
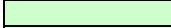







**Regulatory Financial Performance Report**  
**NGGT (TO)**  
**2019**

Licensee	NGGT (TO)
Sector	GT1
Reporting Year: (enter 2014 for 2013-14)	2019
Version (Number)	2
Submitted Date:	29/08/2019
Cost of Equity	6.8%
Sharing Factor	44.36%
Notional Gearing	62.5%
RIIO-1 start date	2014
Price basis	£m 09/10

Materiality £m
0.1

-  Input cells
-  Totals cells (of formula within worksheet)
-  Referencing to other worksheets
-  Referencing to other workbooks
-  Check cells
-  No Input
-  Descriptions and pack data

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

2018	2017-18
2019	2018-19
2020	2019-20
2021	2020-21
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 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 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**

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

**Forecast growth rate**

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

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

	RIO1							
Totex (non-'uncertainty rate')	64.40%							
Uncertainty rate								
	2014	2015	2016	2017	2018	2019	2020	2021
	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%

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											
ED	NPqN	6.0%	55.84%	65.0%	70.0%	2016	£m 12/13	No	Post											
ED	NPqY	6.0%	55.84%	65.0%	72.0%	2016	£m 12/13	No	Post											
ED	UKPN-EPN	6.0%	53.28%	65.0%	68.0%	2016	£m 12/13	No	Post											
ED	UKPN-LPN	6.0%	53.28%	65.0%	68.0%	2016	£m 12/13	No	Post											
ED	UKPN-SPN	6.0%	53.28%	65.0%	68.0%	2016	£m 12/13	No	Post											
ED	SPD	6.0%	53.50%	65.0%	80.0%	2016	£m 12/13	No	Post											
ED	SPMW	6.0%	53.50%	65.0%	80.0%	2016	£m 12/13	No	Post											
ED	SSEH	6.0%	56.47%	65.0%	62.0%	2016	£m 12/13	No	Post											
ED	SSES	6.0%	56.47%	65.0%	70.0%	2016	£m 12/13	No	Post											
ED	WPD-EMID	6.4%	70.00%	65.0%	80.0%	2016	£m 12/13	Yes	Pre											
ED	WPD-WMID	6.4%	70.00%	65.0%	80.0%	2016	£m 12/13	Yes	Pre											
ED	WPD-SWALES	6.4%	70.00%	65.0%	80.0%	2016	£m 12/13	Yes	Pre											
ED	WPD-SWEST	6.4%	70.00%	65.0%	80.0%	2016	£m 12/13	Yes	Pre											
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
GD	WWU	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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%	1.44%			
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%			

**GD: Capitalised share of repex / GT: Uncertainty Rate**

	2014	2015	2016	2017	2018	2019	2020	2021
Cadent-EOE	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-London	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-WM	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-NW	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
NGN	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
SGN - Scotland	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
SGN - Southern	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
WWU	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
NGGT (TO)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
NGGT (SO)								

IQI Additional Income	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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		
WWU	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  
NGGT (TO)  
2019**

**Version:**

Submission	Date submitted	R4 - Totex
Submission 1	31/07/2019	
	29/08/2019	<p>R4 - Totex</p> <p>Row 13, 41 - Allowances figures updated to match Nov 18 PCFM.</p> <p>Row 52 - Enduring value adjustment added giving extra allowances assumed in RRP from T1 closeout</p> <p>R9 - RAV</p> <p>Row 19, 22 - Additions and Depreciation lines changed to match the Nov 18 PCFM default entries.</p> <p>Row 20, 23 - 'Additions and Depreciation - enduring value adjustments' lines altered to include effects of rephasing, and effects of updated 2019 RRP totex actuals and forecasts, and additional allowances assumed in RRP 19.</p>
Submission 2		
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](#)



**R1 - Return on Regulatory Equity (RoRE)  
NGGT (TO)  
2019**

Navigate

	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	R1IO-1 period	
<b>RoRE based on Notional Gearing</b>											
Allowed Equity Return	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Totex outperformance	0.5%	0.1%	-0.1%	-1.2%	-1.0%	-1.9%	-2.3%	-1.6%	-0.6%	-1.0%	
IQI Reward	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%	
Stakeholder Satisfaction Output	0.1%	0.2%	0.1%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Permits revenue adjustment	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Network Innovation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Penalties and fines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>RoRE - Operational performance</b>	<b>7.3%</b>	<b>8.3%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>5.0%</b>	<b>4.6%</b>	<b>5.3%</b>	<b>6.5%</b>	<b>6.07%</b>	
Debt performance - at notional gearing	4.9%	2.6%	1.8%	0.6%	1.6%	-1.7%	-2.3%	-1.3%	1.6%	0.7%	
Tax performance - at notional gearing	0.0%	0.5%	-0.1%	1.0%	0.0%	0.6%	0.8%	0.4%	0.3%	0.4%	
<b>RoRE - including financing and tax</b>	<b>12.3%</b>	<b>11.3%</b>	<b>8.5%</b>	<b>7.4%</b>	<b>7.4%</b>	<b>3.8%</b>	<b>3.0%</b>	<b>4.4%</b>	<b>8.4%</b>	<b>7.2%</b>	

**RoRE based on Actual Gearing**

Allowed Equity Return	6.1%	6.5%	6.4%	5.8%	4.9%	4.7%	5.6%	6.7%	5.64%	5.75%
Totex outperformance	0.4%	0.1%	0.0%	-1.0%	-0.7%	-1.3%	-1.9%	-1.6%	-0.50%	-0.82%
IQI Reward	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	-0.06%	-0.05%
Stakeholder Satisfaction Output	0.1%	0.1%	0.1%	0.3%	0.1%	0.1%	0.1%	0.2%	0.15%	0.15%
Permits revenue adjustment	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.17%	0.13%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
Network Innovation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.02%	-0.02%
Penalties and fines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%
<b>RoRE - Operational performance</b>	<b>6.5%</b>	<b>7.9%</b>	<b>6.4%</b>	<b>5.0%</b>	<b>4.2%</b>	<b>3.5%</b>	<b>3.8%</b>	<b>5.2%</b>	<b>5.37%</b>	<b>5.14%</b>
Debt performance - at actual gearing	4.5%	2.5%	1.8%	0.9%	1.6%	-0.2%	-1.3%	-1.2%	1.70%	0.97%
Tax performance - at actual gearing	0.0%	0.5%	-0.1%	0.7%	-0.2%	0.1%	0.5%	0.4%	0.15%	0.22%
<b>RoRE - including financing and tax</b>	<b>11.0%</b>	<b>11.0%</b>	<b>8.1%</b>	<b>6.6%</b>	<b>5.7%</b>	<b>3.4%</b>	<b>2.9%</b>	<b>4.4%</b>	<b>7.22%</b>	<b>6.32%</b>

