

Regulatory Financial Performance Report
SHET

RIIO-2 start date (enter 2022 for 2021-22)	2022
Licensee	SHET
Sector	ET2
Reporting Year: (enter 2022 for 2021-22)	2022
Version (Number)	
Submitted Date:	31/08/2022

	Input cells
	Totals cells (of formula within worksheet)
	Linked cells
	Referencing to other workbooks (Eg. PCFM/RRP)
	Check cells
	No Input
	Descriptions and pack data

Other Revenue Allowance (ORA) - Innovation and Incentives only, for each sector used to account for:

Ident for R4 - Other Revenue Allowance	FALSE	ED
R10-2 network innovation allowance	FALSE	GD
Carry-over Network Innovation Allowance	FALSE	NGGT (TO)
	FALSE	NGGT (SO)
	FALSE	NGGT (TO+SO)
	FALSE	NGGT (TO)
	FALSE	ESD
	FALSE	SPT
	TRUE	SIET

ED

GD
R10-2 network innovation allowance
Carry-over Network Innovation Allowance

NGGT (TO)
Network Innovation Allowance
Carry Over R10-1 Network Innovation Allowance
Strategic Innovation Fund

NGGT (TO)
Network Innovation Allowance
Carry Over R10-1 Network Innovation Allowance
Strategic Innovation Fund
Constraint management incentive revenue
Network balancing incentive
Quality of demand forecasting incentive
Greenhouse gas emissions incentive
Maintenance incentive

NGGT (TO+SO)
Network Innovation Allowance
Carry Over R10-1 Network Innovation Allowance
Strategic Innovation Fund
Constraint management incentive revenue
Network balancing incentive
Quality of demand forecasting incentive
Greenhouse gas emissions incentive
Maintenance incentive

NGGT (TO)
Network Innovation Allowance
Carry Over R10-1 Network Innovation Allowance
Strategic Innovation Fund

ESD
R10-2 network innovation allowance
Carry-over Network Innovation Allowance

SPT
R10-2 network innovation allowance
Carry-over Network Innovation Allowance

SIET
R10-2 network innovation allowance
Carry-over Network Innovation Allowance

User interface for R5a and R5a worksheets for drop down list:

Ident or Item Label
Fixed rate
Floating
inflation linked

Reference rate
Not applicable
LIBOR 3 month
LIBOR 6 month
EURIBOR 3 month
BSE base rate
BPI 12 month
CPI 12 month

Currency
GBP
EUR
USD
HKD
CAD

Unit
Series
Index

Indexed
Yes - fully indexed
Yes - partially indexed
No

Special features
Catchup
Outlets

Counterparty
LIB
BBB

Swap type
Fixed rate
Floating

Version control
SHET
2022

Version:

Submission	Date submitted	Changes
Submission 1	31st August 2022	
Submission 2		
Submission 3		
Submission 4		
Submission 5		
Submission 6		
Submission 7		
Submission 8		
Submission 9		
Submission 10		

- [R1 - RoRE](#)
- [R2 - Rec to Revenue and Profit](#)
- [R3 - Totex - Reconciliation](#)
- [R4 - Incentives and Other Rev](#)
- [R5 - Financing](#)
- [R5a - Financing input](#)
- [R6 - Net Debt](#)
- [R6a - Net Debt input](#)
- [R7 - RAV](#)
- [R8 - Tax](#)
- [R8a - Tax Reconciliation](#)
- [R9 - Corporate Governance](#)
- [R10 - Pensions & other Activities](#)

R1 - Return on Regulatory Equity (RoRE)

SHET
2022

Navigate

Actuals	Forecast	Forecast	Forecast	Forecast	Cumulative to 2022	R110-2 period
2022	2023	2024	2025	2026		
2021/22	2022/23	2023/24	2024/25	2025/26		

RoRE based on Notional Gearing

	%	4.2%	4.3%	4.2%	4.3%	4.27%	4.24%	4.25%
Allowed Equity Return	%	4.2%	4.3%	4.2%	4.3%	4.27%	4.24%	4.25%
Totex outperformance	%	2.8%	4.0%	-1.0%	-1.4%	-0.9%	2.8%	0.4%
Business Plan Incentive	%	0.3%	0.3%	0.2%	0.2%	0.2%	0.3%	0.2%
Energy not supplied ODI	%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Insulation And Interruption Gas emissions ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Timely Connections ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Quality of connections satisfaction survey ODI	%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
SO-TO Optimisation ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental scorecard ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Carry-over Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Strategic innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines (Other Activities)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RoRE - Operational performance	%	7.5%	8.7%	3.6%	3.1%	3.7%	7.5%	4.9%
Debt performance - at notional gearing	%	4.8%	2.5%	2.6%	1.4%	2.1%	4.8%	2.5%
Tax performance - at notional gearing	%	-0.8%	-0.4%	-0.5%	-0.3%	-0.4%	-0.8%	-0.5%
RoRE - including financing and tax	%	11.5%	10.7%	5.7%	4.3%	5.3%	11.5%	7.0%

