

**Regulatory Financial Performance Report**  
**NGET (TO)**  
**2019**

|   |            |
|---|------------|
| Licensee                                    | NGET (TO)  |
| Sector                                      | ET1        |
| Reporting Year:<br>(enter 2014 for 2013-14) | 2019       |
| Version (Number)                            | 2          |
| Submitted Date:                             | 29/08/2019 |
| Cost of Equity                              | 7.0%       |
| Sharing Factor                              | 46.89%     |
| Notional Gearing                            | 60.0%      |
| RIIO-1 start date                           | 2014       |
| Price basis                                 | £m 09/10   |

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**Network Operator Data  
NGET (TO)  
2019**

|      |         |
|------|---------|
| 2018 | 2017-18 |
| 2019 | 2018-19 |
| 2020 | 2       |
| 2021 | #####   |
| 2022 | 2021-22 |
| 2023 | 2022-23 |

| RPI Index | Reporting year | Actual / Forecast index | Financial Year Average RPI (RPit) | Year end RPI | Corp. Tax |
|-----------|----------------|-------------------------|-----------------------------------|--------------|-----------|
| 2009-10   | 2010           | Actual                  | 215.8                             | 221.8        | 28%       |
| 2010-11   | 2011           | Actual                  | 226.5                             | 233.5        | 28%       |
| 2011-12   | 2012           | Actual                  | 237.3                             | 241.7        | 26%       |
| 2012-13   | 2013           | Actual                  | 244.7                             | 249.1        | 24%       |
| 2013-14   | 2014           | Actual                  | 251.7                             | 255.3        | 23%       |
| 2014-15   | 2015           | Actual                  | 256.7                             | 257.6        | 21%       |
| 2015-16   | 2016           | Actual                  | 259.4                             | 261.3        | 20%       |
| 2016-17   | 2017           | Actual                  | 265.0                             | 270.0        | 20%       |
| 2017-18   | 2018           | Actual                  | 274.9                             | 279.0        | 19%       |
| 2018-19   | 2019           | Actual                  | 283.3                             | 286.7        | 19%       |
| 2019-20   | 2020           | Forecast                | 290.7                             | 294.2        | 19%       |
| 2020-21   | 2021           | Forecast                | 298.8                             | 302.3        | 17%       |
| 2021-22   | 2022           | Forecast                | 307.9                             | 311.5        | 17%       |
| 2022-23   | 2023           | Forecast                | 317.3                             | 321.1        | 17%       |
| 2023-24   | 2024           | Forecast                |                                   |              | 17%       |
| 2024-25   | 2025           | Forecast                |                                   |              | 17%       |
| 2025-26   | 2026           | Forecast                |                                   |              | 17%       |

|                                   | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Forecast | Forecast |
|-----------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|
|                                   | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020     | 2021     |
| Financial Year Average RPI (RPit) | 1.167   | 1.190   | 1.202   | 1.228   | 1.274   | 1.313   | 1.347    | 1.385    |
| Year end RPI                      | 1.183   | 1.194   | 1.211   | 1.251   | 1.293   | 1.329   | 1.363    | 1.401    |
| 1 year change in Fin Year Ave RPI | 1.029   | 1.020   | 1.011   | 1.021   | 1.037   | 1.031   | 1.026    | 1.028    |

**HMT Forecasts for UK Economy - M3 New Forecasts RPI**

| M3 New Forecasts RPI | Calendar Year | 2017 | 2018 | 2019  | 2020  | 2021  | 2022  | 2023  | Source               |
|----------------------|---------------|------|------|-------|-------|-------|-------|-------|----------------------|
|                      |               |      |      | 2.60% | 2.70% | 3.00% | 3.10% | 3.00% | May 2019 Publication |

**Forecast growth rate**

| Future inflation assumption | Reporting Year | 2017 | 2018 | 2019 | 2020   | 2021   | 2022   | 2023   |
|-----------------------------|----------------|------|------|------|--------|--------|--------|--------|
|                             |                |      |      |      | 2.625% | 2.775% | 3.025% | 3.075% |

**Selected Capitalisation rates for NGET (TO)**

|       | RIIO1  |       |       |       |       |       |       |       |
|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| Totex | 85.00% |       |       |       |       |       |       |       |
|       | 2014   | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
| n/a   | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

|    |          |                                |                  |
|----|----------|--------------------------------|------------------|
| ED | £m 12/13 | Totex                          | n/a              |
| ET | £m 09/10 | Totex                          | n/a              |
| GD | £m 09/10 | Totex excluding repex          | Repex            |
| GT | £m 09/10 | Totex (non-'uncertainty rate') | Uncertainty rate |

**Allowed cost of debt %**

|                     | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| WPD                 |       |       | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% | 0.92% | 0.72% |
| ED - excluding WPD  |       |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| SHET                | 2.92% | 2.50% | 2.15% | 1.79% | 1.51% | 1.16% | 1.02% | 0.86% |       |       |
| ET - excluding SHET | 2.92% | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD                  | 2.92% | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GT                  | 2.92% | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |

| Sector | Default        | Allowed Cost of Equity | TIM Incentive Strength | Gearing | Main Cap. Rate | RIIO1 start date | Price Basis | Fast Tracked | IQI pre or post tax | Allowed cost of debt |       |       |       |       |       |       |       |       |       |
|--------|----------------|------------------------|------------------------|---------|----------------|------------------|-------------|--------------|---------------------|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|        |                |                        |                        |         |                |                  |             |              |                     | 2014                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  |
| ED     | ENWL           | 6.0%                   | 58.11%                 | 65.0%   | 68.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | NPqN           | 6.0%                   | 55.84%                 | 65.0%   | 70.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | NPqY           | 6.0%                   | 55.84%                 | 65.0%   | 72.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | UKPN-EPN       | 6.0%                   | 53.28%                 | 65.0%   | 68.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | UKPN-LPN       | 6.0%                   | 53.28%                 | 65.0%   | 68.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | UKPN-SPN       | 6.0%                   | 53.28%                 | 65.0%   | 68.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | SPD            | 6.0%                   | 53.50%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | SPMW           | 6.0%                   | 53.50%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | SSEH           | 6.0%                   | 56.47%                 | 65.0%   | 62.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | SSES           | 6.0%                   | 56.47%                 | 65.0%   | 70.0%          | 2016             | £m 12/13    | No           | Post                |                      |       | 2.55% | 2.42% | 2.29% | 2.09% | 1.94% | 1.82% | 1.72% | 1.63% |
| ED     | WPD-EMID       | 6.4%                   | 70.00%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | Yes          | Pre                 |                      |       | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% | 0.92% | 0.72% |
| ED     | WPD-WMID       | 6.4%                   | 70.00%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | Yes          | Pre                 |                      |       | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% | 0.92% | 0.72% |
| ED     | WPD-SWALES     | 6.4%                   | 70.00%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | Yes          | Pre                 |                      |       | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% | 0.92% | 0.72% |
| ED     | WPD-SWEST      | 6.4%                   | 70.00%                 | 65.0%   | 80.0%          | 2016             | £m 12/13    | Yes          | Pre                 |                      |       | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% | 0.92% | 0.72% |
| GD     | Cadent-EOE     | 6.7%                   | 63.04%                 | 65.0%   | 26.6%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | Cadent-London  | 6.7%                   | 63.04%                 | 65.0%   | 23.5%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | Cadent-WM      | 6.7%                   | 63.04%                 | 65.0%   | 24.9%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | Cadent-NW      | 6.7%                   | 63.04%                 | 65.0%   | 26.1%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | NGN            | 6.7%                   | 63.98%                 | 65.0%   | 35.0%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | SGN - Scotland | 6.7%                   | 63.73%                 | 65.0%   | 35.1%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | SGN - Southern | 6.7%                   | 63.73%                 | 65.0%   | 32.2%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GD     | WUW            | 6.7%                   | 63.17%                 | 65.0%   | 35.8%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GT     | NGGT (TO)      | 6.8%                   | 44.36%                 | 62.5%   | 64.4%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| GT     | NGGT (SO)      | 6.8%                   | 44.36%                 | 62.5%   | 37.4%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| ET     | NGET (TO)      | 7.0%                   | 46.89%                 | 60.0%   | 85.0%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| ET     | NGET (SO)      | 7.0%                   | 46.89%                 | 60.0%   | 27.9%          | 2014             | £m 09/10    | No           | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| ET     | SPT            | 7.0%                   | 50.00%                 | 55.0%   | 90.0%          | 2014             | £m 09/10    | Yes          | Pre                 | 2.92%                | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |       |       |
| ET     | SHET           | 7.0%                   | 50.00%                 | 55.0%   | 90.0%          | 2014             | £m 09/10    | Yes          | Pre                 | 2.92%                | 2.50% | 2.15% | 1.79% | 1.51% | 1.16% | 1.02% | 0.86% |       |       |

|                       | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|
| IQI Additional Income |      |      |      |      |      |      |      |      |      |      |
| ENWL                  |      |      | 1.6  | 1.5  | 1.5  | 1.5  | 1.5  | 1.4  | 1.5  | 1.4  |
| NPqN                  |      |      | -0.7 | -0.6 | -0.6 | -0.6 | -0.6 | -0.5 | -0.5 | -0.5 |
| NPqY                  |      |      | -0.9 | -0.8 | -0.8 | -0.8 | -0.7 | -0.7 | -0.7 | -0.7 |
| UKPN-EPN              |      |      | -3.3 | -3.3 | -3.2 | -3.1 | -3.1 | -2.9 | -2.9 | -2.7 |
| UKPN-LPN              |      |      | -2.4 | -2.4 | -2.2 | -2.1 | -2.2 | -2.1 | -1.9 | -1.8 |
| UKPN-SPN              |      |      | -2.2 | -2.4 | -2.2 | -2.1 | -2.0 | -1.9 | -1.9 | -1.8 |
| SPD                   |      |      | -1.9 | -1.8 | -1.8 | -1.7 | -1.7 | -1.6 | -1.5 | -1.4 |
| SPMW                  |      |      | -2.1 | -2.2 | -2.0 | -1.8 | -1.8 | -1.8 | -1.6 | -1.5 |
| SSEH                  |      |      | 0.2  | 0.2  | 0.2  | 0.2  | 0.2  | 0.2  | 0.2  | 0.2  |
| SSES                  |      |      | 0.4  | 0.4  | 0.4  | 0.4  | 0.3  | 0.3  | 0.3  | 0.3  |
| WPD-EMID              |      |      | 7.1  | 7.0  | 6.2  | 6.3  | 6.2  | 6.5  | 6.8  | 6.6  |
| WPD-WMID              |      |      | 6.5  | 6.5  | 6.3  | 6.4  | 6.6  | 6.8  | 6.7  | 6.8  |
| WPD-SWALES            |      |      | 3.7  | 3.7  | 3.5  | 3.7  | 3.4  | 3.4  | 3.3  | 3.4  |
| WPD-SWEST             |      |      | 5.4  | 5.4  | 5.3  | 5.4  | 5.3  | 5.3  | 5.3  | 5.6  |
| Cadent-EOE            | 1.4  | 1.4  | 1.4  | 1.4  | 1.4  | 1.4  | 1.3  | 1.3  |      |      |
| Cadent-London         | 1.2  | 1.2  | 1.3  | 1.3  | 1.3  | 1.3  | 1.3  | 1.3  |      |      |
| Cadent-WM             | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  |      |      |
| Cadent-NW             | 1.1  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |      |      |
| NGN                   | 3.1  | 3.2  | 3.2  | 3.2  | 3.0  | 3.0  | 3.0  | 3.0  |      |      |
| SGN - Scotland        | 2.1  | 2.0  | 2.0  | 2.1  | 2.1  | 2.1  | 2.0  | 2.0  |      |      |
| SGN - Southern        | 4.4  | 4.1  | 4.1  | 4.2  | 4.2  | 4.2  | 4.1  | 4.1  |      |      |
| WUW                   | 1.4  | 1.4  | 1.4  | 1.3  | 1.3  | 1.3  | 1.4  | 1.4  |      |      |
| NGGT (TO)             | -1.1 | -1.1 | -1.2 | -1.6 | -1.9 | -1.3 | -1.1 | -1.0 |      |      |
| NGGT (SO)             | -0.4 | -0.4 | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 |      |      |
| NGET (TO)             | 15.2 | 16.3 | 15.6 | 14.9 | 13.0 | 12.6 | 11.3 | 9.8  |      |      |
| NGET (SO)             | 0.9  | 0.9  | 0.9  | 0.9  | 0.9  | 0.8  | 0.9  | 0.9  |      |      |
| SPT                   | 11.0 | 1.3  | 22.2 | 7.0  | 6.9  | 6.9  | 7.1  | 5.3  |      |      |
| SHET                  | 4.8  | 5.0  | 5.7  | 3.8  | 2.9  | 2.9  | 2.9  | 2.8  |      |      |

