]	£m nominal					
Capex Incurred	£m nominal	148.2	165.1	-	-	-

Depreciation and Amortisation	£m nominal	87.6	89.3			
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Other Operating Expenses (Opex)

1 Other Operational Costs Incurred	£m nominal	181.1	203.1			
2 [Input description]	£m nominal					
3 [Input description, add additional rows as required]	£m nominal					
Opex Incurred (excluding Depreciation & Amortisation)	£m nominal	181.1	203.1	-	-	-

Total Expenditure Incurred	£m nominal	416.9	457.4	-	-	-
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Reconciling Items to Total Net costs after non-price control allocations

Opex Reconciling Adjustments

1 Depreciation and Amortisation	£m nominal	(87.6)	(89.3)			
2 [Input description]	£m nominal					
3 [Input description]	£m nominal					
4 [Input description]	£m nominal					
5 [Input description]	£m nominal					
6 [Input description]	£m nominal					
7 [Input description, add additional rows as required]	£m nominal					
8 [Input description, add additional rows as required]	£m nominal					
9 [Input description, add additional rows as required]	£m nominal					
10 [Input description, add additional rows as required]	£m nominal					
11 [Input description, add additional rows as required]	£m nominal					
12 [Input description, add additional rows as required]	£m nominal					
13 [Input description, add additional rows as required]	£m nominal					
14 [Input description, add additional rows as required]	£m nominal					
Total Opex adj. (excluding Depreciation & Amortisation)	£m nominal	-	-	-	-	-

Capex Reconciling Adjustments

15 [Input description]	£m nominal					
16 [Input description]	£m nominal					
17 [Input description]	£m nominal					
18 [Input description]	£m nominal					
19 [Input description]	£m nominal					
20 [Input description]	£m nominal					
21 [Input description, add additional rows as required]	£m nominal					
Total	£m nominal	-	-	-	-	-

Total Reconciling Items	£m nominal	(87.6)	(89.3)	-	-	-
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Total Net costs after non-price control allocations

Total Costs per latest RRP submission(all sectors except ESO)*	£m nominal	329.3	368.1	-	-	-
Total Costs per latest RRP submission (ESO)*	£m 18/19	214.9	220.9			
Total Costs per latest RRP submission	£m nominal	233.1	260.7	-	-	-
check	£m nominal	ERROR	ERROR	N/A	N/A	N/A

22/23 - 3.01 - sum of cells J52 -

Reconciling Items to Totex

Severance pay cash accounting	£m nominal	0.3	-			
Gas holder cash accounting	£m nominal	(3.2)	(5.1)			
Provision cash accounting	£m nominal	2.4	(2.7)			
Bad debt cash accounting	£m nominal	4.3	-			
Income cash accounting	£m nominal	(14.0)	0.4			
Add pension deficit payments	£m nominal	(6.4)	(17.8)			
Exclude FRS17 accounting	£m nominal	(5.1)	(0.5)			
Exclude capitalised interest	£m nominal	1.5	0.9			
Exclude H21 / HyDeploy / Innovation	£m nominal	0.6	1.5			
Exclude non controllable costs	£m nominal	112.1	222.4			
Exclude non formula costs	£m nominal	0.9	0.3			
Exclude GSOS	£m nominal	0.1	-			
Exclude MSA (non NGN) costs	£m nominal	0.8	0.1			
Exclude xoserve income	£m nominal	(0.2)	-			
Disposal accounting	£m nominal	2.3	0.8			
SoLR costs (net off in revenue in stats)	£m nominal	(0.8)	(95.9)			
Misc other	£m nominal	0.8	0.9			
VCMA cash accounting	£m nominal	-	2.3			

Total reconciling items not recognised in totex	£m nominal	96.2	107.5	-	-	-
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Reconciled Totex	£m nominal	233.1	260.7	-	-	-
PCFM/ RRP reported Totex	£m nominal	233.1	260.7	310.8	313.4	304.0
check		OK	OK	N/A	N/A	N/A

for ESO and NGET, this row sho Not relevant for ESO

*Licensee to provide a cell reference to the latest submitted RRP file from where the value is taken and note it in supporting comments/ narrative section below.

