

RIIO baseline databook

Nov 2016 iteration



April 2017

Cautionary statement

This announcement contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation and remediation plans; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this announcement include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; inflation or deflation; the delayed timing of recoveries and payments in National Grid's regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments, including competition for onshore transmission, the threats and opportunities presented by emerging technology, development activities relating to changes in the energy mix and the integration of distributed energy resources, and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including assumptions in connection with joint ventures. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 183 to 186 of National Grid's most recent Annual Report and Accounts, as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2016 published on 10 November 2016. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this announcement.

Introduction

Baseline databook

- This databook is a summary of data contained in Ofgem's financial model iteration of November 2016 including Ofgem's baseline view of expenditure
- It does not reflect National Grid forecasts or views of levels of future investment or revenues

Updates from previous databooks

- Data reflects Ofgem's updated baseline view
- Additional updates from 2015 databook reflects Ofgem's November 2016 iteration including updates for 2015/16 actual spend and Ofgem's view of 2015/16 outputs delivered (shown in row 'outputs adjustments')
- RPI used for nominal data has been updated to reflect actual for 15/16 and a revised forecast of RPI post 15/16
- Allowed cost of debt: 2.92% real for 13/14, 2.72% real for 14/15, 2.55% real for 15/16, 2.38 real for 16/17, 2.22 real for 17/18 and 2.22% thereafter.

Electricity Transmission

Baseline databook

Electricity Transmission

Finance package

| | |
|--------------------------------|---------------------|
| Cost of equity | 7.0% |
| Cost of debt | index |
| Gearing | 60% |
| Transitional measures | 1 period/8 years |
| Totex capitalisation rate (TO) | 85% |
| Totex capitalisation rate (SO) | 27.9% |
| IQI ratio | 112 |
| Totex incentive rate | 47% |

Electricity Transmission

Totex & RAV allowances

| £bn | 8 year total (nominal) | 8 year total (09/10 prices) |
|--------------------------------|---------------------------|-----------------------------------|
| TO capex - load-related | 1.4 | 1.2 |
| TO capex - non-load related | 6.1 | 4.8 |
| Uncertainty mechanism capex | 3.9 | 3.2 |
| Uncertainty mechanism opex | 0.2 | 0.2 |
| Controllable opex | 2.0 | 1.6 |
| Totex Incentive Mechanism | (1.0) | (0.9) |
| TO Totex | 12.7 | 10.1 |
| Non controllable opex | 0.9 | 0.7 |
| SO capex | 0.3 | 0.2 |
| Controllable opex | 0.8 | 0.6 |
| Totex Incentive Mechanism | (0.0) | (0.0) |
| SO Totex | 1.1 | 0.9 |
| NGET Controllable Totex | 13.8 | 11.0 |
| RAV at 31 March 2013 | 10.2 | 8.9 |
| RAV at 31 March 2021 | 16.9 | 12.2 |

Transmission owner (TO) fast/slow money split & RAV roll forward

| NGET TO | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
| Baseline Capex allowances | 1,390 | 1,529 | 1,447 | 1,366 | 1,142 | 1,089 | 938 | 766 | 9,667 |
| Baseline Regulatory Controllable Opex allowances | 192 | 196 | 203 | 204 | 206 | 206 | 208 | 208 | 1,624 |
| Baseline Totex allowance | 1,583 | 1,725 | 1,650 | 1,570 | 1,348 | 1,295 | 1,146 | 974 | 11,291 |
| Outputs adjustment | 29 | (146) | (149) | (94) | (15) | 35 | 18 | 7 | (316) |
| Updated Totex allowance | 1,611 | 1,579 | 1,501 | 1,477 | 1,333 | 1,330 | 1,164 | 981 | 10,975 |
| Capex spend | 999 | 679 | 742 | 1,258 | 1,082 | 1,067 | 922 | 767 | 7,517 |
| Regulatory Controllable Opex spend | 200 | 220 | 223 | 219 | 251 | 262 | 242 | 213 | 1,830 |
| Totex spend | 1,199 | 899 | 965 | 1,477 | 1,333 | 1,330 | 1,164 | 981 | 9,347 |
| Post-sharing totex | 1,392 | 1,218 | 1,217 | 1,477 | 1,333 | 1,330 | 1,164 | 981 | 10,110 |
| Fast money | 209 | 183 | 182 | 222 | 200 | 199 | 175 | 147 | 1,517 |
| Slow money | 1,183 | 1,035 | 1,034 | 1,255 | 1,133 | 1,130 | 989 | 834 | 8,594 |
| NGET TO & shadow RAV | | | | | | | | | |
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | |
| Opening | 8,791 | 9,229 | 9,670 | 10,084 | 10,698 | 11,164 | 11,607 | 11,899 | |
| Update for TPCR4 Actuals | (177) | - | - | - | - | - | - | - | |
| Slow Money | 1,183 | 1,035 | 1,034 | 1,255 | 1,133 | 1,130 | 989 | 834 | |
| Depreciation (Existing Assets) | (569) | (550) | (537) | (523) | (510) | (499) | (480) | (462) | |
| Depreciation (New Assets) | - | (44) | (83) | (118) | (157) | (189) | (218) | (241) | |
| Closing Balance | 9,229 | 9,670 | 10,084 | 10,698 | 11,164 | 11,607 | 11,899 | 12,029 | |