**Version control**  
**NGET (TO)**  
**2019**

Version:

| Submission    | 2          | Changes  |
|---------------|------------|--|
| Submission 1  | 29/08/2019 | n/a  |
| Submission 2  | 29/08/2019 | <p>1. R4 - amended <i>totex allowance</i> on row 13 to agree to the November 2018 PCFM.</p> <p>2. R4 - created an additional enduring value item in row 28 to reflect the assumptions/judgements made in the Costs and Outputs RRP which were previously included in the <i>totex allowance</i> line in item 1 above.</p> <p>3. R9 - amended <i>net additions (after disposals)</i> on row 19 and <i>depreciation</i> on row 22 to agree to the November 2018 PCFM.</p> <p>4. R9 - amended <i>net additions- enduring value adjustment</i> on row 20 and <i>net depreciation-enduring value adjustment</i> on row 23 to include the assumptions/judgements made in the Costs and Outputs RRP which were previously included in the lines in item 3 above.</p> <p>5. R10 - amended the tax allowance values in cells J61 and K61 to equal those in the November 2018 PCFM. This is a correction of a formula error which has no further impact.</p> |
| Submission 3  |            |  |
| Submission 4  |            |  |
| Submission 5  |            |  |
| Submission 6  |            |  |
| Submission 7  |            |  |
| Submission 8  |            |  |
| Submission 9  |            |  |
| Submission 10 |            |  |

- [R1 - RoRE](#)
- [R2 - Revenue](#)
- [R3 - Rec to totex](#)
- [R4 - Totex](#)
- [R5 - Output Incentives](#)
- [R6 - Innovation](#)
- [R7 - Financing](#)
- [R8 - Net Debt](#)
- [R9 - RAV](#)
- [R10 - Tax](#)
- [R11 - Dividends](#)
- [R12 - Pensions](#)
- [R13 - Other Activities](#)

**Change log  
NGET (TO)  
2019**

| Version | Table Reference   | Changes made to RFP template   |
|---------|---|--|
| 2       | R4 - Enduring Value adjustments to Totex performance £m 09/10   | Inserted an additional line in row 28 and updated the sums in row 29 to include the new row 28.    |
| 2       | R4 - Enduring Value adjustments to Totex performance £m nominal | Inserted an additional line in row 107 and updated the sums in row 108 to include the new row 107. |
|         |   | 2  |
|         |   | 29/08/2019   |
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**R1 - Return on Regulatory Equity (RoRE)  
NGET (TO)  
2019**

Navigate

| Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Forecast | Forecast |
|---------|---------|---------|---------|---------|---------|----------|----------|
| 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020     | 2021     |

| Cumulative to 2019 | RIIO-1 period |
|--------------------|---------------|
|--------------------|---------------|

**RoRE based on Notional Gearing**

2  
29/08/2019

|   |   | 2014         | 2015        | 2016        | 2017         | 2018         | 2019         | 2020         | 2021         | Cumulative to 2019 | RIIO-1 period |
|---|---|--------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------------|---------------|
| Allowed Equity Return                     | % | 7.0%         | 7.0%        | 7.0%        | 7.0%         | 7.0%         | 7.0%         | 7.0%         | 7.0%         | 7.00%              | 7.00%         |
| Totex outperformance                      | % | 1.2%         | 2.2%        | 2.0%        | 1.6%         | 1.8%         | 1.9%         | 2.2%         | 2.6%         | 1.77%              | 1.94%         |
| IQI Reward                                | % | 0.3%         | 0.4%        | 0.3%        | 0.3%         | 0.3%         | 0.3%         | 0.2%         | 0.2%         | 0.31%              | 0.29%         |
| Network Reliability Incentive             | % | 0.0%         | 0.1%        | 0.1%        | 0.1%         | 0.1%         | 0.1%         | 0.1%         | 0.1%         | 0.06%              | 0.06%         |
| Stakeholder Satisfaction Output           | % | 0.1%         | 0.1%        | 0.2%        | 0.2%         | 0.2%         | 0.2%         | 0.2%         | 0.2%         | 0.18%              | 0.17%         |
| SF6 Emissions                             | % | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.03%              | 0.03%         |
| Environmental Discretionary Reward        | % | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.01%              | 0.01%         |
| Network Innovation                        | % | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.00%              | 0.00%         |
| Penalties and fines                       | % | 0.0%         | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%         | -0.2%        | 0.0%         | -0.02%             | -0.05%        |
| <b>RoRE - Operational performance</b>     | % | <b>8.7%</b>  | <b>9.8%</b> | <b>9.6%</b> | <b>9.2%</b>  | <b>9.4%</b>  | <b>9.4%</b>  | <b>9.5%</b>  | <b>10.0%</b> | <b>9.34%</b>       | <b>9.45%</b>  |
| Debt performance - at notional gearing    | % | 2.1%         | 0.4%        | 1.1%        | 2.2%         | 4.3%         | 3.5%         | 0.5%         | -1.3%        | 2.3%               | 1.6%          |
| Tax performance - at notional gearing     | % | -0.7%        | -0.4%       | -0.7%       | -0.8%        | -1.0%        | -1.0%        | 0.0%         | 0.5%         | -0.8%              | -0.5%         |
| <b>RoRE - including financing and tax</b> | % | <b>10.1%</b> | <b>9.8%</b> | <b>9.9%</b> | <b>10.6%</b> | <b>12.7%</b> | <b>11.8%</b> | <b>10.0%</b> | <b>9.2%</b>  | <b>10.9%</b>       | <b>10.5%</b>  |

**RoRE based on Actual Gearing**

|   |   | 2014        | 2015        | 2016        | 2017        | 2018         | 2019         | 2020        | 2021        | Cumulative to 2019 | RIIO-1 period |
|---|---|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------------|---------------|
| Allowed Equity Return                     | % | 6.3%        | 6.6%        | 6.6%        | 6.4%        | 6.4%         | 6.1%         | 6.3%        | 6.7%        | 6.38%              | 6.41%         |
| Totex outperformance                      | % | 1.1%        | 2.1%        | 1.9%        | 1.4%        | 1.6%         | 1.6%         | 2.0%        | 2.5%        | 1.61%              | 1.78%         |
| IQI Reward                                | % | 0.3%        | 0.3%        | 0.3%        | 0.3%        | 0.2%         | 0.2%         | 0.2%        | 0.2%        | 0.28%              | 0.26%         |
| Network Reliability Incentive             | % | 0.0%        | 0.1%        | 0.1%        | 0.1%        | 0.1%         | 0.1%         | 0.1%        | 0.1%        | 0.05%              | 0.05%         |
| Stakeholder Satisfaction Output           | % | 0.1%        | 0.1%        | 0.1%        | 0.2%        | 0.2%         | 0.2%         | 0.2%        | 0.2%        | 0.16%              | 0.16%         |
| SF6 Emissions                             | % | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%        | 0.0%        | 0.03%              | 0.03%         |
| Environmental Discretionary Reward        | % | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%        | 0.0%        | 0.01%              | 0.01%         |
| Network Innovation                        | % | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%         | 0.0%         | -0.2%       | 0.0%        | 0.00%              | 0.00%         |
| Penalties and fines                       | % | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%         | 0.0%         | 0.0%        | 0.0%        | -0.02%             | -0.04%        |
| <b>RoRE - Operational performance</b>     | % | <b>7.8%</b> | <b>9.3%</b> | <b>9.0%</b> | <b>8.4%</b> | <b>8.5%</b>  | <b>8.2%</b>  | <b>8.5%</b> | <b>9.6%</b> | <b>8.52%</b>       | <b>8.66%</b>  |
| Debt performance - at actual gearing      | % | 2.1%        | 0.5%        | 1.2%        | 2.1%        | 3.9%         | 3.0%         | 0.6%        | -1.2%       | 2.19%              | 1.55%         |
| Tax performance - at actual gearing       | % | -0.7%       | -0.4%       | -0.7%       | -0.7%       | -0.9%        | -0.9%        | -0.1%       | 0.4%        | -0.74%             | -0.50%        |
| <b>RoRE - including financing and tax</b> | % | <b>9.2%</b> | <b>9.4%</b> | <b>9.4%</b> | <b>9.7%</b> | <b>11.5%</b> | <b>10.4%</b> | <b>9.1%</b> | <b>8.8%</b> | <b>9.97%</b>       | <b>9.71%</b>  |

**RoRE input values**

Input values provided in £m 09/10 prices

|   |          | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | Cumulative to 2019 | RIIO-1 period  |
|---|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------------|
| Equity Return on the RAV                    | £m 09/10 | 242.3        | 250.3        | 257.9        | 265.8        | 271.7        | 275.2        | 280.9        | 291.1        | 1,563.3            | 2,135.3        |
| Totex outperformance                        | £m 09/10 | 41.5         | 78.2         | 72.7         | 60.1         | 69.6         | 72.9         | 89.5         | 107.4        | 395.0              | 591.9          |
| IQI Reward                                  | £m 09/10 | 11.7         | 12.9         | 12.5         | 11.9         | 10.6         | 10.2         | 9.1          | 8.2          | 69.7               | 87.0           |
| Network Reliability Incentive               | £m 09/10 | 1.5          | 2.4          | 2.5          | 2.5          | 2.2          | 2.3          | 2.3          | 2.3          | 13.5               | 18.1           |
| Stakeholder Satisfaction Output             | £m 09/10 | 4.3          | 4.9          | 5.8          | 8.6          | 8.2          | 7.8          | 6.7          | 6.7          | 39.6               | 53.1           |
| SF6 Emissions                               | £m 09/10 | 1.2          | 1.6          | 1.6          | 0.9          | 1.8          | 0.4          | 1.3          | 1.3          | 7.4                | 9.9            |
| Environmental Discretionary Reward          | £m 09/10 | -            | 1.3          | -            | 0.3          | 0.3          | 0.2          | 0.4          | 0.4          | 2.1                | 2.8            |
| Network Innovation                          | £m 09/10 | -            | -            | -            | -            | -            | -            | -            | -            | -                  | -              |
| Penalties and fines                         | £m 09/10 | (0.5)        | (0.6)        | (0.6)        | (0.6)        | (0.8)        | (1.2)        | (9.1)        | (0.8)        | (4.4)              | (14.3)         |
| <b>RoRE - Operational performance</b>       | £m 09/10 | <b>302.0</b> | <b>351.0</b> | <b>352.2</b> | <b>349.4</b> | <b>363.6</b> | <b>367.8</b> | <b>381.1</b> | <b>416.4</b> | <b>2,086.2</b>     | <b>2,883.7</b> |
| Debt performance - at notional gearing      | £m 09/10 | 71.7         | 14.0         | 41.0         | 81.9         | 168.4        | 135.9        | 21.8         | (54.9)       | 513.1              | 480.0          |
| Debt performance - impact of actual gearing | £m 09/10 | 8.8          | 5.7          | 5.5          | 5.4          | (1.0)        | (0.2)        | 6.8          | 4.1          | 24.3               | 35.2           |
| Tax performance - at notional gearing       | £m 09/10 | (24.8)       | (13.8)       | (27.6)       | (28.6)       | (40.3)       | (38.3)       | (2.0)        | 19.8         | (173.3)            | (155.5)        |
| Tax performance - impact of actual gearing  | £m 09/10 | (3.3)        | (1.6)        | (1.8)        | (1.8)        | 0.3          | 0.1          | (2.2)        | (1.2)        | (8.1)              | (11.5)         |
| <b>RoRE - including financing and tax</b>   | £m 09/10 | <b>354.5</b> | <b>355.4</b> | <b>369.4</b> | <b>406.3</b> | <b>491.1</b> | <b>465.3</b> | <b>405.7</b> | <b>384.2</b> | <b>2,442.1</b>     | <b>3,232.0</b> |
| NPV-neutral equity element of RAV           | £m 09/10 | 3,461.8      | 3,576.2      | 3,683.8      | 3,797.5      | 3,882.0      | 3,931.7      | 4,013.3      | 4,157.9      |                    |                |
| Equity RAV based on actual gearing          | £m 09/10 | 3,860.3      | 3,765.1      | 3,922.8      | 4,176.9      | 4,279.2      | 4,485.8      | 4,464.6      | 4,342.3      |                    |                |

R2 - Revenue  
NGET (TO)  
2019

Navigate

|  | Actuals<br>2014 | Actuals<br>2015  | Actuals<br>2016  | Actuals<br>2017  | Actuals<br>2018  | Actuals<br>2019  | Forecast<br>2020 | Forecast<br>2021 |
|--|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Allowed Revenue</b> - per latest submitted Revenue Return |                 |                  |                  |                  |                  |                  |                  |                  |
|  | 2               |                  |                  |                  |                  |                  |                  |                  |
| 29/08/2019   |                 |                  |                  |                  |                  |                  |                  |                  |
| Opening Base Revenue Allowance                               | 1,342.3         | 1,443.8          | 1,475.6          | 1,571.4          | 1,554.9          | 1,587.6          |                  |                  |
| MOD  | £m 09/10        |                  | (5.4)            | (114.4)          | (185.4)          | (253.3)          | (310.2)          |                  |
| True Up  | £m 09/10        |                  | (0.5)            | 5.1              | (19.9)           | (31.4)           | (6.1)            |                  |
| Retail Price Index Forecast (RPIf term)                      | Index           | 1.163            | 1.205            | 1.227            | 1.233            | 1.271            | 1.314            |                  |
| Nominal Base Revenue   | £m nominal      | 1,561.1          | 1,732.7          | 1,676.5          | 1,684.3          | 1,614.5          | 1,670.5          | -                |
| Incentive revenue adjustment                                 | £m nominal      | 12.4             | -                | 10.6             | 15.9             | 15.2             | 19.0             | 20.3             |
| Adjustments for Allowed Pass-Through Items                   | £m nominal      | 552.3            | 696.9            | 899.4            | 891.1            | 895.5            | 1,063.3          | -                |
| Network Innovation Allowance                                 | £m nominal      | 5.1              | 6.1              | 6.8              | 4.7              | 4.1              | 6.7              | 4.4              |
| Low Carbon Networks Fund revenue adjustment                  | £m nominal      | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             | -                |
| Network Innovation Competition pass- through                 | £m nominal      | 0.00             | 17.8             | 18.8             | 44.9             | 32.1             | 32.7             | -                |
| Transmission investment (TIRG)                               | £m nominal      | 16.0             | 16.0             | 15.7             | 0.00             | 0.00             | 0.00             | -                |
| Site Specific Adjustment                                     | £m nominal      | (1.6)            | 3.4              | 1.3              | 3.1              | 6.2              | 6.7              | -                |
| Bi Lateral Diff Adjust                                       | £m nominal      | (0.4)            | (0.3)            | (1.9)            | (2.1)            | (6.5)            | 3.4              | -                |
| NIA collected on behalf of NGET (SO)                         | £m nominal      | 1.0              | 3.0              | 2.4              | 1.4              | 1.9              | 3.0              | -                |
| [Input description]  | £m nominal      | 0.00             | 0.00             | -                | -                | -                | 0.00             | -                |
| Correction factor  | £m nominal      | 2.7              | 0.00             | (56.4)           | (104.5)          | (97.5)           | 55.1             | -                |
| <b>Allowed Network Revenue</b>                               | £m nominal      | <b>2,143.247</b> | <b>2,475.715</b> | <b>2,686.031</b> | <b>2,747.851</b> | <b>2,660.489</b> | <b>2,750.281</b> | <b>24.7</b>      |
|  |                 |                  |                  |                  |                  |                  |                  |                  |
| (Under) / Over recovery                                      |                 | (53.7)           | (99.5)           | (93.3)           | 52.5             | (32.8)           | (1.2)            | -                |

