



March 2023 MOD0186

Shonalee Maurya & Drew Sambridge



Key Updates for March 2023 MOD0186

2023/24 Final Charges have now been set with charging statements to be released at the end of March (2023).

For the this MOD0186 report, there is no update or changes to the assumptions made when setting 23/24 Final Charges for the year ended March 2024. We have not updated information for the Spring OBR publication

The forecast provided on the subsequent slide looks further forward to the year ending March 2025.

There remains significant geo-political uncertainty for inflation and gas prices (n.b. 295p/therm used for 23/24 & 200p/therm for 24/25).

We will update our forecast during the year on these key variables among other trading updates.

Movement in forecast Allowed Revenue for the year 24/25

Legacy RIIO-GD1 Closeout Items:

In adherence to Ofgem's decision on the treatment of Legacy Closeout adjustment items and true-ups, the cost adjustments are now spread across the final 3 years of RIIO-GD1

CADENT	LDZ	ECN	SOLR	TOTAL
DECEMBER MOD0186 - 24/25 ALLOWED REVENUE	2,099.3	180.7	-	2,280.0
LEGACY (inc. RIIO-1 CLOSEOUT & DISPOSALS), AND OTHER	(6.0)	-	-	(6.0)
MARCH MOD0186 - 24/25 ALLOWED REVENUE	2,093.3	180.7	-	2,274.0
MOVEMENT IN ALLOWED REVENUE	(6.0)	-	-	(6.0)
MOVEMENT IN ALLOWED REVENUE - %	(0.3%)	-	n/a	(0.3%)

Next Steps

- 2022/23 Charging Statements will be published on April 1st, 2023
- We will continue to monitor macro changes such as inflation and gas price rates and present their impact on revenues and unit rates. The Spring Budget included an OBR forecast with higher forecast inflation than the estimates at November 2022 used in the revenue forecasts presented. This will be factored into future revenue projections (June MOD0186).
- June MOD0186 report will include an initial view of significant over and under recovery for the year based on initial invoices.

Appendix

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
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TABLE 1: ALLOWED REVENUE & ARITHMETICAL PRICE CHANGE

1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	646.1	921.5	811.9	779.3	775.6
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(3.2)%	(1.2)%	6.2%	(0.8)%	(0.4)%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	161.5%	61.4%	(42.5)%	26.0%	(1.1)%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	1.3%	42.6%	(11.9)%	(4.0)%	(0.5)%

TABLE 2: ALLOWED REVENUE COMPOSITION

5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	594.7	747.8	649.2	615.7	617.3
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.6	2.5	3.0	3.1
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	0.2	0.2	0.2	0.2
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	5.5	4.7	5.2	5.8	5.6
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	600.2	753.4	657.2	624.7	626.3

11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	Pit / PI2018/19		1.053	1.119	1.241	1.245	1.240
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	31.5	89.6	158.5	153.2	150.0
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	631.8	842.9	815.7	777.9	776.3

14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(0.5)	48.4	(5.9)	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	2.3	(0.1)	2.6	-	-
16	LEGACY REVENUE	LARt	NOMINAL	12.5	30.3	(0.5)	1.4	(0.6)
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	646.1	921.5	811.9	779.3	775.6
18	<i>memo; Current assessment Allowed Revenue</i>	ARt	NOMINAL	673.3	935.2	811.9	779.3	775.6

19	RECOVERED REVENUE (+ FORECAST)	RRT	NOMINAL	646.1	921.5	811.7	779.3	775.6
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ART - RRT	NOMINAL	0.1	-	(0.2)	-	-

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
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TABLE 1: ALLOWED REVENUE & ARITHMETICAL PRICE CHANGE

1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	468.4	651.1	514.5	540.5	542.4
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	4.0%	5.6%	(10.6)%	8.8%	0.4%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	78.7%	47.9%	(41.6)%	31.1%	(0.9)%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	1.6%	39.0%	(21.0)%	5.1%	0.3%

