



**March 2022 MOD0186**

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# Key Updates for March 2022 MOD0186

2022/23 Final Charges have now been set with charging statements to be released at the end of March. For the March MOD0186 report, there is no update or changes to the assumptions made when setting 22/23 Final charges for the year ended March 2023

The main uncertainty we are aware of is a review of Independent Gas Transporter charges in relation to Supplier of Last Resort costs (SoLR). We will update when more information is available

The forecast provided on the subsequent slide looks further forward to the year to March 2024. There remains significant geo-political consequences for inflation and gas price impacts. We will update through the year on these key variables among other trading updates.

The format of the MOD0186 presentation now includes forecast pricing unit rates for 2023/24. These are calculated based on the % change in allowed revenue.

# Movement in Allowed Revenue

Inflation costs have been updated to reflect recent higher outturn of inflation CPIH index rates compared to those forecasted used when setting December MOD0186 allowed revenue

There remains uncertainty over the SoLR claims for 23/24, as such we have removed costs for this in 23/24 until further information is available

As we get greater visibility of the likely position we will provide up-dates through the year.

We also update the forecasts for our latest cost estimates.

CADENT	LDZ	ECN	SOLR	TOTAL
<b>DECEMBER MOD0186 - 23/24 ALLOWED REVENUE</b>	<b>1,938.7</b>	<b>195.5</b>	<b>115.7</b>	<b>2,250.0</b>
INFLATION	21.0	2.1	-	23.1
SUPPLIER OF LAST RESORT	-	-	(115.7)	(115.7)
TOTEX, PASS-THROUGH, & OTHER	(39.3)	1.3	-	(38.0)
<b>MARCH MOD0186 - 23/24 ALLOWED REVENUE</b>	<b>1,920.4</b>	<b>199.0</b>	<b>-</b>	<b>2,119.3</b>

# Next Steps

- Publish 2022/23 Charging Statements on April 1<sup>st</sup>, 2022
- Continue to monitor UK Gas Prices and inflation and their impact on revenues and unit rates
- Further consideration on IGT SoLR costs.
- June MOD0186 report will include a view of over and under recovery for the year based on initial invoices, and up-dates for inflation and gas prices.

# Appendix

## CADENT GAS LTD - CADENT COMBINED NETWORKS

MAR-21 MOD0186

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>TABLE 1: ALLOWED REVENUE &amp; ARITHMETICAL PRICE CHANGE</b>								
1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	1,905.8	2,697.1	2,119.3	2,112.2	2,153.1
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	-	2.4%	(6.5)%	(0.0)%	1.8%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	-	45.1%	(14.3)%	(3.5)%	3.1%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	(1.1)%	41.5%	(21.4)%	(0.3)%	1.9%
<b>TABLE 2: ALLOWED REVENUE COMPOSITION</b>								
5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	1,756.1	2,189.3	1,801.4	1,759.5	1,754.2
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	1.8	7.8	9.4	10.3
7	BUSINESS PLAN INCENTIVE	BPIIt	18/19	0.1	0.2	0.2	0.2	0.2
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	15.0	12.7	13.9	12.8	12.1
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBtDRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	1,771.2	2,204.0	1,823.3	1,781.9	1,776.8
11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	PIt / PI2018/19		1.0525	1.1189	1.1570	1.1854	1.2117
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	93.0	262.0	286.3	330.3	376.2
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	1,864.2	2,466.0	2,109.6	2,112.2	2,153.1
14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(3.3)	145.9	8.4	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	7.1	1.0	1.4	-	-
16	LEGACY REVENUE	LARt	NOMINAL	37.7	84.2	-	-	-
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	1,905.8	2,697.1	2,119.3	2,112.2	2,153.1
18	<i>memo: Current assessment Allowed Revenue</i>	ARt	NOMINAL	2,012.4	2,738.6	2,119.3	2,112.2	2,153.1
19	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	1,905.9	2,697.1	2,119.3	2,112.2	2,153.1
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	0.1	-	-	-	-

