

Regulatory Financial Performance Report
UKPN-EPN
2019

Licensee	UKPN-EPN
Sector	ED1
Reporting Year: (enter 2014 for 2013-14)	2019
Version (Number)	1
Submitted Date:	31/07/2019
Cost of Equity	6.0%
Sharing Factor	53.28%
Notional Gearing	65.0%
RIIO-1 start date	2016
Price basis	£m 12/13

- Input cells
- Totals cells (of formula within worksheet)
- Referencing to other worksheets
- Referencing to other workbooks
- Check cells
- No Input
- Descriptions and pack data

Materiality £m
0.1

Network Operator Data
UKPN-EPN
2019

2018	2017-18
2019	2018-19
2020	2019-20
2021	2020-21
2022	2021-22
2023	2022-23

RPI Index	Reporting year	Actual / Forecast index	Financial Year Average RPI (RPIt)	Year end RPI	Corp. Tax
2009-10	2010	Actual	215.8	221.8	28%
2010-11	2011	Actual	226.5	233.5	28%
2011-12	2012	Actual	237.3	241.7	26%
2012-13	2013	Actual	244.7	249.1	24%
2013-14	2014	Actual	251.7	255.3	23%
2014-15	2015	Actual	256.7	257.6	21%
2015-16	2016	Actual	259.4	261.3	20%
2016-17	2017	Actual	265.0	270.0	20%
2017-18	2018	Actual	274.9	279.0	19%
2018-19	2019	Actual	283.3	286.7	19%
2019-20	2020	Forecast	290.7	294.2	19%
2020-21	2021	Forecast	298.8	302.3	17%
2021-22	2022	Forecast	307.9	311.5	17%
2022-23	2023	Forecast	317.3	321.1	17%
2023-24	2024	Forecast			17%
2024-25	2025	Forecast			17%
2025-26	2026	Forecast			17%

	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast
	2016	2017	2018	2019	2020	2021	2022	2023
Financial Year Average RPI (RPIt)	1.060	1.083	1.124	1.158	1.188	1.221	1.258	1.297
Year end RPI	1.068	1.103	1.140	1.172	1.202	1.236	1.273	1.312
1 year change in Fin Year Ave RPI	1.011	1.021	1.037	1.031	1.026	1.028	1.030	1.031

HMT Forecasts for UK Economy - M3 New Forecasts RPI

Calendar Year	2017	2018	2019	2020	2021	2022	2023	Source
M3 New Forecasts RPI			2.6%	2.7%	3.0%	3.1%	3.0%	November 2018 Publication

Forecast growth rate

Reporting Year	2017	2018	2019	2020	2021	2022	2023
Future inflation assumption				2.625%	2.775%	3.025%	3.075%

Selected Capitalisation rates for UKPN-EPN

	RIIO1							
Totex	68.00%							
	2014	2015	2016	2017	2018	2019	2020	2021
n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ED	£m 12/13	Totex	n/a
ET	£m 09/10	Totex	n/a
GD	£m 09/10	Totex excluding repex	Repex
GT	£m 09/10	Totex (non-'uncertainty rate')	Uncertainty rate

Version control
UKPN-EPN
2019

Version:

Submission	Date submitted	Changes
Submission 1	31/07/2019	
Submission 2		
Submission 3		
Submission 4		
Submission 5		
Submission 6		
Submission 7		
Submission 8		
Submission 9		
Submission 10		

- [R1 - RoRE](#)
- [R2 - Revenue](#)
- [R3 - Rec to totex](#)
- [R4 - Totex](#)
- [R5 - Output Incentives](#)
- [R6 - Innovation](#)
- [R7 - Financing](#)
- [R7a - Financing input](#)
- [R8 - Net Debt](#)
- [R8a - Net Debt input](#)
- [R9 - RAV](#)
- [R10 - Tax](#)
- [R11 - Dividends](#)
- [R12 - Pensions](#)
- [R13 - Other Activities](#)

R1 - Return on Regulatory Equity (RoRE)
UKPN-EPN
2019

Navigate

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast		
2016	2017	2018	2019	2020	2021	2022	2023	Cumulative to 2019	RIIO-1 period

RoRE based on Notional Gearing

Allowed Equity Return	%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Totex outperformance	%	4.2%	3.4%	0.9%	1.7%	1.3%	2.5%	2.2%	2.2%	2.5%	2.3%
IQI Reward	%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%
Broad measure of customer service	%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%
Interruptions-related quality of service	%	2.1%	2.0%	1.6%	2.1%	2.1%	2.0%	2.0%	1.9%	2.0%	2.0%
Incentive on connections engagement	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Time to Connect Incentive	%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Losses discretionary reward scheme	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	%	0.0%	0.1%	0.0%	0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
Penalties and fines	%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%
RoRE - Operational performance	%	12.2%	11.6%	8.5%	10.1%	9.5%	10.6%	10.3%	10.3%	10.6%	10.4%
Debt performance - at notional gearing	%	-0.8%	-0.3%	2.0%	1.4%	0.2%	0.2%	0.0%	-0.4%	0.6%	0.3%
Tax performance - at notional gearing	%	1.3%	-0.5%	-0.7%	0.7%	0.7%	0.1%	0.4%	0.8%	0.2%	0.3%
RoRE - including financing and tax	%	12.6%	10.8%	9.8%	12.2%	10.4%	10.9%	10.7%	10.7%	11.3%	11.0%

RoRE based on Actual Gearing

Allowed Equity Return	%	6.0%	5.8%	5.8%	5.9%	6.0%	6.1%	6.1%	6.0%	5.9%	6.0%
Totex outperformance	%	4.2%	3.3%	0.8%	1.7%	1.4%	2.5%	2.2%	2.2%	2.5%	2.3%
IQI Reward	%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.4%	-0.4%
Broad measure of customer service	%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%
Interruptions-related quality of service	%	2.1%	2.0%	1.5%	2.1%	2.1%	2.1%	2.0%	1.9%	1.9%	2.0%
Incentive on connections engagement	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Time to Connect Incentive	%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Losses discretionary reward scheme	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	%	0.0%	0.1%	0.0%	0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
Penalties and fines	%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%
RoRE - Operational performance	%	12.2%	11.3%	8.2%	10.0%	9.6%	10.8%	10.5%	10.3%	10.4%	10.3%
Debt performance - at actual gearing	%	-0.8%	-0.2%	2.0%	1.4%	0.2%	0.1%	-0.1%	-0.4%	0.6%	0.3%
Tax performance - at actual gearing	%	1.3%	-0.6%	-0.7%	0.7%	0.7%	0.1%	0.4%	0.8%	0.2%	0.3%
RoRE - including financing and tax	%	12.7%	10.6%	9.5%	12.0%	10.4%	11.1%	10.9%	10.7%	11.2%	11.0%

