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OFFICIAL SENSITIVE -  
COMMERCIAL



## Financial Stress Testing

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## Appendix A1: Revenue and scenario outcomes

### A1.1 Allowed revenue breakdown and summary financial statements under Ofgem's business planning assumptions

Table 5 and Table 6 summarise the calculated revenue breakdown and financial statements under Ofgem's financial package for the base case included in Ofgem's BPG. We base the cashflow and income statements and balance sheet position on maintaining a gearing ratio of 60% in line with the notional company.

**Table 5a: Financial statements based on Ofgem's base case assumptions including RAV recovery by 2050 – Notional Company**

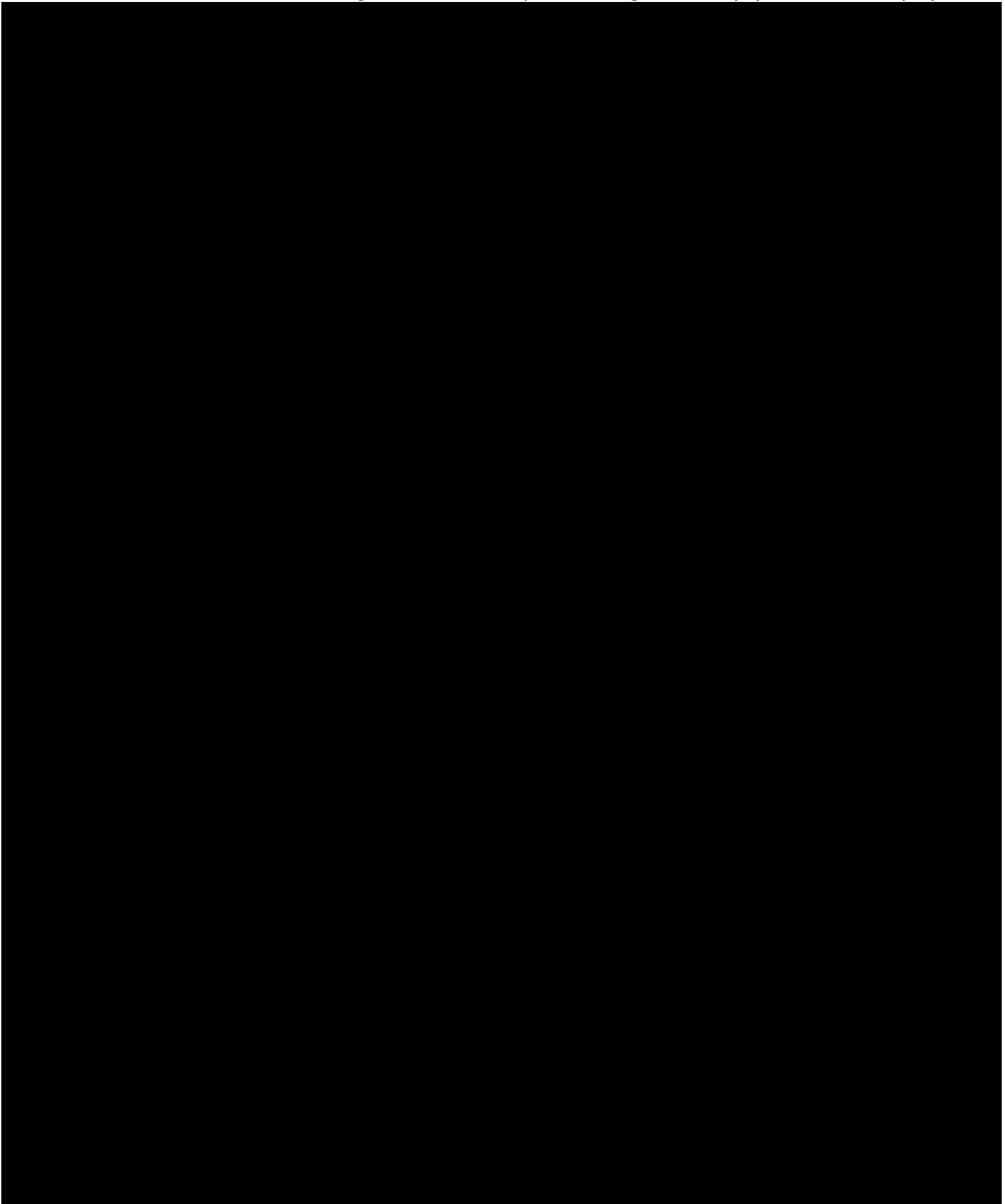
Notional Regulatory Financial Position						
	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory financial position</b>						
Closing Core RAV	£m nominal	7,802.9	8,059.0	8,301.0	8,310.8	8,248.0
Closing SO RAV	£m nominal	197.7	236.2	265.4	278.7	287.0
Non-core RAV (after transfers)	£m nominal	-	-	-	-	-
RAV	£m nominal	8,000.6	8,295.2	8,566.4	8,589.4	8,535.0
Net debt	£m nominal	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)	(4,715.1)
<b>Equity</b>	<b>£m nominal</b>	<b>3,215.5</b>	<b>3,352.8</b>	<b>3,498.5</b>	<b>3,654.5</b>	<b>3,819.9</b>
<b>Supporting analysis for financial position</b>						
<b>Nominal RAV</b>						
Opening RAV (at prior year nominal)	£m nominal	7,725.7	8,000.6	8,295.2	8,566.4	8,589.4
Inflation	£m nominal	76.8	89.9	96.1	99.4	99.6
Opening RAV (before transfers)	£m nominal	7,802.5	8,090.5	8,391.4	8,665.7	8,689.1
Transfers	£m nominal	-	-	-	-	-
Opening RAV (after transfers)	£m nominal	7,802.5	8,090.5	8,391.4	8,665.7	8,689.1
Net additions (after disposals)	£m nominal	799.4	856.9	884.8	695.5	661.6
Depreciation	£m nominal	(601.4)	(652.2)	(709.8)	(771.8)	(815.7)
<b>Closing RAV</b>	<b>£m nominal</b>	<b>8,000.6</b>	<b>8,295.2</b>	<b>8,566.4</b>	<b>8,589.4</b>	<b>8,535.0</b>