TO allowed revenue calculation

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Opening (excl Shadow RAV) | 8,691 | 9,134 | 9,582 | 10,002 | 10,698 | 11,164 | 11,607 | 11,899 |
| Update for TPCR4 Actuals | (177) | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 82 | - | - | - | - |
| Additions | 1,183 | 1,035 | 1,034 | 1,255 | 1,133 | 1,130 | 989 | 834 |
| Depreciation | (564) | (587) | (614) | (641) | (667) | (688) | (697) | (704) |
| Closing Balance (Excl Shadow RAV) | 9,134 | 9,582 | 10,002 | 10,698 | 11,164 | 11,607 | 11,899 | 12,029 |
| Closing shadow RAV | 95 | 89 | 82 | - | - | - | - | - |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Fast money | 209 | 183 | 182 | 222 | 200 | 199 | 175 | 147 | 1,517 |
| Non controllable costs | 94 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 708 |
| Pensions | 32 | 32 | 36 | 36 | 36 | 36 | 36 | 36 | 280 |
| Equity injection costs | - | - | - | - | - | - | - | - | - |
| IQI adjustment | 15 | 16 | 16 | 15 | 13 | 13 | 11 | 10 | 109 |
| Tax allowance | 86 | 72 | 80 | 88 | 71 | 73 | 74 | 79 | 622 |
| Depreciation & return on RAV | 960 | 993 | 1,029 | 1,071 | 1,110 | 1,149 | 1,173 | 1,188 | 8,673 |
| TIRG revenue | 14 | 13 | 13 | - | - | - | - | - | 40 |
| Other Revenue adjustments | 45 | 46 | 47 | 46 | 48 | 50 | 52 | 54 | 387 |
| Total revenue | 1,455 | 1,443 | 1,490 | 1,566 | 1,566 | 1,606 | 1,608 | 1,601 | 12,335 |

Memo: Other Revenue Adjustments

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TPCR4 base capex incentive | 19 | 20 | 21 | 22 | 23 | 24 | 24 | 25 |
| TPCR4 capex incentive adjustment and Rollover and TII capex incentive | 19 | 20 | 20 | 21 | 22 | 23 | 24 | 25 |
| Excluded services costs | 7 | 6 | 6 | 3 | 3 | 3 | 3 | 3 |
| Other Revenue adjustments | 45 | 46 | 47 | 46 | 48 | 50 | 52 | 54 |

Memo: Calculation of MOD Adjustments

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total revenue per Nov 2014 model run | 1,455 | 1,443 | 1,490 | 1,566 | 1,566 | 1,606 | 1,608 | 1,601 |
| Less | | | | | | | | |
| TIRG Revenue | 14 | 13 | 13 | - | - | - | - | - |
| Excluded services revenue | 123 | 123 | 130 | 126 | 127 | 129 | 130 | 132 |
| Regulated base revenue: Nov 2015 model run | 1,319 | 1,306 | 1,347 | 1,440 | 1,438 | 1,478 | 1,478 | 1,469 |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Baseline Regulated Base Revenue | 1,342 | 1,444 | 1,476 | 1,571 | 1,555 | 1,588 | 1,585 | 1,572 |
| MOD adjustment | - | (5) | (114) | (185) | (253) | | | |
| Annual Iteration Base Revenue | 1,342 | 1,438 | 1,361 | 1,386 | 1,302 | | | |
| Present Value | | | | | | 7,439 | | |
| Regulated base revenue: Nov 2015 model run | 1,319 | 1,306 | 1,347 | 1,440 | 1,438 | | | |
| Present Value | | | | | | 7,439 | | |