**Reconciliation: Regulated Network Revenue to Accounts**

**Collected Regulated Network Revenue**

|  |         |         |         |         |         |         |  |  |
|--|---------|---------|---------|---------|---------|---------|--|--|
|  | 2,089.6 | 2,376.2 | 2,592.7 | 2,800.3 | 2,627.7 | 2,749.1 |  |  |
|--|---------|---------|---------|---------|---------|---------|--|--|

**Other Turnover Items**

|   |            |              |              |              |              |              |              |   |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|---|
| Network Innovation Competition (NIC) payments received from SO        | £m nominal | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | - |
| Legacy Metering Equipment charges                                     | £m nominal | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | - |
| Directly Remunerated Services revenue                                 | £m nominal | 143.7        | 150.5        | 167.8        | 173.8        | 182.1        | 201.7        | - |
| Network Asset Secondary Deliverables incentive/penalty                | £m nominal | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | - |
| Charging outside the Distribution Services Area (Out of Area Charges) | £m nominal | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | - |
| De Minimis Business of the licensee                                   | £m nominal | 11.3         | 8.4          | 8.1          | 11.3         | 10.9         | 11.7         | - |
| Other consented activities  | £m nominal | 39.2         | 35.8         | 30.8         | 36.8         | 46.6         | 36.6         | - |
| Data Services revenue   | £m nominal | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | - |
| [Input description, add additional rows as required]                  | £m nominal |              |              |              |              |              |              |   |
| <b>Total Other Turnover Items</b>                                     | £m nominal | <b>194.2</b> | <b>194.7</b> | <b>206.7</b> | <b>222.0</b> | <b>239.6</b> | <b>250.0</b> | - |

**Other adjustments - please list**

|  |            |                |                |                |                |                |              |   |
|--|------------|----------------|----------------|----------------|----------------|----------------|--------------|---|
| System Operator external income  | £m nominal | 894.1          | 866.0          | 938.2          | 1,122.6        | 1,038.2        | 1,208.3      | - |
| System Operator internal income  | £m nominal | 132.55         | 158.93         | 148.20         | 158.46         | 164.44         | 193.16       | - |
| Revenue classified as totex  | £m nominal | 2.5            | 3.3            | 4.2            | 5.1            | 6.1            | 3.2          | - |
| IFRS15 - netted off in income from FY19 - Hydro-Benefit Scheme Income                            | £m nominal | 54.4           | 57.4           | 57.2           | 60.2           | 58.3           | 0.3          | - |
| IFRS15 - netted off in income from FY19 - Post Vesting income collected on NGET (SO) adjustments | £m nominal | 26.5           | 33.1           | 35.6           | 46.0           | 43.2           | 0.0          | - |
| Excluded services reclassifications  | £m nominal | (0.4)          | 26.1           | (2.2)          | 23.0           | (22.8)         | 1.3          | - |
| IFRS15 elimination of agency income  | £m nominal | 0.0            | (2.4)          | (1.7)          | 0.7            | 0.1            | (1.1)        | - |
| Other  | £m nominal | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | (1,052.2)    | - |
| [Input description]  | £m nominal | (0.4)          | (0.3)          | 0.2            | 0.6            | 3.1            | 0.6          | - |
| [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 |                |                |                |                |                |              | - |
| Roundings  | £m nominal |                |                |                |                |                |              | - |
| <b>Total other adjustments</b>   | £m nominal | <b>1,109.2</b> | <b>1,142.0</b> | <b>1,179.6</b> | <b>1,416.7</b> | <b>1,290.7</b> | <b>353.5</b> | - |

**Reconciled total revenue**

|  |            |         |         |         |         |         |         |   |
|--|------------|---------|---------|---------|---------|---------|---------|---|
|  | £m nominal | 3,393.0 | 3,713.0 | 3,979.0 | 4,439.0 | 4,158.0 | 3,352.6 | - |
|--|------------|---------|---------|---------|---------|---------|---------|---|

|   |            |         |         |         |         |         |         |   |
|---|------------|---------|---------|---------|---------|---------|---------|---|
| <b>Turnover as per Profit and Loss (Accounts)</b> | £m nominal | 3,393.0 | 3,713.0 | 3,979.0 | 4,439.0 | 4,158.0 | 3,352.7 | - |
|---|------------|---------|---------|---------|---------|---------|---------|---|

|       |  |    |    |    |    |    |    |    |
|-------|--|----|----|----|----|----|----|----|
| Check |  | OK | OK | OK | OK | OK | OK | OK |
|-------|--|----|----|----|----|----|----|----|

**R3 - Reconciliation to totex**  
**NGET (TO)**  
**2019**

Navigate

|  | Actuals<br>2014  | Actuals<br>2015  | Actuals<br>2016  | Actuals<br>2017  | Actuals<br>2018  | Actuals<br>2019  | N/A<br>2020 | N/A<br>2021 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| <b>Total Expenditure Per Accounts</b>  |                  |                  |                  |                  |                  |                  |             |             |
| Tangible Fixed Asset Additions   | 1,328.0          | 1,026.0          | 1,026.0          | 932.0            | 944.0            | 853.8            |             |             |
| Intangible Asset Additions (under IFRS) - IT Software                            | 53.0             | 46.0             | 58.0             | 58.0             | 96.0             | 56.0             |             |             |
| Disposals (cash proceeds)  | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |             |             |
| [If Statutory Accounts treat this as an exceptional item, leave the input blank] |                  |                  |                  |                  |                  |                  |             |             |
| Customer Contributions Additions   | (59.1)           | (21.8)           | (49.5)           | (29.1)           | (43.5)           | (22.4)           |             |             |
| Capitalised interest   | (119.0)          | (94.0)           | (91.0)           | (84.0)           | (90.0)           | (71.9)           |             |             |
| Revaluation of tangible fixed assets   | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |             |             |
| 1 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| 2 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| 3 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| <b>Capex Incurred</b>  | <b>1,202.9</b>   | <b>956.2</b>     | <b>943.5</b>     | <b>914.9</b>     | <b>866.5</b>     | <b>831.1</b>     | -           | -           |
| Operational Costs Incurred   | 2,375.0          | 2,529.0          | 2,818.0          | 3,093.0          | 3,125.0          | 2,605.0          |             |             |
| 1 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| 2 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| 3 [Input description]  |                  |                  |                  |                  |                  |                  |             |             |
| <b>Total Expenditure Incurred</b>  | <b>3,577.9</b>   | <b>3,485.2</b>   | <b>3,761.5</b>   | <b>4,007.9</b>   | <b>3,991.5</b>   | <b>3,436.1</b>   | -           | -           |
| <b>Reconciling Items to Total Net costs after non-price control allocations</b>  |                  |                  |                  |                  |                  |                  |             |             |
| 1 Costs related to NGET (SO) per statutory accounts                              | (993.0)          | (986.0)          | (1,025.8)        | (1,244.9)        | (1,175.0)        | (1,406.7)        |             |             |
| 2 Capex related to NGET (SO)   | (37.0)           | (41.0)           | (40.5)           | (57.8)           | (64.6)           | (77.8)           |             |             |
| 3 Other non-regulated activities   | (40.0)           | (33.0)           | (34.0)           | (43.4)           | (50.0)           | (37.5)           |             |             |
| 4 Depreciation, amortisation and capex adjustments                               | (321.0)          | (345.5)          | (387.9)          | (410.8)          | (438.1)          | (470.1)          |             |             |
| 5 Pension adjustments  | 30.3             | 28.9             | 26.9             | 33.0             | 33.6             | 34.3             |             |             |
| 6 Provision Movements  | (20.1)           | 18.9             | 10.3             | 13.1             | 17.9             | (179.0)          |             |             |
| 7 Income collected on behalf of Scottish Companies - Betta Pavments              | (576.2)          | (726.8)          | (901.4)          | (917.1)          | (935.7)          | 0.0              |             |             |
| 8 Income collected on behalf of Scottish Companies - Scottish Hydro Benefit      | (54.5)           | (56.1)           | (57.5)           | (58.0)           | (59.1)           | 0.0              |             |             |
| 9 NIC and NIA adjustments  | (6.8)            | (17.8)           | (18.8)           | (45.4)           | (34.5)           | (3.4)            |             |             |
| 10 Cartel settlements  | 0.0              | (112.6)          | (12.2)           | 0.0              | 0.0              | 0.0              |             |             |
| 11 Other and roundings   | 0.2              | 15.1             | 5.2              | 2.6              | (11.4)           | (6.7)            |             |             |
| 12 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 13 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 14 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 15 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 16 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 17 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 18 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 19 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 20 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| <b>Total Reconciling Items</b>   | <b>(2,018.1)</b> | <b>(2,256.0)</b> | <b>(2,435.7)</b> | <b>(2,728.7)</b> | <b>(2,717.0)</b> | <b>(2,147.0)</b> | -           | -           |
| <b>Total Net costs after non-price control allocations</b>                       | <b>1,559.9</b>   | <b>1,229.3</b>   | <b>1,325.9</b>   | <b>1,279.2</b>   | <b>1,274.5</b>   | <b>1,289.1</b>   | -           | -           |
| Total Costs per latest RRP submission  | 1,559.9          | 1,230.0          | 1,326.3          | 1,279.4          | 1,273.7          | 1,289.1          |             |             |
| check  | OK               | OK               | OK               | OK               | OK               | OK               | N/A         | N/A         |
| <b>Reconciling Items to Totex</b>  |                  |                  |                  |                  |                  |                  |             |             |
| 1 Adjust ongoing pension costs for IAS 19 PV accrual                             | 0.0              | (5.1)            | (8.5)            | (2.8)            | (2.9)            | (3.7)            |             |             |
| 2 Pension Deficit Payments relating to post cut off data service                 | 0.0              | 0.0              | 0.0              | 0.2              | 0.4              | 0.4              |             |             |
| 3 Pension Deficit Payments relating to Established Deficit                       | 33.5             | 34.6             | 35.4             | 35.7             | 36.3             | 37.6             |             |             |
| 4 Costs of Excluded, Consented and De Minimis Services                           | 6.5              | 4.7              | 5.8              | 9.1              | 19.7             | 19.5             |             |             |
| 5 Pension Scheme Administration & PPF Levv                                       | 2.0              | 1.7              | 1.5              | 2.1              | 2.2              | 1.6              |             |             |
| 6 Fines and Penalties  | (0.1)            | 0.0              | 0.0              | 0.0              | (0.0)            | (0.2)            |             |             |
| 7 Bad Debts  | 0.0              | 0.2              | 0.6              | 1.4              | 0.3              | 24.7             |             |             |
| 8 Temporary Physical Disconnection Compensation                                  | (1.1)            | (0.6)            | (0.4)            | (0.2)            | (0.4)            | 0.4              |             |             |
| 9 Cross Border Trading   | 9.6              | 11.9             | 12.1             | 9.4              | 8.4              | 5.1              |             |             |
| 10 Network Innovation Costs  | 0.0              | 10.0             | 9.6              | 7.2              | 4.6              | 7.6              |             |             |
| 11 Network Rates   | 86.8             | 80.9             | 82.7             | 83.4             | 115.7            | 119.1            |             |             |
| 12 Licence Fees  | 16.7             | 17.6             | 18.2             | 15.4             | 20.0             | 20.9             |             |             |
| 13 Other/roundings   | 0.5              | (2.7)            | 0.1              | 1.0              | 3.4              | 0.0              |             |             |
| 14 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 15 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 16 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 17 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 18 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 19 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 20 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 21 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 22 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 23 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 24 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| 25 [Input description]   |                  |                  |                  |                  |                  |                  |             |             |
| <b>Total reconciling items not recognised in totex</b>                           | <b>154.4</b>     | <b>153.3</b>     | <b>157.2</b>     | <b>161.8</b>     | <b>207.6</b>     | <b>233.0</b>     | -           | -           |
| <b>PCFM Totex (excluding enduring value)</b>                                     | <b>1,405.5</b>   | <b>1,076.0</b>   | <b>1,168.7</b>   | <b>1,117.3</b>   | <b>1,067.0</b>   | <b>1,056.2</b>   | -           | -           |
| RRP reported totex   | 1,405.6          | 1,076.0          | 1,168.7          | 1,117.4          | 1,067.0          | 1,056.2          | 1,379.8     | 1,585.9     |
| check  | OK               | OK               | OK               | OK               | OK               | OK               | N/A         | N/A         |