RoRE based on Actual Gearing

	%	4.2%	4.3%	4.2%	4.3%	4.3%	4.2%	4.2%
Allowed Equity Return	%	4.2%	4.3%	4.2%	4.3%	4.3%	4.2%	4.2%
Totex outperformance	%	2.8%	4.0%	-1.0%	-1.4%	-0.9%	2.8%	0.4%
Business Plan Incentive	%	0.3%	0.3%	0.2%	0.2%	0.2%	0.3%	0.2%
Energy not supplied ODI	%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Insulation And Interruption Gas emissions ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Timely Connections ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Quality of connections satisfaction survey ODI	%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
SO-TO Optimisation ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Environmental scorecard ODI	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Carry-over Network innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Strategic innovation input for RORE	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Penalties and fines (Other Activities)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RoRE - Operational performance	%	7.4%	8.7%	3.6%	3.1%	3.7%	7.4%	4.9%
Debt performance - at actual gearing	%	4.7%	2.4%	2.6%	1.4%	2.1%	4.7%	2.5%
Tax performance - at actual gearing	%	-0.8%	-0.4%	-0.5%	-0.3%	-0.4%	-0.8%	-0.5%
RoRE - including financing and tax	%	11.4%	10.7%	5.7%	4.3%	5.3%	11.4%	6.9%

RoRE input values

Input values provided in £m 18/19 prices

	£m 18/19	60.5	71.8	83.7	95.7	108.7	60.5	420.4
Equity Return on the RAV	£m 18/19	60.5	71.8	83.7	95.7	108.7	60.5	420.4
Totex outperformance	£m 18/19	39.8	67.7	(18.9)	(31.8)	(22.1)	39.8	34.6
Business Plan Incentive	£m 18/19	4.4	4.4	4.4	4.4	4.4	4.4	21.8
Energy not supplied ODI	£m 18/19	0.8	0.8	0.8	0.8	0.8	0.8	3.9
Insulation And Interruption Gas emissions ODI	£m 18/19	0.3	0.5	0.5	0.5	0.5	0.3	2.5
Timely Connections ODI	£m 18/19	-	-	-	-	-	-	-
Quality of connections satisfaction survey ODI	£m 18/19	0.4	1.0	1.2	1.2	1.4	0.4	5.1
SO-TO Optimisation ODI	£m 18/19	0.3	-	-	-	-	0.3	0.3
Environmental scorecard ODI	£m 18/19	-	-	-	-	-	-	-
Network innovation input for RORE	£m 18/19	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.0)	(0.8)
Carry-over Network innovation input for RORE	£m 18/19	(0.0)	-	-	-	-	(0.0)	(0.0)
Strategic innovation input for RORE	£m 18/19	-	(0.0)	-	-	-	-	-
Penalties and fines (Other Activities)	£m 18/19	-	-	-	-	-	-	-
RoRE - Operational performance	£m 18/19	106.4	145.9	71.4	70.5	93.5	106.4	487.7
Debt performance - at notional gearing	£m 18/19	67.9	41.3	50.8	31.8	52.3	67.9	244.0
Debt performance - impact of actual gearing	£m 18/19	(0.2)	(0.0)	(0.0)	0.0	0.0	(0.2)	(0.2)
Tax performance - at notional gearing	£m 18/19	(10.8)	(6.6)	(10.2)	(6.4)	(10.5)	(10.8)	(44.6)
Tax performance - impact of actual gearing	£m 18/19	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
RoRE - including financing and tax	£m 18/19	163.3	180.5	112.0	95.9	135.2	163.3	686.9
NPV-neutral equity RAV based on notional gearing	£m 18/19	1,425.9	1,684.2	1,974.4	2,249.4	2,545.8		
Equity RAV based on actual gearing	£m 18/19	1,436.4	1,686.1	1,975.5	2,251.4	2,548.1		

Actuals	Forecast	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

Reconciliation: Regulated Network Revenue to Accounts

Allowed Revenue - per latest published PCFM

Calculated revenue (as published)	Rt* x Pit* / PI2018/19	Em nominal	573.0					
AIP adjustment term (as published)	ADJt*	Em nominal	-					
Adjusted revenue (as published)	ADJRT*	Em nominal	573.0					
Legacy Allowed Revenue	LARt	Em nominal	10.4					
K Correction Factor	Kt	Em nominal	(5.1)					
Allowed Network Revenue	ART	Em nominal	578.3					
(Under) / Over recovery		Em nominal	15.3					

