

Licensee	SHET
Sector	ET1
Reporting Year: (enter 2014 for 2013-14)	2021
Version (Number)	
Submitted Date:	30/07/2021
Cost of Equity	7.0%
Sharing Factor	50.00%
Notional Gearing	55.0%
R110-1 start date	2014
Price basis	Em 09/10

Materiality Em
0.1

- Input cells
- Totals cells (of formula within worksheet)
- Referencing to other worksheets
- Referencing to other workbooks
- Check cells
- No Input
- Descriptions and pack data

**Network Operator Data**  
**SHET**  
**2021**

2018	2017-18
2019	2018-19
2020	2019-20
2021	2020-21
2022	2021-22
2023	2022-23

RPI Index	Reporting year	Actual / Forecast index	Financial Year Average RPI (RPI1)	Year end RPI	Corp. Tax
2009-10	2010	Actual	215.8	221.8	28%
2010-11	2011	Actual	226.5	233.5	28%
2011-12	2012	Actual	237.3	241.7	26%
2012-13	2013	Actual	244.7	249.1	24%
2013-14	2014	Actual	251.7	255.3	23%
2014-15	2015	Actual	256.7	257.6	21%
2015-16	2016	Actual	259.4	261.3	20%
2016-17	2017	Actual	265.0	270.0	20%
2017-18	2018	Actual	274.9	279.0	19%
2018-19	2019	Actual	283.3	286.7	19%
2019-20	2020	Actual	290.6	292.6	19%
2020-21	2021	Actual	294.2	299.0	19%
2021-22	2022	Forecast	302.0	306.9	19%
2022-23	2023	Forecast	311.2	316.4	19%
2023-24	2024	Forecast	-	-	19%
2024-25	2025	Forecast	-	-	19%
2025-26	2026	Forecast	-	-	19%

	Actuals							
	2014	2015	2016	2017	2018	2019	2020	2021
Financial Year Average RPI (RPI1)	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.363
Year end RPI	1.183	1.194	1.211	1.251	1.293	1.222	1.254	1.293
1 year change in Fin Year Ave RPI	1.029	1.020	1.011	1.021	1.037	1.031	1.026	1.012

**HMT Forecasts for UK Economy - M3 New Forecasts RPI**

Calendar Year	2017	2018	2019	2020	2021	2022	2023	Source
M3 New Forecasts RPI	-	-	-	-	2.5%	3.1%	3.0%	November 2020 Publication

**Forecast growth rate**

Reporting Year	2017	2018	2019	2020	2021	2022	2023
Future inflation assumption	-	-	-	-	-	2.650%	3.075%

**Selected Capitalisation rates for SHET**

	RIIO1
Totex	90.00%
n/a	0.00%

	ED	ET	GD	GT
Em 12/13	Totex	n/a		
Em 09/10	Totex	n/a		
Em 09/10	Totex excluding repex	Repex		
Em 09/10	Totex (non-'uncertainty rate')	Uncertainty rate		

**Allowed cost of debt %**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
WPD	-	-	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	0.76%	0.44%
ED - excluding WPD	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%
SHET	2.92%	2.50%	2.15%	1.79%	1.51%	1.16%	1.02%	0.76%	-	-
ET - excluding SHET	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-
GD	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-
GT	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-

Sector

	Allowed Cost of Equity	TIM Incentive Strength	Gearing	Main Cap. Rate	RIIO1 start date	Price Basis	Fast Tracked	IOI pre or post tax	Allowed cost of debt										
									2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Default																			
ED ENWL	6.0%	58.11%	65.0%	68.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED NPqN	6.0%	55.84%	65.0%	70.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED NPqY	6.0%	55.84%	65.0%	72.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED UKPN-EPN	6.0%	53.28%	65.0%	68.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED UKPN-LPN	6.0%	53.28%	65.0%	68.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED UKPN-SPN	6.0%	53.28%	65.0%	68.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED SPD	6.0%	53.50%	65.0%	80.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED SPMW	6.0%	53.50%	65.0%	80.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED SSEH	6.0%	56.47%	65.0%	62.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED SSES	6.0%	56.47%	65.0%	70.0%	2016	Em 12/13	No	Post	-	-	2.55%	2.42%	2.29%	2.09%	1.94%	1.78%	1.62%	1.47%	
ED WPD-EMID	6.4%	70.00%	65.0%	80.0%	2016	Em 12/13	Yes	Pre	-	-	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	0.76%	0.44%	
ED WPD-WMID	6.4%	70.00%	65.0%	80.0%	2016	Em 12/13	Yes	Pre	-	-	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	0.76%	0.44%	
ED WPD-SWALES	6.4%	70.00%	65.0%	80.0%	2016	Em 12/13	Yes	Pre	-	-	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	0.76%	0.44%	
ED WPD-SWEST	6.4%	70.00%	65.0%	80.0%	2016	Em 12/13	Yes	Pre	-	-	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	0.76%	0.44%	
GD Cadent-EOE	6.7%	63.04%	65.0%	26.6%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD Cadent-London	6.7%	63.04%	65.0%	23.5%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD Cadent-WM	6.7%	63.04%	65.0%	24.9%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD Cadent-NW	6.7%	63.04%	65.0%	26.1%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD NGN	6.7%	63.98%	65.0%	35.0%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD SGN - Scotland	6.7%	63.73%	65.0%	35.1%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD SGN - Southern	6.7%	63.73%	65.0%	32.2%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GD WWU	6.7%	63.17%	65.0%	35.8%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GT NGGT (TO)	6.8%	44.36%	62.5%	64.4%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
GT NGGT (SO)	6.8%	44.36%	62.5%	37.4%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
ET NGET (TO)	7.0%	46.89%	60.0%	85.0%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
ET NGESO	7.0%	46.89%	60.0%	27.9%	2014	Em 09/10	No	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
ET SPT	7.0%	50.00%	55.0%	90.0%	2014	Em 09/10	Yes	Pre	2.92%	2.72%	2.55%	2.38%	2.22%	1.91%	1.58%	1.09%	-	-	
ET SHET	7.0%	50.00%	55.0%	90.0%	2014	Em 09/10	Yes	Pre	2.92%	2.50%	2.15%	1.79%	1.51%	1.16%	1.02%	0.76%	-	-	

**GD: Capitalised share of repex / GT: Uncertainty Rate**

	2014	2015	2016	2017	2018	2019	2020	2021
Cadent-EOE	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-London	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-WM	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
Cadent-NW	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
NGN	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
SGN - Scotland	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
SGN - Southern	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
WWU	50.00%	57.14%	64.29%	71.43%	78.57%	85.71%	92.86%	100.00%
NGGT (TO)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
NGGT (SO)	-	-	-	-	-	-	-	-

