



June 2021 MOD0186

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Cadent
Your Gas Network

Key Updates for June 2021 MOD0186

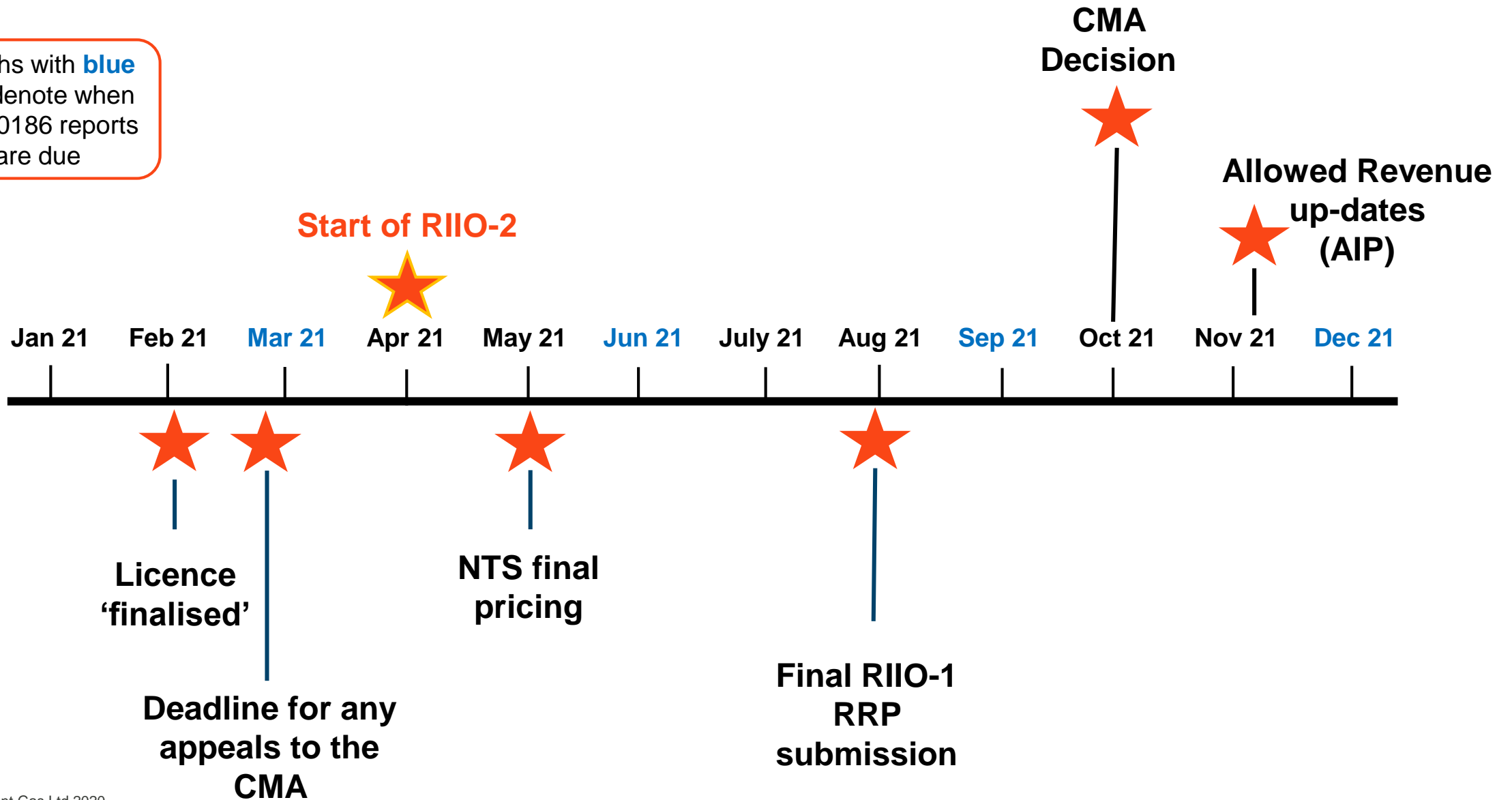
The June MOD0186 provides a refreshed RIIO-GD2 Allowed Revenue view and the final collected revenue for 2020/21

