To the Company Secretary:

Northern Powergrid (Northeast) Limited Company Number: 02906593



DIRECTIONS ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY TO NORTHERN POWERGRID (NORTHEAST) LIMITED UNDER THE SPECIAL CONDITIONS OF ITS ELECTRICITY DISTRIBUTION LICENCE IN RESPECT OF THE ANNUAL ITERATION PROCESS FOR THE ED1 PRICE CONTROL FINANCIAL MODEL (PCFM)

WHEREAS

- 1. Northern Powergrid (Northeast) Limited ('the licensee') is the holder of an electricity distribution licence ('the licence') granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 ('the Act').
- 2. For the purposes of these directions:
- (a) the expression 'Regulatory Year t' has the same meaning as is given to it in CRC 1B (Interpretation of Part 4) of the licence and
- references to Regulatory Year t-1 are to be construed accordingly; and
- (b) Regulatory Year t is the Regulatory Year that commences on 1 April 2022 and ends on 31 March 2023 ('Regulatory Year 2022/23').
- 3. CRC 4B (Annual Iteration Process for the ED1 Price Control Financial Model) requires the Gas and Electricity Markets Authority ('the Authority') to:
- (a) carry out the Annual Iteration Process for the ED1 Price Control Financial Model; and
- (b) direct the value of the term MOD for Regulatory Year t for the purposes of the formula specified in Part C of CRC 2A (Restriction of Allowed Distribution Network Revenue);
 - by 30 November in Regulatory Year t-1.
- 4. The following Special Conditions provide for the Authority to direct revised PCFM Variable Values for the licensee for the purpose of the Annual Iteration Process for the ED1 Price Control Financial Model that forms part of CRC 4A (Governance of ED1 Price Control Financial Instruments) of the licence:
- CRC 3A (Legacy price control adjustments) in respect of LTPG, LTPS, LTPD, LTPC, OLREV, OLRAV and RIREV values;
- CRC 3B (Determination of PCFM Variable Values relating to actual Totex expenditure for Totex Incentive Mechanism Adjustments) in
- respect of ALC, ANLR, ANLO, AFE, ARP, ACO and TRE values;
 CRC 3C (Specified financial adjustments) in respect of EDE, TTE, TGIE and CDE values;
- CRC 3D (The Innovation Roll-out mechanism) in respect of IRM values;
- CRC 3E (Smart Meter Roll-out Costs) in respect of SMAE values;
- CRC 3F (Arrangements for the recovery of uncertain costs) in respect of UCHVP, UCEPS, UCSSW, UCRE and UCLB values;
- CRC 3G (Revising the allowed level of Load Related Expenditure) in respect of LRRC values;
- CRC 3H (Allowed expenditure on improving services to Worst Served Customers) in respect of WSCC values;
- CRC 3J (Allowed expenditure on Visual Amenity Projects) in respect of VAA values; and
- CRC 3N (Arrangements to exclude Green Recovery Scheme Project Costs from the Totex Incentive Mechanism) in respect of GRS values.
- 5. Each of the Special Conditions referred to in paragraph 4:
- (a) sets out the basis on which any revisions to relevant PCFM Variable Values are to be determined; and
- (b) where applicable, specifies the price control financial methodology in accordance with which revisions to the relevant PCFM Variable Value(s) are to be determined and the chapter of the ED1 Price Control Financial Handbook containing that methodology.
- 6. The reason for this direction is to revise the PCFM Variable Values as used in the Annual Iteration Process for the ED1 Price Control Financial Model (as each of those terms is defined in CRC 1B). The Annual Iteration Process is used to calculate the value of the term MOD for the purposes of the formula specified in CRC 2A (Restriction of Allowed Distribution Network Revenue).
- 7. In accordance with requirements set out in the Special Conditions referred to in paragraph 4, on 5 November 2021 the Authority gave notice of the revised PCFM Variable Values that it proposed to direct by 30 November 2021 in Regulatory Year t-1 and specified that any representations concerning the proposed values should be made within fourteen days of receiving the notice.

8. The Authority received no representations.

NOW the Authority pursuant to the provisions of the Special Conditions referred to in paragraphs 3 and 4, HEREBY DIRECTS that:

(a) the PCFM Variable Values referred to in paragraph 4 are to be revised as shown in Schedule 1 to these directions; and (b) the term MOD for the licensee for Regulatory Year 2022/23 is to take the value -£15.9m.

Schedule 2 to these directions shows the complete PCFM Variable Values Table including the values revised under these directions (in bold font) and the values that have not been revised under these directions.

This constitutes notice of the reasons for the Authority's decision pursuant to section 49A of the Act.

