

Western Power Distribution
RIIO Accounts for the Year Ended 31 March 2018

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Executive Summary

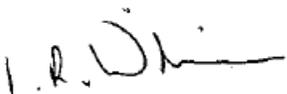
We present the RIIO accounts for Western Power Distribution (WPD), for the year ended 31 March 2018. This report contains information for the four Distribution Network Operators (DNOs) owned by WPD, and their combined total.

We are publishing our RIIO accounts for the second time on a voluntary basis. OFGEM's plans for RIIO accounts are evolving into the Regulatory Financial Performance Reporting requirements, the output of which WPD also intends to publish in due course.

WPD's RIIO accounts for 2017/18 have been prepared under the same approach as WPD's 2016/17 RIIO accounts¹, which were broadly in accordance with the original RIIO accounts format OFGEM proposed, although WPD's presentation is more concise.

We welcome any comments and feedback from stakeholders on our second publication.

I confirm that this report and financial statements provide a fair representation of the regulatory position and returns of the WPD DNOs. The data in this report has been reviewed under WPD's Data Assurance process; the same framework is followed for WPD's regulatory submissions to OFGEM.



Ian Williams, WPD Finance Director

Date 18th Oct 2018

¹ WPD's 2016/17 RIIO accounts are published on WPD's website:
<https://www.westernpower.co.uk/customers-and-community/riio-accounts>

WPD Headlines for 2017/18

Cost to average customer per month	£8.17	See page 4
Network Availability	99.995%	See page 14
Total Expenditure (Totex)	£942m	See page 10
Network Asset Performance	134%	See page 14
Return on Regulatory Equity (RoRE)	6.3%	See page 12

Who we are

Western Power Distribution (WPD) is four of the fourteen Distribution Network Operators (DNOs) in the UK, and delivers electricity to over 7.9 million homes and businesses.

WPD's network is the largest in the UK, operating from the Lincolnshire coast, across the Midlands, South Wales and the South West to the Isles of Scilly.

WPD is regulated by OFGEM, which sets our revenues through a process known as a price control. The current price control is known as RIIO-ED1 and covers the period 2015-2023.



What we do

			
We keep the lights on by operating our network assets effectively	We maintain equipment so that the network is in a condition to remain reliable	We fix the network if equipment gets damaged or is faulty	We connect customers by upgrading existing networks or building new ones

Expenditure

WPD's Total Expenditure (Totex) in 2017/18 was **£941.8m**; WPD's Equity return for the same period was **£174.8m**.

Bill impact

WPD's costs account for around **17% of an average customer's yearly domestic electricity bill¹**, charged by suppliers.

This is approximately **£8.17 per month**.

Output highlights

Performance highlights for WPD for 2017/18 Regulatory Year include:

- Having the **highest customer satisfaction in the industry** for the seventh consecutive year, with our highest ever score.
- Being **number one for stakeholder engagement** for the seventh consecutive year.
- **Providing better than target network performance** for power cut duration in all licence areas.
- **Outperforming** Time to quote and Time to connect connections targets.
- **Reducing accident rates**, achieving an accident rate well below the average of the previous price control (DPCR5).
- Beginning the process of **transitioning** from a Distribution Network Operator (DNO) to **Distribution System Operator (DSO)**.
- **Supporting 15,229 fuel poor customers** to save over £5.4 million a year.

¹ Based on an average electricity bill of £577:
<https://www.ofgem.gov.uk/publications-and-updates/infographic-bills-prices-and-profits>

Purpose of this report

WPD is mindful of the external focus on our business and considers openness and transparency a key requirement.

We are publishing RIO accounts for the second time on a voluntary basis. WPD is aiming to provide information which will enable readers to assess its stewardship of the DNOs' resources and the appropriateness of returns.

Concept of RIO accounts

Network operators have a regulatory agreement with OFGEM. The intention of these RIO accounts is that they reflect regulatory performance based on the outcome of this agreement, and recognise regulatory assets and liabilities on this basis. Differences from statutory reporting therefore include:

- Recognition of revenue or expenditure earlier or later than under Generally Accepted Accounting Principles.
- Recognition of defined benefit pension schemes on OFGEM's basis.
- Recognition of a single Regulatory Asset Value (RAV) rather than separate assets and liabilities of the regulated business.
- Enduring Value adjustments, which ensure any under or outperformance reported is for the whole price control, rather than a short term timing difference.

Benefits of RIO accounts

This set of accounts is intended to provide accurate and meaningful information to our stakeholders on WPD's financial position and financial performance under the regulatory framework.

We hope this report provides clear and transparent reporting on WPD's financial and operational performance, including WPD's performance against incentives under the RIO price control arrangements.

WPD has endeavoured to prepare these 2017/18 RIO Accounts in accordance with RIO Accounts principles set out by Ofgem in 2017. WPD's presentation is more concise and judgements have been made where OFGEM guidance was limited.

OFGEM's plans for RIO accounts have evolved into the Regulatory Financial Performance Reporting requirements, the output of which WPD also intends to publish in due course.

The values in this document are in **nominal prices** and in **£millions**, unless otherwise stated.

There may be minor differences in summary tables and charts between totals and the sum of components due to rounding.

The following abbreviations are used in this document:

WMID - Western Power Distribution (West Midlands) plc

EMID - Western Power Distribution (East Midlands) plc

SWALES - Western Power Distribution (South Wales) plc

SWEST - Western Power Distribution (South West) plc

Stakeholder feedback

WPD is keen to gain feedback from stakeholders on the format and content of RIO accounts.

Please provide all feedback to: riioaccounts@westernpower.co.uk

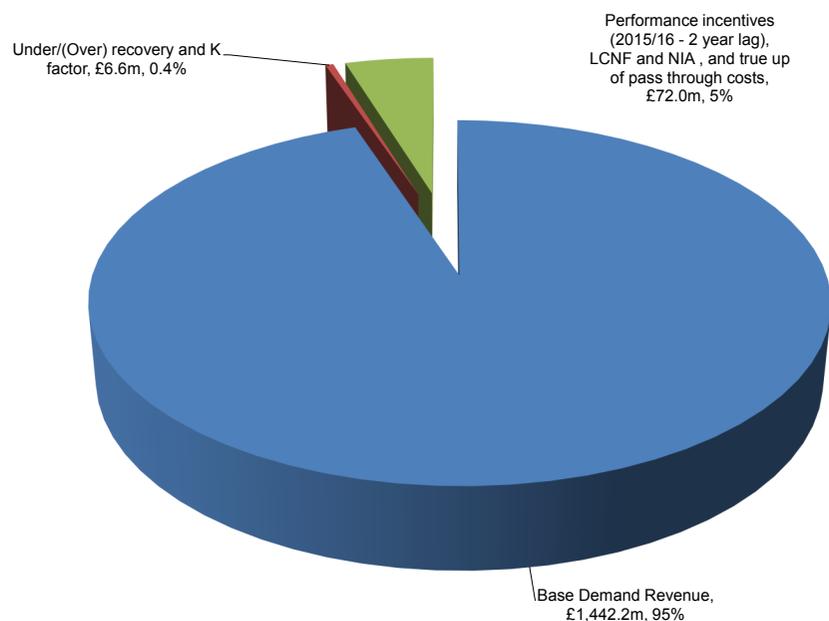
How our Regulated Revenue breaks down

WPD's Regulated Distribution Network Revenue (Regulated Revenue) comprises 3 elements.

The largest element of the Regulated Revenue WPD receives is to cover the efficient costs of carrying out its regulated activities. This is **Base Demand Revenue** which was £1,442.2m in 2017/18, 95% of our Regulated Revenue.

Tariffs are set 15 months in advance, based on forecast volumes, and provided to energy suppliers for inclusion in customer bills. Any actual amounts under or over recovered are adjusted through future years' revenues. This is called the **Under/(Over) recovery and K factor** which was £6.6m in 2017/18, 0.4% of our Regulated Revenue.

WPD Regulated Revenue, £1,520.8m



The third element relates to **Performance incentives**, i.e. penalties or rewards received under the various regulatory incentive schemes, plus the element of the **Low Carbon Network Fund** and the **Network Innovation Allowance** flowing through Regulated Revenue, and true ups of **Allowed Pass Through** costs. This comprised £72.0m; 5% of Regulated Revenue in 2017/18.

The main incentives are:

- **Broad Measure of Customer Service (BMCS)**
- **Connections incentives; and**
- **Interruptions Incentive Scheme (IIS)** .

As 2017/18 is the third year of the RIIO ED1 price control, certain items which are adjusted on a two-year lag basis are impacting revenues for the first time. These items include the true up for allowed pass through costs and the RPI true up adjustments.

WPD Regulated Revenue for the regulatory year to 31 March 2018 was **£1,520.8m**

Pages 7–8 provide a more detailed breakdown of this revenue.

How our Base Demand Revenue breaks down

Base Demand Revenue is the largest element of WPD's Regulated Revenue and is calculated in OFGEM's published Price Control Financial Model (PCFM).

Under the RIIO framework, WPD receives a Totex allowance, 20% of which is received in the year incurred; this is the **Fast pot expenditure allowance**. The remaining 80% is added to the Regulatory Asset Value (RAV) and funded over time through the **RAV depreciation allowance**.

Non controllable opex allowances relate to costs recovered from OFGEM on a 'pass through' basis; these include licence fees, business rates and National Grid charges.

Allowance for return is calculated using the cost of capital and comprises an allowance for the cost of debt and cost of equity.

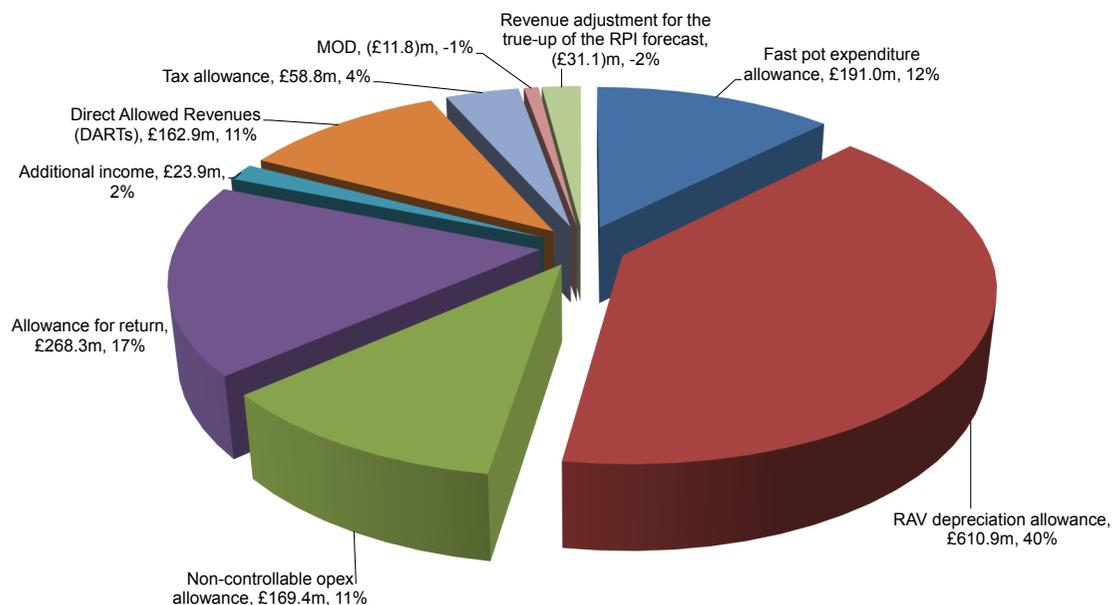
Additional income is WPD's Fast Track reward. This equates to 2.5% of Totex over the price control, and accounts for 2% of WPD's Base Demand Revenue.

Direct Allowed Revenues (DARTs) includes allowances for pension deficit repair payments, revenue profiling adjustments and prior price control revenue to be recovered over RIIO ED1.

The **Tax Allowance** allows network operators to recover the current tax charge, calculated by OFGEM's methodology.

MOD is an annual adjustment to Base Demand Revenue, to reflect updates to costs shared with customers and adjustments for uncertainty mechanisms.

WPD Base Demand Revenue, £1,442.2m



WPD's 2017/18 Base Demand Revenue was £1,442.2m.

Base Demand Revenue
 + Under/over recovery + K factor
 + Performance Incentive, LCNF, NIA and Pass Through true up revenue
 = **Regulated Revenue**

Performance Incentives, LCNF, NIA and Pass Through true up

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How our Performance Incentive, LCNF, NIA and Pass Through true up revenue breaks down

WPD 2017/18 Performance Incentive, LCNF, NIA and Pass Through true up revenue totalled **£72.0m**

Base Demand Revenue
+ Under/over recovery + K factor
+ Performance Incentive,
LCNF, NIA and Pass Through
true up revenue
= Regulated Revenue

This element of WPD's Regulated Revenue relates to **Performance Incentive, LCNF, NIA and Pass Through true up revenue.**

Performance incentives include the Broad Measure of Customer Service (BMCS), Interruptions Incentive Scheme (IIS) and Connections incentives which are received on a 2 year lag basis.

The **DPCR4 residual distribution losses incentive** for residual losses on network assets relates to a prior price control (DPCR4).

Low Carbon Network Fund (LCNF) revenue adjustments relate to a DPCR5 mechanism to encourage preparation for the UK's move to a low carbon economy. In addition to these LCNF amounts recovered through Allowed Revenue, further amounts are directly paid to/received from other DNOs to fund LCNF projects.

