

**Regulatory Financial Performance Report**  
**SHET**  
**2019**

Licensee	SHET
Sector	ET1
Reporting Year: (enter 2014 for 2013-14)	2019
Version (Number)	1
Submitted Date:	31/07/2019
Cost of Equity	7.0%
Sharing Factor	50.00%
Notional Gearing	55.0%
RIO-1 start date	2014
Price basis	Em 09/10


Materiality Em
0.1

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



NGGT (SO)	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9		
SPT	11.0	1.3	22.2	7.0	6.9	6.9	7.1	5.3		
SHET	4.8	5.0	5.7	3.8	2.9	2.9	2.9	2.8		

ET  
Output incentives for each sector used to populate R5

Input for R5 - Output Incentives	FALSE	ED
Network Reliability Incentive	FALSE	GD
Stakeholder Satisfaction Output	FALSE	NGGT (TO)
SF6 Emissions	FALSE	NGGT (SO)
Environmental Discretionary Reward	FALSE	NGGT (TO)
Performance re offers of timely connection	FALSE	NGET (SO)
	FALSE	SPT
	TRUE	SHET

ED
Broad measure of customer service
Interruptions-related quality of service
Incentive on connections engagement
Time to Connect Incentive
Losses discretionary reward scheme

GD
Broad Measure of Customer Satisfaction
Shrinkage Allowance Revenue Adjustment
Environment Emissions Incentive
Discretionary Reward Scheme
NTS Exit Capacity

NGGT (TO)
Stakeholder Satisfaction Output
Permits revenue adjustment

NGGT (SO)

NGGT (TO)
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward

NGGT (SO)

SPT
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward
Performance re offers of timely connection

SHET
Network Reliability Incentive
Stakeholder Satisfaction Output
SF6 Emissions
Environmental Discretionary Reward
Performance re offers of timely connection

All incentive performance recognised in t+2 allowed revenue -

Time to Connect Incentive revenue adjustment	t+3
Losses discretionary reward scheme revenue adjustment	t+1

Bond or loan types
Fixed rate
Floating
Inflation-linked

Reference rate
Not applicable
LIBOR 3 month
LIBOR 6 month
EURIBOR 3 month
BOE base rate
RPI 12 month
CPI 12 month

Currency
GBP
EUR
USD
HKD
CAD

Rank
Senior
Junior

Hedged
Yes - fully hedged
Yes - partially hedged
No

Special features
Callable
Puttable

Counterparty
EIB
RBS

Swap legs
Fixed rate
Floating

**Version control**  
**SHET**  
**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](#)

**Change log**  
**SHET**  
**2019**

Version	Table Reference	Changes made to RFPR template
	R5	Updated row 12 cells D12 - H12, marginal immaterial error in last years calculation which has now been corrected
	R5	Cell H14 updated in line with latest revenue return for environmental discretionary reward
	R3	Roundings line added for previous years due to materiality level being changed from £1m last year to £0.1m this year
	R9	Updated current year as well as prior years for Opening RAV, Additions, Depreciation and Closing RAV in line with the latest PCFM
	R9	Updated cell I5 to Forecast as the latest published PCFM is a forecast closing RAV position and therefore does not match the actuals that are now submitted as part of the RRP
	R7 & R8	Updated the TIRG Debt and Financing figures for all years following a more detailed review

**R1 - Return on Regulatory Equity (RoRE)**  
**SHET**  
**2019**

Navigate

	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast		
	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	R110-1 period
<b>RoRE based on Notional Gearing</b>										
Allowed Equity Return	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Totex outperformance	5.6%	3.9%	17.5%	11.9%	1.7%	-4.4%	-4.6%	-6.4%	5.0%	1.2%
IQI Reward	1.2%	1.1%	0.9%	0.4%	0.3%	0.3%	0.3%	0.2%	0.6%	0.4%
Network Reliability Incentive	0.2%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Stakeholder Satisfaction Output	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%
Sf6 Emissions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental Discretionary Reward	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.1%	0.1%
Performance re offers of timely connection	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoRE - Operational performance</b>	<b>14.0%</b>	<b>12.1%</b>	<b>25.7%</b>	<b>19.6%</b>	<b>9.5%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>1.0%</b>	<b>12.8%</b>	<b>8.9%</b>
Debt performance - at notional gearing	2.8%	1.8%	-1.3%	1.0%	2.5%	1.3%	0.7%	-0.4%	1.3%	0.9%
Tax performance - at notional gearing	0.1%	-1.3%	-2.1%	-0.8%	0.7%	-0.7%	-0.7%	-0.5%	-0.6%	-0.6%
<b>RoRE - including financing and tax</b>	<b>17.0%</b>	<b>12.7%</b>	<b>22.3%</b>	<b>19.8%</b>	<b>12.7%</b>	<b>3.6%</b>	<b>2.7%</b>	<b>0.0%</b>	<b>13.6%</b>	<b>9.1%</b>