	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Supporting analysis for financial position</b>						
<b>Equity</b>						
Opening equity (before inflation uplift on opening RAV)	£m nominal	3,981.7	3,215.5	3,352.8	3,498.5	3,654.5
Inflation	£m nominal	76.8	89.9	96.1	99.4	99.6
Opening equity (after inflation uplift on opening RAV)	£m nominal	4,058.6	3,305.4	3,449.0	3,597.9	3,754.1
RAV adjustment from previous price controls (share to equity)	£m nominal	-	-	-	-	-
Earnings after tax (after regulatory depreciation)	£m nominal	144.4	146.9	152.3	159.7	168.2
Regulatory dividend	£m nominal	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
Movement in equity (before issuance)	£m nominal	4,106.9	3,352.8	3,498.5	3,654.5	3,819.9
Equity issued	£m nominal	-	-	-	-	-
Impact of debt re-set (start of RII03)	£m nominal	(891.5)	-	-	-	-
<b>Closing equity</b>	<b>£m nominal</b>	<b>3,215.5</b>	<b>3,352.8</b>	<b>3,498.5</b>	<b>3,654.5</b>	<b>3,819.9</b>
<b>PAT (using regulatory depreciation)</b>						
PAT (per regulatory earnings statement below)	£m nominal	144.4	146.9	152.3	159.7	168.2
less: excess fast money	£m nominal	-	-	-	-	-
add back: retained outperformance	£m nominal	-	-	-	-	-
Adjustment for regulatory depreciation (if statutory depreciation is applied)	£m nominal	-	-	-	-	-
<b>PAT (after regulatory depreciation)</b>	<b>£m nominal</b>	<b>144.4</b>	<b>146.9</b>	<b>152.3</b>	<b>159.7</b>	<b>168.2</b>
<b>Reconciliation of cash flows to movement in net debt</b>						
Opening net debt	£m nominal	(4,635.4)	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)
Closing net debt	£m nominal	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)	(4,715.1)
Movement in net debt	£m nominal	(149.7)	(157.3)	(125.5)	132.9	219.9
Add back: principal inflation accretion	£m nominal	23.7	27.6	29.3	29.3	28.2
<b>Net cash flow</b>	<b>£m nominal</b>	<b>(126.0)</b>	<b>(129.7)</b>	<b>(96.2)</b>	<b>162.2</b>	<b>248.1</b>

	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory earning statement</b>						
<b>EBITDA</b>						
Operating revenue	£m nominal	1,713.3	1,847.0	1,940.2	1,977.2	2,034.1
Less fast pot expenditure	£m nominal	(392.1)	(428.2)	(436.3)	(348.9)	(335.0)
Less pass-through expenditure	£m nominal	(142.8)	(157.1)	(158.7)	(158.3)	(160.2)
Less equity issuance cost	£m nominal	-	-	-	-	-
Less other costs	£m nominal	(185.8)	(188.1)	(189.7)	(192.4)	(190.3)
<b>EBITDA</b>	<b>£m nominal</b>	<b>992.6</b>	<b>1,073.7</b>	<b>1,155.5</b>	<b>1,277.6</b>	<b>1,348.6</b>
<b>Earnings before interest and taxes (EBIT)</b>						
Less depreciation (Regulatory)	£m nominal	(601.4)	(652.2)	(709.8)	(771.8)	(815.7)
<b>EBIT</b>	<b>£m nominal</b>	<b>391.2</b>	<b>421.5</b>	<b>445.7</b>	<b>505.7</b>	<b>532.9</b>
<b>Regulatory earning statement</b>						
<b>Profit before tax (PBT)</b>						
Less net interest paid (excluding principal inflation accretion)	£m nominal	(190.5)	(204.5)	(213.3)	(216.4)	(214.5)
Less net interest paid (principal inflation accretion)	£m nominal	(23.7)	(27.6)	(29.3)	(29.3)	(28.2)
<b>PBT</b>	<b>£m nominal</b>	<b>177.0</b>	<b>189.4</b>	<b>203.1</b>	<b>260.1</b>	<b>290.1</b>
<b>Profit after tax (PAT)</b>						
Less tax paid	£m nominal	(32.7)	(42.5)	(50.8)	(100.4)	(121.9)
<b>PAT</b>	<b>£m nominal</b>	<b>144.4</b>	<b>146.9</b>	<b>152.3</b>	<b>159.7</b>	<b>168.2</b>
<b>Retained earnings</b>						
Less dividends paid	£m nominal	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
<b>Retained earnings for the year</b>	<b>£m nominal</b>	<b>48.4</b>	<b>47.4</b>	<b>49.5</b>	<b>56.6</b>	<b>65.8</b>

	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory cash flow statement</b>						
<b>Funds from operations (FFO)</b>						
Operating revenue	£m nominal	1,713.3	1,847.0	1,940.2	1,977.2	2,034.1
Less total operating costs	£m nominal	(720.7)	(773.3)	(784.7)	(699.6)	(685.5)
Net cash flow from operations	£m nominal	992.6	1,073.7	1,155.5	1,277.6	1,348.6
Less net interest paid (excluding principal inflation accretion)	£m nominal	(190.5)	(204.5)	(213.3)	(216.4)	(214.5)
Less tax paid	£m nominal	(32.7)	(42.5)	(50.8)	(100.4)	(121.9)
<b>FFO</b>	<b>£m nominal</b>	<b>769.5</b>	<b>826.8</b>	<b>891.4</b>	<b>960.8</b>	<b>1,012.2</b>
<b>Retained cash flow (RCF)</b>						
Less dividends paid	£m nominal	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
<b>RCF</b>	<b>£m nominal</b>	<b>673.5</b>	<b>727.2</b>	<b>788.6</b>	<b>857.7</b>	<b>909.7</b>
<b>Net cash flow before financing</b>						
Net slow pot expenditure	£m nominal	(799.4)	(856.9)	(884.8)	(695.5)	(661.6)
add back: retained outperformance	£m nominal	-	-	-	-	-
Less pre-vesting and post-vesting disposal proceeds	£m nominal	-	-	-	-	-
<b>Net cash flow before financing</b>	<b>£m nominal</b>	<b>(126.0)</b>	<b>(129.7)</b>	<b>(96.2)</b>	<b>162.2</b>	<b>248.1</b>
<b>Change in net debt</b>						
Equity issuance	£m nominal	-	-	-	-	-
Net cash flow from financing	£m nominal	-	-	-	-	-
<b>Change in net debt</b>	<b>£m nominal</b>	<b>(126.0)</b>	<b>(129.7)</b>	<b>(96.2)</b>	<b>162.2</b>	<b>248.1</b>

Table 5b: Financial statements based on Ofgem’s base case assumptions including RAV recovery by 2050 – Actual Company





## A1.2 Allowed revenue breakdown and summary financial statements under our alternative financial package

The table below summarises the calculated revenue breakdown and financial statements under our alternative financial package.