|  |  | Actuals         | Actuals     | Actuals      | Actuals      | Actuals      | Actuals      | Forecast     | Forecast     | Cumulative to 2019 | RIIO-1 period | Enduring Value Appendix in Commentary |
|--|--|-----------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|---------------|---------------------------------------|
|  |  | 2014            | 2015        | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |                    |               |                                       |
| <b>Totex per the latest RRP submission</b>   |  | 2               |             |              |              |              |              |              |              |                    |               |                                       |
|  |  | 29/08/2019      |             |              |              |              |              |              |              |                    |               |                                       |
| <b>Totex</b>   |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | Latest Totex actuals/forecast  | Em 09/10        | 1,204.7     | 904.6        | 972.0        | 909.8        | 837.5        | 804.4        | 1,024.0      | 1,145.1            | 5,633.0       | 7,802.1                               |
|  | Totex allowance including allowed adjustments and uncertainty mechanisms | Em 09/10        | 1,537.1     | 1,351.8      | 1,196.4      | 1,169.3      | 1,211.1      | 1,372.9      | 1,112.7      | 999.7              | 7,838.7       | 9,951.1                               |
|  | <b>Totex out(under)performance</b>                                       | Em 09/10        | 332.4       | 447.3        | 224.4        | 259.5        | 373.6        | 568.5        | 88.7         | (145.4)            | 2,205.7       | 2,149.0                               |
|  | Funding Adjustment Rate (often referred to as 'sharing factor')          | %               | 53.11%      | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%             | 53.11%        | 53.11%                                |
|  | Customer share of out(under) performance                                 | Em 09/10        | 176.5       | 237.5        | 119.2        | 137.8        | 198.4        | 301.9        | 47.1         | (77.2)             | 1,171.5       | 1,141.3                               |
|  | NWO share of performance   | Em 09/10        | 155.9       | 209.7        | 105.2        | 121.7        | 175.2        | 266.6        | 41.6         | (68.2)             | 1,034.3       | 1,007.7                               |
| <b>Enduring Value adjustments to Totex performance</b>                             |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
| a  | Rephasing allowances (WHVDC)   | Em 09/10        | 5.7         | (133.5)      | (60.6)       | 98.4         | 53.3         | 13.8         | 22.9         | 0.0                | (22.9)        | (0.0)                                 |
| b  | Excluded services true-up  | Em 09/10        | (67.1)      | (4.4)        | (44.3)       | (65.0)       | (56.8)       | (7.4)        | 27.8         | 14.4               | (245.0)       | (202.8)                               |
| c  | Remove cartel settlement performance                                     | Em 09/10        | 0.0         | (94.7)       | (10.0)       | 0.0          | 0.0          | 0.0          | 0.0          | 0.0                | (104.7)       | (104.7)                               |
| d  | T1+2 Output Performance (Load)   | Em 09/10        | (6.4)       | 0.3          | 11.6         | 0.3          | 1.4          | (60.0)       | (187.9)      | (288.5)            | (52.7)        | (529.2)                               |
| e  | Rephasing Allowances   | Em 09/10        | (234.9)     | (69.7)       | 88.0         | (46.4)       | (59.6)       | (228.9)      | 133.1        | 418.3              | (551.5)       | (0.0)                                 |
| f  | T1+2 Output spend (Non Load) 40m mid point between range of 30-          | Em 09/10        | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | (10.2)       | (10.2)       | (10.2)             | (10.2)        | (30.5)                                |
| g  | Additional allowances included in RRP                                    | Em 09/10        | 58.9        | 21.4         | -54.1        | -118.7       | -163.6       | (120.4)      | 116.5        | 240.3              | (376.4)       | (19.6)                                |
|  | <b>Total enduring value adjustments</b>                                  | Em 09/10        | (243.8)     | (280.5)      | (69.5)       | (131.4)      | (225.2)      | (413.0)      | 102.2        | 374.4              | (1,363.3)     | (886.7)                               |
|  | Enduring Value: Customer share of performance                            | Em 09/10        | (129.5)     | (149.0)      | (36.9)       | (69.8)       | (119.6)      | (219.3)      | 54.3         | 198.8              | (724.1)       | (470.9)                               |
|  | Enduring Value: NWO share of performance                                 | Em 09/10        | (114.3)     | (131.5)      | (32.6)       | (61.6)       | (105.6)      | (193.7)      | 47.9         | 175.6              | (639.3)       | (415.8)                               |
| <b>Total out(under) performance (including enduring value adjustments)</b>         |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | Customer share of performance  | Em 09/10        | 47.0        | 88.6         | 82.3         | 68.0         | 78.8         | 82.6         | 101.4        | 121.6              | 447.4         | 670.4                                 |
|  | NWO share of performance   | Em 09/10        | 41.5        | 78.2         | 72.7         | 60.1         | 69.6         | 72.9         | 89.5         | 107.4              | 395.0         | 591.9                                 |
|  | <b>Total</b>   | <b>Em 09/10</b> | <b>88.6</b> | <b>166.8</b> | <b>155.0</b> | <b>128.1</b> | <b>148.4</b> | <b>155.5</b> | <b>190.9</b> | <b>229.0</b>       | <b>842.4</b>  | <b>1,262.3</b>                        |
| <b>n/a</b>   |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | Latest Totex actuals/forecast  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
|  | Totex allowance including allowed adjustments and uncertainty mechanisms | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
|  | <b>Totex out(under)performance</b>                                       | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | Funding Adjustment Rate (often referred to as 'sharing factor')          | %               | 53.11%      | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%             | 53.11%        | 53.11%                                |
|  | Customer share of out(under) performance                                 | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | NWO share of performance   | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
| <b>Enduring Value adjustments to Totex performance</b>                             |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
| a  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
| b  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
| c  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
| d  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
| e  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
| f  | [Enduring Value adjustment]  | Em 09/10        |             |              |              |              |              |              |              |                    | -             | -                                     |
|  | <b>Total enduring value adjustments</b>                                  | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | Enduring Value: Customer share of performance                            | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | Enduring Value: NWO share of performance                                 | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
| <b>Total out(under) performance (including enduring value adjustments)</b>         |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | Customer share of performance  | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | NWO share of performance   | Em 09/10        | -           | -            | -            | -            | -            | -            | -            | -                  | -             | -                                     |
|  | <b>Total</b>   | <b>Em 09/10</b> | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>           | <b>-</b>      | <b>-</b>                              |
| <b>Totex Summary</b>   |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
| <b>Total out(under) performance (including enduring value adjustments)</b>         |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | Customer share of performance  | Em 09/10        | 47.0        | 88.6         | 82.3         | 68.0         | 78.8         | 82.6         | 101.4        | 121.6              | 447.4         | 670.4                                 |
|  | NWO share of performance   | Em 09/10        | 41.5        | 78.2         | 72.7         | 60.1         | 69.6         | 72.9         | 89.5         | 107.4              | 395.0         | 591.9                                 |
|  | <b>Total</b>   | <b>Em 09/10</b> | <b>88.6</b> | <b>166.8</b> | <b>155.0</b> | <b>128.1</b> | <b>148.4</b> | <b>155.5</b> | <b>190.9</b> | <b>229.0</b>       | <b>842.4</b>  | <b>1,262.3</b>                        |
| <b>IQI Additional Income</b>   |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
| Additional Income is Pre-tax for Fast Track companies and Post-tax for Slow Track. |  |                 |             |              |              |              |              |              |              |                    |               |                                       |
|  | IQI Additional Income per PCFM   | Em 09/10        | 15.2        | 16.3         | 15.6         | 14.9         | 13.0         | 12.6         | 11.3         | 9.8                | 87.6          | 108.7                                 |
|  | Corporation tax rate when recognised in allowed revenue                  | %               | 23%         | 21%          | 20%          | 20%          | 19%          | 19%          | 19%          | 17%                |               |                                       |
|  | Post tax   | Em 09/10        | 11.7        | 12.9         | 12.5         | 11.9         | 10.6         | 10.2         | 9.1          | 8.2                | 69.7          | 87.0                                  |

**£m Nominal**

|                                   |       |       |       |       |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Financial Year Average RPI (RPIt) | Index | 1,167 | 1,190 | 1,202 | 1,228 | 1,274 | 1,313 | 1,347 | 1,385 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

**Totex**

|  |                   |              |              |              |              |              |              |              |              |                |                |
|--|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Latest Totex actuals/forecast  | £m nominal        | 1,405.6      | 1,076.0      | 1,168.7      | 1,117.4      | 1,067.0      | 1,056.2      | 1,379.8      | 1,585.9      | 6,890.9        | 9,856.6        |
| Totex allowance<br>including forecast allowed adjustments and uncertainty mechanisms | £m nominal        | 1,793.4      | 1,608.1      | 1,438.6      | 1,436.1      | 1,543.0      | 1,802.6      | 1,499.4      | 1,384.5      | 9,621.7        | 12,505.6       |
| <b>Totex out(under)performance</b>   | £m nominal        | 387.8        | 532.1        | 269.9        | 318.7        | 476.0        | 746.4        | 119.5        | (201.4)      | 2,730.9        | 2,649.0        |
| Funding Adjustment Rate (often referred to as 'sharing factor')                      | %                 | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       | 53.11%       |                |                |
| Customer share of out(under) performance   | £m nominal        | 206.0        | 282.6        | 143.3        | 169.3        | 252.8        | 396.4        | 63.5         | (107.0)      | 1,450.4        | 1,406.9        |
| NWO share of performance   | £m nominal        | 181.8        | 249.5        | 126.5        | 149.4        | 223.2        | 350.0        | 56.0         | (94.4)       | 1,280.5        | 1,242.1        |
| <b>Enduring Value adjustments to Totex performance</b>                               |                   |              |              |              |              |              |              |              |              |                |                |
| a Rephasing allowances (WHVDC)   | £m nominal        | 6.6          | (158.8)      | (72.9)       | 120.9        | 67.9         | 18.2         | 30.8         | -            | (18.1)         | 12.7           |
| b Excluded services true-up  | £m nominal        | (78.3)       | (5.2)        | (53.3)       | (79.8)       | (72.3)       | (9.7)        | 37.5         | 19.9         | (298.7)        | (241.3)        |
| c Remove cartel settlement performance   | £m nominal        | -            | (112.6)      | (12.0)       | -            | -            | -            | -            | -            | (124.6)        | (124.6)        |
| d T1+2 Output Performance (Load)   | £m nominal        | (7.4)        | 0.3          | 14.0         | 0.4          | 1.8          | (78.8)       | (253.3)      | (399.5)      | (69.7)         | (722.5)        |
| e Rephasing Allowances   | £m nominal        | (274.1)      | (82.9)       | 105.8        | (56.9)       | (75.9)       | (300.6)      | 179.4        | 579.3        | (684.6)        | 74.1           |
| f T1+2 Output spend (Non Load) 40m mid point between range of 30-40m                 | £m nominal        | -            | -            | -            | -            | -            | (13.3)       | (13.7)       | (14.1)       | (13.3)         | (41.1)         |
| g Additional allowances included in RRP  | £m nominal        | 68.7         | 25.5         | (65.0)       | (145.8)      | (208.4)      | (158.1)      | 157.0        | 332.8        | (483.1)        | 6.8            |
| <b>Total enduring value adjustments</b>  | £m nominal        | (284.5)      | (333.6)      | (83.5)       | (161.3)      | (286.9)      | (542.3)      | 137.8        | 518.5        | (1,692.1)      | (1,035.9)      |
| Enduring Value: Customer share of performance  | £m nominal        | (151.1)      | (177.2)      | (44.4)       | (85.7)       | (152.4)      | (288.0)      | 73.2         | 275.4        | (898.7)        | (550.2)        |
| Enduring Value: NWO share of performance   | £m nominal        | (133.4)      | (156.4)      | (39.2)       | (75.7)       | (134.5)      | (254.3)      | 64.6         | 243.1        | (793.4)        | (485.7)        |
| <b>Total out(under) performance (including enduring value adjustments)</b>           |                   |              |              |              |              |              |              |              |              |                |                |
| Customer share of performance  | £m nominal        | 54.9         | 105.4        | 99.0         | 83.6         | 100.4        | 108.4        | 136.6        | 168.4        | 551.7          | 856.7          |
| NWO share of performance   | £m nominal        | 48.5         | 93.0         | 87.4         | 73.8         | 88.7         | 95.7         | 120.6        | 148.7        | 487.1          | 756.4          |
| <b>Total</b>   | <b>£m nominal</b> | <b>103.4</b> | <b>198.4</b> | <b>186.4</b> | <b>157.4</b> | <b>189.1</b> | <b>204.1</b> | <b>257.3</b> | <b>317.1</b> | <b>1,038.7</b> | <b>1,613.1</b> |

