

MOD 186

27 June 2023



Movements since 28 March 2023

		2021/22	2022/23	2023/24	2024/25	2025/26	Explanation
		£'m nominal					
Reported at the last DNCMF (28 March 2023)		444.9	611.7	573.5	517.7	540.0	
Inflation update	↑	-	-	-	(2.0)	2.1	Updates to reflect actual monthly inflation to 31 March 2023 and OBR inflation projections for 2023/24 to 2025/26..
Shrinkage	↓	-	-	-	(5.2)	(0.5)	Updates to reflect revised shrinkage forecast costs for 2023/24 to 2025/26 based on averages for the month of May 2023.
Exit capacity	↓			-	(16.2)	6.6	Updates to reflect the new NTS rates published on 31st May 2023.
Tax Trigger Events update	↓	-	-	-	(19.5)	(5.4)	Updates to reflect the Chancellor's Spring Budget 2023 changes to capital allowances from 1 April 2023 - 31 March 2026; being full expensing for the general pool and extension of 50% first year allowances for the special rate pool.
Reported in the latest MOD186 (27 June 2023)		444.9	611.7	573.5	474.9	542.9	
Net Movement	↓	-	-	-	(42.8)	2.9	

Additional comments

- **Inflation**

Updated to reflect actual monthly inflation to 31 March 2023 and annual OBR RPI and CPI inflation projections for 2023/24 to 2025/26.

- **Shrinkage**

The updated shrinkage forecasts for 2023/24 to 2025/26 to reflect the average prices per therm for the month of May 2023. Volatility in wholesale gas prices remain and continue to impact Allowed Revenue across the price control.

- **Exit Capacity**

New rates were published by National Gas Transmission on 31st May 2023. Exit Capacity costs have therefore been updated for 2023/24 to 2025/26 to reflect these final charges for the 2023/24 Gas Year and the new indicative charges for subsequent Gas Years.

- **Tax Trigger Events**

Updates to reflect the Chancellor's Spring Budget 2023 changes to capital allowances from 1 April 2023 – 31 March 2026; being full expensing for the general pool and extension of 50% first year allowances for the special rate pool.

Important notice

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- To adhere to the five year tariff forecast obligation under the UNC, we have included a forecast for the first two years of GD3 price control. As discussions with Ofgem regarding GD3 have not yet begun we have no basis to include any forecasts, as a result WWU have taken the approach of rolling forward revenue levels from 2025/26 with an inflationary increase. This approach does not represent WWUs view of GD3 revenues. These revenues could be materially different to the figures quoted and any use of 2026/27 and 2027/28 tariff forecasts should be done so recognising this uncertainty.
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Thank you

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