Collected Regulated Network Revenue

RRt

Em nominal	593.6							
------------	-------	--	--	--	--	--	--	--

Other Turnover Items

Strategic Innovation Fund (SIF) payments received from TO		Em nominal						
Legacy Metering Equipment charges		Em nominal						
Directly Remunerated Services revenue		Em nominal	(5.7)					
Network Asset Secondary Deliverables incentive/penalty		Em nominal						
Charging outside the Distribution Services Area (Out of Area Charges)		Em nominal						
De Minimis Business of the licensee		Em nominal	0.3					
Other consented activities		Em nominal						
Data Services revenue		Em nominal						
NIC Release		Em nominal	1.8					
Total Other Turnover Items		Em nominal	(3.7)					

Other adjustments - please list

[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
[Input description]		Em nominal						
Total other adjustments		Em nominal	-					

Reconciled total revenue		Em nominal	589.9					
Turnover as per Profit and Loss (Stat Accounts)		Em nominal	590.0					
Check			OK					

Reconciliation: Regulated Network Profit to Statutory Accounts

Actuals								
---------	--	--	--	--	--	--	--	--

Turnover/Revenue as per Statutory Accounts		Em nominal	590.0					
Collected Regulated Network Revenue		Em nominal	593.6					
Operating Costs, Pensions and Other Costs as per Statutory Accounts		Em nominal	209.0					
Reconciliation								
Total Costs not related to the price control Regulated business		Em nominal	- 100.5					
Atypical costs adjustment (reported on cash basis)		Em nominal						
Total Operating Costs as reported in the latest RRP submission (related to regulated business)		Em nominal	108.6					
Difference		Em nominal	ok					
Earnings/ Operating Profit (EBITDA) per Statutory Accounts		Em nominal	480.4					
Operating Profit related to Regulated business		Em nominal	485.0					
Depreciation and Amortisation costs as per Statutory Accounts		Em nominal	99.4					
Reconciliation								
Costs not related to the price control Regulated business		Em nominal	103.2					
Depreciation, amortisation related to capex adjustments		Em nominal	(3.8)					
Amortisation of Deferred Income		Em nominal	99.4					
Total Adjustments		Em nominal						
Total Depreciation and Amortisation Costs related to the Regulated business		Em nominal	-					
Earnings before Interest and Taxes (EBIT) per Statutory Accounts		Em nominal	381.0					
Operating Profit before Interest and Taxes related to Regulated business		Em nominal	485.0					
Net Interest as per Statutory Accounts		Em nominal	51.1					
Net Interest Per Regulatory (RIIO-2) Definition		Em nominal	57.5					
Difference		Em nominal	- 6.4					
Tax as per Statutory Accounts		Em nominal	141.5					
Less Deferred Taxes		Em nominal	(112.9)					
Tax as per Statutory Accounts (net of deferred taxes)		Em nominal	28.6					
Tax related to Regulated business		Em nominal	16.1					
Difference		Em nominal	44.8					
Net Profit as per Statutory Accounts		Em nominal	188.4					
Net Profit related to Regulated business		Em nominal	411.4					
Difference		Em nominal	- 223.0					

Supporting Comments/Narrative

Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	
2022	2023	2024	2025	2026	Cumulative to 2022	RIIO-2 period
2021/22	2022/23	2023/24	2024/25	2025/26		

Output Incentives (Post Tax)

a	Business Plan Incentive (per latest PCFM company-specific Input Sheet)	£m 18/19	4.4	4.4	4.4	4.4	4.4
Output Incentives (per latest PCFM company-specific Input Sheet)							
b	Energy not supplied ODI	£m 18/19	0.8	0.8	0.8	0.8	0.8
c	Insulation And Interruption Gas emissions ODI	£m 18/19	0.3	0.5	0.5	0.5	0.5
d	Timely Connections ODI	£m 18/19	0.0	0.0	0.0	0.0	0.0
e	Quality of connections satisfaction survey ODI	£m 18/19	0.4	1.0	1.2	1.2	1.4
f	SO-TO Optimisation ODI	£m 18/19	0.3	0.0	0.0	0.0	0.0
g	Environmental scorecard ODI	£m 18/19	0.0	0.0	0.0	0.0	0.0
	Earned Output Incentive revenue as per PCFM	£m 18/19	1.8	2.3	2.5	2.5	2.7