TABLE 2: ALLOWED REVENUE COMPOSITION

5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	428.8	522.0	449.0	432.8	438.2
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	1.0	1.7	2.0	2.6
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	3.2	2.6	2.9	3.2	3.0
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	432.0	525.6	453.6	438.1	443.8

11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	PIt / PI2018/19		1.0525	1.1189	1.2412	1.2452	1.2396
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	22.7	62.5	109.4	107.4	106.3
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	454.6	588.0	563.0	545.5	550.2

14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	0.8	35.1	(44.7)	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.7	(2.3)	3.2	-	-
16	LEGACY REVENUE	LARt	NOMINAL	11.3	30.3	(7.1)	(4.9)	(7.8)
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	468.4	651.1	514.5	540.5	542.4
18	<i>memo; Current assessment Allowed Revenue</i>	ARt	NOMINAL	472.4	638.0	514.5	540.5	542.4

19	RECOVERED REVENUE (+ FORECAST)	RRT	NOMINAL	468.4	651.1	514.3	540.5	542.4
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ART - RRT	NOMINAL	-	-	(0.1)	-	-

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
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TABLE 1: ALLOWED REVENUE & ARITHMETICAL PRICE CHANGE

1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	453.2	640.5	589.0	542.5	539.4
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(5.5)%	3.0%	7.4%	(5.1)%	(0.6)%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	(4.1)%	22.5%	(28.2)%	21.6%	(0.6)%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	(4.9)%	41.3%	(8.0)%	(7.9)%	(0.6)%

TABLE 2: ALLOWED REVENUE COMPOSITION

5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	414.0	521.0	458.8	429.7	429.8
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.1	2.3	2.4	2.3
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	3.7	3.1	3.5	3.9	3.7
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	417.7	524.2	464.5	435.9	435.9

11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	Pit / PI2018/19		1.0525	1.1189	1.2412	1.2452	1.2396
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	21.9	62.3	112.0	106.9	104.4
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	439.6	586.6	576.5	542.8	540.3

14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(2.0)	33.9	1.2	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.7	2.6	11.8	-	-
16	LEGACY REVENUE	LARt	NOMINAL	13.9	17.5	(0.6)	(0.3)	(0.9)
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	453.2	640.5	589.0	542.5	539.4
18	<i>memo; Current assessment Allowed Revenue</i>	ARt	NOMINAL	477.4	656.0	589.0	542.5	539.4

19	RECOVERED REVENUE (+ FORECAST)	RRT	NOMINAL	453.2	640.5	588.8	542.5	539.4
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ART - RRT	NOMINAL	-	-	(0.2)	-	-

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
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TABLE 1: ALLOWED REVENUE & ARITHMETICAL PRICE CHANGE

1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	338.1	484.0	415.0	411.6	411.1
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(7.0)%	3.8%	0.4%	2.0%	(0.0)%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	30.0%	39.4%	(43.4)%	41.5%	(1.2)%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	(3.9)%	43.1%	(14.2)%	(0.8)%	(0.1)%

TABLE 2: ALLOWED REVENUE COMPOSITION

5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	318.6	398.4	343.6	327.1	328.1
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.1	1.1	1.4	1.5
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	2.7	2.3	2.6	2.9	2.8
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	321.3	400.8	347.3	331.3	332.3

11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	Pit / PI2018/19		1.0525	1.1189	1.2412	1.2452	1.2396
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	16.9	47.6	83.8	81.2	79.6
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	338.2	448.5	431.0	412.5	412.0

14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(1.6)	28.5	(16.6)	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.4	0.9	1.4	-	-
16	LEGACY REVENUE	LARt	NOMINAL	0.1	6.1	(0.9)	(0.9)	(0.9)
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	338.1	484.0	415.0	411.6	411.1
18	memo; Current assessment Allowed Revenue	ARt	NOMINAL	349.1	486.5	415.0	411.6	411.1

19	RECOVERED REVENUE (+ FORECAST)	RRT	NOMINAL	338.1	484.0	414.9	411.6	411.1
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRT	NOMINAL	-	-	(0.1)	-	-