**RoRE input values**

Input values provided in £m 09/10 prices

Equity Return on the RAV	£m 09/10	103.3	106.4	106.0	105.9	109.9	114.2	115.1	115.2	645.6	875.9
Totex outperformance	£m 09/10	7.4	1.7	(0.8)	(18.2)	(15.9)	(32.1)	(39.4)	(27.2)	(57.8)	(124.4)
IQI Reward	£m 09/10	(0.9)	(0.9)	(0.9)	(1.3)	(1.5)	(1.0)	(0.9)	(0.8)	(6.5)	(8.3)
Stakeholder Satisfaction Output	£m 09/10	1.2	2.4	2.3	4.8	3.2	3.0	2.9	2.9	16.9	22.7
Permits revenue adjustment	£m 09/10	-	19.9	-	-	-	-	-	-	19.9	19.9
	£m 09/10	-	-	-	-	-	-	-	-	-	-
	£m 09/10	-	-	-	-	-	-	-	-	-	-
	£m 09/10	-	-	-	-	-	-	-	-	-	-
Network Innovation	£m 09/10	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.6)	(0.4)	(0.4)	(2.8)	(3.6)
Penalties and fines	£m 09/10	-	-	-	-	-	-	-	-	-	-
<b>RoRE - Operational performance</b>	£m 09/10	<b>110.8</b>	<b>129.0</b>	<b>106.1</b>	<b>90.8</b>	<b>95.1</b>	<b>83.5</b>	<b>77.4</b>	<b>89.6</b>	<b>615.3</b>	<b>782.3</b>
Debt performance - at notional gearing	£m 09/10	75.2	40.1	28.5	9.2	25.8	(29.3)	(38.9)	(21.4)	149.4	89.1
Debt performance - impact of actual gearing	£m 09/10	1.1	1.1	1.8	6.7	10.5	24.4	11.6	0.7	45.6	58.0
Tax performance - at notional gearing	£m 09/10	0.6	8.1	(1.6)	15.4	(0.7)	10.2	12.9	6.6	32.0	51.6
Tax performance - impact of actual gearing	£m 09/10	(0.4)	(0.3)	(0.6)	(2.2)	(3.3)	(7.8)	(3.7)	(0.2)	(14.7)	(18.7)
<b>RoRE - including financing and tax</b>	£m 09/10	<b>187.3</b>	<b>178.0</b>	<b>134.1</b>	<b>119.8</b>	<b>127.4</b>	<b>81.0</b>	<b>59.3</b>	<b>75.4</b>	<b>827.6</b>	<b>962.3</b>
NPV-neutral equity element of RAV	£m 09/10	1,519.3	1,564.0	1,558.2	1,557.9	1,615.4	1,679.9	1,693.0	1,693.7		
Equity RAV based on actual gearing	£m 09/10	1,702.1	1,624.0	1,648.2	1,826.3	2,238.4	2,416.0	2,049.5	1,729.3		



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

Navigate

Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	N/A 2020	N/A 2021
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**Total Expenditure Per Accounts**

Tangible Fixed Asset Additions	£m nominal	666.0	674.0	725.0	216.0	324.0	313.0		
Intangible Asset Additions (under IFRS) - IT Software	£m nominal	58.0	70.0	66.0	26.0	16.0	27.0		
Disposals (cash proceeds)	£m nominal	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	£m nominal	(30.0)	(31.6)	(32.8)	0.0	0.0	0.0		
Capitalised interest	£m nominal	(18.0)	(20.0)	(3.9)	(5.0)	(9.0)	(17.0)		
Revaluation of tangible fixed assets	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0		
1 [Input description]	£m nominal						0.0		
2 [Input description]	£m nominal						0.0		
3 [Input description]	£m nominal						0.0		
<b>Capex Incurred</b>	£m nominal	<b>676.0</b>	<b>692.4</b>	<b>754.2</b>	<b>237.0</b>	<b>331.0</b>	<b>323.0</b>	<b>0.0</b>	<b>0.0</b>
Operational Costs Incurred	£m nominal	1674.0	1722.0	1722.0	876.0	777.0	774.0		
1 [Input description]	£m nominal								
2 [Input description]	£m nominal								
3 [Input description]	£m nominal								
<b>Total Expenditure Incurred</b>	£m nominal	<b>2350.0</b>	<b>2414.4</b>	<b>2476.2</b>	<b>1113.0</b>	<b>1108.0</b>	<b>1097.0</b>	<b>0.0</b>	<b>0.0</b>

**Reconciling Items to Total Net costs after non-price control allocations**

1 Operational costs related to GSO per statutory accounts	£m nominal	(177.1)	(172.0)	(171.0)	(162.0)	(181.0)	(177.8)		
2 Operational costs related to Gas Distribution per statutory accounts	£m nominal	(1187.0)	(1153.0)	(1178.0)	0.0	0.0	0.0		
3 Capex related to GSO	£m nominal	(20.7)	(33.0)	(43.0)	(31.7)	(24.9)	(32.7)		
4 Capex related to Gas Distribution	£m nominal	(454.9)	(468.4)	(521.5)	0.0	0.0	0.0		
5 Capex related to non-regulated activities	£m nominal	(75.0)	(81.0)	(63.0)	(182.7)	(132.7)	(33.0)		
6 Operational costs related to non-regulated activities	£m nominal	(11.000)	(16.000)	(16.000)	(26.000)	(30.000)	(144.493)		
7 Inter-company sales between GD and NTS	£m nominal	107.000	112.000	107.000	41.000	0.000	0.000		
8 Customer Contributions	£m nominal	0.0	0.0	0.0	(6.3)	(6.6)	0.0		
9 Pension adjustments	£m nominal	(15.3)	(35.1)	(36.4)	(89.8)	31.1	21.4		
10 Provision movements	£m nominal	(12.2)	(5.6)	2.7	1.6	20.8	(2.6)		
11 NIC and NIA adjustments	£m nominal	(3.0)	(15.1)	(5.7)	(16.4)	(9.9)	0.0		
12 Depreciation, amortisation and other capex adjustments	£m nominal	(142.0)	(145.6)	(155.7)	(162.2)	(168.2)	(153.3)		
13 Reclassifications and consolidation adjustments	£m nominal	17.7	24.6	32.6	0.0	(41.7)	0.0		
14 Others / Roundings	£m nominal	(2.0)	0.9	1.6	(1.0)	(0.6)	10.3		
15 [Input description]	£m nominal								
16 [Input description]	£m nominal								
17 [Input description]	£m nominal								
18 [Input description]	£m nominal								
19 [Input description]	£m nominal								
20 [Input description]	£m nominal								
<b>Total Reconciling Items</b>	£m nominal	<b>(1975.6)</b>	<b>(1987.3)</b>	<b>(2046.4)</b>	<b>(635.5)</b>	<b>(543.9)</b>	<b>(512.2)</b>	<b>0.0</b>	<b>0.0</b>

**Total Net costs after non-price control allocations**

Total Costs per latest RRP submission	£m nominal	374.4	427.1	429.8	477.5	564.1	584.8	0.0	0.0
check		OK	OK	OK	OK	OK	OK	N/A	N/A