Additional Commentary

a
b
c
d
e
f
g

Other revenue allowances (ORA_t) - Post Tax

Innovation

i	Network Innovation Allowance							
	Total NIA Expenditure	£m 18/19	0.1	2.0	2.0	2.2	1.5	Does not apply to NGGT SO
	Unrecoverable Expenditure (eg not conforming to technical requirements)	£m 18/19						
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	0.0	0.2	0.2	0.2	0.2	
	Allowed NIA adjustment	£m 18/19	0.1	1.8	1.8	2.0	1.4	
	Network innovation input for RORE	£m 18/19	0.0	0.2	0.2	0.2	0.2	
ii	Carry Over RIIO-1 Network Innovation Allowance							
	Eligible NIA expenditure and Bid Preparation costs	£m 18/19	0.3					Does not apply to NGGT SO
	Unrecoverable Expenditure (eg not conforming to technical requirements)	£m 18/19						
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	0.0					
	Allowed CNIA adjustment	£m 18/19	0.3					
	Carry-over Network innovation input for RORE	£m 18/19	0.0					
iii	Strategic Innovation Fund							
	SIF Funding	£m 18/19	0.2	0.2				Does not apply to NGGT SO
	SIF Funding Return (Disallowed Expenditure only)	£m 18/19						
	Company Compulsory Contribution (including % contribution funded by licensee)	£m 18/19	-	0.0				
	Allowed SIF adjustment	£m 18/19	0.2	0.1	-	-	-	
	Strategic innovation input for RORE	£m 18/19	-	0.0	-	-	-	

Incentives

(Actuals may be updated once all incentives are determined)

(ONLY APPLIES TO NGGT - SO)

NOTE: Section below excludes ORA (i), (ii) and (iii) which have already been included as part of "Innovation" section above.

Incentives per latest PCFM company-specific Input Sheet

iv		£m 18/19					
v		£m 18/19					
vi		£m 18/19					
vii		£m 18/19					
viii		£m 18/19	-	-	-	-	-

Additional Commentary

i
ii
iii
iv
v
vi
vii
viii

	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	RIIO-2 period
	2022	2023	2024	2025	2026	Cumulative to 2022	
	2021/22	2022/23	2023/24	2024/25	2025/26		
Net Interest Per Statutory Accounts							
Em nominal	51.1	40.9	37.4	36.9	27.4		
Reconciliation with Statutory Accounts							
Interest not qualifying for corporation tax relief	-	-	-	-	-	-	-
Fair value adjustments (e.g. losses on derivatives)	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-
Commitment fees for undrawn liquidity backup lines	-	-	-	-	-	-	-
1. Add back capitalised interest	13.5	13.5	13.5	13.5	13.5		
2. Less interest attributable to TIRG debt	(7.0)	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Other Adjustments [please specify]	-	-	-	-	-		
Net Interest Per Regulatory (RIIO-2) Definition	57.5	54.3	50.8	50.4	40.9		
Forecast new financing/refinancing Net Interest costs	-	16.9	13.9	34.8	38.6		
Net Interest including forecast new financing/refinancing costs	57.5	71.3	64.8	85.2	79.5		
External Net Interest	25.4	46.7	40.2	60.6	64.4		
Intra-company Net Interest	32.1	24.5	24.5	24.5	15.0		
	OK	OK	OK	OK	OK		
Memo: Net Interest (RIIO-2) Definition that relates to non-cash principal inflation accretion on bonds and loans	-	-	-	-	-		
Less inflation in interest charge	84.9	73.5	68.5	67.0	75.3		
Assumed Regulatory finance cost at actual gearing	(27.4)	(2.2)	(3.7)	18.2	4.2		
Combined RPI-CPIH real to nominal prices conversion	1.085	1.119	1.146	1.170	1.193		
Assumed regulatory finance cost at actual gearing	(25.3)	(2.0)	(3.2)	15.6	3.5	(25.3)	(11.4)
Adjustments to be applied to Assumed Finance cost for performance assessment							
Add back Debt Issuance expenses	-	-	-	-	-	-	-
New/refinanced debt issuance expenses	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-
Total Adjustments to be applied for performance assessment (at actual gearing)	-	-	-	-	-	-	-
Cost of Debt out(under)performance at notional gearing							
Performance against allowance is impacted by deviating from notional levels of gearing							
Notional Gearing	55.0%	55.0%	55.0%	55.0%	55.0%		
Actual Gearing	54.7%	55.0%	55.0%	55.0%	55.0%		based on actual debt tab based on
Assumed regulatory finance cost at actual gearing	(27.4)	(2.2)	(3.7)	18.2	4.2		
Adjustment to regulatory finance cost relating to variance from notional gearing	(0.2)	(0.0)	(0.0)	0.0	0.0		
Assumed regulatory finance cost at notional gearing	(27.6)	(2.2)	(3.7)	18.2	4.2		
Assumed regulatory finance cost at notional gearing	(25.4)	(2.0)	(3.2)	15.6	3.5	(25.4)	(11.6)
Adjustments to be applied for performance assessment (at notional gearing)	-	-	-	-	-	-	-
Cost of Debt Allowance							
The latest PCFM contains the allowed cost of debt rate (%) for the reporting year.							
Cost of Debt Allowance as per latest published PCFM (prior year AIP)	31.6	32.7	37.4	41.0	45.3		
Out(under) performance							
Pre-Tax performance							
Pre-Tax Cost of Debt out(under)performance at actual gearing	56.9	34.7	40.6	25.5	41.8	56.9	199.5
Pre-Tax Cost of Debt out(under)performance at notional gearing	57.0	34.7	40.6	25.5	41.8	57.0	199.6
Pre-Tax Impact on out(under) performance relating to deviating from notional levels of gearing	(0.2)	(0.0)	(0.0)	0.0	0.0	(0.2)	(0.1)