**n/a**

|  |                   |          |          |          |          |          |          |          |          |          |          |
|--|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Latest Totex actuals/forecast  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| Totex allowance<br>including forecast allowed adjustments and uncertainty mechanisms | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Totex out(under)performance</b>   | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| Funding Adjustment Rate (often referred to as 'sharing factor')                      | %                 | 53.11%   | 53.11%   | 53.11%   | 53.11%   | 53.11%   | 53.11%   | 53.11%   | 53.11%   |          |          |
| Customer share of out(under) performance   | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| NWO share of performance   | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Enduring Value adjustments to Totex performance</b>                               |                   |          |          |          |          |          |          |          |          |          |          |
| a [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| b [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| c [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| d [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| e [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| f [Enduring Value adjustment]  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Total enduring value adjustments</b>  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| Enduring Value: Customer share of performance  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| Enduring Value: NWO share of performance   | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Total out(under) performance (including enduring value adjustments)</b>           |                   |          |          |          |          |          |          |          |          |          |          |
| Customer share of performance  | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| NWO share of performance   | £m nominal        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        |
| <b>Total</b>   | <b>£m nominal</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**Totex Summary**

|  |                   |              |              |              |              |              |              |              |              |                |                |
|--|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| <b>Total out(under) performance (including enduring value adjustments)</b> |                   |              |              |              |              |              |              |              |              |                |                |
| Customer share of performance  | £m nominal        | 54.9         | 105.4        | 99.0         | 83.6         | 100.4        | 108.4        | 136.6        | 168.4        | 551.7          | 856.7          |
| NWO share of performance   | £m nominal        | 48.5         | 93.0         | 87.4         | 73.8         | 88.7         | 95.7         | 120.6        | 148.7        | 487.1          | 756.4          |
| <b>Total</b>   | <b>£m nominal</b> | <b>103.4</b> | <b>198.4</b> | <b>186.4</b> | <b>157.4</b> | <b>189.1</b> | <b>204.1</b> | <b>257.3</b> | <b>317.1</b> | <b>1,038.7</b> | <b>1,613.1</b> |

**R5 - Output Incentives**  
**NGET (TO)**  
**2019**

Navigate

| Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Forecast | Forecast |                    |               |
|---------|---------|---------|---------|---------|---------|----------|----------|--------------------|---------------|
| 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020     | 2021     | Cumulative to 2019 | RIIO-1 period |

**Pre-tax Earned Incentives** (Actuals may be updated once all incentives are determined) 2  
 These values exclude any inflation, interest or time value of money adjustments 29/08/2019

|   |                                    |                 |            |             |             |          |             |             |             |             |             |              |
|---|------------------------------------|-----------------|------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|-------------|--------------|
| a | Network Reliability Incentive      | £m 09/10        | 1.9        | 3.0         | 3.1         | 3.1      | 2.7         | 2.8         | 2.8         | 2.8         | 16.6        | 22.1         |
| b | Stakeholder Satisfaction Output    | £m 09/10        | 5.4        | 6.2         | 7.1         | 10.6     | 10.2        | 9.4         | 8.1         | 8.1         | 48.8        | 65.0         |
| c | SF6 Emissions                      | £m 09/10        | 1.5        | 2.0         | 2.0         | 1.1      | 2.3         | 0.4         | 1.5         | 1.5         | 9.2         | 12.2         |
| d | Environmental Discretionary Reward | £m 09/10        | 0.0        | 1.7         | 0.0         | 0.3      | 0.3         | 0.3         | 0.4         | 0.4         | 2.6         | 3.5          |
| e |                                    | £m 09/10        |            |             |             |          |             |             |             |             | -           | -            |
| f |                                    | £m 09/10        |            |             |             |          |             |             |             |             | -           | -            |
| g |                                    | £m 09/10        |            |             |             |          |             |             |             |             | -           | -            |
|   | <b>Earned Incentive revenue</b>    | <b>£m 09/10</b> | <b>8.7</b> | <b>12.8</b> | <b>12.1</b> | <b>1</b> | <b>15.5</b> | <b>12.9</b> | <b>12.9</b> | <b>12.9</b> | <b>77.1</b> | <b>102.8</b> |

**Additional Commentary**

|   |  |
|---|--|
| a |  |
| b |  |
| c |  |
| d |  |
| e |  |
| f |  |
| g |  |

**Post-tax Earned Incentives** (Actuals may be updated once all incentives are determined)

Year tax paid when incentive recognised in allowed revenue. Select from dropdown in Column C

- 
- t+0
- t+1
- t+2
- t+3

|   |  |                 |            |             |            |             |             |             |             |             |             |             |
|---|--|-----------------|------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| a | Network Reliability Incentive            | £m 09/10        | 1.5        | 2.4         | 2.5        | 2.5         | 2.2         | 2.3         | 2.3         | 2.3         | 13.5        | 18.1        |
| b | Stakeholder Satisfaction Output          | £m 09/10        | 4.3        | 4.9         | 5.8        | 8.6         | 8.2         | 7.8         | 6.7         | 6.7         | 39.6        | 53.1        |
| c | SF6 Emissions                            | £m 09/10        | 1.2        | 1.6         | 1.6        | 0.9         | 1.8         | 0.4         | 1.3         | 1.3         | 7.4         | 9.9         |
| d | Environmental Discretionary Reward       | £m 09/10        | -          | 1.3         | -          | 0.3         | 0.3         | 0.2         | 0.4         | 0.4         | 2.1         | 2.8         |
| e |  | £m 09/10        | -          | -           | -          | -           | -           | -           | -           | -           | -           | -           |
| f |  | £m 09/10        | -          | -           | -          | -           | -           | -           | -           | -           | -           | -           |
| g |  | £m 09/10        | -          | -           | -          | -           | -           | -           | -           | -           | -           | -           |
|   | <b>Post-Tax Earned Incentive revenue</b> | <b>£m 09/10</b> | <b>7.0</b> | <b>10.3</b> | <b>9.8</b> | <b>12.2</b> | <b>12.5</b> | <b>10.7</b> | <b>10.7</b> | <b>10.7</b> | <b>62.5</b> | <b>83.9</b> |

|   |   |          |            |            |            |            |            |            |            |            |             |             |
|---|---|----------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| a | Network Reliability Incentive                           | £m 09/10 | 1.9        | 3.0        | 3.1        | 3.1        | 2.7        | 2.8        | 2.8        | 2.8        | 16.6        | 22.1        |
|   | Corporation tax rate when recognised in allowed revenue | t+2      | 20%        | 20%        | 19%        | 19%        | 19%        | 17%        | 17%        | 17%        |             |             |
|   | Post tax  |          | <b>1.5</b> | <b>2.4</b> | <b>2.5</b> | <b>2.5</b> | <b>2.2</b> | <b>2.3</b> | <b>2.3</b> | <b>2.3</b> | <b>13.5</b> | <b>18.1</b> |
| b | Stakeholder Satisfaction Output                         | £m 09/10 | 5.4        | 6.2        | 7.1        | 10.6       | 10.2       | 9.4        | 8.1        | 8.1        | 48.8        | 65.0        |
|   | Corporation tax rate when recognised in allowed revenue | t+2      | 20%        | 20%        | 19%        | 19%        | 19%        | 17%        | 17%        | 17%        |             |             |
|   | Post tax  |          | <b>4.3</b> | <b>4.9</b> | <b>5.8</b> | <b>8.6</b> | <b>8.2</b> | <b>7.8</b> | <b>6.7</b> | <b>6.7</b> | <b>39.6</b> | <b>53.1</b> |
| c | SF6 Emissions   | £m 09/10 | 1.5        | 2.0        | 2.0        | 1.1        | 2.3        | 0.4        | 1.5        | 1.5        | 9.2         | 12.2        |
|   | Corporation tax rate when recognised in allowed revenue | t+2      | 20%        | 20%        | 19%        | 19%        | 19%        | 17%        | 17%        | 17%        |             |             |
|   | Post tax  |          | <b>1.2</b> | <b>1.6</b> | <b>1.6</b> | <b>0.9</b> | <b>1.8</b> | <b>0.4</b> | <b>1.3</b> | <b>1.3</b> | <b>7.4</b>  | <b>9.9</b>  |
| d | Environmental Discretionary Reward                      | £m 09/10 | -          | 1.7        | -          | 0.3        | 0.3        | 0.3        | 0.4        | 0.4        | 2.6         | 3.5         |
|   | Corporation tax rate when recognised in allowed revenue | t+2      | 20%        | 20%        | 19%        | 19%        | 19%        | 17%        | 17%        | 17%        |             |             |
|   | Post tax  |          | -          | <b>1.3</b> | -          | <b>0.3</b> | <b>0.3</b> | <b>0.2</b> | <b>0.4</b> | <b>0.4</b> | <b>2.1</b>  | <b>2.8</b>  |
| e | Corporation tax rate when recognised in allowed revenue | £m 09/10 | -          | -          | -          | -          | -          | -          | -          | -          | -           | -           |
|   | Post tax  |          | -          | -          | -          | -          | -          | -          | -          | -          | -           | -           |
| f | Corporation tax rate when recognised in allowed revenue | £m 09/10 | -          | -          | -          | -          | -          | -          | -          | -          | -           | -           |
|   | Post tax  |          | -          | -          | -          | -          | -          | -          | -          | -          | -           | -           |
| g | Corporation tax rate when recognised in allowed revenue | £m 09/10 | -          | -          | -          | -          | -          | -          | -          | -          | -           | -           |
|   | Post tax  | t+1      | 21%        | 20%        | 20%        | 19%        | 19%        | 19%        | 17%        | 17%        | -           | -           |

**Impact on Allowed Revenue within RIIO-1**

This table shows the impact on allowed revenue in the relevant year - with actuals (subject to determination) and forecasts thereafter.  
 The cells above the allowed revenue indicate the year of performance

|  |                                    |                   |             |          |             |             |             |             |             |             |
|--|------------------------------------|-------------------|-------------|----------|-------------|-------------|-------------|-------------|-------------|-------------|
| a                                      | Network Reliability Incentive      | Performance Year  | Pre-RIIO    | Pre-RIIO | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
|  |                                    | £m nominal        | 12.4        | -        | 2.4         | 3.9         | 4.0         | 4.1         | 3.8         | 4.0         |
| b                                      | Stakeholder Satisfaction Output    | Performance Year  | Pre-RIIO    | Pre-RIIO | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
|  |                                    | £m nominal        | -           | -        | 6.3         | 7.4         | 8.6         | 13.1        | 13.1        | 12.6        |
| c                                      | SF6 Emissions                      | Performance Year  | Pre-RIIO    | Pre-RIIO | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
|  |                                    | £m nominal        | -           | -        | 1.9         | 2.5         | 2.6         | 1.4         | 3.1         | 0.6         |
| d                                      | Environmental Discretionary Reward | Performance Year  | Pre-RIIO    | Pre-RIIO | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
|  |                                    | £m nominal        | -           | -        | -           | 2.0         | -           | 0.4         | 0.4         | 0.4         |
| e                                      |                                    | Performance Year  | 2014        | 2015     | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|  |                                    | £m nominal        |             |          |             |             |             |             |             |             |
| f                                      |                                    | Performance Year  | 2014        | 2015     | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|  |                                    | £m nominal        |             |          |             |             |             |             |             |             |
| g                                      |                                    | Performance Year  | Pre-RIIO    | 2014     | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        |
|  |                                    | £m nominal        |             |          |             |             |             |             |             |             |
| <b>Total Impact on Allowed Revenue</b> |                                    | <b>£m nominal</b> | <b>12.4</b> | <b>-</b> | <b>10.6</b> | <b>15.9</b> | <b>15.2</b> | <b>19.0</b> | <b>20.3</b> | <b>17.5</b> |

**Additional Commentary**

a  
b  
c  
d  
e  
f  
g

**R6 - Innovation  
NGET (TO)  
2019**

Navigate

|   | Actuals<br>2014 | Actuals<br>2015 | Actuals<br>2016 | Actuals<br>2017 | Actuals<br>2018 | Actuals<br>2019 | Forecast<br>2020 | Forecast<br>2021 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| <b>Network Innovation Allowance</b>   |                 |                 |                 |                 |                 |                 |                  |                  |
| Eligible NIA expenditure and Bid Preparation costs                            | 5.6             | 6.8             | 7.5             | 5.3             | 4.6             | 7.4             | 4.9              | 2.9              |
| Unrecoverable Expenditure (eg not conforming to technical requirements)       | 0.6             | 0.7             | 0.8             | 0.5             | 0.5             | 0.7             | 0.5              | 0.3              |
| Company Compulsory Contribution (including % contribution funded by licensee) | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              | 0.0              |
| <b>Allowed NIA adjustment</b>   | <b>5.1</b>      | <b>6.1</b>      | <b>6.8</b>      | <b>4.7</b>      | <b>4.1</b>      | <b>6.7</b>      | <b>4.4</b>       | <b>2.6</b>       |
| <b>Low Carbon Networks Fund</b>   |                 |                 |                 |                 |                 |                 |                  |                  |
| Second Tier and Discretionary (as per latest Revenue RRP)                     | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              | 0.0              |
| First Tier Funding Mechanism (as per latest Revenue RRP)                      | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              | 0.0              |
| <b>Low Carbon Networks Fund revenue adjustment</b>                            | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>      | <b>0.00</b>      |
| <b>Network Innovation Competition</b>   |                 |                 |                 |                 |                 |                 |                  |                  |
| Awarded NIC funding actually spent or forecast to be spent                    | 0.0             | 0.0             | (0.0)           | 0.2             | 0.4             | 0.7             | 9.6              | 0.7              |
| Company Compulsory Contribution (including % contribution funded by licensee) | 0.0             | 0.1             | (0.0)           | 0.2             | 0.5             | 0.9             | 11.8             | 0.8              |
| Successful Delivery Rewards   | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0              | 0.0              |
| <b>RoRE Inputs</b>  |                 |                 |                 |                 |                 |                 |                  |                  |
| Network innovation  | 0.5             | 0.6             | 0.6             | 0.6             | 0.8             | 1.2             | 9.1              | 0.8              |

