

Regulatory Financial Performance Report

NGN

RIIO-2 start date (enter 2022 for 2021-22)	2022
Licensee	NGN
Sector	GD2
Reporting Year: (e.g. enter 2022 for 2021-22)	2025
Version (Number)	
Submitted Date:	

	Input cells
	Totals cells (of formula within worksheet)
	Linked cells
	Referencing to other workbooks (Eg. PCFM/ RRP)
	Check cells
	No Input
	Descriptions and pack data

		Actuals	Actuals	Actuals	Actuals	Forecast			
		2022	2023	2024	2025	2026	Cumulative to 2025	RIIO-2 period	
		2021/22	2022/23	2023/24	2024/25	2025/26			
RoRE based on Notional Gearing									
a	Allowed Equity Return	%	4.52%	4.56%	5.28%	5.59%	5.45%	4.99%	5.09%
b	Totex outperformance	%	2.40%	2.09%	0.22%	-0.07%	-0.52%	1.14%	0.80%
c	Business Plan Incentive	%	0.13%	0.13%	0.13%	0.13%	0.12%	0.13%	0.13%
d	Customer Satisfaction Survey ODI - (SpC 4.2)	%	0.15%	0.18%	0.17%	0.19%	0.19%	0.17%	0.18%
e	Complaints metric ODI - (SpC 4.3)	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
f	Unplanned Interruption Mean Duration ODI [NGN, SGN and WWU] - (SpC 4.5)	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
g	Unplanned Interruption Mean Duration ODI [Cadent only]- (SpC 4.6)	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
h	Shrinkage Management ODI- (SpC 4.4)	%	-0.03%	0.05%	0.05%	0.04%	0.04%	0.03%	0.03%
i	Collaborative streetworks ODI [Cadent Lon & EoE, SGN So only]- (SpC 4.7)	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
j		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
k		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
l	Network innovation input for RORE	%	-0.02%	-0.02%	-0.03%	-0.03%	-0.03%	-0.02%	-0.03%
m	Carry-over Network innovation input for RORE	%	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
n	Strategic innovation input for RORE	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
o		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
p		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
q		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
r		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
s		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
t		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
u		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
v		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
w		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
x		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
y		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
z		%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
aa	Penalties and fines (Other Activities)	%	-0.07%	-0.04%	-0.03%	-0.03%	-0.03%	-0.04%	-0.04%
ab	RoRE - Operational performance	%	7.07%	6.94%	5.79%	5.82%	5.21%	6.40%	6.15%
ac	Debt performance - at notional gearing	%	5.00%	9.14%	6.09%	3.23%	4.01%	5.85%	5.47%
ad	Tax performance - at notional gearing	%	0.46%	-0.28%	-0.90%	0.00%	0.01%	-0.19%	-0.15%
ae	RoRE - including financing and tax	%	12.52%	15.79%	10.98%	9.04%	9.23%	12.06%	11.48%
RoRE based on Actual Gearing									
a	Allowed Equity Return	%	5.0%	4.9%	5.5%	5.8%	5.9%	5.3%	5.4%
b	Totex outperformance	%	2.7%	2.2%	0.2%	-0.1%	-0.6%	1.2%	0.9%
c	Business Plan Incentive	%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
d	Customer Satisfaction Survey ODI - (SpC 4.2)	%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
e	Complaints metric ODI - (SpC 4.3)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
f	Unplanned Interruption Mean Duration ODI [NGN, SGN and WWU] - (SpC 4.5)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
g	Unplanned Interruption Mean Duration ODI [Cadent only]- (SpC 4.6)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
h	Shrinkage Management ODI- (SpC 4.4)	%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
