

# DN Charging Methodology Forum

## SGN March 2019 Mod 186 Summary

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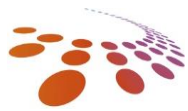


**SGN**

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# Key Revenue Changes

RPIFt	Updated inflation for 2019/20 onwards in line with February 2019 Treasury forecast;
MODt	Updated 2020/21 values including the revised special rate pool allowance;
MPt	2019/20 updated to include Octopus SoLR claim in relation to Iresa, previously a sensitivity;
EIt	Updated NTS capacity bookings and incentive/cost adjustment forecast;
Kt	Updated view of 2018/19 collected revenue;
NIAt	Updated view of 2018/19 spend;
SHRt	Shrinkage gas price 2018/19 onwards as per market forecast report 28 February 2019;



DESCRIPTION	LICENCE TERM	2018/19	2019/20	2020/21	2021/22	2022/23
<b>TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)</b>						
FORECAST RPI FACTOR	RPIft	0.00	0.00	-0.01		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIft as a %)		0.0%	0.0%	-0.4%		
ACTUAL / FORECAST ANNUAL INFLATION		-0.1%	-0.3%	0.0%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	2.3	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRU <sub>t</sub>	0.0	0.0	-0.3	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	-0.6		
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	0.1	0.0
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	0.0	0.0	0.0
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWIt + Tgt + MPt	0.0	0.5	0.0	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	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
<b>NTS EXIT CAPACITY REVENUE ADJUSTMENT</b>	<b>Ex<sub>t</sub></b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	-0.3	-0.6	-0.2
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-0.2</b>
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.1	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	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
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	1.2	0.0	0.0
<b>MAXIMUM ALLOWED REVENUE</b>	<b>ARt</b>	<b>-0.1</b>	<b>0.5</b>	<b>2.4</b>		
COLLECTABLE REVENUE	Rt	-1.3	0.5	2.4	0.0	0.0
<b>UNDER / OVER RECOVERY CARRIED FORWARDS</b>	<b>ARt - Rt</b>	<b>-1.1</b>	<b>0.0</b>	<b>0.0</b>		
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>		<b>-</b>	<b>+0.3%</b>	<b>+0.5%</b>		
<b>TABLE 6: RISKS AND SENSITIVITIES</b>						
Impact of proposed NTS Charging Methodology MOD0678						
Octopus SoLR claim			-0.2%			
Potential future effects of DEM. Changes to domestic EUC bands						



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<b>TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)</b>							
FORECAST RPI FACTOR	RPIft		0.00	0.00	-0.01		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING			0.0%	0.0%	-0.4%		
ACTUAL / FORECAST ANNUAL INFLATION			-0.1%	-0.3%	0.0%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	Put		0.0	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt		0.0	0.0	3.3	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt		0.0	0.0	-0.6	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft			0.0	0.0	-2.1		
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>		<b>0.0</b>	<b>0.0</b>	<b>0.6</b>		
BUSINESS RATES ADJUSTMENT	RBt		0.0	0.0	0.0	0.1	0.1
LICENSE FEES ADJUSTMENT	LFt		0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt		0.0	0.0	0.0	0.0	0.0
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWit + TGT + MPt		0.0	1.1	0.0	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>		<b>0.0</b>	<b>1.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	Eit		0.0	0.0	3.9	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT			0.0	0.0	-2.4	0.3	0.2
<b>NTS EXIT CAPACITY REVENUE ADJUSTMENT</b>	<b>EXt</b>		<b>0.0</b>	<b>0.0</b>	<b>1.6</b>	<b>0.3</b>	<b>0.2</b>
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt		0.0	0.0	-0.1	-0.2	-0.1
SHRINKAGE COST ADJUSTMENT	SHRAt		0.0	0.0	-0.8	-1.6	-0.5
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>		<b>0.0</b>	<b>0.0</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-0.5</b>
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt		0.0	0.0	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEit		0.0	0.0	-0.2	0.1	0.1
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt		0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt		-0.3	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt		0.0	0.0	-1.3	0.0	0.0
<b>MAXIMUM ALLOWED REVENUE</b>	<b>ARt</b>		<b>-0.3</b>	<b>1.1</b>	<b>-0.2</b>		
COLLECTABLE REVENUE	Rt		1.0	1.1	-0.2	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt		1.3	0.0	0.0		
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>			<b>-</b>	<b>+0.2%</b>	<b>(0.2%)</b>	<b>-</b>	<b>-</b>
<b>TABLE 6: RISKS AND SENSITIVITIES</b>							
Impact of proposed NTS Charging Methodology MOD0678							
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