<b>RoRE based on Actual Gearing</b>										
Allowed Equity Return	9.9%	10.5%	8.2%	7.7%	8.6%	8.9%	8.4%	8.4%	8.7%	8.6%
Totex outperformance	7.9%	5.9%	20.5%	13.1%	2.1%	-5.6%	-5.5%	-7.7%	6.2%	1.4%
IQI Reward	1.7%	1.6%	1.0%	0.5%	0.4%	0.3%	0.3%	0.3%	0.7%	0.5%
Network Reliability Incentive	0.3%	0.0%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
Stakeholder Satisfaction Output	0.1%	0.2%	0.2%	0.2%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%
Sf6 Emissions	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental Discretionary Reward	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.1%	0.1%
Performance re offers of timely connection	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network Innovation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoRE - Operational performance</b>	<b>19.8%</b>	<b>18.2%</b>	<b>30.0%</b>	<b>21.6%</b>	<b>11.6%</b>	<b>3.9%</b>	<b>3.3%</b>	<b>1.2%</b>	<b>15.9%</b>	<b>10.9%</b>
Debt performance - at actual gearing	2.8%	1.8%	-1.3%	1.0%	2.5%	1.3%	0.7%	-0.4%	1.3%	0.9%
Tax performance - at actual gearing	0.1%	-1.3%	-2.1%	-0.8%	0.7%	-0.7%	-0.7%	-0.5%	-0.7%	-0.7%
<b>RoRE - including financing and tax</b>	<b>23.7%</b>	<b>18.6%</b>	<b>25.6%</b>	<b>21.8%</b>	<b>15.6%</b>	<b>4.6%</b>	<b>3.2%</b>	<b>-0.2%</b>	<b>16.7%</b>	<b>11.1%</b>

<b>RoRE input values</b>											
Input values provided in Em 09/10 prices											
Equity Return on the RAV	Em 09/10	21.5	25.5	35.5	47.4	56.1	61.3	65.1	74.6	247.3	387.0
Totex outperformance	Em 09/10	17.2	14.3	88.9	80.3	13.9	(38.6)	(42.8)	(68.0)	176.0	65.2
IQI Reward	Em 09/10	3.7	3.9	4.6	3.0	2.3	2.3	2.4	2.3	19.8	24.5
Network Reliability Incentive	Em 09/10	0.7	0.1	1.0	0.9	0.8	1.0	1.1	1.4	4.5	7.0
Stakeholder Satisfaction Output	Em 09/10	0.3	0.5	0.7	1.0	(0.1)	0.8	0.3	0.3	3.3	3.8
Sf6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.2)
Environmental Discretionary Reward	Em 09/10	-	-	-	-	3.2	-	-	-	3.2	3.2
Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
Network Innovation	Em 09/10	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.6)
Penalties and fines	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>RoRE - Operational performance</b>	Em 09/10	<b>43.2</b>	<b>44.2</b>	<b>130.5</b>	<b>132.6</b>	<b>76.2</b>	<b>26.8</b>	<b>26.0</b>	<b>10.6</b>	<b>453.5</b>	<b>490.0</b>
Debt performance - at notional gearing	Em 09/10	8.6	6.7	(8.8)	6.7	19.9	11.3	6.1	(4.8)	46.4	47.7
Debt performance - impact of actual gearing	Em 09/10	(0.6)	(1.2)	(2.4)	(0.6)	0.8	(0.2)	(0.7)	(2.2)	(4.2)	(7.2)
Tax performance - at notional gearing	Em 09/10	0.4	(4.7)	(10.7)	(5.1)	5.6	(6.5)	(6.6)	(5.5)	(21.0)	(33.1)
Tax performance - impact of actual gearing	Em 09/10	0.1	0.3	0.5	0.1	(0.1)	0.0	0.1	0.4	0.9	1.4
<b>RoRE - including financing and tax</b>	Em 09/10	<b>51.8</b>	<b>45.2</b>	<b>111.2</b>	<b>133.6</b>	<b>102.3</b>	<b>31.5</b>	<b>24.9</b>	<b>(1.6)</b>	<b>475.5</b>	<b>498.8</b>
NPV-neutral equity element of RAV	Em 09/10	307.7	364.5	507.5	676.7	801.7	875.3	930.2	1,065.6		
Equity RAV based on actual gearing	Em 09/10	218.1	242.2	434.6	613.5	655.9	684.7	779.5	882.9		