i	Collaborative streetworks ODI [Cadent Lon & EoE, SGN So only]- (SpC 4.7)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
j		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
k		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
l	Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
m	Carry-over Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
n	Strategic innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
o		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
p		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
q		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
r		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
s		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
t		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
u		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
v		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
w		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
x		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
y		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
z		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
aa	Penalties and fines (Other Activities)	%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ab	RoRE - Operational performance	%	7.8%	7.4%	6.0%	6.1%	5.6%	6.8%	6.6%
ac	Debt performance - at actual gearing	%	5.7%	10.0%	6.4%	3.4%	4.3%	6.3%	5.9%
ad	Tax performance - at actual gearing	%	0.5%	-0.4%	-0.9%	0.0%	0.0%	-0.2%	-0.2%
ae	RoRE - including financing and tax	%	14.0%	17.1%	11.4%	9.4%	9.9%	12.9%	12.3%
RoRE input values									
Input values provided in £m 18/19 prices									
a	Equity Return on the RAV	£m 18/19	40.0	40.9	48.0	51.3	50.7	180.3	230.9
b	Totex outperformance	£m 18/19	21.2	18.7	2.0	(0.7)	(4.8)	41.3	36.5
c	Business Plan Incentive	£m 18/19	1.1	1.1	1.1	1.1	1.1	4.6	5.7
d	Customer Satisfaction Survey ODI - (SpC 4.2)	£m 18/19	1.4	1.6	1.6	1.7	1.7	6.3	8.0
e	Complaints metric ODI - (SpC 4.3)	£m 18/19	-	-	-	-	-	-	-
f	Unplanned Interruption Mean Duration ODI [NGN, SGN and WWU] - (SpC 4.5)	£m 18/19	-	-	-	-	-	-	-
g	Unplanned Interruption Mean Duration ODI [Cadent only]- (SpC 4.6)	£m 18/19	-	-	-	-	-	-	-
h	Shrinkage Management ODI- (SpC 4.4)	£m 18/19	(0.3)	0.4	0.4	0.4	0.3	1.0	1.3
i	Collaborative streetworks ODI [Cadent Lon & EoE, SGN So only]- (SpC 4.7)	£m 18/19	-	-	-	-	-	-	-
j		£m 18/19	-	-	-	-	-	-	-
k		£m 18/19	-	-	-	-	-	-	-
l	Network innovation input for RORE	£m 18/19	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)	(0.8)	(1.2)
m	Carry-over Network innovation input for RORE	£m 18/19	(0.1)	-	-	-	-	(0.1)	(0.1)
n	Strategic innovation input for RORE	£m 18/19	-	-	-	-	-	-	-
o		£m 18/19	-	-	-	-	-	-	-
p		£m 18/19	-	-	-	-	-	-	-
q		£m 18/19	-	-	-	-	-	-	-
r		£m 18/19	-	-	-	-	-	-	-
s		£m 18/19	-	-	-	-	-	-	-
t		£m 18/19	-	-	-	-	-	-	-
u		£m 18/19	-	-	-	-	-	-	-
v		£m 18/19	-	-	-	-	-	-	-
w		£m 18/19	-	-	-	-	-	-	-
x		£m 18/19	-	-	-	-	-	-	-
y		£m 18/19	-	-	-	-	-	-	-
z		£m 18/19	-	-	-	-	-	-	-
aa	Penalties and fines (Other Activities)	£m 18/19	(0.6)	(0.4)	(0.3)	(0.3)	(0.2)	(1.5)	(1.7)
ab	RoRE - Operational performance	£m 18/19	62.6	62.3	52.6	53.4	48.5	230.9	279.4
ac	Debt performance - at notional gearing	£m 18/19	44.3	82.1	55.3	29.7	37.2	211.3	248.6
ad	Debt performance - impact of actual gearing	£m 18/19	1.1	2.4	0.6	(0.0)	0.2	4.0	4.3
ae	Tax performance - at notional gearing	£m 18/19	4.0	(2.5)	(8.2)	(0.0)	0.1	(6.7)	(6.6)
af	Tax performance - impact of actual gearing	£m 18/19	(0.2)	(0.4)	(0.2)	0.0	(0.1)	(0.8)	(0.9)
ag	RoRE - including financing and tax	£m 18/19	111.7	143.8	100.2	83.1	86.0	438.8	524.7
NPV-neutral equity RAV based on notional gearing									
ah	Equity RAV based on actual gearing	£m 18/19	885.1	898.3	908.7	918.6	929.9		
ai		£m 18/19	797.1	841.3	879.8	880.7	864.6		