**Table 6a: Financial statements based on our alternative financial package – Notional Company**

Notional Regulatory Financial Position						
	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory financial position</b>						
Closing Core RAV	£m nominal	7,937.6	8,351.4	8,777.3	8,999.7	9,170.3
Closing SO RAV	£m nominal	197.7	236.2	265.4	278.7	287.0
Non-core RAV (after transfers)	£m nominal	-	-	-	-	-
RAV	£m nominal	8,135.3	8,587.6	9,042.7	9,278.4	9,457.3
Net debt	£m nominal	(4,889.0)	(5,170.6)	(5,443.5)	(5,484.3)	(5,456.6)
<b>Equity</b>	<b>£m nominal</b>	<b>3,246.3</b>	<b>3,417.1</b>	<b>3,599.1</b>	<b>3,794.1</b>	<b>4,000.7</b>
<b>Supporting analysis for financial position</b>						
<b>Nominal RAV</b>						
Opening RAV (at prior year nominal)	£m nominal	7,725.7	8,135.3	8,587.6	9,042.7	9,278.4
Inflation	£m nominal	76.8	91.4	99.5	104.9	107.6
Opening RAV (before transfers)	£m nominal	7,802.5	8,226.7	8,687.2	9,147.5	9,386.0
Transfers	£m nominal	-	-	-	-	-
Opening RAV (after transfers)	£m nominal	7,802.5	8,226.7	8,687.2	9,147.5	9,386.0
Net additions (after disposals)	£m nominal	799.4	856.9	884.8	695.5	661.6
Depreciation	£m nominal	(466.7)	(496.0)	(529.3)	(564.7)	(590.4)
<b>Closing RAV</b>	<b>£m nominal</b>	<b>8,135.3</b>	<b>8,587.6</b>	<b>9,042.7</b>	<b>9,278.4</b>	<b>9,457.3</b>

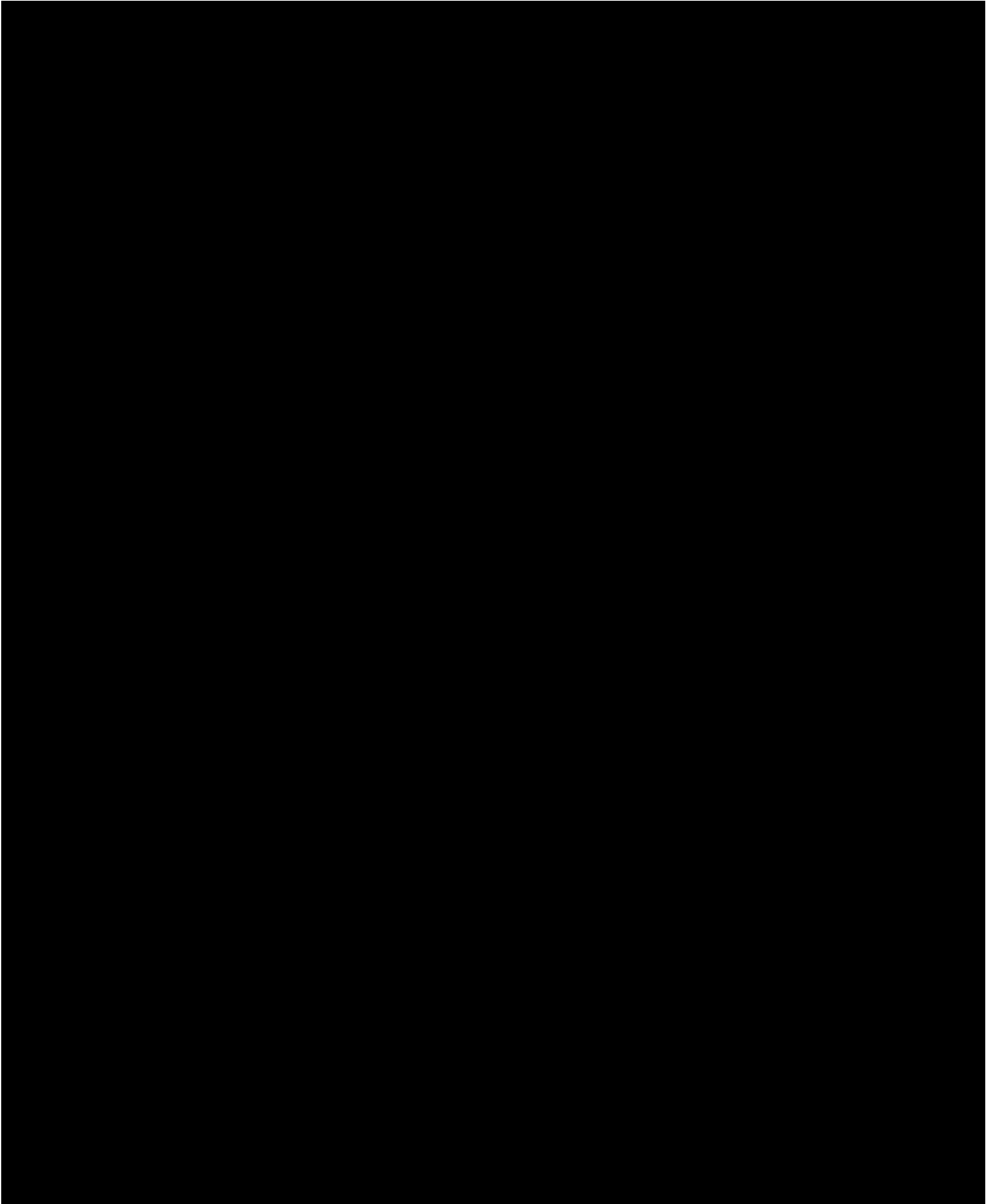


	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Supporting analysis for financial position</b>						
<b>Equity</b>						
Opening equity (before inflation uplift on opening RAV)	£m nominal	3,981.7	3,246.3	3,417.1	3,599.1	3,794.1
Inflation	£m nominal	76.8	91.4	99.5	104.9	107.6
Opening equity (after inflation uplift on opening RAV)	£m nominal	4,058.6	3,337.7	3,516.6	3,704.0	3,901.7
RAV adjustment from previous price controls (share to equity)	£m nominal	-	-	-	-	-
Earnings after tax (after regulatory depreciation)	£m nominal	176.7	182.4	191.0	201.4	212.5
Regulatory dividend	£m nominal	(97.6)	(103.1)	(108.5)	(111.3)	(113.5)
Movement in equity (before issuance)	£m nominal	4,137.7	3,417.1	3,599.1	3,794.1	4,000.7
Equity issued	£m nominal	-	-	-	-	-
Impact of debt re-set (start of RIIO3)	£m nominal	(891.5)	-	-	-	-
<b>Closing equity</b>	<b>£m nominal</b>	<b>3,246.3</b>	<b>3,417.1</b>	<b>3,599.1</b>	<b>3,794.1</b>	<b>4,000.7</b>
	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Supporting analysis for financial position</b>						
<b>PAT (using regulatory depreciation)</b>						
PAT (per regulatory earnings statement below)	£m nominal	176.7	182.4	191.0	201.4	212.5
less: excess fast money	£m nominal	-	-	-	-	-
add back: retained outperformance	£m nominal	-	-	-	-	-
Adjustment for regulatory depreciation (if statutory depreciation is applied)	£m nominal	-	-	-	-	-
<b>PAT (after regulatory depreciation)</b>	<b>£m nominal</b>	<b>176.7</b>	<b>182.4</b>	<b>191.0</b>	<b>201.4</b>	<b>212.5</b>
<b>Reconciliation of cash flows to movement in net debt</b>						
Opening net debt	£m nominal	(4,635.4)	(4,889.0)	(5,170.6)	(5,443.5)	(5,484.3)
Closing net debt	£m nominal	(4,889.0)	(5,170.6)	(5,443.5)	(5,484.3)	(5,456.6)
Movement in net debt	£m nominal	(253.6)	(281.6)	(273.0)	(40.8)	27.7
Add back: principal inflation accretion	£m nominal	23.9	28.5	31.0	31.9	32.0
<b>Net cash flow</b>	<b>£m nominal</b>	<b>(229.7)</b>	<b>(253.1)</b>	<b>(242.0)</b>	<b>(8.9)</b>	<b>59.7</b>

