

DN Charging Methodology Forum

SGN December 2018 Mod 186 Summary

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SGN

Your gas. Our network.

Key Revenue Changes

- RPIft Updated inflation for 2019/20 onwards in line with November 2018 Treasury forecast;
- MODt 2019/20 values now confirmed as per Ofgem November 2018 AIP;
- CDE As part of November 2018 AIP 2019/20 cost of debt figure confirmed as 1.58%, internal forecast used for future years;
- SHRt Shrinkage gas price 2018/19 onwards as per market forecast report 30 November 2018;
- SoLR Sensitivity 0.2% for 2019/20 Octopus claim in relation to Iresa Ltd;



TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)	
FORECAST RPI FACTOR	
ASSUMED ANNUAL INFLATION FOR PRICE SETTING	
ACTUAL / FORECAST ANNUAL INFLATION	
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	
RPI TRUE UP (2009/10 PRICES)	
UPLIFT TO NOMINAL PRICES USING RPIfT	
BASE REVENUE (NOMINAL)	
BUSINESS RATES ADJUSTMENT	
LICENSE FEES ADJUSTMENT	
PENSION DEFICIT ADJUSTMENT	
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	
PASS THROUGH	
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	
NTS EXIT CAPACITY COST ADJUSTMENT	
NTS EXIT CAPACITY REVENUE ADJUSTMENT	
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	
SHRINKAGE COST ADJUSTMENT	
SHRINKAGE REVENUE ADJUSTMENT	
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	
CORRECTION TERM REVENUE ADJUSTMENT	
MAXIMUM ALLOWED REVENUE	
COLLECTABLE REVENUE	
UNDER / OVER RECOVERY CARRIED FORWARD	
YEAR ON YEAR MOVEMENT IN ALLOWED REVENUE	
ADJUSTMENT FOR PRIOR YEAR OVER / UNDER RECOVERY	
IMPACT OF CHANGE IN ANNUAL LOAD FACTORS	
YEAR ON YEAR MOVEMENT IN AGGREGATE DEMAND	
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE	
TABLE 6: RISKS AND SENSITIVITIES	
Current issues around Xoserve AQ calculation. Defects under investigation	
Octopus SoLR claim	
Potential future effects of DEM. Changes to domestic EUC bands	

2018/19	2019/20	2020/21	2021/22	2022/23
0.00	0.00	0.00		
0.0%	0.1%	0.1%		
0.0%	0.1%	0.1%		
0.0	0.0	0.0		
0.0	-1.9	-3.6	-0.9	-4.9
0.0	-0.2	0.0	0.0	0.0
0.0	0.0	0.2		
0.0	-2.0	-3.4		
0.0	0.0	0.0	-0.1	-0.2
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	-0.2
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	-0.1	-0.2
0.0	0.0	0.0	-0.1	-0.2
0.0	0.0	0.0	0.1	0.1
0.0	0.0	0.1	0.6	0.8
0.0	0.0	0.1	0.7	0.9
0.0	0.0	0.0	0.0	0.0
0.0	0.0	-0.2	0.3	0.0
0.0	0.3	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	-0.3	0.0	0.0
0.0	-1.7	-3.7	0.0	0.0
0.3	-1.7	-3.7	0.0	0.0
0.3	0.0	0.0		
-0.2%	-0.3%	0.0%		
	0.1%			
	0.4%			
0.0%	0.3%	-0.3%		
-	-	-	-	-
-	0.2%	-	-	-
		-		



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0.0	0.0	0.0		
0.0%	0.1%	0.1%		
0.0%	0.1%	0.1%		
0.0	0.0	0.0		
0.0	-0.4	1.8	2.6	1.6
0.0	-0.1	0.0	0.0	0.0
0.0	0.1	1.4		
0.0	-0.4	3.3		
0.0	0.0	0.0	0.0	-0.1
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.2	0.3
0.0	0.0	0.0	0.3	0.3
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.1	0.0	-0.1
0.0	0.1	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	-0.2	3.5	0.0	0.0
0.0	-0.2	3.5	0.0	0.0
0.0	0.0	0.0		
0.0%	-0.1%	1.1%		
	0.1%			
	-0.4%			
0.0%	-0.4%	1.1%		
	0.2%			