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

Reconciliation: Regulated Network Revenue to Accounts

Allowed Revenue - per latest published PCFM

Calculated revenue (as published)	Rt* x PIt* / PI2018/19	£m nominal	430.7	566.2	571.8	560.4		JS: Lir GD2_P
AIP adjustment term (as published)- not applicable to ED sector	ADJt*	£m nominal	-	23.3	(7.7)	(42.5)		
Adjusted revenue (as published)	ADJRt*	£m nominal	430.7	589.6	564.1	518.0	-	
Legacy Allowed Revenue	LARt	£m nominal	(13.8)	10.8	0.1	0.8		
K Correction Factor	Kt	£m nominal	0.2	0.4	4.4	5.4		
Forecasting penalty (ED only)	FPT	£m nominal	-	-	-	-		
Allowed Network Revenue	ARt	£m nominal	417.2	600.7	568.7	524.2	-	
(Under) / Over recovery		£m nominal	(0.4)	(4.3)	(5.1)	(2.2)	-	

Collected Regulated Network Revenue (per latest PCFM)	RRt	£m nominal	416.9	596.4	563.6	521.9		2026-
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Other Turnover Items

Strategic Innovation Fund (SIF) payments received from TO	£m nominal							JS: I t RIIO-2
Legacy Metering Equipment charges	£m nominal							
Directly Remunerated Services revenue	£m nominal	1.0	1.1	1.5	1.3			
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	£m nominal	(0.8)	(95.9)	(26.0)	(0.8)			
Total Other Turnover Items	£m nominal	0.1	(94.8)	(24.5)	0.5	-		

Other adjustments - please list

RDEC income	£m nominal	-	2.8		1.1	
Shipper Bad Debt (Invoiced value vs Recovered)	£m nominal	4.3	0.0	(1.0)	(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					
[Input description]	£m nominal					
Total other adjustments	£m nominal	4.3	2.9	(1.0)	1.1	-

Reconciled total revenue	£m nominal	421.3	504.5	538.1	523.5	-
Turnover as per Profit and Loss (Stat Accounts)	£m nominal	421.3	504.5	538.1	523.6	
Check		OK	OK	OK	OK	OK

Reconciliation: Regulated Network Profit to Statutory Accounts

		Actuals	Actuals	Actuals	Actuals	N/A
Turnover/Revenue as per Statutory Accounts	£m nominal	421.3	504.5	538.1	523.6	-
Collected Regulated Network Revenue	£m nominal	416.9	596.4	563.6	521.9	-
To be						
Operating Costs, Pensions and Other Costs as per Statutory Accounts (excluding depreciation & ar Reconciliation)	£m nominal	181.1	203.1	195.6	209.9	-
Total Costs not related to the price control Regulated business (excluding depreciation & amortisa Atypical costs adjustment (reported on cash basis)	£m nominal	-	-	-	-	-
	£m nominal	0.8	95.9	26.0	0.8	-
Total Operating Costs as reported in the latest RRP submission (excluding depreciation & amortisa Difference)	£m nominal	181.9	299.0	221.7	210.7	-
	£m nominal	ok	ok	ok	ok	ok
Earnings/ Operating Profit (EBITDA) per Statutory Accounts	£m nominal	240.2	301.4	342.5	313.7	-
Operating Profit related to Regulated business	£m nominal	234.9	297.4	342.0	311.2	-
Depreciation and Amortisation costs as per Statutory Accounts	£m nominal	87.6	89.3	93.5	98.9	-
Reconciliation						
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	93.5	98.9	-
Earnings before Interest and Taxes (EBIT) per Statutory Accounts	£m nominal	152.6	212.1	249.0	214.8	-
Operating Profit before Interest and Taxes related to Regulated business	£m nominal	147.3	208.1	248.5	212.3	-
Net Interest as per Statutory Accounts	£m nominal	79.2	27.9	48.5	54.6	67.3
Net Interest Per Regulatory (RIIO-2) Definition	£m nominal	51.4	78.8	60.4	60.3	67.6
Difference	£m nominal	27.7	- 50.8	- 11.9	- 5.7	- 0.4
Tax as per Statutory Accounts	£m nominal	126.9	27.3	47.0	34.7	-
Less Deferred Taxes	£m nominal	(104.4)	(11.3)	(6.4)	(4.6)	-
Tax as per Statutory Accounts (net of deferred taxes)	£m nominal	22.5	16.0	40.6	30.2	-
Tax related to Regulated business	£m nominal	21.4	25.0	42.6	36.7	42.0
Difference	£m nominal	1.2	- 9.0	- 2.0	- 6.5	- 42.0
Net Profit as per Statutory Accounts	£m nominal	(53.5)	156.9	153.5	125.4	(67.3)
Net Profit related to Regulated business	£m nominal	74.6	104.4	145.5	115.2	(109.7)
Difference	£m nominal	- 128.1	52.5	8.0	10.2	42.4