**Reconciling Items to Totex**

1 Costs of Excluded, Consented and De Minimis Services	£m nominal	0.0	0.0	0.0	0.0	0.5	23.6		
2 Pension Deficit Payments relating to Established Deficit	£m nominal	34.1	51.3	51.6	55.8	30.1	31.2		
3 Pension Scheme Administration & PPF Levy	£m nominal	3.3	3.1	2.9	2.9	2.6	2.1		
4 Fines and Penalties	£m nominal	0.1	0.0	0.0	0.0	0.0	0.1		
5 Bad Debts	£m nominal	0.1	0.3	0.1	(0.0)	0.1	0.1		
6 Network Innovation Costs	£m nominal	0.0	4.3	5.4	5.4	5.9	5.5		
7 Network Rates	£m nominal	94.1	96.3	98.5	99.9	92.5	91.9		
8 Licence Fees	£m nominal	13.2	13.9	14.3	12.2	15.8	16.6		
9 Scottish Independent Undertakings	£m nominal	1.4	29.3	21.7	13.9	15.9	16.2		
10 Security (Armed Guards)	£m nominal	12.2	12.1	11.2	12.8	12.7	13.9		
11 Prior year resubmission	£m nominal	(3.1)	0.0	0.0	0.0	0.0	0.0		
12 Others / Roundings	£m nominal	(1.3)	(0.6)	(1.0)	(0.0)	0.1	(0.1)		
13 [Input description]	£m nominal								
14 [Input description]	£m nominal								
15 [Input description]	£m nominal								
16 [Input description]	£m nominal								
17 [Input description]	£m nominal								
18 [Input description]	£m nominal								
19 [Input description]	£m nominal								
20 [Input description]	£m nominal								
21 [Input description]	£m nominal								
22 [Input description]	£m nominal								
23 [Input description]	£m nominal								
24 [Input description]	£m nominal								
25 [Input description]	£m nominal								
<b>Total reconciling items not recognised in totex</b>	£m nominal	<b>154.1</b>	<b>209.9</b>	<b>204.7</b>	<b>202.8</b>	<b>176.2</b>	<b>201.2</b>	<b>0.0</b>	<b>0.0</b>

**PCFM Totex (excluding enduring value)**

RRP reported totex	£m nominal	220.4	217.2	225.2	274.7	387.9	383.6	0.0	0.0
check		OK	OK	OK	OK	OK	OK	N/A	N/A



	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	RIIO-1 period	Enduring Value Appendix in Commentary

**Totex per the latest RRP submission**

**Totex (non-'uncertainty rate')**

Latest Totex actuals/forecast	£m 09/10	153.1	155.2	167.6	188.9	235.5	232.9	229.3	176.3	1133.4	1539.0
Totex allowance	£m 09/10	176.7	181.3	186.4	204.4	228.5	207.2	182.8	168.6	1184.6	1536.1
including allowed adjustments and uncertainty mechanisms	£m 09/10	23.6	26.1	18.8	15.5	(7.0)	(25.7)	(46.4)	(7.7)	51.2	(2.9)
<b>Totex out(under)performance</b>	£m 09/10										
Funding Adjustment Rate (often referred to as 'sharing factor')	%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%		
Customer share of out(under) performance	£m 09/10	13.1	14.5	10.5	8.6	(3.9)	(14.3)	(25.8)	(4.3)	28.5	(1.6)
NWO share of performance	£m 09/10	10.5	11.6	8.3	6.9	(3.1)	(11.4)	(20.6)	(3.4)	22.7	(1.3)
<b>Enduring Value adjustments to Totex performance</b>											
a Reanalyse with uncertainty	£m 09/10	0.0	(2.3)	(16.6)	(50.5)	(67.9)	(67.0)	(24.1)	(20.0)	(204.3)	(248.5)
b Re-phasing of allowances	£m 09/10	(13.1)	(10.0)	4.1	18.8	33.1	(3.2)	(15.0)	(14.7)	29.7	0.0
c RRP Allowance Adjustments	£m 09/10	30.4	21.5	(1.8)	(12.9)	7.8	5.9	(21.1)	(26.7)	50.9	3.0
d [Enduring Value adjustment]	£m 09/10									0.0	0.0
e [Enduring Value adjustment]	£m 09/10									0.0	0.0
f [Enduring Value adjustment]	£m 09/10									0.0	0.0
<b>Total enduring value adjustments</b>	£m 09/10	17.3	9.2	(14.3)	(44.6)	(27.1)	(64.3)	(60.3)	(61.4)	(123.7)	(245.4)
Enduring Value: Customer share of performance	£m 09/10	9.6	5.1	(7.9)	(24.8)	(15.1)	(35.8)	(33.5)	(34.2)	(68.8)	(136.6)
Enduring Value: NWO share of performance	£m 09/10	7.7	4.1	(6.3)	(19.8)	(12.0)	(28.5)	(26.7)	(27.2)	(54.9)	(108.9)
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	£m 09/10	22.7	19.6	2.5	(16.2)	(18.9)	(50.1)	(59.4)	(38.5)	(40.4)	(138.2)
NWO share of performance	£m 09/10	18.1	15.6	2.0	(12.9)	(15.1)	(39.9)	(47.3)	(30.7)	(32.2)	(110.2)
<b>Total</b>	<b>£m 09/10</b>	<b>40.9</b>	<b>35.3</b>	<b>4.5</b>	<b>(29.1)</b>	<b>(34.0)</b>	<b>(90.0)</b>	<b>(106.7)</b>	<b>(69.1)</b>	<b>(72.5)</b>	<b>(248.4)</b>

**Uncertainty rate**

Latest Totex actuals/forecast	£m 09/10	35.7	27.4	19.6	34.7	69.0	59.2	48.7	23.2	245.6	317.5
Totex allowance	£m 09/10	30.4	21.5	(1.8)	(12.9)	7.8	5.9	(21.1)	(26.7)	50.9	3.0
including allowed adjustments and uncertainty mechanisms	£m 09/10	(5.3)	(5.9)	(21.4)	(47.7)	(61.2)	(53.3)	(69.8)	(49.9)	(194.7)	(314.4)
<b>Totex out(under)performance</b>	£m 09/10										
Funding Adjustment Rate (often referred to as 'sharing factor')	%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%		
Customer share of out(under) performance	£m 09/10	(3.0)	(3.3)	(11.9)	(26.5)	(34.0)	(29.6)	(38.8)	(27.8)	(108.3)	(175.0)
NWO share of performance	£m 09/10	(2.4)	(2.6)	(9.5)	(21.1)	(27.1)	(23.6)	(31.0)	(22.1)	(86.4)	(139.5)
<b>Enduring Value adjustments to Totex performance</b>											
a Physical security allowances recategorised from baseline to uncertainty	£m 09/10	0.0	2.3	16.6	50.5	67.9	67.0	24.1	20.0	204.3	248.5
b Re-phasing of allowances	£m 09/10	(19.0)	(29.3)	(4.1)	(14.0)	(8.8)	10.1	43.4	21.7	(65.1)	0.0
c RRP Allowance Adjustments	£m 09/10	0.2	1.4	2.6	(0.7)	0.3	(6.2)	20.2	16.0	(2.4)	33.9
d [Enduring Value adjustment]	£m 09/10									0.0	0.0
e [Enduring Value adjustment]	£m 09/10									0.0	0.0
f [Enduring Value adjustment]	£m 09/10									0.0	0.0
<b>Total enduring value adjustments</b>	£m 09/10	(18.8)	(25.5)	15.1	35.8	59.4	70.9	87.8	57.7	136.9	282.3
Enduring Value: Customer share of performance	£m 09/10	(10.5)	(14.2)	8.4	19.9	33.1	39.5	48.9	32.1	76.2	157.1
Enduring Value: NWO share of performance	£m 09/10	(8.4)	(11.3)	6.7	15.9	26.4	31.5	38.9	25.6	60.7	125.2
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	£m 09/10	(13.4)	(17.5)	(3.5)	(6.6)	(1.0)	9.8	10.0	4.3	(32.2)	(17.9)
NWO share of performance	£m 09/10	(10.7)	(13.9)	(2.8)	(5.3)	(0.8)	7.8	8.0	3.4	(25.7)	(14.2)
<b>Total</b>	<b>£m 09/10</b>	<b>(24.2)</b>	<b>(31.4)</b>	<b>(6.3)</b>	<b>(11.9)</b>	<b>(1.8)</b>	<b>17.7</b>	<b>18.0</b>	<b>7.8</b>	<b>(57.8)</b>	<b>(32.1)</b>

