

East of England (National Grid)

Mod 186 Report

14 July 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

Final Allowed Rev per PCR	448.3	421.7	426.6	430.4	434.9	439.1
Inflation Assumed		1.11	1.15	1.19	1.23	1.28
Final Allowed Rev per PCR at prices of year	448.3	466.9	491.7	513.5	536.9	561.1
Cost Pass through Movements	0.0	1.8	1.8	2.1	2.5	2.9
Incentives & Adjustments Movement	2.4	24.0	11.1	11.3	14.5	14.9
K Movement	19.0	2.4	0.0	0.0	0.0	0.0
Final Allowed Revenue Latest Forecast	469.7	495.2	504.6	527.0	553.9	578.9
% of previous year		105.4%	101.9%	104.4%	105.1%	104.5%
Forecast Collected Revenue	467.4	495.2	504.6	527.0	553.9	578.9
Forecast Under / Over Recovery (K) under recover (-)	-2.3	0.0	0.0	0.0	0.0	0.0
Arithmetical October/ April* Price level change needed for Collected to = Allowed	2.6%	13.6%	-15.0%	4.0%	4.0%	4.0%
*	Oct	Oct	Apr	Apr	Apr	Apr

Commentaries

2007/08

The under-recovery for 2007/8 is mainly due to the actual DNMRA out turn value. This accounts for the difference from the May 186 report.

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.

A larger value for K brought forward and an increase in the level of Shrinkage and DNMRA has increased the level of allowed revenue by £30m since the May report.

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