Supporting Comments/Narrative

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	
2022	2023	2024	2025	2026	Cumulative to 2025	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	4.60	5.75
	Output Incentives (per latest PCFM company-specific Input Sheet)								
b	Customer Satisfaction Survey ODI - (SpC 4.2)	£m 18/19	1.36	1.64	1.56	1.72	1.72	6.3	8.0
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	-0.29	0.41	0.44	0.40	0.35	1.0	1.3
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	-	-
h		£m 18/19						-	-
i		£m 18/19						-	-
	Earned Output Incentive revenue as per PCFM	£m 18/19	1.1	2.0	2.0	2.1	2.1	7.3	9.3

Additional Commentary									
a									
b									
c									
d									
e									
f									
g									
h									
i									

Other Revenue Allowances (ORA_t) - Post Tax

Innovation

i	Network Innovation Allowance	NIA_t					
	Total NIA Expenditure	£m 18/19	1.39	1.88	2.57	2.55	3.11
	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	0.3	0.3	0.3
	Allowed NIA adjustment	£m 18/19	1.2	1.7	2.3	2.3	2.8
	Network innovation input for RORE	£m 18/19	0.1	0.2	0.3	0.3	0.3
ii	Carry Over RIIO-1 Network Innovation Allowance	CNIA_t					
	Eligible NIA expenditure and Bid Preparation costs	£m 18/19	1.4				
	Unrecoverable Expenditure (eg not conforming to technical requirements)	£m 18/19					
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	0.14				
	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	0.3	0.4	-
	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	0.3	0.4	-
	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	-	-	-	-	-	-

Additional Commentary

i
ii
iii
iv
v
vi
vii
viii

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

Net Interest Per Statutory Accounts

£m nominal	79.2	27.9	48.5	54.6	67.3
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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	11.0	5.5	-
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	1.0	(0.6)	-
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from	£m nominal	(0.5)	(0.5)	(0.6)	(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	0.2	0.3	-
Capitalised interest	£m nominal	1.5	0.9	1.3	1.8	1.8
Shipper interest	£m nominal	0.0	(0.3)	(0.8)	(0.7)	(0.7)
Interest on tax provisions	£m nominal	(3.6)	-	-	-	-
ABC pension adjustments	£m nominal	(0.0)	(0.0)	0.0	0.0	-
Other	£m nominal	0.0	(0.0)	0.0	(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	78.8	60.4	60.3	67.6
Regulatory Net Interest including forecast new financing/refinancing costs	£m nominal	51.4	78.8	60.4	60.3	68.7
External Net Interest	£m nominal	15.5	42.9	24.5	6.1	5.3
Intra-company Net Interest	£m nominal	35.9	35.9	35.9	54.2	63.4
		OK	OK	OK	OK	OK

Memo: Net interest (RIIO-2) Definition that relates to non-cash principal inflation accretion	£m nominal					
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Inflation component of nominal finance cost	£m nominal	70.7	147.9	99.0	61.1	77.1
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In-period real finance cost (reg terms) at actual gearing	£m nominal	(19.3)	(69.2)	(38.6)	(0.7)	(8.4)
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Combined RPI-CPIH real to nominal prices conversion	Factor	1.085	1.180	1.245	1.285	1.335
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In-period real finance cost (reg terms) at actual gearing	£m 18/19	(17.8)	(58.6)	(31.0)	(0.6)	(6.3)	(107.9)	(114.2)
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Adjustments to be applied to Assumed Finance cost for performance assessment

