

## London (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	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	1.15	1.19	1.23	1.28
Final Allowed Rev per PCR at prices of year	268.3	309.1	317.8	336.5	353.4	366.8
Cost Pass through Movements	0.0	-3.9	-4.2	-4.2	-4.2	-4.2
Incentives & Adjustments Movement	-3.6	-19.4	7.2	7.3	6.5	6.1
K Movement	8.7	6.9	0.0	0.0	0.0	0.0
Final Allowed Revenue Latest Forecast	273.5	292.8	320.8	339.6	355.7	368.7
% of previous year		107.1%	109.6%	105.8%	104.7%	103.6%
Forecast Collected Revenue	267.0	292.8	320.8	339.6	355.7	368.7
<b>Forecast Under / Over Recovery ( K ) under recovery (-)</b>	<b>-6.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Arithmetical October/ April* Price level change needed for Collected to = Allowed</b>	<b>64.3%</b>	<b>-11.6%</b>	<b>3.0%</b>	<b>6.0%</b>	<b>4.0%</b>	<b>3.0%</b>
*	Oct	Oct	Apr	Apr	Apr	Apr

### Commentaries

2007/08

Actual DNMR was less than forecast in London reducing the Final Allowed Revenue to that used for forecasting purposes earlier in the year. This offset the target of -£10m under recovery set into the prices last October.

2008/9

3% reduction in SOGs 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 in 2008/9 Incentives & Adjustments. Minor changes due to gas prices on Shrinkage and DNMR forecasts.

Overall the forecast reduction has moved marginally since May primarily due to K brought forward reducing 2008/9 allowed revenues.

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