Supporting Comments/Narrative

Note:
The 21/22 numbers have changed from the prior year RFPR submission due to the changes in the allowances (these are now as per the PCFM published in June 2023) and changes in the actuals due to exclusion of the VCMA costs (totex) and a change in the specific matrix cost for domestic connections (allocation between capitalisation allocations 1 and 2)

Actuals	Actuals	Forecast	Forecast	Forecast	Forecast		
2022	2023	2024	2025	2026		Cumulative to 2023	RIIO-2 period
2021/22	2022/23	2023/24	2024/25	2025/26			

Output Incentives (Post Tax)

a	Business Plan Incentive (per latest PCFM company-specific Input Sheet)	£m 18/19	1.15	1.15	1.15	1.15	1.15	2.3	5.7
	Output Incentives (per latest PCFM company-specific Input Sheet)								
b	Customer Satisfaction Survey ODI - (SpC 4.2)	£m 18/19	1.36	1.64	1.70	1.76	1.77	3.0	8.2
c	Complaints metric ODI - (SpC 4.3)	£m 18/19	0.00	0.00	0.00	0.00	0.00	-	-
d	Unplanned Interruption Mean Duration ODI [NGN, SGN and WWU] - (SpC 4.5)	£m 18/19	0.00	0.00	0.00	0.00	0.00	-	-
e	Unplanned Interruption Mean Duration ODI [Cadent only]- (SpC 4.6)	£m 18/19	0.00	0.00	0.00	0.00	0.00	-	-
f	Shrinkage Management ODI- (SpC 4.4)	£m 18/19	-0.34	0.36	0.00	0.14	0.13	0.0	0.3
g	Collaborative streetworks ODI [Cadent Lon & EoE, SGN So only]- (SpC 4.7)	£m 18/19	0.00	0.00	0.00	0.00	0.00	-	-
	Earned Output Incentive revenue as per PCFM	£m 18/19	1.0	2.0	1.7	1.9	1.9	3.0	8.5

Additional Commentary

a
b
c
d
e
f
g

Other Revenue Allowances (ORA_t) - Post Tax

Innovation

i	Network Innovation Allowance	NIA_t							
	Total NIA Expenditure	£m 18/19	1.4	1.9	3.7	3.2	1.4	3.3	11.5
	Unrecoverable Expenditure (eg not conforming to technical requirements)	£m 18/19						-	-
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	0.1	0.2	0.4	0.3	0.1	0.3	1.2
	Allowed NIA adjustment	£m 18/19	1.2	1.7	3.3	2.9	1.3	2.9	10.4
	Network innovation input for RORE	£m 18/19	0.1	0.2	0.4	0.3	0.1	0.3	1.2
ii	Carry Over RIIO-1 Network Innovation Allowance	CNIA_t							
	Eligible NIA expenditure and Bid Preparation costs	£m 18/19	1.4						1.4
	Unrecoverable Expenditure (eg not conforming to technical requirements)	£m 18/19							
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	0.1						
	Allowed CNIA adjustment	£m 18/19	1.2						
	Carry-over Network innovation input for RORE	£m 18/19	0.1						
iii	Strategic Innovation Fund	SIF_t							
	SIF Funding	£m 18/19	-	0.7	0.2	-	-	0.7	0.9
	SIF Funding Return (Disallowed Expenditure only)	£m 18/19						-	-
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19						-	-
	Allowed SIF adjustment	£m 18/19	-	0.7	0.2	-	-	0.7	0.9
	Strategic innovation input for RORE	£m 18/19	-	-	-	-	-	-	-

Incentives

Actuals may be updated once all incentives are determined - ONLY APPLIES TO NGGT - SO

NOTE: Section below excludes ORA (i), (ii) and (iii) which have already been included as part of "Innovation" section above.