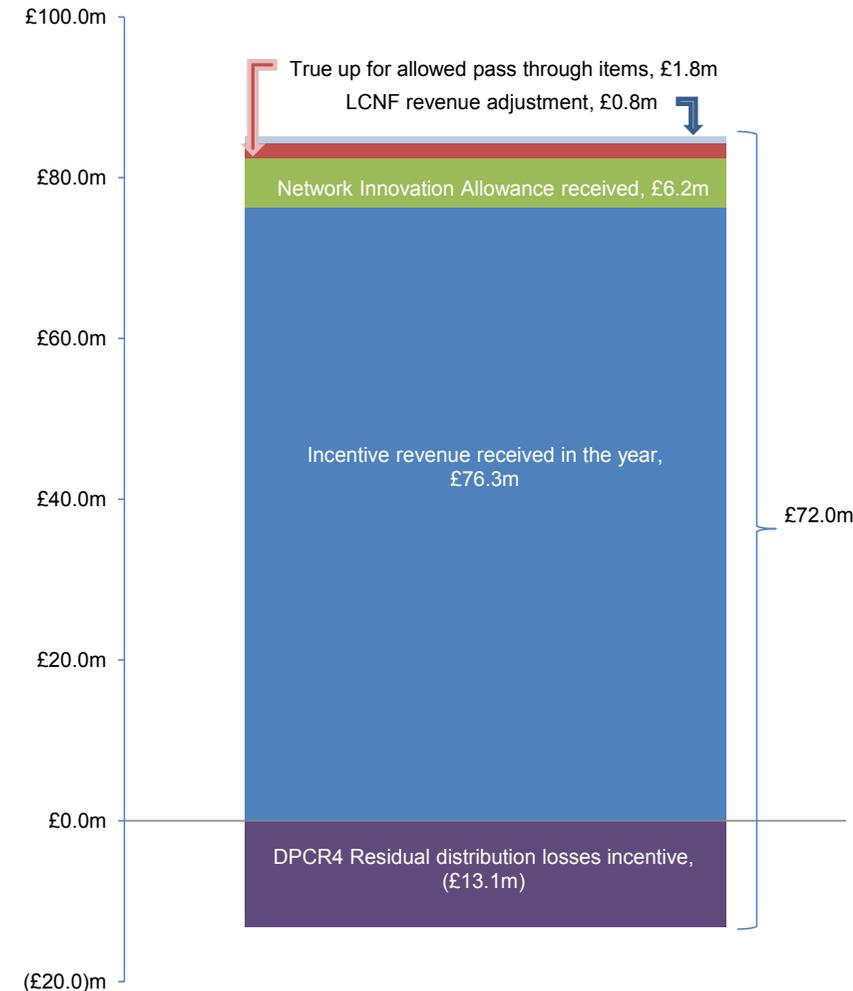
Network Innovation Allowances (NIA) are funding mechanisms to improve network innovations via small scale projects.

Pass through true up adjustments comprise adjustments to amounts in Base Demand Revenue for items including Licence fees, Business rates and Transmission Connection Point charges.

Of the £72.0m Performance Incentive, LCNF, NIA and Pass Through true up revenue, £70.1m is replaced in the RIIO accounts with **incentive/penalty revenue earned in the year, net of Enduring Value adjustments, of (£5.9m).**

The £70.1m comprises IIS, BMCS, Connections incentives and DPCR4 residual losses amounts, relating to previous years, plus the removal of amounts received via Allowed Revenue for LCNF and NIA. A negative amount is then included within the (£5.9m), which reflects unfunded LCNF, NIA and Network Innovation Competition (NIC) costs borne by WPD, net of LCNF successful delivery rewards received in 2017/18.

Performance incentives, LCNF, NIA, and pass through true-up, £72.0m



How WPD uses its Revenue

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This chart shows a regulatory view of how WPD uses the £1,520.8m Regulated Revenue received in 2017/18.

Investing and managing the network: The £808.5m comprises RAV depreciation of £620.1m and £188.4m Fast Pot costs.

Financing costs: WPD's financing costs of £74.0m include £73.0m real interest costs and £1.0m other non-cash costs excluded from OFGEM's definition of interest.

Costs recovered for others: This covers 'pass-through' costs such as business rates, National Grid charges, smart meter costs and OFGEM licence fee.

Pension deficit repair: £143.8m of WPD's revenue is to cover payments WPD makes to reduce the pension deficit related to historic regulated activity.

Tax: The £88.2m comprises WPD's current tax charge of £96.6m, £43.7m movement in the tax asset recognised to reflect future tax allowances, offset by a £52.1m deferred tax movement calculated in the RIIO accounts. This is different from the tax allowance WPD receives which only covers current tax and is calculated on a theoretical basis by OFGEM.

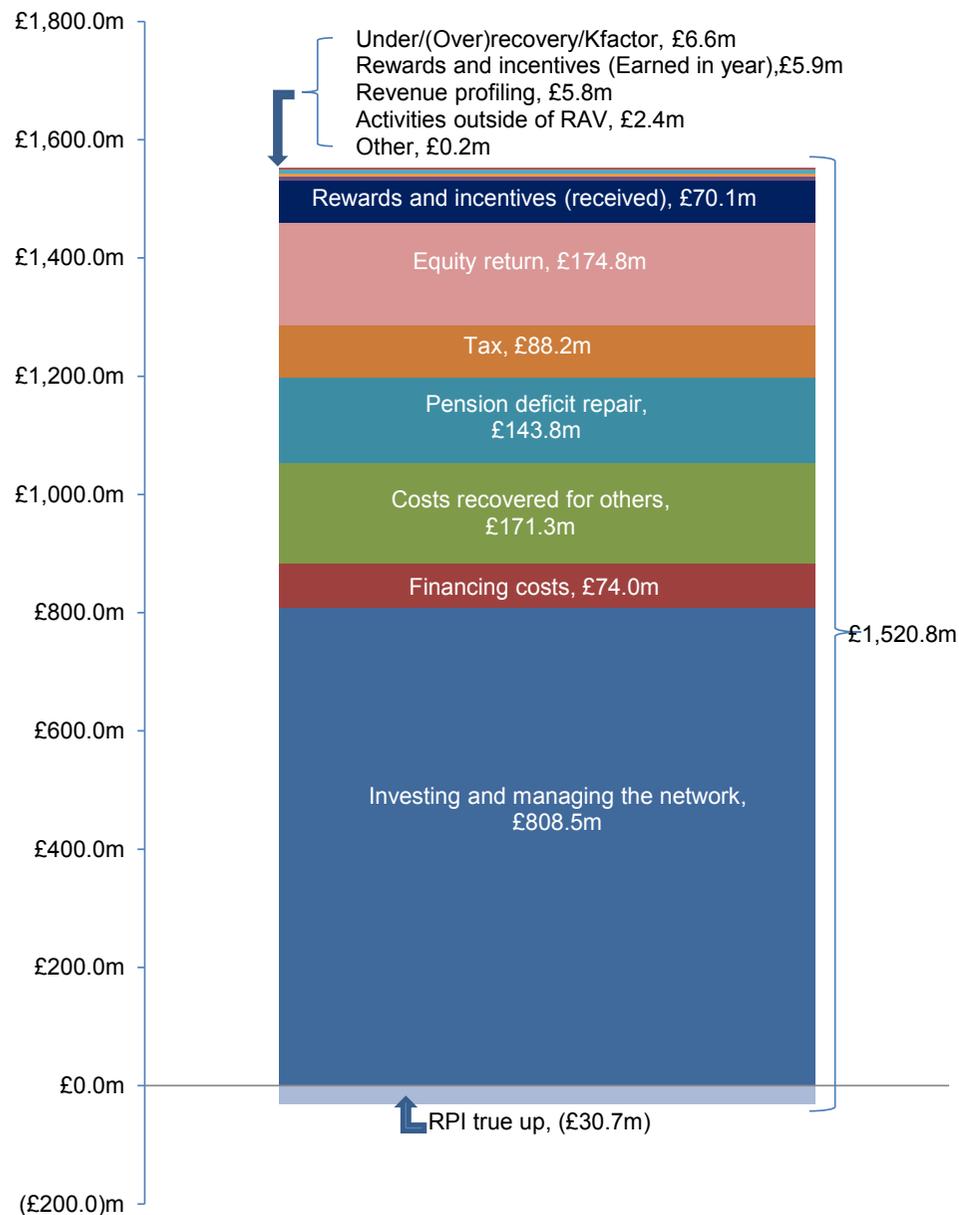
Rewards and Incentives: In the RIIO accounts, incentive revenues of £70.1m which relate to previous years are replaced by negative incentive revenue for 2017/18 of (£5.9m) comprising £38.9m from the Interruptions Incentive Scheme, £25.4m from the Broad Measure of Customer Service and Time To Connect incentives, and an £8.9m (slow pot) benefit under the Totex Incentive Mechanism, net of a £77.8m Enduring Value adjustment, less £0.3m NIA and LCNF expenditure not covered by allowances and £1.0m guaranteed standards and fines and redress payments.

Under/(Over) recovery, K factor: these amounts are timing differences on the recovery of revenues; K factor is the true up of previous under/(over) recovery.

Revenue Profiling adjustments in Base Revenue of (£5.8m) have been included in to reflect underlying revenue for the year.

Activities outside of RAV is the net loss (£2.4m) on activities outside the price control.

RPI true up relates to an adjustment to previous years' revenues inflated using forecast RPI, now the actual RPI is known.



Once all the costs above have been allocated, the remaining amount, i.e. revenues less costs, is the Equity return of £174.8m.

Total Expenditure (Totex)

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How our costs are assessed

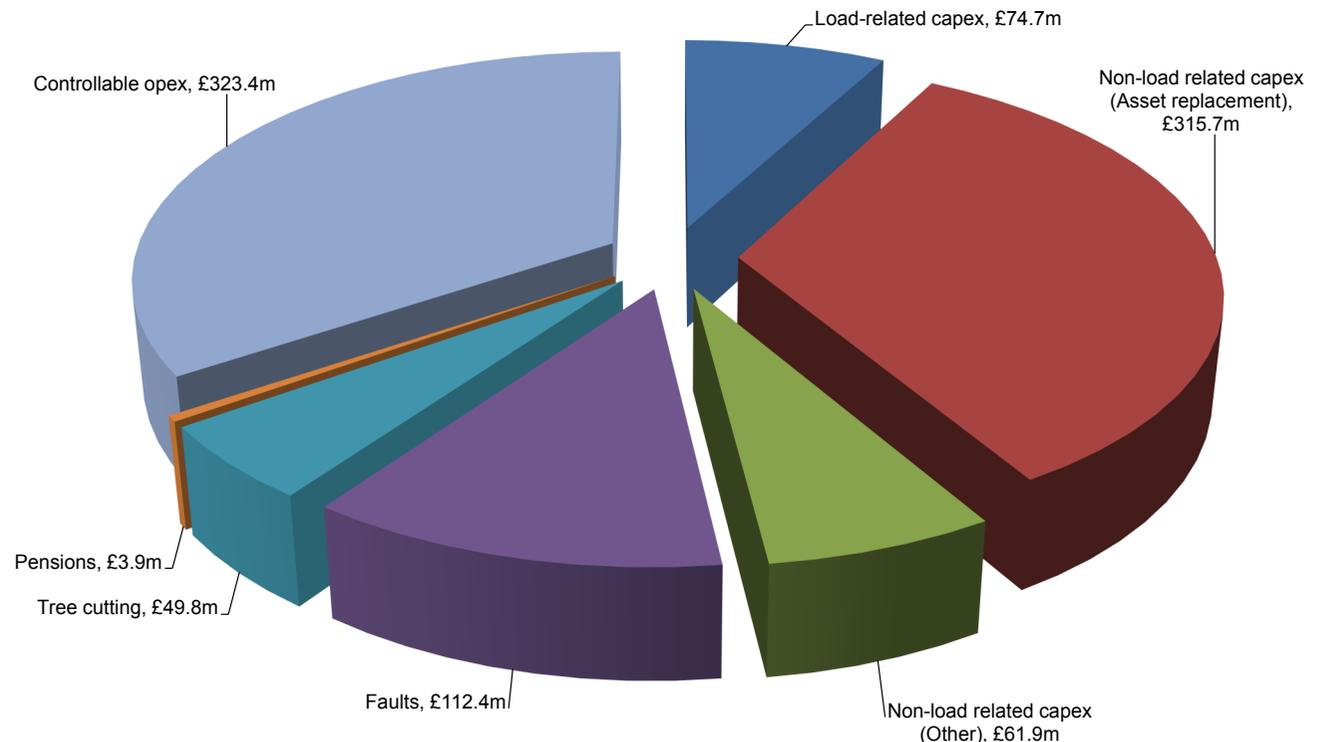
Under RIIO ED1, WPD's costs are assessed on a **Total Expenditure (Totex)** basis for its regulated business activities which includes both capital and operating expenditure.

Totex is a key feature in the business plan submission to OFGEM, as part of the price review process, as it underpins the Allowed Revenue set by OFGEM.

20% of this allowance is received in the year incurred; this is the **Fast pot expenditure allowance**. The remaining 80% is added to the **Regulatory Asset Value (RAV)** and funded over time through the **RAV depreciation allowance**.

The charts below represents WPD's 2017/18 actual costs broken down into the seven key reporting activities within Totex.

WPD Totex, £941.8m



WPD's 2017/18 Totex spend was £941.8m compared to an allowance of £957.7m.

This chart shows the breakdown of the total £941.8m spent.

Page 11 sets out how the underspend was shared between WPD and customers.

How our costs are assessed

In RIIO ED1, network operators are incentivised to spend efficiently through the **Totex Incentive Mechanism (TIM)**. Under the TIM, WPD retains/(bears) 70% of any under/(over) spend on Totex, whilst the remaining 30% is returned/(funded) through adjusted allowances.

