

## London (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	213.9	236.7	233.2	239.8	244.0	244.9
Cost Pass Through	34.4	35.7	35.6	35.5	35.5	35.4
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	20.0	6.9	6.9	6.8	6.8	6.7

Final Allowed Rev per PCR	268.3	279.2	275.7	282.1	286.2	287.0
Inflation Assumed		1.11	1.14	1.17	1.21	1.25
Final Allowed Rev per PCR at prices of year	268.3	309.1	314.4	331.4	346.3	357.7
Cost Pass through Movements	0.0	-4.0				
Incentives & Adjustments Movement	-0.2	-20.5				
K Movement	8.7	10.4				
Final Allowed Revenue Latest Forecast	276.8	295.0				
% of previous year		106.6%				
Forecast Collected Revenue	267.0	295.0				
<b>Forecast Under / Over Recovery ( K ) under recovery (-)</b>	<b>-9.8</b>	<b>0.0</b>				
<b>Arithmetical October Price level change needed for Collected to = Allowed</b>	<b>64.3%</b>	<b>-9.7%</b>				

### Commentaries

2007/08

The forecast under-recovery is broadly in line with the assumptions and revenue targetted when charges were set during 2007/8. Prices were set to under-recover by £10m in London as a measure to smooth price volatility going forward.

There have been small changes in expected collected revenue due to throughput and SOQ changes

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. Minor changes due to gas prices on Shrinkage and DNMR forecasts.

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