Incentives per latest PCFM company-specific Input Sheet

iv		£m 18/19						-	-
v		£m 18/19						-	-
vi		£m 18/19						-	-
vii		£m 18/19						-	-
viii		£m 18/19						-	-
		£m 18/19	-	-	-	-	-	-	-

	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	
	2022	2023	2024	2025	2026	Cumulative to 2023	RIIO-2 period
	2021/22	2022/23	2023/24	2024/25	2025/26		
Net Interest Per Statutory Accounts							
£m nominal	79.2	27.8	46.3	37.2	37.7		
Reconciliation with Statutory Accounts							
Interest not qualifying for corporation tax relief	£m nominal	-	-	-	-	-	
Fair value adjustments (e.g. losses on derivatives)	£m nominal	(25.0)	49.7	-	-	-	
Dividends on preference shares	£m nominal	-	-	-	-	-	
Costs of early redemption on long term debt	£m nominal	-	-	-	-	-	
Swap Termination Costs paid	£m nominal	-	-	-	-	-	
Movements relating to pension fund liabilities reported within net interest	£m nominal	(0.4)	0.1	-	-	-	
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from)	£m nominal	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	
Commitment fees for undrawn liquidity backup lines	£m nominal	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	
Unwinding of discount on provisions	£m nominal	0.4	1.2	-	-	-	
Capitalised interest	£m nominal	1.5	0.9	0.9	0.9	0.9	
Shipper interest	£m nominal	0.0	(0.3)	(0.3)	(0.3)	(0.3)	
Interest on tax provisions	£m nominal	(3.6)	-	-	-	-	
ABC pension adjustments	£m nominal	(0.0)	(0.0)	-	-	-	
Other	£m nominal	0.0	(0.0)	-	-	-	
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	
Net Interest Per Regulatory (RIIO-2) Definition							
Forecast new financing/refinancing Net Interest costs	£m nominal	51.4	78.6	46.2	37.1	37.6	
Net Interest including forecast new financing/refinancing costs							
External Net Interest	£m nominal	51.4	78.6	65.1	61.6	66.3	
Intra-company Net Interest	£m nominal	15.4	42.6	29.1	25.7	30.3	
	£m nominal	36.0	36.0	36.0	36.0	36.0	
		OK	OK	OK	OK	OK	
Memo: Net interest (RIIO-2) Definition that relates to non-cash principal inflation accretion	£m nominal	-	-	-	-	-	
Inflation component of nominal finance cost	£m nominal	70.7	147.9	95.7	13.2	5.0	
In-period real finance cost (reg terms) at actual gearing	£m nominal	(19.3)	(69.3)	(30.6)	48.5	61.3	
Combined RPI-CPIH real to nominal prices conversion	Factor	1.085	1.180	1.243	1.252	1.255	
In-period real finance cost (reg terms) at actual gearing	£m 18/19	(17.7)	(58.8)	(24.6)	38.7	48.9	(76.5) (13.5)
Adjustments to be applied to Assumed Finance cost for performance assessment							
Add back Debt Issuance expenses	£m nominal	0.5	0.5	0.5	0.5	0.5	1.0 2.5
New/refinanced debt issuance expenses	£m nominal	-	0.2	2.0	0.4	1.0	0.2 3.6
Costs of early redemption on long term debt (excluding exceptional costs of buy backs asst)	£m nominal	-	-	-	-	-	- -
Add accrual for inflation accretion on index-linked swaps (if applicable)	£m nominal	-	-	-	-	-	- -
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	- -
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	- -
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	- -
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	- -
Total Adjustments to be applied for performance assessment (at actual gearing)	£m nominal	0.5	0.7	2.5	0.9	1.5	1.2 6.0
Total Adjustments to be applied for performance assessment (at actual gearing)	£m 18/19	0.4	0.6	2.0	0.7	1.2	1.0 4.9
Cost of Debt out(under)performance at notional gearing							
Performance against allowance is impacted by deviating from notional levels of gearing							
Notional Gearing	%	60.0%	60.0%	60.0%	60.0%	60.0%	
Actual Gearing	%	64.0%	62.6%	62.6%	64.9%	67.2%	
In-period real finance cost (reg terms) at actual gearing	£m nominal	(19.3)	(69.3)	(30.6)	48.5	61.3	
Adjustment to regulatory finance cost relating to variance from notional gearing	£m nominal	1.2	2.9	1.2	(3.7)	(6.6)	
In-period real finance cost (reg terms) at notional gearing	£m nominal	(18.0)	(66.4)	(29.3)	44.8	54.7	
In-period real finance cost (reg terms) at notional gearing	£m 18/19	(16.6)	(56.3)	(23.6)	35.8	43.6	(72.9) (17.1)
Adjustments to be applied for performance assessment (at notional gearing)	£m 18/19	0.4	0.6	1.9	0.6	1.1	1.0 4.6
Cost of Debt Allowance							
The latest PCFM contains the allowed cost of debt rate (%) for the reporting year.							
Real Cost of Debt Allowance as per latest published PCFM (prior year AIP)	£m 18/19	28.0	26.4	26.9	29.1	31.3	
Out(under) performance							
The real cost of debt is compared against the regulatory debt allowance (set in real terms) for an assessment of performance given the inflation protection provided by RAV indexation.							
Pre-Tax performance							
Pre-Tax Cost of Debt out(under)performance at actual gearing	£m 18/19	45.3	84.5	49.5	(10.3)	(18.8)	129.8 150.3
Pre-Tax Cost of Debt out(under)performance at notional gearing	£m 18/19	44.2	82.1	48.6	(7.3)	(13.4)	126.3 154.3
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gear	£m 18/19	1.1	2.4	0.9	(3.0)	(5.4)	3.5 (3.9)

