

March 2022
MOD 186

Accompanying Narrative



Movement Since January 2022

		2021/22	2022/23	2023/24	2024/25	2025/26	Explanation
Reported at the last DNCMF		447.3	610.6	507.0	485.1	501.6	
Legacy Adjustments	↓	-	(12.8)	-	-	-	A revenue reduction of £12.8m in 2022/23 relating to Legacy Tax Claw Back has been added back. Ofgem and WWU have different positions on this matter and expect to discuss further as part of the RIIO-1 close out discussions. This adjustment was included in the risks and sensitivities table in the previous MOD186 report
SOLR claims	↓	-	(8.4)	-	-	-	Previous SoLR claim value was based on forecast figures; this was updated following conclusion of the 2021 AIP
Shrinkage and other pass through	↑	-	21.3	32.0	4.6	0.1	Shrinkage and bad debt cost increases. Bad debt was included in the risks and sensitivities table in the previous MOD186 report
Reported in the latest MOD186		447.3	610.7	538.9	489.7	501.7	
Net Movement	↑	-	0.1	32.0	4.6	0.1	

Additional Comments

- **Shrinkage**

The shrinkage forecast reflects price movements from December 2021 to March 2022. Due to the geo-political tensions in Ukraine, this forecast is highly volatile. The current forecast reflects prices as at 3rd March 2022.

- **Inflation**

The inflation forecast used in the MOD186 document reflect the PCFM published in January 2022. The basis for this forecast was the November 2021 OBR forecast. The OBR are due to publish their next set of inflation forecasts on the 23rd March 2022, therefor the MOD186 figures will be updated in June.

Important Notice

This information is submitted in fulfilment of the UNC in that forecast allowed revenue must be shared. No representation as to the accuracy of forecast information or any other information is made in this report. These forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forecasts. This document should not be relied on as a guide to future performance and should not be relied on in deciding whether to undertake future investment. It should be noted that auditors have not reviewed the information in this document.

Thank you

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