System operator (SO) fast/slow money split & RAV roll forward

| SO RAV | | | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | | |
| Opening | 74 | 94 | 106 | 116 | 122 | 126 | 125 | 125 | | |
| Update for TPCR4 Actuals | 3 | | | | | | | | | |
| Additions | 33 | 31 | 32 | 31 | 32 | 30 | 31 | 32 | | |
| Depreciation | (16) | (19) | (22) | (25) | (28) | (30) | (32) | (32) | | |
| Closing Balance | 94 | 106 | 116 | 122 | 126 | 125 | 125 | 125 | | |

| SO | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--|
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total | |
| Baseline Capex allowances | 39 | 34 | 31 | 28 | 31 | 21 | 26 | 26 | 238 | |
| Baseline Regulatory Controllable Opex allowances | 74 | 75 | 83 | 83 | 84 | 85 | 86 | 88 | 658 | |
| Baseline Totex allowance | 113 | 109 | 114 | 112 | 115 | 106 | 113 | 114 | 896 | |
| Outputs adjustment | 13 | 3 | 8 | 6 | 6 | 6 | 6 | 5 | 52 | |
| Updated Totex allowance | 126 | 112 | 122 | 118 | 120 | 112 | 118 | 120 | 948 | |
| Capex spend | 32 | 34 | 33 | 28 | 31 | 21 | 26 | 26 | 233 | |
| Regulatory Controllable Opex spend | 80 | 77 | 80 | 83 | 84 | 85 | 86 | 88 | 663 | |
| Totex spend | 112 | 112 | 114 | 112 | 115 | 106 | 113 | 114 | 897 | |
| Post-sharing totex | 118 | 112 | 114 | 112 | 115 | 106 | 113 | 114 | 904 | |
| Fast money | 85 | 81 | 82 | 81 | 83 | 76 | 81 | 83 | 651 | |
| Slow money | 33 | 31 | 32 | 31 | 32 | 30 | 31 | 32 | 252 | |

Electricity Transmission

SO allowed revenue calculation

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Fast money | 85 | 81 | 82 | 81 | 83 | 76 | 81 | 83 |
| Non controllable costs | - | - | - | - | - | - | - | - |
| Pensions | 10 | 10 | 11 | 12 | 11 | 11 | 12 | 12 |
| Equity injection costs | - | - | - | - | - | - | - | - |
| IQI adjustment | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tax allowance | 2 | 1 | 1 | 0 | 1 | 0 | 1 | 1 |
| Depreciation & return on RAV | 19 | 24 | 27 | 30 | 33 | 35 | 37 | 37 |
| Other Revenue adjustments | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Total revenue | 120 | 119 | 125 | 125 | 132 | 127 | 134 | 136 |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|---------|----------|----------|-----------|----------|------------|---------|---------|
| Baseline Regulated Base Revenue | 114 | 114 | 114 | 117 | 123 | 118 | 125 | 126 |
| MOD adjustment | - | 4 | 6 | 21 | 9 | | | |
| Annual Iteration Base Revenue | 114 | 117 | 120 | 138 | 132 | | | |
| Present Value | | | | | | 673 | | |
| Regulated base revenue: Nov 2015 model run | 120 | 119 | 125 | 125 | 132 | | | |
| Present Value | | | | | | 673 | | |

Electricity Transmission

Total summary total RAV (incl. shadow & SO RAV)

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| TO capex - load-related | 242 | 206 | 183 | 187 | 143 | 124 | 44 | 28 | 1,159 |
| TO capex - non-load-related | 506 | 499 | 485 | 489 | 623 | 716 | 784 | 704 | 4,806 |
| Uncertainty mechanism capex | 670 | 674 | 621 | 581 | 317 | 227 | 94 | 35 | 3,219 |
| Uncertainty mechanism opex | 1 | 3 | 9 | 14 | 45 | 56 | 34 | 5 | 167 |
| Regulatory Controllable opex | 192 | 196 | 203 | 204 | 206 | 206 | 208 | 208 | 1,624 |
| Totex Incentive Mechanism | (219) | (361) | (285) | - | - | - | - | - | (865) |
| TO Totex | 1,392 | 1,218 | 1,217 | 1,477 | 1,333 | 1,330 | 1,164 | 981 | 10,110 |
| Non controllable opex | 94 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 708 |
| SO capex | 39 | 34 | 29 | 27 | 30 | 20 | 25 | 25 | 231 |
| Regulatory Controllable opex | 74 | 75 | 77 | 79 | 79 | 80 | 82 | 84 | 629 |
| Totex Incentive Mechanism | (7) | (0) | (0) | - | - | - | - | - | (8) |
| SO Totex | 106 | 109 | 106 | 106 | 109 | 100 | 107 | 109 | 852 |