	Actuals 2022 2021/22	Actuals 2023 2022/23	Forecast 2024 2023/24	Forecast 2025 2024/25	Forecast 2026 2025/26
Opening Cash, short term deposits and overdrafts (per Balance Sheet)	£m nominal (13.6)	£m nominal (7.3)	£m nominal (10.7)	£m nominal -	£m nominal 0.8
Closing Cash, short term deposits and overdrafts (per Balance Sheet)	£m nominal (7.3)	£m nominal (10.7)	£m nominal -	£m nominal 0.8	£m nominal 0.1
Bonds	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
External Loans	£m nominal 442.1	£m nominal 426.3	£m nominal 208.4	£m nominal 166.6	£m nominal 164.7
Private Placements	£m nominal 475.0	£m nominal 540.0	£m nominal 540.0	£m nominal 540.0	£m nominal 540.0
Group company loans (licensee lender)	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Group company loans (licensee borrower)	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Group Loans from Finco back to back with finco bond issue	£m nominal 700.3	£m nominal 700.3	£m nominal 700.3	£m nominal 700.3	£m nominal 700.3
Swaps Pay Leg	£m nominal 2,365.3	£m nominal 2,500.3	£m nominal 2,431.7	£m nominal 2,324.3	£m nominal 2,259.9
Swaps Receive Leg	£m nominal (2,365.3)	£m nominal (2,500.3)	£m nominal (2,431.7)	£m nominal (2,324.3)	£m nominal (2,259.9)
Other	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Total Modelled Debt	£m nominal 1,610.1	£m nominal 1,655.9	£m nominal 1,448.7	£m nominal 1,407.6	£m nominal 1,405.1
Conversion to Regulatory (RIIO-2) Definition of Net Debt					
Unamortised Issue Costs	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Fixed asset investments not readily convertible to cash	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Preference shares	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Long term loans (Not for benefit of regulated business or distribution in nature)	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
1. Accretion on index-linked swaps to derive correct debt level for gearing calculation	£m nominal 20.2	£m nominal 68.0	£m nominal 90.1	£m nominal 102.0	£m nominal 112.6
2. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
3. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
4. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
5. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
6. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
7. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
8. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
9. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
10. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
11. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
12. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Total Net Debt per Regulatory (RIIO-2) definition	£m nominal 1,630.3	£m nominal 1,723.9	£m nominal 1,538.8	£m nominal 1,509.6	£m nominal 1,517.7
Forecast new debt/refinancing	£m nominal -	£m nominal 300.0	£m nominal 435.0	£m nominal 500.0	£m nominal 500.0
Regulatory Net Debt including forecast new debt/refinancing	£m nominal 1,630.3	£m nominal 1,723.9	£m nominal 1,838.8	£m nominal 1,944.6	£m nominal 2,017.7