**Totex Summary**

**Total out(under) performance (including enduring value adjustments)**

Customer share of performance	£m 09/10	9.3	2.2	(1.0)	(22.8)	(19.9)	(40.2)	(49.4)	(34.1)	(72.5)	(156.0)
NWO share of performance	£m 09/10	7.4	1.7	(0.8)	(18.2)	(15.9)	(32.1)	(39.4)	(27.2)	(57.8)	(124.4)
<b>Total</b>	<b>£m 09/10</b>	<b>16.7</b>	<b>3.9</b>	<b>(1.8)</b>	<b>(41.0)</b>	<b>(35.8)</b>	<b>(72.3)</b>	<b>(88.7)</b>	<b>(61.4)</b>	<b>(130.4)</b>	<b>(280.5)</b>

**IQI Additional Income**

Additional Income is Pre-tax for Fast Track companies and Post-tax for Slow Track.

IQI Additional Income per PCFM	£m 09/10	(1.1)	(1.1)	(1.2)	(1.6)	(1.9)	(1.3)	(1.1)	(1.0)	(8.2)	(10.3)
Corporation tax rate when recognised in allowed revenue	%	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Post tax	£m 09/10	(0.9)	(0.9)	(0.9)	(1.3)	(1.5)	(1.0)	(0.9)	(0.8)	(6.5)	(8.3)

**£m Nominal**

Financial Year Average RPI (RPit)	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385
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**Totex (non-'uncertainty rate')**

Latest Totex actuals/forecast	£m nominal	178.7	184.6	201.6	232.1	300.1	305.8	309.0	244.2	1402.8	1956.0
Totex allowance	£m nominal	206.2	215.6	224.2	251.0	291.2	272.1	246.4	233.6	1460.3	1940.2
including forecast allowed adjustments and uncertainty mechanisms	£m nominal	27.5	31.0	22.6	19.0	(8.9)	(33.8)	(62.6)	(10.7)	57.4	(15.8)
<b>Totex out(under)performance</b>	£m nominal										
Funding Adjustment Rate (often referred to as 'sharing factor')	%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%
Customer share of out(under) performance	£m nominal	15.3	17.3	12.6	10.6	(4.9)	(18.8)	(34.8)	(5.9)	32.0	(8.8)
NWO share of performance	£m nominal	12.2	13.8	10.0	8.4	(3.9)	(15.0)	(27.8)	(4.7)	25.5	(7.0)
<b>Enduring Value adjustments to Totex performance</b>											
a Reanalyse with uncertainty	£m nominal	0.0	(2.8)	(20.0)	(62.0)	(86.5)	(88.0)	(32.5)	(27.7)	(259.3)	(319.5)
b Re-phasing of allowances	£m nominal	(15.3)	(11.9)	5.0	23.1	42.1	(4.1)	(20.2)	(20.3)	38.8	(1.8)
c RRP Allowance Adjustments	£m nominal	35.5	25.6	(2.2)	(15.9)	9.9	7.8	(28.5)	(37.0)	60.7	(4.8)
d [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
f [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total enduring value adjustments</b>	£m nominal	20.2	10.9	(17.2)	(54.8)	(34.5)	(84.4)	(81.2)	(85.0)	(159.7)	(326.0)
Enduring Value: Customer share of performance	£m nominal	11.2	6.1	(9.6)	(30.5)	(19.2)	(47.0)	(45.2)	(47.3)	(88.9)	(181.4)
Enduring Value: NWO share of performance	£m nominal	8.9	4.9	(7.6)	(24.3)	(15.3)	(37.4)	(36.0)	(37.7)	(70.8)	(144.6)
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	£m nominal	26.5	23.3	3.0	(19.9)	(24.1)	(65.7)	(80.0)	(53.2)	(56.9)	(190.2)
NWO share of performance	£m nominal	21.2	18.6	2.4	(15.9)	(19.2)	(52.4)	(63.8)	(42.5)	(45.4)	(151.6)
<b>Total</b>	<b>£m nominal</b>	<b>47.7</b>	<b>41.9</b>	<b>5.4</b>	<b>(35.8)</b>	<b>(43.4)</b>	<b>(118.2)</b>	<b>(143.8)</b>	<b>(95.7)</b>	<b>(102.3)</b>	<b>(341.8)</b>

**Uncertainty rate**

Latest Totex actuals/forecast	£m nominal	41.7	32.6	23.6	42.6	87.9	77.7	65.6	32.1	306.1	403.8
Totex allowance	£m nominal	35.5	25.6	(2.2)	(15.9)	9.9	7.8	(28.5)	(37.0)	60.7	(4.8)
including forecast allowed adjustments and uncertainty mechanisms	£m nominal	(6.2)	(7.0)	(25.8)	(58.5)	(77.9)	(69.9)	(94.1)	(69.1)	(245.3)	(408.6)
<b>Totex out(under)performance</b>	£m nominal										
Funding Adjustment Rate (often referred to as 'sharing factor')	%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%	55.64%
Customer share of out(under) performance	£m nominal	(3.4)	(3.9)	(14.3)	(32.6)	(43.4)	(38.9)	(52.3)	(38.5)	(136.5)	(227.3)
NWO share of performance	£m nominal	(2.8)	(3.1)	(11.4)	(26.0)	(34.6)	(31.0)	(41.7)	(30.7)	(108.8)	(181.2)
<b>Enduring Value adjustments to Totex performance</b>											
a Physical security allowances reclassified from baseline to uncertainty	£m nominal	0.0	2.8	20.0	62.0	86.5	88.0	32.5	27.7	259.3	319.5
b Re-phasing of allowances	£m nominal	(22.2)	(34.8)	(4.9)	(17.2)	(11.2)	13.3	58.5	30.0	(77.1)	11.4
c RRP Allowance Adjustments	£m nominal	0.2	1.7	3.2	(0.8)	0.3	(8.2)	27.3	22.2	(3.6)	45.9
d [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
f [Enduring Value adjustment]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total enduring value adjustments</b>	£m nominal	(22.0)	(30.4)	18.2	44.0	75.7	93.1	118.3	79.9	178.6	376.8
Enduring Value: Customer share of performance	£m nominal	(12.2)	(16.9)	10.1	24.5	42.1	51.8	65.8	44.4	99.4	209.6
Enduring Value: NWO share of performance	£m nominal	(9.8)	(13.5)	8.1	19.5	33.6	41.3	52.5	35.4	79.2	167.1
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	£m nominal	(15.7)	(20.8)	(4.2)	(8.1)	(1.3)	12.9	13.5	6.0	(37.1)	(17.7)
NWO share of performance	£m nominal	(12.5)	(16.6)	(3.4)	(6.5)	(1.0)	10.3	10.8	4.8	(29.6)	(14.1)
<b>Total</b>	<b>£m nominal</b>	<b>(28.2)</b>	<b>(37.3)</b>	<b>(7.6)</b>	<b>(14.6)</b>	<b>(2.2)</b>	<b>23.2</b>	<b>24.2</b>	<b>10.7</b>	<b>(66.7)</b>	<b>(31.8)</b>