IQI Additional Income	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ENWL	-	-	1.6	1.5	1.5	1.5	1.5	1.4	1.5	1.4
NPqN	-	-	-0.7	-0.6	-0.6	-0.6	-0.6	-0.5	-0.5	-0.5
NPqY	-	-	-0.9	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7
UKPN-EPN	-	-	-3.3	-3.3	-3.2	-3.1	-3.1	-2.9	-2.9	-2.7
UKPN-LPN	-	-	-2.4	-2.4	-2.2	-2.1	-2.2	-2.1	-1.9	-1.8
UKPN-SPN	-	-	-2.2	-2.4	-2.2	-2.1	-2.0	-1.9	-1.9	-1.8
SPD	-	-	-1.9	-1.8	-1.8	-1.7	-1.7	-1.6	-1.5	-1.4
SPMW	-	-	-2.1	-2.2	-2.0	-1.8	-1.8	-1.8	-1.6	-1.5
SSEH	-	-	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
SSES	-	-	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3
WPD-EMID	-	-	7.1	7.0	6.2	6.3	6.2	6.5	6.8	6.6
WPD-WMID	-	-	6.5	6.5	6.3	6.4	6.6	6.8	6.7	6.8
WPD-SWALES	-	-	3.7	3.7	3.5	3.7	3.4	3.4	3.3	3.4
WPD-SWEST	-	-	5.4	5.4	5.3	5.4	5.3	5.3	5.3	5.6
Cadent-EOE	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	-	-
Cadent-London	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	-	-
Cadent-WM	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	-	-
Cadent-NW	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
NGN	3.1	3.2	3.2	3.2	3.0	3.0	3.0	3.0	-	-
SGN - Scotland	2.1	2.0	2.0	2.1	2.1	2.1	2.0	2.0	-	-
SGN - Southern	4.4	4.1	4.1	4.2	4.2	4.2	4.1	4.1	-	-
WWU	1.4	1.4	1.4	1.3	1.3	1.3	1.4	1.4	-	-
NGGT (TO)	-1.1	-1.1	-1.2	-1.6	-1.9	-1.3	-1.1	-1.0	-	-
NGGT (SO)	-0.4	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-	-
NGET (TO)	15.2	16.3	15.6	14.9	13.0	12.6	11.3	9.8	-	-
NGET (SO)	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	-	-
SPT	11.0	1.3	22.2	7.0	6.9	6.9	7.1	5.3	-	-
SHET	4.8	5.0								

ET  
Output incentives for each sector used to populate R5

Input for R5 - Output Incentives
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward
Performance re offers of timely connection

FALSE	ED
FALSE	GD
FALSE	NGGT (TO)
FALSE	NGGT (SO)
FALSE	NGET (TO)
FALSE	NGESO
FALSE	SPT
TRUE	SHET

ED
Broad measure of customer service
Interruptions-related quality of service
Incentive on connections engagement
Time to Connect Incentive
Losses discretionary reward scheme

GD
Broad Measure of Customer Satisfaction
Shrinkage Allowance Revenue Adjustment
Environment Emissions Incentive
Discretionary Reward Scheme
NTS Exit Capacity

NGGT (TO)
Stakeholder Satisfaction Output
Permits revenue adjustment

NGGT (SO)
Constraint management
Transportation Support Services
Shrinkage incentive
Residual balancing
Quality of demand forecasting
Greenhouse gas incentive
Maintenance incentive

NGET (TO)
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward

NGESO
Electricity Market Reform incentive revenue
Balancing Services Incentive Scheme / ESO Incentive
Renewable wind forecasting incentive
ESO Reporting and Incentive (ESORI)

SPT
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward
Performance re offers of timely connection

SHET
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward
Performance re offers of timely connection

All incentive performance recognised in t+2 allowed revenue -

Time to Connect Incentive revenue adjustment	t+3
Losses discretionary reward scheme revenue adjustment	t+1

Bond or loan types
Fixed rate
Floating
Inflation-linked

Reference rate
Not applicable
LIBOR 3 month
LIBOR 6 month
EURIBOR 3 month
BOE base rate
RPI 12 month
CPI 12 month

Currency
GBP
EUR
USD
HKD
CAD

Rank
Senior
Junior

Hedged
Yes - fully hedged
Yes - partially hedged
No

Special features
Callable
Puttable

Counterparty
EIB
RBS

Swap legs
Fixed rate
Floating

**Version control**  
**SHET**  
**2021**

Version:

Submission	Date submitted	Changes
Submission 1	30/07/2021	
Submission 2		
Submission 3		
Submission 4		
Submission 5		
Submission 6		
Submission 7		
Submission 8		
Submission 9		
Submission 10		

- [R1 - RoRE](#)
- [R2 - Revenue](#)
- [R3 - Rec to totex](#)
- [R4 - Totex](#)
- [R5 - Output Incentives](#)
- [R6 - Innovation](#)
- [R7 - Financing](#)
- [R7a - Financing input](#)
- [R8 - Net Debt](#)
- [R8a - Net Debt input](#)
- [R9 - RAV](#)
- [R10 - Tax](#)
- [R11 - Dividends](#)
- [R12 - Pensions](#)
- [R13 - Other Activities](#)



**R1 - Return on Regulatory Equity (RoRE)**  
**SHET**  
**2021**

Navigate

Actuals	Cumulative to 2021	R110-1 period							
2014	2015	2016	2017	2018	2019	2020	2021		

**RoRE based on Notional Gearing**

		2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	R110-1 period
Allowed Equity Return	%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Totex outperformance	%	5.6%	3.9%	17.5%	10.6%	-1.1%	-5.9%	-2.9%	-5.1%	1.1%	1.1%
IQI Reward	%	1.2%	1.1%	0.9%	0.4%	0.3%	0.3%	0.3%	0.2%	0.5%	0.5%
Network Reliability Incentive	%	0.2%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Stakeholder Satisfaction Output	%	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	0.2%	0.1%	0.1%	0.1%
SF6 Emissions	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental Discretionary Reward	%	0.0%	0.0%	0.0%	0.0%	0.4%	0.1%	0.2%	0.0%	0.1%	0.1%
Performance re offers of timely connection	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoRE - Operational performance</b>	%	<b>14.0%</b>	<b>12.1%</b>	<b>25.7%</b>	<b>18.3%</b>	<b>6.7%</b>	<b>1.6%</b>	<b>4.9%</b>	<b>2.4%</b>	<b>8.9%</b>	<b>8.9%</b>
Debt performance - at notional gearing	%	3.7%	2.5%	-1.6%	1.2%	3.0%	1.5%	1.1%	-0.8%	1.1%	1.1%
Tax performance - at notional gearing	%	-0.5%	-1.6%	-1.7%	-1.0%	0.1%	-0.6%	-0.2%	0.1%	-0.5%	-0.5%
<b>RoRE - including financing and tax</b>	%	<b>17.2%</b>	<b>13.0%</b>	<b>22.4%</b>	<b>18.5%</b>	<b>9.8%</b>	<b>2.5%</b>	<b>5.8%</b>	<b>1.8%</b>	<b>9.4%</b>	<b>9.4%</b>

