

North West (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	254.7	251.3	252.8	255.0	258.9	261.3
Cost Pass Through	36.4	34.7	34.6	34.6	34.5	34.4
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	14.0	9.0	8.7	8.5	8.4	8.3

Final Allowed Rev per PCR	305.2	295.0	296.1	298.0	301.8	304.0
Inflation Assumed		1.11	1.15	1.20	1.24	1.29
Final Allowed Rev per PCR at prices of year	305.2	326.7	340.8	356.7	375.7	393.6
Cost Pass through Movements	0.0	-0.8	-0.9	-0.8	-0.7	-0.6
Incentives & Adjustments Movement	5.2	-2.3	8.3	7.4	8.3	8.0
K Movement	10.0	10.2	0.0	0.0	0.0	0.0
Final Allowed Revenue Latest Forecast	320.4	333.7	348.1	363.3	383.3	401.0
% of previous year		104.2%	104.3%	104.3%	105.5%	104.6%
Forecast Collected Revenue	310.7	333.7	348.1	363.3	383.3	401.0
Forecast Under / Over Recovery (K) under recovery (-)	-9.7	0.0	0.0	0.0	0.0	0.0
Arithmetical October/ April* Price level change needed for Collected to = Allowed	23.1%	0.0%	-9.0%	4.0%	4.0%	3.0%
*	Oct	Oct	Apr	Apr	Apr	Apr

Commentaries

2007/08

The forecast under-recovery for 2007/8 is due to increases for DNMRA and Shrinkage, both increasing the final allowed revenue, and a forecast reduction in collected revenues as a result of the reduced

2008/9

2% 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. This represents a £10m increase overall with increases to forecast incentive and adjustment levels and K brought forward since May.

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