	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory earning statement</b>						
<b>EBITDA</b>						
Operating revenue	£m nominal	1,612.8	1,720.7	1,787.6	1,798.2	1,839.8
Less fast pot expenditure	£m nominal	(392.1)	(428.2)	(436.3)	(348.9)	(335.0)
Less difference in fast pot expenditure pre-TIM and post-TIM	£m nominal	-	-	-	-	-
Less pass-through expenditure	£m nominal	(142.8)	(157.1)	(158.7)	(158.3)	(160.2)
Less equity issuance cost	£m nominal	-	-	-	-	-
Less other costs	£m nominal	(185.8)	(188.1)	(189.7)	(192.4)	(190.3)
<b>EBITDA</b>	<b>£m nominal</b>	<b>892.2</b>	<b>947.4</b>	<b>1,002.9</b>	<b>1,098.6</b>	<b>1,154.3</b>
<b>Earnings before interest and taxes (EBIT)</b>						
Less depreciation (Regulatory)	£m nominal	(466.7)	(496.0)	(529.3)	(564.7)	(590.4)
<b>EBIT</b>	<b>£m nominal</b>	<b>425.4</b>	<b>451.4</b>	<b>473.6</b>	<b>534.0</b>	<b>563.9</b>
<b>Profit before tax (PBT)</b>						
Less net interest paid (excluding principal inflation accretion)	£m nominal	(224.2)	(236.9)	(249.9)	(257.3)	(257.6)
Less net interest paid (principal inflation accretion)	£m nominal	(23.9)	(28.5)	(31.0)	(31.9)	(32.0)
<b>PBT</b>	<b>£m nominal</b>	<b>177.4</b>	<b>186.1</b>	<b>192.7</b>	<b>244.7</b>	<b>274.3</b>
<b>Profit after tax (PAT)</b>						
Less tax paid	£m nominal	(0.6)	(3.7)	(1.6)	(43.3)	(61.8)
<b>PAT</b>	<b>£m nominal</b>	<b>176.7</b>	<b>182.4</b>	<b>191.0</b>	<b>201.4</b>	<b>212.5</b>
<b>Retained earnings</b>						
Less dividends paid	£m nominal	(97.6)	(103.1)	(108.5)	(111.3)	(113.5)
<b>Retained earnings for the year</b>	<b>£m nominal</b>	<b>79.1</b>	<b>79.4</b>	<b>82.5</b>	<b>90.1</b>	<b>99.0</b>

	Units	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Regulatory cash flow statement</b>						
<b>Funds from operations (FFO)</b>						
Operating revenue	£m nominal	1,612.8	1,720.7	1,787.6	1,798.2	1,839.8
Less total operating costs	£m nominal	(720.7)	(773.3)	(784.7)	(699.6)	(685.5)
Net cash flow from operations	£m nominal	892.2	947.4	1,002.9	1,098.6	1,154.3
Less net interest paid (excluding principal inflation accretion)	£m nominal	(224.2)	(236.9)	(249.9)	(257.3)	(257.6)
Less tax paid	£m nominal	(0.6)	(3.7)	(1.6)	(43.3)	(61.8)
<b>FFO</b>	<b>£m nominal</b>	<b>667.3</b>	<b>706.9</b>	<b>751.3</b>	<b>798.0</b>	<b>834.8</b>
<b>Retained cash flow (RCF)</b>						
Less dividends paid	£m nominal	(97.6)	(103.1)	(108.5)	(111.3)	(113.5)
<b>RCF</b>	<b>£m nominal</b>	<b>569.7</b>	<b>603.8</b>	<b>642.8</b>	<b>686.6</b>	<b>721.3</b>
<b>Net cash flow before financing</b>						
Net slow pot expenditure	£m nominal	(799.4)	(856.9)	(884.8)	(695.5)	(661.6)
add back: retained outperformance	£m nominal	-	-	-	-	-
Less pre-vesting and post-vesting disposal proceeds	£m nominal	-	-	-	-	-
<b>Net cash flow before financing</b>	<b>£m nominal</b>	<b>(229.7)</b>	<b>(253.1)</b>	<b>(242.0)</b>	<b>(8.9)</b>	<b>59.7</b>
<b>Change in net debt</b>						
Equity issuance	£m nominal	-	-	-	-	-
Net cash flow from financing	£m nominal	-	-	-	-	-
<b>Change in net debt</b>	<b>£m nominal</b>	<b>(229.7)</b>	<b>(253.1)</b>	<b>(242.0)</b>	<b>(8.9)</b>	<b>59.7</b>

Table 6b: Financial statements based on our alternative financial package – Actual Company





### A.1.3 BPFM scenario outcomes: base case (notional)

Outcomes for each of the scenarios included in the BPFM are summarised below.

Table 7a: Stress Test Scenario on Ofgem Base Case Scenario – Notional Company

Scenario	Description	Moody's Credit Rating Target: ≥ Baa1	AICR (Moody's) Target: ≥ 1.4x	FFO/Net Debt (S&P)
1	Base case	A2 (6.2)	1.83	18.27%
2	High Interest Rate (Base plus 2%)	A2 (6.2)	1.81	18.85%
3	Low Interest Rate (Base minus 2%)	A2 (6.3)	1.87	17.71%
4	High Inflation (Base plus 2%)	A2 (6.2)	1.85	18.58%
5	Low Inflation (Base minus 2%)	A2 (6.4)	1.81	17.95%
6	High CPIH Inflation Divergence (Base plus 0.5%)	A2 (6.2)	1.82	18.19%
7	Low CPIH Inflation Divergence (Base minus 0.5%)	A2 (6.2)	1.84	18.34%
8	High RPI Inflation Divergence (Base plus 0.5%)	A2 (6.2)	1.83	18.27%
9	Low RPI Inflation Divergence (Base minus 0.5%)	A2 (6.2)	1.83	18.27%
10	Totex Outperformance (Base plus 10%)	A2 (6.0)	1.97	19.73%
11	Totex Underperformance (Base minus 10%)	A3 (6.8)	1.70	16.99%
12	High RORE (Base plus 2%)	A2 (5.8)	2.21	20.65%
13	Low RORE (Base minus 2%)	A3 (6.9)	1.48	16.11%
14	High Index-Linked Debt (Base plus 10%)	A2 (6.2)	1.87	18.22%
15	Low Index-Linked Debt (Base minus 10%)	A2 (6.2)	1.80	18.31%
16	NGT – Convergence of CPIH/RPI by 2030 (RPI 3% match)	A2 (6.2)	1.86	18.39%
17	NGT – Convergence of CPIH/RPI by 2030 (CPIH 2% match)	A2 (6.2)	1.83	18.27%
18	NGT – 64% / 74% Capitalisation Rate	A2 (6.2)	1.85	18.61%
19	NGT – 50% increase of UMs	A2 (6.4)	1.80	17.81%

#### A.1.4 BPFM scenario outcomes: base case (actual)

Outcomes for each of the scenarios included in the BPFM are summarised below.