**Totex Summary**

<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	£m nominal	10.9	2.6	(1.2)	(28.0)	(25.4)	(52.8)	(66.5)	(47.3)	(94.0)	(207.9)
NWO share of performance	£m nominal	8.7	2.0	(1.0)	(22.3)	(20.2)	(42.1)	(53.0)	(37.7)	(75.0)	(165.7)
<b>Total</b>	<b>£m nominal</b>	<b>19.5</b>	<b>4.6</b>	<b>(2.2)</b>	<b>(50.4)</b>	<b>(45.6)</b>	<b>(95.0)</b>	<b>(119.6)</b>	<b>(85.0)</b>	<b>(169.0)</b>	<b>(373.6)</b>



**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	Stakeholder Satisfaction Output	Performance Year	Pre-RIIO	Pre-RIIO	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0
		£m nominal	0.0	0.0	1.8	3.5	3.5	7.4	5.1	4.8
b	Permits revenue adjustment	Performance Year	Pre-RIIO	Pre-RIIO	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0
		£m nominal	0.0	0.0	0.0	32.2	0.0	0.0	0.0	0.0
c		Performance Year	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0	2020.0	2021.0
		£m nominal								
d		Performance Year	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0	2020.0	2021.0
		£m nominal								
e		Performance Year	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0	2020.0	2021.0
		£m nominal								
f		Performance Year	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0	2020.0	2021.0
		£m nominal								
g		Performance Year	2014.0	2015.0	2016.0	2017.0	2018.0	2019.0	2020.0	2021.0
		£m nominal								
	<b>Total Impact on Allowed Revenue</b>	<b>£m nominal</b>	<b>0.0</b>	<b>0.0</b>	<b>1.8</b>	<b>35.7</b>	<b>3.5</b>	<b>7.4</b>	<b>5.1</b>	<b>4.8</b>

**Additional Commentary**

a	
b	
c	
d	
e	
f	
g	

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

**Network Innovation Allowance**

Eligible NIA expenditure and Bid Preparation costs

£m nominal

3.0	4.0	3.4	3.9	4.2	4.7	4.9	5.2
-----	-----	-----	-----	-----	-----	-----	-----

Unrecoverable Expenditure (eg not conforming to technical requirements)

£m nominal

0.3	0.4	0.3	0.4	0.4	0.5	0.5	0.5
-----	-----	-----	-----	-----	-----	-----	-----

Company Compulsory Contribution (including % contribution funded by licensee)

£m nominal

0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-----	-----	-----	-----	-----	-----	-----	-----

**Allowed NIA adjustment**

£m nominal

2.7	3.6	3.1	3.5	3.8	4.2	4.4	4.7
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**Low Carbon Networks Fund**

Second Tier and Discretionary (as per latest Revenue RRP)

£m nominal

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)

£m nominal

0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-----	-----	-----	-----	-----	-----	-----	-----

**Low Carbon Networks Fund revenue adjustment**

£m nominal

0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-----	-----	-----	-----	-----	-----	-----	-----

**Network Innovation Competition**

Awarded NIC funding actually spent or forecast to be spent

£m nominal

0.0	0.3	1.8	2.3	2.7	2.6	0.0	0.0
-----	-----	-----	-----	-----	-----	-----	-----

Company Compulsory Contribution (including % contribution funded by licensee)

£m nominal

0.0	0.0	0.2	0.3	0.3	0.3	0.0	0.0
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Successful Delivery Rewards

£m nominal

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**RoRE Inputs**

Network innovation

£m 09/10

0.3	0.4	0.5	0.5	0.6	0.6	0.4	0.4
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		Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Cumulative to	RIIO-1
		2014	2015	2016	2017	2018	2019	2020	2021	2019	period
<b>Net Interest Per Statutory Accounts</b>	£m nominal	283.0	321.0	244.0	162.0	175.1	147.9	148.8	138.6		
<b>Reconciliation with Statutory Accounts</b>											
Interest not qualifying for corporation tax relief	£m nominal	-	-	-	5.2	4.4	4.6	4.6	4.6		
Fair value adjustments (e.g. losses on derivatives)	£m nominal	5.4	(9.7)	(3.0)	(6.3)	20.1	9.1	9.1	9.1		
Dividends on preference shares	£m nominal	-	-	-	-	-	-	-	-		
Costs of early redemption on long term debt	£m nominal	-	(11.4)	-	-	-	-	-	-		
Swap Termination Costs paid	£m nominal	-	-	-	-	-	-	-	-		
Movements relating to pension fund liabilities reported within net interest	£m nominal	-	-	-	(1.0)	-	11.0	11.0	11.0		
Debt issuance expenses (inc. amortisation to discounts that had previously bene	£m nominal	-	-	-	-	-	-	-	-		
Commitment fees for undrawn liquidity backup lines	£m nominal	(0.7)	(0.3)	-	(0.5)	(0.6)	(1.1)	(1.1)	(1.1)		
1. allocated to Cadent Gas (statutory basis)	£m nominal	(174.0)	(195.9)	(146.0)	-	-	-	-	-		
2. allocated to non-regulated businesses (statutory basis)	£m nominal	(16.4)	(5.9)	(11.0)	(16.0)	(9.8)	(5.4)	(3.1)	(2.0)		
3. allocated to GSO (regulated basis)	£m nominal	(1.1)	(1.4)	(2.0)	(3.0)	(3.8)	(3.4)	(3.5)	(3.3)		
4. capitalised interest added back	£m nominal	6.0	7.4	4.0	5.0	9.0	17.2	17.2	17.2		
5. provision unwind added back	£m nominal	(1.2)	(2.7)	(1.0)	(1.0)	(1.0)	(1.6)	(1.6)	(1.6)		
6. other including roundings	£m nominal	(0.2)	(0.6)	-	(1.5)	-	-	-	-		
7. Other adjustment (Overwrite)	£m nominal	-	-	-	-	-	-	-	-		
8. Other adjustment (Overwrite)	£m nominal	-	-	-	-	-	-	-	-		
9. Other adjustment (Overwrite)	£m nominal	-	-	-	-	-	-	-	-		
<b>Net Interest Per Regulatory (RIIO-1) Definition</b>	£m nominal	<b>100.8</b>	<b>100.7</b>	<b>85.0</b>	<b>143.0</b>	<b>193.2</b>	<b>178.4</b>	<b>181.5</b>	<b>172.7</b>		
Forecast new financing/refinancing costs	£m nominal							0.3	7.3		
<b>Net Interest including forecast new financing/refinancing costs</b>	£m nominal	<b>100.8</b>	<b>100.7</b>	<b>85.0</b>	<b>143.0</b>	<b>193.2</b>	<b>178.4</b>	<b>181.8</b>	<b>180.0</b>		
External Net Interest	£m nominal	93.9	83.0	79.6	138.6	198.0	188.4	188.6	182.8		
Intra-company Net Interest	£m nominal	6.9	17.6	5.4	4.4	(4.8)	(10.0)	(6.7)	(2.9)		
		OK	OK	OK	OK	OK	OK	OK	OK		
Memo: Net interest (RIIO-1) Definition that relates to non-cash principal inflatio	£m nominal	76.8	57.3	27.1	54.1	104.8	93.0	95.9	98.9		
Less inflation in interest charge	£m nominal	86.9	68.1	35.7	83.4	155.9	102.8	90.9	111.0		
Assumed Regulatory finance cost at actual gearing	£m nominal	13.9	32.5	49.3	59.7	37.3	75.6	91.0	69.0		
Financial Year Average RPI (RPit)	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385		
<b>Assumed regulatory finance cost at actual gearing</b>	<b>£m 09/10</b>	<b>11.9</b>	<b>27.4</b>	<b>41.0</b>	<b>48.6</b>	<b>29.3</b>	<b>57.6</b>	<b>67.5</b>	<b>49.8</b>	<b>215.7</b>	<b>333.0</b>
<b>Adjustments to be applied to Assumed Finance cost for performance assessment</b>											
Add back Debt Issuance expenses	£m nominal	-	-	-	-	-	-	-	-	-	-
Costs of early redemption on long term debt (excluding exceptional costs of buy	£m nominal	-	11.4	-	-	-	-	-	-	11.4	11.4
Add accrual for inflation accretion on index-linked swaps (if applicable)	£m nominal	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	£m nominal	-	-	-	-	-	-	-	-	-	-
<b>Total Adjustments to be applied for performance assessment (at actual</b>	<b>£m nominal</b>	<b>-</b>	<b>11.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.4</b>	<b>11.4</b>
<b>Total Adjustments to be applied for performance assessment (at actual</b>	<b>£m 09/10</b>	<b>-</b>	<b>9.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.5</b>	<b>9.5</b>