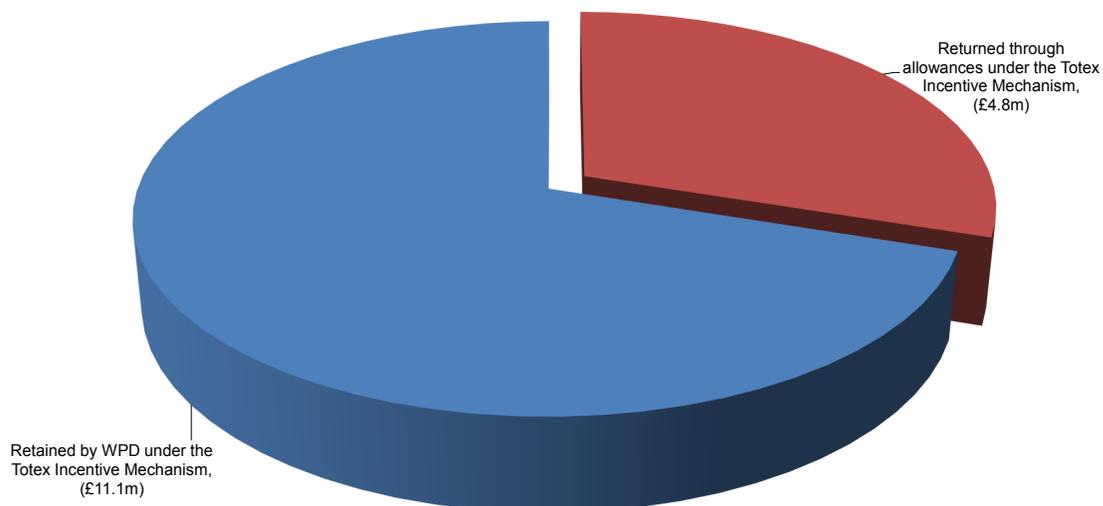
WPD Totex underspend was £15.9m for 2017/18. Of this, £11.1m (70%) will be retained by WPD and £4.8m (30%) will be returned to customers. Deducting the £4.8m returned to customers from the original allowance of £957.7m gives the **'post-TIM Totex' WPD allowance of £952.9m.**

Enduring Value adjustments to Totex

In 2016/17 WPD prepaid the following year's defined benefit pensions costs, with the intention that defined benefit cash pensions costs were effectively double in 2016/17 and zero in 2017/18. To recognise this, Enduring Value adjustments of £34.6m were included in WPD's 2016/17 RIIO accounts.

In 2017/18 this Enduring Value adjustment is largely reversed, which removes the TIM benefit from the pensions prepayment. A further Enduring Value adjustment is included in 2017/18 to remove the TIM benefit recognised to date for unspent rail electrification allowances which WPD is returning voluntarily. The £77.8m impact of total Enduring Value adjustments included in the 2017/18 RIIO accounts changes the impact of the TIM from the £11.1m benefit shown in the chart to a £66.8m negative impact on returns.

WPD Totex Underspend, (£15.9m)



WPD's 2017/18 Totex underspend was £15.9m

30%, £4.8m, will be returned to customers through allowances.

A detailed Totex breakdown by WPD's 4 licence areas, along with Enduring Value adjustments, can be found on page 24

2017/18 Return on Regulatory Equity

How our performance is assessed

OFGEM assesses overall financial performance of network operators using a measure called Return on Regulatory Equity (RoRE). RoRE performance is compared to the cost of equity allowed at the start of the price control.

WPD was allowed a 6.4% cost of equity as part of its fast-track settlement.

Drivers of RoRE include performance under the TIM and performance against output incentives.

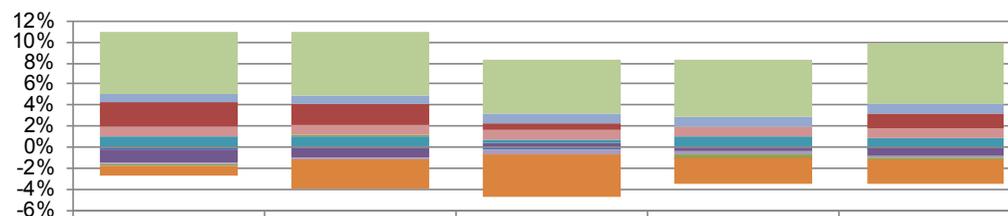
Totex underspends and incentive rewards increase network operators' returns, while overspends and incentive penalties decrease returns.

The Return on Regulatory Equity (RoRE) analysis below reflects 2017/18 performance using the RIIO accounts Statement of Regulatory Financial Performance and Statement of Regulatory Financial Position. It includes Financing and Tax variances, and Enduring Value adjustments.

Note that this view of RoRE uses **Regulatory Equity calculated in the Statement of Regulatory Financial Position**. The **Cost of Equity allowance calculated on 35% of RAV does not therefore equal 6.4% of Regulatory Equity calculated in this way**.

This presentation of RoRE does not include under/over delivery of Network Asset Secondary Deliverables.

2017/18 RoRE - includes financing differences



	WMID	EMID	SWALES	SWEST	WPD
Cost of Equity	5.9%	6.1%	5.1%	5.4%	5.7%
Totex Incentive Mechanism*	-1.0%	-2.9%	-4.2%	-2.5%	-2.4%
IQI Additional Income	0.8%	0.8%	0.9%	1.0%	0.9%
Interruptions Related Quality of Service	2.3%	2.0%	0.6%	-0.1%	1.4%
Broad Measure of Customer Service	0.9%	1.0%	0.9%	0.9%	0.9%
LCNF, NIC, NIA, Fines and redress payments & other Incentives	0.0%	0.1%	0.0%	-0.2%	0.0%
Disallowed Related Party Margin & other	-0.2%	-0.1%	-0.4%	-0.4%	-0.2%
Financing	1.1%	1.0%	0.4%	1.0%	0.9%
Tax	-1.2%	-1.0%	0.4%	-0.4%	-0.7%
Return on activities using assets outside the RAV	-0.2%	0.0%	-0.2%	0.0%	-0.1%
RoRE Total	8.3%	6.9%	3.5%	4.8%	6.3%

Greater detail can be seen within note 7 on page 27

* Totex Incentive Mechanism includes enduring value adjustments

ED1 Return on Regulatory Equity (OFGEM basis)

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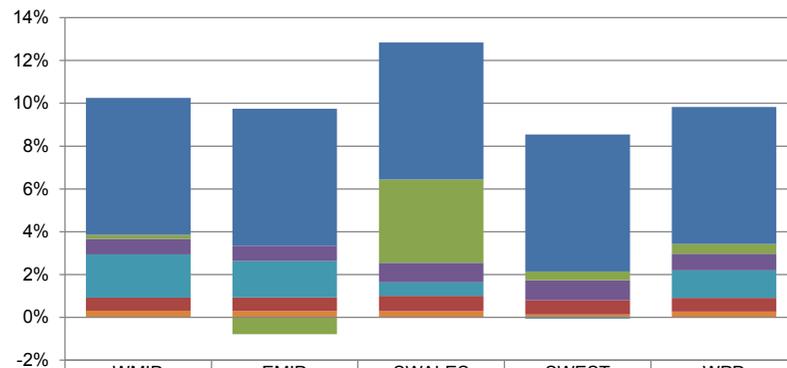
How our performance is assessed

The presentation of RoRE below aligns with the approach taken in **OFGEM's ED1 Annual Report**, with some small differences in assumptions. This view was also included in WPD's 2017/18 Strategic Performance Overview document submitted to Ofgem.

Note that this view of RoRE uses **35% of RAV as Regulatory Equity**.

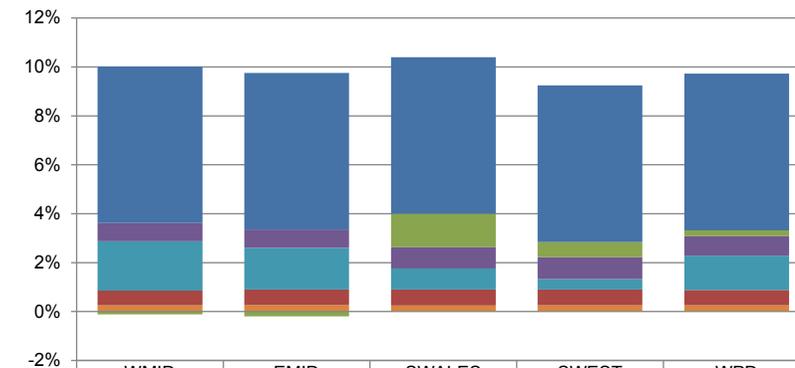
This presentation of RoRE does not include Enduring Value adjustments, actual interest cost compared to the cost of debt allowance, tax variances, or under/over delivery of Network Asset Secondary Deliverables.

2017/18 RoRE



	WMID	EMID	SWALES	SWEST	WPD
Cost of Equity	6.4%	6.4%	6.4%	6.4%	6.4%
Totex Incentive Mechanism	0.2%	-0.8%	3.9%	0.4%	0.4%
IQI Additional Income	0.7%	0.7%	0.9%	0.9%	0.8%
Interruptions Related Quality of Service	2.0%	1.7%	0.6%	-0.1%	1.3%
Broad Measure of Customer Service	0.6%	0.6%	0.7%	0.7%	0.6%
Other	0.3%	0.3%	0.3%	0.1%	0.3%
RoRE Total	10.2%	9.0%	12.8%	8.5%	9.8%

8 Year forecast RoRE



	WMID	EMID	SWALES	SWEST	WPD
Cost of Equity	6.4%	6.4%	6.4%	6.4%	6.4%
Totex Incentive Mechanism	-0.1%	-0.2%	1.4%	0.6%	0.2%
IQI Additional Income	0.7%	0.7%	0.9%	0.9%	0.8%
Interruptions Related Quality of Service	2.0%	1.7%	0.9%	0.4%	1.4%
Broad Measure of Customer Service	0.6%	0.6%	0.7%	0.6%	0.6%
Other	0.3%	0.3%	0.3%	0.3%	0.3%
RoRE Total	9.9%	9.6%	10.4%	9.2%	9.7%

Operational Performance

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Summary of incentivised performance

During RIIO-ED1 WPD committed to delivering 76 outputs for its customers. During 2017/18, the third year of the price control period, WPD has maintained high levels of service in all key areas.

The performance summary below demonstrates where outputs are directly related to financial outturn. These are outputs where a reward or penalty can be applied by the regulator as a result of over or under delivery.

A detailed review of operational performance over the year can be found in WPD's Business Plan Commitments Report 2017/18 which will be published in October 2018. 2016/17 information can be found at the link below:

<https://www.westernpower.co.uk/customers-and-community/performance-reporting-riio-ed1>

Operational performance KPIs										
KPI	WMID		EMID		SWALES		SWEST		WPD TOTAL	
	Actual 17/18	Target								
Customer interruptions per 100 customers (excluding exceptions)*	53.3	83.3	45.6	50.4	44.9	49.6	58.2	55.1	50.5	61.7
Customer minutes lost (excluding exceptions)*	26.6	49.50	22.1	37.3	22.8	27.4	34.1	35.4	26.0	39.4
Network Availability	99.995%	99.991%	99.996%	99.993%	99.996%	99.995%	99.994%	99.993%	99.995%	99.993%
Guaranteed Standards of Performance failures **	3	0	2	0	1	0	3	0	9	0
Guaranteed Standards of Performance failures (Connections)	0	0	1	0	0	0	0	0	1	0
Guaranteed Standards of Performance failures (Number of 12 hour failure payments made)**	17	4,064	0	2,694	0	218	35	1,623	52	8,599
Overall Broad measure of customer satisfaction (Scores out of 10)	8.9	8.2	8.9	8.2	9.0	8.2	8.9	8.2	n/a	n/a
Stakeholder Engagement & Customer Vulnerability (Scores out of 10)	8.8	n/a	8.8	n/a	8.8	n/a	8.8	n/a	n/a	n/a
Connections time to connect incentive days:										
Time to quote LVSSA	4.14	8.21	3.51	8.21	3.30	8.21	4.87	8.21	n/a	n/a
Time to quote LVSSB	4.47	11.73	4.91	11.73	4.93	11.73	5.40	11.73	n/a	n/a
Time to connect LVSSA	28.08	42.08	28.16	42.08	28.35	42.08	25.73	42.08	n/a	n/a
Time to connect LVSSB	40.28	52.70	35.21	52.70	38.51	52.70	29.94	52.70	n/a	n/a
Connections incentive on customer engagement	n/a	n/a								
Losses discretionary reward scheme £m	n/a	n/a								

Network asset indices performance					
	WMID	EMID	SWALES	SWEST	WPD
2017-18 percentage of target achieved	144%	119%	142%	129%	134%
Percentage of RIIO-ED1 target achieved to date	52%	58%	52%	47%	52%

* Data is based on WPD's exceptional event submission to Ofgem, the final outcome of which has not yet been confirmed. This may therefore vary from other published data.

** WPD Internal target

2017/18 Statement of Regulatory Financial Performance

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Statement of Regulatory Financial Performance		WMID		EMID		WPD	
	Notes	£m 2016/17	£m 2017/18	£m 2016/17	£m 2017/18	£m 2016/17	£m 2017/18
Regulated Distribution Network Revenue	1	495.9	474.2	481.8	466.1	1,573.7	1,520.8
Under/(over) recovery for the year		(1.8)	(0.7)	(6.7)	1.2	(22.2)	(2.7)
Allowed Revenue		494.1	473.5	475.1	467.3	1,551.5	1,518.1
K factor amount in allowed revenues		(29.5)	1.6	(61.3)	0.7	(123.4)	(3.9)
Underlying price control revenues for the year		464.6	475.1	413.8	468.0	1,428.1	1,514.3
Fast Money Spend	5	(64.0)	(56.5)	(63.1)	(57.4)	(209.3)	(188.4)
Regulatory depreciation		(190.4)	(199.8)	(186.7)	(198.0)	(595.6)	(620.1)
Pass through costs and adjustments to align revenues	2	(114.6)	(107.3)	(64.7)	(103.8)	(318.0)	(356.3)
Totex incentive value earned (Slow Pot only, net of Enduring Value)	3	(11.1)	(9.0)	(0.1)	(23.2)	(3.4)	(69.0)
Output incentives earned in the year	3	26.0	27.3	25.8	25.1	68.8	63.0
Incremental pension deficit revaluation, unfunded pensions liability mvmt, non-reg pension admin		0.2	0.1	(0.0)	(0.0)	(0.2)	(0.4)
Over/(under) recovery of other true-ups and provision movements		0.2	0.3	(0.8)	1.6	(0.9)	4.2
Disallowed Related Party margin, Bad debt cost, adjs for DRS 8 Income and disposals NBV		(2.5)	(2.1)	(3.7)	(3.1)	(11.5)	(9.5)
K-factor (under/(over) recovery for the year) interest		(0.1)	(0.0)	(0.1)	(0.1)	(0.3)	(0.5)
Time value for money in other regulatory balances		1.7	2.0	1.4	1.6	6.2	6.9
Return on activities using assets outside the RAV	10	(2.4)	(2.0)	(0.6)	0.4	11.4	(2.4)
Equity return before financing and tax		107.6	127.9	121.0	110.9	375.2	341.8
Income from Fixed Asset investments		0.0	0.0	0.0	0.0	5.6	(4.9)
Real net interest costs		(45.2)	(22.7)	(38.3)	(25.3)	(126.9)	(73.0)
Financing costs excl by Ofgem, inc. amortisation of premia and issue costs, and derivative mvmts		(1.4)	(1.4)	(0.7)	0.8	(2.5)	(1.0)
Current Tax Charge		(12.4)	(28.6)	(11.1)	(25.6)	(33.0)	(96.6)
Movement in future taxation recovery		(19.6)	(14.0)	(16.1)	(14.5)	(56.4)	(43.7)
Deferred Tax Movement		13.9	10.5	6.1	11.8	21.3	52.1
Equity return for the year		42.9	71.6	60.9	58.2	183.3	174.8

Notes:

During the preparation of the 2017/18 RIIO accounts, the approach to calculating certain elements of the Amounts recoverable or payable in respect of future taxation has been revised. This has impacted the 2016/17 Amounts recoverable or payable for future taxation and the Deferred tax provision on the balance sheet, and the 2016/17 Movement in future taxation recovery and Deferred tax movement. The 2016/17 values shown above are the restated values.

