

Allowed revenue (TO)

NGGT TO

Parameter	Licence condition	Units	Term	Constant	Annual values					
PCFM year ending					31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025	31 Mar 2026

Allowed revenue determination

Allowed revenue

Calculated revenue (as published)	£m nominal		$R_t^* \times PI_t^* / PI_{2018/19}$		840.5	893.1				
AIP adjustment term (as published)	£m nominal		ADJ_t^*		-	(15.7)				
Adjusted revenue (as published)	£m nominal		$ADJR_t^*$		840.5	877.4	929.6	869.6	878.6	
Legacy Allowed Revenue	£m nominal		LAR_t		19.8	(27.1)	-	-	-	
K Correction Factor	£m nominal		K_t		120.7	43.5200	-	-	-	
Allowed Revenue	£m nominal		AR_t		779.6	981.0	893.7	929.6	869.6	878.6
Recovered Revenue	£m nominal		RR_t		660.4	938.1	-	-	-	-

AIP adjustment term

Vanilla weighted average cost of capital	annual real %		$WACC_t$		3.037%	2.963%	2.914%	2.894%		
+ inflation (from year t to t+1)	annual %		PI_{t+1}/PI_t		1.036	1.024	1.021	1.020		
Nominal time value of money	annual nominal %		TVM_t		6.71%	5.48%	5.03%	4.95%		
Calculated revenue	£m 18/19 prices		R_t		764.3	798.2	811.0	743.4	736.4	
Real to nominal prices conversion factor	scalar		$PI_t / PI_{2018/19}$		1.080	1.119	1.146	1.170	1.193	
Calculated revenue	£m nominal		$R_t \times PI_t / PI_{2018/19}$		825.7	893.1	929.6	869.6	878.6	
AIP Adjustment Term	£m nominal		ADJ_t		-	(15.7)	-	-	-	
Adjusted revenue (live)	£m nominal		$ADJR_t$		825.7	877.4	929.6	869.6	878.6	

Correction term

Sterling Overnight Index Average (SONIA)	annual nominal %		I_t		0.06%	0.19%	1.15%	1.28%	1.14%	1.00%
K rate margin	annual nominal %				1.15%	1.15%	1.15%	1.15%	1.15%	
Over/undercollection percentage for penal rate adjustment	%			6%						
Penal rate proportion	scalar		PRP_t		-	1.00	1.00	1.00	1.00	
Penal rate adjustment	annual nominal %		PRA_t		-1.15%	0.00%	0.00%	0.00%	0.00%	
K rate of interest	annual nominal %				1.21%	1.34%	2.30%	2.43%	2.29%	
Recovered Revenue (+ forecast)	£m nominal				660.4	938.1	893.7	929.6	869.6	
K Correction Factor	£m nominal		K_t		-	120.7	43.5	-	-	-

End of sheet