**Cost of Debt out(under)performance at notional gearing**

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

Notional Gearing	%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	
Actual Gearing	%	58.0%	61.1%	60.3%	56.0%	48.0%	46.1%	54.6%	61.7%		
Assumed regulatory finance cost at actual gearing	£m nominal	13.9	32.5	49.3	59.7	37.3	75.6	91.0	69.0		
Adjustment to regulatory finance cost relating to variance from notional gearing	£m nominal	1.1	0.8	1.8	6.9	11.2	27.0	13.2	0.9		
Assumed regulatory finance cost at notional gearing	£m nominal	14.9	33.3	51.1	66.5	48.5	102.6	104.1	69.9		
<b>Assumed regulatory finance cost at notional gearing</b>	<b>£m 09/10</b>	<b>12.8</b>	<b>28.0</b>	<b>42.5</b>	<b>54.2</b>	<b>38.1</b>	<b>78.1</b>	<b>77.3</b>	<b>50.5</b>	<b>253.7</b>	<b>381.4</b>
Adjustments to be applied for performance assessment (at notional gearing)	£m 09/10	-	9.8	-	-	-	-	-	-	9.8	9.8

**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	76.2	71.2	66.5	62.2	61.8	53.5	44.1			
Forecast revised Cost of Debt Allowance	£m 09/10	73.9	70.9	66.2	61.8	59.8	53.5	44.6	32.2	386.1	462.9

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

Pre-Tax Cost of Debt out(under)performance at actual gearing	£m 09/10	62.1	34.0	25.2	13.2	30.5	(4.1)	(22.9)	(17.6)	160.9	120.3
Pre-Tax Cost of Debt out(under)performance at notional gearing	£m 09/10	61.1	33.1	23.7	7.6	21.7	(24.6)	(32.7)	(18.3)	122.7	71.7
Pre-Tax Impact on out(under) performance relating to deviating from notional l	£m 09/10	0.9	0.9	1.5	5.6	8.8	20.5	9.8	0.6	38.2	48.6

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

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		Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
Opening Cash, short term deposits and overdrafts (per I	£m nominal	(3.0)	(410.0)	(363.0)	(109.0)	(1,827.0)	(1,134.0)	(85.0)	(85.0)
Closing Cash, short term deposits and overdrafts (per B	£m nominal	(410.0)	(363.0)	(109.0)	(1827.0)	(1134.0)	(85.0)	(85.0)	(85.0)
External borrowings, bonds, external loans and finance	£m nominal	7273.0	7370.0	7543.0	5478.0	4620.4	4364.9	4249.6	4338.8
Loans from other group companies (+ve)	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans to other group companies (-ve)	£m nominal	1904.0	1957.0	1532.0	(21.0)	(667.0)	(1234.2)	(145.0)	(441.0)
Other amounts due to/(from) group companies per Bala	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guarantees given on behalf of other group companies (I	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency SWAPS	£m nominal	0.0	0.0	0.0	0.0	(330.7)	(385.7)	(387.5)	(408.2)
Interest rate SWAPS	£m nominal	0.0	0.0	0.0	0.0	(196.7)	(198.9)	(210.5)	(223.9)
Inflation-linked SWAPS	£m nominal	0.0	0.0	0.0	0.0	115.6	76.8	76.8	76.8
Interest Rate Forward Contracts	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange forward rate contracts	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other swaps, forward rate contracts & OTC options	£m nominal	(327.0)	(444.0)	(514.0)	(445.0)	412.6	471.9	471.9	471.9
Other derivatives including exchange traded futures anc	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Debt per Statutory Accounts</b>	<b>£m nominal</b>	<b>8440.0</b>	<b>8520.0</b>	<b>8452.0</b>	<b>3185.0</b>	<b>2820.2</b>	<b>3009.8</b>	<b>3970.3</b>	<b>3729.3</b>
<b>Conversion to Regulatory (RIIO-1) Definition of Net Debt</b>									
Unamortised Issue Costs	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed asset investments not readily convertible to cash	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term loans (Not for benefit of regulated business o	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1. Gas Distribution share of net debt	£m nominal	(5006.1)	(4972.3)	(4937.0)	0.0	0.0	0.0	0.0	0.0
2. non-regulated businesses share of net debt (primarily	£m nominal	(299.0)	(429.4)	(332.0)	(235.0)	(150.8)	(109.3)	(83.7)	(53.1)
3. GSO share of net debt	£m nominal	(42.4)	(50.1)	(54.4)	(53.2)	(51.1)	(69.0)	(93.2)	(89.9)
4. Fair value adjustments	£m nominal	26.6	(4.0)	(18.1)	(70.4)	(38.8)	(36.5)	(36.5)	(36.5)
5. Accrued interest	£m nominal	(31.7)	(31.1)	(32.4)	(44.5)	(33.2)	(29.4)	(29.4)	(29.4)
6. Derivatives - other than cross currency swaps	£m nominal	36.1	21.6	17.0	(31.5)	76.7	122.1	122.1	122.1
7. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. [Insert adjustment as necessary]	£m nominal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Net Debt per Regulatory (RIIO-1) definition</b>	£m nominal	<b>3123.5</b>	<b>3054.7</b>	<b>3095.1</b>	<b>2750.4</b>	<b>2623.0</b>	<b>2887.7</b>	<b>3849.6</b>	<b>3642.6</b>
Forecast new debt/refinancing	£m nominal							14.6	321.5
<b>Regulatory Net Debt including forecast new debt/refinancing</b>	£m nominal	<b>3,123.5</b>	<b>3,054.7</b>	<b>3,095.1</b>	<b>2,750.4</b>	<b>2,623.0</b>	<b>2,887.7</b>	<b>3,864.2</b>	<b>3,964.1</b>
		OK	OK	OK	OK	OK	OK	OK	OK
							264.8		
Opening Regulatory Net Debt including forecast new debt/refinancing	£m nominal	2,491.2	3,123.5	3,054.7	3,095.1	2,750.4	2,623.0	2,887.7	3,864.2
Closing Regulatory Net Debt including forecast new debt/refinancing	£m nominal	3,123.5	3,054.7	3,095.1	2,750.4	2,623.0	2,887.7	3,864.2	3,964.1



