

RIIO baseline databook

Nov 2014 iteration

March 2015



Cautionary statement

This presentation contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse seasonal and weather conditions including the impact of major storms as well as the results of climate change or due to unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; changes in public safety concerns, including due to network failure or interruption involving National Grid or other utility providers, and related increases in repair and emergency response activities; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation projects; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this announcement include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; inflation; the delayed timing of recoveries and payments in National Grid's regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments and grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including assumptions in connection with joint ventures. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 167 to 169 of National Grid's most recent Annual Report and Accounts. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

Introduction

Baseline databook

This databook is a summary of data contained in Ofgem's financial model iteration of November 2014 including Ofgem's baseline view of expenditure.

It does not reflect National Grid forecasts or views of levels of future investment or revenues.

Updates from previous databooks

- ◆ Data reflects Ofgem's updated baseline view – 2013 version reflected Ofgem's "Best View"
- ◆ Additional updates from previous 2014 databook reflecting Ofgem's November 2014 iteration including updates for 2013/14 actual spend and Ofgem view of 2013/14 outputs delivered (shown in row 'outputs adjustments')
- ◆ RPI used for nominal data has been updated to reflect actual for 14/15 and a revised forecast of RPI post 14/15
- ◆ Allowed cost of debt 2.92% real for 13/14, 2.74% real for 14/15. 2.55% real assumed for subsequent years

Electricity transmission

Baseline databook

Finance package

Cost of equity	7.0%
Cost of debt	index
Gearing	60%
Transitional measures	1 period/ 8 years
Totex capitalisation rate	TO: 85% SO: 28%
IQI ratio	112
Totex incentive rate (company share)	47%

Totex & RAV allowances

£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	1.4	1.2
TO capex - non-load related	6.2	4.8
Uncertainty mechanism capex	4.1	3.3
Uncertainty mechanism opex	-	-
Controllable opex	2.1	1.6
Totex Incentive Mechanism	(0.3)	(0.3)
TO Totex	14.2	10.7
Non controllable opex	0.9	0.7
SO capex	0.3	0.2
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	1.1	0.9
NGET Controllable Totex	15.3	11.5
RAV at 31 March 2013	10.2	8.9
RAV at 31 March 2021	17.6	12.5

Transmission owner (TO) fast/slow money split & RAV roll forward

NGET TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	1,390	1,529	1,447	1,366	1,142	1,089	938	766	9,667
Baseline Regulatory Controllable Opex allowances	192	196	203	204	206	206	208	208	1,624
Baseline Totex allowance	1,583	1,725	1,650	1,570	1,348	1,295	1,146	974	11,291
Outputs adjustment	82	(68)	(89)	(133)	(75)	(41)	(27)	(3)	(355)
Updated Totex allowance	1,665	1,657	1,561	1,438	1,272	1,254	1,118	971	10,936
Capex spend	999	1,461	1,358	1,233	1,067	1,048	911	763	8,839
Regulatory Controllable Opex spend	165	196	203	204	206	206	208	208	1,597
Totex spend	1,165	1,657	1,561	1,438	1,272	1,254	1,118	971	10,436
Post-sharing totex	1,399	1,657	1,561	1,438	1,272	1,254	1,118	971	10,671
Fast money	210	249	234	216	191	188	168	146	1,601
Slow money	1,189	1,408	1,327	1,222	1,082	1,066	951	825	9,070
NGET TO & shadow RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,791	9,249	10,063	10,755	11,311	11,701	12,057	12,289	
Update for TPCR4 Actuals	(162)	-	-	-	-	-	-	-	
Slow Money	1,189	1,408	1,327	1,222	1,082	1,066	951	825	
Depreciation (Existing Assets)	(569)	(550)	(537)	(523)	(510)	(499)	(480)	(462)	
Depreciation (New Assets)	-	(44)	(98)	(143)	(181)	(211)	(239)	(261)	
Closing Balance	9,249	10,063	10,755	11,311	11,701	12,057	12,289	12,391	