	Actuals 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
	2021/22	2022/23	2023/24	2024/25	2025/26
Opening Cash, short term deposits and overdrafts (per Balance Sheet)	Em nominal	-	-	-	-
Closing Cash, short term deposits and overdrafts (per Balance Sheet)	Em nominal	-	-	-	-
External borrowings, bonds, external loans and finance leases (+ve)	Em nominal	1,452.2	1,301.9	1,251.7	1,251.7
Loans from other group companies (+ve)	Em nominal	780.0	780.0	780.0	480.0
Loans to other group companies (-ve)	Em nominal	-	-	-	-
Other amounts due to/(from) group companies per Balance Sheet	Em nominal	(234.2)	(234.2)	(234.2)	(234.2)
Guarantees given on behalf of other group companies (per Notes to the Accounts) (+ve)	Em nominal	-	-	-	-
Currency SWAPS	Em nominal	-	-	-	-
Interest rate SWAPS	Em nominal	-	-	-	-
Inflation-linked SWAPS	Em nominal	-	-	-	-
Interest Rate Forward Contracts	Em nominal	-	-	-	-
Foreign exchange forward rate contracts	Em nominal	-	-	-	-
Other swaps, forward rate contracts & OTC options	Em nominal	-	-	-	-
Other derivatives including exchange traded futures and options	Em nominal	-	-	-	-
Total Debt per Statutory Accounts	Em nominal	1,998.0	1,847.7	1,797.5	1,497.5
Conversion to Regulatory (RIIO-2) Definition of Net Debt					
Unamortised Issue Costs	Em nominal	-	-	-	-
Fixed asset investments not readily convertible to cash	Em nominal	-	-	-	-
Preference shares	Em nominal	-	-	-	-
Long term loans (Not for benefit of regulated business or distribution in nature)	Em nominal	-	-	-	-
1. Less debt attributable to TIRG	Em nominal	(236.1)	-	-	-
2. [Insert adjustment as necessary]	Em nominal	-	-	-	-
3. [Insert adjustment as necessary]	Em nominal	-	-	-	-
4. [Insert adjustment as necessary]	Em nominal	-	-	-	-
5. [Insert adjustment as necessary]	Em nominal	-	-	-	-
6. [Insert adjustment as necessary]	Em nominal	-	-	-	-
7. [Insert adjustment as necessary]	Em nominal	-	-	-	-
8. [Insert adjustment as necessary]	Em nominal	-	-	-	-
9. [Insert adjustment as necessary]	Em nominal	-	-	-	-
10. [Insert adjustment as necessary]	Em nominal	-	-	-	-
11. [Insert adjustment as necessary]	Em nominal	-	-	-	-
12. [Insert adjustment as necessary]	Em nominal	-	-	-	-
Total Net Debt per Regulatory (RIIO-2) definition	Em nominal	1,761.9	1,847.7	1,797.5	1,497.5
Forecast new debt/refinancing	Em nominal	1,761.9	2,912.7	2,697.5	3,827.5
Regulatory Net Debt including forecast new debt/refinancing	Em nominal	1,761.9	2,912.7	2,697.5	3,697.4
		OK	OK	OK	OK
Opening Regulatory Net Debt including forecast new debt/refinancing	Em nominal	2,032.9	1,761.9	2,912.7	2,697.5
Closing Regulatory Net Debt including forecast new debt/refinancing	Em nominal	1,761.9	2,912.7	2,697.5	3,827.5
Allocation of net debt (Per regulatory definition. Transmission companies only)					
Gas system operator allocation (transmission companies only)	%	0%	0%	0%	0%
Transmission or distribution allocation	%	100%	100%	100%	100%
Average Net Debt (per Regulatory Definition)	Em nominal	1,897.4	2,337.3	2,805.1	3,262.5
Equity RAV	Em nominal	1,573.3	1,916.1	2,297.4	2,673.6
Average RAV	Em nominal	3,470.7	4,253.3	5,102.5	5,936.1
Actual Regulatory Gearing	%	54.7%	55.0%	55.0%	55.0%
Notional Gearing	%	55.0%	55.0%	55.0%	55.0%
Gearing Ratio delta	%	-0.3%	0.0%	0.0%	0.0%
NPV Neutral assumed Average Net Debt	Em 18/19	1,732.2	2,056.7	2,412.1	2,747.3
NPV Neutral assumed Equity RAV	Em 18/19	1,436.4	1,686.1	1,975.5	2,251.4
NPV Neutral assumed Average RAV	Em 18/19	3,168.6	3,742.8	4,387.6	4,998.7
Actual Regulatory Gearing	%	54.7%	55.0%	55.0%	55.0%
Notional Gearing	%	55.0%	55.0%	55.0%	55.0%
Gearing Ratio delta	%	-0.3%	0.0%	0.0%	0.0%