RoRE input values

Input values provided in £m 12/13 prices

Equity Return on the RAV	£m 12/13	47.4	47.4	47.4	47.5	47.6	47.8	48.1	48.3	189.7	381.5
Totex outperformance	£m 12/13	33.1	26.7	6.9	13.7	10.7	19.6	17.5	18.0	80.4	146.2
IQI Reward	£m 12/13	(3.3)	(3.3)	(3.2)	(3.1)	(3.1)	(2.9)	(2.9)	(2.7)	(12.9)	(24.5)
Broad measure of customer service	£m 12/13	2.9	3.0	3.6	4.0	4.0	4.0	4.0	4.0	13.5	29.5
Interruptions-related quality of service	£m 12/13	16.3	16.2	12.7	16.8	16.8	16.3	15.8	15.3	61.9	126.1
Incentive on connections engagement	£m 12/13	-	-	-	-	-	-	-	-	-	-
Time to Connect Incentive	£m 12/13	0.9	0.8	0.4	0.7	0.7	0.7	0.7	0.7	2.7	5.4
Losses discretionary reward scheme	£m 12/13	-	0.3	-	-	-	-	-	-	0.3	0.3
Network Innovation	£m 12/13	(0.1)	0.7	(0.3)	0.9	(1.1)	(0.8)	(0.5)	(0.2)	1.3	(1.3)
Penalties and fines	£m 12/13	(1.2)	(0.2)	(0.2)	(0.2)	-	-	-	-	(1.8)	(1.8)
RoRE - Operational performance	£m 12/13	96.0	91.5	67.4	80.2	75.6	84.6	82.6	83.3	335.1	661.2
Debt performance - at notional gearing	£m 12/13	(6.5)	(2.0)	15.7	10.7	1.4	1.2	(0.1)	(3.5)	17.9	16.9
Debt performance - impact of actual gearing	£m 12/13	(0.1)	0.7	0.5	0.2	(0.1)	(0.3)	(0.3)	0.1	1.3	0.7
Tax performance - at notional gearing	£m 12/13	10.4	(4.2)	(5.7)	5.4	5.2	0.7	3.3	6.6	5.8	21.7
Tax performance - impact of actual gearing	£m 12/13	0.0	(0.2)	(0.2)	(0.1)	0.0	0.1	0.1	(0.0)	(0.4)	(0.2)
RoRE - including financing and tax	£m 12/13	99.8	85.6	77.7	96.5	82.1	86.3	85.6	86.5	359.7	700.2
NPV-neutral equity element of RAV	£m 12/13	789.8	789.6	790.8	791.6	793.2	796.8	801.3	805.0		
Equity RAV based on actual gearing	£m 12/13	787.9	811.7	820.0	804.3	787.3	779.9	786.7	811.7		

R3 - Reconciliation to totex
UKPN-EPN
2019

Navigate

Total Expenditure Per Accounts

- Tangible Fixed Asset Additions
- Intangible Asset Additions (under IFRS) - IT Software
- Disposals (cash proceeds)
- [If Statutory Accounts treat this as an exceptional item, leave the input blank]
- Customer Contributions Additions
- Capitalised interest
- Revaluation of tangible fixed assets
- 1 [Input description]
- 2 [Input description]
- 3 [Input description]

Capex Incurred

- Operational Costs Incurred
- 1 [Input description]
- 2 [Input description]
- 3 [Input description]

Total Expenditure Incurred

Reconciling Items to Total Net costs after non-price control allocations

- 1 F8 reconciling items
- 2 Cable damage income shown as part of income in DNO accounts
- 3 Deficit costs shown as a balance sheet movement
- 4 Provision movements & accruals/prepayments not captured in cost tables
- 5 De minimis works and other costs not recharged from UKPN (Operations) Ltd in accounts
- 6 Non-op capex held by UKPN (Transport) Ltd
- 7 Book value of disposed tangible assets
- 8 Remove pension provision movements
- 9 Other income shown as part of income in DNO accounts
- 10 To net down gross costs by customer contributions
- 11 Management charge included in DNO accounts
- 12 Remove vehicle depreciation charged through UKPN (Operations) Ltd
- 13 Strategic stock movements not recharged from UKPN (Operations) Ltd in accounts
- 14 [Input description]
- 15 [Input description]
- 16 [Input description]
- 17 [Input description]
- 18 [Input description]
- 19 [Input description]
- 20 [Input description]

Total Reconciling Items

Total Net costs after non-price control allocations

Total Costs per latest RRP submission

	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	N/A 2020	N/A 2021	N/A 2022	N/A 2023
£m nominal	200.7	234.9	249.1	281.1				
£m nominal	-	11.9	13.7	10.1				
£m nominal	(1.7)	(0.7)	(0.8)	(1.4)				
£m nominal	74.3	68.1	74.7	77.1				
£m nominal	(2.1)	(2.1)	(2.2)	(2.1)				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	271.1	312.0	334.5	364.8	-	-	-	-
£m nominal	191.9	186.1	193.8	180.1				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	463.0	498.2	528.3	544.9	-	-	-	-
£m nominal	(58.9)	(60.6)	(65.6)	-				
£m nominal	-	-	-	(5.5)				
£m nominal	-	-	-	13.2				
£m nominal	-	-	-	(1.1)				
£m nominal	-	-	-	0.8				
£m nominal	-	-	-	3.9				
£m nominal	-	-	-	0.5				
£m nominal	-	-	-	(6.7)				
£m nominal	-	-	-	(0.6)				
£m nominal	-	-	-	(77.1)				
£m nominal	-	-	-	(3.6)				
£m nominal	-	-	-	(4.5)				
£m nominal	-	-	-	0.2				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	(58.9)	(60.6)	(65.6)	(80.4)	-	-	-	-
£m nominal	404.1	437.6	462.7	464.5	-	-	-	-
£m nominal	404.5	438.5	463.1	464.1				
check	OK	OK	OK	OK	N/A	N/A	N/A	N/A

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Cumulative to 2019	RIIO-1 period	Enduring Value Appendix in Commentary
2016	2017	2018	2019	2020	2021	2022	2023			

Totex per the latest RRP submission

Totex

Latest Totex actuals/forecast	£m 12/13	264.9	287.3	307.6	294.5	301.5	273.6	262.3	247.4	1,154.2	2,239.0
Totex allowance	£m 12/13	332.9	343.7	326.7	322.8	319.2	305.5	301.4	286.4	1,326.0	2,538.7
including allowed adjustments and uncertainty mechanisms											
Totex out(under)performance	£m 12/13	68.0	56.4	19.2	28.3	17.7	31.9	39.2	39.1	171.9	299.7

Funding Adjustment Rate (often referred to as 'sharing factor')	%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%		
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Customer share of out(under) performance	£m 12/13	31.8	26.4	8.9	13.2	8.3	14.9	18.3	18.3	80.3	140.0
NWO share of performance	£m 12/13	36.2	30.1	10.2	15.1	9.5	17.0	20.9	20.8	91.6	159.7