**R7 - Financing**  
**NGET (TO)**  
**2019**

Navigate

**Net Interest Per Statutory Accounts**

**Reconciliation with Statutory Accounts**

Interest not qualifying for corporation tax relief  
Fair value adjustments (e.g. losses on derivatives)  
Dividends on preference shares  
Costs of early redemption on long term debt  
Swap Termination Costs paid  
Movements relating to pension fund liabilities reported within net interest  
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from a tax deduction)  
Commitment fees for undrawn liquidity backup lines  
Allocated to NGET (SO) (regulated basis)  
Capitalised interest added back  
Provision unwind added back  
Rounding adjustment  
Customer debt  
Exceptional Costs of early redemption on long term debt- TBC  
7. Other adjustment (Overwrite)  
8. Other adjustment (Overwrite)  
9. Other adjustment (Overwrite)

**Net Interest Per Regulatory (RIIO-1) Definition**

Forecast new financing/refinancing costs

**Net Interest including forecast new financing/refinancing costs**

External Net Interest  
Intra-company Net Interest

Memo: Net interest (RIIO-1) Definition that relates to non-cash principal inflation accretion on bonds and loans

Less inflation in interest charge

Assumed Regulatory finance cost at actual gearing

Financial Year Average RPI (RPIt)

**Assumed regulatory finance cost at actual gearing**

**Adjustments to be applied to Assumed Finance cost for performance assessment**

Add back Debt Issuance expenses  
Costs of early redemption on long term debt (excluding exceptional costs of buy backs associated with M&A activity)  
Add accrual for inflation accretion on index-linked swaps (if applicable)  
Other Adjustments [please specify]  
Other Adjustments [please specify]  
Other Adjustments [please specify]  
Other Adjustments [please specify]

**Total Adjustments to be applied for performance assessment (at actual gearing)**

**Total Adjustments to be applied for performance assessment (at actual gearing)**

|                   | Actuals<br>2014 | Actuals<br>2015 | Actuals<br>2016 | Actuals<br>2017 | Actuals<br>2018 | Actuals<br>2019 | Forecast<br>2020 | Forecast<br>2021 | Cumulative<br>to 2019 | RIIO-1<br>period |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------------|------------------|
| 2                 | 176.0           | 252.0           | 139.0           | 660.0           | 179.1           | 158.9           | 189.7            | 160.6            |                       |                  |
| 29/08/2019        |                 |                 |                 |                 |                 |                 |                  |                  |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| £m nominal        | 12.0            | (43.0)          | (12.0)          | (19.0)          | 8.6             | (2.5)           | (2.5)            | (2.5)            |                       |                  |
| £m nominal        | -               | (63.0)          | -               | (481.0)         | -               | -               | -                | -                |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | (26.0)          | (19.0)          | (14.0)          | (7.0)           | (11.0)          | 2.0             | 2.0              | 2.0              |                       |                  |
| £m nominal        | (4.0)           | (1.3)           | (1.3)           | (1.1)           | (1.5)           | (2.7)           | (2.7)            | (2.7)            |                       |                  |
| £m nominal        | (2.9)           | (2.5)           | (2.3)           | (2.5)           | (3.4)           | (2.1)           | -                | -                |                       |                  |
| £m nominal        | 119.0           | 94.0            | 91.0            | 84.0            | 90.2            | 71.9            | 71.9             | 71.9             |                       |                  |
| £m nominal        | (4.0)           | (3.0)           | (4.0)           | (4.0)           | (1.5)           | (1.2)           | (1.2)            | (1.2)            |                       |                  |
| £m nominal        | 0.2             | (1.8)           | 1.2             | (0.5)           | (0.2)           | -               | -                | -                |                       |                  |
| £m nominal        | -               | 9.7             | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |                       |                  |
| £m nominal        | 270.3           | 222.1           | 197.6           | 228.9           | 260.2           | 224.3           | 257.2            | 228.1            |                       |                  |
| £m nominal        | -               | -               | -               | -               | -               | -               | 46.4             | 174.7            |                       |                  |
| £m nominal        | 270.3           | 222.1           | 197.6           | 228.9           | 260.2           | 224.3           | 303.6            | 402.8            |                       |                  |
| £m nominal        | 256.3           | 213.1           | 190.6           | 220.1           | 243.2           | 198.3           | 282.2            | 389.0            |                       |                  |
| £m nominal        | 14.0            | 9.0             | 7.0             | 8.8             | 17.0            | 26.0            | 21.4             | 13.8             |                       |                  |
|                   | OK              | OK              | OK              | OK              | OK              | OK              | OK               | OK               |                       |                  |
| £m nominal        | 70.8            | 51.4            | 31.3            | 79.1            | 132.4           | 100.4           | 88.7             | 91.5             |                       |                  |
| £m nominal        | 169.9           | 131.0           | 74.9            | 151.7           | 274.8           | 226.1           | 207.9            | 244.2            |                       |                  |
| £m nominal        | 100.5           | 91.1            | 122.7           | 77.2            | (14.6)          | (1.8)           | 95.7             | 158.6            |                       |                  |
| Index             | 1.167           | 1.190           | 1.202           | 1.228           | 1.274           | 1.313           | 1.347            | 1.385            |                       |                  |
| <b>£m 09/10</b>   | <b>86.1</b>     | <b>76.6</b>     | <b>102.1</b>    | <b>62.8</b>     | <b>(11.4)</b>   | <b>(1.4)</b>    | <b>71.0</b>      | <b>114.5</b>     | <b>314.8</b>          | <b>500.3</b>     |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| £m nominal        | -               | 63.0            | -               | -               | -               | -               | -                | -                | 63.0                  | 63.0             |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                | -                     | -                |
| <b>£m nominal</b> | <b>-</b>        | <b>63.0</b>     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>         | <b>-</b>         | <b>63.0</b>           | <b>63.0</b>      |
| <b>£m 09/10</b>   | <b>-</b>        | <b>53.0</b>     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>         | <b>-</b>         | <b>53.0</b>           | <b>53.0</b>      |

**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%         | 60.0%        | 60.0%       | 60.0%        |              |              |
| Actual Gearing   | %               | 55.4%       | 57.9%       | 57.4%        | 56.0%       | 55.9%         | 54.4%        | 55.5%       | 58.2%        |              |              |
| Assumed regulatory finance cost at actual gearing                                | £m nominal      | 100.5       | 91.1        | 122.7        | 77.2        | (14.6)        | (1.8)        | 95.7        | 158.6        |              |              |
| Adjustment to regulatory finance cost relating to variance from notional gearing | £m nominal      | 8.4         | 3.3         | 5.6          | 5.5         | (1.1)         | (0.2)        | 7.8         | 4.8          |              |              |
| Assumed regulatory finance cost at notional gearing                              | £m nominal      | 108.8       | 94.5        | 128.3        | 82.7        | (15.6)        | (2.0)        | 103.4       | 163.4        |              |              |
| <b>Assumed regulatory finance cost at notional gearing</b>                       | <b>£m 09/10</b> | <b>93.3</b> | <b>79.4</b> | <b>106.7</b> | <b>67.3</b> | <b>(12.3)</b> | <b>(1.6)</b> | <b>76.8</b> | <b>118.0</b> | <b>332.9</b> | <b>527.7</b> |
| Adjustments to be applied for performance assessment (at notional gearing)       | £m 09/10        | -           | 54.9        | -            | -           | -             | -            | -           | -            | 54.9         | 54.9         |

**Cost of Debt Allowance**

The latest published PCFM contains the allowed cost of debt rate (%) for the reporting year. However, the RAV does not account for the reporting year actual expenditure and additional allowances. Consequently the return element of revenue does not currently reflect the monetary allowance. This is updated and available in the forthcoming annual iteration process. To address this timing issue, network operators should forecast the allowance in row 79 (linked to R9-RAV table) - which will be trued-up over time.

|  |          |       |       |       |       |       |       |       |      |       |       |
|--|----------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|
| Cost of Debt Allowance as per latest published PCFM (prior year AIP) | £m 09/10 | 152.4 | 148.3 | 144.1 | 139.6 | 133.2 | 118.8 | 102.0 |      |       |       |
| Forecast revised Cost of Debt Allowance                              | £m 09/10 | 151.6 | 145.9 | 140.9 | 135.6 | 129.3 | 112.6 | 95.1  | 71.1 | 815.9 | 982.1 |

**Out(under) performance****Pre-Tax performance**

|  |          |      |      |      |      |       |       |      |        |       |       |
|--|----------|------|------|------|------|-------|-------|------|--------|-------|-------|
| Pre-Tax Cost of Debt out(under)performance at actual gearing                                   | £m 09/10 | 65.5 | 16.3 | 38.8 | 72.7 | 140.7 | 114.1 | 24.1 | (43.4) | 448.2 | 428.8 |
| Pre-Tax Cost of Debt out(under)performance at notional gearing                                 | £m 09/10 | 58.3 | 11.6 | 34.2 | 68.3 | 141.5 | 114.2 | 18.3 | (46.9) | 428.1 | 399.6 |
| Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gearing | £m 09/10 | 7.2  | 4.7  | 4.6  | 4.5  | (0.8) | (0.1) | 5.8  | 3.5    | 20.0  | 29.3  |

**R8 - Net Debt**  
**NGET (TO)**  
**2019**

Navigate

|   |                   | Actuals<br>2014 | Actuals<br>2015 | Actuals<br>2016 | Actuals<br>2017 | Actuals<br>2018 | Actuals<br>2019 | Forecast<br>2020 | Forecast<br>2021 |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Opening Cash, short term deposits and overdrafts (per Balance Sheet)          | 2                 | 3.0             | (317.0)         | (480.0)         | (427.0)         | (366.0)         | (234.0)         | (284.0)          | (284.0)          |
|   | 29/08/2019        |                 |                 |                 |                 |                 |                 |                  |                  |
| Closing Cash, short term deposits and overdrafts (per Balance Sheet)          | £m nominal        | (317.0)         | (480.0)         | (427.0)         | (366.0)         | (234.0)         | (284.0)         | (284.0)          | (284.0)          |
| External borrowings, bonds, external loans and finance leases (+ve)           | £m nominal        | 5,831.0         | 5,758.0         | 6,327.0         | 6,268.0         | 5,657.1         | 5,647.7         | 5,461.2          | 5,022.3          |
| Loans from other group companies (+ve)  | £m nominal        | 717.0           | 1,364.0         | 866.0           | 1,111.0         | 1,930.7         | 1,748.0         | 1,006.2          | 175.2            |
| Loans to other group companies (-ve)  | £m nominal        | (0.7)           | (0.7)           | (0.7)           | (0.7)           | (0.7)           | (0.7)           | (0.7)            | (0.7)            |
| Other amounts due to/(from) group companies per Balance Sheet                 | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Guarantees given on behalf of other group companies (per Notes to the Acc     | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Currency SWAPS  | £m nominal        | -               | -               | -               | -               | (5.6)           | (18.1)          | (34.0)           | (28.7)           |
| Interest rate SWAPS   | £m nominal        | -               | -               | -               | -               | (51.9)          | 34.3            | 29.6             | 25.3             |
| Inflation-linked SWAPS  | £m nominal        | -               | -               | -               | -               | 157.5           | 137.2           | 137.2            | 137.2            |
| Interest Rate Forward Contracts   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Foreign exchange forward rate contracts                                       | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Other swaps, forward rate contracts & OTC options                             | £m nominal        | 184.0           | 282.0           | 253.0           | 213.0           | 96.0            | 116.6           | 35.9             | 35.9             |
| Other derivatives including exchange traded futures and options               | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| <b>Total Debt per Statutory Accounts</b>                                      | <b>£m nominal</b> | <b>6,414.3</b>  | <b>6,923.3</b>  | <b>7,018.3</b>  | <b>7,225.3</b>  | <b>7,549.2</b>  | <b>7,381.0</b>  | <b>6,351.4</b>   | <b>5,082.5</b>   |
| <b>Conversion to Regulatory (RIIO-1) Definition of Net Debt</b>               |                   |                 |                 |                 |                 |                 |                 |                  |                  |
| Unamortised Issue Costs   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Fixed asset investments not readily convertible to cash                       | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Preference shares   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| Long term loans (Not for benefit of regulated business or distribution in nat | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 1. Allocated to ESO   | £m nominal        | (64.7)          | (73.0)          | (77.4)          | (86.5)          | (95.9)          | (99.3)          | -                | -                |
| 2. Fair value adjustments   | £m nominal        | (93.0)          | (180.0)         | (175.0)         | (51.0)          | (39.0)          | (41.0)          | (41.0)           | (41.0)           |
| 3. Accrued interest   | £m nominal        | (64.8)          | (60.0)          | (60.0)          | (43.0)          | (43.0)          | (44.0)          | (44.0)           | (44.0)           |
| 4. Derivatives - other than cross currency swaps                              | £m nominal        | (62.2)          | (169.0)         | (161.0)         | (222.0)         | (107.0)         | (179.0)         | (179.0)          | (179.0)          |
| 5. Rounding   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 6. [Insert adjustment as necessary]   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 7. [Insert adjustment as necessary]   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 8. [Insert adjustment as necessary]   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 9. [Insert adjustment as necessary]   | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 10. [Insert adjustment as necessary]  | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 11. [Insert adjustment as necessary]  | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| 12. [Insert adjustment as necessary]  | £m nominal        | -               | -               | -               | -               | -               | -               | -                | -                |
| <b>Total Net Debt per Regulatory (RIIO-1) definition</b>                      | £m nominal        | <b>6,129.6</b>  | <b>6,441.3</b>  | <b>6,544.9</b>  | <b>6,822.8</b>  | <b>7,264.2</b>  | <b>7,017.7</b>  | <b>6,087.4</b>   | <b>4,818.5</b>   |
| Forecast new debt/refinancing   | £m nominal        | -               | -               | -               | -               | -               | -               | 2,168.0          | 3,955.7          |
| <b>Regulatory Net Debt including forecast new debt/refinancing</b>            | £m nominal        | <b>6,129.6</b>  | <b>6,441.3</b>  | <b>6,544.9</b>  | <b>6,822.8</b>  | <b>7,264.2</b>  | <b>7,017.7</b>  | <b>8,255.4</b>   | <b>8,774.2</b>   |
|   |                   | OK              | OK              | OK              | OK              | OK              | OK              | OK               | OK               |
| Opening Regulatory Net Debt including forecast new debt/refinancing           | £m nominal        | 5,333.0         | 6,129.6         | 6,441.3         | 6,544.9         | 6,822.8         | 7,264.2         | 7,017.7          | 8,255.4          |
| Closing Regulatory Net Debt including forecast new debt/refinancing           | £m nominal        | 6,129.6         | 6,441.3         | 6,544.9         | 6,822.8         | 7,264.2         | 7,017.7         | 8,255.4          | 8,774.2          |