**CADENT GAS LTD - EAST OF ENGLAND NETWORK**
**MAR-21 MOD0186**

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>TABLE 1: ALLOWED REVENUE &amp; ARITHMETICAL PRICE CHANGE</b>								
1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	646.1	921.5	725.7	714.0	729.1
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(3.2)%	(1.2)%	(3.7)%	(1.4)%	2.0%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	161.5%	61.4%	(19.7)%	(3.5)%	2.8%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	1.3%	42.6%	(21.2)%	(1.6)%	2.1%
<b>TABLE 2: ALLOWED REVENUE COMPOSITION</b>								
5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	594.7	747.8	608.9	593.6	592.9
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.6	2.9	3.8	4.1
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	0.2	0.2	0.2	0.2
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	5.5	4.7	5.1	4.7	4.5
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	600.2	753.4	617.2	602.3	601.7
11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	<i>PIt / PI2018/19</i>		1.0525	1.1189	1.1570	1.1854	1.2117
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	31.5	89.6	96.9	111.7	127.4
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	631.8	842.9	714.1	714.0	729.1
14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(0.5)	48.4	11.3	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	2.3	(0.1)	0.4	-	-
16	LEGACY REVENUE	LARt	NOMINAL	12.5	30.3	-	-	-
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	646.1	921.5	725.7	714.0	729.1
18	<i>memo; Current assessment Allowed Revenue</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>646.1</i>	<i>921.5</i>	<i>725.7</i>	<i>714.0</i>	<i>729.1</i>

## CADENT GAS LTD - LONDON NETWORK

MAR-21 MOD0186

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>TABLE 1: ALLOWED REVENUE &amp; ARITHMETICAL PRICE CHANGE</b>								
1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	468.4	651.1	497.3	517.8	530.6
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	4.0%	5.6%	(11.8)%	4.8%	2.4%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	78.7%	47.9%	(16.1)%	(3.5)%	3.2%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	1.6%	39.0%	(23.6)%	4.1%	2.5%
<b>TABLE 2: ALLOWED REVENUE COMPOSITION</b>								
5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	428.8	522.0	440.5	432.1	432.8
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	1.0	1.6	2.1	2.6
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAIt	18/19	3.2	2.6	2.8	2.6	2.5
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	432.0	525.6	445.0	436.8	437.9
11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	<i>PIt / PI2018/19</i>		1.0525	1.1189	1.1570	1.1854	1.2117
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	22.7	62.5	69.9	81.0	92.7
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	454.6	588.0	514.9	517.8	530.6
14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	0.8	35.1	(17.9)	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.7	(2.3)	0.3	-	-
16	LEGACY REVENUE	LARt	NOMINAL	11.3	30.3	-	-	-
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	468.4	651.1	497.3	517.8	530.6
18	<i>memo: Current assessment Allowed Revenue</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>468.4</i>	<i>651.1</i>	<i>497.3</i>	<i>517.8</i>	<i>530.6</i>
19	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	468.4	651.1	497.3	517.8	530.6
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	-	-	-	-	-