R7 - Regulatory Asset Value (RAV)

SHET
2022

Navigate

Actuals	Forecast	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

RAV per latest PCFM

Closing RAV per latest PCFM

£m 18/19	3,403.7	4,205.7	4,698.1	5,437.4	6,017.3
----------	---------	---------	---------	---------	---------

Opening RAV (before transfers)

£m 18/19	3,035.2	3,398.1	4,201.6	4,699.7	5,442.6
----------	---------	---------	---------	---------	---------

Transfers

£m 18/19	-	456.3	-	-	-
----------	---	-------	---	---	---

Opening RAV (after transfers)

£m 18/19	3,035.2	3,854.4	4,201.6	4,699.7	5,442.6
----------	----------------	----------------	----------------	----------------	----------------

Net additions (after disposals)

£m 18/19	528.2	555.0	715.9	980.1	838.7
----------	-------	-------	-------	-------	-------

Net additions (after disposals) - enduring value adjustment

£m 18/19	(5.6)	1.4	5.6	3.6	9.4
----------	-------	-----	-----	-----	-----

Total Net Additions

£m 18/19	522.5	556.4	721.5	983.7	848.1
----------	--------------	--------------	--------------	--------------	--------------

Depreciation

£m 18/19	(159.7)	(209.3)	(223.5)	(240.7)	(258.8)
----------	---------	---------	---------	---------	---------

Depreciation - enduring value adjustment

£m 18/19	-	0.2	0.1	(0.0)	(0.1)
----------	---	-----	-----	-------	-------

Total Depreciation

£m 18/19	(159.7)	(209.2)	(223.4)	(240.8)	(258.9)
----------	----------------	----------------	----------------	----------------	----------------

Adjusted Closing RAV

£m 18/19	3,398.1	4,201.6	4,699.7	5,442.6	6,031.8
----------	----------------	----------------	----------------	----------------	----------------

Total enduring value and other adjustments

	(5.6)	1.5	5.7	3.6	9.3
--	--------------	------------	------------	------------	------------

CHECK

	TRUE	NA	NA	NA	NA
--	------	----	----	----	----

Index for Opening RAV conversion to nominal in yr 1

Index	1.053
-------	-------

Adjusted Closing RAV

£m nominal	3,744.3	4,762.4	5,442.5	6,429.7	7,262.2
------------	----------------	----------------	----------------	----------------	----------------

Cost of debt

annual real %	1.81%	1.59%	1.55%	1.49%	1.46%
---------------	-------	-------	-------	-------	-------

Cost of equity

annual real %	4.24%	4.26%	4.24%	4.25%	4.27%
---------------	-------	-------	-------	-------	-------

Notional gearing

%	55.0%	55.0%	55.0%	55.0%	55.0%
---	-------	-------	-------	-------	-------

Vanilla WACC

annual real %	2.91%	2.79%	2.76%	2.74%	2.72%
---------------	-------	-------	-------	-------	-------

NPV-neutral debt element of RAV

£m 18/19	1,742.8	2,058.5	2,413.2	2,749.3	3,111.5
----------	---------	---------	---------	---------	---------

NPV-neutral equity element of RAV

£m 18/19	1,425.9	1,684.2	1,974.4	2,249.4	2,545.8
----------	---------	---------	---------	---------	---------

NPV-neutral RAV return base

£m 18/19	3,168.6	3,742.8	4,387.6	4,998.7	5,657.3
----------	---------	---------	---------	---------	---------

Debt Return on RAV

£m 18/19	31.6	32.7	37.4	41.0	45.3
----------	------	------	------	------	------

Equity Return on RAV

£m 18/19	60.5	71.8	83.7	95.7	108.7
----------	------	------	------	------	-------

Total return on RAV

£m 18/19	92.1	104.5	121.1	136.7	154.0
----------	------	-------	-------	-------	-------

	0	0	0	0	0
	Forecast	Forecast	Forecast	Forecast	Forecast
	2022	2023	2024	2025	2026
	2021/22	2022/23	2023/24	2024/25	2025/26

The 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.