**RoRE based on Actual Gearing**

		2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	R110-1 period
Allowed Equity Return	%	11.0%	11.5%	8.0%	7.6%	8.5%	9.8%	10.7%	10.6%	9.5%	9.5%
Totex outperformance	%	8.8%	6.5%	20.0%	11.5%	-1.3%	-8.3%	-4.4%	-7.7%	1.5%	1.5%
IQI Reward	%	1.9%	1.8%	1.0%	0.5%	0.4%	0.4%	0.4%	0.4%	0.6%	0.6%
Network Reliability Incentive	%	0.4%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%
Stakeholder Satisfaction Output	%	0.1%	0.2%	0.2%	0.2%	0.0%	0.1%	0.3%	0.2%	0.2%	0.2%
SF6 Emissions	%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental Discretionary Reward	%	0.0%	0.0%	0.0%	0.0%	0.5%	0.1%	0.3%	0.0%	0.1%	0.1%
Performance re offers of timely connection	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoRE - Operational performance</b>	%	<b>22.1%</b>	<b>20.0%</b>	<b>29.3%</b>	<b>19.8%</b>	<b>8.2%</b>	<b>2.3%</b>	<b>7.4%</b>	<b>3.6%</b>	<b>12.0%</b>	<b>12.0%</b>
Debt performance - at actual gearing	%	5.6%	3.4%	-2.4%	1.2%	3.8%	2.1%	1.6%	-1.9%	1.3%	1.3%
Tax performance - at actual gearing	%	-0.8%	-2.7%	-1.9%	-1.1%	0.1%	-0.9%	-0.3%	0.2%	-0.7%	-0.7%
<b>RoRE - including financing and tax</b>	%	<b>26.9%</b>	<b>20.7%</b>	<b>25.0%</b>	<b>19.9%</b>	<b>12.0%</b>	<b>3.5%</b>	<b>8.7%</b>	<b>1.9%</b>	<b>12.5%</b>	<b>12.5%</b>

**RoRE input values**

Input values provided in £m 09/10 prices

		2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	R110-1 period
Equity Return on the RAV	£m 09/10	21.5	25.5	35.5	47.3	55.6	60.3	63.6	67.1	376.4	376.4
Totex outperformance	£m 09/10	17.2	14.3	89.0	71.4	(8.5)	(51.1)	(26.0)	(48.5)	57.8	57.8
IQI Reward	£m 09/10	3.7	3.9	4.6	3.0	2.3	2.3	2.4	2.3	24.5	24.5
Network Reliability Incentive	£m 09/10	0.7	0.1	1.0	0.9	0.8	1.0	1.0	0.9	6.3	6.3
Stakeholder Satisfaction Output	£m 09/10	0.3	0.5	0.7	1.0	(0.1)	0.8	1.9	1.3	6.5	6.5
SF6 Emissions	£m 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)	(0.3)	(0.3)
Environmental Discretionary Reward	£m 09/10	-	-	-	-	3.2	0.8	1.6	-	5.7	5.7
Performance re offers of timely connection	£m 09/10	-	-	-	-	-	-	-	-	-	-
Network Innovation	£m 09/10	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.6)	(0.6)
Penalties and fines	£m 09/10	-	-	-	-	-	-	-	-	-	-
<b>RoRE - Operational performance</b>	£m 09/10	<b>43.2</b>	<b>44.2</b>	<b>130.6</b>	<b>123.6</b>	<b>53.4</b>	<b>14.1</b>	<b>44.3</b>	<b>23.0</b>	<b>476.4</b>	<b>476.4</b>
Debt performance - at notional gearing	£m 09/10	11.5	8.9	(8.1)	8.0	23.5	13.3	10.2	(7.2)	60.1	60.1
Debt performance - impact of actual gearing	£m 09/10	(0.6)	(1.5)	(2.4)	(0.6)	0.9	(0.3)	(0.9)	(5.0)	(10.3)	(10.3)
Tax performance - at notional gearing	£m 09/10	(1.6)	(5.9)	(8.6)	(6.7)	0.6	(5.4)	(1.9)	1.0	(28.6)	(28.6)
Tax performance - impact of actual gearing	£m 09/10	-	-	0.0	-	(0.0)	-	(0.0)	-	0.0	0.0
<b>RoRE - including financing and tax</b>	£m 09/10	<b>52.5</b>	<b>45.7</b>	<b>111.5</b>	<b>124.2</b>	<b>78.4</b>	<b>21.7</b>	<b>51.8</b>	<b>11.9</b>	<b>497.6</b>	<b>497.6</b>
NPV-neutral equity element of RAV	£m 09/10	307.7	364.5	507.5	675.0	794.4	861.8	907.9	959.0		
Equity RAV based on actual gearing	£m 09/10	195.4	221.1	445.7	623.7	651.1	615.6	595.8	633.4		





Actuals	Cumulative	R110-1	Enduring Value Appendix in							
2014	2015	2016	2017	2018	2019	2020	2021	to 2021	period	Commentary

Totex per the latest RRP submission

Totex

Latest Totex actuals/forecast	Em 09/10	149.6	284.6	435.7	375.9	338.2	263.0	273.8	344.6	2,465.3	2,465.3
Totex allowance Including allowed adjustments and uncertainty mechanisms	Em 09/10	201.0	352.4	667.6	544.8	321.1	174.6	201.6	275.2	2,738.3	2,738.3
<b>Totex out(under)performance</b>	Em 09/10	<b>51.5</b>	<b>67.9</b>	<b>231.9</b>	<b>168.9</b>	<b>(17.2)</b>	<b>(88.5)</b>	<b>(72.1)</b>	<b>(69.5)</b>	<b>273.0</b>	<b>273.0</b>
Funding Adjustment Rate (often referred to as 'sharing factor')	%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%		
Customer share of out(under) performance	Em 09/10	25.7	33.9	116.0	84.5	(8.6)	(44.2)	(36.1)	(34.7)	136.5	136.5
NWO share of performance	Em 09/10	25.7	33.9	116.0	84.5	(8.6)	(44.2)	(36.1)	(34.7)	136.5	136.5
<b>Enduring Value adjustments to Totex performance</b>											
a Sole Use Entry and Exit	Em 09/10	(21.4)	(35.4)	(46.1)	(30.8)	5.5	(17.8)	(6.6)	(4.2)	(156.7)	(156.7)
b Pre Construction SWW	Em 09/10	4.4	(3.8)	(7.9)	4.8	(5.3)	(0.3)	4.0	1.1	(3.0)	(3.0)
c Volume Driver Outperformance	Em 09/10	-	-	-	-	-	4.3	22.6	16.5	43.4	43.4
d T2 expenditure relating to T1 outputs	Em 09/10	-	-	-	-	-	-	-	(33.7)	(33.7)	(33.7)
e T1 expenditure relating to T2 outputs	Em 09/10	-	-	-	-	-	-	-	40.3	40.3	40.3
f Potential close out SWW Allowance Adjustment	Em 09/10	-	-	-	-	-	-	-	(47.5)	(47.5)	(47.5)
<b>Total enduring value adjustments</b>	Em 09/10	<b>(17.0)</b>	<b>(39.2)</b>	<b>(54.0)</b>	<b>(26.1)</b>	<b>0.3</b>	<b>(13.8)</b>	<b>20.0</b>	<b>(27.5)</b>	<b>(157.3)</b>	<b>(157.3)</b>
Enduring Value: Customer share of performance	Em 09/10	(8.5)	(19.6)	(27.0)	(13.0)	0.1	(6.9)	10.0	(13.8)	(78.6)	(78.6)
Enduring Value: NWO share of performance	Em 09/10	(8.5)	(19.6)	(27.0)	(13.0)	0.1	(6.9)	10.0	(13.8)	(78.6)	(78.6)
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em 09/10	17.2	14.3	89.0	71.4	(8.5)	(51.1)	(26.0)	(48.5)	57.8	57.8
NWO share of performance	Em 09/10	17.2	14.3	89.0	71.4	(8.5)	(51.1)	(26.0)	(48.5)	57.8	57.8
<b>Total</b>	Em 09/10	<b>34.4</b>	<b>28.7</b>	<b>177.9</b>	<b>142.8</b>	<b>(16.9)</b>	<b>(102.2)</b>	<b>(52.1)</b>	<b>(97.0)</b>	<b>115.7</b>	<b>115.7</b>