As a result of this, the 2016/17 Equity return increased from £179.7m to £183.3m and Regulatory Equity as at 31 March 2017 increased from £2,754.8m to £2,759.2m.

2017/18 Statement of Regulatory Financial Performance

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Statement of Regulatory Financial Performance		SWALES		SWEST		WPD	
	Notes	£m	£m	£m	£m	£m	£m
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Regulated Distribution Network Revenue	1	239.9	236.5	356.1	344.0	1,573.7	1,520.8
Under/(over) recovery for the year		(1.5)	5.4	(12.2)	(8.6)	(22.2)	(2.7)
Allowed Revenue		238.4	241.9	343.9	335.4	1,551.5	1,518.1
K factor amount in allowed revenues		(11.4)	(3.2)	(21.2)	(2.9)	(123.4)	(3.9)
Underlying price control revenues for the year		227.0	238.6	322.7	332.5	1,428.1	1,514.3
Fast Money Spend	5	(30.1)	(27.6)	(52.1)	(46.9)	(209.3)	(188.4)
Regulatory depreciation		(93.2)	(89.6)	(125.2)	(132.8)	(595.6)	(620.1)
Pass through costs and adjustments to align revenues	2	(56.4)	(67.2)	(82.2)	(77.9)	(318.0)	(356.3)
Totex incentive value earned (Slow Pot only, net of Enduring Value)	3	12.5	(21.1)	(4.7)	(15.6)	(3.4)	(69.0)
Output incentives earned in the year	3	8.5	6.7	8.5	4.0	68.8	63.0
Incremental pension deficit revaluation, unfunded pensions liability movement, non-reg pension admin		(0.1)	(0.5)	(0.2)	0.0	(0.2)	(0.4)
Over/(under) recovery of other true-ups and provision movements		1.4	0.1	(1.7)	2.2	(0.9)	4.2
Disallowed Related Party margin, Bad debt cost, adjustments for DRS 8 Income and disposals NBV		(1.7)	(1.4)	(3.6)	(2.8)	(11.5)	(9.5)
K-factor (under/(over) recovery for the year) interest		0.0	0.1	(0.2)	(0.4)	(0.3)	(0.5)
Time value for money in other regulatory balances		1.7	1.9	1.4	1.5	6.2	6.9
Return on activities using assets outside the RAV	10	3.8	(0.8)	10.6	0.1	11.4	(2.4)
Equity return before financing and tax		73.3	39.1	73.2	64.0	375.2	341.8
Income from Fixed Asset investments		0.0	0.0	5.6	(4.9)	5.6	(4.9)
Real net interest costs		(23.8)	(14.7)	(19.6)	(10.3)	(126.9)	(73.0)
Financing costs excl by Ofgem, inc. amortisation of premia and issue costs, and derivative mvmnts		0.1	0.3	(0.5)	(0.7)	(2.5)	(1.0)
Current Tax Charge		(4.0)	(16.0)	(5.5)	(26.4)	(33.0)	(96.6)
Movement in future taxation recovery		(6.3)	(4.5)	(14.4)	(10.8)	(56.4)	(43.7)
Deferred Tax Movement		(2.4)	11.2	3.8	18.6	21.3	52.1
Equity return for the year		36.9	15.4	42.5	29.5	183.3	174.8

2017/18 Statement of Regulatory Financial Position

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Statement of Regulatory Financial Position		WMID				EMID				WPD			
		£m	£m										
	Notes	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18
Fixed assets & equivalents													
Regulatory Asset Value	8		2,261.4		2,364.4		2,255.9		2,350.3		6,976.2		7,319.2
Other regulatory balances	9		161.8		119.8		123.3		91.1		515.7		338.9
Fixed assets outside RAV (Non regulatory fixed assets)		181.6		220.8		242.6		284.4		740.6		881.4	
Deferred contributions (Relating to activity outside RAV)		(179.1)		(219.3)		(251.3)		(298.4)		(738.4)		(883.0)	
Fixed assets outside RAV (Net of deferred contributions)	10		2.4		1.5		(8.8)		(13.9)		2.2		(1.6)
Investments			0.0		0.0		0.0		0.0		42.4		37.8
			2,425.6		2,485.8		2,370.4		2,427.5		7,536.5		7,694.4
Current Assets:													
Inventory			2.5		2.4		10.8		10.7		22.6		23.6
Trade and other receivables			121.1		115.3		96.7		130.8		362.4		404.0
Corporation tax			0.0		0.0		0.0		0.0		7.5		0.0
Unamortised debt issuance costs, discount/premia on issue (excluded from OFGEM net debt definition)			16.6		15.1		(48.4)		(46.5)		(22.2)		(19.7)
Cash and cash equivalents	6		11.5		6.9		11.3		1.6		63.9		135.3
			151.7		139.7		70.4		96.6		434.2		543.2
Creditors - Amounts falling due within one year													
Short term borrowings, bank loans and overdrafts	6		0.0		(19.0)		(125.0)		(130.0)		(230.4)		(174.3)
Trade and other payables			(184.5)		(212.7)		(156.6)		(151.9)		(584.2)		(594.0)
Corporation tax			(3.6)		(13.6)		(1.3)		(11.0)		(4.9)		(43.1)
			(188.1)		(245.3)		(282.9)		(292.9)		(819.5)		(811.4)
Creditors - Amounts falling due after more than one year													
Borrowings	6		(1,452.5)		(1,455.3)		(1,332.2)		(1,344.8)		(4,167.0)		(4,467.5)
			(1,452.5)		(1,455.3)		(1,332.2)		(1,344.8)		(4,167.0)		(4,467.5)
Provisions for liabilities and charges													
Deferred taxation		(107.3)		(101.8)		(88.6)		(82.7)		(348.2)		(317.3)	
Amounts recoverable or payable in respect of future taxation		99.0		100.7		93.5		94.7		319.4		324.3	
Deferred taxation (net)			(8.3)		(1.1)		4.9		11.9		(28.8)		7.0
Other provisions for liabilities and charges			(14.1)		(15.6)		(12.6)		(14.1)		(47.7)		(43.8)
			(22.4)		(16.7)		(7.7)		(2.2)		(76.5)		(36.8)
Pension asset/liability													
Post employment benefits - ESPS		(211.4)		(219.8)		(216.8)		(225.5)		(731.9)		(783.8)	
Pension liability funding recoverable - ESPS Established deficit		169.6		176.5		171.8		178.8		581.3		622.7	
Post employment benefits - WPUPs and I92 schemes (SWALES only)		0.0		0.0		0.0		0.0		78.9		76.4	
Post employment benefits - WPUPs recoverable from a WPD company (SWALES only)		0.0		0.0		0.0		0.0		(76.9)		(74.2)	
Post employment benefits (net)			(41.8)		(43.4)		(45.0)		(46.7)		(148.6)		(158.9)
Net assets			872.5		864.8		773.0		837.5		2,759.2		2,763.0
Capital and reserves													
Issued share capital and reserves attributable to owners or parent													
Called-up share capital			185.1		235.1		207.6		287.6		1,122.6		1,252.6
Share premium account			713.6		713.6		46.2		46.2		787.1		787.1
Reserves			(26.2)		(83.9)		519.2		503.6		849.5		723.3
Equity shareholders' funds			872.5		864.8		773.0		837.5		2,759.2		2,763.0

2017/18 Statement of Regulatory Financial Position

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Statement of Regulatory Financial Position		SWALES				SWEST				WPD			
	Notes	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
		2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18
Fixed assets & equivalents													
Regulatory Asset Value	8		993.5		1,038.3		1,465.4		1,566.2		6,976.2		7,319.2
Other regulatory balances	9		114.9		72.4		115.7		55.6		515.7		338.9
Fixed assets outside RAV (Non regulatory fixed assets)		130.9		165.6		185.7		210.6		740.6		881.4	
Deferred contributions (Relating to activity outside RAV)		(126.7)		(158.7)		(181.2)		(206.6)		(738.4)		(883.0)	
Fixed assets outside RAV (Net of deferred contributions)	10		4.1		6.9		4.4		4.0		2.2		(1.6)
Investments			0.0		0.0		42.4		37.8		42.4		37.8
			<u>1,112.5</u>		<u>1,117.6</u>		<u>1,628.0</u>		<u>1,663.5</u>		<u>7,536.5</u>		<u>7,694.4</u>
Current Assets:													
Inventory			1.3		2.1		8.0		8.4		22.6		23.6
Trade and other receivables			61.1		53.1		83.5		104.8		362.4		404.0
Corporation tax			4.6		0.0		2.9		0.0		7.5		0.0
Unamortised debt issuance costs, discount/premia on issue (excluded from OFGEM net debt definition)			5.0		3.8		4.6		7.9		(22.2)		(19.7)
Cash and cash equivalents	6		19.5		33.2		21.6		93.6		63.9		135.3
			<u>91.5</u>		<u>92.2</u>		<u>120.6</u>		<u>214.7</u>		<u>434.2</u>		<u>543.2</u>
Creditors - Amounts falling due within one year													
Short term borrowings, bank loans and overdrafts	6		0.0		0.0		(105.4)		(25.3)		(230.4)		(174.3)
Trade and other payables			(75.5)		(65.7)		(167.6)		(163.6)		(584.2)		(594.0)
Corporation tax			0.0		(5.9)		0.0		(12.6)		(4.9)		(43.1)
			<u>(75.5)</u>		<u>(71.6)</u>		<u>(273.0)</u>		<u>(201.5)</u>		<u>(819.5)</u>		<u>(811.4)</u>
Creditors - Amounts falling due after more than one year													
Borrowings	6		(624.8)		(657.0)		(757.5)		(1,010.4)		(4,167.0)		(4,467.5)
			<u>(624.8)</u>		<u>(657.0)</u>		<u>(757.5)</u>		<u>(1,010.4)</u>		<u>(4,167.0)</u>		<u>(4,467.5)</u>
Provisions for liabilities and charges													
Deferred taxation		(70.4)		(65.1)		(81.9)		(67.6)		(348.2)		(317.3)	
Amounts recoverable or payable in respect of future taxation		53.6		56.2		73.3		72.8		319.4		324.3	
Deferred taxation (net)			(16.8)		(8.9)		(8.7)		5.1		(28.8)		7.0
Other provisions for liabilities and charges			(7.8)		(5.7)		(13.2)		(8.4)		(47.7)		(43.8)
			<u>(24.6)</u>		<u>(14.6)</u>		<u>(21.9)</u>		<u>(3.3)</u>		<u>(76.5)</u>		<u>(36.8)</u>
Pension asset/liability													
Post employment benefits - ESPS		(115.6)		(128.9)		(188.1)		(209.6)		(731.9)		(783.8)	
Pension liability funding recoverable - ESPS Established deficit		91.3		101.8		148.6		165.6		581.3		622.7	
Post employment benefits - WPUPs and I92 schemes (SWALES only)		78.9		76.4		0.0		0.0		78.9		76.4	
Post employment benefits - WPUPs recoverable from a WPD company (SWALES only)		(76.9)		(74.2)		0.0		0.0		(76.9)		(74.2)	
Post employment benefits (net)			<u>(22.3)</u>		<u>(24.9)</u>		<u>(39.5)</u>		<u>(44.0)</u>		<u>(148.6)</u>		<u>(158.9)</u>
Net assets			<u>456.8</u>		<u>441.7</u>		<u>656.8</u>		<u>619.0</u>		<u>2,759.2</u>		<u>2,763.0</u>
Capital and reserves													
Issued share capital and reserves attributable to owners or parent			291.7		291.7		438.2		438.2		1,122.6		1,252.6
Called-up share capital			23.2		23.2		4.1		4.1		787.1		787.1
Share premium account			141.9		126.8		214.5		176.7		849.5		723.3
Reserves													
Equity shareholders' funds			<u>456.8</u>		<u>441.7</u>		<u>656.8</u>		<u>619.0</u>		<u>2,759.2</u>		<u>2,763.0</u>