Enduring Value adjustments to Totex performance

a	Visual Amenity Projects (TIM neutral)	£m 12/13	-	-	-	0.7	0.3	0.4	0.2	0.4	0.7	2.0
b	Worst Served Customer Project (TIM neutral)	£m 12/13	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.5
c	Smart meter adjustment	£m 12/13	-	-	-	1.6	7.5	10.8	-	-	1.6	19.9
d	Load related reopener	£m 12/13	(6.9)	(7.5)	(7.4)	(6.5)	(6.9)	(7.6)	(8.0)	(7.1)	(28.3)	(58.0)
e	Streetworks reopener	£m 12/13	1.1	1.3	1.3	1.5	1.3	1.3	1.3	1.3	5.1	10.2
f	[Enduring Value adjustment]	£m 12/13	-	-	-	-	-	-	-	-	-	-
	Total enduring value adjustments	£m 12/13	(5.9)	(6.2)	(6.2)	(2.6)	2.3	5.0	(6.4)	(5.4)	(20.9)	(25.4)

Enduring Value: Customer share of performance	£m 12/13	(2.7)	(2.9)	(2.9)	(1.2)	1.1	2.3	(3.0)	(2.5)	(9.8)	(11.9)
Enduring Value: NWO share of performance	£m 12/13	(3.1)	(3.3)	(3.3)	(1.4)	1.2	2.6	(3.4)	(2.9)	(11.1)	(13.5)

Total out(under) performance (including enduring value adjustments)

Customer share of performance	£m 12/13	29.0	23.4	6.1	12.0	9.4	17.2	15.3	15.8	70.5	128.2
NWO share of performance	£m 12/13	33.1	26.7	6.9	13.7	10.7	19.6	17.5	18.0	80.4	146.2
Total	£m 12/13	62.1	50.2	13.0	25.7	20.0	36.8	32.8	33.7	151.0	274.3

n/a

Latest Totex actuals/forecast	£m 12/13									-	-
Totex allowance	£m 12/13									-	-
including allowed adjustments and uncertainty mechanisms											
Totex out(under)performance	£m 12/13	-	-	-	-	-	-	-	-	-	-

Funding Adjustment Rate (often referred to as 'sharing factor')	%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%		
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Customer share of out(under) performance	£m 12/13	-	-	-	-	-	-	-	-	-	-
NWO share of performance	£m 12/13	-	-	-	-	-	-	-	-	-	-

Enduring Value adjustments to Totex performance

a	[Enduring Value adjustment]	£m 12/13									-	-
b	[Enduring Value adjustment]	£m 12/13									-	-
c	[Enduring Value adjustment]	£m 12/13									-	-
d	[Enduring Value adjustment]	£m 12/13									-	-
e	[Enduring Value adjustment]	£m 12/13									-	-
f	[Enduring Value adjustment]	£m 12/13									-	-
	Total enduring value adjustments	£m 12/13	-	-	-	-	-	-	-	-	-	-

Enduring Value: Customer share of performance	£m 12/13	-	-	-	-	-	-	-	-	-	-
Enduring Value: NWO share of performance	£m 12/13	-	-	-	-	-	-	-	-	-	-

Total out(under) performance (including enduring value adjustments)

Customer share of performance	£m 12/13	-	-	-	-	-	-	-	-	-	-
NWO share of performance	£m 12/13	-	-	-	-	-	-	-	-	-	-
Total	£m 12/13	-	-	-	-	-	-	-	-	-	-

Totex Summary

Total out(under) performance (including enduring value adjustments)

Customer share of performance	£m 12/13	29.0	23.4	6.1	12.0	9.4	17.2	15.3	15.8	70.5	128.2
NWO share of performance	£m 12/13	33.1	26.7	6.9	13.7	10.7	19.6	17.5	18.0	80.4	146.2
Total	£m 12/13	62.1	50.2	13.0	25.7	20.0	36.8	32.8	33.7	151.0	274.3

IQI Additional Income

Additional Income is Pre-tax for Fast Track companies and Post-tax for Slow Track.

IQI Additional Income per PCFM	£m 12/13	(3.3)	(3.3)	(3.2)	(3.1)	(3.1)	(2.9)	(2.9)	(2.7)	(12.9)	(24.5)
Corporation tax rate when recognised in allowed revenue	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Post tax	£m 12/13	(3.3)	(3.3)	(3.2)	(3.1)	(3.1)	(2.9)	(2.9)	(2.7)	(12.9)	(24.5)

£m Nominal

Financial Year Average RPI (RPit)	Index	1.060	1.083	1.124	1.158	1.188	1.221	1.258	1.297
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Totex

Latest Totex actuals/forecast	£m nominal	280.9	311.1	345.6	341.0	358.3	334.2	330.0	320.8	1,278.5	2,621.8
Totex allowance	£m nominal	353.0	372.2	367.1	373.7	379.3	373.1	379.3	371.5	1,466.0	2,969.2
including forecast allowed adjustments and uncertainty mechanisms	£m nominal	72.1	61.1	21.5	32.8	21.1	38.9	49.3	50.7	187.5	347.4

Totex out(under)performance

Funding Adjustment Rate (often referred to as 'sharing factor')	%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%
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Customer share of out(under) performance	£m nominal	33.7	28.5	10.1	15.3	9.8	18.2	23.0	23.7	87.6	162.3
NWO share of performance	£m nominal	38.4	32.6	11.5	17.5	11.2	20.7	26.3	27.0	99.9	185.1

Enduring Value adjustments to Totex performance

a Visual Amenity Projects (TIM neutral)	£m nominal	-	-	-	0.8	0.4	0.5	0.3	0.5	0.8	2.5
b Worst Served Customer Project (TIM neutral)	£m nominal	-	-	-	0.1	0.1	0.1	0.1	0.2	0.1	0.6
c Smart meter adjustment	£m nominal	-	-	-	1.8	8.9	13.2	-	-	1.8	23.9
d Load related reopener	£m nominal	(7.4)	(8.1)	(8.4)	(7.5)	(8.2)	(9.3)	(10.1)	(9.3)	(31.3)	(68.2)
e Streetworks reopener	£m nominal	1.1	1.4	1.4	1.8	1.5	1.6	1.6	1.7	5.7	12.0
f [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
Total enduring value adjustments	£m nominal	(6.2)	(6.8)	(6.9)	(3.0)	2.7	6.1	(8.1)	(7.0)	(22.9)	(29.1)

Enduring Value: Customer share of performance	£m nominal	(2.9)	(3.2)	(3.2)	(1.4)	1.3	2.8	(3.8)	(3.2)	(10.7)	(13.6)
Enduring Value: NWO share of performance	£m nominal	(3.3)	(3.6)	(3.7)	(1.6)	1.5	3.2	(4.3)	(3.7)	(12.2)	(15.5)

