

West Midlands (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	193.8	193.9	202.9	195.8	197.8	198.9
Cost Pass Through	28.4	26.9	26.9	26.8	26.8	26.7
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	16.5	7.3	7.1	6.9	6.8	6.8

Final Allowed Rev per PCR	238.7	228.1	236.9	229.6	231.4	232.4
Inflation Assumed		1.11	1.15	1.20	1.24	1.29
Final Allowed Rev per PCR at prices of year	238.7	252.6	272.7	274.8	288.0	300.9
Cost Pass through Movements	0.0	-0.8				
Incentives & Adjustments Movement	-1.5	-9.3				
K Movement	6.9	1.6				
Final Allowed Revenue Latest Forecast	244.1	244.1				
% of previous year		100.0%				
Forecast Collected Revenue	242.5	244.1				
Forecast Under / Over Recovery (K)	1.6	0.0				
Arithmetical October Price level change needed for Collected to = Allowed	20.8%	-11%				

Commentaries

2007/08

The forecast under-recovery for 2007/8 is primarily due to a reduction in capacity income predicted as a consequence of reduced SOQs following the October AQ Review. There have been changes in DNMRA and Shrinkage that have resulted in a small movement in incentives & adjustments during the year.

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

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 -

0.1246

LDZ System & CSEP System Capacity -

2.1336

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