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

System operator allocation (transmission companies only)

Transmission or distribution allocation

Average Net Debt (per Regulatory Definition)

Equity RAV

Average RAV

Actual Regulatory Gearing

Notional Gearing

Gearing Ratio delta

NPV Neutral assumed Average Net Debt

NPV Neutral assumed Equity RAV

NPV Neutral assumed Average RAV

Actual Regulatory Gearing

Notional Gearing

Gearing Ratio delta

|            |            |          |          |          |          |          |          |          |
|------------|------------|----------|----------|----------|----------|----------|----------|----------|
|            | 0%         | 0%       | 0%       | 0%       | 0%       | 0%       | 0%       | 0%       |
|            | 100%       | 100%     | 100%     | 100%     | 100%     | 100%     | 100%     | 100%     |
| £m nominal | 5,731.3    | 6,285.5  | 6,493.1  | 6,683.9  | 7,043.5  | 7,141.0  | 7,636.5  | 8,514.8  |
| £m nominal | 4,615.0    | 4,572.8  | 4,818.1  | 5,250.9  | 5,555.1  | 5,994.6  | 6,122.5  | 6,108.8  |
| £m nominal | 10,346.3   | 10,858.3 | 11,311.3 | 11,934.8 | 12,598.6 | 13,135.6 | 13,759.0 | 14,623.6 |
| %          | 55.4%      | 57.9%    | 57.4%    | 56.0%    | 55.9%    | 54.4%    | 55.5%    | 58.2%    |
| %          | 60.0%      | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    |
| %          | -4.6%      | -2.1%    | -2.6%    | -4.0%    | -4.1%    | -5.6%    | -4.5%    | -1.8%    |
| £m 09/10   | 4794.11739 | 5,175.3  | 5,286.6  | 5,316.8  | 5,425.8  | 5,343.6  | 5,568.7  | 6,052.5  |
| £m 09/10   | 3,860.3    | 3,765.1  | 3,922.8  | 4,176.9  | 4,279.2  | 4,485.8  | 4,464.6  | 4,342.3  |
| £m 09/10   | 8,654.4    | 8,940.4  | 9,209.4  | 9,493.7  | 9,704.9  | 9,829.3  | 10,033.2 | 10,394.8 |
| %          | 55.4%      | 57.9%    | 57.4%    | 56.0%    | 55.9%    | 54.4%    | 55.5%    | 58.2%    |
| %          | 60.0%      | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    | 60.0%    |
| %          | -4.6%      | -2.1%    | -2.6%    | -4.0%    | -4.1%    | -5.6%    | -4.5%    | -1.8%    |

**R9 - Regulatory Asset Value (RAV)**  
**NGET (TO)**  
**2019**

Navigate

| Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Forecast | Forecast |
|---------|---------|---------|---------|---------|---------|----------|----------|
| 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020     | 2021     |

**RAV per latest published PCFM**

2

The latest published PCFM does not account for the impact of t 29/08/2019

|                                       |          |         |         |         |          |          |          |          |          |
|---------------------------------------|----------|---------|---------|---------|----------|----------|----------|----------|----------|
| Closing RAV per latest published PCFM | £m 09/10 | 9,107.1 | 9,468.1 | 9,774.5 | 10,101.0 | 10,314.8 | 10,821.8 | 11,097.2 | 11,271.3 |
|---------------------------------------|----------|---------|---------|---------|----------|----------|----------|----------|----------|

**Revised RAV - including forecast totex, allowances and enduring value**

Revised adjusted RAV including forecast totex, allowances and enduring value

|  |          |                |                |                |                |                |                 |                 |                 |
|--|----------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Opening RAV (before transfers)                         | £m 09/10 | 8,691.1        | 9,010.1        | 9,263.9        | 9,551.3        | 9,835.0        | 9,970.5         | 10,070.5        | 10,370.6        |
| Transfers  | £m 09/10 | 0.0            | 0.0            | 0.0            | 82.4           | 0.0            | 0.0             | 0.0             | 0.0             |
| <b>Opening RAV (after transfers)</b>                   | £m 09/10 | <b>8,691.1</b> | <b>9,010.1</b> | <b>9,263.9</b> | <b>9,633.7</b> | <b>9,835.0</b> | <b>9,970.5</b>  | <b>10,070.5</b> | <b>10,370.6</b> |
| Net additions (after disposals)                        | £m 09/10 | 979.7          | 947.1          | 915.7          | 876.8          | 860.7          | 1,166.9         | 945.8           | 849.7           |
| Net additions (after disposals) - enduring value adjus | £m 09/10 | (97.0)         | (111.4)        | (27.4)         | (52.1)         | (89.3)         | (420.6)         | 0.5             | 213.0           |
| <b>Total Net Additions</b>                             | £m 09/10 | <b>882.7</b>   | <b>835.7</b>   | <b>888.2</b>   | <b>824.7</b>   | <b>771.4</b>   | <b>746.3</b>    | <b>946.3</b>    | <b>1,062.7</b>  |
| Depreciation   | £m 09/10 | (563.7)        | (586.1)        | (609.2)        | (632.7)        | (647.0)        | (659.8)         | (670.4)         | (675.7)         |
| Depreciation - enduring value adjustment               | £m 09/10 | 0.0            | 4.2            | 8.4            | 9.4            | 11.0           | 13.5            | 24.3            | 24.3            |
| <b>Total Depreciation</b>                              | £m 09/10 | <b>(563.7)</b> | <b>(581.9)</b> | <b>(600.8)</b> | <b>(623.3)</b> | <b>(636.0)</b> | <b>(646.4)</b>  | <b>(646.1)</b>  | <b>(651.3)</b>  |
| Enduring value adjustments                             | £m 09/10 | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             | 0.0             |
| [Input other adjustment]                               | £m 09/10 | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             | 0.0             |
| [Input other adjustment]                               | £m 09/10 | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             | 0.0             |
| <b>Other adjustments</b>                               | £m 09/10 | -              | -              | -              | -              | -              | -               | -               | -               |
| <b>Adjusted Closing RAV</b>                            | £m 09/10 | <b>9,010.1</b> | <b>9,263.9</b> | <b>9,551.3</b> | <b>9,835.0</b> | <b>9,970.5</b> | <b>10,070.5</b> | <b>10,370.6</b> | <b>10,782.0</b> |

**Total enduring value and other adjustments CHECK**

|          |        |         |        |        |        |         |      |       |
|----------|--------|---------|--------|--------|--------|---------|------|-------|
| £m 09/10 | (97.0) | (107.2) | (19.0) | (42.7) | (78.3) | (407.1) | 24.8 | 237.3 |
|          | TRUE   | TRUE    | TRUE   | TRUE   | TRUE   | TRUE    | NA   | NA    |

**Year end RPI**

Financial Year Average RPI (RPIt)

Index for Opening RAV conversion to nominal in yr 1

|       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Index | 1.183 | 1.194 | 1.211 | 1.251 | 1.293 | 1.329 | 1.363 | 1.401 |
| Index | 1.167 | 1.190 | 1.202 | 1.228 | 1.274 | 1.313 | 1.347 | 1.385 |
| Index | 1.154 |       |       |       |       |       |       |       |

**Adjusted Closing RAV**

|            |          |          |          |          |          |          |          |          |
|------------|----------|----------|----------|----------|----------|----------|----------|----------|
| £m nominal | 10,658.8 | 11,057.8 | 11,564.7 | 12,304.8 | 12,892.4 | 13,378.8 | 14,139.2 | 15,108.0 |
|------------|----------|----------|----------|----------|----------|----------|----------|----------|

|                  |               |       |       |       |       |       |       |       |       |
|------------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Cost of debt     | annual real % | 2.92% | 2.72% | 2.55% | 2.38% | 2.22% | 1.91% | 1.58% | 1.14% |
| Cost of equity   | annual real % | 7.0%  | 7.0%  | 7.0%  | 7.0%  | 7.0%  | 7.0%  | 7.0%  | 7.0%  |
| Notional gearing | %             | 60.0% | 60.0% | 60.0% | 60.0% | 60.0% | 60.0% | 60.0% | 60.0% |
| Vanilla WACC     | annual real % | 4.55% | 4.43% | 4.33% | 4.23% | 4.13% | 3.95% | 3.75% | 3.48% |

|                                   |          |         |         |         |         |         |         |          |          |
|-----------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|----------|
| NPV-neutral debt element of RAV   | £m 09/10 | 5,192.7 | 5,364.2 | 5,525.6 | 5,696.2 | 5,823.0 | 5,897.6 | 6,019.9  | 6,236.9  |
| NPV-neutral equity element of RAV | £m 09/10 | 3,461.8 | 3,576.2 | 3,683.8 | 3,797.5 | 3,882.0 | 3,931.7 | 4,013.3  | 4,157.9  |
| NPV-neutral RAV return base       | £m 09/10 | 8,654.4 | 8,940.4 | 9,209.4 | 9,493.7 | 9,704.9 | 9,829.3 | 10,033.2 | 10,394.8 |

|                      |          |       |       |       |       |       |       |       |       |
|----------------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|
| Debt Return on RAV   | £m 09/10 | 151.6 | 145.9 | 140.9 | 135.6 | 129.3 | 112.6 | 95.1  | 71.1  |
| Equity Return on RAV | £m 09/10 | 242.3 | 250.3 | 257.9 | 265.8 | 271.7 | 275.2 | 280.9 | 291.1 |
| Total return on RAV  | £m 09/10 | 394.0 | 396.2 | 398.8 | 401.4 | 401.0 | 387.9 | 376.0 | 362.2 |

|                                   |            |          |          |          |          |          |          |          |          |
|-----------------------------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|
| NPV-neutral debt element of RAV   | £m nominal | 6,058.2  | 6,381.1  | 6,643.9  | 6,995.8  | 7,419.0  | 7,743.7  | 8,111.8  | 8,637.4  |
| NPV-neutral equity element of RAV | £m nominal | 4,038.8  | 4,254.0  | 4,429.3  | 4,663.8  | 4,946.0  | 5,162.5  | 5,407.9  | 5,758.3  |
| Adjusted NPV-neutral average RAV  | £m nominal | 10,097.0 | 10,635.1 | 11,073.1 | 11,659.6 | 12,365.0 | 12,906.2 | 13,519.7 | 14,395.7 |

|                                  |            |       |       |       |       |       |       |       |       |
|----------------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Debt Return on RAV               | £m nominal | 176.9 | 173.6 | 169.4 | 166.5 | 164.7 | 147.9 | 128.2 | 98.5  |
| Equity Return on NPV-neutral RAV | £m nominal | 282.7 | 297.8 | 310.0 | 326.5 | 346.2 | 361.4 | 378.6 | 403.1 |
| Total return on RAV              | £m nominal | 459.6 | 471.3 | 479.5 | 493.0 | 510.9 | 509.3 | 506.7 | 501.5 |

**R10 - Tax  
NGET (TO)  
2019**

Navigate

| Actuals<br>2014 | Actuals<br>2015 | Actuals<br>2016 | Actuals<br>2017 | Actuals<br>2018 | Actuals<br>2019 | Forecast<br>2020 | Forecast<br>2021 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|

CT600 will not have been submitted for the current reporting year. 2  
It is assumed the current tax charge per the statutory accounts will equal the tax liability in the forthcoming CT600, where this is 29/08/2019  
This will be corrected / trued-up in future years

**Tax liability per latest submitted CT600 (pre-group relief)**

|            |       |       |       |      |       |  |  |
|------------|-------|-------|-------|------|-------|--|--|
| £m nominal | 127.7 | 127.0 | 152.5 | 84.5 | 114.6 |  |  |
|------------|-------|-------|-------|------|-------|--|--|

**Adjustments to remove non-regulated tax liability**

Tax on non-regulated activities

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 2.3 | 1.9 | 1.6 | 2.5 | 2.8 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

[Insert adjustment as necessary]

|            |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|
| £m nominal |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|

[Insert adjustment as necessary]

|            |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|
| £m nominal |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|