Steve McMahon

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Deputy Director, Networks Duly authorised on behalf of the Gas and Electricity Markets Authority 30 November 2021 SCHEDULE 1 TO THE AUTHORITY'S DIRECTIONS - REVISIONS TO VARIABLE VALUES (shown to 1 d.p., except CDE shown to 2 d.p.)

	NPgN			DRCDE	1			Regulatory					
	PCFM Variable Value	Special	Price Base /	31 March 2014	Legacy 31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019	0-ED1 31 March 2020	31 March 2021	31 March 2022	31 March 2023
CDE	Allowed percentage cost of corporate debt	Condition CRC 3C	Units Annual Real	2014	2015	No	No	No	No	No	No	No	1.44%
ALC	Actual load-related capex expenditure	CRC 3B	% £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision 9.4	Revision No	No
	Actual non-load related capex expenditure - asset		Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No		Revision No	Revision No
ANLR	replacement	CRC 3B	Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	66.0	Revision No	Revision No
ANLO	Actual non-load related capex - other	CRC 3B	Prices			Revision	Revision	Revision	Revision	Revision	9.1	Revision	Revision
AFE	Actual faults expenditure	CRC 3B	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	27.4	No Revision	No Revision
TRE	Actual tree cutting	CRC 3B	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	3.4	No Revision	No Revision
ARP	Actual 100% 'revenue pool' expenditure	CRC 3B	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	7.2	No Revision	No Revision
ACO	Actual controllable opex expenditure	CRC 3B	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	55.0	No Revision	No Revision
UCEPS	Allowed Expenditure - Enhanced Physical Site Security	CRC 3F	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCHVP	Allowed Expenditure - High Value Projects	CRC 3F	£m 12/13			No	No	No	No	No	No	No	No
VAA	Allowed Expenditure - Visual Amenity Projects	CRC 3J	Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision 1.2	Revision No	Revision No
WSCC	Allowed Expenditure - Worst Served Customer	CRC 3H	Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	No	Revision No	Revision No
	Projects		Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision	Revision No	Revision No
SMAE	Allowed Expenditure - Smart Meter Roll-out costs	CRC 3E	Prices £m 12/13			Revision	Revision	Revision	Revision	Revision No	0.8 No	Revision	Revision No
UCSSW	Allowed Expenditure - Specified Street Works	CRC 3F	Prices			No Revision	Revision	Revision	Revision	Revision	Revision	Revision	Revision
LRRC	Allowed Expenditure - Load Related	CRC 3G	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
RE	Allowed Expenditure - Rail Electrification (WPD)	CRC 3K	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCMC	Allowed Expenditure - Moorside Costs	CRC 3L	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCSFE	Allowed Expenditure - Shetland Uncertain Energy (SSEH)	CRC 3F	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCCPC	Allowed Expenditure - Shetland Competitive Process	CRC 3F	£m 12/13			No	No	No	No	No	No	No	No
UCLB	(SSEH) Allowed Expenditure - Link Boxes	CRC 3F	Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No
			Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No
UCSC	Allowed Expenditure - Subsea Cables (SSEH) Allowed Expenditure - Uncertain Rail Electrification	CRC 3F	Prices £m 12/13			Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision No
UCRE	Costs Allowed Expenditure - Innovation Roll-out	CRC 3F	Prices £m 12/13			Revision	Revision	Revision	Revision	Revision	Revision	Revision	Revision
IRM	Mechanism	CRC 3D	Prices			Revision	Revision	Revision	Revision	Revision	Revision	Revision	Revision
UCSEFEC	Allowed Expenditure - Shetland Extension Fixed Energy Costs (SSEH)	CRC 3F	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCSESPC	Allowed Expenditure - Shetland Enduring Solution Process Costs (SSEH)	CRC 3F	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
UCSEBC	Allowed Expenditure - Shetland Extension Battery Costs (SSEH)	CRC 3F	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
GRS	Allowed Expenditure - Green Recovery Scheme	CRC 3N	£m 12/13 Prices			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
EDE	Pension Scheme Established Deficit revenue	CRC 3C	£m 12/13			No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
OLREV	adjustment Other legacy adjustments' price control allowed	CRC 3A	Prices £m 12/13			No	Revision	REVISION	Revision	Revision	REVISION	REVISION	Revision
OLRAV	revenue adjustment Other legacy adjustments' price control RAV	CRC 3A	Prices £m 12/13	No	No	Revision]						
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0.051/	additions adjustment RAV Rolling Incentive legacy adjustments' price		Prices £m 12/13	Revision	Revision	No	1						
RIREV	RAV Rolling Incentive legacy adjustments' price control allowed revenue adjustment	CRC 3A	£m 12/13 Prices	Revision	Revision	Revision	No	No	No	No	No	No	No
