

## East of England (National Grid)

Mod 186 Report

2 May 2008

£m

	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
	Current Prices					
Core Allowed	371.4	345.9	350.9	354.9	359.5	363.8
Cost Pass Through	70.1	63.8	63.7	63.5	63.4	63.3
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	6.8	12.1	12.0	12.0	11.9	12.0

<b>Final Allowed Rev per PCR</b>	<b>448.3</b>	<b>421.7</b>	<b>426.6</b>	<b>430.4</b>	<b>434.9</b>	<b>439.1</b>
Inflation Assumed		1.11	1.14	1.17	1.21	1.25
<b>Final Allowed Rev per PCR at prices of year</b>	<b>448.3</b>	<b>466.9</b>	<b>486.5</b>	<b>505.6</b>	<b>526.1</b>	<b>547.2</b>
Cost Pass through Movements	0.0	1.8				
Incentives & Adjustments Movement	-2.2	17.7				
K Movement	19.0	-2.5				
<b>Final Allowed Revenue Latest Forecast</b>	<b>465.1</b>	<b>483.9</b>				
% of previous year		104.0%				
<b>Forecast Collected Revenue</b>	<b>467.4</b>	<b>483.9</b>				
<b>Forecast Under / Over Recovery ( K ) under recover (-)</b>	<b>2.3</b>	<b>0.0</b>				
<b>Arithmetical October Price level change needed for Collected to = Allowed</b>	<b>2.6%</b>	<b>8.0%</b>				

### Commentaries

2007/08

The forecast over-recovery for 2007/8 is primarily due to the forecast reduction in DNMRA from the value assumed when charges were set. There have been only minor changes since January Mod186.

2008/9

3% reduction in SOQs assumed in October 2008.

Ofgem included cost pass through into the core allowed (these values have been reallocated in this report for consistency with 2007/08 numbers)

Shrinkage, Exit, Emission, Loss of Meter Work and DNMRA forecasts included on 2008/9 Incentives & Adjustments. Shrinkage and DNMRA forecasts have increased since January. High gas price and work forecasts account for the differences.

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