Add back Debt Issuance expenses	£m nominal	0.5	0.5	0.6	0.5	0.5	2.1	2.6
New/refinanced debt issuance expenses	£m nominal	-	0.2	2.0	0.5	1.0	2.7	3.8
Costs of early redemption on long term debt (excluding exceptional costs of buy backs asso	£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	2.6	1.0	1.5	4.8	6.3
Total Adjustments to be applied for performance assessment (at actual gearing)	£m 18/19	0.4	0.6	2.1	0.8	1.1	3.9	5.1

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%	62.5%	61.3%	61.7%	62.8%		
In-period real finance cost (reg terms) at actual gearing	£m nominal	(19.3)	(69.2)	(38.6)	(0.7)	(8.4)		
Adjustment to regulatory finance cost relating to variance from notional gearing	£m nominal	1.2	2.8	0.8	0.0	0.4		
In-period real finance cost (reg terms) at notional gearing	£m nominal	(18.1)	(66.4)	(37.8)	(0.7)	(8.0)		
In-period real finance cost (reg terms) at notional gearing	£m 18/19	(16.6)	(56.3)	(30.3)	(0.6)	(6.0)	(103.8)	(109.8)
Adjustments to be applied for performance assessment (at notional gearing)	£m 18/19	0.4	0.6	2.0	0.8	1.1	3.8	4.9

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	27.0	29.9	32.4		

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	84.4	55.9	29.7	37.5	215.3	252.8
Pre-Tax Cost of Debt out(under)performance at notional gearing	£m 18/19	44.3	82.1	55.3	29.7	37.2	211.3	248.6
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gea	£m 18/19	1.1	2.4	0.6	(0.0)	0.2	4.0	4.3

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

Opening Cash, short term deposits and overdrafts (per Balance Sheet)

£m nominal (13.6) (7.3) (10.7) (39.1) (45.1)

Closing Cash, short term deposits and overdrafts (per Balance Sheet)

£m nominal (7.3) (10.7) (39.1) (45.1) 0.2

Bonds
External Loans
Private Placements
Group company loans (licensee lender)
Group company loans (licensee borrower)
Group Loans from Finco back to back with finco bond issue
Swaps Pay Leg
Swaps Receive Leg
Other

£m nominal	(7.3)	(10.7)	(39.1)	(45.1)	0.2
£m nominal	-	-	-	-	-
£m nominal	442.1	426.3	208.4	166.6	164.7
£m nominal	475.0	540.0	540.0	540.0	540.0
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	700.3	700.2	998.4	1,151.8	1,151.8
£m nominal	2,365.3	2,500.3	2,910.9	3,100.0	3,067.8
£m nominal	(2,365.3)	(2,500.3)	(2,910.9)	(3,100.0)	(3,067.8)
£m nominal	-	-	-	-	-
£m nominal	1,610.1	1,655.8	1,707.7	1,813.3	1,856.8

Total Modelled Debt

Conversion to Regulatory (RIIO-2) Definition of Net Debt

- Unamortised Issue Costs
- Fixed asset investments not readily convertible to cash
- Preference shares
- Long term loans (Not for benefit of regulated business or distribution in nature)
- Discounts (premiums) for fixed rate debt
- 1. Accretion on index-linked swaps to derive correct debt level for gearing calculation
- 2. [Insert adjustment as necessary]
- 3. [Insert adjustment as necessary]
- 4. [Insert adjustment as necessary]
- 5. [Insert adjustment as necessary]
- 6. [Insert adjustment as necessary]
- 7. [Insert adjustment as necessary]
- 8. [Insert adjustment as necessary]
- 9. [Insert adjustment as necessary]
- 10. [Insert adjustment as necessary]
- 11. [Insert adjustment as necessary]

