

NGN Mod186 Pricing Statement

Movement from September 2020

**we are
the network**

Supporting Notes

- This update is inclusive of final determination data published by Ofgem in December. We have made further adjustments on top of final determination data to reflect:
 1. The additional NTS Revenue Recovery Charges (RRC) as published on 30th December 2020 by NTS, worth £1.4m in 20/21 and £4.4m in 21/22. We have assumed that 21/22 allowances will be restated for revenue recovery charges – this will be discussed in a meeting with Ofgem on Friday 8th Jan.
 2. Supplier of last resort claims worth £0.8m.
- The base data used in this update reconciles to that presented in Ofgem’s statutory consultation PCFM model published on 17 December 2020.
- GD2 Inflation has now moved to using CPIH rather than RPI which is typically 1% lower. Ofgem have used the OBR forecasts from November which are lower than that forecast in September.
- For presentation purposes we have discounted the final determination numbers published by Ofgem in 18/19 prices back to 09/10 prices for Mod186 methodology and comparison to GD1.
- Updated GD1 close out adjustments for 19/20 and a forecast of 20/21 are now included in line with Ofgem methodology.
- We are currently reviewing the SOQ assumption included within the price change after receiving the December snapshot data. Any movement will be factored into the 60 day pricing notice.

ALLOWED REVENUE		20/21	21/22	22/23	23/24	24/25	25/26
SEPTEMBER		439.9	413.4	447.5	443.5	454.5	463.7
Movement to FD data	09/10		(2.8)	(2.6)	1.1	1.5	0.2
Add : additional Exit RRC proposed	09/10		3.1				
Close out of GD1 adjustments	09/10		1.3	1.4			
Change in Inflation %		<i>RPI</i>	<i>CPIH</i>	<i>CPIH</i>	<i>CPIH</i>	<i>CPIH</i>	<i>CPIH</i>
September (Based on HM Treasury Aug report)		1.5%	1.7%	2.1%	2.1%	2.1%	2.1%
January (Based on Ofgem GD2 Dec 20 PCFM)		1.2%	1.3%	1.6%	1.8%	1.9%	2.0%
Difference		(0.3%)	(0.4%)	(0.5%)	(0.3%)	(0.2%)	(0.1%)
Cumulative change in inflation		(0.3%)	(0.7%)	(1.2%)	(1.5%)	(1.7%)	(1.8%)
£ impact on change in inflation (incl. changes above)			(2.2)	(5.9)	(6.2)	(6.9)	(8.1)
£ Impact of changes in RPI on RPI true up from 20/21				(1.0)	0.0		
Total base revenue changes			(0.5)	(8.1)	(5.0)	(5.4)	(7.9)
Exit Capacity			0.0	1.5	(0.0)	(0.0)	(0.0)
Shrinkage pass thru			0.0	0.4	0.6	0.1	(0.2)
SOLR (Cardiff Energy, Solarplicity & SP Extra Energy)			0.8	(0.0)			
Total			0.8	2.0	0.5	0.1	(0.2)
K factor			1.6	(1.8)	(0.0)		(0.0)
JANUARY		440.0	415.3	439.7	439.0	449.2	455.6
Difference		0.1	1.9	(7.8)	(4.5)	(5.3)	(8.1)
Memo:							
In year (under)/over collection		(1.6)					
SOQ Assumption SEPTEMBER			(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)
SOQ Assumption JANUARY(DRAFT 21/22 assumption)			1.5%	(2.0%)	(2.0%)	(2.0%)	(2.0%)
Change			3.5%	-	-	-	-
LDZ Price Change	September	0.6%	(10.2%)	5.7%	2.7%	4.8%	4.6%
LDZ Price Change	January	0.6%	(13.8%)	4.0%	4.0%	4.7%	4.0%
LDZ Price Change %	Difference		(3.6%)	(1.7%)	1.4%	(0.1%)	(0.6%)