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

System operator allocation (transmission companies only)	%	0%	0%	0%	0%	0%	0%	0%	0%
Transmission or distribution allocation	%	100%	100%	100%	100%	100%	100%	100%	100%
Average Net Debt (per Regulatory Definition)	£m nominal	2,807.3	3,089.1	3,074.9	2,922.8	2,686.7	2,755.3	3,376.0	3,914.2
Equity RAV	£m nominal	2,034.0	1,969.9	2,021.6	2,292.7	2,906.0	3,225.4	2,806.8	2,428.4
Average RAV	£m nominal	4,841.4	5,059.0	5,096.5	5,215.4	5,592.7	5,980.7	6,182.7	6,342.6
Actual Regulatory Gearing	%	58.0%	61.1%	60.3%	56.0%	48.0%	46.1%	54.6%	61.7%
Notional Gearing	%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%
Gearing Ratio delta	%	-4.5%	-1.4%	-2.2%	-6.5%	-14.5%	-16.4%	-7.9%	-0.8%
NPV Neutral assumed Average Net Debt	£m 09/10	2349.2676	2,546.7	2,506.9	2,328.2	2,069.5	2,063.9	2,465.2	2,787.2
NPV Neutral assumed Equity RAV	£m 09/10	1,702.1	1,624.0	1,648.2	1,826.3	2,238.4	2,416.0	2,049.5	1,729.3
NPV Neutral assumed Average RAV	£m 09/10	4,051.4	4,170.8	4,155.1	4,154.5	4,307.9	4,479.8	4,514.7	4,516.5
Actual Regulatory Gearing	%	58.0%	61.1%	60.3%	56.0%	48.0%	46.1%	54.6%	61.7%
Notional Gearing	%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%
Gearing Ratio delta	%	-4.5%	-1.4%	-2.2%	-6.5%	-14.5%	-16.4%	-7.9%	-0.8%

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

Navigate

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

**RAV per latest published PCFM**

The latest published PCFM does not account for the impact of the reporting years totex. This will be published in the forthcoming annual iteration process.

Closing RAV per latest published PCFM	£m 09/10	4,276.4	4,266.9	4,249.3	4,258.9	4,554.7	4,552.8	4,513.7	4,442.1
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**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	4,014.4	4,267.3	4,247.4	4,231.3	4,242.3	4,545.6	4,579.3	4,607.4
Transfers	£m 09/10	238.9	1.6	1.9	14.7	260.2	13.9	18.5	0.8
<b>Opening RAV (after transfers)</b>	£m 09/10	<b>4,253.3</b>	<b>4,268.9</b>	<b>4,249.3</b>	<b>4,245.9</b>	<b>4,502.6</b>	<b>4,559.5</b>	<b>4,597.8</b>	<b>4,608.2</b>
Net additions (after disposals)	£m 09/10	161.9	129.7	122.4	138.3	187.3	138.8	98.7	84.5
Net additions (after disposals) - enduring value adjustment	£m 09/10	(9.1)	(10.6)	1.1	1.1	7.0	35.4	67.8	36.1
<b>Total Net Additions</b>	£m 09/10	<b>152.8</b>	<b>119.0</b>	<b>123.5</b>	<b>139.4</b>	<b>194.4</b>	<b>174.2</b>	<b>166.5</b>	<b>120.7</b>
Depreciation	£m 09/10	(138.8)	(140.7)	(142.0)	(143.4)	(151.8)	(154.6)	(156.4)	(156.9)
Depreciation - enduring value adjustment	£m 09/10	-	0.2	0.4	0.4	0.4	0.2	(0.6)	(2.1)
<b>Total Depreciation</b>	£m 09/10	<b>(138.8)</b>	<b>(140.5)</b>	<b>(141.6)</b>	<b>(143.0)</b>	<b>(151.4)</b>	<b>(154.3)</b>	<b>(156.9)</b>	<b>(159.0)</b>
[Input other adjustment]	£m 09/10								
[Input other adjustment]	£m 09/10								
[Input other adjustment]	£m 09/10								
<b>Other adjustments</b>	£m 09/10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted Closing RAV</b>	£m 09/10	<b>4,267.3</b>	<b>4,247.4</b>	<b>4,231.3</b>	<b>4,242.3</b>	<b>4,545.6</b>	<b>4,579.3</b>	<b>4,607.4</b>	<b>4,569.9</b>

<b>Total enduring value and other adjustments</b>	£m 09/10	<b>(9.1)</b>	<b>(10.4)</b>	<b>1.5</b>	<b>1.5</b>	<b>7.4</b>	<b>35.6</b>	<b>67.2</b>	<b>34.1</b>
<b>CHECK</b>		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	NA	NA

**Year end RPI**

Financial Year Average RPI (RPIt)	Index	1.183	1.194	1.211	1.251	1.293	1.329	1.363	1.401
Index for Opening RAV conversion to nominal in yr 1	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385
	Index	1.154							

<b>Adjusted Closing RAV</b>	£m nominal	<b>5,048.2</b>	<b>5,069.9</b>	<b>5,123.2</b>	<b>5,307.7</b>	<b>5,877.7</b>	<b>6,083.7</b>	<b>6,281.7</b>	<b>6,403.5</b>
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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 %	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Notional gearing	%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%
Vanilla WACC	annual real %	4.38%	4.25%	4.14%	4.04%	3.94%	3.74%	3.54%	3.26%

NPV-neutral debt element of RAV	£m 09/10	2,532.1	2,606.7	2,597.0	2,596.6	2,692.4	2,799.9	2,821.7	2,822.8
NPV-neutral equity element of RAV	£m 09/10	1,519.3	1,564.0	1,558.2	1,557.9	1,615.4	1,679.9	1,693.0	1,693.7
NPV-neutral RAV return base	£m 09/10	4,051.4	4,170.8	4,155.1	4,154.5	4,307.9	4,479.8	4,514.7	4,516.5

Debt Return on RAV	£m 09/10	73.9	70.9	66.2	61.8	59.8	53.5	44.6	32.2
Equity Return on RAV	£m 09/10	103.3	106.4	106.0	105.9	109.9	114.2	115.1	115.2
Total return on RAV	£m 09/10	177.2	177.3	172.2	167.7	169.6	167.7	159.7	147.4

NPV-neutral debt element of RAV	£m nominal	2,954.2	3,100.8	3,122.5	3,188.9	3,430.4	3,676.3	3,802.2	3,909.3
NPV-neutral equity element of RAV	£m nominal	1,772.5	1,860.5	1,873.5	1,913.4	2,058.2	2,205.8	2,281.3	2,345.6
Adjusted NPV-neutral average RAV	£m nominal	4,726.7	4,961.4	4,996.0	5,102.3	5,488.6	5,882.1	6,083.5	6,254.8

Debt Return on RAV	£m nominal	86.3	84.3	79.6	75.9	76.2	70.2	60.1	44.6
Equity Return on NPV-neutral RAV	£m nominal	120.5	126.5	127.4	130.1	140.0	150.0	155.1	159.5
Total return on RAV	£m nominal	206.8	210.9	207.0	206.0	216.1	220.2	215.2	204.1

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

Navigate

Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
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CT600 will not have been submitted for the current reporting year.