Table 7b: Stress Test Scenario on Ofgem Base Case Scenario – Actual Company

Scenario	Description	Moody's Credit Rating Target: $\geq$ Baa1	AICR (Moody's) Target: $\geq$ 1.4x	FFO/Net Debt (S&P)
1	Base case	A2 (5.7)	2.35	19.19%
2	High Interest Rate (Base plus 2%)	A2 (5.7)	2.45	20.22%
3	Low Interest Rate (Base minus 2%)	A2 (5.8)	2.29	18.42%
4	High Inflation (Base plus 2%)	A2 (5.7)	2.45	19.56%
5	Low Inflation (Base minus 2%)	A2 (5.7)	2.27	19.00%
6	High CPIH Inflation Divergence (Base plus 0.5%)	A2 (5.7)	2.36	19.18%
7	Low CPIH Inflation Divergence (Base minus 0.5%)	A2 (5.7)	2.37	19.40%
8	High RPI Inflation Divergence (Base plus 0.5%)	A2 (5.7)	2.38	19.25%
9	Low RPI Inflation Divergence (Base minus 0.5%)	A2 (5.7)	2.34	19.33%
10	Totex Outperformance (Base plus 10%)	A2 (5.7)	2.57	20.32%
11	Totex Underperformance (Base minus 10%)	A3 (6.1)	2.12	17.90%
12	High RORE (Base plus 2%)	A2 (5.7)	2.84	21.22%
13	Low RORE (Base minus 2%)	A3 (6.6)	1.86	17.03%
14	High Index-Linked Debt (Base plus 10%)	A2 (5.7)	2.29	19.03%
15	Low Index-Linked Debt (Base minus 10%)	A2 (5.7)	2.43	19.54%
16	NGT – Convergence of CPIH/RPI by 2030 (RPI 3% match)	A2 (5.7)	2.38	19.31%
17	NGT – Convergence of CPIH/RPI by 2030 (CPIH 2% match)	A2 (5.7)	2.35	19.19%
18	NGT – 64% / 74% Capitalisation Rate	A2 (5.7)	2.42	20.56%
19	NGT – 50% increase of UMs	A2 (5.7)	2.26	19.27%

### A.1.5 BPFM scenario outcomes: alternative financial package (notional)

Outcomes for each of the scenarios included in the BPFM are summarised below.

Table 8a: Stress Test Scenario on NGT Alternative Financial Package – Notional Company

Scenario	Description	Moody's Credit Rating Target: ≥ Baa1	AICR (Moody's) Target: ≥ 1.4x	FFO/Net Debt (S&P)
1	Base case	A3 (6.7)	1.86	14.19%
2	High Interest Rate (Base plus 2%)	A2 (6.1)	1.90	20.15%
3	Low Interest Rate (Base minus 2%)	A2 (6.0)	1.97	18.91%
4	High Inflation (Base plus 2%)	A2 (6.2)	1.95	19.86%
5	Low Inflation (Base minus 2%)	A2 (6.2)	1.90	19.16%
6	High CPIH Inflation Divergence (Base plus 0.5%)	A2 (6.2)	1.92	19.42%
7	Low CPIH Inflation Divergence (Base minus 0.5%)	A2 (6.2)	1.93	19.60%
8	High RPI Inflation Divergence (Base plus 0.5%)	A2 (6.2)	1.92	19.51%
9	Low RPI Inflation Divergence (Base minus 0.5%)	A2 (6.2)	1.92	19.51%
10	Totex Outperformance (Base plus 10%)	A2 (5.8)	2.07	21.12%
11	Totex Underperformance (Base minus 10%)	A2 (6.5)	1.79	18.11%
12	High RORE (Base plus 2%)	A2 (5.6)	2.28	22.05%
13	Low RORE (Base minus 2%)	A2 (6.5)	1.59	17.23%
14	High Index-Linked Debt (Base plus 10%)	A2 (6.2)	1.96	19.46%
15	Low Index-Linked Debt (Base minus 10%)	A2 (6.2)	1.89	19.57%
16	NGT – Convergence of CPIH/RPI by 2030 (RPI 3% match)	A3 (6.7)	1.88	14.31%
17	NGT – Convergence of CPIH/RPI by 2030 (CPIH 2% match)	A3 (6.7)	1.86	14.19%
18	NGT – 64% / 74% Capitalisation Rate	A3 (6.5)	1.87	14.49%
19	NGT – 50% increase of UMs	A3 (6.9)	1.83	13.82%

## A.1.6 BPFM scenario outcomes: alternative financial package (actual)

Outcomes for each of the scenarios included in the BPFM are summarised below.

Table 8b: Stress Test Scenario on NGT Alternative Financial Package – Actual Company

Scenario	Description	Moody's Credit Rating Target: $\geq$ Baa1	AICR (Moody's) Target: $\geq$ 1.4x	FFO/Net Debt (S&P)
1	Base case	A2 (6.1)	2.48	15.57%
2	High Interest Rate (Base plus 2%)	A2 (5.7)	2.71	21.55%
3	Low Interest Rate (Base minus 2%)	A2 (5.7)	2.73	20.32%
4	High Inflation (Base plus 2%)	A2 (5.7)	2.78	20.99%
5	Low Inflation (Base minus 2%)	A2 (5.7)	2.67	20.95%
6	High CPIH Inflation Divergence (Base plus 0.5%)	A2 (5.7)	2.77	21.12%
7	Low CPIH Inflation Divergence (Base minus 0.5%)	A2 (5.7)	2.68	20.82%
8	High RPI Inflation Divergence (Base plus 0.5%)	A2 (5.7)	2.80	21.19%
9	Low RPI Inflation Divergence (Base minus 0.5%)	A2 (5.7)	2.66	20.75%
10	Totex Outperformance (Base plus 10%)	A2 (5.7)	2.81	21.28%
11	Totex Underperformance (Base minus 10%)	A2 (5.7)	2.48	19.67%
12	High RORE (Base plus 2%)	A2 (5.7)	3.08	22.21%
13	Low RORE (Base minus 2%)	A2 (5.7)	2.22	18.79%
14	High Index-Linked Debt (Base plus 10%)	A2 (5.7)	2.70	20.97%
15	Low Index-Linked Debt (Base minus 10%)	A2 (5.7)	2.85	21.52%
16	NGT – Convergence of CPIH/RPI by 2030 (RPI 3% match)	A2 (6.1)	2.51	15.69%
17	NGT – Convergence of CPIH/RPI by 2030 (CPIH 2% match)	A2 (6.1)	2.48	15.57%
18	NGT – 64% / 74% Capitalisation Rate	A2 (6.1)	2.54	16.81%
19	NGT – 50% increase of UMs	A2 (6.1)	2.46	15.96%



### A.1.7 FBP Outputs: Ofgem Base Case (notional)

FBP outputs from BPFM is provided below for Ofgem base case sensitivity.