Total Net Debt per Regulatory (RIIO-2) definition

Forecast new debt/refinancing

Regulatory Net Debt including forecast new debt/refinancing

£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	20.2	68.0	88.8	104.0	119.7
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	1,630.3	1,723.9	1,796.5	1,917.4	1,976.5
£m nominal					62.0
£m nominal	1,630.3	1,723.9	1,796.5	1,917.4	2,038.5
£m nominal	OK	OK	OK	OK	OK

Opening Regulatory Net Debt including forecast new debt/refinancing

£m nominal 1,507.5 1,630.3 1,723.9 1,796.5 1,917.4

Closing Regulatory Net Debt including forecast new debt/refinancing

£m nominal 1,630.3 1,723.9 1,796.5 1,917.4 2,038.5

Conversion from Regulatory (RIIO-2) Definition of Net Debt to Statutory Net Debt

- 1. Fair value adjustments
- 2. Accrued interest
- 3. Derivatives - other than cross currency swaps
- 4. Balancing value on cross currency swaps
- 5. IFRS 16 Right of Use Lease Liability
- 6. Unamortised issue costs
- 7. Discount on bonds not in stat accounts debt
- 8. Amounts owed to group undertakings
- 9. Back out CPI swap accretion (part of swap creditor balance in NGN accounts)
- 10. [Insert adjustment as necessary]
- Net Debt per Statutory Accounts

£m nominal	111.7	21.1	20.2	(7.4)	-
£m nominal	-	-	-	-	-
£m nominal	(100.5)	(74.7)	(74.1)	(44.9)	-
£m nominal	-	-	-	-	-
£m nominal	-	-	-	-	-
£m nominal	(1.9)	(1.6)	(1.2)	(1.0)	(0.9)
£m nominal	4.0	4.0	4.2	4.4	4.4
£m nominal	60.5	54.2	52.8	51.4	51.4
£m nominal	(20.2)	(68.0)	(88.8)	(104.0)	(115.1)
£m nominal					
£m nominal	1,683.9	1,658.8	1,709.7	1,815.8	1,978.3

Allocation of net debt (Per regulatory definition. Transmission companies only)

Gas system operator allocation (transmission companies only)

Transmission or distribution allocation

%	0%	0%	0%	0%	0%
%	100%	100%	100%	100%	100%

Average Net Debt (per Regulatory Definition)

Equity RAV

Average RAV

Actual Regulatory Gearing

Notional Gearing

Gearing Ratio delta

£m nominal	1,568.9	1,677.1	1,760.2	1,856.9	1,978.0
£m nominal	883.4	1,004.5	1,112.5	1,155.1	1,171.2
£m nominal	2,452.3	2,681.6	2,872.7	3,012.0	3,149.2
%	64.0%	62.5%	61.3%	61.7%	62.8%
%	60.0%	60.0%	60.0%	60.0%	60.0%
%	4.0%	2.5%	1.3%	1.7%	2.8%

NPV Neutral assumed Average Net Debt

NPV Neutral assumed Equity RAV

NPV Neutral assumed Average RAV

Actual Regulatory Gearing

Notional Gearing

Gearing Ratio delta

£m 18/19	1,415.7	1404.6	1392.0	1415.8	1460.2
£m 18/19	797.1	841.3	879.8	880.7	864.6
£m 18/19	2,212.8	2,245.8	2,271.8	2,296.5	2,324.8
%	64.0%	62.5%	61.3%	61.7%	62.8%
%	60.0%	60.0%	60.0%	60.0%	60.0%
%	4.0%	2.5%	1.3%	1.7%	2.8%

R7 - Regulatory Asset Value (RAV)
NGN
2025

Navigate

Actuals	Actuals	Actuals	Actuals	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	2,264.0	2,294.4	2,323.3	2,350.0	2,381.6
Opening RAV (before transfers)	£m 18/19	2,229.1	2,264.0	2,294.4	2,323.3	2,350.0
Transfers	£m 18/19					
Opening RAV (after transfers)	£m 18/19	2,229.1	2,264.0	2,294.4	2,323.3	2,350.0
Net additions (after disposals)	£m 18/19	150.7	149.6	151.3	152.3	160.2
Net additions (after disposals) - enduring value adjustment	£m 18/19					
Total Net Additions	£m 18/19	150.7	149.6	151.3	152.3	160.2
Depreciation	£m 18/19	(115.8)	(119.2)	(122.4)	(125.6)	(128.7)
Depreciation - enduring value adjustment	£m 18/19					
Total Depreciation	£m 18/19	(115.8)	(119.2)	(122.4)	(125.6)	(128.7)
Adjusted Closing RAV	£m 18/19	2,264.0	2,294.4	2,323.3	2,350.0	2,381.6
Total enduring value and other adjustments	£m 18/19	-	-	-	-	-
CHECK		TRUE	TRUE	TRUE	TRUE	NA