	OK	OK	OK	OK	OK
Opening Regulatory Net Debt including forecast new debt/refinancing	£m nominal 1,507.5	£m nominal 1,630.3	£m nominal 1,723.9	£m nominal 1,838.8	£m nominal 1,944.6
Closing Regulatory Net Debt including forecast new debt/refinancing	£m nominal 1,630.3	£m nominal 1,723.9	£m nominal 1,838.8	£m nominal 1,944.6	£m nominal 2,017.7
Conversion from Regulatory (RIIO-2) Definition of Net Debt to Statutory Net Debt					
1. Fair value adjustments	£m nominal 111.7	£m nominal 21.1	£m nominal -	£m nominal -	£m nominal -
2. Accrued interest	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
3. Derivatives - other than cross currency swaps	£m nominal (100.5)	£m nominal (74.7)	£m nominal -	£m nominal -	£m nominal -
4. Balancing value on cross currency swaps	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
5. IFRS 16 Right of Use Lease Liability	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
6. Unamortised issue costs	£m nominal (1.9)	£m nominal (1.6)	£m nominal (1.2)	£m nominal (1.0)	£m nominal (0.9)
7. Discount on bonds not in stat accounts debt	£m nominal 4.0	£m nominal 4.0	£m nominal 4.0	£m nominal 4.0	£m nominal 4.0
8. Amounts owed to group undertakings	£m nominal 60.5	£m nominal 54.2	£m nominal 54.2	£m nominal 54.2	£m nominal 54.2
9. Back out CPI swap accretion (part of swap creditor balance in NGN accounts)	£m nominal (20.2)	£m nominal (68.0)	£m nominal (90.1)	£m nominal (102.0)	£m nominal (112.6)
10. [Insert adjustment as necessary]	£m nominal -	£m nominal -	£m nominal -	£m nominal -	£m nominal -
Net Debt per Statutory Accounts	£m nominal 1,683.9	£m nominal 1,658.8	£m nominal 1,805.7	£m nominal 1,899.8	£m nominal 1,962.3
Allocation of net debt (Per regulatory definition. Transmission companies only)					
Gas system operator allocation (transmission companies only)	% 0%	% 0%	% 0%	% 0%	% 0%
Transmission or distribution allocation	% 100%	% 100%	% 100%	% 100%	% 100%
Average Net Debt (per Regulatory Definition)	£m nominal 1,568.9	£m nominal 1,677.1	£m nominal 1,781.3	£m nominal 1,891.7	£m nominal 1,981.2
Equity RAV	£m nominal 882.3	£m nominal 1,000.6	£m nominal 1,066.5	£m nominal 1,021.1	£m nominal 965.3
Average RAV	£m nominal 2,451.2	£m nominal 2,677.7	£m nominal 2,847.8	£m nominal 2,912.8	£m nominal 2,946.5
Actual Regulatory Gearing	% 64.0%	% 62.6%	% 62.6%	% 64.9%	% 67.2%
Notional Gearing	% 60.0%	% 60.0%	% 60.0%	% 60.0%	% 60.0%
Gearing Ratio delta	% 4.0%	% 2.6%	% 2.6%	% 4.9%	% 7.2%
NPV Neutral assumed Average Net Debt	£m 18/19 1,415.7	£m 18/19 1404.6	£m 18/19 1417.6	£m 18/19 1487.4	£m 18/19 1551.9
NPV Neutral assumed Equity RAV	£m 18/19 796.1	£m 18/19 838.1	£m 18/19 848.7	£m 18/19 802.8	£m 18/19 756.1
NPV Neutral assumed Average RAV	£m 18/19 2,211.9	£m 18/19 2,242.7	£m 18/19 2,266.4	£m 18/19 2,290.2	£m 18/19 2,308.0
Actual Regulatory Gearing	% 64.0%	% 62.6%	% 62.6%	% 64.9%	% 67.2%
Notional Gearing	% 60.0%	% 60.0%	% 60.0%	% 60.0%	% 60.0%
Gearing Ratio delta	% 4.0%	% 2.6%	% 2.6%	% 4.9%	% 7.2%

