



# Gas Networks in 2021

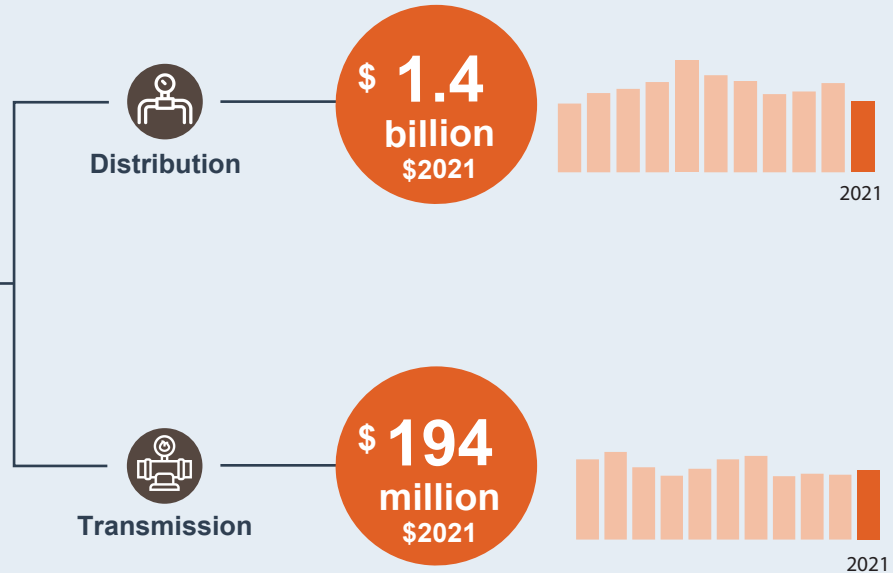
## The cost of core regulated services

### Network revenue\*



\*Excludes Amadeus's revenue, which is confidential.

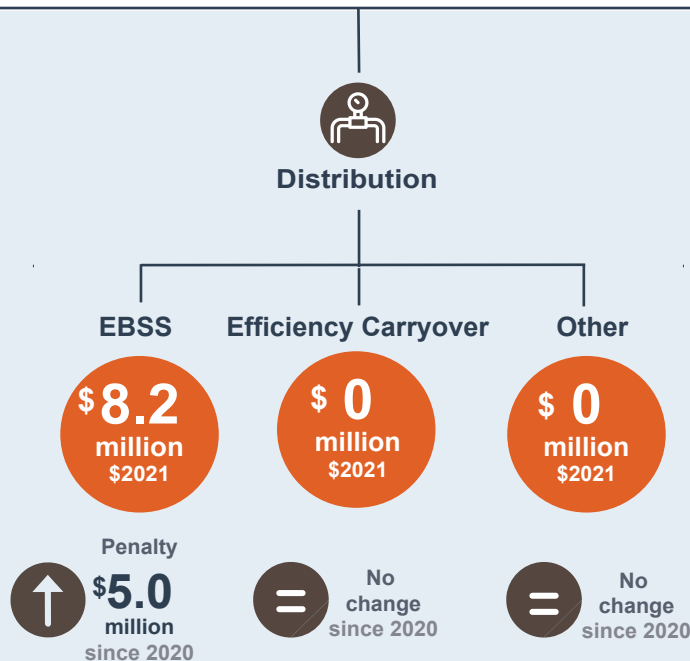
Gas network revenues are regulated under price caps. Forecast revenue is made up of costs we expect an efficient network would require to provide core regulated services to consumers.



### Distribution incentive schemes



In the regulatory regime we apply a series of incentive schemes. The schemes provide financial rewards or penalties to encourage efficient behaviour with the aim to deliver better outcomes for consumers both now and in the future. No incentive schemes apply to gas transmission.





# Gas Networks in 2021

## Network expenditure

### Network Expenditure



With the revenue collected from customers, networks undertake operating and capital expenditure in order to provide a safe and reliable supply of electricity to consumers.



Distribution



Transmission



Expenditure increase  
**↑ 1.1%**  
from 2020



Expenditure increase  
**↑ 14.8%**  
from 2020

### Operating Expenditure



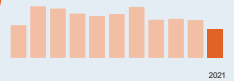
Networks are given an opex allowance to operate and maintain their network assets.