Index for Opening RAV conversion to nominal in yr 1	Index	1.053				
Adjusted Closing RAV	£m nominal	2,556.6	2,806.6	2,938.8	3,085.3	3,213.0
Cost of debt	annual real %	2.11%	1.96%	1.98%	2.17%	2.32%
Cost of equity	annual real %	4.52%	4.56%	5.28%	5.59%	5.45%
Notional gearing	%	60.0%	60.0%	60.0%	60.0%	60.0%
Vanilla WACC	annual real %	3.07%	3.00%	3.30%	3.54%	3.57%
NPV-neutral debt element of RAV	£m 18/19	1,327.7	1,347.5	1,363.1	1,377.9	1,394.9
NPV-neutral equity element of RAV	£m 18/19	885.1	898.3	908.7	918.6	929.9
NPV-neutral RAV return base	£m 18/19	2,212.8	2,245.8	2,271.8	2,296.5	2,324.8
Debt Return on RAV	£m 18/19	28.0	26.4	27.0	29.9	32.4
Equity Return on RAV	£m 18/19	40.0	40.9	48.0	51.3	50.7
Total return on RAV	£m 18/19	68.0	67.3	75.0	81.2	83.0

Actuals	Actuals	Actuals	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	35.0	42.7			must mat
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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	0.1	0.1	0.1	-	-
Collected revenue adjustment ('k')	£m nominal					
Pension - timing adjustment	£m nominal					
Pension - disallowed contributions	£m nominal		9.8			
Tax on derivatives not disregarded	£m nominal	1.4	0.1	0.1		
[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	1.5	10.0	0.2	-	-

Forecast regulated tax liability (including impact of any enduring value adjustments)	£m nominal	25.5	21.4	32.2	36.7	42.0
Adjusted regulated tax liability	£m nominal	21.4	25.0	42.6	36.7	42.0

Combined RPI-CPIH real to nominal prices conversion	Factor	1.085	1.180	1.245	1.285	1.335
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Adjusted/forecast regulated tax liability	£m 18/19	19.7	21.2	34.2	28.6	31.5
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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	%	60.0%	60.0%	60.0%	60.0%	60.0%
Actual Gearing	%	64.0%	62.5%	61.3%	61.7%	62.8%

Adjusted/forecast regulated tax liability	£m nominal	21.4	25.0	42.6	36.7	42.0
Adjustment to regulatory tax cost relating to variance from notional	£m nominal	(0.2)	(0.5)	(0.2)	0.0	(0.1)
Revised regulated tax liability for comparison against allowance	£m nominal	21.1	24.4	42.4	36.7	41.9

Revised regulated tax liability for comparison against allowance	£m 18/19	19.5	20.7	34.0	28.6	31.4
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Allowance

Tax Allowance per latest PCFM	£m 18/19	23.5	18.2	25.8	28.6	31.5
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Out(under) performance

Regulated tax out(under) performance at actual gearing	£m 18/19	3.8	(3.0)	(8.3)	-	-
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Regulated tax out(under) performance at notional gearing	£m 18/19	4.0	(2.5)	(8.2)	(0.0)	0.1
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Impact on out(under) performance relating to deviating from notional gearing	£m 18/19	(0.2)	(0.4)	(0.2)	0.0	(0.1)
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Tax impact of financing performance (at actual gearing)	£m nominal	(9.3)	(18.9)	(17.4)	(9.5)	(12.5)
Tax impact of financing performance (at actual gearing)	£m 18/19	(8.6)	(16.0)	(14.0)	(7.4)	(9.4)
Tax impact of financing performance (at notional gearing)	£m nominal	(9.1)	(18.4)	(17.2)	(9.5)	(12.4)
Tax impact of financing performance (at notional gearing)	£m 18/19	(8.4)	(15.6)	(13.8)	(7.4)	(9.3)
Tax impact of financing performance relating to deviating from notional gearing	£m 18/19	(0.2)	(0.4)	(0.2)	0.0	(0.1)