**R5 - Output Incentives**  
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**2019**

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Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast		
2014	2015	2016	2017	2018	2019	2020	2021		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

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.9	0.1	1.2	1.2	0.9	1.2	1.4	1.7	5.5	8.6
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.7	0.8	1.3	(0.1)	1.0	0.3	0.3	4.1	4.7
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.3)	(0.3)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	4.0	-	-	-	4.0	4.0
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Earned Incentive revenue</b>	<b>Em 09/10</b>	<b>1.1</b>	<b>0.7</b>	<b>2.0</b>	<b>2.4</b>	<b>4.9</b>	<b>2.2</b>	<b>1.7</b>	<b>2.0</b>	<b>13.3</b>	<b>17.0</b>

**Additional Commentary**

**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

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.7	0.1	1.0	0.9	0.8	1.0	1.1	1.4	4.5	7.0
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.5	0.7	1.0	(0.1)	0.8	0.3	0.3	3.3	3.8
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.2)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	3.2	-	-	-	3.2	3.2
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
<b>Post-Tax Earned Incentive revenue</b>	<b>Em 09/10</b>	<b>0.9</b>	<b>0.5</b>	<b>1.6</b>	<b>2.0</b>	<b>4.0</b>	<b>1.8</b>	<b>1.4</b>	<b>1.7</b>	<b>10.8</b>	<b>13.9</b>

	Em 09/10	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative to 2019	RIIO-1 period
a Network Reliability Incentive	Em 09/10	0.9	0.1	1.2	1.2	0.9	1.2	1.4	1.7	5.5	8.6
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		0.7	0.1	1.0	0.9	0.8	1.0	1.1	1.4	4.5	7.0
b Stakeholder Satisfaction Output	Em 09/10	0.3	0.7	0.8	1.3	(0.1)	1.0	0.3	0.3	4.1	4.7
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		0.3	0.5	0.7	1.0	(0.1)	0.8	0.3	0.3	3.3	3.8
c SF6 Emissions	Em 09/10	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.2)
d Environmental Discretionary Reward	Em 09/10	-	-	-	-	4.0	-	-	-	4.0	4.0
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		-	-	-	-	3.2	-	-	-	3.2	3.2
e Performance re offers of timely connection	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		-	-	-	-	-	-	-	-	-	-
f	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
Post tax		-	-	-	-	-	-	-	-	-	-
g	Em 09/10	-	-	-	-	-	-	-	-	-	-
Corporation tax rate when recognised in allowed revenue	t+2	20%	20%	19%	19%	19%	17%	17%	17%		
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

	Performance Year	Pre-RIIO	Pre-RIIO	2014	2015	2016	2017	2018	2019
a Network Reliability Incentive	Em nominal	0.3	-	1.2	0.2	1.7	1.6		
b Stakeholder Satisfaction Output	Em nominal	-	-	0.3	0.7	0.9	1.3		
c SF6 Emissions	Em nominal	-	-	(0.2)	(0.2)	(0.1)	(0.0)		
d Environmental Discretionary Reward	Em nominal	-	-	-	-	-	-		
e Performance re offers of timely connection	Em nominal	-	-	-	-	-	-		
f	Em nominal	-	-	-	-	-	-		
g	Em nominal	-	-	-	-	-	-		
<b>Total Impact on Allowed Revenue</b>	<b>Em nominal</b>	<b>0.3</b>	<b>-</b>	<b>1.3</b>	<b>0.7</b>	<b>2.5</b>	<b>2.9</b>		