R7 - Regulatory Asset Value (RAV)

NGN

2023

Navigate

Actuals	Actuals	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

RAV per latest PCFM

Closing RAV per latest PCFM	£m 18/19	2,262.1	2,290.0	2,316.8	2,339.8	2,355.0
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Opening RAV (before transfers)	£m 18/19	2,229.1	2,262.1	2,290.0	2,316.8	2,339.8
Transfers	£m 18/19					
Opening RAV (after transfers)	£m 18/19	2,229.1	2,262.1	2,290.0	2,316.8	2,339.8
Net additions (after disposals)	£m 18/19	148.7	147.0	149.1	148.3	143.4
Net additions (after disposals) - enduring value adjustment	£m 18/19					
Total Net Additions	£m 18/19	148.7	147.0	149.1	148.3	143.4
Depreciation	£m 18/19	(115.8)	(119.1)	(122.2)	(125.3)	(128.2)
Depreciation - enduring value adjustment	£m 18/19					
Total Depreciation	£m 18/19	(115.8)	(119.1)	(122.2)	(125.3)	(128.2)
Adjusted Closing RAV	£m 18/19	2,262.1	2,290.0	2,316.8	2,339.8	2,355.0

Total enduring value and other adjustments		-	-	-	-	-
CHECK		TRUE	TRUE	NA	NA	NA

Index for Opening RAV conversion to nominal in yr 1	Index	1.053
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Adjusted Closing RAV	£m nominal	2,554.4	2,801.1	2,894.5	2,931.1	2,961.9
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Cost of debt	annual real %	2.11%	1.96%	1.98%	2.12%	2.26%
Cost of equity	annual real %	4.52%	4.56%	5.28%	5.24%	5.25%
Notional gearing	%	60.0%	60.0%	60.0%	60.0%	60.0%
Vanilla WACC	annual real %	3.07%	3.00%	3.30%	3.37%	3.46%

NPV-neutral debt element of RAV	£m 18/19	1,327.1	1,345.6	1,359.8	1,374.1	1,384.8
NPV-neutral equity element of RAV	£m 18/19	884.7	897.1	906.5	916.1	923.2
NPV-neutral RAV return base	£m 18/19	2,211.9	2,242.7	2,266.4	2,290.2	2,308.0

Debt Return on RAV	£m 18/19	28.0	26.4	26.9	29.1	31.3
Equity Return on RAV	£m 18/19	40.0	40.9	47.9	48.0	48.5
Total return on RAV	£m 18/19	68.0	67.3	74.8	77.1	79.8

Actuals	Forecast	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

The CT600 will not have been submitted for the current reporting year.

It is assumed the current tax charge per the statutory accounts will equal the tax liability in the forthcoming CT600, where this is not the case the licensee should provide an explanation in the commentary of the variance.