Table 9a: FBP Outputs of Credit Ratio Summary

Ofgem Base Case – FBP Outputs											
	Units	2026/27	2027/28	2028/29	2029/30	2030/31	2026/27	2027/28	2028/29	2029/30	2030/31
Live outputs											
<b>Credit Ratio Summary</b>											
		RIIO-3 Live Outputs					Base (notional)				
FFO interest cover ratio (including accretions)	Scalar	4.48	4.44	4.55	4.79	5.05	4.48	4.44	4.55	4.79	5.05
FFO interest cover ratio (cash interest only)	Scalar	5.04	5.04	5.18	5.44	5.72	5.04	5.04	5.18	5.44	5.72
Adjusted interest cover ratio (post-maintenance interest cover ratio)	Scalar	1.88	1.85	1.85	1.87	1.92	1.88	1.85	1.85	1.87	1.92
FFO/Net Debt	%	16.08%	16.73%	17.59%	19.47%	21.47%	0.16	0.17	0.18	0.19	0.21
Net Debt/Closing RAV	%	59.81%	59.58%	59.16%	57.45%	55.24%	0.60	0.60	0.59	0.57	0.55
Dividends as % of Equity RAV	%	3.11%	3.11%	3.10%	3.06%	3.04%	0.03	0.03	0.03	0.03	0.03
Dividend cover ratio (using statutory depreciation)	Scalar	1.50	1.48	1.48	1.55	1.64	1.50	1.48	1.48	1.55	1.64

Table 9b: FBP Outputs of Allowed Revenue Breakdown

Ofgem Base Case – FBP Outputs											
	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary financial information</b>											
<b>Allowed revenue breakdown</b>											
Fast money		169.9	210.7	251.6	311.2	315.3	392.1	428.2	436.3	348.9	335.0
Pass-through expenditure	£m nominal	129.0	154.7	135.7	124.7	131.8	142.8	157.1	158.7	158.3	160.2
Depreciation	£m nominal	361.7	394.1	418.2	434.8	452.0	601.4	652.2	709.8	771.8	815.7
Return	£m nominal	194.8	203.8	234.8	258.7	270.7	359.0	380.0	396.2	406.6	412.0
Equity issuance cost	£m nominal	7.9	-	-	-	-	-	-	-	-	-
<b>Base revenue</b>	<b>£m nominal</b>	<b>863.2</b>	<b>963.3</b>	<b>1,040.5</b>	<b>1,129.5</b>	<b>1,169.7</b>	<b>1,495.4</b>	<b>1,617.4</b>	<b>1,700.9</b>	<b>1,685.7</b>	<b>1,723.0</b>
Return adjustment	£m nominal	-	-	-	-	-	-	-	-	-	-
Directly remunerated service adjustment	£m nominal	(3.6)	-	(0.1)	-	-	-	-	-	-	-
Business plan incentive	£m nominal	(4.7)	(5.1)	(5.4)	(5.6)	(5.6)	-	-	-	-	-
Output delivery incentive	£m nominal	4.0	4.4	4.7	4.8	4.9	-	-	-	-	-
Other revenue allowances	£m nominal	255.1	729.4	189.0	231.7	228.7	185.3	187.1	188.5	191.1	189.2
<b>Calculated revenue (before tax)</b>	<b>£m nominal</b>	<b>1,114.1</b>	<b>1,692.0</b>	<b>1,228.6</b>	<b>1,360.5</b>	<b>1,397.7</b>	<b>1,680.6</b>	<b>1,804.5</b>	<b>1,889.4</b>	<b>1,876.8</b>	<b>1,912.2</b>
Tax allowance	£m nominal	41.8	37.6	51.3	50.8	25.7	32.7	42.5	50.8	100.4	121.9
Tax allowance adjustment	£m nominal	-	-	-	-	-	-	-	-	-	-
<b>Calculated revenue</b>	<b>£m nominal</b>	<b>1,155.8</b>	<b>1,729.6</b>	<b>1,279.9</b>	<b>1,411.3</b>	<b>1,423.3</b>	<b>1,713.3</b>	<b>1,847.0</b>	<b>1,940.2</b>	<b>1,977.2</b>	<b>2,034.1</b>
Less directly remunerated services adjustment	£m nominal	3.6	-	0.1	-	-	-	-	-	-	-
<b>Recalculated revenue (without DRS adjustment)</b>	<b>£m nominal</b>	<b>1,159.4</b>	<b>1,729.6</b>	<b>1,280.0</b>	<b>1,411.3</b>	<b>1,423.3</b>	<b>1,713.3</b>	<b>1,847.0</b>	<b>1,940.2</b>	<b>1,977.2</b>	<b>2,034.1</b>

Table 9c: FBP Outputs of Regulatory financial position

	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary Financial Information</b>											
<b>1) Regulatory financial position</b>											
Closing RAV	£m nominal	6,450.6	6,941.6	7,287.0	7,542.2	7,725.7	8,000.6	8,295.2	8,566.4	8,589.4	8,535.0
Closing Net debt	£m nominal	(3,659.3)	(3,622.6)	(3,573.0)	(3,644.8)	(3,744.0)	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)	(4,715.1)
Equity	£m nominal	2,791.3	3,318.9	3,714.0	3,897.4	3,981.7	3,215.5	3,352.8	3,498.5	3,654.5	3,819.9
<b>RAV</b>											
Opening RAV (at prior year nominal)	£m nominal	-	6,450.6	6,941.6	7,287.0	7,542.2	7,725.7	8,000.6	8,295.2	8,566.4	8,589.4
Inflation (uplift from previous year to current nominal)	£m nominal	-	566.0	385.0	205.0	117.8	76.8	89.9	96.1	99.4	99.6
Opening RAV (before transfers)	£m nominal	6,567.1	7,016.6	7,326.6	7,491.9	7,660.0	7,802.5	8,090.5	8,391.4	8,665.7	8,689.1
Transfers	£m nominal	-	-	-	-	-	-	-	-	-	-
Opening RAV (after transfers)	£m nominal	6,567.1	7,016.6	7,326.6	7,491.9	7,660.0	7,802.5	8,090.5	8,391.4	8,665.7	8,689.1
Net movements on non-core RAV	£m nominal	-	-	-	-	-	-	-	-	-	-
Net additions (after disposals)	£m nominal	245.2	319.1	378.6	485.1	517.7	799.4	856.9	884.8	695.5	661.6
Depreciation	£m nominal	(361.7)	(394.1)	(418.2)	(434.8)	(452.0)	(601.4)	(652.2)	(709.8)	(771.8)	(815.7)
Closing RAV	£m nominal	6,450.6	6,941.6	7,287.0	7,542.2	7,725.7	8,000.6	8,295.2	8,566.4	8,589.4	8,535.0