Key updates include:

- An updated forecast for RIIO-GD2 Allowed Revenue. Changes from the previous MOD186 are largely due to changes in inflation
- Updated NTS Exit Capacity costs following on from National Grid's publication on Exit Capacity prices in May 2021
- Final collected revenues values for 2020/21

Timeline for the calendar year 2021

Months with **blue** font denote when MOD0186 reports are due



Summary Position

COLLECTABLE REVENUE TRACE	CADENT					
	2021	2022	2023	2024	2025	2026
MARCH 2021 COLLECTABLE REVENUE (PREVIOUS)	1,920.3	1,905.9	1,935.3	1,949.6	1,952.5	1,959.5
INFLATION – see notes below	-	-	28.9	30.5	30.6	30.6
NTS PRICING UPDATE	-	-	15.3	15.6	8.9	20.7
'K' CORRECTION FACTOR, LEGACY ITEMS & ADJUSTMENT TERM	-	-	31.5	-	-	-
VARIOUS OTHER SMALL CHANGES	0.9	0.6	0.6	0.2	0.2	0.2
COLLECTABLE REVENUE (NEW)	1,921.1	1,906.5	2,011.1	1,996.0	1,992.1	2,011.0
% MOVEMENT	+0.0%	+0.0%	+3.9%	+2.4%	+2.0%	+2.6%

- Inflation spot rates have been updated for actual information to April 2021, and corrected Ofgem methodology. Forecast data unchanged and based on previous OBR forecast.

	<u>MARCH MOD0186</u>	<u>JUNE MOD0186</u>
April '21 Price Index rate	296.25	299.95

Cadent Allowed Revenue

CADENT GAS LTD - CADENT COMBINED NETWORKS

JUNE-21 MOD0186

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	1,747.6	1,735.7	1,798.7	1,760.9	1,742.8
TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	-	-	-	-
BUSINESS PLAN INCENTIVE	BPIt	18/19	0.1	0.1	0.1	0.1	0.1
OTHER REVENUE ALLOWANCES	ORAt	18/19	15.0	12.4	12.4	12.4	12.4
OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	1,762.8	1,748.2	1,811.3	1,773.5	1,755.3
FORECAST INFLATION FACTOR; CPIH	<i>Pit / PI2018/19</i>		1.0656	1.0728	1.0919	1.1130	1.1352
INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	115.7	144.5	184.7	218.6	255.7
TOTAL CALCULATED REVENUE NOMINAL	Rt	NOMINAL	1,878.5	1,892.7	1,996.0	1,992.1	2,011.0
ADJUSTMENT TERM	ADJt	NOMINAL	-	14.9	-	-	-
CORRECTION TERM; K FACTOR	Kt	NOMINAL	7.3	3.6	-	-	-
LEGACY REVENUE	LARt	NOMINAL	37.9	99.9	-	-	-
CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	NOMINAL	1,923.7	2,011.1	1,996.0	1,992.1	2,011.0
<i>memo; Allowed Revenue (as published) used for Price setting</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>1,906.7</i>	<i>1,934.2</i>	<i>1,863.5</i>	<i>1,865.8</i>	<i>1,876.9</i>
RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	1,906.5	2,011.1	1,996.0	1,992.1	2,011.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	0.1	-	-	-	-

Next Steps

The Sept 2021 MOD0186 will include updates for:

- Updated collected revenue values for 2021/22
- Usual updates for Gas prices and inflation
- Updates based on submitted RIIO1 RRP files and first AIP dry run submission for RIIO-2
- Move to new MOD0186 format as per appendix