**Additional Commentary**



	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Cumulative to 2019	R110-1 period
	2014	2015	2016	2017	2018	2019	2020	2021		
<b>Net Interest Per Statutory Accounts</b>	Em nominal	8.8	8.5	30.7	28.8	37.5	49.2	63.8	64.3	
<b>Reconciliation with Statutory Accounts</b>	Em nominal	-	-	-	-	-	-	-	-	
Interest not qualifying for corporation tax relief	Em nominal	-	-	-	-	-	-	-	-	
Fair value adjustments (e.g. losses on derivatives)	Em nominal	-	-	-	-	-	-	-	-	
Dividends on preference shares	Em nominal	-	-	-	-	-	-	-	-	
Costs of early redemption on long term debt	Em nominal	-	-	-	-	-	-	-	-	
Swap Termination Costs paid	Em nominal	-	-	-	-	-	-	-	-	
Movements relating to pension fund liabilities reported within net interest	Em nominal	-	-	-	-	-	-	-	-	
Debt issuance expenses (inc. amortisation to discounts that had previously benefitted from a tax deduct)	Em nominal	-	-	-	-	-	-	-	-	
Commitment fees for undrawn liquidity backup lines	Em nominal	-	-	-	-	-	-	-	-	
1. Add back capitalised interest	Em nominal	21.6	21.5	17.2	14.7	19.7	13.8	-	-	
2. Less interest attributable to TIRG debt	Em nominal	(10.8)	(9.6)	(11.6)	(8.7)	(9.9)	(9.9)	(9.0)	(7.4)	
3. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
4. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
5. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
6. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
7. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
8. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
9. Other adjustment (Overwrite)	Em nominal	-	-	-	-	-	-	-	-	
<b>Net Interest Per Regulatory (R110-1) Definition</b>	Em nominal	19.6	20.4	36.3	34.8	47.3	53.2	54.8	56.9	
Forecast new financing/refinancing costs	Em nominal	-	-	-	-	-	-	-	-	
<b>Net Interest Including forecast new financing/refinancing costs</b>	Em nominal	19.6	20.4	36.3	34.8	47.3	53.2	54.8	83.4	
External Net Interest	Em nominal	0.1	(4.0)	15.4	7.5	16.5	16.5	30.3	29.1	
Intra-company Net Interest	Em nominal	30.3	33.9	32.6	36.0	40.7	42.6	42.6	69.0	
	Em nominal	OK	OK	OK	OK	OK	OK	OK	OK	
Net interest including forecast new financing that relates to principal inflation accretion on bonds and lo	Em nominal	-	-	-	-	-	-	-	-	
Less inflation in interest charge	Em nominal	16.1	13.7	9.3	24.1	54.8	51.5	46.4	58.2	
Assumed Regulatory finance cost at actual gearing	Em nominal	3.4	6.8	27.0	10.7	(7.5)	1.7	8.4	25.2	
Financial Year Average RPI (RPI1)	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385	
<b>Assumed regulatory finance cost at actual gearing</b>	Em 09/10	3.0	5.7	22.5	8.7	(5.9)	1.3	6.3	18.2	35.3
<b>Adjustments to be applied to Assumed Finance cost for performance assessment</b>	Em nominal	-	-	-	-	-	-	-	-	
Add back Debt Issuance expenses	Em nominal	-	-	-	-	-	-	-	-	
Costs of early redemption on long term debt (excluding exceptional costs of buy backs associated with I	Em nominal	-	-	-	-	-	-	-	-	
Add accrual for inflation accretion on index-linked swaps (if applicable)	Em nominal	-	-	-	-	-	-	-	-	
Other Adjustments (please specify)	Em nominal	-	-	-	-	-	-	-	-	
Other Adjustments (please specify)	Em nominal	-	-	-	-	-	-	-	-	
Other Adjustments (please specify)	Em nominal	-	-	-	-	-	-	-	-	
Other Adjustments (please specify)	Em nominal	-	-	-	-	-	-	-	-	
<b>Total Adjustments to be applied for performance assessment (at actual gearing)</b>	Em nominal	-	-	-	-	-	-	-	-	
<b>Total Adjustments to be applied for performance assessment (at actual gearing)</b>	Em 09/10	-	-	-	-	-	-	-	-	
<b>Cost of Debt out(under)performance at notional gearing</b>										
Performance against allowance is impacted by deviating from notional levels of gearing										
Notional Gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	
Actual Gearing	%	68.1%	70.1%	61.5%	59.2%	63.2%	64.8%	62.3%	62.7%	
Assumed regulatory finance cost at actual gearing	Em nominal	3.4	6.8	27.0	10.7	(7.5)	1.7	8.4	25.2	
Adjustment to regulatory finance cost relating to variance from notional gearing	Em nominal	(0.7)	(1.5)	(2.8)	(0.8)	1.0	(0.3)	(1.0)	(3.1)	
Assumed regulatory finance cost at notional gearing	Em nominal	2.8	5.3	24.2	10.0	(6.5)	1.5	7.4	22.1	
<b>Assumed regulatory finance cost at notional gearing</b>	Em 09/10	2.4	4.5	20.1	8.1	(5.1)	1.1	5.5	16.0	31.1
Adjustments to be applied for performance assessment (at notional gearing)	Em 09/10	0	0	0	0	0	0	0	0	52.5
<b>Cost of Debt Allowance</b>										
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 65 (linked to R9-RAV table) - which will be true-up over time.										
Cost of Debt Allowance as per latest published PCFM (prior year AIP)	Em 09/10	11.0	11.3	13.8	15.3	15.3	12.8	11.7	13.3	79.5
Forecast revised Cost of Debt Allowance	Em 09/10	11.0	11.1	13.3	14.8	14.8	12.4	11.6	11.2	77.5
<b>Out(under) performance</b>										
<b>Pre-Tax performance</b>										
Pre-Tax Cost of Debt out(under)performance at actual gearing	Em 09/10	8.0	5.5	(9.1)	6.1	20.7	11.1	5.3	(7.0)	42.2
Pre-Tax Cost of Debt out(under)performance at notional gearing	Em 09/10	8.6	6.7	(6.8)	6.7	19.9	11.3	6.1	(4.8)	46.4
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gearing	Em 09/10	(0.6)	(1.2)	(2.4)	(0.6)	0.8	(0.2)	(0.7)	(2.2)	(4.2)