n/a

Latest Totex actuals/forecast	Em 09/10	-	-	-	-	-	-	-	-	-	-
Totex allowance Including allowed adjustments and uncertainty mechanisms	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Totex out(under)performance</b>	Em 09/10	<b>-</b>									
Funding Adjustment Rate (often referred to as 'sharing factor')	%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%		
Customer share of out(under) performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
NWO share of performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Enduring Value adjustments to Totex performance</b>											
a (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
b (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
c (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
d (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
e (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
f (Enduring Value adjustment)	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Total enduring value adjustments</b>	Em 09/10	<b>-</b>									
Enduring Value: Customer share of performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
Enduring Value: NWO share of performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
NWO share of performance	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	Em 09/10	<b>-</b>									

Totex Summary

<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em 09/10	17.2	14.3	89.0	71.4	(8.5)	(51.1)	(26.0)	(48.5)	57.8	57.8
NWO share of performance	Em 09/10	17.2	14.3	89.0	71.4	(8.5)	(51.1)	(26.0)	(48.5)	57.8	57.8
<b>Total</b>	Em 09/10	<b>34.4</b>	<b>28.7</b>	<b>177.9</b>	<b>142.8</b>	<b>(16.9)</b>	<b>(102.2)</b>	<b>(52.1)</b>	<b>(97.0)</b>	<b>115.7</b>	<b>115.7</b>

IQI Additional Income

Additional Income is Pre-tax for Fast Track companies and Post-tax for Slow Track.

IQI Additional Income per PCFM	Em 09/10	4.8	5.0	5.7	3.8	2.9	2.9	2.9	2.8	30.7	30.7
Corporation tax rate when recognised in allowed revenue	%	23%	21%	20%	20%	19%	19%	19%	19%		
Post tax	Em 09/10	3.7	3.9	4.6	3.0	2.3	2.3	2.4	2.3	24.5	24.5

Em Nominal

Financial Year Average RPI (RPI1)	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.363		
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Totex

Latest Totex actuals/forecast	Em nominal	174.5	338.5	523.9	461.6	430.9	345.4	368.8	469.8	3,113.4	3,113.4
Totex allowance Including forecast allowed adjustments and uncertainty mechanisms	Em nominal	234.5	419.2	802.7	669.1	409.1	229.2	271.6	375.2	3,410.6	3,410.6
<b>Totex out(under)performance</b>	Em nominal	<b>60.0</b>	<b>80.7</b>	<b>278.8</b>	<b>207.5</b>	<b>(21.9)</b>	<b>(116.2)</b>	<b>(97.2)</b>	<b>(94.7)</b>	<b>297.2</b>	<b>297.2</b>
Funding Adjustment Rate (often referred to as 'sharing factor')	%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%		
Customer share of out(under) performance	Em nominal	30.0	40.4	139.4	103.7	(10.9)	(58.1)	(48.6)	(47.3)	148.6	148.6
NWO share of performance	Em nominal	30.0	40.4	139.4	103.7	(10.9)	(58.1)	(48.6)	(47.3)	148.6	148.6
<b>Enduring Value adjustments to Totex performance</b>											
a Sole Use Entry and Exit	Em nominal	(25.0)	(42.1)	(55.4)	(37.9)	7.0	(23.3)	(8.8)	(5.7)	(191.2)	(191.2)
b Pre Construction SWW	Em nominal	5.1	(4.5)	(9.5)	5.8	(6.7)	(0.4)	5.4	1.5	(3.3)	(3.3)
c Volume Driver Outperformance	Em nominal	-	-	-	-	-	5.6	30.4	22.5	58.6	58.6
d T2 expenditure relating to T1 outputs	Em nominal	-	-	-	-	-	-	-	(46.0)	(46.0)	(46.0)
e T1 expenditure relating to T2 outputs	Em nominal	-	-	-	-	-	-	-	54.9	54.9	54.9
f Potential close out SWW Allowance Adjustment	Em nominal	-	-	-	-	-	-	-	(64.8)	(64.8)	(64.8)
<b>Total enduring value adjustments</b>	Em nominal	<b>(19.9)</b>	<b>(46.6)</b>	<b>(64.9)</b>	<b>(32.0)</b>	<b>0.3</b>	<b>(18.1)</b>	<b>27.0</b>	<b>(37.5)</b>	<b>(191.7)</b>	<b>(191.7)</b>
Enduring Value: Customer share of performance	Em nominal	(9.9)	(23.3)	(32.5)	(16.0)	0.2	(9.0)	13.5	(18.8)	(95.9)	(95.9)
Enduring Value: NWO share of performance	Em nominal	(9.9)	(23.3)	(32.5)	(16.0)	0.2	(9.0)	13.5	(18.8)	(95.9)	(95.9)
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em nominal	20.1	17.1	107.0	87.7	(10.8)	(67.1)	(35.1)	(66.1)	52.7	52.7
NWO share of performance	Em nominal	20.1	17.1	107.0	87.7	(10.8)	(67.1)	(35.1)	(66.1)	52.7	52.7
<b>Total</b>	Em nominal	<b>40.2</b>	<b>34.1</b>	<b>213.9</b>	<b>175.4</b>	<b>(21.5)</b>	<b>(134.2)</b>	<b>(70.2)</b>	<b>(132.2)</b>	<b>105.5</b>	<b>105.5</b>

n/a

Latest Totex actuals/forecast	Em nominal	-	-	-	-	-	-	-	-	-	-
Totex allowance Including forecast allowed adjustments and uncertainty mechanisms	Em nominal	-	-	-	-	-	-	-	-	-	-
<b>Totex out(under)performance</b>	Em nominal	<b>-</b>									
Funding Adjustment Rate (often referred to as 'sharing factor')	%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%		
Customer share of out(under) performance	Em nominal	-	-	-	-	-	-	-	-	-	-
NWO share of performance	Em nominal	-	-	-	-	-	-	-	-	-	-
<b>Enduring Value adjustments to Totex performance</b>											
a (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
b (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
c (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
d (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
e (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
f (Enduring Value adjustment)	Em nominal	-	-	-	-	-	-	-	-	-	-
<b>Total enduring value adjustments</b>	Em nominal	<b>-</b>									
Enduring Value: Customer share of performance	Em nominal	-	-	-	-	-	-	-	-	-	-
Enduring Value: NWO share of performance	Em nominal	-	-	-	-	-	-	-	-	-	-
<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em nominal	-	-	-	-	-	-	-	-	-	-
NWO share of performance	Em nominal	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	Em nominal	<b>-</b>									

