

NGN Mod186 Pricing Statement

Movement from September 2018

**we are
the network**

ALLOWED REVENUE		18/19	19/20	20/21	21/22
SEPTEMBER		409.5	436.2	446.8	446.8
<u>Adjustments to Base Revenue via "MOD" (9/10 prices)</u>					
Tax trigger - Corp. Tax rates long term impact			(0.4)		
<u>Change in Inflation %</u>					
September (Based on HM Treasury Aug report)		3.3%	3.1%	3.0%	
December (Based on HM Treasury Nov report)		3.4%	3.2%	3.2%	
Difference		0.0%	0.1%	0.1%	
Cumulative change in inflation		0.0%	0.1%	0.2%	
£ impact on change in infl (incl. changes in "Mod" above)			0.4	1.1	
£ Impact of changes in RPI on RPI true up (relating to 18/19)				0.1	
Shrinkage pass thru (gas price impact)			(0.0)	0.8	
K factor				(0.6)	
DECEMBER		409.5	436.1	448.3	448.3
Difference			(0.1)	1.4	1.4
Total Price Change	September	(1.4%)	8.4%	5.4%	2.0%
Total Price Change	December	(1.4%)	8.1%	5.7%	2.0%
TOTAL PRICE CHANGE %	Difference	(0.0%)	(0.2%)	0.4%	0.0%

Additional Notes

- This update is inclusive of Ofgem's November 2018 Annual Iteration Process – what we had forecast previously was broadly in line with the final figure (£0.4m different)
- Allowed revenues year on year for 19/20 increase by +6.5% but our current price change is +8.1%. We have kept our assumption the same in this update in that peak day capacity requirements will fall by -2%. We will continue to monitor the Xoserve snapshot data and will review again during January prior to finalising the price change for 19/20.
- Iresa Ltd to Octopus Energy - Supplier of Last Resort – we have not included any data for this and await detailed information from Ofgem. Early indications suggest c.£1m would need to be added to allowed revenues for 19/20 to support this claim. This should be finalised prior to publishing our 60 day notice.
- Whilst Iresa is one claim we have been notified about from Ofgem, there are on going issues with the following suppliers: Extra Energy, GEN4U, National Gas & Power, One Select, Spark, Usio Energy.
- Our assumption for revenues in GD2 years remains flat until we have more certainty around the key changes and impact on revenues.