

Wales & West

Table 1

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Assumptions
Core Allowed Revenue in 2005/06 Prices	220.8	232.2	234.5	237.5	239.6			Based on Early July 11 day ahead prices and deflated by RPI
Cost Pass Through	25.0	24.9	24.8	24.8	24.7			
Shrinkage Allowance	7.6	4.4	7.3	9.1	9.6			
Final Allowed Rev per PCR	253.3	261.6	266.6	271.4	273.9			Excludes NTS Charges From Oct 12 which are shown below
RPI Factor from Base Yr 2005/6	1.1	1.15	1.15	1.20	1.26	1.30	1.34	Cumulative RPI from base year 2005/6 using latest banking indices RPI based on latest banking indices.
RPI Percentage (Year on Year)	4.1%	3.8%	(0.4%)	4.7%	5.3%	3.0%	3.0%	
Final Allowed Rev per PCR at prices of year	280.4	300.7	305.3	325.4	345.6			
Pass-Through Business Rates	0.7	1.0	(0.6)	(1.0)	(1.6)			For 2010/11 and 2011/12 the rates are less than the ofgem inflated allowances. Assumed to increase by RPI from 2012/13.
Pass-Through Licence Fees	0.1	(0.2)	(0.3)	(0.1)	(0.1)			The licence fee from 2010/11 rates are less than the ofgem inflated allowance. From 2011/12 assumed to increase by RPI.
Pass-Through NTS Pension Deficit	(0.1)	(0.1)	0.0	(0.1)	(0.1)			The NTS pension deficit was in line with the ofgem inflated allowance for 2010/11. The forecast is expected to be less than the ofgem allowance from 2011/12.
Pass-Through Others (B4): Theft of Gas, 3 rd Party Damage & Water Ingress, Miscellaneous Pass-Through	0.0	0.0	0.0	0.0				Costs have been and are forecast to be minimal.
Incentive Revenue and Other Adjustments Forecast (D)	4.6	7.8	8.0	9.2	11.4			Comments are given below
K Movement	3.1	(8.1)	(3.0)	5.3	(0.2)			K b/forward from previous year enhanced by interest.
Final Allowed Revenue	289.0	301.1	309.4	338.7	354.9	365.6	376.6	
Forecast Collected Revenue	296.9	304.1	304.2	338.9	354.9	364.3	375.3	Collected revenue reflects a 4% reduction in capacity income from Oct 11 (Actual 5.4% in Oct 10) and a further 4% reduction in 2012/13.
Forecast Over / (Under) Recovery (G)	7.9	2.9	(5.2)	0.2	0.0	-1.3	-1.3	
Arithmetical April Price % needed for Collected Revenue to equal Allowed Revenue	10.1%	-9.3%	3.8%	15.1%	8.2%	3.0%	3.0%	
Exit Capacity Charges					10.1	21.0	20.5	

	Apr-09	Apr-10	Apr-11	Apr-12	Apr-13
Actual Price Adjustment	-9.3%	3.8%	15.1%		
Indicative Price Adjustment	-6.6%	3.7%	14.0%		
Reported Price Adjustment in the Apr 11 Mod 186 Presentation				4.60%	

Table 2

£m	2010/11		2011/12		2012/13	
	Low	High	Low	High	Low	High
Under(-)/over recovery	(7.0)	(3.0)				
Pass-Through Costs			(2.0)	(0.6)	(3.0)	(1.0)
Incentives			6.0	12.0	9.0	13.0
Final Collected Revenue Forecast			335.0	343.0	345.0	362.0

2010/11

- (ii) Incentives for 2010/11 relate to capacity output, metering tipping point, emissions, MSRA and IFID.
- (ii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.

2011/12

- (i) Shrinkage costs are based on 'day ahead' prices in early July 11 multiplied by the shrinkage gas quantities given in the licence .
- (ii) Incentives for 2011/12 relate to capacity output, metering tipping point, emissions and MSRA.
- (iii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.

2012/13

- (i) Shrinkage costs are based on 'day ahead' prices in early July 11 multiplied by the shrinkage gas quantities given in the licence .
- (ii) Incentives for 2012/13 relate to capacity output, metering tipping point and emissions.
- (iii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.

2013/14 and 2014/15

Final Allowed Revenue for 2013/14 and 2014/15 have been derived by applying the forecast RPI to the previous year's Final Allowed Revenues

This report is published as a goodwill gesture from Wales & West Utilities to all Shippers following the implementation of Mod 186. It is published on a without prejudice basis and whilst every effort has been made to ensure the accuracy of the information contained here, it is primarily a forecast.