Tax liability per latest submitted CT600 (pre-group relief) after Regulatory Adjustments

£m nominal

22.8					
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Adjustments to remove non-regulated tax liability

Tax on non-regulated activities

£m nominal

Metering

£m nominal

De-minimus and Other activities

£m nominal

Excluded services

£m nominal

Non-regulated tax

£m nominal

-	-	-	-	-	-

Other adjustments

Tax on Other Revenue Allowances - Innovation and Incentives only

£m nominal

Collected revenue adjustment ('k')

£m nominal

Pension - timing adjustment

£m nominal

Pension - disallowed contributions

£m nominal

Tax on derivatives not disregarded

£m nominal

[Insert adjustment as necessary]

£m nominal

[Insert adjustment as necessary]

£m nominal

[Insert adjustment as necessary]

£m nominal

[Insert adjustment as necessary]

£m nominal

[Insert new rows here as necessary]

£m nominal

Total other adjustments

£m nominal

0.1	-	-	-	-	-
1.4					
1.5	-	-	-	-	-

Forecast regulated tax liability (including impact of any enduring value adjustments)

£m nominal

Adjusted regulated tax liability

£m nominal

25.5	21.8	28.8	36.5	36.9
21.4	21.8	28.8	36.5	36.9

Combined RPI-CPIH real to nominal prices conversion

Factor

1.085	1.180	1.243	1.252	1.255
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Adjusted/forecast regulated tax liability

£m 18/19

19.7	18.4	23.2	29.1	29.4
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Tax out(under)performance at notional gearing

Performance against allowance is impacted by deviating from notional levels of gearing

Notional Gearing

%

Actual Gearing

%

60.0%	60.0%	60.0%	60.0%	60.0%
64.0%	62.6%	62.6%	64.9%	67.2%

Adjusted/forecast regulated tax liability

£m nominal

Adjustment to regulatory tax cost relating to variance from notional

£m nominal

Revised regulated tax liability for comparison against allowance

£m nominal

21.4	21.8	28.8	36.5	36.9
(0.2)	(0.5)	(0.3)	0.9	1.7
21.1	21.2	28.5	37.4	38.6

Revised regulated tax liability for comparison against allowance

£m 18/19

19.5	18.0	22.9	29.9	30.7
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Allowance

Tax Allowance per latest PCFM

£m 18/19

23.5	18.4	23.2	29.1	29.4
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Out(under) performance

Regulated tax out(under) performance at actual gearing

£m 18/19

3.8	-	-	-	-
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Regulated tax out(under) performance at notional gearing

£m 18/19

4.0	0.5	0.2	(0.8)	(1.3)
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Impact on out(under) performance relating to deviating from n

£m 18/19

(0.2)	(0.5)	(0.2)	0.8	1.3
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Tax impact of financing performance (at actual gearing)

£m nominal

Tax impact of financing performance (at actual gearing)

£m 18/19

Tax impact of financing performance (at notional gearing)

£m nominal

Tax impact of financing performance (at notional gearing)

£m 18/19

Tax impact of financing performance relating to deviating from notional

£m 18/19

(9.3)	(18.9)	(15.4)	3.2	5.9
(8.6)	(16.1)	(12.4)	2.6	4.7
(9.1)	(18.4)	(15.1)	2.3	4.2
(8.4)	(15.6)	(12.1)	1.8	3.3
(0.2)	(0.5)	(0.2)	0.8	1.3

Actuals	Actuals	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

Dividends Reconciliation - Regulated Business to Accounts

Dividend paid as per Statutory Accounts	£m nominal	91.7	88.4			
<i>Less dividend paid not related to Regulated business</i>						
[Insert adjustment as necessary]	£m nominal					
[Insert adjustment as necessary]	£m nominal					
[Insert new rows here as necessary]	£m nominal					
Dividend paid relating to the Regulated Business	£m nominal	91.7	88.4	-	-	-
Shareholder loan interest (not included as Net Int	£m nominal					

Executive Directors* Remuneration

2023 - Actuals					
	Director 1	Director 2	Director 3	Director 4	Director 5
Name of Director	Mark Horsley				

Fixed Pay					
Salary	£m nominal	0.540			
Bonus	£m nominal				
[Insert new rows here as necessary]	£m nominal				
Benefits	£m nominal	0.092			
[Insert new rows here as necessary]	£m nominal				
Pension	£m nominal	-			
[Insert new rows here as necessary]	£m nominal				
Total Fixed Pay	£m nominal	0.632	-	-	-
Allocation to Regulated Business	£m nominal				