Appendix

Consolidated view of the new RIIO-2 Specific MOD0186 format; part 1

CADENT GAS LTD - CADENT COMBINED NETWORKS				JUNE-21 MOD0186				
DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
TABLE 1: ALLOWED REVENUE & ARITHMETICAL PRICE CHANGE								
1	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	NOMINAL	1,923.7	2,011.1	1,996.0	1,992.1	2,011.0
	<i>memo: Allowed Revenue (as published) used for Price setting</i>	ARt	NOMINAL	1,906.7	1,934.2	1,863.5	1,865.8	1,878.9
4	TOTAL % PRICE CHANGE BASED ON REVENUE		%		1.7%	5.5%	(0.8)%	(0.2)%
7	TOTAL % PRICE CHANGE BASED ON DEMAND/VOLUME		%		0.6%	(0.0)%	(0.3)%	0.3%
8	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%		2.2%	5.5%	(1.0)%	0.1%
TABLE 2: ALLOWED REVENUE COMPOSITION								
9	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	1,747.6	1,735.7	1,798.7	1,760.9	1,742.8
10	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	-	-	-	-
11	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.1	0.1	0.1	0.1	0.1
12	OTHER REVENUE ALLOWANCES	ORAIt	18/19	15.0	12.4	12.4	12.4	12.4
13	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUB&DRSt	18/19	-	-	-	-	-
14	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	1,762.8	1,748.2	1,811.3	1,773.5	1,755.3
15	FORECAST INFLATION FACTOR; CPIH	PIt / PI2018/19		1.0656	1.0728	1.0919	1.1130	1.1352
16	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	115.7	144.5	184.7	218.6	255.7
17	TOTAL CALCULATED REVENUE NOMINAL	Rt	NOMINAL	1,878.5	1,892.7	1,996.0	1,992.1	2,011.0
18	ADJUSTMENT TERM	ADJt	NOMINAL	-	14.9	-	-	-
19	CORRECTION TERM; K FACTOR	Kt	NOMINAL	7.3	3.6	-	-	-
20	LEGACY REVENUE	LARt	NOMINAL	37.9	99.9	-	-	-
21	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	NOMINAL	1,923.7	2,011.1	1,996.0	1,992.1	2,011.0
22	<i>memo: Allowed Revenue (as published) used for Price setting</i>	ARt	NOMINAL	1,906.7	1,934.2	1,863.5	1,865.8	1,878.9
23	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	1,906.5	2,011.1	1,996.0	1,992.1	2,011.0
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	(0.1)	-	-	-	-

Consolidated view of the new RIIO-2 Specific MOD0186 format; part 2

CADENT GAS LTD - CADENT COMBINED NETWORKS				JUNE-21 MOD0186				
	DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	(0.1)	-	-	-	-
TABLE 3: DOMESTIC CUSTOMER BILL IMPACT (EXCL ECN CHARGES)								
25	AVERAGE AQ PER DOMESTIC CUSTOMER		Kwh	13,975.0	13,975.0	13,975.0	13,975.0	13,975.0
26	TOTAL ANNUAL CHARGE (EXCL. ECN)		NOMINAL	£132.01	£135.24	£134.37	£134.41	£135.39
27	TOTAL ANNUAL CHARGE (EXCL. ECN)		18/19	£123.87	£124.91	£121.94	£119.66	£118.17
28	% MOVEMENT IN DOMESTIC CUSTOMER BILL		%	(5.32)%	0.84%	(2.38)%	(1.87)%	(1.25)%
TABLE 4: ECN CHARGE ELEMENTS (NTS EXIT CAPACITY ONLY)								
34	TOTAL ALLOWED REVENUE (ECN)		NOMINAL	137.9	199.8	195.7	191.3	197.1
	<i>Allowed ECN Revenue at price setting</i>		<i>NOMINAL</i>	<i>137.9</i>	<i>175.8</i>	<i>177.4</i>	<i>179.7</i>	<i>173.9</i>
35	COLLECTABLE REVENUE (ECN)		NOMINAL	137.6	199.8	195.7	191.3	197.1
36	UNDER / OVER RECOVERY CARRIED FORWARDS (ECN)		NOMINAL	(0.4)	-	-	-	-
41	ECN CHARGES ARITHMETICAL PRICE CHANGE		%		45.1%	(2.1)%	(2.2)%	3.1%
TABLE 5: LDZ & CUSTOMER CHARGE ELEMENTS								
42	DN ALLOWED REVENUE LESS ECN REVENUE		NOMINAL	1,768.7	1,811.3	1,800.3	1,800.8	1,813.9
44	UNDER / OVER RECOVERY CARRIED FORWARDS (LDZ & CUSTOMER)		NOMINAL	(0.2)	-	-	-	-
49	LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE		%		2.4%	(0.6)%	0.0%	0.7%
TABLE 6: PASS THROUGH COSTS								
50	SHIRNKAGE		SLt	14.6	15.6	15.5	15.4	15.3
51	LICENSED ACTIVITY		LFt	8.7	8.8	9.0	9.1	9.3
62	TOTAL PASS THROUGH COSTS		PTt	465.5	467.8	459.0	455.5	466.2
TABLE 7: INFLATION								