Table 9d: FBP Outputs of Regulatory financial position

	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary Financial Information</b>											
<b>1) Regulatory financial position</b>											
<b>Equity</b>											
Opening equity (before inflation uplift on opening RAV)	£m nominal		2,791.3	3,318.9	3,714.0	3,897.4	3,981.7	3,215.5	3,352.8	3,498.5	3,654.5
Inflation uplift on opening RAV	£m nominal		566.0	385.0	205.0	117.8	76.8	89.9	96.1	99.4	99.6
Opening equity (after RPI uplift on opening RAV)	£m nominal	2,795.6	3,357.3	3,704.0	3,919.0	4,015.2	4,058.6	3,305.4	3,449.0	3,597.9	3,754.1
RAV adjustment from previous price controls (share to equity)	£m nominal	-	-	-	-	-	-	-	-	-	-
Earnings after tax (after regulatory depreciation)	£m nominal	73.1	44.9	97.5	68.9	59.3	144.4	146.9	152.3	159.7	168.2
Regulatory dividend	£m nominal	(77.4)	(83.3)	(87.4)	(90.5)	(92.7)	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
Movement in equity (before issuance)	£m nominal	2,791.3	3,318.9	3,714.0	3,897.4	3,981.7	4,106.9	3,352.8	3,498.5	3,654.5	3,819.9
Equity issued	£m nominal	-	-	-	-	-	-	-	-	-	-
Impact of debt re-set	£m nominal	-	-	-	-	-	(891.5)	-	-	-	-
Closing Equity	£m nominal	2,791.3	3,318.9	3,714.0	3,897.4	3,981.7	3,215.5	3,352.8	3,498.5	3,654.5	3,819.9

Table 9e: FBP Outputs of Regulatory financial position

	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary Financial Information</b>											
<b>1) Regulatory financial position</b>											
<b>PAT</b>											
PAT (per regulatory earnings statement below)	£m nominal	61.0	14.0	75.6	98.2	98.6	144.4	146.9	152.3	159.7	168.2
less: excess fast money	£m nominal	-	-	-	-	-	-	-	-	-	-
add back: retained outperformance	£m nominal	12.2	31.0	21.9	(29.3)	(39.3)	-	-	-	-	-
Adjustment for regulatory depreciation (if statutory depreciation is applied)	£m nominal	-	-	-	-	-	-	-	-	-	-
PAT (after regulatory depreciation)	£m nominal	73.1	44.9	97.5	68.9	59.3	144.4	146.9	152.3	159.7	168.2
<b>Reconciliation of cash flows to movement in net debt</b>											
Opening net debt	£m nominal	(3,771.5)	(3,659.3)	(3,622.6)	(3,573.0)	(3,644.8)	(4,635.4)	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)
Closing net debt	£m nominal	(3,659.3)	(3,622.6)	(3,573.0)	(3,644.8)	(3,744.0)	(4,785.1)	(4,942.4)	(5,067.9)	(4,935.0)	(4,715.1)
Movement in net debt	£m nominal	112.2	36.6	49.7	(71.8)	(99.1)	(149.7)	(157.3)	(125.5)	132.9	219.9
Add back: principal inflation accretion	£m nominal	40.0	93.1	58.4	29.8	17.0	23.7	27.6	29.3	29.3	28.2
Net cash flow	£m nominal	152.3	129.7	108.1	(42.0)	(82.2)	(126.0)	(129.7)	(96.2)	162.2	248.1

Table 9f: FBP Outputs of Regulatory income statement

	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary Financial Information</b>											
<b>2) Regulatory income statement</b>											
Operating revenue	£m nominal	1,159.4	1,729.6	1,280.0	1,411.3	1,423.3	1,713.3	1,847.0	1,940.2	1,977.2	2,034.1
Less fast pot expenditure	£m nominal	(169.9)	(210.7)	(251.6)	(311.2)	(315.3)	(392.1)	(428.2)	(436.3)	(348.9)	(335.0)
Less difference in fast pot expenditure pre-TIM and post-TIM	£m nominal	10.2	21.4	17.1	(15.1)	(21.0)	-	-	-	-	-
Less pass-through expenditure	£m nominal	(129.0)	(154.7)	(135.7)	(124.7)	(131.8)	(142.8)	(157.1)	(158.7)	(158.3)	(160.2)
Less equity issuance cost	£m nominal	(7.9)	-	-	-	-	-	-	-	-	-
Less other costs		(233.4)	(729.9)	(189.9)	(233.0)	(229.1)	(185.8)	(188.1)	(189.7)	(192.4)	(190.3)
<b>EBITDA</b>	<b>£m nominal</b>	<b>629.6</b>	<b>655.7</b>	<b>719.8</b>	<b>727.2</b>	<b>726.1</b>	<b>992.6</b>	<b>1,073.7</b>	<b>1,155.5</b>	<b>1,277.6</b>	<b>1,348.6</b>
Less depreciation (Regulatory)	£m nominal	(361.7)	(394.1)	(418.2)	(434.8)	(452.0)	(601.4)	(652.2)	(709.8)	(771.8)	(815.7)
<b>EBIT</b>	<b>£m nominal</b>	<b>267.9</b>	<b>261.6</b>	<b>301.6</b>	<b>292.4</b>	<b>274.1</b>	<b>391.2</b>	<b>421.5</b>	<b>445.7</b>	<b>505.7</b>	<b>532.9</b>
Less net interest paid (excluding principal inflation accretion)	£m nominal	(127.2)	(119.4)	(118.6)	(115.7)	(135.1)	(190.5)	(204.5)	(213.3)	(216.4)	(214.5)
Less net interest paid (principal inflation accretion)	£m nominal	(40.0)	(93.1)	(58.4)	(29.8)	(17.0)	(23.7)	(27.6)	(29.3)	(29.3)	(28.2)
<b>PBT</b>	<b>£m nominal</b>	<b>100.6</b>	<b>49.2</b>	<b>124.5</b>	<b>146.8</b>	<b>122.1</b>	<b>177.0</b>	<b>189.4</b>	<b>203.1</b>	<b>260.1</b>	<b>290.1</b>
Less tax paid	£m nominal	(39.6)	(35.2)	(48.9)	(48.6)	(23.4)	(32.7)	(42.5)	(50.8)	(100.4)	(121.9)
<b>PAT</b>	<b>£m nominal</b>	<b>61.0</b>	<b>14.0</b>	<b>75.6</b>	<b>98.2</b>	<b>98.6</b>	<b>144.4</b>	<b>146.9</b>	<b>152.3</b>	<b>159.7</b>	<b>168.2</b>
Less dividends paid	£m nominal	(77.4)	(83.3)	(87.4)	(90.5)	(92.7)	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
Retained earnings for the year	£m nominal	(16.4)	(69.3)	(11.9)	7.7	5.9	48.4	47.4	49.5	56.6	65.8