Total out(under) performance (including enduring value adjustments)

Customer share of performance	£m nominal	30.8	25.4	6.8	13.9	11.1	21.0	19.3	20.4	76.9	148.7
NWO share of performance	£m nominal	35.1	29.0	7.8	15.9	12.7	24.0	22.0	23.3	87.7	169.6
Total	£m nominal	65.9	54.3	14.6	29.8	23.8	45.0	41.2	43.7	164.5	318.3

n/a

Latest Totex actuals/forecast	£m nominal	-	-	-	-	-	-	-	-	-	-
Totex allowance	£m nominal	-	-	-	-	-	-	-	-	-	-
including forecast allowed adjustments and uncertainty mechanisms	£m nominal	-	-	-	-	-	-	-	-	-	-
Totex out(under)performance	£m nominal	-	-	-	-	-	-	-	-	-	-
Funding Adjustment Rate (often referred to as 'sharing factor')	%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%	46.72%		
Customer share of out(under) performance	£m nominal	-	-	-	-	-	-	-	-	-	-
NO share of performance	£m nominal	-	-	-	-	-	-	-	-	-	-
Enduring Value adjustments to Totex performance											
a [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
b [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
c [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
d [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
e [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
f [Enduring Value adjustment]	£m nominal	-	-	-	-	-	-	-	-	-	-
Total enduring value adjustments	£m nominal	-	-	-	-	-	-	-	-	-	-
Enduring Value: Customer share of performance	£m nominal	-	-	-	-	-	-	-	-	-	-
Enduring Value: NWO share of performance	£m nominal	-	-	-	-	-	-	-	-	-	-
Total out(under) performance (including enduring value adjustments)											
Customer share of performance	£m nominal	-	-	-	-	-	-	-	-	-	-
NWO share of performance	£m nominal	-	-	-	-	-	-	-	-	-	-
Total	£m nominal	-	-	-	-	-	-	-	-	-	-

Totex Summary

Total out(under) performance (including enduring value adjustments)

Customer share of performance	£m nominal	30.8	25.4	6.8	13.9	11.1	21.0	19.3	20.4	76.9	148.7
NWO share of performance	£m nominal	35.1	29.0	7.8	15.9	12.7	24.0	22.0	23.3	87.7	169.6
Total	£m nominal	65.9	54.3	14.6	29.8	23.8	45.0	41.2	43.7	164.5	318.3

R5 - Output Incentives
UKPN-EPN
2019

Navigate

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast		
2016	2017	2018	2019	2020	2021	2022	2023	Cumulative to 2019	RIIO-1 period

Pre-tax Earned Incentives (Actuals may be updated once all incentives are determined)
 These values exclude any inflation, interest or time value of money adjustments

	£m 12/13	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative to 2019	RIIO-1 period
a Broad measure of customer service	£m 12/13	3.6	3.7	4.5	4.8	4.8	4.8	4.8	4.8	16.5	35.8
b Interruptions-related quality of service	£m 12/13	20.1	19.9	15.6	20.2	20.2	19.6	19.1	18.4	75.9	153.2
c Incentive on connections engagement	£m 12/13	-	-	-	-	-	-	-	-	-	-
d Time to Connect Incentive	£m 12/13	1.1	1.0	0.5	0.8	0.8	0.8	0.8	0.8	3.3	6.5
e Losses discretionary reward scheme	£m 12/13	-	0.3	-	-	-	-	-	-	0.3	0.3
f	£m 12/13	-	-	-	-	-	-	-	-	-	-
g	£m 12/13	-	-	-	-	-	-	-	-	-	-
Earned Incentive revenue	£m 12/13	24.8	24.9	20.6	25.8	25.8	25.3	24.7	24.0	96.1	195.9

Additional Commentary

- a -
- b -
- c -
- d -
- e -
- f -
- g -

Post-tax Earned Incentives (Actuals may be updated once all incentives are determined)

Year tax paid when incentive recognised in allowed revenue. Select from dropdown in Column C

-
- t+0
- t+1
- t+2
- t+3

	£m 12/13	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative to 2019	RIIO-1 period
a Broad measure of customer service	£m 12/13	2.9	3.0	3.6	4.0	4.0	4.0	4.0	4.0	13.5	29.5
b Interruptions-related quality of service	£m 12/13	16.3	16.2	12.7	16.8	16.8	16.3	15.8	15.3	61.9	126.1
c Incentive on connections engagement	£m 12/13	-	-	-	-	-	-	-	-	-	-
d Time to Connect Incentive	£m 12/13	0.9	0.8	0.4	0.7	0.7	0.7	0.7	0.7	2.7	5.4
e Losses discretionary reward scheme	£m 12/13	-	0.3	-	-	-	-	-	-	0.3	0.3
f	£m 12/13	-	-	-	-	-	-	-	-	-	-
g	£m 12/13	-	-	-	-	-	-	-	-	-	-
Post-Tax Earned Incentive revenue	£m 12/13	20.1	20.2	16.7	21.4	21.4	21.0	20.5	20.0	78.3	161.2

a	Broad measure of customer service	£m 12/13	3.6	3.7	4.5	4.8	4.8	4.8	4.8	4.8	16.5	35.8
	Corporation tax rate when recognised in allowed revenue	t+2	19%	19%	19%	17%	17%	17%	17%	17%		
	Post tax		2.9	3.0	3.6	4.0	4.0	4.0	4.0	4.0	13.5	29.5
b	Interruptions-related quality of service	£m 12/13	20.1	19.9	15.6	20.2	20.2	19.6	19.1	18.4	75.9	153.2
	Corporation tax rate when recognised in allowed revenue	t+2	19%	19%	19%	17%	17%	17%	17%	17%		
	Post tax		16.3	16.2	12.7	16.8	16.8	16.3	15.8	15.3	61.9	126.1
c	Incentive on connections engagement	£m 12/13	-	-	-	-	-	-	-	-	-	-
	Corporation tax rate when recognised in allowed revenue	t+3	19%	19%	17%	17%	17%	17%	17%	17%		
	Post tax		-	-	-	-	-	-	-	-	-	-
d	Time to Connect Incentive	£m 12/13	1.1	1.0	0.5	0.8	0.8	0.8	0.8	0.8	3.3	6.5
	Corporation tax rate when recognised in allowed revenue	t+2	19%	19%	19%	17%	17%	17%	17%	17%		
	Post tax		0.9	0.8	0.4	0.7	0.7	0.7	0.7	0.7	2.7	5.4
e	Losses discretionary reward scheme	£m 12/13	-	0.3	-	-	-	-	-	-	0.3	0.3
	Corporation tax rate when recognised in allowed revenue	t+1	20%	19%	19%	19%	17%	17%	17%	17%		
	Post tax		-	0.3	-	-	-	-	-	-	0.3	0.3
f	Corporation tax rate when recognised in allowed revenue	£m 12/13	-	-	-	-	-	-	-	-	-	-
	Post tax	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
g	Corporation tax rate when recognised in allowed revenue	£m 12/13	-	-	-	-	-	-	-	-	-	-
	Post tax	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-

Impact on Allowed Revenue within RIIO-1

This table shows the impact on allowed revenue in the relevant year - with actuals (subject to determination) and forecasts thereafter.