Totex Summary

<b>Total out(under) performance (including enduring value adjustments)</b>											
Customer share of performance	Em nominal	20.1	17.1	107.0	87.7	(10.8)	(67.1)	(35.1)	(66.1)	52.7	52.7
NWO share of performance	Em nominal	20.1	17.1	107.0	87.7	(10.8)	(67.1)	(35.1)	(66.1)	52.7	52.7
<b>Total</b>	Em nominal	<b>40.2</b>	<b>34.1</b>	<b>213.9</b>	<b>175.4</b>	<b>(21.5)</b>	<b>(134.2)</b>	<b>(70.2)</b>	<b>(132.2)</b>	<b>105.5</b>	<b>105.5</b>

Actuals	Cumulative to 2021	RIIO-1 period								
2014	2015	2016	2017	2018	2019	2020	2021			

**Pre-tax Earned Incentives** (Actuals may be updated once all incentives are determined)  
These values exclude any inflation, interest or time value of money adjustments

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.9	0.1	1.2	1.2	0.9	1.2	1.2	1.2	7.8	7.8
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.7	0.8	1.3	(0.1)	1.0	2.4	1.6	8.1	8.1
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)	(0.4)	(0.4)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	4.0	1.0	2.0	-	7.0	7.0
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Earned Incentive revenue</b>	<b>Em 09/10</b>	<b>1.1</b>	<b>0.7</b>	<b>2.0</b>	<b>2.4</b>	<b>4.9</b>	<b>3.2</b>	<b>5.5</b>	<b>2.7</b>	<b>22.5</b>	<b>22.5</b>

**Additional Commentary**

a	
b	
c	
d	
e	
f	
g	

**Post-tax Earned Incentives** (Actuals may be updated once all incentives are determined)

Year tax paid when incentive recognised in allowed revenue. Select from dropdown in Column C

- 
- t+0
- t+1
- t+2
- t+3

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.7	0.1	1.0	0.9	0.8	1.0	1.0	0.9	6.3	6.3
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.5	0.7	1.0	(0.1)	0.8	1.9	1.3	6.5	6.5
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)	(0.3)	(0.3)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	3.2	0.8	1.6	-	5.7	5.7
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Post-Tax Earned Incentive revenue</b>	<b>Em 09/10</b>	<b>0.9</b>	<b>0.5</b>	<b>1.6</b>	<b>2.0</b>	<b>4.0</b>	<b>2.6</b>	<b>4.5</b>	<b>2.2</b>	<b>18.2</b>	<b>18.2</b>

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2021	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.9	0.1	1.2	1.2	0.9	1.2	1.2	1.2	7.8	7.8
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	19%	19%	19%		
Post tax		0.7	0.1	1.0	0.9	0.8	1.0	1.0	0.9	6.3	6.3
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.7	0.8	1.3	(0.1)	1.0	2.4	1.6	8.1	8.1
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	19%	19%	19%		
Post tax		0.3	0.5	0.7	1.0	(0.1)	0.8	1.9	1.3	6.5	6.5
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)	(0.4)	(0.4)
Corporation tax rate when recognised in allowed revenue	t+3	20%	19%	19%	19%	19%	19%	19%	19%		
Post tax		(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)	(0.3)	(0.3)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	4.0	1.0	2.0	-	7.0	7.0
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	19%	19%	19%		
Post tax		-	-	-	-	3.2	0.8	1.6	-	5.7	5.7
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+1	21%	20%	20%	19%	19%	19%	19%	19%		
Post tax		-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+1	21%	20%	20%	19%	19%	19%	19%	19%		
Post tax		-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+1	21%	20%	20%	19%	19%	19%	19%	19%		
Post tax		-	-	-	-	-	-	-	-	-	-

**Impact on Allowed Revenue within RIIO-1**

This table shows the impact on allowed revenue in the relevant year - with actuals (subject to determination) and forecasts thereafter.  
The cells above the allowed revenue indicate the year of performance

	Performance Year	Pre-RIIO	Pre-RIIO	2014	2015	2016	2017	2018	2019
a Network Reliability Incentive	Em nominal	0.3	-	1.2	0.2	1.7	1.6	1.4	1.2
b Stakeholder Satisfaction Output	Em nominal	-	-	0.3	0.7	0.9	1.3	(0.1)	1.6
c SF6 Emissions	Em nominal	-	-	(0.2)	(0.2)	(0.1)	(0.0)	0.0	(0.1)
d Environmental Discretionary Reward	Em nominal	-	-	-	-	-	-	4.0	-
e Performance re offers of timely connection	Em nominal	-	-	-	-	-	-	-	-
f	Em nominal	-	-	-	-	-	-	-	-
g	Em nominal	-	-	-	-	-	-	-	-
<b>Total Impact on Allowed Revenue</b>	<b>Em nominal</b>	<b>0.3</b>	<b>-</b>	<b>1.3</b>	<b>0.7</b>	<b>2.5</b>	<b>2.9</b>	<b>5.4</b>	<b>2.7</b>