Network view; East of England

CADENT GAS LTD - EAST OF ENGLAND NETWORK			JUNE-21 MOD0186					
DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
TABLE 2: ALLOWED REVENUE COMPOSITION								
9	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	590.0	582.4	604.7	592.6	585.8
10	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	-	-	-	-
11	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	0.0	0.0	0.0	0.0
12	OTHER REVENUE ALLOWANCES	ORAt	18/19	5.5	4.6	4.6	4.6	4.6
13	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBNDRSt	18/19	-	-	-	-	-
14	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	595.5	587.0	609.4	597.2	590.4
15	FORECAST INFLATION FACTOR; CPIH	<i>PIt / PI2018/19</i>		1.0656	1.0827	1.1020	1.1233	1.1457
16	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	39.1	48.5	62.1	73.6	86.0
17	TOTAL CALCULATED REVENUE NOMINAL	Rt	NOMINAL	634.6	635.6	671.5	670.9	676.5
18	ADJUSTMENT TERM	ADJt	NOMINAL	-	3.0	-	-	-
19	CORRECTION TERM; K FACTOR	Kt	NOMINAL	2.2	0.2	-	-	-
20	LEGACY REVENUE	LARt	NOMINAL	12.3	32.2	-	-	-
21	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	NOMINAL	649.1	671.0	671.5	670.9	676.5
22	<i>memo: Allowed Revenue (as published) used for Price setting</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>646.4</i>	<i>656.1</i>	<i>628.6</i>	<i>620.9</i>	<i>634.2</i>
23	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	646.6	671.0	671.5	670.9	676.5
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	0.2	-	-	-	-

Network view; London

CADENT GAS LTD - LONDON NETWORK			JUNE-21 MOD0186				
DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 2: ALLOWED REVENUE COMPOSITION							
9	BASE REVENUE (INCLUDING TAX ALLOWANCE)	18/19	428.2	428.2	443.7	435.0	431.1
10	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	-	-	-	-	-
11	BUSINESS PLAN INCENTIVE	BPIt	0.0	0.0	0.0	0.0	0.0
12	OTHER REVENUE ALLOWANCES	ORAt	3.2	2.6	2.6	2.6	2.6
13	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBtDRSt	-	-	-	-	-
14	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	431.3	430.7	446.3	437.6	433.7
15	FORECAST INFLATION FACTOR; CPIH	<i>PIt / PI2018/19</i>	1.0656	1.0827	1.1020	1.1233	1.1457
16	INFLATION TRUE-UP TO NOMINAL PRICES	NOMINAL	28.3	35.6	45.5	53.9	63.2
17	TOTAL CALCULATED REVENUE NOMINAL	Rt	459.7	466.4	491.8	491.6	496.9
18	ADJUSTMENT TERM	ADJt	-	5.3	-	-	-
19	CORRECTION TERM; K FACTOR	Kt	1.4	(0.9)	-	-	-
20	LEGACY REVENUE	LARt	11.5	36.1	-	-	-
21	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	472.5	506.8	491.8	491.6	496.9
22	<i>memo: Allowed Revenue (as published) used for Price setting</i>	<i>ARt</i>	<i>468.5</i>	<i>485.7</i>	<i>458.7</i>	<i>457.5</i>	<i>460.8</i>
23	RECOVERED REVENUE (+ FORECAST)	RRt	468.7	506.8	491.8	491.6	496.9
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	0.2	-	-	-	-