The cells above the allowed revenue indicate the year of performance

a	Broad measure of customer service	Performance Year	Pre-RIIO	Pre-RIIO	2016	2017	2018	2019	2020	2021
		£m nominal	(0.9)	0.7	3.8	4.0	5.0	5.6	5.7	5.9
b	Interruptions-related quality of service	Performance Year	Pre-RIIO	Pre-RIIO	2016	2017	2018	2019	2020	2021
		£m nominal	14.1	22.8	24.2	24.8	20.1	26.4	27.2	27.3
c	Incentive on connections engagement	Performance Year	Pre-RIIO	Pre-RIIO	Pre-RIIO	2016	2017	2018	2019	2020
		£m nominal	-	-	-	-	-	-	-	-
d	Time to Connect Incentive	Performance Year	Pre-RIIO	Pre-RIIO	2016	2017	2018	2019	2020	2021
		£m nominal	-	-	1.1	1.1	0.5	0.9	0.9	1.0
e	Losses discretionary reward scheme	Performance Year	Pre-RIIO	2016	2017	2018	2019	2020	2021	2022
		£m nominal	-	-	0.4	-	-	-	-	-
f		Performance Year	2016	2017	2018	2019	2020	2021	2022	2023
		£m nominal	-	-	-	-	-	-	-	-
g		Performance Year	2016	2017	2018	2019	2020	2021	2022	2023
		£m nominal	-	-	-	-	-	-	-	-
Total Impact on Allowed Revenue		£m nominal	13.1	23.5	29.5	29.9	25.6	32.9	33.9	34.1

Additional Commentary

a The 2018/19 stakeholder engagement element of broad measure of customer service has not currently been determined. We have therefore used a forecast value

b All forecasts assume that the reported performance for 2018/19 will continue for the remainder of ED1

c RPI has been taken from the May 2019 Treasury forecast to reflect the inflation methodology to be applied to allowed revenue in CRC2A.

d As they have not yet been directed we have assumed that the time to connect incentive rates and targets will remain unchanged in the second half of ED1.

e Corporation tax rates are taken from the PCFM model published in November 2018.

f -

g -

R6 - Innovation
UKPN-EPN
2019

Navigate

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast
2016	2017	2018	2019	2020	2021	2022	2023

Network Innovation Allowance

Eligible NIA expenditure and Bid Preparation costs
 Unrecoverable Expenditure (eg not conforming to technical requirements)
 Company Compulsory Contribution (including % contribution funded by licensee)

£m nominal	0.9	1.8	3.0	2.6	3.1	3.3	3.5	2.9
£m nominal	-	-	-	-	-	-	-	-
£m nominal	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3
£m nominal	0.8	1.6	2.7	2.3	2.8	3.0	3.1	2.6

Allowed NIA adjustment

Low Carbon Networks Fund

Second Tier and Discretionary (as per latest Revenue RRP)
 First Tier Funding Mechanism (as per latest Revenue RRP)

£m nominal	2.5	0.1	0.4	1.0	0.1	-	-	-
£m nominal	-	-	-	-	-	-	-	-
£m nominal	2.5	0.1	0.4	1.0	0.1	-	-	-

Low Carbon Networks Fund revenue adjustment

Network Innovation Competition

Awarded NIC funding actually spent or forecast to be spent
 Company Compulsory Contribution (including % contribution funded by licensee)

£m nominal	-	-	0.0	1.5	5.4	3.8	1.6	-
£m nominal	-	-	0.0	0.3	1.0	0.7	0.3	-

Successful Delivery Rewards

£m nominal	-	1.0	-	1.7	-	-	-	-
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RoRE Inputs

Network innovation

£m 12/13	0.1	(0.7)	0.3	(0.9)	1.1	0.8	0.5	0.2
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	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Cumulative to 2019	RIIO-1 period
Net Interest Per Statutory Accounts										
£m nominal	75.6	165.2	75.3	101.4	74.5	76.9	74.9	68.0		
Reconciliation with Statutory Accounts										
Interest not qualifying for corporation tax relief	-	-	-	-	-	-	-	-		
Fair value adjustments (e.g. losses on derivatives)	(17.3)	(91.3)	9.3	(24.5)	-	-	-	-		
Dividends on preference shares	-	-	-	-	-	-	-	-		
Costs of early redemption on long term debt	-	-	-	-	-	-	-	-		
Swap Termination Costs paid	-	-	-	-	-	-	-	-		
Movements relating to pension fund liabilities reported within net interest	-	-	-	-	-	-	-	-		
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from a tax deduction)	0.1	(0.5)	0.5	(0.1)	(0.1)	0.1	(0.6)	(0.5)		
Commitment fees for undrawn liquidity backup lines	(0.3)	(0.6)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)		
1. Add back capitalised interest	2.1	2.1	2.2	2.1	2.4	2.5	2.6	2.6		
2. Remove pensions interest	2.5	(1.4)	(2.3)	(1.5)	(0.8)	(2.0)	(2.0)	(2.0)		
3. FRS 102 adjustments - Pre hedge and synthetic bonds	-	-	-	-	3.8	3.8	3.8	3.8		
4. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
5. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
6. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
7. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
8. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
9. Other adjustment (Overwrite)	-	-	-	-	-	-	-	-		
Net Interest Per Regulatory (RIIO-1) Definition										
Forecast new financing/refinancing costs										
Net Interest including forecast new financing/refinancing costs										
External Net Interest	62.8	73.5	84.8	77.3	79.6	81.1	78.3	71.6		
Intra-company Net Interest	(0.3)	(0.6)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)		
	62.5	72.9	84.6	77.2	79.5	81.0	78.1	71.4		
	OK	OK	OK	OK	OK	OK	OK	OK		
Memo: Net interest (RIIO-1) Definition that relates to non-cash principal inflation accretion on bonds and loans	1.2	3.4	5.4	2.2	3.6	3.9	4.4	4.7		
Less inflation in interest charge	17.2	34.3	61.7	52.5	47.1	52.0	58.8	60.6		
Assumed Regulatory finance cost at actual gearing	45.6	39.2	23.1	24.8	32.6	32.1	32.0	34.9		
Financial Year Average RPI (RPit)	1.060	1.083	1.124	1.158	1.188	1.221	1.258	1.297		
Assumed regulatory finance cost at actual gearing	43.0	36.2	20.5	21.4	27.4	26.3	25.5	26.9	121.1	227.2
Adjustments to be applied to Assumed Finance cost for performance assessment										
Add back Debt Issuance expenses	(0.1)	0.5	(0.5)	0.1	0.1	(0.1)	0.6	0.5	(0.1)	1.0
Costs of early redemption on long term debt (excluding exceptional costs of buy backs associated with M&A activity)	-	-	-	-	-	-	-	-	-	-
Add accrual for inflation accretion on index-linked swaps (if applicable)	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	-	-	-	-	-	-	-	-	-	-
Other Adjustments [please specify]	-	-	-	-	-	-	-	-	-	-
Total Adjustments to be applied for performance assessment (at actual gearing)	(0.1)	0.5	(0.5)	0.1	0.1	(0.1)	0.6	0.5	(0.1)	1.0
Total Adjustments to be applied for performance assessment (at actual gearing)	(0.1)	0.4	(0.5)	0.1	0.1	(0.1)	0.5	0.4	(0.1)	0.8