**Additional Commentary**

a	
b	
c	
d	
e	
f	
g	



	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Actuals 2020	Actuals 2021	Cumulative to 2021	RIIO-1 period
<b>Net Interest Per Statutory Accounts</b>										
Em nominal	8.8	8.5	30.7	28.8	37.5	49.2	55.6	49.8		
<b>Reconciliation with Statutory Accounts</b>										
Interest not qualifying for corporation tax relief	-	-	-	-	-	-	-	-		
Fair value adjustments (e.g. losses on derivatives)	-	-	-	-	-	-	-	-		
Dividends on preference shares	-	-	-	-	-	-	-	-		
Costs of early redemption on long term debt	-	-	-	-	-	-	-	-		
Swap Termination Costs paid	-	-	-	-	-	-	-	-		
Movements relating to pension fund liabilities reported within net interest	-	-	-	-	-	-	-	-		
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from a tax deduction)	-	-	-	-	-	-	-	-		
Commitment fees for undrawn liquidity backup lines	-	-	-	-	-	-	-	-		
1. Add back capitalised interest	21.6	21.5	17.2	14.7	19.7	13.8	4.4	7.6		
2. Less interest attributable to TIRG debt	(10.9)	(10.0)	(12.3)	(9.2)	(10.5)	(10.5)	(9.0)	(7.7)		
3. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
4. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
5. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
6. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
7. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
8. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
9. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
<b>Net Interest Per Regulatory (RIIO-1) Definition</b>	<b>19.4</b>	<b>20.1</b>	<b>35.7</b>	<b>34.3</b>	<b>46.7</b>	<b>52.5</b>	<b>51.1</b>	<b>49.7</b>		
Forecast new financing/refinancing Net Interest costs	-	-	-	-	-	-	-	-		
<b>Net Interest including forecast new financing/refinancing costs</b>	<b>19.4</b>	<b>20.1</b>	<b>35.7</b>	<b>34.3</b>	<b>46.7</b>	<b>52.5</b>	<b>51.1</b>	<b>49.7</b>		
External Net Interest	(10.8)	(13.9)	3.1	(1.6)	6.0	10.0	14.3	13.4		
Intra-company Net Interest	30.3	33.9	32.6	35.9	40.7	42.6	36.8	36.3		
	OK									
<b>Memo: Net interest (RIIO-1) Definition that relates to non-cash principal inflation accretion on bonds and loan:</b>										
Em nominal	-	-	-	-	-	-	-	-		
<b>Less inflation in interest charge</b>										
Em nominal	17.0	14.2	9.1	23.7	54.2	50.9	46.4	23.6		
<b>Assumed Regulatory finance cost at actual gearing</b>										
Em nominal	2.5	5.9	26.5	10.6	(7.5)	1.7	4.7	26.1		
<b>Financial Year Average RPI (RPIT)</b>										
Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.363		
<b>Assumed regulatory finance cost at actual gearing</b>										
Em 09/10	2.1	5.0	22.1	8.6	(5.9)	1.3	3.5	19.2	55.8	55.8
<b>Adjustments to be applied to Assumed Finance cost for performance assessment</b>										
Add back Debt Issuance expenses	-	-	-	-	-	-	-	-		
New/refinanced debt issuance expenses	-	-	-	-	-	-	-	-		
Costs of early redemption on long term debt (excluding exceptional costs of buy backs associated with M&A activity)	-	-	-	-	-	-	-	-		
Add accrual for inflation accretion on index-linked swaps (if applicable)	-	-	-	-	-	-	-	-		
Other Adjustments (please specify)	-	-	-	-	-	-	-	-		
Other Adjustments (please specify)	-	-	-	-	-	-	-	-		
Other Adjustments (please specify)	-	-	-	-	-	-	-	-		
Other Adjustments (please specify)	-	-	-	-	-	-	-	-		
<b>Total Adjustments to be applied for performance assessment (at actual gearing)</b>										
Em nominal	-	-	-	-	-	-	-	-		
Em 09/10	-	-	-	-	-	-	-	-		
<b>Cost of Debt out(under)performance at notional gearing</b>										
Performance against allowance is impacted by deviating from notional levels of gearing										
Notional Gearing	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%		
Actual Gearing	71.4%	72.7%	60.5%	58.4%	63.1%	67.9%	70.5%	70.3%		
Assumed regulatory finance cost at actual gearing	2.5	5.9	26.5	10.6	(7.5)	1.7	4.7	26.1		
Adjustment to regulatory finance cost relating to variance from notional gearing	(0.6)	(1.4)	(2.4)	(0.6)	1.0	(0.3)	(1.0)	(5.7)		
Assumed regulatory finance cost at notional gearing	1.9	4.5	24.1	10.0	(6.5)	1.4	3.6	20.4		
<b>Assumed regulatory finance cost at notional gearing</b>										
Em 09/10	1.6	3.8	20.1	8.1	(5.1)	1.0	2.7	15.0	47.2	47.2
Adjustments to be applied for performance assessment (at notional gearing)	-	-	-	-	-	-	-	-	-	-
Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Cost of Debt Allowance</b>										
The latest published PCFM contains the allowed cost of debt rate (%) for the reporting year. However, the RAV does not account for the reporting year actual expenditure and additional allowances. Consequently the return element of revenue does not currently reflect the monetary allowance. This is updated and available in the forthcoming annual iteration process. To address this timing issue, network operators should forecast the allowance in row 79 (linked to R9-RAV table) - which will be true-up over time.										
Cost of Debt Allowance as per latest published PCFM (prior year AIP)	11.0	11.4	13.8	15.3	15.1	12.6	11.5	9.0		
Forecast revised Cost of Debt Allowance	11.0	11.1	13.3	14.8	14.7	12.2	11.3	8.9	97.3	97.3
<b>Out(under) performance</b>										
<b>Pre-Tax performance</b>										
Pre-Tax Cost of Debt out(under)performance at actual gearing	8.8	6.2	(8.7)	6.1	20.5	10.9	7.9	(10.3)	41.5	41.5
Pre-Tax Cost of Debt out(under)performance at notional gearing	9.3	7.4	(6.7)	6.6	19.8	11.2	8.6	(6.1)	50.1	50.1
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gearing	(0.5)	(1.2)	(2.0)	(0.5)	0.8	(0.2)	(0.8)	(4.2)	(8.6)	(8.6)

	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Actuals 2020	Actuals 2021
Opening Cash, short term deposits and overdrafts (per Balance Sheet)	Em nominal	(1.3)	(3.5)	(5.5)	(5.8)	(0.5)	-	-
Closing Cash, short term deposits and overdrafts (per Balance Sheet)	Em nominal	(3.5)	(5.5)	(5.8)	(0.5)	-	-	-
External borrowings, bonds, external loans and finance leases (+ve)	Em nominal	150.0	300.0	350.0	649.7	749.7	754.2	1,107.1
Loans from other group companies (+ve)	Em nominal	313.1	613.1	1,063.1	1,063.1	1,063.1	1,063.1	930.0
Loans to other group companies (-ve)	Em nominal	-	-	-	-	-	-	-
Other amounts due to/(from) group companies per Balance Sheet	Em nominal	455.6	205.8	(204.4)	(113.7)	101.4	249.7	98.3
Guarantees given on behalf of other group companies (per Notes to the Accounts) (+ve)	Em nominal	-	-	-	-	-	-	-
Currency SWAPS	Em nominal	-	-	-	-	-	-	-
Interest rate SWAPS	Em nominal	-	-	-	-	-	-	-
Inflation-linked SWAPS	Em nominal	-	-	-	-	-	-	-
Interest Rate Forward Contracts	Em nominal	-	-	-	-	-	-	-
Foreign exchange forward rate contracts	Em nominal	-	-	-	-	-	-	-
Other swaps, forward rate contracts & OTC options	Em nominal	-	-	-	-	-	-	-
Other derivatives including exchange traded futures and options	Em nominal	-	-	-	-	-	-	-
<b>Total Debt per Statutory Accounts</b>	<b>Em nominal</b>	<b>915.2</b>	<b>1,113.4</b>	<b>1,202.9</b>	<b>1,598.6</b>	<b>1,914.2</b>	<b>2,067.0</b>	<b>2,335.3</b>
<b>Conversion to Regulatory (RIIO-1) Definition of Net Debt</b>								
Unamortised Issue Costs	Em nominal	-	-	-	-	-	-	-
Fixed asset investments not readily convertible to cash	Em nominal	-	-	-	-	-	-	-
Preference shares	Em nominal	-	-	-	-	-	-	-
Long term loans (Not for benefit of regulated business or distribution in nature)	Em nominal	-	-	-	-	-	-	-
1. Less debt attributable to TIRG	Em nominal	(256.4)	(336.6)	(296.2)	(295.7)	(321.2)	(331.6)	(316.6)
2. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
3. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
4. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
5. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
6. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
7. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
8. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
9. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
10. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
11. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
12. [Insert adjustment as necessary]	Em nominal	-	-	-	-	-	-	-
<b>Total Net Debt per Regulatory (RIIO-1) definition</b>	<b>Em nominal</b>	<b>658.8</b>	<b>776.8</b>	<b>906.8</b>	<b>1,302.9</b>	<b>1,593.0</b>	<b>1,735.4</b>	<b>2,032.9</b>
Forecast new debt/refinancing	Em nominal	-	-	-	-	-	-	-
<b>Regulatory Net Debt including forecast new debt/refinancing</b>	<b>Em nominal</b>	<b>658.8</b>	<b>776.8</b>	<b>906.8</b>	<b>1,302.9</b>	<b>1,593.0</b>	<b>1,735.4</b>	<b>2,032.9</b>
		OK						
Opening Regulatory Net Debt including forecast new debt/refinancing	Em nominal	510.3	658.8	776.8	906.8	1,302.9	1,593.0	1,735.4
Closing Regulatory Net Debt including forecast new debt/refinancing	Em nominal	658.8	776.8	906.8	1,302.9	1,593.0	1,735.4	2,032.9
<b>Allocation of net debt (Per regulatory definition. Transmission companies only)</b>								
System operator allocation (transmission companies only)	%	0%	0%	0%	0%	0%	0%	0%
Transmission or distribution allocation	%	100%	100%	100%	100%	100%	100%	100%
<b>Average Net Debt (per Regulatory Definition)</b>								
Equity RAV	Em nominal	584.5	717.8	841.8	1,104.8	1,448.0	1,664.2	1,793.6
Average RAV	Em nominal	233.8	269.5	550.1	786.4	846.2	788.4	821.4
Actual Regulatory Gearing	Em nominal	818.4	987.3	1,391.9	1,891.2	2,294.2	2,452.6	2,545.4
Notional Gearing	%	71.4%	72.7%	60.5%	58.4%	63.1%	67.9%	70.3%
Gearing Ratio delta	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
	%	16.4%	17.7%	5.5%	3.4%	8.1%	12.9%	15.3%
NPV Neutral assumed Average Net Debt	Em 09/10	488.338781	588.8	682.1	876.3	1,114.1	1,299.5	1,421.6
NPV Neutral assumed Equity RAV	Em 09/10	195.4	221.1	445.7	623.7	651.1	615.6	595.8
NPV Neutral assumed Average RAV	Em 09/10	683.7	809.9	1,127.8	1,500.0	1,765.3	1,915.1	2,017.5
Actual Regulatory Gearing	%	71.4%	72.7%	60.5%	58.4%	63.1%	67.9%	70.3%
Notional Gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Gearing Ratio delta	%	16.4%	17.7%	5.5%	3.4%	8.1%	12.9%	15.3%