RIREV TGIE	RAV Rolling Incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs		£m 12/13 Prices £m Nominal	Revision	Revision	Revision No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision	No Revision
	RAV Rolling Incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing	CRC 3A	fm 12/13 Prices fm Nominal fm 12/13 Prices		<u> </u>	Revision No							
TGIE	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax	CRC 3A CRC 3C	£m 12/13 Prices £m Nominal £m 12/13	Revision No Revision	Revision No Revision	Revision No Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision	Revision
TGIE TTE	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events	CRC 3A CRC 3C CRC 3C	fm 12/13 Prices fm Nominal fm 12/13 Prices fm	No	No	Revision No Revision No	Revision No	Revision No	Revision No	Revision No	Revision No	Revision	Revision
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TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C CRC 3C CR	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Prices Base Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 0.1 0.1 0.0 -1.7	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD LTPC PTU PPF TCB Tax DG5	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCRS	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C CRC 3C CR	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 2/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 -1.7 -5.1	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax DGS BDC	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C CRC 3C CR	Ém 12/13 Prices Ém Nominal Ém 12/13 Prices Ém Nominal Ém Nominal Ém Nominal Ém Nominal Ém Nominal Ém Em 12/13 Prices Em 12/13 Prices Ém 12/13 Prices Ém 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 -1.7 -5.1 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax DGS BDC TMA	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy general tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C CRC 3C CR	£m 12/13 Prices £m Nominal Prices £m 12/13 Prices £m 12/1	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 0 0 0.1 0.0 -1.7 -5.1 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD LTPC PTU PPF TCB Tax DGS BDC TMA UWS	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculat Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CR	£m 12/13 Prices £m Nominal £m 12/13 Prices £m Nominal £m 12/13 Prices £m Nominal £m Nominal £m Nominal £m Nominal £m Nominal £m Nominal £m Prices Base Ém 12/13 Prices Ém	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD LTPC PTU PPF TCB Tax DG5 BDC TMA UWS LRR	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A Financial Handbook e OLREV Chapter 15 Chapter 15 Chapter 15 Chapter 15 Chapter 15 Chapter 15 Chapter 15 Chapter 15 Chapter 15	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD TCB TCB TCB Tax DGS BDC TMA UWS LRR HVC HVP	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C Chapter 15 Chapter 15	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 2/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 0.1 0.1 0.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD TCB TCB TCB Tax DG5 BDC TMA UWS LRR HVC HVP EPS	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCRS Bad Debts Traffic Management Act Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CR	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em 12/13 Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Base Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 -1.7 -5.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD TCB TCB TCB Tax DGS BDC TMA UWS LRR HVC HVP	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C Chapter 15 Chapter 15	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 0.1 0.1 0.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD TCB TCB TCB Tax DG5 BDC TMA UWS LRR HVC HVP EPS	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RIIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCRS Bad Debts Traffic Management Act Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CR	Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Em 12/13 Price Base Em 12/13 Price Base Em 12/13 Price Base Em 12/13 Price Sen 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 -1.7 -5.1 0.0 -1.7 -5.