

September 2020 MOD 186

Accompanying Narrative



Movement Since June 2020

		2019/20	2020/21	2021/22	2022/23	2023/24	Explanation
Reported at the last DNCMF		474.8	438.9	490.0	516.8	526.2	
RRP 2019/20 updates	↑	(0.6)	0.1	1.2	2.9	-	Updates include NIA, shrinkage volumes and customer satisfaction scores
Collected Revenue	↑	-	-	(0.0)	3.5	-	Under recovery expected in 20/21
Updated gas prices	↑	-	-	-	0.6	-	Increase in forecast gas prices for remainder of 20/21
Updated pass through cost forecast	↓	-	-	-	(0.8)	-	Update to business rates and licence fee forecasts
Reported in the latest MOD186		474.2	439.0	491.2	522.8	526.2	
Net Movement	↑	(0.6)	0.1	1.2	6.1	0.0	

Additional Comments

- **RIIO GD2**

The RIIO-2 draft determinations were issued by Ofgem on 9 July 2020. Our overall reaction to the Draft Determination (DD) is one of concern – the package risks the safety and integrity of our network and is not in the interests of customer or investors.

Our full response is published on our website here:

<https://www.wwutilities.co.uk/media/3846/wales-west-utilities-draft-determination-response.pdf>

The figures included in the MOD 186 report are based on WWU's RIIO GD2 Business Plan submission published in December 2019, which can be viewed on our website here:

<https://www.wwutilities.co.uk/about-us/stakeholder-engagement/your-plan/>.

These numbers may change significantly – final determinations are due in December 2020.

GDN open meetings are scheduled throughout October, WWU's open hearing will be held on 20 October.

- **RRP updates**

Updates include final customer satisfaction scores, NIA expenditure, Stakeholder Engagement incentive scores and shrinkage and leakage volumes.

- **Gas price Forecast**

Gas price forecasts increased slightly for the remainder of 2020/21 which reduces our negative cost true up in 2022/23

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.

Furthermore certain information presented is done so to maintain consistency between networks, most notably RPI forecasts which reflect the latest published view by HM Treasury and consequently can be different from the expected outturn internally which may use other information to inform forecasting.

Thank you

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