Actuals	Forecast						
2014	2015	2016	2017	2018	2019	2020	2021

**RAV per latest published PCFM**

The latest published PCFM does not account for the impact of the reporting years totex. This will be published in the forthcoming annual iteration process.

Closing RAV per latest published PCFM	Em 09/10	726.0	967.3	1,418.3	1,755.0	1,961.4	2,055.6	2,160.7	2,207.4
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**Revised RAV - including forecast totex, allowances and enduring value**

Revised adjusted RAV including forecast totex, allowances and enduring value

Opening RAV (before transfers)	Em 09/10	681.7	718.3	942.3	1,370.1	1,697.2	1,906.3	1,996.9	2,113.7
Transfers	Em 09/10	-	-	12.5	-	-	-	-	-
<b>Opening RAV (after transfers)</b>	Em 09/10	<b>681.7</b>	<b>718.3</b>	<b>954.9</b>	<b>1,370.1</b>	<b>1,697.2</b>	<b>1,906.3</b>	<b>1,996.9</b>	<b>2,113.7</b>
Net additions (after disposals)	Em 09/10	86.9	286.6	496.5	414.3	299.0	196.8	213.7	235.7
Net additions (after disposals) - enduring value adjustment	Em 09/10	(7.7)	(17.6)	(24.3)	(11.7)	0.1	(6.2)	9.0	(12.3)
<b>Total Net Additions</b>	Em 09/10	<b>79.2</b>	<b>269.0</b>	<b>472.2</b>	<b>402.5</b>	<b>299.1</b>	<b>190.6</b>	<b>222.7</b>	<b>223.4</b>
Depreciation	Em 09/10	(42.6)	(45.3)	(58.0)	(77.5)	(92.6)	(102.6)	(108.7)	(114.5)
Depreciation - enduring value adjustment	Em 09/10	-	0.4	1.1	2.1	2.5	2.5	2.8	2.5
<b>Total Depreciation</b>	Em 09/10	<b>(42.6)</b>	<b>(45.0)</b>	<b>(56.9)</b>	<b>(75.4)</b>	<b>(90.1)</b>	<b>(100.0)</b>	<b>(105.9)</b>	<b>(112.0)</b>
[Input other adjustment]	Em 09/10								
[Input other adjustment]	Em 09/10								
[Input other adjustment]	Em 09/10								
<b>Other adjustments</b>	Em 09/10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted Closing RAV</b>	Em 09/10	<b>718.3</b>	<b>942.3</b>	<b>1,370.1</b>	<b>1,697.2</b>	<b>1,906.3</b>	<b>1,996.9</b>	<b>2,113.7</b>	<b>2,225.1</b>

<b>Total enduring value and other adjustments</b>	Em 09/10	<b>(7.7)</b>	<b>(17.3)</b>	<b>(23.2)</b>	<b>(9.6)</b>	<b>2.7</b>	<b>(3.6)</b>	<b>11.8</b>	<b>(9.8)</b>
<b>CHECK</b>		<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>NA</b>

**Year end RPI**

Financial Year Average RPI (RPI1)	Index	1.183	1.194	1.211	1.251	1.293	1.222	1.254	1.293
Index for Opening RAV conversion to nominal in yr 1	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.363
	Index	1.154							

**Adjusted Closing RAV**

Em nominal	849.8	1,124.8	1,659.0	2,123.4	2,464.9	2,440.2	2,650.6	2,877.1	
Cost of debt	annual real %	2.92%	2.50%	2.15%	1.79%	1.51%	1.16%	1.02%	0.76%
Cost of equity	annual real %	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Notional gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Vanilla WACC	annual real %	4.76%	4.53%	4.33%	4.13%	3.98%	3.79%	3.71%	3.57%

NPV-neutral debt element of RAV	Em 09/10	376.0	445.5	620.3	825.0	970.9	1,053.3	1,109.6	1,172.1
NPV-neutral equity element of RAV	Em 09/10	307.7	364.5	507.5	675.0	794.4	861.8	907.9	959.0
NPV-neutral RAV return base	Em 09/10	683.7	809.9	1,127.8	1,500.0	1,765.3	1,915.1	2,017.5	2,131.1

Debt Return on RAV	Em 09/10	11.0	11.1	13.3	14.8	14.7	12.2	11.3	8.9
Equity Return on RAV	Em 09/10	21.5	25.5	35.5	47.3	55.6	60.3	63.6	67.1
Total return on RAV	Em 09/10	32.5	36.6	48.9	62.0	70.3	72.5	74.9	76.0

NPV-neutral debt element of RAV	Em nominal	438.7	529.9	745.8	1,013.2	1,237.0	1,383.1	1,494.7	1,598.0
NPV-neutral equity element of RAV	Em nominal	358.9	433.6	610.2	829.0	1,012.1	1,131.6	1,222.9	1,307.4
Adjusted NPV-neutral average RAV	Em nominal	797.7	963.5	1,356.0	1,842.2	2,249.1	2,514.6	2,717.6	2,905.4

Debt Return on RAV	Em nominal	12.8	13.2	16.0	18.1	18.7	16.0	15.2	12.1
Equity Return on NPV-neutral RAV	Em nominal	25.1	30.3	42.7	58.0	70.8	79.2	85.6	91.5
Total return on RAV	Em nominal	37.9	43.6	58.8	76.2	89.5	95.3	100.9	103.7