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

£m nominal  must match with worksheet R8a

Adjustments to remove non-regulated tax liability

- Tax on non-regulated activities
- Metering
- De-minimus and Other activities
- Excluded services

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

Non-regulated tax

Other adjustments

- Tax on Other Revenue Allowances - Innovation and Incentives only
- Collected revenue adjustment ('k')
- Pension - timing adjustment
- Pension - disallowed contributions
- Tax on derivatives not disregarded
- [Insert adjustment as necessary]
- [Insert adjustment as necessary]
- [Insert adjustment as necessary]
- [Insert adjustment as necessary]
- [Insert new rows here as necessary]

£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal					
£m nominal	0.1	0.4	0.4	0.5	0.3

Total other adjustments

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

£m nominal	16.2	19.0	60.3	73.9	54.3
------------	------	------	------	------	------

Adjusted regulated tax liability

£m nominal	16.1	18.6	59.9	73.4	54.0
------------	------	------	------	------	------

Combined RPI-CPIH real to nominal prices conversion

Factor	1.085	1.119	1.146	1.170	1.193
--------	-------	-------	-------	-------	-------

Adjusted/forecast regulated tax liability

£m 18/19	14.9	16.6	52.2	62.8	45.3
----------	------	------	------	------	------

Tax out(under)performance at notional gearing

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

- Notional Gearing
- Actual Gearing

%	55.0%	55.0%	55.0%	55.0%	55.0%
%	54.7%	55.0%	55.0%	55.0%	55.0%

Adjusted/forecast regulated tax liability

£m nominal	16.1	18.6	59.9	73.4	54.0
------------	------	------	------	------	------

Adjustment to regulatory tax cost relating to variance from notional gearing

£m nominal	(0.0)	(0.0)	(0.0)	0.0	0.0
------------	-------	-------	-------	-----	-----

Revised regulated tax liability for comparison against allowance

£m nominal	16.1	18.6	59.9	73.4	54.0
------------	------	------	------	------	------

Revised regulated tax liability for comparison against allowance

£m 18/19	14.8	16.6	52.2	62.8	45.3
----------	------	------	------	------	------

Allowance

Tax Allowance per latest PCFM

£m 18/19	14.9	16.5	52.2	62.7	45.2
----------	------	------	------	------	------

Out(under) performance

Regulated tax out(under) performance at actual gearing

£m 18/19	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
----------	-------	-------	-------	-------	-------

Regulated tax out(under) performance at notional gearing

£m 18/19	0.0	(0.0)	(0.1)	(0.1)	(0.1)
----------	-----	-------	-------	-------	-------

Impact on out(under) performance relating to deviating from notional level:

£m 18/19	(0.0)	(0.0)	(0.0)	0.0	0.0
----------	-------	-------	-------	-----	-----

Tax impact of financing performance (at actual gearing)

£m nominal	11.7	7.4	11.6	7.4	12.5
------------	------	-----	------	-----	------

Tax impact of financing performance (at actual gearing)

£m 18/19	10.8	6.6	10.2	6.4	10.5
----------	------	-----	------	-----	------

Tax impact of financing performance (at notional gearing)

£m nominal	11.8	7.4	11.6	7.4	12.5
------------	------	-----	------	-----	------

Tax impact of financing performance (at notional gearing)

£m 18/19	10.8	6.6	10.2	6.4	10.5
----------	------	-----	------	-----	------

Tax impact of financing performance relating to deviating from notional levels of gea

£m 18/19	(0.0)	(0.0)	(0.0)	0.0	0.0
----------	-------	-------	-------	-----	-----

changed to calculation

changed to calculation

Actuals	Forecast	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

Dividends Reconciliation - Regulated Business to Accounts

Dividend paid as per Statutory Accounts	£m nominal	-				
Less dividend paid not related to Regulated business						
[Insert adjustment as necessary]	£m nominal					
[Insert adjustment as necessary]	£m nominal					
[Insert new rows here as necessary]	£m nominal					
Dividend paid relating to the Regulated Business	£m nominal	-				
Shareholder loan interest (not included as Net Int)	£m nominal	-				

