

NGN Mod186 Pricing Statement

Movement from March 2021 to June 2021

**we are
the network**

MOD186 Reconciliation - Mar 2021 to June 2021

ALLOWED REVENUE		20/21	21/22	22/23	23/24	24/25	25/26
MARCH		440.0	417.8	445.7	445.7	454.6	461.5
Movement to allowances published on 28th May 2021	09/10		0.0	0.0	6.3	6.3	6.3
£ impact on change in inflation (incl. changes above)		(0.0)	0.0	0.0	2.8	2.9	3.1
Exit Capacity			(0.0)	3.1	4.5	0.9	3.6
Shrinkage pass thru			(0.0)	(0.2)	(0.1)	0.2	0.5
K factor		0.0	0.1	(2.5)	0.0		0.0
JUNE		440.0	418.0	446.1	459.2	465.0	474.9
Difference		(0.0)	0.2	0.5	13.5	10.4	13.4
Memo:							
In year (under)/over collection		(1.5)	2.4				
SOQ Assumption MARCH			1.4%	(2.0%)	(2.0%)	(2.0%)	(2.0%)
SOQ Assumption JUNE			1.4%	(2.0%)	(2.0%)	(2.0%)	(2.0%)
Change			-	-	-	-	-
LDZ Price Change	March	0.6%	(13.7%)	4.9%	4.6%	4.3%	4.1%
LDZ Price Change	June	0.6%	(13.7%)	3.6%	7.6%	4.4%	4.1%
LDZ Price Change %	Difference			(1.3%)	3.0%	0.0%	0.0%

Summary of updates March 21 to June 21

- New PCFM published 28th May. Included a change in Tax allowance to account for amendment to corporation tax rates (19% to 25%). Including the inflation element the value of the adjustment is circa £9.2m, from 2023/24 onwards

Using the new financial model we've re-based allowances to account for the following:

- National grid have issued new exit capacity charging rates on the 28th May. Drives £3.1m in formula year 2022/23
- Changes to shrinkage costs reflect wholesale spot price movements as at 30th April
- Over collection, currently forecast at £2.4m, in formula year 2021/22 to be given back in 2022/23.

The following will be updated in September

- Inflation assumptions remain as per the PCFM published on the 28th May
- The impact of the super tax deduction on 2021/22 & 2022/23 capital allowances will be included in the revised allowances