

DN Charging Methodology Forum

SGN September 2018 Mod 186 Summary

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SGN

Your gas. Our network.

Key Revenue Changes

RPIft	Updated inflation for 2018/19 onwards in line with August 2018 Treasury forecast;
Ext	Updated cost adjustment 2019/20 onwards;
SHRAt	Updated cost adjustment reflect latest forecasted gas prices as of 31 August;
BMt	Updates to reflect 2017/18 actuals;
-Kt	Update collected revenue movements reflected in 2019/20 and 2020/21;
MODt	Updated to reflect latest movements, CoD Totex etc;



DESCRIPTION	LICENCE TERM	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)							
FORECAST RPI FACTOR	RPIft	0.000	0.000	0.004	0.004		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING		0.0%	0.0%	0.3%	0.0%		
ACTUAL / FORECAST ANNUAL INFLATION		0.2%	0.0%	0.1%	0.0%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	0.2	2.2	1.7	4.7
RPI TRUE UP (2009/10 PRICES)	TRUit	0.0	0.0	1.3	1.5	0.0	-1.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	2.9	3.6		
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	4.4	7.3		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.1	-0.2	-0.2	-1.8
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.0	0.0	0.0	-1.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	0.0	0.0	0.0	-0.9
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWit + TGT + MPt	0.0	0.0	0.0	0.0	0.0	-1.0
PASS THROUGH	PTt	0.0	0.0	-0.2	-0.2	-0.2	-1.7
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0	0.0	-2.5
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	-0.1	-2.6	-0.2	2.8
NTS EXIT CAPACITY REVENUE ADJUSTMENT	EXt	0.0	0.0	-0.1	-2.6	-0.2	1.3
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	-0.1	0.2	-0.7
SHRINKAGE COST ADJUSTMENT	SHRat	0.0	0.0	-0.1	0.5	0.9	-1.4
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	0.0	0.4	1.1	-1.1
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	-0.5	0.1	0.2	-0.7
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.0	-0.4	0.4	1.7
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	-0.1	0.0	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	-0.1	0.6	0.0	-1.0
MAXIMUM ALLOWED REVENUE	ARt	-0.1	0.0	3.4	5.2		
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	+0.0%	+0.2%	-	-
TABLE 6: RISKS AND SENSITIVITIES							
Current issues around Xoserve AQ calculation. Defects under investigation							
PCFM figure not finalised							
Potential future effects of DEM. Changes to domestic EUC bands							



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TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)							
FORECAST RPI FACTOR	RPIft	0.000	0.000	0.004	0.004		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIft as a %)		0.0%	0.0%	0.3%	0.0%		
ACTUAL / FORECAST ANNUAL INFLATION		0.2%	0.0%	0.1%	0.0%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	-1.3	-0.3	0.0	-4.7
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.6	0.6	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	0.7	1.0		
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	0.0	1.3		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.1	-0.1	-0.1	8.3
LICENSE FEES ADJUSTMENT	Lft	0.0	0.0	0.0	0.0	0.0	0.3
PENSION DEFICIT ADJUSTMENT	Pdt	0.0	0.0	0.0	0.0	0.0	1.5
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWIt + Tgt + Mpt	0.0	0.0	0.0	0.0	0.0	0.0
PASS THROUGH	PTt	0.0	0.0	-0.1	-0.1	-0.1	-1.2
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT	EXt	0.0	0.0	0.0	0.0	0.0	-1.0
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	0.0	0.1	0.2
SHRINKAGE COST ADJUSTMENT	SHRt	0.0	0.0	0.0	0.1	0.3	-3.2
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	0.0	0.2	0.4	-1.1
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	-0.2	0.0	0.0	2.8
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DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	0.0	0.0	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	0.5	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	-0.4	2.0		
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	(0.4%)	+0.8%		

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