Total RAV (including shadow & SO RAV)

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Opening | 8,865 | 9,323 | 9,776 | 10,200 | 10,820 | 11,290 | 11,732 | 12,024 |
| Update for TPCR4 Actuals | (174) | | | | | | | |
| Additions | 1,269 | 1,115 | 1,116 | 1,336 | 1,216 | 1,207 | 1,071 | 916 |
| Depreciation | (585) | (613) | (642) | (666) | (695) | (718) | (729) | (735) |
| Closing Balance | 9,323 | 9,776 | 10,200 | 10,820 | 11,290 | 11,732 | 12,024 | 12,154 |

Gas Transmission

Baseline databook

Gas Transmission Finance package

| | Final proposals |
|-------------------------------------|-----------------|
| Cost of equity | 6.8% |
| Cost of debt | index |
| Gearing | 62.5% |
| Transitional measures | N/A |
| Base Totex capitalisation rate (TO) | 64% |
| UM Totex capitalisation rate (TO) | 90% |
| Totex capitalisation rate (SO) | 37.4% |
| IQI ratio | 123 |
| Totex incentive rate | 44% |

Gas Transmission

Totex & RAV allowances

| £bn | 8 year total (nominal) | 8 year total (09/10 prices) |
|--------------------------------|---------------------------|-----------------------------------|
| TO capex - load-related | 0.3 | 0.2 |
| TO capex - non-load related | 1.1 | 0.9 |
| Uncertainty mechanism capex | 0.2 | 0.2 |
| Uncertainty mechanism opex | - | - |
| Controllable opex | 0.8 | 0.6 |
| Totex Incentive Mechanism | (0.0) | (0.0) |
| TO Totex | 2.3 | 1.8 |
| Non controllable opex | 3.0 | 2.4 |
| SO capex | 0.2 | 0.2 |
| Uncertainty mechanism capex | 0.1 | 0.1 |
| Uncertainty mechanism opex | 0.1 | 0.1 |
| Controllable opex | 0.4 | 0.3 |
| Totex Incentive Mechanism | (0.0) | (0.0) |
| SO Totex | 0.7 | 0.6 |
| NGGT Controllable Totex | 3.0 | 2.4 |
| RAV at 31 March 2013 | 5.3 | 4.6 |
| RAV at 31 March 2021 | 7.0 | 5.0 |

Transmission owner (TO) fast/slow money split RAV roll forward

NGGT TO

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Totals |
|--|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Baseline Load-related Capex allowances | 25 | 14 | 10 | 60 | 85 | 9 | 0 | - | 204 |
| Baseline Non-load related Capex allowances | 97 | 110 | 114 | 124 | 138 | 118 | 102 | 91 | 894 |
| Baseline Regulatory Controllable Opex allowances | 64 | 65 | 71 | 79 | 84 | 85 | 81 | 77 | 607 |
| Totex allowances | 187 | 190 | 195 | 264 | 307 | 211 | 183 | 169 | 1,705 |
| Outputs adjustment | 27 | 18 | 11 | 13 | 32 | 33 | 21 | 6 | 160 |
| Updated Totex allowance | 214 | 208 | 206 | 276 | 340 | 243 | 203 | 175 | 1,865 |
| Load-related Capex spend | 3 | 1 | 1 | 60 | 85 | 9 | 0 | - | 159 |
| Non-load related Capex spend | 115 | 108 | 111 | 137 | 170 | 150 | 122 | 98 | 1,011 |
| Regulatory Controllable Opex spend | 70 | 73 | 74 | 79 | 84 | 85 | 81 | 77 | 623 |
| Totex spend | 188 | 182 | 186 | 276 | 340 | 243 | 203 | 175 | 1,794 |
| Post-sharing Totex | 200 | 193 | 195 | 276 | 340 | 243 | 203 | 175 | 1,826 |
| Fast money | 63 | 63 | 65 | 95 | 113 | 78 | 67 | 61 | 605 |
| Slow money | 137 | 130 | 129 | 181 | 227 | 165 | 136 | 114 | 1,220 |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening | 4,562 | 4,635 | 4,642 | 4,689 | 4,825 | 4,963 | 4,985 | 4,956 |
| Update for TPCR4 Actuals | 68 | | | | | | | |
| Additions | 151 | 156 | 199 | 290 | 296 | 186 | 137 | 114 |
| Depreciation (Existing Assets) | (146) | (145) | (144) | (144) | (144) | (144) | (143) | (141) |
| Depreciation (New Assets) | - | (5) | (7) | (10) | (14) | (19) | (23) | (26) |
| Closing Balance | 4,635 | 4,642 | 4,689 | 4,825 | 4,963 | 4,985 | 4,956 | 4,903 |