TO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening (excl Shadow RAV)	8,691	9,154	9,975	10,673	11,311	11,701	12,057	12,289
Update for TPCR4 Actuals	(162)	-	-	-	-	-	-	-
Transfers in	-	-	-	82	-	-	-	-
Additions	1,189	1,408	1,327	1,222	1,082	1,066	951	825
Depreciation	(564)	(588)	(629)	(666)	(691)	(710)	(718)	(724)
Closing Balance (Excl Shadow RAV)	9,154	9,975	10,673	11,311	11,701	12,057	12,289	12,391
Closing shadow RAV	95	89	82	-	-	-	-	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Fast money	210	249	234	216	191	188	168	146	1,601
Non controllable costs	94	88	88	88	88	88	88	88	708
Pensions	32	32	36	36	36	36	36	36	280
Equity injection costs	-	-	-	19	-	-	-	-	19
IQI adjustment	15	16	16	15	13	13	11	10	109
Tax allowance	97	78	69	74	66	69	68	68	588
Depreciation & return on RAV	961	1,003	1,066	1,134	1,179	1,214	1,234	1,247	9,038
TIRG revenue	14	13	13	-	-	-	-	-	40
Other Revenue adjustments	46	46	47	47	49	50	52	55	392
Total revenue	1,468	1,524	1,568	1,628	1,621	1,658	1,657	1,649	12,774

Memo: Other Revenue Adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
TPCR4 base capex incentive	19	20	21	22	23	24	25	26
TPCR4 capex incentive adjustment + Rollover and TII capex incentive	19	20	21	22	23	24	25	26
Excluded services costs	7	6	6	3	3	3	3	3
Other Revenue adjustments	46	46	47	47	49	50	52	55

Memo: Calculation of MOD adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total revenue per Nov 2014 model run	1,468	1,524	1,568	1,628	1,621	1,658	1,657	1,649
Less: TIRG Revenue	14	13	13	-	-	-	-	-
Less: Excluded services revenue	123	123	130	126	127	129	130	132
Regulated base revenue: Nov 2014 model run	1,331	1,388	1,426	1,503	1,494	1,529	1,527	1,517

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	1,342	1,444	1,476	1,571	1,555	1,588	1,585	1,572
MOD adjustment	-	(5)	(114)	-	-	-	-	-
Annual Iteration Base Revenue	1,342	1,438	1,361	-	-	-	-	-
Present Value	-	-	-	3,880	-	-	-	-
Regulated base revenue: Nov 2014 model run	1,331	1,388	1,426	-	-	-	-	-
Present Value	-	-	-	3,880	-	-	-	-

System operator (SO) fast/slow money split & RAV roll forward

SORAV

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	74	93	105	113	118	121	120	119
Update for TPCR4 Actuals	3	-	-	-	-	-	-	-
Additions	31	31	30	30	30	28	30	30
Depreciation	(16)	(19)	(22)	(25)	(27)	(29)	(30)	(30)
Closing Balance	93	105	113	118	121	120	119	119

SO

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	39	34	29	27	30	20	25	25	231
Baseline Regulatory Controllable Opex allowances	74	75	80	79	79	80	82	84	632
Baseline Totex allowance	113	109	109	106	109	100	107	109	862
Outputs adjustment	0	2	3	0	0	0	0	0	4
Updated Totex allowance	113	111	112	106	109	100	107	109	867
Capex spend	32	34	29	27	30	20	25	25	224
Regulatory Controllable Opex spend	80	77	80	79	79	80	82	84	639
Totex spend	112	111	109	106	109	100	107	109	863
Post-sharing totex	112	111	109	106	109	100	107	109	864
Fast money	81	80	79	76	79	72	77	79	623
Slow money	31	31	30	30	30	28	30	30	241

SO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	81	80	79	76	79	72	77	79
Non controllable costs	-	-	-	-	-	-	-	-
Pensions	10	10	11	12	11	12	12	12
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	1	1	1	1	1	1	1	1
Tax allowance	1	1	0	0	1	0	1	1
Depreciation & return on RAV	19	23	27	30	32	34	35	36
Other Revenue adjustments	2	2	2	2	2	2	3	3
Total revenue	114	117	120	121	127	122	129	130

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	114	114	114	117	123	118	125	126
MOD adjustment	-	4	6	-	-	-	-	-
Annual Iteration Base Revenue	114	117	120	-	-	-	-	-
Present Value	-	-	-	329	-	-	-	-
Regulated base revenue: Nov 2014 model run	114	117	120	-	-	-	-	-
Present Value	-	-	-	329	-	-	-	-

Totex summary & total RAV (incl. shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO capex - load-related	242	206	183	187	143	124	44	28	1,159
TO capex - non-load-related	506	499	485	489	623	716	784	704	4,806
Uncertainty mechanism capex	724	755	690	557	301	208	82	30	3,347
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Regulatory Controllable opex	192	196	203	204	206	206	208	208	1,624
Totex Incentive Mechanism	(266)	-	-	-	-	-	-	-	(266)
TO Totex	1,399	1,657	1,561	1,438	1,272	1,254	1,118	971	10,671
Non controllable opex	94	88	88	88	88	88	88	88	708
SO capex	39	34	29	27	30	20	25	25	231
Regulatory Controllable opex	74	75	77	79	79	80	82	84	629
Totex Incentive Mechanism	(1)	-	-	-	-	-	-	-	(1)
SO Totex	112	109	106	106	109	100	107	109	859