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPD LTPD TCB TCB Tax DG5 BDC TMA UWS LRR HVC HVP EPS RLM	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCRS Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SSEH Only)	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3C CRC 3C CR	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Price Base Em 12/13 Prices Em Em 12/13 Prices Em	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax DGS BDC TAA DGS BDC TMA UWS LRR HVC HVP EPS RLM SHET FLD	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy general tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment Siteributed Generation for DPCRS Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SEH Only) Incremental Legacy Adjustments used to calculate	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CR	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Em 12/13 Prices	No Revision No Revision 31 March 2014	No Revision No Revision No Revision 31 March 2015	Revision No Revision No Revision 31 March 2016 0.1 0.0 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax DGS BDC Tax DGS BDC TMA UWS LRR HVC HVP EPS RLM SHET	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SSEH Only) Incremental Legacy Adjustments used to calculate RAV Additions	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A	Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Em 12/13 Prices	No Revision No Revision No Revision 31 March	No Revision No Revision No Revision 31 March	Revision No Revision No Revision 31 March 2016 0.1 0.0 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD LTPC PTU PPF TCB Tax DGS BDC TAA DGS BDC TMA UWS LRR HVC HVP EPS RLM SHET FLD	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy general tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment Siteributed Generation for DPCRS Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SEH Only) Incremental Legacy Adjustments used to calculate	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A	Em 12/13 Prices Em 12/13 Prices Em Nominal Em 12/13 Prices Em Nominal Em Nominal Em Nominal Em Nominal Em 12/13 Prices Base Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices Em 12/13 Prices	No Revision No Revision 31 March 2014	No Revision No Revision No Revision 31 March 2015	Revision No Revision No Revision 31 March 2016 0.1 0.0 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE TTE TTE TTE TTE TTE TTE TTP TTP TT	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue allowance adjustments - gearing / debt interest costs Tax liability revenue allowance adjustments - tax trigger events Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCR5 Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SSEH Only) Incremental Legacy Adjustments used to calculate RAV Additions Incremental Legacy Adjustments used to calculate RAV Additions Incremental Legacy Adjustments used to calculate RAV Additions	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CR	£m 12/13 Prices £m Nominal £m 12/13 Prices £m Nominal £m 12/13 Prices £m 12/13	No Revision No Revision 31 March 2014	No Revision No Revision No Revision 31 March 2015	Revision No Revision No Revision 0.1 0.1 0.1 0.0 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9
TGIE TTE LTPG LTPS LTPD TCB TCB TCB TCB TCB TCB TCB TCB TCB TCB	RAV Rolling incentive legacy adjustments' price control allowed revenue adjustment Tax liability revenue adjustment = gearing / debt interest costs Tax liability revenue allowance adjustments - gearing / debt interest costs Legacy general tax pool adjustment Legacy special tax pool adjustment Deferred Revenue Expenditure pre-RiIO movement adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment DRE: Gross capex adjustment NPgN Incremental Legacy Adjustments used to calculate Pension True-Up PPF Levy Tax Clawback Tax True-Up Distributed Generation for DPCRS Bad Debts Traffic Management Act Undergrounding & Worst Served Customers Improvements Load Related Reopener High Volume Low Cost Connections High Value Projects Enhanced Physical Site Security Rising & Lateral Mains Shetland Flood Prevention (SEH Only) Incremental Legacy Adjustments used to calculate RAV Additions Incremental Legacy Adjustments used to calculate RAV Additions	CRC 3A CRC 3C CRC 3C CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A CRC 3A Financial Handbook e OLEV Chapter 15 Chapter 15 C	£m 12/13 Prices £m Nominal £m 12/13 Prices £m Nominal £m Nominal £m Nominal £m Nominal £m Nominal £m Nominal £m Prices £m 12/13 Prices £m 12/13 Prices <td>No Revision No Revision 31 March 2014</td> <td>No Revision No Revision No Revision 31 March 2015</td> <td>Revision No Revision No Revision 31.March 2016 0.1 0.1 0.1 0.1 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0<</td> <td>Revision No Revision</td> <td>Revision No Revision</td> <td>Revision No Revision 31 March</td> <td>Revision No Revision</td> <td>Revision No Revision 31 March</td> <td>Revision -0.6 31 March</td> <td>Revision -0.9</td>	No Revision No Revision 31 March 2014	No Revision No Revision No Revision 31 March 2015	Revision No Revision No Revision 31.March 2016 0.1 0.1 0.1 0.1 0.1 0.0 0.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0<	Revision No Revision	Revision No Revision	Revision No Revision 31 March	Revision No Revision	Revision No Revision 31 March	Revision -0.6 31 March	Revision -0.9

