

# NGN Mod186 Pricing Statement

Movement from December 2023 to March 2024

**we are  
the network**

## Mod 186 - Dec 2023 - Mar 2024

	21/22	22/23	23/24	24/25	25/26	GD2	
<b>Mod186 : Dec 2023</b>	Calculated revenue	430.7	566.2	571.8	559.1	579.8	
	AIP adjustment term	-	23.3	(7.7)	(42.5)	-	
	<b>Adjusted revenue</b>	<b>430.7</b>	<b>589.6</b>	<b>564.1</b>	<b>516.7</b>	<b>579.8</b>	<b>2,681</b>
	Legacy Allowed Revenue	(13.8)	10.8	0.1	0.8	0.6	
	K Correction Factor	0.2	0.4	4.4	4.7	-	
	<b>Allowed Revenue</b>	<b>417.2</b>	<b>600.7</b>	<b>568.7</b>	<b>522.2</b>	<b>580.3</b>	<b>2,689</b>
	Recovered Revenue - Collected	416.9	596.4	564.8	522.2	580.3	
	Inflation %	4.5%	8.8%	6.2%	3.0%	1.7%	
	SOQ % Change	1.4%	(0.1)%	(7.4)%	(11.0)%	-	
	LDZ Price Change	(13.7)%	15.4%	20.4%	10.3%	7.0%	
<b>Mod186 : Latest Position</b>	Calculated revenue	430.7	566.2	571.8	560.4	565.4	
	AIP adjustment term	-	23.3	(7.7)	(42.5)	(17.9)	
	<b>Adjusted revenue</b>	<b>430.7</b>	<b>589.6</b>	<b>564.1</b>	<b>518.0</b>	<b>547.5</b>	<b>2,650</b>
	Legacy Allowed Revenue	(13.8)	10.8	0.1	0.8	0.5	
	K Correction Factor	0.2	0.4	4.4	4.7	-	
	<b>Allowed Revenue</b>	<b>417.2</b>	<b>600.7</b>	<b>568.7</b>	<b>523.4</b>	<b>548.0</b>	<b>2,658</b>
	Recovered Revenue - Collected	416.9	596.4	563.0	522.9	548.0	
	Inflation %	4.5%	8.8%	5.4%	1.6%	1.5%	
	SOQ % Change	1.4%	(0.1)%	(7.4)%	(11.9)%	-	
	LDZ Price Change	(13.7)%	15.4%	20.4%	11.8%	0.3%	
<b>Difference</b>	Calculated revenue	-	-	-	1.3	(14.4)	
	AIP adjustment term	-	-	-	-	(17.9)	
	<b>Adjusted revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.3</b>	<b>(32.3)</b>	<b>(31)</b>
	Legacy Allowed Revenue	-	-	(0.0)	(0.0)	(0.0)	
	K Correction Factor	-	-	-	(0.0)	-	
	<b>Allowed Revenue</b>	<b>-</b>	<b>-</b>	<b>(0.0)</b>	<b>1.3</b>	<b>(32.3)</b>	<b>(31)</b>
	<b>Recovered Revenue</b>	<b>-</b>	<b>0.0</b>	<b>(1.9)</b>	<b>0.8</b>	<b>(32.3)</b>	
	Inflation %	-	-	(0.8)%	(1.5)%	(0.2)%	
	SOQ % Change	-	-	-	(0.9)%	-	
	LDZ Price Change	-	-	0.0%	1.6%	(6.8)%	

## Summary of key updates December 2023 to March 2024:

Gas prices and forecast inflation have seen significant reductions since our last update in December 2023. Below is a table of key movements:

Breakdown of movements		24/25		25/26		GD2
		Total	25/26 adj	Reforecast 25/26	Total	
Adjusted Revenue movements	Inflation	(0.0)	(11.0)	(11.6)	(22.6)	(22.6)
	SOLR	1.3	-	-	1.3	1.3
	Shrinkage		(7.0)	(2.8)	(9.7)	(9.7)
	<b>Total movement</b>	<b>1.3</b>	<b>(17.9)</b>	<b>(14.4)</b>	<b>(32.3)</b>	<b>(31.0)</b>

### Inflation -£22.6m

We have incorporated the indicators from the most recent publication by the Office for Budgetary Responsibility (OBR) on 6 March 2024. The inflation combined RPI-CPIH inflation used in the PCFM over the last 12 months have been as follows:

Inflation	21/22	22/23	23/24	24/25	25/26
CPIH Mar 24	3.674%	8.774%	5.432%	1.551%	1.546%
CPIH Dec 23	3.674%	8.774%	6.250%	3.047%	1.710%
CPIH Sept 23	3.674%	8.774%	5.354%	0.697%	0.251%
CPIH Jun 23	3.674%	8.774%	4.749%	0.730%	0.251%
CPIH Mar 23	3.674%	8.765%	5.198%	0.321%	-0.451%

### Shrinkage -£9.7m

Since December and the finalisation of our prices, gas prices have continued to fall. Please see the table below:

Year	Mar-24 £/therm	Dec-23 £/therm	Sep-23 £/therm	Jun-23 £/therm	Mar 23
22/23	1.75	1.75	1.75	1.75	2.19
23/24	0.83	1.00	1.08	0.89	3.03
24/25	0.72	1.25	1.42	1.15	2.24
25/26	0.78	1.10	1.17	1.04	1.59

## Supplier of Last Resort

The finalisation of the **25/26 SOLR position** resulted in a **£1.3m** shift.

In December we included the minded to positions published by Ofgem which indicated that we would be looking to recover approximately £0.5m from suppliers to return to bill payers. When the decision was finalised by Ofgem it has resulted in an additional charge of £0.8m to be socialised and recovered via our GDN revenue.

## Pipeline of re-opener applications

RRP Table 11.05	HSE Policy	Specified Streetworks	Net Zero Pre- construction Work and Small Net Zero Projects
21/22	1.0	2.3	-
22/23	1.2	2.2	-
23/24	4.3	2.1	-
24/25	5.1	2.4	3.8
25/26	5.0	2.1	3.8
Total	16.6	11.1	7.5

These are the largest reopeners as presented in Table 11.05 in **2022/23 RRP**. Note this is the expenditure level increase not revenue – revenue increase would be smaller due to fast/slow money mechanics.