	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
Opening Cash, short term deposits and overdrafts (per Balance Sheet)	(1.3)	(3.5)	(5.5)	(5.8)	(0.5)	-	-	-
Closing Cash, short term deposits and overdrafts (per Balance Sheet)	(3.5)	(5.5)	(5.8)	(0.5)	-	-	-	-
External borrowings, bonds, external loans and finance leases (+ve)	150.0	300.0	350.0	649.7	749.7	754.2	754.3	754.3
Loans from other group companies (-ve)	313.1	613.1	1,063.1	1,063.1	1,063.1	1,063.1	1,063.1	930.0
Loans to other group companies (-ve)	-	-	-	-	-	-	-	-
Other amounts due to/(from) group companies per Balance Sheet	455.6	205.8	(204.4)	(113.7)	101.4	249.7	249.7	249.7
Guarantees given on behalf of other group companies (per Notes to the Accounts) (+ve)	-	-	-	-	-	-	-	-
Currency SWAPS	-	-	-	-	-	-	-	-
Interest rate SWAPS	-	-	-	-	-	-	-	-
Inflation-linked SWAPS	-	-	-	-	-	-	-	-
Interest Rate Forward Contracts	-	-	-	-	-	-	-	-
Foreign exchange forward rate contracts	-	-	-	-	-	-	-	-
Other swaps, forward rate contracts & OTC options	-	-	-	-	-	-	-	-
Other derivatives including exchange traded futures and options	-	-	-	-	-	-	-	-
<b>Total Debt per Statutory Accounts</b>	<b>915.2</b>	<b>1,113.4</b>	<b>1,202.9</b>	<b>1,598.6</b>	<b>1,914.2</b>	<b>2,067.0</b>	<b>2,067.1</b>	<b>1,934.0</b>
<b>Conversion to Regulatory (R110-1) Definition of Net Debt</b>								
Fixed asset investments not readily convertible to cash	-	-	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-	-	-
Long term loans (Net for benefit of regulated business or distribution in nature)	-	-	-	-	-	-	-	-
1. Less debt attributable to TIRG	(310.8)	(333.7)	(271.6)	(284.8)	(302.0)	(310.7)	(290.0)	(241.6)
2. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
3. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
4. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
5. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
6. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
7. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
8. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
9. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
10. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
11. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
12. [Insert adjustment as necessary]	-	-	-	-	-	-	-	-
<b>Total Net Debt per Regulatory (R110-1) definition</b>	<b>604.4</b>	<b>779.7</b>	<b>931.4</b>	<b>1,313.8</b>	<b>1,612.2</b>	<b>1,756.3</b>	<b>1,777.1</b>	<b>1,692.4</b>
Forecast new debt/refinancing	-	-	-	-	-	-	-	722.0
<b>Regulatory Net Debt including forecast new debt/refinancing</b>	<b>604.4</b>	<b>779.7</b>	<b>931.4</b>	<b>1,313.8</b>	<b>1,612.2</b>	<b>1,756.3</b>	<b>1,777.1</b>	<b>2,414.4</b>
	OK	OK	OK	OK	OK	OK	OK	OK
Opening Regulatory Net Debt including forecast new debt/refinancing	510.3	604.4	779.7	931.4	1,313.8	1,612.2	1,756.3	1,777.1
Closing Regulatory Net Debt including forecast new debt/refinancing	604.4	779.7	931.4	1,313.8	1,612.2	1,756.3	1,777.1	2,414.4
<b>Allocation of net debt (Per regulatory definition. Transmission companies only)</b>								
System operator allocation (Transmission companies only)	%	0%	0%	0%	0%	0%	0%	0%
Transmission or distribution allocation	%	100%	100%	100%	100%	100%	100%	100%
<b>Average Net Debt (per Regulatory Definition)</b>								
Equity RAV	55.3	692.0	855.5	1,122.6	1,463.0	1,684.2	1,766.7	2,095.8
Average RAV	261.0	295.3	536.3	773.6	852.6	914.9	1,069.4	1,246.0
Actual Regulatory Gearing	818.4	987.3	1,391.9	1,896.1	2,315.6	2,599.2	2,836.1	3,341.7
Notional Gearing	68.1%	70.1%	61.5%	59.2%	63.2%	64.8%	62.3%	62.7%
Gearing Ratio delta	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
	13.1%	15.1%	6.5%	4.2%	8.2%	9.8%	7.3%	7.7%
NPV Neutral assumed Average Net Debt	465.6	567.7	693.2	890.3	1,125.5	1,260.4	1,287.7	1,485.1
NPV Neutral assumed Equity RAV	218.1	242.2	434.6	613.5	655.9	684.7	779.5	882.0
NPV Neutral assumed Average RAV	683.7	809.9	1,127.8	1,503.8	1,781.5	1,945.1	2,067.2	2,368.0
Actual Regulatory Gearing	68.1%	70.1%	61.5%	59.2%	63.2%	64.8%	62.3%	62.7%
Notional Gearing	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Gearing Ratio delta	13.1%	15.1%	6.5%	4.2%	8.2%	9.8%	7.3%	7.7%