[Insert adjustment as necessary]

|            |     |     |     |     |     |   |   |
|------------|-----|-----|-----|-----|-----|---|---|
| £m nominal | 2.3 | 1.9 | 1.6 | 2.5 | 2.8 | - | - |
|------------|-----|-----|-----|-----|-----|---|---|

**Non-regulated tax**

**Other adjustments**

Tax on output incentives

|            |     |   |     |     |     |     |     |
|------------|-----|---|-----|-----|-----|-----|-----|
| £m nominal | 2.9 | - | 2.1 | 3.2 | 2.9 | 3.6 | 3.9 |
|------------|-----|---|-----|-----|-----|-----|-----|

Tax on IQI

|            |     |     |     |     |     |     |     |
|------------|-----|-----|-----|-----|-----|-----|-----|
| £m nominal | 4.1 | 4.1 | 3.8 | 3.7 | 3.2 | 3.1 | 2.9 |
|------------|-----|-----|-----|-----|-----|-----|-----|

Collected revenue adjustment ('k')

|            |     |      |      |      |     |  |  |
|------------|-----|------|------|------|-----|--|--|
| £m nominal | 8.1 | 36.4 | 37.7 | 67.1 | 1.9 |  |  |
|------------|-----|------|------|------|-----|--|--|

Pension - timing adjustment

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

Pension - disallowed contributions

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

Tax on derivatives not disregarded

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

Tax on SO incentives

|            |     |     |     |       |     |  |  |
|------------|-----|-----|-----|-------|-----|--|--|
| £m nominal | 0.3 | 3.0 | 1.8 | (2.9) | 0.0 |  |  |
|------------|-----|-----|-----|-------|-----|--|--|

Attributable to NGET (SO) - remainder

|            |     |      |     |     |       |  |  |
|------------|-----|------|-----|-----|-------|--|--|
| £m nominal | 3.1 | 10.9 | 7.1 | 3.7 | (3.3) |  |  |
|------------|-----|------|-----|-----|-------|--|--|

Tax on remeasurements

|            |     |       |       |       |     |  |  |
|------------|-----|-------|-------|-------|-----|--|--|
| £m nominal | 2.8 | (8.8) | (2.5) | (3.8) | 1.4 |  |  |
|------------|-----|-------|-------|-------|-----|--|--|

Debt redemption costs

|            |     |        |     |        |     |  |  |
|------------|-----|--------|-----|--------|-----|--|--|
| £m nominal | 0.0 | (13.2) | 0.0 | (94.8) | 0.0 |  |  |
|------------|-----|--------|-----|--------|-----|--|--|

Legal settlements

|            |     |      |     |     |     |  |  |
|------------|-----|------|-----|-----|-----|--|--|
| £m nominal | 0.0 | 11.8 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|------|-----|-----|-----|--|--|

[Insert adjustment as necessary]

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

[Insert adjustment as necessary]

|            |     |     |     |     |     |  |  |
|------------|-----|-----|-----|-----|-----|--|--|
| £m nominal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |  |  |
|------------|-----|-----|-----|-----|-----|--|--|

**Total other adjustments**

|            |      |      |      |        |     |     |     |
|------------|------|------|------|--------|-----|-----|-----|
| £m nominal | 21.2 | 44.0 | 50.0 | (23.9) | 6.1 | 6.8 | 5.3 |
|------------|------|------|------|--------|-----|-----|-----|

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

|            |  |  |  |  |       |       |       |
|------------|--|--|--|--|-------|-------|-------|
| £m nominal |  |  |  |  | 121.7 | 134.5 | 116.3 |
|------------|--|--|--|--|-------|-------|-------|

Adjusted forecast regulated tax liability with timing differences

|            |       |      |       |       |       |       |       |
|------------|-------|------|-------|-------|-------|-------|-------|
| £m nominal | 104.3 | 81.1 | 100.9 | 105.9 | 105.7 | 115.0 | 111.0 |
|------------|-------|------|-------|-------|-------|-------|-------|

Financial year average RPI

|       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|
| Index | 1.167 | 1.190 | 1.202 | 1.228 | 1.274 | 1.313 | 1.347 |
|-------|-------|-------|-------|-------|-------|-------|-------|

Adjusted/forecast regulated tax liability with timing differences

|          |      |      |      |      |      |      |      |
|----------|------|------|------|------|------|------|------|
| £m 09/10 | 89.4 | 68.2 | 83.9 | 86.2 | 83.0 | 87.6 | 80.2 |
|----------|------|------|------|------|------|------|------|

**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% | 60.0% | 60.0% |
|---|-------|-------|-------|-------|-------|-------|-------|

Actual Gearing

|   |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|
| % | 55.4% | 57.9% | 57.4% | 56.0% | 55.9% | 54.4% | 58.2% |
|---|-------|-------|-------|-------|-------|-------|-------|

Adjusted/forecast regulated tax liability with timing differences

|            |       |      |       |       |       |       |       |
|------------|-------|------|-------|-------|-------|-------|-------|
| £m nominal | 104.3 | 81.1 | 100.9 | 105.9 | 105.7 | 115.0 | 111.0 |
|------------|-------|------|-------|-------|-------|-------|-------|

Adjustment to regulatory tax cost relating to variance from notional gearing

|            |       |       |       |       |     |     |       |
|------------|-------|-------|-------|-------|-----|-----|-------|
| £m nominal | (1.9) | (0.7) | (1.1) | (1.1) | 0.2 | 0.0 | (0.8) |
|------------|-------|-------|-------|-------|-----|-----|-------|

Revised regulated tax liability for comparison against allowance

|            |       |      |      |       |       |       |       |
|------------|-------|------|------|-------|-------|-------|-------|
| £m nominal | 102.3 | 80.4 | 99.8 | 104.8 | 105.9 | 115.0 | 110.2 |
|------------|-------|------|------|-------|-------|-------|-------|

Revised regulated tax liability for comparison against allowance

|          |      |      |      |      |      |      |      |
|----------|------|------|------|------|------|------|------|
| £m 09/10 | 87.7 | 67.6 | 83.0 | 85.3 | 83.2 | 87.6 | 79.6 |
|----------|------|------|------|------|------|------|------|

## Allowance

The latest published PCFM does not account for the forecast TIM performance - and ultimate impact on tax allowance.

|   |          |      |      |      |      |      |      |      |      |
|---|----------|------|------|------|------|------|------|------|------|
| Tax Allowance per latest published PCFM | £m 09/10 | 82.3 | 64.8 | 69.1 | 79.1 | 80.2 | 85.5 | 79.8 | 83.2 |
| Tax clawbacks                           | £m 09/10 | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| Net Tax Allowance                       | £m 09/10 | 82.3 | 64.8 | 69.1 | 79.1 | 80.2 | 85.5 | 79.8 | 83.2 |

Network operators should provide forecast allowances taking account of the latest totex, allowances, reopeners, enduring value adjustments - and other financial variables

|                                   |          |             |             |             |             |             |             |             |             |
|-----------------------------------|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Forecast tax allowance            | £m 09/10 | 76.3        | 56.2        | 62.3        | 70.4        | 69.7        | 71.0        | 95.3        | 91.4        |
| Forecast tax clawbacks            | £m 09/10 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net forecast tax allowance</b> | £m 09/10 | <b>76.3</b> | <b>56.2</b> | <b>62.3</b> | <b>70.4</b> | <b>69.7</b> | <b>71.0</b> | <b>95.3</b> | <b>91.4</b> |

### Reconciliation of forecast movement in allowance

|  |          |        |        |        |        |        |        |       |        |
|--|----------|--------|--------|--------|--------|--------|--------|-------|--------|
| Changes in corporation tax rates       | £m 09/10 | 0.0    | 0.0    | 0.0    | 0.0    | (3.0)  | (3.0)  | (6.8) | (19.0) |
| Tax allowance retained within deadband | £m 09/10 | 4.5    | 4.9    | 5.2    | 5.5    | 5.6    | 5.9    | 5.8   | 5.7    |
| Other adjustments                      | £m 09/10 | (10.4) | (13.5) | (12.0) | (14.3) | (13.0) | (17.4) | 16.4  | 21.5   |
| Check                                  | £m 09/10 | OK     | OK     | OK     | OK     | OK     | OK     | OK    | OK     |

## Out(under) performance

|   |                 |               |               |               |               |               |               |            |             |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| <b>Regulated tax out(under) performance at actual gearing</b> | <b>£m 09/10</b> | <b>(13.0)</b> | <b>(12.0)</b> | <b>(21.6)</b> | <b>(15.8)</b> | <b>(13.3)</b> | <b>(16.5)</b> | <b>0.4</b> | <b>11.2</b> |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|

|   |                 |               |               |               |               |               |               |            |             |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| <b>Regulated tax out(under) performance at notional gearing</b> | <b>£m 09/10</b> | <b>(11.4)</b> | <b>(11.4)</b> | <b>(20.7)</b> | <b>(14.9)</b> | <b>(13.4)</b> | <b>(16.6)</b> | <b>1.5</b> | <b>11.8</b> |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|

|   |                 |              |              |              |              |            |            |              |              |
|---|-----------------|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|
| <b>Impact on out(under) performance relating to deviating from notional levels of gearing</b> | <b>£m 09/10</b> | <b>(1.6)</b> | <b>(0.6)</b> | <b>(0.9)</b> | <b>(0.9)</b> | <b>0.2</b> | <b>0.0</b> | <b>(1.1)</b> | <b>(0.6)</b> |
|---|-----------------|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|

|   |            |      |     |     |      |       |       |     |        |
|---|------------|------|-----|-----|------|-------|-------|-----|--------|
| Tax impact of financing performance (at actual gearing)                                   | £m nominal | 17.6 | 4.1 | 9.3 | 17.9 | 34.1  | 28.5  | 6.2 | (10.2) |
| Tax impact of financing performance (at notional gearing)                                 | £m 09/10   | 15.1 | 3.4 | 7.8 | 14.5 | 26.7  | 21.7  | 4.6 | (7.4)  |
| Tax impact of financing performance (at actual gearing)                                   | £m nominal | 15.7 | 2.9 | 8.2 | 16.8 | 34.3  | 28.5  | 4.7 | (11.0) |
| Tax impact of financing performance (at notional gearing)                                 | £m 09/10   | 13.4 | 2.4 | 6.8 | 13.7 | 26.9  | 21.7  | 3.5 | (8.0)  |
| Tax impact of financing performance relating to deviating from notional levels of gearing | £m 09/10   | 1.6  | 1.0 | 0.9 | 0.9  | (0.2) | (0.0) | 1.1 | 0.6    |



**R12 - Pensions**  
**NGET (TO)**  
**2019**

Navigate

|   |                      | Actuals<br>2014 | Actuals<br>2015 | Actuals<br>2016 | Actuals<br>2017 | Actuals<br>2018 | Actuals<br>2019 | Forecast<br>2020 | Forecast<br>2021 |
|---|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| <b>Licensee share of total pension deficit repair payment made for defined benefit scheme</b> | 2                    | 33.9            | 35.1            | 35.8            | 35.8            | 36.6            | 38.0            |                  |                  |
| <b>Of which:</b>  | 29/08/2019           |                 |                 |                 |                 |                 |                 |                  |                  |
| Established deficit element funded via specific allowances                                    | £m nominal           | 33.7            | 35.0            | 35.7            | 35.4            | 36.3            | 37.6            |                  |                  |
| Incremental deficit funded via totex  | £m nominal           | 0.2             | 0.2             | 0.2             | 0.3             | 0.4             | 0.4             |                  |                  |
| Established deficit element funded via specific allowances                                    | £m 09/10             | 28.9            | 29.4            | 29.7            | 28.8            | 28.5            | 28.7            | -                | -                |
| <b>Established deficit (EDE) allowance as per PCFM</b>  | £m 09/10             | 28.9            | 28.9            | 32.6            | 32.6            | 32.6            | 27.9            | 27.9             | 27.9             |
| Less Pension Payment History Allowance (PPH)  | £m 09/10             | -               | -               | -               | -               | -               | (0.7)           | (0.7)            | (0.7)            |
| <b>Established deficit allowance less PPH</b>   | £m 09/10             | 28.9            | 28.9            | 32.6            | 32.6            | 32.6            | 28.6            | 28.6             | 28.6             |
| <b>Latest pension scheme valuation</b>  | Enter valuation date | 31/03/2016      |                 |                 |                 |                 |                 |                  |                  |
| Price base  |                      | 31/03/2016      |                 |                 |                 |                 |                 |                  |                  |
|   | £m                   |                 |                 |                 |                 |                 |                 |                  |                  |
| Total Liabilities attributable to post cut-off date notional sub fund                         |                      | 157.3           |                 |                 |                 |                 |                 |                  |                  |
| Total Liabilities attributable to pre cut-off date notional sub fund                          |                      | 2,895.9         |                 |                 |                 |                 |                 |                  |                  |
| Total Assets attributable to post cut-off date notional sub fund                              |                      | 152.3           |                 |                 |                 |                 |                 |                  |                  |
| Total Assets attributable to pre cut-off date notional sub fund                               |                      | 2,400.4         |                 |                 |                 |                 |                 |                  |                  |
| Deficit in the post Cut-Off Date Notional Sub-Fund  |                      | 5.0             |                 |                 |                 |                 |                 |                  |                  |
| Deficit in the pre Cut-Off Date Notional Sub-Fund   |                      | 495.5           |                 |                 |                 |                 |                 |                  |                  |
| Licensee element of established deficit   |                      | 362.4           |                 |                 |                 |                 |                 |                  |                  |
| Licensee element of incremental deficit   |                      | 3.5             |                 |                 |                 |                 |                 |                  |                  |