Cost of Debt out(under)performance at notional gearing

Performance against allowance is impacted by deviating from notional levels of gearing

Notional Gearing	%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%		
Actual Gearing	%	65.1%	64.0%	63.7%	64.4%	65.3%	65.7%	65.6%	64.7%		
Assumed regulatory finance cost at actual gearing	£m nominal	45.6	39.2	23.1	24.8	32.6	32.1	32.0	34.9		
Adjustment to regulatory finance cost relating to variance from notional gearing	£m nominal	(0.1)	0.6	0.5	0.2	(0.1)	(0.4)	(0.3)	0.2		
Assumed regulatory finance cost at notional gearing	£m nominal	45.5	39.8	23.5	25.0	32.5	31.7	31.7	35.0		
Assumed regulatory finance cost at notional gearing	£m 12/13	43.0	36.8	20.9	21.6	27.3	26.0	25.2	27.0	122.2	227.8
Adjustments to be applied for performance assessment (at notional gearing)	£m 12/13	(0.1)	0.4	(0.5)	0.1	0.1	(0.1)	0.5	0.4	(0.1)	0.8

Cost of Debt Allowance

The latest published PCFM contains the allowed cost of debt rate (%) for the reporting year. However, the RAV does not account for the reporting year actual expenditure and additional allowances. Consequently the return element of revenue does not currently reflect the monetary allowance. This is updated and available in the forthcoming annual iteration process. To address this timing issue, network operators should forecast the allowance in row 79 (linked to R9-RAV table) - which will be trued-up over time.

Cost of Debt Allowance as per latest published PCFM (prior year AIP)	£m 12/13	37.4	35.5	33.8	30.9	28.8					
Forecast revised Cost of Debt Allowance	£m 12/13	37.4	35.5	33.6	30.7	28.6	26.9	25.6	24.4	137.2	242.7

Out(under) performance

Pre-Tax performance

Pre-Tax Cost of Debt out(under)performance at actual gearing	£m 12/13	(5.5)	(1.1)	13.6	9.2	1.1	0.7	(0.4)	(2.9)	16.2	14.8
Pre-Tax Cost of Debt out(under)performance at notional gearing	£m 12/13	(5.4)	(1.7)	13.2	9.0	1.2	1.0	(0.1)	(3.0)	15.1	14.2
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gearing	£m 12/13	(0.1)	0.6	0.4	0.2	(0.1)	(0.3)	(0.3)	0.1	1.1	0.6

Opening Regulatory Net Debt including forecast new debt/refinancing
 Closing Regulatory Net Debt including forecast new debt/refinancing

£m nominal	1,595.1	1,576.2	1,616.4	1,670.3	1,756.1	1,813.2	1,894.7	1,935.1
£m nominal	1,576.2	1,616.4	1,670.3	1,756.1	1,813.2	1,894.7	1,935.1	1,972.7

Allocation of net debt (Per regulatory definition. Transmission companies only)

System operator allocation (transmission companies only)
 Transmission or distribution allocation

%	0%	0%	0%	0%	0%	0%	0%	0%
%	100%	100%	100%	100%	100%	100%	100%	100%

Average Net Debt (per Regulatory Definition)

£m nominal	1,585.7	1,596.3	1,643.3	1,713.2	1,784.6	1,854.0	1,914.9	1,953.9
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Equity RAV

£m nominal	850.7	897.0	936.1	945.5	949.9	966.2	1,002.6	1,065.6
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Average RAV

£m nominal	2,436.3	2,493.3	2,579.4	2,658.6	2,734.6	2,820.1	2,917.5	3,019.5
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Actual Regulatory Gearing

%	65.1%	64.0%	63.7%	64.4%	65.3%	65.7%	65.6%	64.7%
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Notional Gearing

%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
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Gearing Ratio delta

%	0.1%	-1.0%	-1.3%	-0.6%	0.3%	0.7%	0.6%	-0.3%
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NPV Neutral assumed Average Net Debt

£m 12/13	1468.60	1,444.5	1,439.5	1,457.3	1,479.1	1,496.6	1,502.6	1,488.4
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NPV Neutral assumed Equity RAV

£m 12/13	787.9	811.7	820.0	804.3	787.3	779.9	786.7	811.7
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NPV Neutral assumed Average RAV

£m 12/13	2,256.5	2,256.1	2,259.5	2,261.6	2,266.3	2,276.6	2,289.4	2,300.0
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Actual Regulatory Gearing

%	65.1%	64.0%	63.7%	64.4%	65.3%	65.7%	65.6%	64.7%
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Notional Gearing

%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
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Gearing Ratio delta

%	0.1%	-1.0%	-1.3%	-0.6%	0.3%	0.7%	0.6%	-0.3%
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R9 - Regulatory Asset Value (RAV)
UKPN-EPN
2019

Navigate

Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
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RAV per latest published PCFM

The latest published PCFM does not account for the impact of the reporting years totex. This will be published in the forthcoming annual iteration process.

Closing RAV per latest published PCFM	£m 12/13	2,297.5	2,302.6	2,306.8	2,315.7	2,328.4	2,346.7	2,364.1	2,373.0
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Revised RAV - including forecast totex, allowances and enduring value