**R9 - Regulatory Asset Value (RAV)**  
**SHET**  
**2019**

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Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast
2014	2015	2016	2017	2018	2019	2020	2021

**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

Em 09/10	726.0	967.4	1,418.5	1,763.7	1,988.2	2,069.5	2,161.2	2,120.4
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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)	Em 09/10	681.7	718.3	942.3	1,370.1	1,705.2	1,931.7	2,032.8	2,179.6
Transfers	Em 09/10			12.5					
<b>Opening RAV (after transfers)</b>	Em 09/10	<b>681.7</b>	<b>718.3</b>	<b>954.8</b>	<b>1,370.1</b>	<b>1,705.2</b>	<b>1,931.7</b>	<b>2,032.8</b>	<b>2,179.6</b>
Net additions (after disposals)	Em 09/10	86.9	286.6	496.4	422.2	316.8	208.8	250.8	569.0
Net additions (after disposals) - enduring value adjustment	Em 09/10	(7.7)	(17.6)	(24.3)	(11.7)	(0.1)	(6.7)	3.3	14.7
<b>Total Net Additions</b>	Em 09/10	<b>79.2</b>	<b>269.0</b>	<b>472.1</b>	<b>410.5</b>	<b>316.9</b>	<b>202.0</b>	<b>254.1</b>	<b>583.8</b>
Depreciation	Em 09/10	(42.6)	(45.3)	(58.0)	(77.5)	(92.9)	(103.5)	(110.0)	(117.0)
Depreciation - enduring value adjustment	Em 09/10	-	0.4	1.1	2.1	2.5	2.5	2.8	2.7
<b>Total Depreciation</b>	Em 09/10	<b>(42.6)</b>	<b>(45.0)</b>	<b>(56.9)</b>	<b>(75.4)</b>	<b>(90.4)</b>	<b>(101.0)</b>	<b>(107.2)</b>	<b>(114.4)</b>
[Input other adjustment]	Em 09/10								
[Input other adjustment]	Em 09/10								
[Input other adjustment]	Em 09/10								
<b>Other adjustments</b>	Em 09/10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted Closing RAV</b>	Em 09/10	<b>718.3</b>	<b>942.3</b>	<b>1,370.1</b>	<b>1,705.2</b>	<b>1,931.7</b>	<b>2,032.8</b>	<b>2,179.6</b>	<b>2,649.0</b>
<b>Total enduring value and other adjustments</b>	Em 09/10	<b>(7.7)</b>	<b>(17.3)</b>	<b>(23.2)</b>	<b>(9.6)</b>	<b>2.7</b>	<b>(4.2)</b>	<b>6.0</b>	<b>17.4</b>
<b>CHECK</b>	Em 09/10	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Year end RPI</b>	Index	1.183	1.194	1.211	1.251	1.293	1.329	1.363	1.401
Financial Year Average RPI (RPI1)	Index	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385
Index for Opening RAV conversion to nominal in yr 1	Index	1.154							
<b>Adjusted Closing RAV</b>	Em nominal	<b>849.8</b>	<b>1,124.8</b>	<b>1,658.9</b>	<b>2,133.4</b>	<b>2,497.8</b>	<b>2,700.5</b>	<b>2,971.6</b>	<b>3,711.8</b>
Cost of debt	annual real %	2.92%	2.50%	2.15%	1.79%	1.51%	1.16%	1.02%	0.86%
Cost of equity	annual real %	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Notional gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Vanilla WACC	annual real %	4.76%	4.53%	4.33%	4.13%	3.98%	3.79%	3.71%	3.62%
NPV-neutral debt element of RAV	Em 09/10	376.0	445.5	620.3	827.1	979.8	1,069.8	1,136.9	1,302.4
NPV-neutral equity element of RAV	Em 09/10	307.7	354.5	507.5	676.7	801.7	875.3	930.2	1,056.6
NPV-neutral RAV return base	Em 09/10	683.7	809.9	1,127.8	1,503.8	1,781.5	1,945.1	2,067.2	2,368.0
