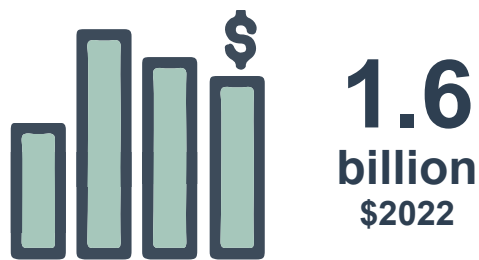




Gas Networks in 2022

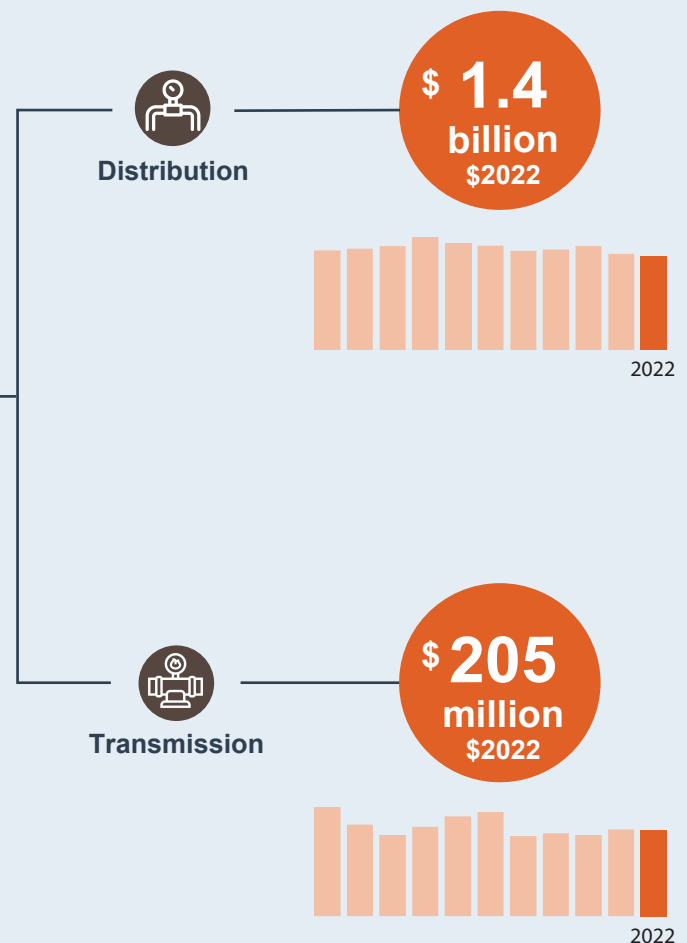
The cost of core regulated services

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 2022

Network expenditure

Network Expenditure



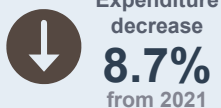
With the revenue collected from customers, networks undertake operating and capital expenditure in order to provide a safe and reliable supply of electricity to consumers.



Distribution



Transmission



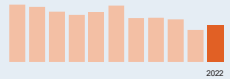
Operating Expenditure



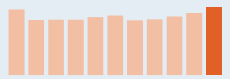
Networks are given an opex allowance to operate and maintain their network assets.



Distribution



Transmission



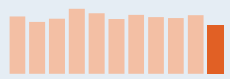
Capital Expenditure



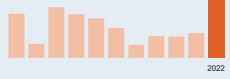
Networks are given a capital allowance to meet their capital expenditure objectives.



Distribution



Transmission

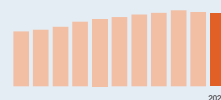


Capital Asset Base

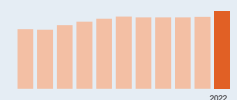
The total value of the networks assets that are used in providing its core regulated services.



Distribution



Transmission

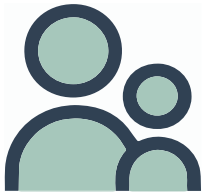




Gas Networks in 2022

Network characteristics and service outputs

Customer Numbers



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

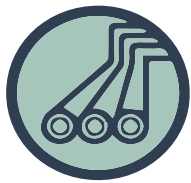


4.39
million
customers



increase
1.2%
from 2021

Pipeline Length



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



74,492
km



increase
1.0%
from 2021



4,872
km



No change
since 2021

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 2021

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 297PJ

Unaccounted for gas 10.0PJ

Planned outages 31,376

Unplanned outages 11,966



Gas Networks in 2022

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.

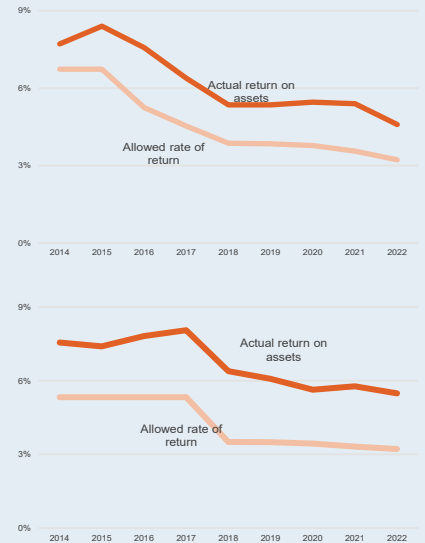
The return on assets is suited to capital intensive businesses and allows us to compare network profits against their allowed rates of return.



Distribution



Transmission



EBIT per customer

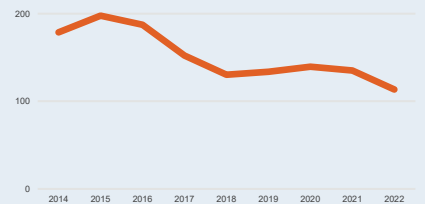


EBIT per customer is calculated by dividing a network's earnings before interest and tax by the number of customers. We do not provide this measure for gas transmission.

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



Distribution



Return on regulated equity

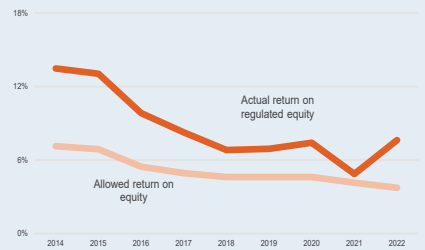


The return on regulated equity is calculated by dividing a network's regulatory profit after tax by its regulated equity.

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