Table 9g: FBP Outputs of Regulatory cash flow statement

	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Summary Financial Information</b>											
<b>3) Regulatory cash flow statement</b>											
Operating revenue	£m nominal	1,159.4	1,729.6	1,280.0	1,411.3	1,423.3	1,713.3	1,847.0	1,940.2	1,977.2	2,034.1
Less total operating costs	£m nominal	(529.9)	(1,073.9)	(560.2)	(684.0)	(697.2)	(720.7)	(773.3)	(784.7)	(699.6)	(685.5)
Net cash flow from operations	£m nominal	629.6	655.7	719.8	727.2	726.1	992.6	1,073.7	1,155.5	1,277.6	1,348.6
Less net interest paid (excluding principal inflation accretion)	£m nominal	(127.2)	(119.4)	(118.6)	(115.7)	(135.1)	(190.5)	(204.5)	(213.3)	(216.4)	(214.5)
Less tax paid	£m nominal	(39.6)	(35.2)	(48.9)	(48.6)	(23.4)	(32.7)	(42.5)	(50.8)	(100.4)	(121.9)
<b>FFO</b>	<b>£m nominal</b>	<b>462.7</b>	<b>501.1</b>	<b>552.2</b>	<b>562.9</b>	<b>567.6</b>	<b>769.5</b>	<b>826.8</b>	<b>891.4</b>	<b>960.8</b>	<b>1,012.2</b>
Less dividends paid	£m nominal	(77.4)	(83.3)	(87.4)	(90.5)	(92.7)	(96.0)	(99.5)	(102.8)	(103.1)	(102.4)
<b>RCF</b>	<b>£m nominal</b>	<b>385.3</b>	<b>417.8</b>	<b>464.8</b>	<b>472.4</b>	<b>474.9</b>	<b>673.5</b>	<b>727.2</b>	<b>788.6</b>	<b>857.7</b>	<b>909.7</b>
Net slow pot expenditure	£m nominal	(245.2)	(319.1)	(378.6)	(485.1)	(517.7)	(799.4)	(856.9)	(884.8)	(695.5)	(661.6)
Less pre-vesting and post-vesting disposal proceeds	£m nominal	-	-	-	-	-	-	-	-	-	-
<b>Net cash flow before financing</b>	<b>£m nominal</b>	<b>152.3</b>	<b>129.7</b>	<b>108.1</b>	<b>(42.0)</b>	<b>(82.2)</b>	<b>(126.0)</b>	<b>(129.7)</b>	<b>(96.2)</b>	<b>162.2</b>	<b>248.1</b>

Table 9h: FBP Outputs of Financial Ratios

Ofgem Base Case – FBP Outputs											
	Units	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Financial Ratios</b>											
RIIO-3 implied credit rating	Text						A2	A2	A2	A2	A2
Annual implied credit rating	Text	-	-	-	-	-	A2	A2	A2	A2	A2
Annual credit rating score	index	-	-	-	-	-	6.39	6.39	6.39	6.39	5.99
Adjusted interest cover ratio (post-maintenance interest cover ratio)	scalar	1.79	1.90	2.13	2.11	1.86	1.88	1.85	1.85	1.87	1.92
Adjusted interest cover ratio (post-maintenance interest cover ratio), adjusted	scalar	1.75	1.84	2.08	2.06	1.82	1.84	1.81	1.81	1.83	1.87
AICR, adjusted (Moody's)	scalar	1.75	1.84	2.08	2.06	1.82	1.84	1.81	1.81	1.83	1.87
FFO / Net Debt	%	12.65%	13.83%	15.46%	15.44%	15.16%	16.08%	16.73%	17.59%	19.47%	21.47%
FFO / Net Debt, adjusted	%	12.57%	13.74%	15.37%	15.38%	15.09%	15.99%	16.63%	17.48%	19.36%	21.35%
FFO / Net Debt, adjusted (Moody's)	%	12.57%	13.74%	15.37%	15.38%	15.09%	15.99%	16.63%	17.48%	19.36%	21.35%
FFO interest cover ratio (including accretions)	scalar	3.5	2.9	3.8	4.7	4.6	4.5	4.4	4.6	4.8	5.1
FFO interest cover ratio (including accretions), adjusted	scalar	3.4	2.8	3.7	4.6	4.5	4.4	4.3	4.4	4.7	4.9
FFO interest cover ratio (cash interest only)	scalar	4.6	5.2	5.7	5.9	5.2	5.0	5.0	5.2	5.4	5.7
FFO interest cover ratio (cash interest only), adjusted	scalar	4.5	5.0	5.5	5.7	5.1	4.9	4.9	5.1	5.3	5.6
Nominal PMICR	scalar	3.0	3.7	3.6	3.1	2.4	2.0	2.0	2.0	2.1	2.1
Nominal PMICR, adjusted	scalar	3.0	3.6	3.5	3.0	2.4	2.0	2.0	2.0	2.0	2.1
RCF/Net Debt	%	10.53%	11.53%	13.01%	12.96%	12.68%	14.07%	14.71%	15.56%	17.38%	19.29%
RCF/Net Debt, adjusted	%	10.45%	11.44%	12.93%	12.90%	12.61%	13.98%	14.61%	15.46%	17.27%	19.18%
Net Debt/Closing RAV (aka Modelled Gearing)	%	56.73%	52.19%	49.03%	48.33%	48.46%	59.81%	59.58%	59.16%	57.45%	55.24%
EBITDA/RAV	%	9.76%	9.45%	9.88%	9.64%	9.40%	12.41%	12.94%	13.49%	14.87%	15.80%
RoRE (NPV neutral RAV)	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend cover	scalar	0.79	0.17	0.86	1.09	1.06	1.50	1.48	1.48	1.55	1.64
Dividend/Regulated equity (NPV neutral RAV)	%	3.02%	3.03%	3.04%	3.06%	3.07%	3.11%	3.11%	3.10%	3.06%	3.04%