2017/18 Statement of Regulatory Financial Performance

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Statement of Regulatory Financial Performance (Alternative view)		WMID				EMID				WPD			
		£m	£m	£m	£m								
	Notes	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18
Allowances for the cost of capital on the RAV		81.7		83.8		81.2		83.6		250.8		259.5	
less: cost of debt allowances		(33.4)		(32.8)		(33.2)		(32.8)		(102.4)		(101.7)	
Equity return on Regulated Asset Value			48.3		51.0		48.0		50.8		148.3		157.8
Gain/(Loss) under Totex incentives	5		(25.8)		1.4		(9.7)		(6.3)		(47.5)		11.1
Enduring value adjustment	3, 9		9.5		(10.1)		7.7		(18.2)		34.6		(77.8)
Additional income/IQI			7.1		7.1		7.5		7.0		24.4		23.9
Gain/(Loss) under output incentives	3		26.0		27.3		25.8		25.1		68.8		63.0
Disallowed Related Party margin, Bad debt cost and adjustments for DRS 8 Income and NBV of disposals			(2.5)		(2.1)		(3.7)		(3.1)		(11.5)		(9.5)
Incremental pension deficit revaluation, unfunded pensions liability movement, non-reg pension admin			0.2		0.1		(0.0)		(0.0)		(0.2)		(0.4)
Over/(under) recovery of other true-ups and provision movements			0.2		0.3		(0.8)		1.6		(0.9)		4.2
Other			0.2		0.1		(0.2)		0.7		0.4		(1.1)
Equity return on RAV before financing variances			63.3		74.9		74.6		57.6		216.4		171.2
Income from Fixed Asset investments			0.0		0.0		0.0		0.0		5.6		(4.9)
Variances to allowance - Real cost of debt - Interest			(10.9)		9.9		(7.4)		5.9		(32.3)		22.4
Variances to allowance - Real cost of debt - Other costs			(0.9)		0.1		2.3		1.5		7.8		6.3
Financing costs excluded from Ofgem definition, inc. amortisation of premia and issue costs, derivative mvmts			(1.4)		(1.4)		(0.7)		0.8		(2.5)		(1.0)
K-factor (under/(over) recovery for the year) interest			(0.1)		(0.0)		(0.1)		(0.1)		(0.3)		(0.5)
Time value for money in other regulatory balances			1.7		0.8		1.4		0.4		6.2		3.2
Equity return on RAV before tax and gearing variances			51.6		84.4		70.1		66.2		200.8		196.7
Variances to allowance - Tax			(5.8)		(10.5)		(8.3)		(8.1)		(26.8)		(17.7)
Tax variance relating to gearing variance			(0.5)		(0.3)		(0.3)		(0.2)		(2.0)		(1.8)
Total Equity return on the RAV			45.3		73.6		61.5		57.8		171.9		177.2
Return on activities using assets outside RAV	10		(2.4)		(2.0)		(0.6)		0.4		11.4		(2.4)
Total Equity return for the year			42.9		71.6		60.9		58.2		183.3		174.8

2017/18 Statement of Regulatory Financial Performance

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Statement of Regulatory Financial Performance (Alternative view)		SWALES				SWEST				WPD			
		£m	£m	£m	£m								
	Notes	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18	2016/17	2016/17	2017/18	2017/18
Allowances for the cost of capital on the RAV		35.6		37.2		52.2		55.0		250.8		259.5	
less: cost of debt allowances		(14.6)		(14.6)		(21.3)		(21.5)		(102.4)		(101.7)	
Equity return on Regulated Asset Value			21.1		22.6		30.9		33.4		148.3		157.8
Gain/(Loss) under Totex incentives	5		7.2		13.8		(19.2)		2.2		(47.5)		11.1
Enduring value adjustment	3, 9		6.7		(32.1)		10.6		(17.4)		34.6		(77.8)
Additional income/IQI			4.0		3.9		5.8		5.9		24.4		23.9
Gain/(Loss) under output incentives	3		8.5		6.7		8.5		4.0		68.8		63.0
Disallowed Related Party margin, Bad debt cost and adjustments for DRS 8 Income and NBV of disposals			(1.7)		(1.4)		(3.6)		(2.8)		(11.5)		(9.5)
Incremental pension deficit revaluation, unfunded pensions liability movement, non-reg pension admin			(0.1)		(0.5)		(0.2)		0.0		(0.2)		(0.4)
Over/(under) recovery of other true-ups and provision movements			1.4		0.1		(1.7)		2.2		(0.9)		4.2
Other			(0.1)		(0.1)		0.4		(1.8)		0.4		(1.1)
Equity return on RAV before financing variances			46.9		12.9		31.6		25.8		216.4		171.2
Income from Fixed Asset investments			0.0		0.0		5.6		(4.9)		5.6		(4.9)
Variances to allowance - Real cost of debt - Interest			(10.1)		1.1		(3.9)		5.5		(32.3)		22.4
Variances to allowance - Real cost of debt - Other costs			0.8		(1.2)		5.7		5.8		7.8		6.3
Financing costs excluded from Ofgem definition, inc. amortisation of premia and issue costs, derivative mvmts			0.1		0.3		(0.5)		(0.7)		(2.5)		(1.0)
K-factor (under/(over) recovery for the year) interest			0.0		0.1		(0.2)		(0.4)		(0.3)		(0.5)
Time value for money in other regulatory balances			1.7		1.3		1.4		0.7		6.2		3.2
Equity return on RAV before tax and gearing variances			39.5		14.4		39.6		31.7		200.8		196.7
Variances to allowance - Tax			(6.2)		2.3		(6.5)		(1.4)		(26.8)		(17.7)
Tax variance relating to gearing variance			(0.1)		(0.4)		(1.1)		(0.9)		(2.0)		(1.8)
Total Equity return on the RAV			33.1		16.3		31.9		29.4		171.9		177.2
Return on activities using assets outside RAV	10		3.8		(0.8)		10.6		0.1		11.4		(2.4)
Total Equity return for the year			36.9		15.4		42.5		29.5		183.3		174.8

2017/18 Notes to Financial Statements

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1. Analysis of Revenue - Components of total earned Regulatory Revenue

	Comments	WMID		EMID		SWALES		SWEST		WPD	
		£m	£m								
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Fast pot expenditure allowance	(i)	56.7	56.8	60.6	55.6	32.0	31.4	46.8	47.2	196.0	191.0
Non-controllable opex allowance	(ii)	45.0	49.8	51.4	57.8	27.0	32.1	27.2	29.7	150.6	169.4
RAV depreciation allowance	(iii)	189.1	197.0	182.8	192.6	93.1	88.9	125.9	132.4	590.9	610.9
Allowance for return	(iv)	82.7	86.6	80.5	84.8	36.5	39.0	54.0	57.9	253.7	268.3
Additional income	(v)	7.1	7.1	7.6	7.0	4.0	3.9	5.8	5.9	24.5	23.9
Direct Allowed Revenues (DARTs)	(vi)	33.4	40.7	34.2	44.1	21.2	30.6	45.7	47.4	134.6	162.9
Tax allowance	(vii)	18.8	20.7	16.6	18.7	7.6	7.5	11.8	11.9	54.8	58.8
Allowed Base Revenue	(viii)	432.7	458.7	433.6	460.6	221.3	233.4	317.3	332.4	1,404.9	1,485.1
Modification to Base Revenue from Annual Iteration Process (MOD)	(ix)	0.9	(3.1)	6.4	(0.9)	(0.1)	(3.3)	(1.8)	(4.5)	5.3	(11.8)
Revenue adjustment for the true-up of the RPI forecast	(x)	0.0	(9.5)	0.0	(9.5)	0.0	(4.9)	0.0	(7.1)	0.0	(31.1)
Base Demand Revenue	(xi)	433.6	446.0	440.0	450.2	221.2	225.2	315.4	320.8	1,410.3	1,442.2
Incentive revenue received in the year	(xii)	38.8	28.5	31.8	28.2	6.4	8.5	8.0	11.1	84.9	76.3
Allowed Pass-Through adjustments	(xiii)	0.0	(1.5)	0.0	0.6	0.0	3.8	0.0	(1.0)	0.0	1.8
Network Innovation Allowance received	(xiv)	1.6	1.8	1.6	1.9	0.8	1.1	1.1	1.4	5.1	6.2
LCNF Revenue adjustment	(xv)	0.1	0.3	0.1	0.3	0.0	0.1	0.1	0.2	0.3	0.8
DPCR4 Residual distribution losses incentive	(xvi)	(9.5)	0.0	(59.7)	(13.1)	(1.4)	0.0	(1.9)	0.0	(72.5)	(13.1)
Correction ("K" factor)	(xvii)	29.5	(1.6)	61.3	(0.7)	11.4	3.2	21.2	2.9	123.4	3.9
Under/Over recovery	(xviii)	1.8	0.7	6.7	(1.2)	1.5	(5.4)	12.2	8.6	22.2	2.7
Regulated Distribution Network Revenue	(xix)	495.9	474.2	481.8	466.1	239.9	236.5	356.1	344.0	1,573.7	1,520.8

This shows our revenue for our regulated business, for activities within the RII0 ED1 price control.

Final determination Base Revenue Allowances are calculated in OFGEM's externally published Price Control Financial Model (PCFM).

OFGEM sets the amount of revenue each DNO is allowed to charge customers each year over the 8 year price control. This is adjusted dependent on DNOs' operational and financial performance each year in order to drive efficiencies and performance for customers.

Comments:

(i) An allowance based on 20% of Totex that can be recovered in the year of expenditure.

(ii) An allowance for 'Pass through' items/costs, not included within Totex, including licence fees, business rates and Transmission Connection Point charges.

(iii) Depreciation allowance calculated on a licensee's RAV balance.

(iv) An allowance based on a vanilla Weighted Average Cost of Capital (WACC) applied to the RAV.

(v) This is WPD's 'Fast Track' reward for business plans deemed to be of particularly high quality, efficient and value for money. This award equated to 2.5% of Totex over the life of the price control.

(vi) This includes allowances for revenue profiling adjustments, legacy adjustments from previous price controls and pension deficit repair payments.

(vii) An allowance to take account of existing and announced corporation tax rates, writing down allowance rates, existing legislation, accounting standards, HM Revenue & Customs (HMRC) policy and modelled levels of gearing and corporate debt interest payments for the licensee.

(viii) The core amount of money that a network company can earn on its regulated business in order to recover the efficient costs of carrying out its activities.

(ix) An annual adjustment, calculated within an Annual Iteration Process (AIP), to Base Revenue in light of updates to actual Totex and adjustments for other uncertainty mechanisms. These are calculated within the Annual Iteration Process.

(x) An annual RPI adjustment, per the licence agreement set from 2017/18 onwards, to true up a prior year's Base Revenue which had been set using an RPI forecast. The 2017/18 RPI adjustment/true up relates to the 2015/16 Base Revenue.

(xi) The amount included in the licensee's Allowed Distribution Network Revenue for a particular Regulatory Year, that is derived in accordance with the formula set out in paragraph 2A.5 of CRC 2A of the licence.

(xii) A reward mechanism designed to drive continuous improvement in operational performance. These include Broad Measure, Incentives on connections and Customer Interruption performance.

(xiii) An annual adjustment per the licence agreement, from 2017/18 onwards, to true up Pass Through costs included in Base Demand Revenue two years prior which were based on a forecast. The 2017/18 adjustment relates to the true up of 2015/16 Pass Through items.

(xiv) A reward mechanism based on a set, use-it-or-lose-it allowance for each DNO to fund small-scale innovative projects.

(xv) A DPCR5 reward mechanism designed to encourage the DNOs to prepare for the role they will have to play as the UK moves to a low carbon economy.

(xvi) A reward/penalty mechanism relating to a prior price control (DPCR4) incentive scheme to reduce residual losses from DNO assets.

(xvii) The corrective 'k' factor is applied by the regulator, on a 2 year lag, to account/recover for under or over recovery of previous years' revenues.

(xviii) An under/over recovery adjustment to return a DNO's financial performance to reflect actual Allowed Revenue charged to Distribution Use of System (DUoS) customers in the current financial year.

(xix) The total amount of Regulated Distribution Network Revenue charged to DUoS customers in the current financial year.

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2. Pass through costs and adjustments to align revenues

	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Adjustment to add in SWALES LCNF successful delivery reward received	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	2.5	0.0
Adjustment to remove IIS revenue from previous years included in Regulated Revenue	(36.0)	(21.4)	(28.3)	(20.7)	(4.7)	(5.2)	(5.8)	(5.8)	(74.8)	(53.2)
Adjustment to remove Broad Measure & Time To Connect revenue received relating to prior years	(2.8)	(7.0)	(3.5)	(7.5)	(1.7)	(3.2)	(2.2)	(5.2)	(10.1)	(23.0)
Adjustment to remove LCNF delivery and IIS protection rewards received relating to previous years	0.0	0.0	0.0	0.0	(2.5)	0.0	0.0	0.0	(2.5)	0.0
Adjustment to add back DPCR4 distribution losses penalty included in Regulated Revenue	9.5	0.0	59.7	13.1	1.4	0.0	1.9	0.0	72.5	13.1
Add back Revenue Profiling adjustments to Regulated Revenue (within DARTs above)	3.3	(2.8)	4.4	(4.2)	9.0	0.7	0.5	0.6	17.2	(5.8)
Add back Legacy adjustments from previous price controls included in Regulated Revenue	(0.1)	(0.1)	1.1	1.2	(1.6)	(1.8)	(4.3)	(4.7)	(4.9)	(5.4)
Add in Revenue adjustments to be recovered in future years	(5.3)	1.7	(9.0)	0.6	(2.6)	3.3	(2.0)	5.2	(19.0)	10.9
Allowance for established pension deficit repair payments included in Regulated Revenue	(35.3)	(36.6)	(34.5)	(35.8)	(27.5)	(28.6)	(41.3)	(42.8)	(138.6)	(143.8)
Pass through costs corresponding to amounts included in Regulated Revenue	(44.6)	(48.4)	(51.1)	(58.3)	(26.9)	(35.8)	(27.1)	(28.8)	(149.7)	(171.3)
Network Innovation Allowance costs corresponding to amounts included in Regulated Revenue	(1.6)	(1.8)	(1.6)	(1.9)	(0.8)	(1.1)	(1.1)	(1.4)	(5.1)	(6.2)
LCNF costs corresponding to amounts included in Regulated Revenue	(0.1)	(0.3)	(0.1)	(0.3)	(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	(0.8)
RPI accruals	(1.6)	9.4	(1.6)	9.4	(0.8)	4.8	(1.2)	7.0	(5.1)	30.7
Other	0.0	0.0	(0.2)	0.5	(0.1)	(0.3)	0.3	(1.7)	(0.1)	(1.5)
	(114.6)	(107.3)	(64.7)	(103.8)	(56.4)	(67.2)	(82.2)	(77.9)	(318.0)	(356.3)

Pass through costs and adjustments to align revenues includes adjustments to remove amounts included in Regulated Revenue which do not relate to the regulatory year being reported, and add in deferred revenue which relates to the year being reported but which will be received through future years' Regulated Revenues. Also included in Other regulatory allowances are costs which correspond to amounts included in Regulated Revenue. For Pass through costs and Established pension deficit repair payments, these costs are subject to a true-up through the licence agreement, and any differences between allowances and actual costs are held on the balance sheet as they will be recovered through future Regulated Revenues. For LCNF, NIC and NIA costs, where a true-up arrangement does not exist, any such differences are reported as under/outperformance within Output incentives earned in the year in the Statement of Financial Performance. See note 3 for further details. Note that in 2016/17, the £2.5m LCNF Successful Delivery reward and IIS protection reward received by WPD S Wales had been accrued in opening balances, as it related to previous years, and this accrual was released when the payment was received in 2016/17. This payment was received from other DNOs, rather than recovered through DuOS, and was therefore added in and then removed above.