Gas Transmission

TO allowed revenue collection

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening | 4,014 | 4,319 | 4,309 | 4,298 | 4,349 | 4,893 | 4,964 | 4,955 |
| Update for TPCR4 Actuals | 68 | | | | | | | |
| Transfers in | 171 | 2 | 2 | 15 | 476 | 69 | 21 | 1 |
| Additions | 205 | 130 | 129 | 181 | 227 | 165 | 136 | 114 |
| Depreciation | (139) | (142) | (143) | (145) | (159) | (164) | (166) | (167) |
| Closing Balance | 4,319 | 4,309 | 4,298 | 4,349 | 4,893 | 4,964 | 4,955 | 4,903 |
| Shadow RAV | 315 | 332 | 391 | 476 | 69 | 21 | 1 | - |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Fast money | 63 | 63 | 65 | 95 | 113 | 78 | 67 | 61 |
| Non controllable costs | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Pensions | 41 | 41 | 65 | 65 | 66 | 66 | 67 | 67 |
| Equity injection costs | - | - | - | - | - | - | - | - |
| IQI adjustment | (1) | (1) | (1) | (2) | (2) | (1) | (1) | (1) |
| Tax allowance | 9 | 12 | 15 | 22 | 28 | 22 | 23 | 26 |
| Depreciation & return on RAV | 322 | 321 | 318 | 316 | 346 | 355 | 358 | 358 |
| Revenue adjustments | (10) | (9) | (9) | (9) | 10 | 11 | 12 | 12 |
| Regulated revenue | 535 | 537 | 563 | 598 | 671 | 641 | 636 | 634 |
| Excluded service revenue | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total revenue | 538 | 540 | 566 | 602 | 674 | 644 | 639 | 637 |

MOD adjustment

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|----------|----------|-----------|-----------|----------|---------|---------|---------|
| Baseline Regulated Base Revenue | 539 | 543 | 548 | 581 | 659 | 627 | 622 | 620 |
| MOD adjustment | - | 8 | 10 | 10 | 6 | | | |
| Annual Iteration Base Revenue | 539 | 551 | 558 | 591 | 665 | | | |
| Present Value | | | | | | 3,135 | | |
| Regulated base revenue: Nov 2015 model run | 535 | 537 | 563 | 598 | 671 | | | |
| Present Value | | | | | | 3,135 | | |

System operator (SO) fast/slow money split & RAV roll forward

| SO | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
| Capex allowances | 41 | 32 | 25 | 25 | 22 | 18 | 19 | 17 | 199 |
| Regulatory Controllable Opex allowances | 44 | 46 | 51 | 52 | 51 | 50 | 49 | 50 | 392 |
| Totex allowances | 85 | 79 | 76 | 77 | 73 | 68 | 68 | 66 | 591 |
| Outputs adjustment | 13 | 0 | 0 | 0 | (6) | 1 | 4 | 1 | 13 |
| Updated Totex allowance | 98 | 79 | 76 | 77 | 68 | 69 | 72 | 68 | 604 |
| Capex spend | 18 | 27 | 36 | 25 | 20 | 18 | 20 | 17 | 181 |
| Regulatory Controllable Opex spend | 41 | 46 | 47 | 52 | 48 | 50 | 51 | 51 | 386 |
| Totex spend | 59 | 73 | 83 | 77 | 68 | 69 | 72 | 68 | 568 |
| Post-sharing Totex | 76 | 76 | 80 | 77 | 68 | 69 | 72 | 68 | 584 |
| Fast money | 48 | 47 | 50 | 48 | 42 | 43 | 45 | 42 | 366 |
| Slow money | 28 | 28 | 30 | 29 | 25 | 26 | 27 | 25 | 218 |

| SO RAV | | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | |
| Opening | 53 | 68 | 82 | 95 | 104 | 107 | 108 | 108 | |
| Update for TPCR4 Actuals | (3) | | | | | | | | |
| Additions | 28 | 28 | 30 | 29 | 25 | 26 | 27 | 25 | |
| Depreciation | (11) | (14) | (17) | (20) | (22) | (25) | (27) | (27) | |
| Closing Balance | 68 | 82 | 95 | 104 | 107 | 108 | 108 | 106 | |

