

Wales & West

Table 1

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Assumptions
	Core Allowed Revenue in 2005/06 Prices	220.8	232.2	234.5	237.5	239.6		
Cost Pass Through	25.0	24.9	24.8	24.8	24.7			
Shrinkage Allowance	7.6	4.4	7.3	9.1	9.0			
<b>Final Allowed Rev per PCR</b>	<b>253.3</b>	<b>261.6</b>	<b>266.6</b>	<b>271.4</b>	<b>273.3</b>			
RPI Factor from Base Yr 2005/6	1.1	1.15	1.15	1.20	1.26	1.30	1.34	Cumulative RPI from base year 2005/6 using latest banking indices
RPI Percentage (Year on Year)	4.1%	3.8%	(0.4%)	4.7%	5.3%	3.0%	3.0%	RPI based on latest banking indices.
<b>Final Allowed Rev per PCR at prices of year</b>	<b>280.4</b>	<b>300.7</b>	<b>305.3</b>	<b>325.3</b>	<b>344.8</b>			
Pass-Through Business Rates	0.7	1.0	(0.6)	(1.0)	(1.6)			For 2010/11 and 2011/12 the rates are less than the ofgem inflated allowances. Assumed to increase by RPI from 2012/13.
Pass-Through Licence Fees	0.1	(0.2)	(0.3)	(0.3)	(0.3)			The licence fee from 2010/11 rates are less than the ofgem inflated allowance. From 2011/12 assumed to increase by RPI from 2011/12.
Pass-Through NTS Pension Deficit	(0.1)	(0.1)	0.0	(0.1)	(0.1)			The NTS pension deficit was in line with the ofgem inflated allowance for 2010/11. The forecast is expected to be less than the ofgem allowance from 2011/12.
Pass-Through Others (B4): Theft of Gas, 3 <sup>rd</sup> Party Damage & Water Ingress, Miscellaneous Pass-Through	0.0	0.0	0.0	0.0				Cost have been and are forecast to be minimal.
Incentive Revenue and Other Adjustments Forecast (D)	4.6	7.8	7.8	9.2	11.4			Comments are given below
K Movement	3.1	(8.1)	(3.0)	5.1	(0.5)			K b/forward from previous year enhanced by interest.
<b>Final Allowed Revenue</b>	<b>289.0</b>	<b>301.1</b>	<b>309.3</b>	<b>338.3</b>	<b>353.7</b>	364.3	375.3	
<b>Forecast Collected Revenue</b>	<b>296.9</b>	<b>304.1</b>	<b>304.2</b>	<b>338.8</b>	<b>353.7</b>	364.3	375.3	Collected revenue reflects a 4% reduction in capacity income from Oct 11 (Actual 5.4% in Oct 10) and a further 4% reduction in 2012/13.
<b>Forecast Over / (Under) Recovery (G)</b>	<b>7.9</b>	<b>2.9</b>	<b>(5.0)</b>	<b>0.4</b>	<b>0.0</b>	0.0	0.0	
Arithmetical April Price % needed for Collected Revenue to equal Allowed Revenue	10.1%	-9.3%	3.8%	15.1%	7.8%	3.0%	3.0%	

	Apr-09	Apr-10	Apr-11	Apr-12	Apr-13
Actual Price Adjustment	-9.3%	3.8%	15.1%		
Indicative Price Adjustment	-6.6%	3.7%	14.0%		
Reported Price Adjustment in the Apr 11 Mod 186 Presentation				4.60%	

Table 2

£m	2010/11		2011/12		2012/13	
	Low	High	Low	High	Low	High
Under(-)/over recovery	(7.0)	(3.0)				
Pass-Through Costs			(2.0)	(0.6)	(3.0)	(1.0)
Incentives			6.0	12.0	9.0	13.0
Final Collected Revenue Forecast			335.0	343.0	345.0	362.0

2010/11

- (i) Incentives for 2010/11 relate to capacity output, metering tipping point, emissions, MSRA and IFID.
- (ii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.

2011/12

- (i) Shrinkage costs are based on 'day ahead' prices in early June 2011 multiplied by the shrinkage gas quantities given in the licence .
- (ii) Incentives for 2011/12 relate to capacity output, metering tipping point, emissions and MSRA.
- (iii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.

2012/13

- (i) Shrinkage costs are based on 'day ahead' prices in early June 2011 multiplied by the shrinkage gas quantities given in the licence .
- (ii) Incentives for 2011/12 relate to capacity output, metering tipping point and emissions.
- (iii) No account has been taken of TMA costs as we are still not sure of the impact in this Network.
- (iv) We have not included NTS exit capacity charges for 2012/13 and 2013/14 as we are not sure, at this time, of the level of these charges .

2013/14 and 2014/15

Final Allowed Revenue for 2013/14 and 2014/15 have been derived by applying the forecast RPI to the previous year's Final Allowed Revenues

This report is published as a goodwill gesture from Wales & West Utilities to all Shippers following the implementation of Mod 186. It is published on a without prejudice basis and whilst every effort has been made to ensure the accuracy of the information contained here, it is primarily a forecast.