However, no further accruals were made for future Successful Delivery rewards. LCNF amounts included in Regulated Revenue are removed above and, therefore, Successful Delivery Rewards received in 2017/18 are then included in incentives earned reported in Note 3 below. These comprise £1.2m and £0.3m received by EMID for the Falcon and Low Carbon Hub projects respectively, plus £0.2m received by SWEST for the SOLA Bristol project.

3. Incentives earned

	WMID		EMID		SWALES		SWEST		WPD	
	£m									
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Totex incentives for the year	(25.8)	1.4	(9.7)	(6.3)	7.2	13.8	(19.2)	2.2	(47.5)	11.1
Less Fast Money element	5.2	(0.3)	1.9	1.3	(1.4)	(2.8)	3.8	(0.4)	9.5	(2.2)
Less Enduring Value adjustments	9.5	(10.1)	7.7	(18.2)	6.7	(32.1)	10.6	(17.4)	34.6	(77.8)
Totex incentive value earned (Slow Pot only, net of Enduring Value adjustments)	(11.1)	(9.0)	(0.1)	(23.2)	12.5	(21.1)	(4.7)	(15.6)	(3.4)	(69.0)
	£m									
	2016/17	2017/18								
Interruptions Incentive Scheme (IIS)	19.2	19.9	18.5	16.7	5.1	2.8	3.7	(0.4)	46.4	38.9
Broad Measure & Time to connect	6.8	7.8	7.3	8.0	3.4	3.9	5.2	5.7	22.7	25.4
Guaranteed standards, ex-gratia and fines & redress payments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(1.0)	(0.1)	(1.0)
Losses discretionary reward	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Low Carbon Network Fund (LCNF)	(0.0)	0.0	(0.1)	0.7	(0.0)	0.0	(0.3)	(0.2)	(0.4)	0.4
Network Innovation Allowance (NIA) and Network Innovation Competition (NIC)	0.0	(0.4)	0.0	(0.2)	0.0	(0.0)	0.0	(0.1)	0.0	(0.7)
Output incentives earned in the year	26.0	27.3	25.8	25.1	8.5	6.7	8.5	4.0	68.8	63.0

Negative amounts reported as incentives earned for Low Carbon Network Fund, Network Innovation Competition and Network Innovation Allowance include the 10% element of costs incurred on these projects which are not funded through the LCNF/NIA/NIC mechanisms.

Further, LCNF amounts for EMID and SWALES also includes Successful Delivery Rewards of £1.5m and £0.2m respectively, less the £0.7m clawback of underspent LCNF budget for the Falcon project in EMID. An amount of £0.9m is included in SWEST for Guaranteed Standards, ex-gratia and fines and redress payments for a fine following the conclusion of legal proceedings in 2017 relating to an incident in 2013.

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4. Reconciliation of Total Earned Regulatory Revenue to Statutory Accounts

	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m								
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Regulated Distribution Network Revenue	495.9	474.2	481.8	466.1	239.9	236.5	356.1	344.0	1,573.7	1,520.8
Add: Other turnover items										
Legacy Metering Equipment charges	2.2	2.1	3.5	3.1	1.1	1.0	2.5	2.0	9.3	8.2
Directly Remunerated Services (DRS) revenue	61.4	60.7	64.9	65.3	37.1	37.6	38.7	41.9	202.1	205.6
De Minimis Business of the licensee	2.4	1.7	3.7	3.9	2.2	4.0	3.9	3.6	12.2	13.2
Other adjustments:										
Items reported as Cost Recoveries in OFGEM reporting, but Turnover in the Stat Accounts	4.2	3.2	4.1	3.6	1.6	1.9	2.7	2.7	12.6	11.4
Items reported as Cost Recoveries in Stat Accounts, but Revenue in OFGEM Return	(0.3)	(0.2)	(0.9)	(0.7)	(0.4)	(0.3)	(0.6)	(0.5)	(2.2)	(1.7)
NIA, NIC and LCNF income adjustments	(1.7)	(2.1)	(1.6)	(0.6)	1.7	(1.1)	(1.2)	(1.3)	(2.7)	(5.1)
Connections Contributions reported as DRS revenue but not Turnover in the Stat accounts	(48.5)	(42.8)	(54.0)	(51.0)	(32.0)	(33.9)	(29.9)	(28.1)	(164.4)	(155.8)
Rounding & Other	0.0	(0.1)	0.0	1.3	0.0	(0.1)	0.0	0.1	0.0	1.2
Turnover per Statutory Accounts	515.6	496.7	501.5	491.0	251.2	245.8	372.2	364.4	1,640.5	1,597.8

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5. Analysis of Actual Total Expenditure (Totex)

	Comments	WMID		EMID		SWALES		SWEST		WPD	
		£m	£m								
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Actual load-related capex expenditure	(i)	(18.0)	(17.3)	(33.9)	(36.0)	(3.7)	(5.0)	(10.7)	(16.3)	(66.3)	(74.7)
Actual non-load related capex expenditure - asset replacement	(ii)	(100.8)	(88.4)	(97.0)	(85.1)	(51.7)	(52.8)	(94.6)	(89.3)	(344.2)	(315.7)
Actual non-load related capex - other	(iii)	(14.9)	(21.3)	(15.2)	(16.3)	(8.1)	(8.6)	(13.5)	(15.7)	(51.8)	(61.9)
Actual faults expenditure	(iv)	(40.0)	(36.5)	(36.9)	(35.2)	(12.0)	(13.6)	(25.9)	(27.1)	(114.7)	(112.4)
Actual tree cutting	(v)	(18.2)	(16.4)	(8.8)	(13.2)	(8.2)	(7.5)	(12.5)	(12.6)	(47.7)	(49.8)
Actual 100% 'revenue pool' expenditure	(vi)	(29.6)	(2.2)	(26.5)	(2.4)	(18.8)	0.3	(30.1)	0.4	(105.0)	(3.9)
Actual controllable opex expenditure	(vii)	(98.3)	(100.2)	(97.3)	(98.9)	(47.9)	(50.8)	(73.1)	(73.6)	(316.6)	(323.4)
Totex		(319.9)	(282.3)	(315.6)	(287.2)	(150.3)	(138.0)	(260.5)	(234.4)	(1,046.3)	(941.8)
Capitalisation rate		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Totex Capitalised (Slow money)		(255.9)	(225.8)	(252.5)	(229.8)	(120.3)	(110.4)	(208.4)	(187.5)	(837.1)	(753.4)
Residual: Fast money		(64.0)	(56.5)	(63.1)	(57.4)	(30.1)	(27.6)	(52.1)	(46.9)	(209.3)	(188.4)
Overall Totex		(319.9)	(282.3)	(315.6)	(287.2)	(150.3)	(138.0)	(260.5)	(234.4)	(1,046.3)	(941.8)
Totex		(319.9)	(282.3)	(315.6)	(287.2)	(150.3)	(138.0)	(260.5)	(234.4)	(1,046.3)	(941.8)
Totex allowances		(283.1)	(284.3)	(301.7)	(278.3)	(160.6)	(157.7)	(233.2)	(237.4)	(978.5)	(957.7)
Underspend / (Overspend)		(36.8)	2.0	(13.9)	(8.9)	10.2	19.7	(27.4)	3.1	(67.8)	15.9
Incentive rate		70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Totex incentive gain / (penalty)		(25.8)	1.4	(9.7)	(6.3)	7.2	13.8	(19.2)	2.2	(47.5)	11.1
<i>Analysed as:</i>											
Addition in RAV		(20.6)	1.1	(7.8)	(5.0)	5.7	11.0	(15.3)	1.7	(38.0)	8.9
Fast money gain		(5.2)	0.3	(1.9)	(1.3)	1.4	2.8	(3.8)	0.4	(9.5)	2.2
Totex incentives for the year		(25.8)	1.4	(9.7)	(6.3)	7.2	13.8	(19.2)	2.2	(47.5)	11.1
Adjustment for enduring value		9.5	(10.1)	7.7	(18.2)	6.7	(32.1)	10.6	(17.4)	34.6	(77.8)
Net Totex incentives		(16.2)	(8.7)	(2.0)	(24.5)	13.9	(18.4)	(8.5)	(15.2)	(12.9)	(66.8)

Note that the Fast money element of the Totex incentive penalty of £2.2m above is implicit in the recognition of actual fast pot costs in the Statement of Regulatory Financial Performance. Therefore, only the £8.9m slow pot element of the penalty, net of -£77.8m Enduring Value adjustments, is presented as the -£69.0m Totex incentive penalty incurred in the Statement of Regulatory Financial Performance on page 15.

Totex generally consists of all expenditure relating to a licensee's regulated activities, with a few specific exceptions. It can be summarised as the aggregate net network investment, net network operating costs and indirect costs, less the cash proceeds of sale of assets and scrap.

As part of the RIIO ED1 price control DNOs benefit or are penalised under the **Totex Incentive Mechanism (TIM)**. Under the TIM, WPD retains/bears 70% of any under/over spend on Totex. WPD's **Post-TIM Totex** is equal to the original Totex allowance minus/plus the other 30% of any under/over spend.

Totex is recovered via Fast or Slow pot mechanisms. **Fast pot costs** represent 20% of Totex and are recovered in base revenue in the year incurred. **Slow pot costs** represent 80% of Totex and are added to the RAV balance. Slow pot costs are recovered over future years through RAV depreciation allowances.

Comments:

- (i) Activities include network reinforcement and new connections within the price control.
- (ii) Activities include asset replacement and diversions projects that are not related to additional load requirements on the network.
- (iii) Other capex activities not dependent on additional load requirements on the network or relating to asset replacement capex activities; this includes items such as operational and non-operational IT & telecoms, property and vehicle costs.
- (iv) Expenditure to resolve network faults to ensure supplies are restored as quickly and efficiently as possible.
- (v) An activity required to reduce the likelihood of faults associated with trees being too close to our overhead power lines.
- (vi) This category comprises pension costs associated with regulated business activities.
- (vii) Activities include network inspection, repair and maintenance, closely associated indirect costs and business support costs required to support the management of the network.

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6. Analysis of Net Debt

	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£250m 6.00% bonds 2025 (Debt issued 2010)	(247.8)	(248.0)							(247.8)	(248.0)
£800m 5.75% bonds 2032 (Debt issued 2011)	(789.8)	(790.5)							(789.8)	(790.5)
£400m 3.875% bonds 2024 (Debt issued 2013)	(395.8)	(396.4)							(395.8)	(396.4)
£250m 6.25% bonds 2040 (Debt issued 2010)			(245.2)	(245.4)					(245.2)	(245.4)
£700m 5.25% bonds 2023 (Debt issued 2011)			(701.7)	(701.4)					(701.7)	(701.4)
£140m (2016: £100m) 2.671% indexed linked bonds 2043 (Debt issued 2011)			(196.2)	(201.1)					(196.2)	(201.1)
£105m 1.676% indexed linked bonds 2052 (Debt issued 2013)			(127.0)	(130.9)					(127.0)	(130.9)
£100m 0.4975% indexed linked bonds 2026 (Debt issued 2016)			(101.6)	(105.7)					(101.6)	(105.7)
£150m 9.25% Eurobonds 2020 (Debt issued 1995)					(149.6)	(149.7)			(149.6)	(149.7)
£225m 4.804% bonds 2037 (Debt issued 2006)					(220.3)	(220.5)			(220.3)	(220.5)
£200m 5.75% bonds 2040 (Debt issued 2010)					(197.3)	(197.4)			(197.3)	(197.4)
£50m 0.10% indexed linked bonds 2029 (Debt issued 2017)					(52.6)	(54.5)			(52.6)	(54.5)
£30m 0.10% indexed linked bonds 2036 (Debt issued 2018)						(31.1)				(31.1)
£250m 5.875% bonds 2027 (Debt issued 2003)							(248.4)	(248.6)	(248.4)	(248.6)
£200m 5.75% bonds 2040 (Debt issued 2010)							(197.3)	(197.4)	(197.3)	(197.4)
£105m 1.541% index linked bonds 2053 (Debt issued 2006)							(139.2)	(144.7)	(139.2)	(144.7)
£120m 1.541% index linked bonds 2056 (Debt issued 2006)							(159.1)	(165.4)	(159.1)	(165.4)
£250m 2.375% bonds 2029 (Debt issued 2017)								(246.4)		(246.4)
Short term borrowings, bank loans and overdrafts	0.0	(19.0)	(125.0)	(130.0)	0.0	0.0	(105.4)	(25.3)	(230.4)	(174.3)
External Debt reported in the Statutory Accounts	(1,433.4)	(1,453.9)	(1,496.7)	(1,514.4)	(619.8)	(653.2)	(849.4)	(1,027.7)	(4,399.3)	(4,649.3)
Add:										
Intercompany loans	(2.5)	(5.3)	(8.9)	(6.8)	0.0	0.0	(7.7)	1.1	(19.1)	(11.0)
Cash and cash equivalents	11.5	6.9	11.4	1.6	19.5	33.2	21.7	93.6	64.0	135.3
Other amounts due to/(from) group companies	24.8	(9.4)	5.7	33.2	16.8	8.1	(64.9)	(65.0)	(17.5)	(33.1)
OFGEM definition of 'Total Net Debt per Statutory Accounts'	(1,399.6)	(1,461.8)	(1,488.5)	(1,486.5)	(583.5)	(611.9)	(900.3)	(998.0)	(4,371.9)	(4,558.2)
Less:										
Unamortised issue costs	(5.5)	(5.0)	(5.0)	(4.5)	(6.6)	(6.5)	(2.3)	(3.6)	(19.4)	(19.5)
(Discount)/premium on issue	(11.1)	(10.1)	53.4	51.0	1.5	2.6	(2.3)	(4.4)	41.6	39.2
Long term loans to related parties that are not distributions or for the benefit of the Regulated Busin	0.0	0.0	0.0	0.0	0.0	0.0	(1.2)	(1.1)	(1.2)	(1.1)
Restricted cash balances		(6.4)		0.0		0.0		(4.4)	0.0	(10.9)
Other amounts due to/(from) group companies	(24.8)	9.4	(5.7)	(33.2)	(16.8)	(8.1)	64.9	65.0	17.5	33.1
Regulatory Net Debt	(1,441.0)	(1,473.9)	(1,445.8)	(1,473.2)	(605.4)	(623.9)	(841.2)	(946.5)	(4,333.4)	(4,517.4)

Regulatory Net Debt above corresponds to the total of Cash and Long- and Short-term borrowings in the RIIO accounts Statement of Regulatory Performance, less Restricted cash balances split out above in 2017/18. Restricted cash balances were included in Regulatory Net Debt in 2016/17 and in previous years; these are excluded from 2017/18 Regulatory Net Debt following clarification from Ofgem.