Network view; North West

CADENT GAS LTD - NORTH WEST NETWORK			JUNE-21 MOD0186				
DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 2: ALLOWED REVENUE COMPOSITION							
9	BASE REVENUE (INCLUDING TAX ALLOWANCE)	18/19	411.8	410.2	425.3	415.9	409.4
10	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	-	-	-	-	-
11	BUSINESS PLAN INCENTIVE	BPIt	0.0	0.0	0.0	0.0	0.0
12	OTHER REVENUE ALLOWANCES	ORAIt	3.7	3.1	3.1	3.1	3.1
13	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	-	-	-	-	-
14	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	415.5	413.3	428.4	418.9	412.5
15	FORECAST INFLATION FACTOR; CPIH	<i>PIt / PI2018/19</i>	1.0656	1.0827	1.1020	1.1233	1.1457
16	INFLATION TRUE-UP TO NOMINAL PRICES	NOMINAL	27.3	34.2	43.7	51.6	60.1
17	TOTAL CALCULATED REVENUE NOMINAL	Rt	442.8	447.4	472.1	470.6	472.6
18	ADJUSTMENT TERM	ADJt	-	3.3	-	-	-
19	CORRECTION TERM; K FACTOR	Kt	2.4	2.7	-	-	-
20	LEGACY REVENUE	LARt	13.9	13.8	-	-	-
21	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	459.1	473.3	472.1	470.6	472.6
22	<i>memo: Allowed Revenue (as published) used for Price setting</i>	<i>ARt</i>	<i>452.4</i>	<i>450.3</i>	<i>440.1</i>	<i>439.4</i>	<i>441.0</i>
23	RECOVERED REVENUE (+ FORECAST)	RRt	453.0	473.3	472.1	470.6	472.6
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	(0.5)	-	-	-	-

Network view; West Midlands

CADENT GAS LTD - WEST MIDLANDS NETWORK			JUNE-21 MOD0186					
DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
TABLE 2: ALLOWED REVENUE COMPOSITION								
9	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	317.7	314.9	325.0	317.4	316.4
10	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	-	-	-	-
11	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	0.0	0.0	0.0	0.0
12	OTHER REVENUE ALLOWANCES	ORAt	18/19	2.7	2.2	2.2	2.2	2.2
13	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
14	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	320.4	317.2	327.2	319.7	318.6
15	FORECAST INFLATION FACTOR; CPIH	<i>PII / PI2018/19</i>		1.0656	1.0827	1.1020	1.1233	1.1457
16	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	21.0	26.2	33.4	39.4	46.4
17	TOTAL CALCULATED REVENUE NOMINAL	Rt	NOMINAL	341.4	343.4	360.6	359.1	365.1
18	ADJUSTMENT TERM	ADJt	NOMINAL	-	3.4	-	-	-
19	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.3	1.6	-	-	-
20	LEGACY REVENUE	LARt	NOMINAL	0.2	11.8	-	-	-
21	CURRENT ASSESSMENT OF ALLOWED REVENUE	ARt	NOMINAL	342.9	360.1	360.6	359.1	365.1
22	<i>memo: Allowed Revenue (as published) used for Price setting</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>338.3</i>	<i>342.1</i>	<i>338.5</i>	<i>338.0</i>	<i>340.9</i>
23	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	338.3	360.1	360.6	359.1	365.1
24	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	(0.0)	-	-	-	-