Variable Pay					
Incentives	£m nominal				
[Insert new rows here as necessary]	£m nominal	0.237			
Performance related Pay	£m nominal				
[Insert new rows here as necessary]	£m nominal	0.360			
Total Variable Pay	£m nominal	0.597	-	-	-
Allocation to Regulated Business	£m nominal				

Total Pay	£m nominal	1.229	-	-	-
Total Pay related to Regulated Business	£m nominal	-	-	-	-

Shares** / Options					
Share ownership/ awards	No. of Shares				
[Insert new rows here as necessary]					
% Discount on shares purchased	%				
% of shares held compared to total authorised shares	%				
Value of total shares	£m nominal				
No. of Options held	No.				
Exercise price	£				
No. of options exercised	No.				
Value of Options exercised	£m nominal	-	-	-	-

Dividends paid	£m nominal				
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Total Shares, Options and Dividends		-	-	-	-
Allocation to Regulated Business	£m nominal				

Total Remuneration	£m nominal	1.229	-	-	-
Total Remuneration related to Regulated Business:	£m nominal	-	-	-	-

Pay Ratios - CEO's total remuneration to company's UK employees remuneration	
25th percentile	22 to 1
50th percentile	27 to 1
75th percentile	36 to 1

*meaning executive board directors
 ** in addition to shares under Variable Pay

Supporting Comments

Actuals 2022	Actuals 2023	Forecast 2024	Forecast 2025	Forecast 2026
2021/22	2022/23	2023/24	2024/25	2025/26

Pensions

Licensee share of total pension deficit repair payment made for defined benefit scheme	£m nominal	6.4	17.8			
Of which:						
Established deficit element funded via specific allowances	£m nominal	5.3	14.7			
Incremental deficit funded via totex	£m nominal	1.1	3.1			
Established deficit element funded via specific allowances	£m 18/19	4.9	12.5	-	-	-
Established deficit (EDE) allowance as per latest PCFM	£m 18/19	4.7	4.7			
Less Pension Payment History Allowance (PPH)	£m 18/19					
Established deficit allowance less PPH	£m 18/19	4.7	4.7	-	-	-
		Enter valuation date				
Latest pension scheme valuation		31/03/2019				
Price base		nominal				
Total Liabilities attributable to post cut-off date notional sub fund	£m nominal	43.5				
Total Liabilities attributable to pre cut-off date notional sub fund	£m nominal	479.1				
Total Assets attributable to post cut-off date notional sub fund	£m nominal	35.0				
Total Assets attributable to pre cut-off date notional sub fund	£m nominal	438.0				
Deficit in the post Cut-Off Date Notional Sub-Fund	£m nominal	8.5				
Deficit in the pre Cut-Off Date Notional Sub-Fund	£m nominal	41.1				
Licensee element of established deficit	£m nominal	41.1				
Licensee element of incremental deficit	£m nominal	8.5				

Other Activities

	Actuals 2022	Actuals 2023	Forecast 2024	Forecast 2025	Forecast 2026	
Post-tax total fines and penalties (including GS payments)	£m 18/19	0.6	0.4	0.4	0.4	0.4
Ofgem related fines and penalties						
[Insert detail of fine or penalty]	£m nominal					
[Insert detail of fine or penalty]	£m nominal					
[Insert new rows here as necessary]	£m nominal					
Total Ofgem related fines and penalties	£m nominal	-	-	-	-	-
Any adjustment for tax	£m nominal					
Post-tax total fines and penalties	£m nominal	-	-	-	-	-
Guaranteed Standard (GS) payments						
Total GS payments	£m nominal	0.6	0.4	0.5	0.5	0.5
Any adjustment for tax	£m nominal					
Post-tax total GS payments	£m nominal	0.6	0.4	0.5	0.5	0.5

Note: we have excluded the £5.0m fine paid in February 2022 to HM Courts & Tribunal Services relating to the Mirfield gas explosion from this report, on the basis it is not a fine from Ofgem or related to Guaranteec