Total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	8,865	9,342	10,168	10,868	11,429	11,822	12,177	12,409
Update for TPCR4 Actuals	(159)	-	-	-	-	-	-	-
Additions	1,270	1,488	1,406	1,298	1,160	1,138	1,028	904
Depreciation	(585)	(613)	(657)	(691)	(719)	(739)	(749)	(754)
Closing Balance	9,342	10,168	10,868	11,429	11,822	12,177	12,409	12,510

Gas transmission

Baseline databook

Finance package

Cost of equity	6.8%
Cost of debt	index
Gearing	62.5%
Totex capitalisation rate	TO Baseline: 64% TO Incremental: 90% SO: 37%
IQI ratio	123
Totex incentive rate (company share)	44%

Totex & RAV allowances

£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	0.3	0.2
TO capex - non-load related	1.1	0.9
Uncertainty mechanism capex	-	-
Uncertainty mechanism opex	-	-
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
TO Totex	2.2	1.7
Non controllable opex	1.1	0.9
SO capex	0.2	0.2
Uncertainty mechanism capex	0.1	0.0
Uncertainty mechanism opex	0.1	0.1
Controllable opex	0.4	0.3
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	0.7	0.6
NGGT Controllable Totex	2.9	2.3
RAV at 31 March 2013	5.3	4.6
RAV at 31 March 2021	6.9	4.9

Totex & RAV allowances

NGGT TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Totals
Baseline Load-related Capex allowances	25	14	10	60	85	9	0	-	204
Baseline Non-load related Capex allowances	97	110	114	124	138	118	102	91	894
Baseline Regulatory Controllable Opex allowances	64	65	71	79	84	85	81	77	607
Totex allowances	187	190	195	264	307	211	183	169	1,705
Outputs adjustment	-	-	-	-	-	-	-	-	-
Updated Totex allowance	187	190	195	264	307	211	183	169	1,705
Load-related Capex spend	0	14	10	60	85	9	0	-	178
Non-load related Capex spend	115	110	114	124	138	118	102	91	912
Regulatory Controllable Opex spend	61	65	71	79	84	85	81	77	603
Totex spend	176	190	195	264	307	211	183	169	1,694
Post-sharing Totex	181	190	195	264	307	211	183	169	1,699
Fast money	59	67	69	94	109	75	65	60	600
Slow money	122	122	125	170	198	136	118	109	1,099
£m (2009/10 prices)									
Existing revenue drivers investment allowance	14	26	69	108	69	21	1	-	-
£m (2009/10 prices)									
Opening	4,562	4,639	4,638	4,681	4,806	4,915	4,909	4,863	
Update for TPCR4 Actuals	87	-	-	-	-	-	-	-	
Additions	136	148	195	278	267	156	119	109	
Depreciation (Existing Assets)	(146)	(145)	(144)	(144)	(144)	(144)	(143)	(141)	
Depreciation (New Assets)	-	(5)	(7)	(10)	(14)	(18)	(21)	(24)	
Closing Balance	4,639	4,638	4,681	4,806	4,915	4,909	4,863	4,806	

TO allowed revenue calculations

NGGT TO								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening RAV (Excl Shadow RAV)	4,014	4,324	4,305	4,290	4,330	4,846	4,888	4,862
Update for TPCR4 Actuals	87	-	-	-	-	-	-	-
Transfers in	239	2	2	15	476	69	21	1
Additions	122	122	125	170	198	136	118	109
Depreciation	(139)	(142)	(143)	(144)	(158)	(163)	(164)	(165)
Closing Balance	4,324	4,305	4,290	4,330	4,846	4,888	4,862	4,806
Shadow RAV	315	332	391	476	69	21	1	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	59	67	69	94	109	75	65	60
Non controllable costs	110	110	110	110	110	110	110	110
Pensions	41	41	65	65	66	66	67	67
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)
Tax allowance	11	15	17	22	30	23	25	28
Depreciation & return on RAV	322	321	317	320	354	362	363	362
Revenue adjustments	(9)	(9)	(9)	(8)	11	12	12	13
Regulated revenue	533	546	569	602	678	646	641	640
Excluded service revenue	4	3	3	3	3	3	3	3
Total revenue	537	548	572	605	681	649	644	643