Revised adjusted RAV including forecast totex, allowances and enduring value

Opening RAV (before transfers)	£m 12/13	2,300.7	2,295.3	2,298.3	2,300.4	2,299.6	2,308.1	2,318.8	2,332.7
Transfers	£m 12/13	-	-	-	-	-	-	-	-
Opening RAV (after transfers)	£m 12/13	2,300.7	2,295.3	2,298.3	2,300.4	2,299.6	2,308.1	2,318.8	2,332.7
Net additions (after disposals)	£m 12/13	204.8	215.6	216.1	210.4	211.4	197.6	205.0	194.8
Net additions (after disposals) - enduring value adjustment	£m 12/13	(2.1)	(2.3)	(2.2)	(0.9)	0.8	1.8	(4.4)	(3.6)
Total Net Additions	£m 12/13	202.6	213.4	213.8	209.5	212.3	199.4	200.6	191.1
Depreciation	£m 12/13	(208.0)	(210.5)	(211.9)	(210.5)	(204.1)	(189.0)	(186.9)	(185.2)
Depreciation - enduring value adjustment	£m 12/13	-	0.1	0.2	0.3	0.3	0.3	0.2	0.3
Total Depreciation	£m 12/13	(208.0)	(210.4)	(211.8)	(210.3)	(203.8)	(188.7)	(186.7)	(184.9)
[Input other adjustment]	£m 12/13	-	-	-	-	-	-	-	-
[Input other adjustment]	£m 12/13	-	-	-	-	-	-	-	-
[Input other adjustment]	£m 12/13	-	-	-	-	-	-	-	-
Other adjustments	£m 12/13	-	-	-	-	-	-	-	-
Adjusted Closing RAV	£m 12/13	2,295.3	2,298.3	2,300.4	2,299.6	2,308.1	2,318.8	2,332.7	2,339.0

Total enduring value and other adjustments CHECK

£m 12/13	(2.1)	(2.2)	(2.1)	(0.7)	1.1	2.1	(4.1)	(3.3)
	TRUE	TRUE	TRUE	TRUE	NA	NA	NA	NA

Year end RPI

Financial Year Average RPI (RPIt)

Index for Opening RAV conversion to nominal in yr 1

Index	1.068	1.103	1.140	1.172	1.202	1.236	1.273	1.312
Index	1.060	1.083	1.124	1.158	1.188	1.221	1.258	1.297
Index	1.053							

Adjusted Closing RAV

£m nominal	2,450.8	2,535.7	2,623.1	2,694.1	2,775.0	2,865.2	2,969.7	3,069.2
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Cost of debt
 Cost of equity
 Notional gearing
 Vanilla WACC

annual real %	2.55%	2.42%	2.29%	2.09%	1.94%	1.82%	1.72%	1.63%
annual real %	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
annual real %	3.76%	3.67%	3.59%	3.46%	3.36%	3.28%	3.22%	3.16%

NPV-neutral debt element of RAV
 NPV-neutral equity element of RAV
 NPV-neutral RAV return base

£m 12/13	1,466.7	1,466.5	1,468.7	1,470.0	1,473.1	1,479.8	1,488.1	1,495.0
£m 12/13	789.8	789.6	790.8	791.6	793.2	796.8	801.3	805.0
£m 12/13	2,256.5	2,256.1	2,259.5	2,261.6	2,266.3	2,276.6	2,289.4	2,300.0

Debt Return on RAV
 Equity Return on RAV
 Total return on RAV

£m 12/13	37.4	35.5	33.6	30.7	28.6	26.9	25.6	24.4
£m 12/13	47.4	47.4	47.4	47.5	47.6	47.8	48.1	48.3
£m 12/13	84.8	82.9	81.1	78.2	76.2	74.7	73.7	72.7

NPV-neutral debt element of RAV
 NPV-neutral equity element of RAV
 Adjusted NPV-neutral average RAV

£m nominal	1,555.2	1,588.3	1,650.2	1,702.1	1,750.5	1,807.2	1,872.3	1,938.9
£m nominal	837.4	855.2	888.5	916.5	942.6	973.1	1,008.2	1,044.0
£m nominal	2,392.6	2,443.5	2,538.7	2,618.7	2,693.1	2,780.3	2,880.5	2,982.9

Debt Return on RAV
 Equity Return on NPV-neutral RAV
 Total return on RAV

£m nominal	39.7	38.4	37.8	35.6	34.0	32.9	32.2	31.6
£m nominal	50.2	51.3	53.3	55.0	56.6	58.4	60.5	62.6
£m nominal	89.9	89.7	91.1	90.6	90.5	91.3	92.7	94.2

R10 - Tax
UKPN-EPN
2019

Navigate

Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast
2016	2017	2018	2019	2020	2021	2022	2023

CT600 will not have been submitted for the current reporting year.
It is assumed the current tax charge per the statutory accounts will equal the tax liability in the forthcoming CT600, where this is not the case the licensee should provide an explanation in the commentary of the variance.
This will be corrected / trued-up in future years

Tax liability per latest submitted CT600 (pre-group relief)

£m nominal	17.2	32.6	32.0					
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Adjustments to remove non-regulated tax liability

Tax on non-regulated activities

£m nominal	1.3	(3.0)	0.1					
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[Insert adjustment as necessary]

£m nominal	-	-	-					
------------	---	---	---	--	--	--	--	--

[Insert adjustment as necessary]

£m nominal	-	-	-					
------------	---	---	---	--	--	--	--	--

[Insert adjustment as necessary]

£m nominal	-	-	-					
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£m nominal	1.3	(3.0)	0.1	-	-	-	-	-
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Non-regulated tax

Other adjustments

Tax on output incentives

£m nominal	2.6	4.7	5.6	5.7	4.9	5.6	5.8	5.8
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Tax on IQI

£m nominal	-	-	-	-	-	-	-	-
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Collected revenue adjustment ('k')

£m nominal	-	9.9	0.7					
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Pension - timing adjustment

£m nominal	(3.9)	(2.4)	(2.4)					
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Pension - disallowed contributions

£m nominal	-	-	-					
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Tax on derivatives not disregarded

£m nominal	(0.8)	(0.4)	(0.2)					
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MOD

£m nominal	-	0.1	(2.9)					
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True Up

£m nominal	-	-	(2.3)					
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Adjustments for Allowed Pass-Through items

£m nominal	-	-	(0.4)					
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Network Innovation Allowance

£m nominal	0.2	0.3	0.5					
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Low Carbon Networks Fund revenue adjustment

£m nominal	0.5	0.0	0.1					
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DPCR4 residual distribution losses incentive and Growth Term (ENWL, NPg, UKPN and SP licensees)

£m nominal	(3.3)	(12.9)	(0.8)					
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£m nominal	(4.7)	(0.6)	(2.3)	5.7	4.9	5.6	5.8	5.8
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Total other adjustments

Forecast regulated tax liability (including impact of enduring value adjustments)

£m nominal				32.1	35.4	38.8	36.3	35.3
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Adjusted forecast regulated tax liability with timing differences

£m nominal	20.6	36.3	34.3	26.4	30.6	33.2	30.5	29.5
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Financial year average RPI

Index	1.060	1.083	1.124	1.158	1.188	1.221	1.258	1.297
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Adjusted/forecast regulated tax liability with timing differences

£m 12/13	19.4	33.5	30.5	22.8	25.7	27.2	24.3	22.7
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Tax out(under)performance at notional gearing

Performance against allowance is impacted by deviating from notional levels of gearing

Notional Gearing

%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
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Actual Gearing

%	65.1%	64.0%	63.7%	64.4%	65.3%	65.7%	65.6%	64.7%
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Adjusted/forecast regulated tax liability with timing differences

£m nominal	20.6	36.3	34.3	26.4	30.6	33.2	30.5	29.5
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Adjustment to regulatory tax cost relating to variance from notional gearing

£m nominal	0.0	(0.1)	(0.1)	(0.0)	0.0	0.1	0.1	(0.0)
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Revised regulated tax liability for comparison against allowance

£m nominal	20.6	36.2	34.2	26.4	30.6	33.2	30.6	29.5
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Revised regulated tax liability for comparison against allowance

£m 12/13	19.4	33.4	30.4	22.8	25.7	27.2	24.3	22.7
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Allowance

The latest published PCFM does not account for the forecast TIM performance - and ultimate impact on tax allowance.