Debt Return on RAV	Em 09/10	11.0	11.1	13.3	14.8	14.8	12.4	11.6	11.2
Equity Return on RAV	Em 09/10	21.5	25.5	35.5	47.4	55.1	61.3	65.1	74.6
Total return on RAV	Em 09/10	32.5	36.6	48.9	62.2	70.9	73.7	76.7	85.8
NPV-neutral debt element of RAV	Em nominal	438.7	529.9	745.8	1,015.8	1,248.4	1,404.7	1,532.0	1,803.7
NPV-neutral equity element of RAV	Em nominal	358.9	433.6	610.2	831.1	1,021.4	1,149.3	1,253.5	1,475.7
Adjusted NPV-neutral average RAV	Em nominal	797.7	963.5	1,356.0	1,846.9	2,269.8	2,554.0	2,785.5	3,279.4
Debt Return on RAV	Em nominal	12.8	13.2	16.0	18.2	18.9	16.3	15.6	15.5
Equity Return on NPV-neutral RAV	Em nominal	25.1	30.3	42.7	58.2	71.5	80.5	87.7	103.3
Total return on RAV	Em nominal	37.9	43.6	58.7	76.4	90.3	96.7	103.4	118.8

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 / true-up in future years

	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
<b>Tax liability per latest submitted CT600</b>	10.4	15.1	27.3	21.2	3.0			
<b>Adjustments to remove non-regulated tax liability</b>								
Tax on non-regulated activities	0.5	1.1	1.8	3.2	1.7			
[Insert adjustment as necessary]								
[Insert adjustment as necessary]								
[Insert adjustment as necessary]								
<b>Non-regulated tax</b>	0.5	1.1	1.8	3.2	1.7			
<b>Other adjustments</b>								
Tax on output incentives	0.1	-	0.3	0.1	0.5	0.6	-	-
Tax on ICI	1.3	1.2	1.4	0.9	0.7	0.7	0.7	0.7
Collected revenue adjustment ('k')								
Pension - timing adjustment								
Pension - disallowed contributions								
Tax on derivatives not disregarded								
Transfer Pricing	0.1	0.1	0.1	0.1	0.1			
[Insert adjustment as necessary]								
[Insert adjustment as necessary]								
[Insert adjustment as necessary]								
[Insert adjustment as necessary]								
[Insert new rows here as necessary]								
<b>Total other adjustments</b>	1.4	1.3	1.7	1.2	1.3	1.3	0.7	0.7
Forecast regulated tax liability (including impact of enduring value adjustments)						14.6	15.1	15.5
Adjusted forecast regulated tax liability with timing differences	8.4	12.7	23.8	16.8	0.0	13.3	14.4	14.8
Financial year average RPI	1.167	1.190	1.202	1.228	1.274	1.313	1.347	1.385
Adjusted/forecast regulated tax liability with timing differences	7.2	10.7	19.8	13.7	0.0	10.1	10.7	10.7
<b>Tax out(under)performance at notional gearing</b>								
Performance against allowance is impacted by deviating from notional levels of gearing								
Notional Gearing	%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Actual Gearing	%	68.1%	70.1%	61.5%	59.2%	63.2%	64.8%	62.3%
Adjusted/forecast regulated tax liability with timing differences	8.4	12.7	23.8	16.8	0.0	13.3	14.4	14.8
Adjustment to regulatory tax cost relating to variance from notional gearing	0.2	0.3	0.4	0.2	(0.2)	0.0	0.2	0.5
Revised regulated tax liability for comparison against allowance	8.6	13.0	24.4	16.9	(0.1)	13.4	14.5	15.4
Revised regulated tax liability for comparison against allowance	7.4	10.9	20.3	13.8	(0.1)	10.2	10.8	11.1

