

GORDON v NATIONAL GRID
APPENDIX

Calculation of NPV for a Single Turbine-Prior to 5 Year Adjustment

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031						
Income *	£	-	£	-	£	-	£	280,905.30	£ 283,282.40	£ 285,707.05	£ 288,180.19	£ 290,702.79	£ 293,275.85	£ 295,900.37	£ 298,577.38	£ 301,307.92	£ 304,093.08	£ 306,933.94	£ 309,831.62	£ 312,787.25	£ 315,802.00	£ 318,877.04	£ 322,013.58	£ 325,212.85	£ 328,476.11	£ 331,804.63	£ 335,199.72	£ 338,662.72	£ 180,144.97	£ 183,747.87	£ 187,422.83	£ 191,171.29	£ 7,210,020.75	
Costs																																		
Additional costs of metering and admin (increased by RPI) *				1000	1020	1040.40	1061.21	1082.43	1104.08	1126.16	1148.69	1171.66	1195.09	1218.99	1243.37	1268.24	1293.61	1319.48	1345.87	1372.79	1400.24	1428.25	1456.81	1485.95	1515.67	1545.98	1576.90	1608.44	32030.30					
Cleaning, maintenance & running costs etc say 2% of capital cost (increased by RPI) *				21000	21420	21848.40	22285.37	22731.08	23185.70	23649.41	24122.40	24604.85	25096.94	25598.88	26110.86	26633.08	27165.74	27709.05	28263.24	28828.50	29405.07	29993.17	30593.03	31204.90	31828.99	32465.57	33114.88	33777.18	672636.29					
Insurance (increased by RPI)*			40000	10000	10200	10404.00	10612.08	10824.32	11040.81	11261.62	11486.86	11716.59	11950.93	12189.94	12433.74	12682.42	12936.07	13194.79	13458.68	13727.86	14002.41	14282.46	14568.11	14859.47	15156.66	15459.80	15768.99	16084.37	360303.00					
Rates (increased by RPI)*				8250	8415	8583.30	8754.97	8930.07	9108.67	9290.84	9476.66	9666.19	9859.51	10056.70	10257.84	10462.99	10672.25	10885.70	11103.41	11325.48	11551.99	11783.03	12018.69	12259.07	12504.25	12754.33	13009.42	13269.61	264249.97					
Turbine installation & purchase			1050000																															
Connection charge			83750																															
Contingency @ 8%*				3220	3284.40	3350.09	3417.09	3485.43	3555.14	3626.24	3698.77	3772.74	3848.20	3925.16	4003.67	4083.74	4165.41	4248.72	4333.70	4420.37	4508.78	4598.95	4690.93	4784.75	4880.45	4978.05	5077.62	5179.17	103137.57					
Planning fees			25000																															
Total Costs			1198750	43470	44339.40	45226.19	46130.71	47053.33	47994.39	48954.28	49933.37	50932.03	51950.67	52989.69	54049.48	55130.47	56233.08	57357.74	58504.90	59674.99	60868.49	62085.86	63327.58	64594.13	65886.02	67203.74	68547.81	69918.77						
Cash Flow				£ 237,435.30	£ 238,943.00	£ 240,480.86	£ 242,049.48	£ 243,649.47	£ 245,281.46	£ 246,946.09	£ 248,644.01	£ 250,375.89	£ 252,142.41	£ 253,944.26	£ 255,782.14	£ 257,656.78	£ 259,568.92	£ 261,519.30	£ 263,508.68	£ 265,537.86	£ 267,607.61	£ 269,718.77	£ 271,872.14	£ 274,068.58	£ 114,258.96	£ 116,544.14	£ 118,875.02	£ 121,252.52						
Net Cashflow			-£ 1,198,750.00	-£ 961,314.70	-£ 722,371.70	-£ 481,890.84	-£ 239,841.36	£ 3,808.11	£ 249,089.57	£ 496,035.65	£ 744,679.66	£ 995,055.55	£ 1,247,197.96	£ 1,501,142.21	£ 1,756,924.35	£ 2,014,581.14	£ 2,274,150.06	£ 2,535,669.35	£ 2,799,178.04	£ 3,064,715.89	£ 3,332,323.51	£ 3,602,042.27	£ 3,873,914.41	£ 4,147,983.00	£ 4,262,241.95	£ 4,378,786.09	£ 4,497,661.11	£ 4,618,913.63						
Interest @ 8% - Interest Payable on Overdraft*				-£ 95,900.00	-£ 76,905.18	-£ 57,789.74	-£ 38,551.27																											
Interest @ 3% - Interest receivable on positive Cashflow (Net Income)*								£ 114.24	£ 7,472.69	£ 14,881.07	£ 22,340.39	£ 29,851.67	£ 37,415.94	£ 45,034.27	£ 52,707.73	£ 60,437.43	£ 68,224.50	£ 76,070.08	£ 83,975.34	£ 91,941.48	£ 99,969.71	£ 108,061.27	£ 116,217.43	£ 124,439.49	£ 127,867.26	£ 131,363.58	£ 134,929.83	£ 138,567.41						
Cash Flow After Interest				-£ 1,198,750.00	£ 141,535.30	£ 162,037.83	£ 182,691.13	£ 203,498.21	£ 243,763.71	£ 252,754.15	£ 261,827.16	£ 270,984.40	£ 280,227.56	£ 289,558.35	£ 298,978.52	£ 308,489.87	£ 318,094.22	£ 327,793.42	£ 337,589.38	£ 347,484.02	£ 357,479.33	£ 367,577.32	£ 377,780.03	£ 388,089.57	£ 398,508.07	£ 242,126.21	£ 247,907.72	£ 253,804.85	£ 259,819.93					
PV of cash flow @ 12.5%	0.88888889	0.790123457	0.702331962	0.624295077	0.554938957	0.493270184	0.438462386	0.389744343	0.346439416	0.307946148	0.273729909	0.243315475	0.216280422	0.192249264	0.170888235	0.151900653	0.135022803	0.120020269	0.106684684	0.09482083	0.084294071	0.074928063	0.066602723	0.05920242	0.052624374	0.046777221	0.041579752							
PV			-£ 947,160.49	£ 99,404.76	£ 101,159.42	£ 101,380.60	£ 100,379.60	£ 106,881.22	£ 98,509.50	£ 90,707.25	£ 83,448.60	£ 76,706.66	£ 70,454.03	£ 64,663.20	£ 59,306.95	£ 54,358.56	£ 49,792.03	£ 45,582.26	£ 41,705.13	£ 38,137.57	£ 34,857.66	£ 31,844.62	£ 29,078.80	£ 26,541.72	£ 14,334.46	£ 13,045.99	£ 11,872.29	£ 10,803.25						
NPV per turbine:			£	507,795.62																														

* Not Disputed between Messrs Thornton Kemsley and Reynolds