MOD adjustment								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	539	543	548	581	659	627	622	620
MOD adjustment	-	8	10	-	-	-	-	-
Annual Iteration Base Revenue	539	551	558	-	-	-	-	-
Present value	-	-	-	1,546	-	-	-	-
Regulated base revenue: Nov 2014 model run	533	546	569	-	-	-	-	-
Present value	-	-	-	1,546	-	-	-	-

SO fast/slow money split & RAV roll forward

SO

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Capex allowances	41	32	25	25	22	18	19	17	199
Regulatory Controllable Opex allowances	44	46	51	52	51	50	49	50	392
Totex allowances	85	79	76	77	73	68	68	66	591
Outputs adjustment	-	-	-	-	-	-	-	-	-
Updated Totex allowance	85	79	76	77	73	68	68	66	591
Capex spend	18	32	25	25	22	18	19	17	176
Regulatory Controllable Opex spend	35	46	51	52	51	50	49	50	383
Totex spend	53	79	76	77	73	68	68	66	559
Post-sharing Totex	67	79	76	77	73	68	68	66	573
Fast money	42	49	47	48	46	42	43	42	359
Slow money	25	29	28	29	27	25	25	25	214

SORAV

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	53	65	80	92	102	107	108	107
Update for TPCR4 Actuals	(3)							
Additions	25	29	28	29	27	25	25	25
Depreciation	(11)	(14)	(16)	(19)	(22)	(25)	(27)	(27)
Closing Balance	65	80	92	102	107	108	107	105

SO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	42	49	47	48	46	42	43	42
Non controllable costs	-	-	-	-	-	-	-	-
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Tax allowance	1	0	-	-	-	-	-	0
Depreciation & return on RAV	13	17	20	23	26	29	31	31
Revenue adjustments	0	0	1	1	1	1	1	1
Regulated revenue	56	66	68	72	73	72	74	73
NGGT SO Revenue Driver Income	94	87	79	59	0	0	-	-
Total revenue	150	153	147	130	73	72	74	73

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	67	67	69	73	74	73	75	74
MOD adjustment	-	(1)	(14)	-	-	-	-	-
Annual Iteration Base Revenue	67	67	55	-	-	-	-	-
Present Value	-	-	-	178	-	-	-	-
Regulated base revenue: Nov 2014 model run	56	66	68	-	-	-	-	-
Present Value	-	-	-	178	-	-	-	-

Totex summary & total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO baseline capex - load-related	25	14	10	60	85	9	0	-	204
TO baseline capex - non-load related	97	110	114	124	138	118	102	91	894
Uncertainty mechanism capex	-	-	-	-	-	-	-	-	-
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Controllable opex	64	65	71	79	84	85	81	77	607
Totex incentive mechanism	(6)	-	-	-	-	-	-	-	(6)
TO Totex	181	190	195	264	307	211	183	169	1,699
Non controllable opex	110	110	110	110	110	110	110	110	882
SO baseline capex	34	27	19	16	14	13	15	13	150
Uncertainty mechanism capex	7	5	7	9	8	5	4	4	49
Uncertainty mechanism opex	6	8	12	15	13	11	10	10	85
Controllable opex	38	39	39	37	38	38	39	39	307
Totex incentive mechanism	(18)	-	-	-	-	-	-	-	(18)
SO Totex	67	79	76	77	73	68	68	66	573
NGGT Controllable Totex	248	268	271	340	381	278	251	235	2,272

Total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,615	4,704	4,718	4,774	4,908	5,022	5,017	4,970
Additions	245	177	223	307	295	182	144	133
Depreciation	(157)	(163)	(167)	(173)	(180)	(187)	(191)	(192)
Closing Balance	4,704	4,718	4,774	4,908	5,022	5,017	4,970	4,911

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Existing revenue drivers income	94	87	79	59	0	0	-	-
Existing revenue drivers investment	14	26	69	108	69	21	1	-

Gas distribution

Baseline databook

Finance package

	West Midlands	London	East of England	North West
Cost of equity	6.7%	6.7%	6.7%	6.7%
Cost of debt	index	index	index	index
Gearing	65%	65%	65%	65%
Transitional measures	1 period repex, stepped 50% to 100%	1 period repex, stepped 50% to 100%	1 period repex, stepped 50% to 100%	1 period repex, stepped 50% to 100%
Totex capitalisation rate	Repex 50-100% Other 25%	Repex 50-100% Other 24%	Repex 50-100% Other 27%	Repex 50-100% Other 26%
IQI ratio*	107	118	111	110
Totex incentive rate*	64%	62%	63%	63%

*Group IQI score of 112 and totex incentive rate of 63% - applied to all networks.

