

East of England (National Grid)

Mod 186 Report

21 January 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	70.3	63.8	63.6	63.5	63.4	63.3
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	6.8	12.1	12	12	11.9	12

Final Allowed Rev per PCR	448.5	421.7	426.6	430.4	434.9	439.1
Inflation Assumed		1.11	1.15	1.20	1.24	1.29
Final Allowed Rev per PCR at prices of year	448.5	467.1	490.9	515.2	541.3	568.4
Cost Pass through Movements	0.0	1.3				
Incentives & Adjustments Movement	-3.5	1.1				
K Movement	19.0	-3.1				
Final Allowed Revenue Latest Forecast	464.0	466.4				
% of previous year		100.5%				
Forecast Collected Revenue	466.8	466.4				
Forecast Under / Over Recovery (K)	-2.8	0.0				
Arithmetical October Price level change needed for Collected to = Allowed	2.6%	1%				

Commentaries

2007/08

The forecast over-recovery for 2007/8 is primarily due to the forecast reduction in DNMR from the value assumed when charges were set.

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 DNMR forecasts included on 2008/9 Incentives & Adjustments

Capacity / Commodity Split changes - 95/5 change to take effect on the 1 October 2008

The October price change is based on the current structure of charges, the following scaling factors should be applied after uplifting / reducing the current prices by the change needed above:

LDZ System & CSEP System Commodity -	0.1217
LDZ System & CSEP System Capacity -	2.1592

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