

# DN Charging Methodology Forum

## SGN June 2019 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 May 2019 Treasury forecast;
- Ext Updated cost adjustment to reflect April 2018 Final prices;
- Kt Final view 2018/19 collected revenue;
- SHRt Shrinkage gas price 2018/19 onwards as per market forecast report 31 May 2019;
- NIAt Final spend for 2018/19;



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		0.0%	0.0%	-0.4%		
ACTUAL / FORECAST ANNUAL INFLATION		-0.2%	-0.3%	-0.4%		
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	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	-1.2	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	-3.4		
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>	<b>0.0</b>	<b>0.0</b>	<b>-4.6</b>		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.1	0.6	1.0
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	0.0	0.0	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.7</b>	<b>1.1</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	0.2	-7.3	-2.7
<b>NTS EXIT CAPACITY REVENUE ADJUSTMENT</b>	<b>EXt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>-7.3</b>	<b>-2.6</b>
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.1	-0.3	-0.2
SHRINKAGE COST ADJUSTMENT	SHRat	0.0	0.0	-0.1	-1.8	-0.4
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.1</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	-0.2	-0.5
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	-0.5	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>-0.5</b>	<b>0.0</b>	<b>-5.3</b>		
COLLECTABLE REVENUE	Rt	0.6	0.0	-5.3	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ART - Rt	1.1	0.0	0.0		
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>		<b>-</b>	<b>-</b>	<b>(0.7%)</b>	<b>-</b>	<b>-</b>
<b>TABLE 6: RISKS AND SENSITIVITIES</b>						
Impact of proposed NTS Charging Methodology MOD0678						
Potential future effects of DEM. Changes to domestic EUC bands						



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		-0.2%	-0.3%	-0.4%		
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	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	-0.5	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	-1.5		
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.0</b>		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	0.2	0.4
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	0.0	0.0	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.4</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	-0.1	0.0
<b>NTS EXIT CAPACITY REVENUE ADJUSTMENT</b>	<b>EXt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	0.0	-0.1
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	0.0	-0.7	-0.1
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.7</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	-0.2	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.1	0.0	0.0
<b>MAXIMUM ALLOWED REVENUE</b>	<b>ARt</b>	<b>-0.2</b>	<b>0.0</b>	<b>-1.9</b>		
COLLECTABLE REVENUE	Rt	-0.2	0.0	-1.9	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	-0.1	0.0	0.0		
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>		<b>-</b>	<b>-</b>	<b>(0.6%)</b>		
<b>TABLE 6: RISKS AND SENSITIVITIES</b>						
Impact of proposed NTS Charging Methodology MOD0678						
Potential future effects of DEM. Changes to domestic EUC bands						

# 2020/21 Price Change

	March MOD186	June MOD186	Movement
Southern	0.4%	<b>-0.3%</b>	-0.7%
Scotland	8.1%	<b>7.5%</b>	-0.6%