Actuals	Forecast						
2014	2015	2016	2017	2018	2019	2020	2021

CT600 will not have been submitted for the current reporting year.  
It is assumed the current tax charge per the statutory accounts will equal the tax liability in the forthcoming CT600, where this is not the case the licensee should provide an explanation in the commentary of the variance.  
This will be corrected / tried-up in future years

<b>Tax liability per latest submitted CT600 (pre-group relief)</b>	Em nominal	10.4	15.1	27.3	21.2	3.0	12.6	15.1	
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<b>Adjustments to remove non-regulated tax liability</b>	Em nominal	0.5	1.1	1.8	3.2	1.7	3.0	1.7	
Tax on non-regulated activities	Em nominal								
[Insert adjustment as necessary]	Em nominal								
[Insert adjustment as necessary]	Em nominal								
[Insert adjustment as necessary]	Em nominal								
<b>Non-regulated tax</b>	Em nominal	0.5	1.1	1.8	3.2	1.7	3.0	1.7	

<b>Other adjustments</b>	Em nominal	0.1	-	0.3	0.1	0.5	0.6	1.0	0.5
Tax on output incentives	Em nominal	1.3	1.2	1.4	0.9	0.7	0.7	0.7	0.7
Tax on IOI	Em nominal								
Collected revenue adjustment ('k')	Em nominal								
Pension - timing adjustment	Em nominal								
Pension - disallowed contributions	Em nominal								
Tax on derivatives not disregarded	Em nominal								
Tax arising from MOD values	Em nominal								
Transfer Pricing	Em nominal	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
[Insert adjustment as necessary]	Em nominal								
[Insert adjustment as necessary]	Em nominal								
[Insert adjustment as necessary]	Em nominal								
[Insert new rows here as necessary]	Em nominal								
<b>Total other adjustments</b>	Em nominal	1.3	1.2	1.6	0.9	1.0	1.1	1.6	1.2

Forecast regulated tax liability (including impact of enduring value adjustments)	Em nominal								10.4
Adjusted forecast regulated tax liability with timing differences	Em nominal	8.6	12.9	24.0	17.1	0.3	8.5	11.8	9.2

Financial year average RPI	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.363
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Adjusted/forecast regulated tax liability with timing differences	Em 09/10	7.4	10.8	19.9	13.9	0.3	6.5	8.8	6.7
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<b>Tax out(under)performance at notional gearing</b>	Performance against allowance is impacted by deviating from notional levels of gearing								
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Notional Gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Actual Gearing	%	71.4%	72.7%	60.5%	58.4%	63.1%	67.9%	70.5%	70.3%

Adjusted/forecast regulated tax liability with timing differences	Em nominal	8.6	12.9	24.0	17.1	0.3	8.5	11.8	9.2
Adjustment to regulatory tax cost relating to variance from notional gearing	Em nominal	(0.1)	(0.3)	(0.5)	(0.1)	0.2	(0.1)	(0.2)	(1.1)
Revised regulated tax liability for comparison against allowance	Em nominal	8.5	12.6	23.5	16.9	0.5	8.4	11.6	8.1
Revised regulated tax liability for comparison against allowance	Em 09/10	7.3	10.6	19.5	13.8	0.4	6.4	8.6	5.9

**Allowance**

The latest published PCFM does not account for the forecast TIM performance - and ultimate impact on tax allowance.

Tax Allowance per latest published PCFM	Em 09/10	7.8	6.2	9.6	8.4	4.8	3.1	4.0	6.4
Tax clawbacks	Em 09/10	-	-	-	-	-	-	4.4	3.6
Net Tax Allowance	Em 09/10	7.8	6.2	9.6	8.4	4.8	3.1	8.4	10.0

Network operators should provide forecast allowances taking account of the latest totex, allowances, reopener, enduring value adjustments - and other financial variables

Forecast tax allowance	Em 09/10	7.8	6.2	9.6	8.4	4.8	3.1	4.0	2.2
Forecast tax clawbacks	Em 09/10	-	-	-	-	-	-	4.4	3.6
<b>Net forecast tax allowance</b>	Em 09/10	7.8	6.2	9.6	8.4	4.8	3.1	8.4	5.8

<b>Reconciliation of forecast movement in allowance</b>	Em 09/10	-	-	-	-	-	-	-	(4.2)
Changes in corporation tax rates	Em 09/10								
Tax allowance retained within deadband	Em 09/10								
Other adjustments	Em 09/10								(4.2)
Check	Em 09/10	OK							

**Out(under) performance**

Regulated tax out(under) performance at actual gearing	Em 09/10	0.4	(4.6)	(10.4)	(5.5)	4.5	(3.4)	(0.4)	(0.9)
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Regulated tax out(under) performance at notional gearing	Em 09/10	0.5	(4.4)	(10.0)	(5.4)	4.4	(3.3)	(0.2)	(0.1)
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Impact on out(under) performance relating to deviating from notional levels of gearing	Em 09/10	(0.1)	(0.3)	(0.4)	(0.1)	0.1	(0.0)	(0.1)	(0.8)
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Tax impact of financing performance (at actual gearing)	Em nominal	2.4	1.5	(2.1)	1.5	5.0	2.7	2.0	(2.7)
Tax impact of financing performance (at actual gearing)	Em 09/10	2.0	1.3	(1.7)	1.2	3.9	2.1	1.5	(1.9)
Tax impact of financing performance (at notional gearing)	Em nominal	2.5	1.8	(1.6)	1.6	4.8	2.8	2.2	(1.6)
Tax impact of financing performance (at notional gearing)	Em 09/10	2.1	1.5	(1.3)	1.3	3.8	2.1	1.6	(1.2)
Tax impact of financing performance relating to deviating from notional levels of gearing	Em 09/10	(0.1)	(0.3)	(0.4)	(0.1)	0.1	(0.0)	(0.1)	(0.8)



	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Actuals 2020	Actuals 2021
Licensee share of total pension deficit repair payment made for defined benefit scheme	2.1	2.1	1.0	1.0	0.6	-	-	-
Of which:								
Established deficit element funded via specific allowances	2.1	2.1	1.0	1.0	0.6	-	-	-
Incremental deficit funded via totex	-	-	-	-	-	-	-	-
Established deficit element funded via specific allowances	1.8	1.7	0.9	0.8	0.5	-	-	-
Established deficit (EDE) allowance as per PCFM	0.5	0.5	1.5	1.5	1.5	2.7	2.1	-
Less Pension Payment History Allowance (PPH)	0.5	0.5	1.5	1.5	1.5	2.7	2.1	-
Established deficit allowance less PPH	-	-	-	-	-	-	-	-
Latest pension scheme valuation	Enter valuation date 31/03/2019							
Price base	2018/19							
Total Liabilities attributable to post cut-off date notional sub fund	£m 180.4							
Total Liabilities attributable to pre cut-off date notional sub fund	1,721.5							
Total Assets attributable to post cut-off date notional sub fund	122.6							
Total Assets attributable to pre cut-off date notional sub fund	1,998.8							
Deficit in the post Cut-Off Date Notional Sub-Fund	57.8							
Deficit in the pre Cut-Off Date Notional Sub-Fund	(277.3)							
Licensee element of established deficit	18.6							
Licensee element of incremental deficit	(158.1)							

