

September 2019

MOD 186

Accompanying Narrative



Movement Since March 2019

		2018/19	2019/20	2020/21	2021/22	2022/23	Explanation
Reported at the last DNCFM		429.3	474.9	452.3	4.3	10.7	
Collected Revenue	↑	-	-	-	0.1	-	Updates to 2019/20 collected revenue forecast
Updated gas prices	↓	-	-	0.0	(0.4)	0.2	Decrease in long term gas price forecast
MOD t calculation	↓	-	-	(3.0)	(0.1)	(0.0)	Revised balance for 2018/19 RRP outturn
Change in inflation forecast	↓	-	-	(2.0)	(3.2)	(2.1)	Per August HMT forecast
NTS costs	↓	-	-	-	(2.6)	(1.3)	Updated for July price notice effective October 19
NTS volumes	↓	-	-	-	(0.9)	(0.8)	Amendments to volume bookings from October 19
NIA expenditure	↓	(0.5)	-	(0.6)	-	-	Updated to reflect final numbers per 18/19 RRP table
Shrinkage and Leakage forecast	↑	-	-	1.0	0.3	0.4	Updated to reflect final numbers per 18/19 RRP table
Stakeholder engagement	↑	-	-	0.2	0.2	0.2	Updated to reflect final 18/19 score
Business rates and LF forecast	↑	-	-	(0.1)	0.1	0.5	Updated per latest forecast costs
SOLR	↑	-	-	0.2	-	-	Together Energy Ltd
RIIO GD2 base revenue forecast	↑	-	-	-	429.8	455.2	Based on July BP submission
Theft of gas	↓	(0.2)	-	(0.2)	-	-	Updated to reflect final numbers per 18/19 RRP table
Reported in the latest MOD186		428.6	474.9	447.9	427.5	462.9	
Net Movement	↓	-	-	(4.4)	423.3	452.2	

Additional Comments

- RRP 18/19

Revenues in 20/21 reflect the 2018/19 RRP outturn which was submitted to Ofgem on 31 July 2019.

- GD2 base revenue

GD2 base revenue figures are based on the July 2019 Business Plan submission. The next business plan submission will be in October 2019. The figures currently reported do not reflect any adjustments that will be put through the October Business Plan and will be subject to significant change.

- NTS costs

Adjustments for movements in NTS costs reflect the July 2019 NTS price notice. Indicative prices may change (October 20 onwards) following the conclusion of MOD 678.

- SOLR

We have received an additional Supplier of Last Resort Claim which will impact revenues and costs in 2020/21. We have included an amount of £235k within miscellaneous pass through costs.

Important Notice

This information is submitted in fulfilment of the UNC in that forecast allowed revenue must be shared. No representation as to the accuracy of forecast information or any other information is made in this report. These forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forecasts. This document should not be relied on as a guide to future performance, and should not be relied on in deciding whether to undertake future investment. It should be noted that auditors have not reviewed the information in this document.

Furthermore certain information presented is done so to maintain consistency between networks, most notably RPI forecasts which reflect the latest published view by HM Treasury and consequently can be different from the expected outturn internally which may use other information to inform forecasting.

Thank you

Smitha Coughlan

Pricing and Regulation Manager

Smitha.coughlan@wwutilities.co.uk