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

This will be corrected / trued-up in future years

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

£m nominal	209.1	167.5	188.3	(25.9)	86.3			
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**Adjustments to remove non-regulated tax liability**

Tax on non-regulated activities	£m nominal	2.3	1.8	1.3	5.4	1.9		
Metering and other non-regulated activities	£m nominal	43.9	42.9	38.5	29.7	38.8		
[Insert adjustment as necessary]	£m nominal							
[Insert adjustment as necessary]	£m nominal							
<b>Non-regulated tax</b>	£m nominal	46.2	44.7	39.8	35.1	40.7	0.0	0.0

**Other adjustments**

Tax on output incentives	£m nominal	0.0	0.0	0.4	7.1	0.7	1.4	1.0	0.8
Tax on IQI	£m nominal	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.2)
Collected revenue adjustment ('k')	£m nominal	6.4	8.2	16.6	29.6	15.2			
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			
Cadent Gas liability	£m nominal	109.6	84.8	91.4	93.5	0.0			
GSO liability	£m nominal	43.1	34.2	23.5	21.2	4.5			
Tax on incentives (including GSO)	£m nominal	11.3	5.1	4.8	(2.2)	(0.3)			
Tax on remeasurements	£m nominal	1.3	(2.0)	(0.7)	(1.2)	3.9			
Tax on disposal of Cadent	£m nominal	0.0	0.0	0.0	(225.2)	(5.7)			
Tax on sectionalisation of pension scheme as part of Cadent sale	£m nominal	0.0	0.0	0.0	17.8	0.0			
[Insert new rows here as necessary]	£m nominal								
[Insert new rows here as necessary]	£m nominal								
[Insert new rows here as necessary]	£m nominal								
<b>Total other adjustments</b>	£m nominal	171.4	130.0	135.7	(59.8)	17.9	1.1	0.7	0.6

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

£m nominal						26.4	31.7	28.3
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Adjusted forecast regulated tax liability with timing differences

£m nominal	(8.5)	(7.2)	12.8	(1.2)	27.7	25.3	31.0	27.7
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Financial year average RPI

Index	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4
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Adjusted/forecast regulated tax liability with timing differences

£m 09/10	(7.3)	(6.1)	10.7	(1.0)	21.8	19.3	23.0	20.0
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**Tax out(under)performance at notional gearing**

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

Notional Gearing	%	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
Actual Gearing	%	0.6	0.6	0.6	0.6	0.5	0.5	0.6	
Adjusted/forecast regulated tax liability with timing differences	£m nominal	(8.5)	(7.2)	12.8	(1.2)	27.7	25.3	31.0	27.7
Adjustment to regulatory tax cost relating to variance from notional gearing	£m nominal	(0.2)	(0.2)	(0.4)	(1.4)	(2.1)	(5.1)	(2.5)	(0.1)
Revised regulated tax liability for comparison against allowance	£m nominal	(8.7)	(7.4)	12.5	(2.6)	25.6	20.2	28.5	27.5
Revised regulated tax liability for comparison against allowance	£m 09/10	(7.5)	(6.2)	10.4	(2.1)	20.1	15.4	21.1	19.9

## 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	8.8	10.9	14.0	15.1	22.9	23.2	24.4	28.2
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	8.8	10.9	14.0	15.1	22.9	23.2	24.4	28.2

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	7.1	8.9	13.5	14.9	23.5	20.9	27.8	23.4
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>7.1</b>	<b>8.9</b>	<b>13.5</b>	<b>14.9</b>	<b>23.5</b>	<b>20.9</b>	<b>27.8</b>	<b>23.4</b>

### Reconciliation of forecast movement in allowance

Changes in corporation tax rates	£m 09/10	(1.7)	(2.0)	(0.5)	(0.2)	0.6	(2.4)	3.5	(4.8)
Tax allowance retained within deadband	£m 09/10	0.0	0.0	0.0	0.0	(0.5)	(0.2)	(1.0)	(3.7)
Other adjustments	£m 09/10	1.8	1.8	1.8	2.0	2.3	2.3	2.4	2.5
Check	£m 09/10	(3.4)	(3.8)	(2.3)	(2.2)	(1.3)	(4.5)	2.1	(3.6)
		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>14.4</b>	<b>14.9</b>	<b>2.9</b>	<b>15.8</b>	<b>1.8</b>	<b>1.6</b>	<b>4.9</b>	<b>3.4</b>
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<b>Regulated tax out(under) performance at notional gearing</b>	<b>£m 09/10</b>	<b>14.6</b>	<b>15.1</b>	<b>3.1</b>	<b>17.0</b>	<b>3.5</b>	<b>5.5</b>	<b>6.7</b>	<b>3.5</b>
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<b>Impact on out(under) performance relating to deviating from notional lev</b>	<b>£m 09/10</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(1.7)</b>	<b>(3.9)</b>	<b>(1.9)</b>	<b>(0.1)</b>
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Tax impact of financing performance (at actual gearing)	£m nominal	16.7	8.5	6.1	3.2	7.4	(1.0)	(5.9)	(4.2)
Tax impact of financing performance (at actual gearing)	£m 09/10	14.3	7.1	5.0	2.6	5.8	(0.8)	(4.4)	(3.0)
Tax impact of financing performance (at notional gearing)	£m nominal	16.4	8.3	5.7	1.9	5.3	(6.1)	(8.4)	(4.3)
Tax impact of financing performance (at notional gearing)	£m 09/10	14.1	7.0	4.7	1.5	4.1	(4.7)	(6.2)	(3.1)
Tax impact of financing performance relating to deviating from notional levels of g	£m 09/10	0.2	0.2	0.3	1.1	1.7	3.9	1.9	0.1



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

Navigate

		Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
<b>Licensee share of total pension deficit repair payment made for defined benefit schemes</b>	£m nominal	33.3	51.9	52.0	55.6	30.5	31.6		
<b>Of which:</b>									
Established deficit element funded via specific allowances	£m nominal	33.3	51.9	52.0	54.8	30.1	31.2		
Incremental deficit funded via totex	£m nominal	0.0	0.1	0.1	0.9	0.4	0.4		
Established deficit element funded via specific allowances	£m 09/10	28.5	43.6	43.2	44.6	23.7	23.8	0.0	0.0
<b>Established deficit (EDE) allowance as per PCFM</b>	£m 09/10	26.4	26.4	49.4	49.4	49.4	25.7	25.7	25.7
Less Pension Payment History Allowance (PPH)	£m 09/10	0.0	0.0	0.0	0.0	0.0	1.7	1.7	1.7
<b>Established deficit allowance less PPH</b>	£m 09/10	26.4	26.4	49.4	49.4	49.4	24.0	24.0	24.0
<b>Latest pension scheme valuation</b>		Enter valuation date							
		42460.0							
Price base		42460.0							
		£m							
Total Liabilities attributable to post cut-off date notional sub fund		55.9							
Total Liabilities attributable to pre cut-off date notional sub fund		18308.0							
Total Assets attributable to post cut-off date notional sub fund		47.7							
Total Assets attributable to pre cut-off date notional sub fund		16781.9							
Deficit in the post Cut-Off Date Notional Sub-Fund		8.2							
Deficit in the pre Cut-Off Date Notional Sub-Fund		1526.1							
Licensee element of established deficit		777.5							
Licensee element of incremental deficit		5.3							