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Actuals	Actuals	Actuals	Actuals	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	100.0	99.4	
<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	100.0	99.4	-
Shareholder loan interest (not included as Net Interest per Regulatory (RIIO-2) definition)	£m nominal					

Executive Directors* Remuneration

Name of Director	2025 - Actuals				
	Director 1	Director 2	Director 3	Director 4	Director 5
	Mark Horsley				

Fixed Pay					
Salary	£m nominal	0.613			
Bonus	£m nominal	-			
[Insert new rows here as necessary]	£m nominal	-			
Benefits	£m nominal	0.154			
[Insert new rows here as necessary]	£m nominal	-			
Pension	£m nominal	-			
[Insert new rows here as necessary]	£m nominal	-			
Total Fixed Pay	£m nominal	0.767	-	-	-
Allocation to Regulated Business	£m nominal				
Variable Pay					
Incentives	£m nominal	-			
[Insert new rows here as necessary]	£m nominal	0.063			
Performance related Pay	£m nominal	-			
[Insert new rows here as necessary]	£m nominal	0.420			
Total Variable Pay	£m nominal	0.483	-	-	-
Allocation to Regulated Business	£m nominal				
Total Pay	£m nominal	1.250	-	-	-
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				
Total Shares, Options and Dividends		-	-	-	-
Allocation to Regulated Business	£m nominal				
Total Remuneration	£m nominal	1.250	-	-	-
Total Remuneration related to Regulated Business	£m nominal	-	-	-	-
Pay Ratios - CEO's total remuneration to company's UK employees remuneration					
25th percentile		21 to 1			
50th percentile		25 to 1			
75th percentile		35 to 1			

*meaning executive board directors

** in addition to shares under Variable Pay

Supporting Comments

R10 - Pensions & Other Activities

NGN
2025

Navigate

Actuals	Actuals	Actuals	Actuals	Forecast
2022	2023	2024	2025	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	19.7	11.3	
Of which:						
Established deficit element funded via specific allowances	£m nominal	5.3	14.7	16.2	9.3	
Incremental deficit funded via totex	£m nominal	1.1	3.1	3.5	2.0	
Established deficit element funded via specific allowances	£m 18/19	4.9	12.5	13.0	7.2	-
Established deficit (EDE) allowance as per latest PCFM	£m 18/19	4.7	4.7	13.2	17.5	
Less Pension Payment History Allowance (PPH)	£m 18/19				10.4	
Established deficit allowance less PPH	£m 18/19	4.7	4.7	13.2	7.1	-
Latest pension scheme valuation	Enter valuation date	31/03/2022				
Price base	nominal					
Total Liabilities attributable to post cut-off date notional sub fund	£m nominal	51.9				
Total Liabilities attributable to pre cut-off date notional sub fund	£m nominal	472.8				
Total Assets attributable to post cut-off date notional sub fund	£m nominal	44.0				
Total Assets attributable to pre cut-off date notional sub fund	£m nominal	436.6				
Deficit in the post Cut-Off Date Notional Sub-Fund	£m nominal	7.9				
Deficit in the pre Cut-Off Date Notional Sub-Fund	£m nominal	36.2				
Licensee element of established deficit	£m nominal	36.2				
Licensee element of incremental deficit	£m nominal	7.9				

Other Activities

Actuals	Actuals	Actuals	Actuals	Forecast
2022	2023	2024	2025	2026

Post-tax total fines and penalties (including GS payments)	£m 18/19	0.6	0.4	0.3	0.3	0.2
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	0.4	0.3	0.3
Any adjustment for tax	£m nominal					
Post-tax total GS payments	£m nominal	0.6	0.4	0.4	0.3	0.3

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