Distribution



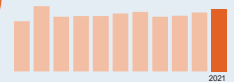
**↓ 4.5%**  
from 2020



Transmission



**↑ 6.5%**  
from 2020



### Capital Expenditure



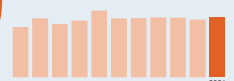
Networks are given a capital allowance to meet their capital expenditure objectives



Distribution



**↑ 5.7%**  
from 2020



Transmission



**↑ 22.3%**  
from 2020

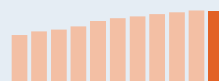


### Capital Asset Base

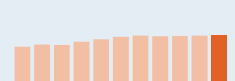
The total value of the networks assets that are used in providing its core regulated services.



Distribution



Transmission





# Gas Networks in 2021

## Network characteristics and service outputs

### Customer Numbers



The number of customers connected to the distribution network during the regulatory year

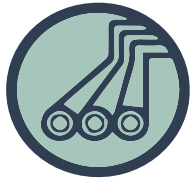


4.34  
million  
customers



increase  
1.57%  
from 2020

### Pipeline Length



The total length of pipe in the gas distribution networks at the end of the regulatory year



73,755  
km



increase  
1.06%  
from 2020



3,543  
km



No change  
since 2020

### Network utilisation



The utilisation of transmission networks during the regulatory year based on a comparison of maximum demand and total capacity.



41%

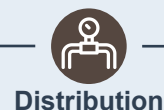


No change  
since 2020

### Gas delivered and outages



Gas delivered includes the amount of gas delivered to customers. Outages include planned and unplanned outages when there is a loss of gas supply measured by number.



Gas delivered 303PJ

Unaccounted for gas 9.59PJ

Planned outages 56,021

Unplanned outages 10,647



# Gas Networks in 2021

## Network Profitability

### Return on assets\*



\*Excludes Amadeus's return on assets, which is confidential.

The return on assets is calculated by dividing a network's earnings before interest and tax by its opening capital asset base

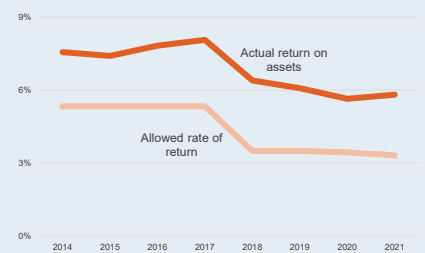
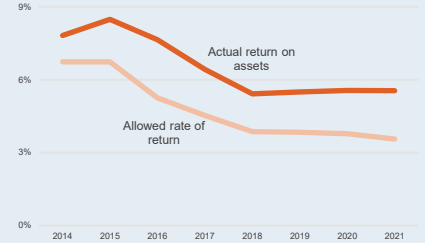
The return on assets is suited to capital intensive businesses and allows us to compare network profits against their allowed rates of return.



Distribution



Transmission



### EBIT per customer

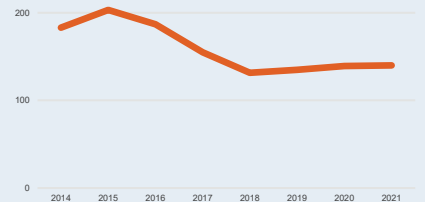


EBIT per customer is calculated by dividing a network's earnings before interest and tax by the number of customers. We do not provide this measure for gas transmission.

EBIT per customer provides an alternative perspective on drivers of operational profit margins.



Distribution



### Return on regulated equity

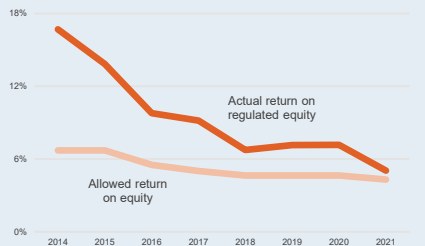


The return on regulated equity is calculated by dividing a network's regulatory profit after tax by its regulated equity.

The return on regulated equity illustrates the final returns available to equity holders after all its expenses and allows comparison against allowed returns on equity.



Distribution



Transmission