Totex & RAV allowances

£m	West Midlands		London		East of England		North West	
	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)
Capex	213	169	257	204	414	328	290	230
Repex	715	562	1,376	1,079	1,096	862	882	694
Controllable opex	654	514	839	660	1,164	917	842	663
Post TIM sharing totex	1,582	1,245	2,472	1,943	2,674	2,107	2,015	1,587
Non controllable costs	518	408	544	429	1,005	791	758	597
RAV at 31 Mar 13	1,519	1,321	1,889	1,644	2,914	2,535	2,003	1,743
RAV at 31 Mar 21	1,925	1,358	2,743	1,935	3,524	2,486	2,508	1,769

£m	Total (nominal)	Total (09/10 prices)
Capex	1,174	931
Repex	4,070	3,197
Controllable opex	3,498	2,755
Post TIM sharing totex	8,743	6,882
Non controllable costs	2,826	2,225
RAV at 31 Mar 13	8,326	7,243
RAV at 31 Mar 21	10,699	7,549

Fast/slow money split & RAV roll forward

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Net repex allowances	399	397	404	400	410	407	412	416	3,244
Baseline Regulatory capex allowances	147	129	119	112	119	115	103	91	936
Baseline Controllable opex allowances	345	340	343	350	344	343	344	338	2,747
Baseline Totex Allowance	891	866	866	861	874	866	858	845	6,927
Allowance adjustment	(6)	-	-	-	-	-	-	-	(6)
Updated Totex Allowance	884	866	866	861	874	866	858	845	6,921
Net repex spend	280	397	404	400	410	407	412	416	3,126
Regulatory capex spend	134	129	119	112	119	115	103	91	923
Controllable opex spend	365	340	343	350	344	343	344	338	2,767
Totex Spend	779	866	866	861	874	866	858	845	6,816
Post sharing totex	846	866	866	861	874	866	858	845	6,882
Repex	351	397	404	400	410	407	412	416	3,197
Other totex	495	469	462	461	464	459	446	430	3,685
RAV additions									
Capitalised repex	175	227	260	286	322	349	383	416	2,417
Other slow money	126	119	117	117	118	117	114	109	938
Other adjustments and disposals	5	2	(1)	(5)	(4)	(4)	(7)	(6)	(21)
Total RAV additions	307	348	376	398	436	462	489	519	3,334
Fast money									
Controllable totex	846	866	866	861	874	866	858	845	6,882
Less totex RAV additions	(302)	(347)	(377)	(403)	(440)	(466)	(496)	(525)	(3,355)
Total fast money	544	520	489	458	434	400	362	320	3,527

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening RAV	7,243	7,193	7,179	7,218	7,277	7,351	7,422	7,490
Additions	307	348	376	398	436	462	489	519
Depreciation (Existing Assets)	(317)	(310)	(302)	(295)	(287)	(280)	(273)	(265)
Depreciation (Backlog Depreciation)	(39)	(39)	(7)	-	(13)	(33)	(53)	(79)
Depreciation (New Assets)	-	(13)	(28)	(44)	(60)	(78)	(96)	(115)
Closing Balance	7,193	7,179	7,218	7,277	7,351	7,422	7,490	7,549

Allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening RAV	7,243	7,193	7,179	7,218	7,277	7,351	7,422	7,490
Additions	307	348	376	398	436	462	489	519
Depreciation	(356)	(362)	(337)	(339)	(361)	(391)	(422)	(460)
Closing Balance	7,193	7,179	7,218	7,277	7,351	7,422	7,490	7,549
Fast money	544	520	489	458	434	400	362	320
Non controllable costs (exc pension deficit)	269	268	268	267	266	266	265	265
Pension Deficit	13	13	11	11	11	11	11	11
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	5	4	4	4	4	4	4	4
Tax allowance	53	25	112	104	103	101	98	98
Depreciation & return on RAV	656	652	620	623	648	681	714	755
Revenue adjustments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenue	1,539	1,482	1,502	1,467	1,466	1,462	1,454	1,452

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	1,542	1,494	1,522	1,489	1,488	1,484	1,476	1,474
MOD adjustment	-	(11)	(23)	-	-	-	-	-
Annual Iteration Base Revenue	1,542	1,483	1,499	1,489	1,488	1,484	1,476	1,474
Present Value	-	-	-	4,259	-	-	-	-
Regulated base revenue: Nov 2014 model run	1,539	1,482	1,502	-	-	-	-	-
Present Value	-	-	-	4,259	-	-	-	-