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Summary of Regulatory Net Debt movements	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Opening regulatory net debt	(1,329.4)	(1,444.2)	(1,356.4)	(1,446.2)	(600.3)	(605.4)	(806.3)	(849.6)	(4,092.4)	(4,345.4)
Revenue within price control	495.9	474.2	481.8	466.1	239.9	236.5	356.1	344.0	1,573.7	1,520.8
Actual Totex expenditure	(319.9)	(282.3)	(315.6)	(287.2)	(150.3)	(138.0)	(260.5)	(234.4)	(1,046.3)	(941.9)
Pass through costs	(43.3)	(44.7)	(51.1)	(50.3)	(28.3)	(25.2)	(25.7)	(29.1)	(148.4)	(149.3)
Established Pension Deficit Funding, Cash payment	(68.1)	1.0	(66.6)	0.9	(55.7)	0.5	(84.5)	0.8	(274.9)	3.3
NIA, NIC and LCNF (including LCNF successful delivery reward)	(2.0)	(2.5)	(1.8)	(1.7)	1.6	(1.3)	(1.6)	(1.9)	(3.7)	(7.3)
Disallowed Related Party Margin and DRS 8 Revenue	(2.5)	(1.7)	(3.6)	(2.1)	(1.6)	(1.2)	(3.3)	(2.5)	(11.0)	(7.5)
Other Regulatory adjustments	0.9	0.4	1.2	0.9	4.4	1.5	(15.3)	4.6	(8.8)	7.5
Activities using assets outside RAV, Revenue	17.5	21.7	18.1	21.3	8.4	8.8	15.1	19.4	59.1	71.2
Activities using assets outside RAV, Net additions	2.7	(1.4)	4.1	3.0	(2.6)	(3.0)	(1.3)	(1.1)	2.9	(2.6)
Activities using assets outside RAV, Costs	(16.8)	(19.7)	(15.8)	(16.9)	(7.3)	(6.6)	(9.4)	(13.2)	(49.3)	(56.3)
Non-Regulated Pension Deficit Funding, Cash payment	(16.5)	0.0	(16.1)	0.0	(13.0)	0.0	(19.7)	0.0	(65.3)	0.0
Movement in inventory	(0.2)	0.1	(1.9)	0.1	(0.2)	(0.8)	(1.0)	(3.3)	(3.3)	(3.9)
Movement in creditors	(18.6)	31.7	(6.9)	2.3	(6.9)	(3.5)	22.9	(11.2)	(9.5)	19.2
Movement in debtors	(14.1)	5.8	11.4	(34.1)	(3.5)	8.0	(5.4)	(21.3)	(11.6)	(41.6)
Movement in 'Restricted Cash Balances'		(3.2)		0.4		0.0		3.9		1.0
Movement in provisions, advance capital contributions, capital accruals	3.0	1.2	(10.3)	(5.7)	3.7	(8.4)	1.2	(3.6)	(2.4)	(16.5)
Interest received	0.5	0.1	0.1	0.1	0.0	0.1	3.3	3.3	3.9	3.6
Interest paid	(76.7)	(76.8)	(57.5)	(60.0)	(36.1)	(35.9)	(32.6)	(30.1)	(202.9)	(202.8)
Valuation movements (e.g. indexation)	0.0	0.0	(7.6)	(14.8)	0.2	(2.2)	(7.5)	(11.8)	(15.0)	(28.8)
Tax paid	(17.8)	(18.5)	(18.2)	(16.1)	(0.8)	(2.1)	(16.2)	(11.0)	(53.0)	(47.7)
New debt - removal of premium (net of historic accretion)	0.0	0.0	36.9	0.0	2.9	1.1	0.0	(3.6)	39.7	(2.5)
Dividends received	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.2
Dividends paid	(90.8)	(165.0)	(130.0)	(113.4)	0.0	(46.9)	(24.4)	(94.9)	(245.2)	(420.2)
Issue share capital	55.0	50.0	60.0	80.0	40.0	0.0	75.0	0.0	230.0	130.0
Closing Regulatory Net Debt	(1,441.0)	(1,473.9)	(1,445.8)	(1,473.2)	(605.4)	(623.9)	(841.2)	(946.5)	(4,333.4)	(4,517.4)
Adjustment following new Ofgem requirement to remove 'Restricted Cash Balances'	(3.2)		(0.4)		0.0		(8.3)		(11.9)	
Revised Closing Regulatory Net Debt	(1,444.2)		(1,446.2)		(605.4)		(849.6)		(4,345.4)	

The RIIO accounts use Regulatory Net Debt, which is OFGEM's definition of Net debt, as set out in OFGEM's 31 July 2009 tax clawback open letter. OFGEM uses the Regulatory Net Debt position to assess a DNO's gearing level against the OFGEM notional gearing level.

It should be noted that data reported to OFGEM also includes a presentation of Net Debt per the Statutory Accounts. WPD's DNOs' statutory accounts include the definition of External Debt shown above. This table shows the reconciliation between these definitions.

The notional gearing level for RIIO ED1 is 65%. Should actual gearing exceed 65% then OFGEM, via an annual tax clawback mechanism, requires DNOs to return any financial benefit gained from lower tax costs associated with higher gearing levels.

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7. Return on Regulatory Equity (RoRE)

WMID

EMID

SWALES

SWEST

WPD

WPD presented the following analysis of Forecast ED1 Total RoRE to OFGEM in its 2017/18 Strategic Performance Overview pilot document:

	Comments	Forecast		Forecast		Forecast		Forecast		Forecast	
		2017/18	ED1 Total	2017/18	ED1 Total	2017/18	ED1 Total	2017/18	ED1 Total	2017/18	ED1 Total
Cost of Equity	(i)	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
TIM Retained Proportion	(ii)	0.2%	-0.1%	-0.8%	-0.2%	3.9%	1.4%	0.4%	0.6%	0.4%	0.2%
IQI Additional Income	(iii)	0.7%	0.7%	0.7%	0.7%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%
Broad Measure of Customer Service	(iv)	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%
Interruptions Related Quality of Service	(v)	2.0%	2.0%	1.7%	1.7%	0.6%	0.9%	-0.1%	0.4%	1.3%	1.4%
Time to Connect Incentive Revenue	(vi)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Losses Discretionary Reward Scheme	(vii)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fines & Redress Payments	(viii)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.0%
Guaranteed Standards Payments	(ix)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Allowance Retained Within Deadband	(x)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
RoRE Total		10.2%	9.9%	9.0%	9.6%	12.8%	10.4%	8.5%	9.2%	9.8%	9.7%

Regulatory Equity used; 35% NPV Neutral RAV Return Base (£m)

796.3	811.7	794.4	808.9	353.2	370.7	522.5	550.3	2,466.4	2,541.6
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Comments:

(i) This is the cost of equity set for RIIO ED1

(ii) Totex Incentive Mechanism (TIM) element retained/(borne) by the DNO.

(iii) Income associated with OFGEM awarding WPD 'Fast Track' status for business plans deemed to be of particularly high quality, efficient and value for money.

(iv) to (vii) Income associated with output/performance incentives to drive improved customer service, connections and quality of service for supply interruptions.

(viii) Any fines or penalties paid by the DNO that do not fall within the categories of: Notice Penalties, Inspection Penalties (part of Investigatory Inspections and Penalties), Overstay Fines or Permit Penalties.

(ix) Payments made to customers in the reporting year include the following: GS Compensation Payments, Ex-Gratia Compensation Payments, Connections Guaranteed Standards of Performance Compensation Payments, Ex-Gratia Compensation Payments (Connections), Distributed Generation Standards Direction issued under Standard Condition 15A, Ex-Gratia Compensation Payments (Distributed Generation Standards Direction issued under Standard Condition 15A) & any Other Ex-Gratia/Goodwill Compensation Payments.

(x) Benefit received from UK tax rate changes that are within the DNO's tax allowance dead band.

Only the ED1 Total RoRE from the analysis above was presented in the 2017/18 Strategic Performance Overview. This comprised the above values in the 2017/18 column, plus actual values for 2017/18 and forecast values for the remaining ED1 years. This RoRE calculation aligns with OFGEM's presentation in the ED1 Annual Report, although the values differ slightly due to WPD using different assumptions from OFGEM in some areas.

The NPV Neutral RAV Return Base (NNRRB) is the arithmetic average of the opening and discounted closing RAV balance for the year, and is calculated in the PCFM.

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Using the information in these RIIO accounts, an extended RoRE for the 2017/18 Regulatory Year is calculated below. The outlined 2017/18 values are comparable to the 2017/18 values outlined in the analysis on page 27.

		WMID			EMID			SWALES			SWEST			WPD		
		RoRE £m	RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m	RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m	RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m	RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m	RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above
Net allowances for the cost of equity	(i)	51.0	5.9%	6.4%	50.8	6.1%	6.4%	22.6	5.1%	6.4%	33.4	5.4%	6.4%	157.8	5.7%	6.4%
Totex incentives	(ii)															
Fast money gain/(loss)		0.3			(1.3)			2.8			0.4			2.2		
Slow money gain/(loss)		1.1			(5.0)			11.0			1.7			8.9		
		1.4	0.2%	0.2%	(6.3)	-0.7%	-0.8%	13.8	3.1%	3.9%	2.2	0.3%	0.4%	11.1	0.4%	0.4%
Additional income/IQI	(iii)															
Pre tax		7.1	0.8%		7.0	0.8%		3.9	0.9%		5.9	1.0%		23.9	0.9%	
Less: Tax		(1.4)			(1.3)			(0.7)			(1.1)			(4.5)		
		5.8		0.7%	5.6		0.7%	3.2		0.9%	4.8		0.9%	19.4		0.8%
Output incentives:																
IIS	(v)	19.9			16.7			2.8			(0.4)			38.9		
Broad Measure & Time to connect	(iv), (vi)	7.8			8.0			3.9			5.7			25.4		
Guaranteed standards, ex-gratia payments and fines & redress payments		(0.0)			(0.0)			(0.0)			(1.0)			(1.0)		
Losses discretionary reward		0.0			0.0			0.0			0.0			0.0		
Total output incentives pre-tax (excluding LCNF, NIC and NIA below)	(vii)	27.7	3.2%		24.6	2.9%		6.7	1.5%		4.3	0.7%		63.3	2.3%	
Less: Tax (at CT rate in year of recovery)		(5.3)			(4.7)			(1.3)			(0.8)			(12.0)		
		22.4		2.8%	20.0		2.5%	5.4		1.5%	3.5		0.7%	51.3		2.1%
Tax allowance retained within deadband (SPO presentation only; within Tax variance below)				0.1%			0.1%			0.1%			0.1%			0.1%
RoRE presented above and in SPO (post-Tax basis)				10.2%			9.0%			12.8%			8.5%			9.8%
Additional items, added to pre-Tax values in bold above:																
LCNF, NIC and NIA - successful delivery reward recognised in year, net of 10% WPD funded costs		(0.4)	0.0%		0.4	0.1%		(0.0)	0.0%		(0.3)	0.0%		(0.3)	0.0%	
Enduring Value adjustment		(10.1)	-1.2%		(18.2)	-2.2%		(32.1)	-7.3%		(17.4)	-2.8%		(77.8)	-2.8%	
Disallowed Related Party margin, DRS 8 Income and removal of NBV of disposals		(2.1)	-0.2%		(3.1)	-0.4%		(1.4)	-0.3%		(2.8)	-0.5%		(9.5)	-0.3%	
Other pre-financing adjustments in Statement of Regulatory Financial Performance		0.5	0.1%		2.3	0.3%		(0.5)	-0.1%		0.4	0.1%		2.7	0.1%	
RoRE - Pre-Financing variances		74.9	8.7%		57.6	6.9%		12.9	2.9%		25.8	4.2%		171.2	6.2%	
Financing variances and other finance costs, including income from Fixed Asset investments		8.7	1.0%		8.3	1.0%		0.2	0.0%		5.6	0.9%		22.8	0.8%	
Other interest and time value of money items		0.8	0.1%		0.3	0.0%		1.3	0.3%		0.3	0.0%		2.7	0.1%	
RoRE before tax variance and return using assets outside the RAV		84.4	9.8%		66.2	7.9%		14.4	3.3%		31.7	5.1%		196.7	7.1%	
Tax variance (including gearing variance and Tax allowance retained within deadband)		(10.8)	-1.2%		(8.3)	-1.0%		1.8	0.4%		(2.3)	-0.4%		(19.5)	-0.7%	
RoRE after tax and gearing variance		73.6	8.5%		57.8	6.9%		16.3	3.7%		29.4	4.8%		177.2	6.4%	
Return on activities using assets outside the RAV		(2.0)	-0.2%		0.4	0.0%		(0.8)	-0.2%		0.1	0.0%		(2.4)	-0.1%	
Total RoRE		71.6	8.3%		58.2	6.9%		15.4	3.5%		29.5	4.77%		174.8	6.3%	
Regulatory Equity per Statement of Financial Position (SOFP) (£m)		864.8			837.5			441.7			619.0			2,763.0		

The RoRE values above align with the presentation shown in the alternative Statement of Regulatory Financial Performance, on pages 19 and 20.

RoRE reflects the financial return achieved by the licensee from its performance under the RIIO ED1 price control framework.

RoRE is calculated post-tax and is estimated using certain regulatory assumptions, such as the assumed gearing ratio of the companies, to ensure comparability across the sector and is expressed as a percentage of regulatory equity.

The aim of the RoRE measure is to provide an indication of the return achieved by the owners of a licensee which can be compared to the cost of equity originally allowed in the price control settlement and to the return achieved by other licensees on an equivalent basis.