Executive Directors* Remuneration

		2022 - Actuals				
		Director 1	Director 2	Director 3	Director 4	Director 5
Name of Director		SSEPD Board Executive Director				
Fixed Pay						
Salary	£m nominal	1.3				
Bonus	£m nominal	0.1				
[Insert new rows here as necessary]	£m nominal	-				
Benefits	£m nominal	0.2				
[Insert new rows here as necessary]	£m nominal	-				
Pension	£m nominal	0.1				
[Insert new rows here as necessary]	£m nominal	-				
Total Fixed Pay	£m nominal	1.8	-	-	-	-
Allocation to Regulated Business	£m nominal					
Variable Pay						
Incentives	£m nominal	1.0				
[Insert new rows here as necessary]	£m nominal	-				
Performance related Pay	£m nominal	0.5				
[Insert new rows here as necessary]	£m nominal	-				
Total Variable Pay	£m nominal	1.5	-	-	-	-
Allocation to Regulated Business	£m nominal					
Total Pay	£m nominal	3.3	-	-	-	-
Total Pay related to Regulated Business	£m nominal	-	-	-	-	-
Shares** / Options						
Share ownership/ awards	No. of Shares	N/A				
[Insert new rows here as necessary]		N/A				
% Discount on shares purchased	%	N/A				
% of shares held compared to total authorised shares	%	N/A				
Value of total shares	£m nominal					
No. of Options held	No.					
Exercise price	£					
No. of options exercised	No.					
Value of Options exercised	£m nominal	-	-	-	-	-
Dividends paid	£m nominal					
Total Shares, Options and Dividends		-	-	-	-	-
Allocation to Regulated Business	£m nominal					
Total Remuneration	£m nominal	3.3	-	-	-	-
Total Remuneration related to Regulated Business	£m nominal	-	-	-	-	-
Pay Ratios - CEO's total remuneration to company's UK employees remuneration						
25th percentile						
50th percentile						
75th percentile						

*meaning executive board directors
** in addition to shares under Variable Pay

Supporting Comments

The above disclosure represents total remuneration for the six Executive Directors on the SSEPD plc Board which governs Scottish Hydro Electric Transmission plc and sister Distribution companies Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc. The above disclosure therefore comprises the remuneration for both Transmission and Distribution Executive Directors and therefore cannot be allocated to Scottish Hydro Electric Transmission plc in isolation.

Actuals	Forecast	Forecast	Forecast	Forecast
2022	2023	2024	2025	2026
2021/22	2022/23	2023/24	2024/25	2025/26

Pensions

Licensee share of total pension deficit repair payment made for defined benefit scheme	£m nominal	-	-	-	-	-
Of which:						
Established deficit element funded via specific allowances	£m nominal	-	-	-	-	-
Incremental deficit funded via totex	£m nominal	-	-	-	-	-
Established deficit element funded via specific allowances	£m 18/19	-	-	-	-	-
Established deficit (EDE) allowance as per latest PCFM	£m 18/19	(0.9)	(1.8)	-	-	-
Less Pension Payment History Allowance (PPH)	£m 18/19					
Established deficit allowance less PPH	£m 18/19	(0.9)	(1.8)	-	-	-
Latest pension scheme valuation	Enter valuation date	31/03/2019				
Price base		2018/19				
Total Liabilities attributable to post cut-off date notional sub fund	£m 2018/19	180.4				
Total Liabilities attributable to pre cut-off date notional sub fund	£m 2018/19	1,721.5				
Total Assets attributable to post cut-off date notional sub fund	£m 2018/19	122.6				
Total Assets attributable to pre cut-off date notional sub fund	£m 2018/19	1,998.8				
Deficit in the post Cut-Off Date Notional Sub-Fund	£m 2018/19	57.8				
Deficit in the pre Cut-Off Date Notional Sub-Fund	£m 2018/19	(277.3)				
Licensee element of established deficit	£m 2018/19	18.6				
Licensee element of incremental deficit	£m 2018/19	(158.1)				

Other Activities

	Actuals	Forecast	Forecast	Forecast	Forecast	
	2022	2023	2024	2025	2026	
Post-tax total fines and penalties (including GS payments)	£m 18/19	-	-	-	-	-
Ofgem related fines and penalties						
[Insert detail of fine or penalty]	£m nominal					
[Insert detail of fine or penalty]	£m nominal					
[Insert new rows here as necessary]	£m nominal					
Total Ofgem related fines and penalties	£m nominal	-	-	-	-	
Any adjustment for tax	£m nominal					
Post-tax total fines and penalties	£m nominal	-	-	-	-	
Guaranteed Standard (GS) payments						
Total GS payments	£m nominal					
Any adjustment for tax	£m nominal					
Post-tax total GS payments	£m nominal	-	-	-	-	