

NGN Mod186 Pricing Statement

Movement from March 2024 to June 2024

Mod 186 - Mar 2024 - June 2024

	21/22	22/23	23/24	24/25	25/26	GD2	
Mod186 : March 2024	Calculated revenue	430.7	566.2	571.8	560.4	565.4	
	AIP adjustment term	-	23.3	(7.7)	(42.5)	(17.9)	
	Adjusted revenue	430.7	589.6	564.1	518.0	547.5	2,650
	Legacy Allowed Revenue	(13.8)	10.8	0.1	0.8	0.5	
	K Correction Factor	0.2	0.4	4.4	4.7	-	
	Allowed Revenue	417.2	600.7	568.7	523.4	548.0	2,658
	Recovered Revenue - Collected	416.9	596.4	563.0	522.9	548.0	
	Inflation %	4.5%	8.8%	5.4%	1.6%	1.5%	
	SOQ % Change	1.4%	(0.1)%	(7.4)%	(11.9)%	-	
LDZ Price Change	(13.7)%	15.4%	20.4%	11.8%	0.3%		
Mod186 : Latest Position	Calculated revenue	430.7	566.2	571.8	560.4	573.6	
	AIP adjustment term	-	23.3	(7.7)	(42.5)	(15.2)	
	Adjusted revenue	430.7	589.6	564.1	518.0	558.5	2,661
	Legacy Allowed Revenue	(13.8)	10.8	0.1	0.8	0.5	
	K Correction Factor	0.2	0.4	4.4	4.7	-	
	Allowed Revenue	417.2	600.7	568.7	523.5	559.0	2,669
	Recovered Revenue - Collected	416.9	596.4	562.6	524.1	559.0	
	Inflation %	4.5%	8.8%	5.5%	2.3%	1.5%	
	SOQ % Change	1.4%	(0.1)%	(7.4)%	(11.9)%	-	
LDZ Price Change	(13.7)%	15.4%	20.4%	11.8%	2.0%		
Difference	Calculated revenue	-	-	-	-	8.2	
	AIP adjustment term	-	-	-	-	2.8	
	Adjusted revenue	-	-	-	-	11.0	11
	Legacy Allowed Revenue	-	-	0.0	0.0	0.0	
	K Correction Factor	-	-	-	0.0	-	
	Allowed Revenue	-	-	0.0	0.0	11.0	11
	Recovered Revenue	-	-	(0.4)	1.2	11.0	
	Inflation %	-	-	0.1%	0.8%	(0.0)%	
	SOQ % Change	-	-	-	-	-	
LDZ Price Change	-	-	-	-	1.7%		

Summary of key updates March 2024 - June 2024:

Gas prices, and forecast inflation rates have seen increases since our last update in March. Below is a table of key movements:

Breakdown of movements		25/26					GD2
		Adj impact from 23/24	Adj impact from 24/25	Adj impact from 25/26	25/26 adj	Reforecast 25/26	
Adjusted Revenue movements	Inflation	3.2	(0.0)	(0.0)	3.2	4.2	7.3
	Exit	-	(2.0)	-	(2.0)	2.9	0.9
	Shrinkage	0.0	1.7	-	1.7	1.1	2.8
	Total movement	3.2	(0.4)	(0.0)	2.8	8.2	11.0

Inflation +£7.3m

In March, we incorporated actual inflation to Jan 24, and the forecast indicators from the publication by the Office for Budgetary Responsibility (OBR) on 6 March 2024.

We have now utilised the latest rates provided by Ofgem for use in the RRP for 2023/24.

The inflation combined RPI-CPIH inflation used in the PCFM over the last 15 months have been as follows:

Inflation	21/22	22/23	23/24	24/25	25/26
CPIH Jun 24	3.674%	8.774%	5.547%	2.307%	1.538%
CPIH Mar 24	3.674%	8.774%	5.432%	1.551%	1.546%
CPIH Dec 23	3.674%	8.774%	6.250%	3.047%	1.710%
CPIH Sept 23	3.674%	8.774%	5.354%	0.697%	0.251%
CPIH Jun 23	3.674%	8.774%	4.749%	0.730%	0.251%
CPIH Mar 23	3.674%	8.765%	5.198%	0.321%	-0.451%

Shrinkage +£2.3m

Since March we have seen some increases in gas prices.

Year	Jun-24 £/therm	Mar-24 £/therm	Dec-23 £/therm	Sep-23 £/therm	Jun-23 £/therm	Mar 23 £/therm
22/23	1.75	1.75	1.75	1.75	1.75	2.19
23/24	0.83	0.83	1.00	1.08	0.89	3.03
24/25	0.90	0.72	1.25	1.42	1.15	2.24
25/26	0.09	0.78	1.10	1.17	1.04	1.59

Exit +£0.9m

We have updated our expected revenue for the newly published NGT rates.

Year	Jun 24 p/kWh/day	Jun 23 p/kWh/day	Mar 23 p/kWh/day
23/24 confirmed	0.0127	0.0127	0.0245
24/25 confirmed	0.0265	0.0286	0.0231
25/26	0.0311	0.0258	0.0240
26/27	0.0314	0.0276	0.0245
27/28	0.0329	0.0285	0.0245
28/29	0.0344	0.0285	0.0245

Pipeline of re-opener applications

RRP Table 11.05	HSE Policy	Specified Streetworks	Net Zero Pre-construction Work and Small Net Zero Projects
21/22	1.0	2.3	-
22/23	1.2	2.2	-
23/24	4.3	2.1	-
24/25	5.1	2.4	3.8
25/26	5.0	2.1	3.8
Total	16.6	11.1	7.5

These are the largest reopeners as presented in Table 11.05 in **2022/23 RRP**. Note this is the expenditure level increase not revenue – revenue increase would be smaller due to fast/slow money mechanics.