Note that the Current tax charge for SWALES has been adjusted in these RIIO accounts to remove the tax benefit from pensions contributions reimbursed by another WPD entity.

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The 2016/17 extended RoRE analysis is shown below, restated for the adjustments highlighted on page 15:

		WMID			EMID			SWALES			SWEST			WPD		
		RoRE £m from SOFP	2016/17 RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m from SOFP	2016/17 RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m from SOFP	2016/17 RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m from SOFP	2016/17 RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above	RoRE £m from SOFP	2016/17 RoRE % using Reg Equity from SOFP	RoRE % using NNRRB * 35%, as above
Net allowances for the cost of equity	(i)	48.3	5.5%	6.4%	48.0	6.2%	6.4%	21.1	4.6%	6.4%	30.9	4.7%	6.4%	148.3	5.4%	6.4%
Totex incentives	(ii)															
Fast money gain/(loss)		(5.2)			(1.9)			1.4			(3.8)			(9.5)		
Slow money gain/(loss)		(20.6)			(7.8)			5.7			(15.3)			(38.0)		
		(25.8)	-3.0%	-3.4%	(9.7)	-1.3%	-1.3%	7.2	1.6%	2.2%	(19.2)	-2.9%	-4.0%	(47.5)	-1.7%	-2.0%
Additional income/IQI	(iii)															
Pre tax		7.1	0.8%		7.5	1.0%		4.0	0.9%		5.8	0.9%		24.4	0.9%	
Less: Tax		(1.4)			(1.5)			(0.8)			(1.2)			(4.9)		
		5.6		0.7%	6.0		0.8%	3.2		1.0%	4.7		1.0%	19.5		0.8%
Output incentives:																
IIS	(v)	19.2			18.5			5.1			3.7			46.4		
Broad Measure & Time to connect	(iv), (vi)	6.8			7.3			3.4			5.2			22.7		
Guaranteed standards, ex-gratia payments and fines & redress payments		(0.0)			(0.0)			(0.0)			(0.1)			(0.1)		
Losses discretionary reward	(vii)	0.0			0.0			0.0			0.0			0.2		
Total output incentives pre-tax (excluding LCNF, NIC and NIA below)		26.0	3.0%		25.9	3.3%		8.5	1.9%		8.8	1.3%		69.2	2.51%	
Less: Tax (at CT rate in year of recovery)		(4.9)			(4.9)			(1.6)			(1.7)			(13.1)		
		21.1		2.8%	21.0		2.8%	6.9		2.1%	7.1		1.5%	56.0		2.4%
RoRE presented in SPO (post-Tax basis)				6.5%			8.7%			11.6%			4.9%			7.6%
Additional items, added to pre-Tax values in bold above:																
LCNF, NIC and NIA - 10% WPD funded costs		(0.0)	0.0%		(0.1)	0.0%		(0.0)	0.0%		(0.3)	0.0%		(0.4)	0.0%	
Enduring Value adjustment		9.5	1.1%		7.7	1.0%		6.7	1.5%		10.6	1.6%		34.6	1.3%	
Disallowed Related Party margin, DRS 8 Income and removal of NBV of disposals		(2.5)	-0.3%		(3.7)	-0.5%		(1.7)	-0.4%		(3.6)	-0.5%		(11.5)	-0.4%	
Other pre-financing adjustments in Statement of Regulatory Financial Performance		0.6	0.1%		(1.0)	-0.1%		1.1	0.2%		(1.5)	-0.2%		(0.7)	0.0%	
RoRE - Pre-Financing variances		63.3	7.2%		74.6	9.7%		46.9	10.3%		31.6	4.8%		216.4	7.8%	
Financing variances, including income from FA investments		(13.2)	-1.5%		(5.8)	-0.8%		(9.2)	-2.0%		6.8	1.0%		(21.4)	-0.8%	
Other interest and time value of money items		1.6	0.2%		1.3	0.2%		1.8	0.4%		1.2	0.2%		5.8	0.2%	
RoRE before tax variance and return using assets outside the RAV		51.6	5.9%		70.1	9.1%		39.5	8.6%		39.6	6.0%		200.8	7.3%	
Tax variance (including gearing variance)		(6.3)	-0.7%		(8.6)	-1.1%		(6.3)	-1.4%		(7.7)	-1.2%		(28.9)	-1.0%	
RoRE after tax and gearing variance		45.3	5.2%		61.5	8.0%		33.1	7.3%		31.9	4.9%		171.9	6.2%	
Return on activities using assets outside the RAV		(2.4)	-0.3%		(0.6)	-0.1%		3.8	0.8%		10.6	1.6%		11.4	0.4%	
Total RoRE		42.9	4.9%		60.9	7.9%		36.9	8.1%		42.5	6.5%		183.3	6.6%	
Regulatory Equity per Statement of Financial Position (SOFP) (£m)		872.5			773.0			456.8			656.8			2,759.2		

2017/18 Notes to Financial Statements

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8. Regulatory Asset Value (RAV)	WMID		EMID		SWALES		SWEST		WPD	
	£m									
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
RAV at 31-Mar-2017 , as previously reported	2,261.4	2,261.4	2,255.9	2,255.9	993.5	993.5	1,465.4	1,465.4	6,976.2	6,976.2
Adjustments relating to prior years due to PCFM movements	0.0	0.0	0.2	0.2	0.0	0.0	(0.1)	(0.1)	0.1	0.1
RAV at 31-Mar-2017	2,261.4	2,261.4	2,256.1	2,256.1	993.5	993.5	1,465.3	1,465.3	6,976.3	6,976.3
Slow money Totex additions	225.8	225.8	229.8	229.8	110.4	110.4	187.5	187.5	753.4	753.4
RAV uplift/reduction from TIM	1.1	1.1	(5.0)	(5.0)	11.0	11.0	1.7	1.7	8.9	8.9
Enduring Value - Regulatory Balances - RAV	(0.3)	(0.3)	(8.4)	(8.4)	(20.4)	(20.4)	(5.5)	(5.5)	(34.7)	(34.7)
Depreciation	(199.8)	(199.8)	(198.0)	(198.0)	(89.6)	(89.6)	(132.8)	(132.8)	(620.1)	(620.1)
Indexation	76.2	76.2	75.9	75.9	33.5	33.5	49.9	49.9	235.5	235.5
RAV at 31-Mar-2018	2,364.4	2,364.4	2,350.3	2,350.3	1,038.3	1,038.3	1,566.2	1,566.2	7,319.2	7,319.2

RAV is a financial balance representing historical expenditure by the licensee that has been capitalised under regulatory rules as determined by OFGEM.

ED1 RAV additions are equal to 80% of post-TIM Totex; RAV additions are depreciated on an annual basis, commencing in the year following the year of investment. Asset life varies dependent upon the year of investment. DNOs also receive a return on RAV, based on a vanilla Weighted Average Cost of Capital (WACC) for the price control (currently 6.4% for WPD).

9. Other regulatory balances	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
K-factor	(3.4)	(2.5)	(7.5)	(5.8)	1.7	3.9	(9.5)	(21.3)	(18.8)	(25.8)
IIS incentive income	41.3	42.6	39.9	38.5	10.5	8.7	9.6	3.7	101.4	93.6
Broad Measure & Time to connect incentive income	13.9	14.6	14.8	15.3	6.6	7.3	10.3	10.8	45.7	48.1
Losses discretionary reward	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
LCNF, NIC and NIA	(3.1)	(6.0)	0.2	0.0	(0.0)	(0.0)	(8.0)	(4.2)	(10.9)	(10.3)
DPCR4 Residual distribution losses incentive	0.0	0.0	(16.3)	(3.2)	0.0	0.0	0.0	0.0	(16.3)	(3.2)
Established pension deficit recovery	80.5	45.0	78.5	43.9	45.6	17.6	63.6	21.4	268.2	127.9
Deferred Base Revenue accruals	(5.5)	(3.9)	(9.2)	(8.8)	(3.6)	(0.2)	(4.5)	0.9	(22.8)	(12.1)
Pass through costs	(2.9)	(7.0)	0.5	(7.9)	5.2	(5.5)	(2.4)	(2.3)	0.4	(22.6)
RPI accruals	(9.9)	(0.5)	(10.0)	(0.5)	(5.1)	(0.3)	(7.4)	(0.4)	(32.4)	(1.7)
Revenue profiling adjustments	12.1	10.2	14.2	11.1	20.4	23.0	(0.5)	0.1	46.2	44.4
Legacy recoveries from previous price controls	1.2	1.2	(7.4)	(6.6)	12.9	12.0	34.1	31.7	40.8	38.2
Other regulatory true ups	6.7	7.0	5.7	6.4	4.4	1.9	5.9	3.0	22.7	18.3
Enduring value adjustments	9.7	0.1	7.7	(1.9)	6.9	(4.8)	10.8	(0.856)	35.1	(7.4)
Provision amounts recoverable	21.3	19.0	12.0	10.7	9.5	8.9	13.6	13.0	56.3	51.6
	161.8	119.8	123.3	91.1	114.9	72.4	115.7	55.6	515.7	338.9

Other regulatory balances arise in the RIIO accounts as a result of timing differences between revenue received and revenue earned in the period under the regulatory framework. Revenue is recognised when regulatory activities are performed, rather than when customers have been billed, to the extent that actual expenditure incurred is expected to be recoverable in accordance with the regulatory agreement. Amounts are derecognised when the amounts have been settled or WPD is no longer entitled to recover the amounts.

Enduring value adjustments arise to adjust for intra-period timing differences, to ensure that any under or outperformance which will reverse in future years within the price control is not recognised.

For 2017/18 of the -£7.4m total WPD enduring value balance, -£8.8m relates to the Rail Electrification handback (20% Non RAV element only as 80% has been captured in the RAV element (slow money) enduring value adjustment) which will then reverse in future years when handed back to customers.

Provision amounts recoverable balances are created to offset any atypical provisions, for which any related costs are included within Totex on a cash basis only.

Note that LCNF, NIC and NIA accrual balances have been presented within Other Regulatory Balances in 2017/18; previously the majority of these balances were included within accruals on the balance sheet. The corresponding balance for 2016/17 has now also been included in the comparative values in this table, with a corresponding adjustment made to accruals reported within 2016/17 Trade and other payables.

10. Activities outside of RAV	WMID		EMID		SWALES		SWEST		WPD	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Activities using assets outside the RAV										
Revenues	17.5	21.7	18.1	21.3	8.4	8.8	15.1	19.4	59.1	71.2
Operating costs	(15.9)	(21.9)	(15.2)	(18.5)	(6.6)	(8.3)	(8.3)	(15.9)	(45.9)	(64.7)
Depreciation and amortisation	(3.5)	(2.3)	(3.8)	(2.5)	(0.3)	(0.2)	(2.1)	(1.6)	(9.7)	(6.6)
Revaluation movement on the non-regulatory element of defined benefit pensions	(0.5)	0.5	0.4	0.1	2.2	(1.0)	5.8	(1.9)	7.9	(2.3)
Return on activities using assets outside the RAV	(2.4)	(2.0)	(0.6)	0.4	3.8	(0.8)	10.6	0.1	11.4	(2.4)
Fixed assets: activities using assets outside the RAV										
Book Value at 31-Mar-2017		2.4		(8.7)		4.1		4.4		2.3
Net additions to/(disposal of) fixed assets		1.4		(2.9)		3.0		1.1		2.7
Depreciation and amortisation		(2.3)		(2.4)		(0.2)		(1.6)		(6.6)
Book value at 31-Mar-2018		1.5		(13.9)		6.9		4.0		(1.6)

Activities classified as using assets outside the RAV are the activities within the DNO that WPD reports to Ofgem as outside the price control.

Activities include Connections (Sole use, 100% funded by customers), Directly Remunerated Services (Diversion, Service alterations), De Minimis (Multi utilities gas/water, property rentals and private networks), and Meter activities.

Note that fixed asset balances above are fixed assets relating to non-price control activity, presented net of deferred contributions relating to non-price control activity.

11. Further reconciliations to Statutory Accounts and other documents

WPD has not provided any further reconciliations between these RIIO accounts and the Statutory Accounts but welcomes feedback from stakeholders if further reconciliations would be helpful.

A reconciliation of total costs reported to Ofgem in the Regulatory Reporting Pack to the Regulatory Accounts is included in WPD's regulatory submissions to OFGEM.

Note that, as WPD has a 31 March year-end, the Statutory Accounts and the Regulatory Accounts for the four companies reported contain the same results. Reconciliations to the Statutory Accounts above therefore equally apply to the Regulatory Accounts.

Western Power Distribution Sources

WPD website	http://www.westernpower.co.uk/
2016/17 RIIO accounts	https://www.westernpower.co.uk/customers-and-community/riio-accounts
Summary of WPD's 2016/17 Business Plan Commitment Report	https://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Performance-reporting-RIIO-ED1/2017/Summary-Report-Business-Plan-Commitments-Report-20.aspx
Detailed 2016/17 Business Plan Commitment Report	https://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Performance-reporting-RIIO-ED1/2017/WPD-RIIO-ED1-Business-Plan-Commitments-Report-2016.aspx
WPD RIIO ED1 business plan	https://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/WPD-RIIO-ED1-Business-Plan/WPD-RIIO-ED1-Business-Plan.aspx

External Sources

OFGEM website	https://www.ofgem.gov.uk/
RIIO ED1 price control information	https://www.ofgem.gov.uk/network-regulation-riio-model/riio-ed1-price-control
OFGEM's RIIO ED1 Price Control Financial Model (PCFM)	https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-financial-model-following-annual-iteration-process-2017
RIIO ED1 Annual Report 2016/17	https://www.ofgem.gov.uk/system/files/docs/2017/12/riio-ed1_annual_report_2016-17.pdf
OFGEM 31st July 2009 tax clawback open letter	https://www.ofgem.gov.uk/ofgem-publications/42857/taxclawbackopenletter-july09.pdf
WPD's Electricity Distribution Licence	https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf
Ofgem infographic: Bills, Prices and Profits	https://www.ofgem.gov.uk/publications-and-updates/infographic-bills-prices-and-profits

Western Power Distribution (East Midlands) plc number 2366923

Western Power Distribution (West Midlands) plc number 3600574

Western Power Distribution (South West) plc number 2366894

Western Power Distribution (South Wales) plc number 2366985

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