<b>Allowance</b>									
The latest published PCFM does not account for the forecast TIM performance - and ultimate impact on tax allowance.									
Tax Allowance per latest published PCFM	Em 09/10	7.8	6.2	9.6	8.7	5.5	5.8	6.8	7.1
Tax clawbacks	Em 09/10	-	-	-	-	-	-	-	-
Net Tax Allowance	Em 09/10	7.8	6.2	9.6	8.7	5.5	5.8	6.8	7.1
Network operators should provide forecast allowances taking account of the latest totex, allowances, reopeners, enduring value adjustments - and other financial variables									
Forecast tax allowance	Em 09/10	7.8	6.2	9.6	8.7	5.5	3.7	4.2	5.5
Forecast tax clawbacks	Em 09/10	-	-	-	-	-	-	-	-
Net forecast tax allowance	Em 09/10	7.8	6.2	9.6	8.7	5.5	3.7	4.2	5.5
<b>Reconciliation of forecast movement in allowance</b>									
Changes in corporation tax rates	Em 09/10						(2.0)	(2.6)	(1.5)
Tax allowance retained within deadband	Em 09/10						(0.1)	(0.1)	(0.3)
Other adjustments	Em 09/10						(1.9)	(2.5)	(1.2)
Check	Em 09/10	OK	OK	OK	OK	OK	OK	OK	OK

<b>Out(under) performance</b>									
Regulated tax out(under) performance at actual gearing	Em 09/10	0.6	(4.5)	(10.2)	(5.0)	5.4	(6.4)	(6.4)	(5.2)
Regulated tax out(under) performance at notional gearing	Em 09/10	0.4	(4.7)	(10.7)	(5.1)	5.6	(6.5)	(6.6)	(5.5)
Impact on out(under) performance relating to deviating from notional levels of gearing	Em 09/10	0.1	0.3	0.5	0.1	(0.1)	0.0	0.1	0.4
Tax impact of financing performance (at actual gearing)	Em nominal	2.2	1.4	(2.2)	1.5	5.0	2.8	1.4	(1.6)
Tax impact of financing performance (at actual gearing)	Em 09/10	1.8	1.1	(1.8)	1.2	3.9	2.1	1.0	(1.2)
Tax impact of financing performance (at notional gearing)	Em nominal	2.3	1.7	(1.6)	1.6	4.8	2.8	1.6	(1.1)
Tax impact of financing performance (at notional gearing)	Em 09/10	2.0	1.4	(1.4)	1.3	3.8	2.1	1.2	(0.8)





**R12 - Pensions**  
**SHET**  
**2019**

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	Actuals 2014	Actuals 2015	Actuals 2016	Actuals 2017	Actuals 2018	Actuals 2019	Forecast 2020	Forecast 2021
Licensee share of total pension deficit repair payment made for defined benefit scheme	2.1	2.1	1.0	1.0	0.6	-		
Of which:								
Established deficit element funded via specific allowances	2.1	2.1	1.0	1.0	0.6	-		
Incremental deficit funded via totex	-	-	-	-	-	-		
Established deficit element funded via specific allowances	1.8	1.7	0.9	0.8	0.5	-	-	-
Established deficit (EDE) allowance as per PCFM	0.5	0.5	1.5	1.5	1.5	2.7	2.1	-
Less Pension Payment History Allowance (PPH)	0.5	0.5	1.5	1.5	1.5	2.7	2.1	-
Established deficit allowance less PPH	-	-	-	-	-	-	-	-
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	147.6							
Total Liabilities attributable to pre cut-off date notional sub fund	1,850.4							
Total Assets attributable to post cut-off date notional sub fund	95.9							
Total Assets attributable to pre cut-off date notional sub fund	1,773.1							
Deficit in the post Cut-Off Date Notional Sub-Fund	51.7							
Deficit in the pre Cut-Off Date Notional Sub-Fund	77.3							
Licensee element of established deficit	18.8							
Licensee element of incremental deficit	44.0							