CADENT GAS LTD - NORTH WEST NETWORK

MAR-21 MOD0186

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>TABLE 1: ALLOWED REVENUE &amp; ARITHMETICAL PRICE CHANGE</b>								
1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	453.2	640.5	513.1	498.5	505.2
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(5.5)%	3.0%	(5.0)%	(2.8)%	1.2%
3	TOTAL ECN CHARGES ARITHMETICAL PRICE CHANGE		%	(4.1)%	22.5%	(3.7)%	(3.5)%	2.9%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	(4.9)%	41.3%	(19.9)%	(2.8)%	1.3%
<b>TABLE 2: ALLOWED REVENUE COMPOSITION</b>								
5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	414.0	521.0	425.7	415.4	411.9
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.1	2.0	2.1	2.1
7	BUSINESS PLAN INCENTIVE	BPIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	3.7	3.1	3.4	3.2	3.0
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	417.7	524.2	431.1	420.6	416.9
11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)	PIt / PI2018/19		1.0525	1.1189	1.1570	1.1854	1.2117
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	21.9	62.3	67.7	78.0	88.3
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	439.6	586.6	498.8	498.5	505.2
14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(2.0)	33.9	13.9	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.7	2.6	0.4	-	-
16	LEGACY REVENUE	LARt	NOMINAL	13.9	17.5	-	-	-
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	453.2	640.5	513.1	498.5	505.2
18	<i>memo: Current assessment Allowed Revenue</i>	ARt	NOMINAL	453.2	640.5	513.1	498.5	505.2
19	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	453.2	640.5	513.1	498.5	505.2
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	-	-	-	-	-

DESCRIPTION	LICENCE TERM	PRICE BASE	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>TABLE 1: ALLOWED REVENUE &amp; ARITHMETICAL PRICE CHANGE</b>								
1	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	338.1	484.0	383.2	382.0	388.1
2	TOTAL LDZ & CUSTOMER CHARGES ARITHMETICAL PRICE CHANGE (EXCL SOLR)		%	(7.0)%	3.8%	(6.0)%	(0.0)%	1.4%
3	TOTAL ECM CHARGES ARITHMETICAL PRICE CHANGE		%	30.0%	39.4%	(12.9)%	(3.3)%	4.0%
4	TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		%	(3.9)%	43.1%	(20.8)%	(0.3)%	1.6%
<b>TABLE 2: ALLOWED REVENUE COMPOSITION</b>								
5	BASE REVENUE (INCLUDING TAX ALLOWANCE)		18/19	318.6	398.4	326.2	318.4	316.5
6	TOTAL OUTPUT DELIVERY INCENTIVE	ODIt	18/19	-	0.1	1.3	1.5	1.6
7	BUSINESS PLAN INCENTIVE	BPIIt	18/19	0.0	(0.0)	(0.0)	(0.0)	(0.0)
8	OTHER REVENUE ALLOWANCES	ORAt	18/19	2.7	2.3	2.5	2.3	2.2
9	OTHER REVENUE TOTAL (inc. SIU/Cross subsidy adj.)	CSUBt/DRSt	18/19	-	-	-	-	-
10	TOTAL CALCULATED REVENUE (FIXED 18/19 PRICES)	Rt	18/19	321.3	400.8	330.0	322.2	320.3
11	FORECAST INFLATION FACTOR; CPIH (AS PUBLISHED)		<i>PIt / PI2018/19</i>	1.0525	1.1189	1.1570	1.1854	1.2117
12	INFLATION TRUE-UP TO NOMINAL PRICES		NOMINAL	16.9	47.6	51.8	59.7	67.8
13	TOTAL CALCULATED REVENUE NOMINAL (AS PUBLISHED)	Rt	NOMINAL	338.2	448.5	381.8	382.0	388.1
14	ADJUSTMENT TERM (prior years movement in allowances)	ADJt	NOMINAL	(1.6)	28.5	1.1	-	-
15	CORRECTION TERM; K FACTOR	Kt	NOMINAL	1.4	0.9	0.2	-	-
16	LEGACY REVENUE	LARt	NOMINAL	0.1	6.1	-	-	-
17	ALLOWED REVENUE (AS PUBLISHED)	ARt	NOMINAL	338.1	484.0	383.2	382.0	388.1
18	<i>memo: Current assessment Allowed Revenue</i>	<i>ARt</i>	<i>NOMINAL</i>	<i>357.6</i>	<i>478.1</i>	<i>383.2</i>	<i>382.0</i>	<i>388.1</i>
19	RECOVERED REVENUE (+ FORECAST)	RRt	NOMINAL	338.1	484.0	383.2	382.0	388.1
20	UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - RRt	NOMINAL	-	-	-	-	-