Gas Transmission

SO allowed revenue calculation

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-------------------------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| Fast money | 48 | 47 | 50 | 48 | 42 | 43 | 45 | 42 |
| Non controllable costs | - | - | - | - | - | - | - | - |
| Equity injection costs | - | - | - | - | - | - | - | - |
| IQI adjustment | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| Tax allowance | 1 | 0 | 0 | - | - | - | 0 | 1 |
| Depreciation & return on RAV | 13 | 17 | 20 | 24 | 27 | 29 | 31 | 31 |
| Revenue adjustments | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Regulated revenue | 62 | 65 | 71 | 72 | 69 | 72 | 76 | 75 |
| NGGT SO Revenue Driver Income | 94 | 87 | 79 | 59 | 0 | 0 | - | - |
| Total revenue | 156 | 152 | 150 | 131 | 69 | 72 | 76 | 75 |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|---------|------------|-------------|----------|----------|---------|---------|---------|
| Baseline Regulated Base Revenue | 67 | 67 | 69 | 73 | 74 | 73 | 75 | 74 |
| MOD adjustment | - | (1) | (14) | 1 | 3 | | | |
| Annual Iteration Base Revenue | 67 | 67 | 55 | 74 | 77 | | | |
| Present Value | | | | | | 366 | | |
| Regulated base revenue: Nov 2015 model run | 62 | 65 | 71 | 72 | 69 | | | |
| Present Value | | | | | | 366 | | |

Totex summary & total RAV (including shadow SO RAV)

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| TO baseline capex - load-related | 25 | 14 | 10 | 60 | 85 | 9 | 0 | - | 204 |
| TO baseline capex - non-load related | 97 | 110 | 114 | 124 | 138 | 118 | 102 | 91 | 894 |
| Uncertainty mechanism capex | 27 | 18 | 11 | 13 | 32 | 33 | 21 | 6 | 160 |
| Uncertainty mechanism opex | - | - | - | - | - | - | - | - | - |
| Controllable opex | 64 | 65 | 71 | 79 | 84 | 85 | 81 | 77 | 607 |
| Totex incentive mechanism | (14) | (14) | (11) | - | - | - | - | - | (39) |
| TO Totex | 200 | 193 | 195 | 276 | 340 | 243 | 203 | 175 | 1,826 |
| Non controllable opex | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 882 |
| SO baseline capex | 34 | 27 | 19 | 16 | 14 | 13 | 15 | 13 | 150 |
| Uncertainty mechanism capex | 20 | 5 | 7 | 9 | 6 | 6 | 5 | 4 | 61 |
| Uncertainty mechanism opex | 6 | 8 | 12 | 15 | 10 | 12 | 12 | 11 | 86 |
| Controllable opex | 38 | 39 | 39 | 37 | 38 | 38 | 39 | 39 | 307 |
| Totex incentive mechanism | (21) | (3) | 4 | - | - | - | - | - | (20) |
| SO Totex | 76 | 76 | 80 | 77 | 68 | 69 | 72 | 68 | 584 |
| NGGT Controllable Totex | 276 | 269 | 275 | 353 | 407 | 312 | 275 | 243 | 2,410 |

Total RAV (including shadow & SO RAV)

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Opening | 4,615 | 4,703 | 4,724 | 4,785 | 4,929 | 5,070 | 5,093 | 5,063 |
| Additions | 244 | 185 | 229 | 318 | 322 | 212 | 164 | 140 |
| Depreciation | (157) | (164) | (168) | (174) | (181) | (188) | (193) | (195) |
| Closing Balance | 4,703 | 4,724 | 4,785 | 4,929 | 5,070 | 5,093 | 5,063 | 5,009 |

| £m (2009/10 prices) | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Existing revenue drivers income | 94 | 87 | 79 | 59 | 0 | 0 | - | - |
| Existing revenue drivers investment | 14 | 26 | 69 | 108 | 69 | 21 | 1 | - |