SCHEDULE 2 TO THE AUTHORITY'S DIRECTION - VARIABLE VALUE TABLE

								Regulatory	Year Ending				
Variable Name	Special Condition	Price Base / Units	Term	31 March	31 March								
	Special condition	Frice Base / Units	Term	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Allowed percentage cost of corporate debt	CRC 3C	Annual Real %	CDE			2.55%	2.42%				1.78%		5 1.44%
Actual load-related capex expenditure	CRC 3B	£m 12/13 prices	ALC			15.4	11.2	8.7	8.1	8.5	9.4	-	- 1
Actual non-load related capex expenditure - asset replacement	CRC 3B	£m 12/13 prices	ANLR			63.2	64.3	50.3	55.9	67.6	66.0	-	-
Actual non-load related capex - other	CRC 3B	£m 12/13 prices	ANLO			10.1	9.9	10.2	7.2	10.2	9.1	-	-
Actual faults expenditure	CRC 3B	£m 12/13 prices	AFE			24.7	23.4	25.2	26.7	25.4	27.4	-	-
Actual tree cutting	CRC 3B	£m 12/13 prices	TRE			4.3	3.8	3.1	3.0	3.2	3.4	-	-
Actual 100% 'revenue pool' expenditure	CRC 3B	£m 12/13 prices	ARP			7.3	6.9	8.5	7.4	6.6	7.2	-	-
Actual controllable opex expenditure	CRC 3B	£m 12/13 prices	ACO			52.7	54.7	51.2	53.2	59.8	55.0	-	-
Allowed Expenditure - Enhanced Physical Site Security	CRC 3F	£m 12/13 prices	UCEPS			-	-	-	0.1	0.8	-	-	-
Allowed Expenditure - High Value Projects	CRC 3F	£m 12/13 prices	UCHVP			-	-	-	-	-	-	-	
Allowed Expenditure - Visual Amenity Projects (TIM neutral)	CRC 3J	£m 12/13 prices	VAA			0.8	2.1	1.6	0.8	1.5	1.2	-	
Allowed Expenditure - Worst Served Customer Project (TIM neutral)	CRC 3H	£m 12/13 prices	WSCC			-	-	-	-	-	-	-	-
Allowed Expenditure - Smart Meter Roll-out costs	CRC 3E	£m 12/13 prices	SMAE			0.4	1.5	2.6	1.8	1.3	0.8	-	
Allowed Expenditure - Specified Street Works	CRC 3F	£m 12/13 prices	UCSSW			-	-	-	-	-	-	-	
Allowed Expenditure - Load Related	CRC 3G	£m 12/13 prices	LRRC			18.9	16.4	13.7	13.0	16.0	13.3	8.1	7.9
Allowed Expenditure - Rail Electrification (WPD)	CRC 3K	£m 12/13 prices	RE			-	-	-	-	-	-	-	
Allowed Expenditure - Moorside Costs (ENWL)	CRC 3L	£m 12/13 prices	UCMC			-	-	-	-	-		-	
Allowed Expenditure - Shetland Uncertain Energy (SSEH)	CRC 3F	£m 12/13 prices	UCSFE			-	-	-	-	-	-	-	
Allowed Expenditure - Shetland Competitive Process (SSEH)	CRC 3F	£m 12/13 prices	UCCPC			-	-	-	-	-	-	-	
Allowed Expenditure - Link Boxes	CRC 3F	£m 12/13 prices	UCLB			-	-	-	-	-	-	-	
Allowed Expenditure - Subsea Cables (SSEH)	CRC 3F	£m 12/13 prices	UCSC			-	-	-	-	-	-	-	
Allowed Expenditure - Uncertain Rail Electrification Costs	CRC 3F	£m 12/13 prices	UCRE			-	-	-	-	-	-	-	-
Allowed Expenditure - Innovation Roll-out Mechanism	CRC 3D	£m 12/13 prices	IRM			-	-	-	-	-	-	-	
Allowed Expenditure - Shetland Extension Fixed Energy Costs (SSEH)	CRC 3F	£m 12/13 prices	UCSEFEC			-	-	-	-	-	-	-	-
Allowed Expenditure - Shetland Enduring Solution Process Costs (SSEH)	CRC 3F	£m 12/13 prices	UCSESPC			-	-	-	-	-	-	-	-
Allowed Expenditure - Shetland Extension Battery Costs (SSEH)	CRC 3F	£m 12/13 prices	UCSEBC			-	-	-	-	-	-	-	
Allowed Expenditure - Green Recovery Scheme	CRC 3N	£m 12/13 prices	GRS			-	-	-	-	-		-	
Pension Scheme Established Deficit revenue adjustment	CRC 3C	£m 12/13 prices	EDE			14.4	14.4	14.4	11.1	11.1	11.1	10.7	4.4
Other legacy adjustments' price control allowed revenue adjustment	CRC 3A	£m 12/13 prices	OLREV			(6.5)							
Other legacy adjustments' price control RAV additions adjustment	CRC 3A	£m 12/13 prices	OLRAV	(0.4)	26.5		-						
AV Rolling Incentive legacy adjustments' price control allowed revenue adjustment	CRC 3A	£m 12/13 prices	RIREV			(9.7)							
ax liability revenue allowance adjustments - gearing / debt interest costs	CRC 3C	£m Nominal	TGIE			-	-	-	-	-	-	-	-
ax liability revenue allowance adjustments - tax trigger events	CRC 3C	£m 12/13 prices	TTE			-	-	(0.1)	(0.1)	-	-	(0.6)) (0.9)
egacy general tax pool adjustment	CRC 3A	£m Nominal	LTPG	1.5	10.3								
egacy special tax pool adjustment	CRC 3A	£m Nominal	LTPS	(8.9)	0.5								
Deferred Revenue Expenditure pre-RIIO movement adjustment	CRC 3A	£m Nominal	LTPD	18.0	11.6								
	CRC 3A	EIIINOIIIIIIai	LIFD	10.0									