Tax Allowance per latest published PCFM	£m 12/13	29.0	29.2	27.5	28.2	28.6	29.0	31.1	32.7
Tax clawbacks	£m 12/13	-	-	-	-	-	-	-	-
Net Tax Allowance	£m 12/13	29.0	29.2	27.5	28.2	28.6	29.0	31.1	32.7

Network operators should provide forecast allowances taking account of the latest totex, allowances, reopeners, enduring value adjustments - and other financial variables

Forecast tax allowance	£m 12/13	28.7	28.8	27.2	29.9	31.2	28.1	27.6	28.8
Forecast tax clawbacks	£m 12/13	-	-	-	-	-	-	-	-
Net forecast tax allowance	£m 12/13	28.7	28.8	27.2	29.9	31.2	28.1	27.6	28.8

Reconciliation of forecast movement in allowance

Changes in corporation tax rates	£m 12/13	(0.3)	(0.3)	(0.4)	1.7	2.6	(0.8)	(3.6)	(3.8)
Tax allowance retained within deadband	£m 12/13	-	-	(0.0)	(0.2)	(0.3)	(4.3)	(4.2)	(4.4)
Other adjustments	£m 12/13	1.6	1.7	1.7	1.7	1.7	1.7	1.8	1.8
Check	£m 12/13	(1.9)	(2.0)	(2.0)	0.3	1.1	1.7	(1.1)	(1.2)
	£m 12/13	OK	OK	OK	OK	OK	OK	OK	OK

Out(under) performance

Regulated tax out(under) performance at actual gearing	£m 12/13	9.3	(4.7)	(3.3)	7.1	5.5	0.9	3.3	6.1
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Regulated tax out(under) performance at notional gearing	£m 12/13	9.3	(4.6)	(3.2)	7.1	5.5	0.9	3.3	6.1
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Impact on out(under) performance relating to deviating from notional levels of gearing	£m 12/13	0.0	(0.1)	(0.1)	(0.0)	0.0	0.1	0.0	(0.0)
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Tax impact of financing performance (at actual gearing)	£m nominal	(1.2)	(0.2)	2.9	2.0	0.2	0.2	(0.1)	(0.6)
Tax impact of financing performance (at actual gearing)	£m 12/13	(1.1)	(0.2)	2.6	1.8	0.2	0.1	(0.1)	(0.5)
Tax impact of financing performance (at notional gearing)	£m nominal	(1.2)	(0.4)	2.8	2.0	0.3	0.2	(0.0)	(0.7)
Tax impact of financing performance (at notional gearing)	£m 12/13	(1.1)	(0.3)	2.5	1.7	0.2	0.2	(0.0)	(0.5)
Tax impact of financing performance relating to deviating from notional levels of gearing	£m 12/13	(0.0)	0.1	0.1	0.0	(0.0)	(0.1)	(0.0)	0.0

R11 - Dividends
UKPN-EPN
2019

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Dividend paid as per Statutory Accounts

Less dividend paid not related to Regulated business

[Insert adjustment as necessary]

[Insert adjustment as necessary]

[Insert new rows here as necessary]

Dividend paid relating to the Regulated Business

Shareholder loan interest (not included as Net Interest per Regulatory (RIIO-1) definition)

	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	N/A 2020	N/A 2021	N/A 2022	N/A 2023
£m nominal	-	94.7	108.7	101.0				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	-	-	-				
£m nominal	-	94.7	108.7	101.0	-	-	-	-
£m nominal	-	-	-	-				

R12 - Pensions
UKPN-EPN
2019

Navigate

		Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
Licensee share of total pension deficit repair payment made for defined benefit scheme	£m nominal	16.0	11.6	12.0	12.4				
Of which:									
Established deficit element funded via specific allowances	£m nominal	14.1	10.4	9.9	10.2				
Incremental deficit funded via totex	£m nominal	1.9	1.2	2.1	2.1				
Established deficit element funded via specific allowances	£m 12/13	13.3	9.6	8.8	8.8	-	-	-	-
Established deficit (EDE) allowance as per PCFM	£m 12/13	15.3	15.3	15.3	16.6	16.9	16.8	8.4	7.9
Less Pension Payment History Allowance (PPH)	£m 12/13	3.2	3.2	3.2	8.4	8.4	8.4	-	-
Established deficit allowance less PPH	£m 12/13	12.0	12.0	12.0	8.3	8.5	8.5	8.4	7.9
Latest pension scheme valuation	Enter valuation date	31/03/2016							
Price base		2015/16							
	£m								
Total Liabilities attributable to post cut-off date notional sub fund		390.9							
Total Liabilities attributable to pre cut-off date notional sub fund		3,463.3							
Total Assets attributable to post cut-off date notional sub fund		356.5							
Total Assets attributable to pre cut-off date notional sub fund		2,983.4							
Deficit in the post Cut-Off Date Notional Sub-Fund		34.4							
Deficit in the pre Cut-Off Date Notional Sub-Fund		479.9							
Licensee element of established deficit		71.2							
Licensee element of incremental deficit		13.5							

R13 - Other activities
UKPN-EPN
2019

Navigate

		Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
Post-tax total fines and penalties (including GS payments)	£m 12/13	1.2	0.2	0.2	0.2	-	-	-	-
Ofgem related fines and penalties									
HSE Fine	£m nominal	1.2	0.0	0.0	-	-	-	-	-
[Insert detail of fine or penalty]	£m nominal	-	-	-	-	-	-	-	-
[Insert new rows here as necessary]	£m nominal	-	-	-	-	-	-	-	-
Total Ofgem related fines and penalties	£m nominal	1.2	0.0	0.0	-	-	-	-	-
Any adjustment for tax	£m nominal	-	-	-	-	-	-	-	-
Post-tax total fines and penalties	£m nominal	1.2	0.0	0.0	-	-	-	-	-
Guaranteed Standard (GS) payments									
Total GS payments	£m nominal	0.1	0.3	0.3	0.3	-	-	-	-
Any adjustment for tax	£m nominal	0.0	0.1	0.1	0.1	-	-	-	-
Post-tax total GS payments	£m nominal	0.1	0.2	0.2	0.2	-	-	-	-