

DN Charging Methodology Forum

SGN September 2019 Mod 186 Summary

Paul Whitton



SGN

Your gas. Our network.

Key Revenue Changes

- RPIFt Updated inflation for 2019/20 onwards in line with August 2019 Treasury forecast;
- MODt Updated to reflect November 2019 AIP 1st dry run position;
- MPt 2020/21 updated to include Together Energy SoLR claim;
- SHRt Shrinkage gas price 2018/19 onwards as per market forecast report 31 August 2019;
- BMt Updated with 2018/19 scores and forecast for future years;

Sensitivities - updated to reflect impact of revised 2018/19 NTS incentive on 2020/21 Southern tariffs.



DESCRIPTION	LICENCE TERM	2019/20	2020/21	2021/22	2022/23
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)					
FORECAST RPI FACTOR	RPIft	0.00	0.00		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING		0.0%	0.1%		
ACTUAL / FORECAST ANNUAL INFLATION		0.1%	0.1%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.8	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.9		
BASE REVENUE (NOMINAL)	BRt	0.0	1.6		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.1	-0.1
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.3	0.3
PENSION DEFICIT ADJUSTMENT	PDt	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	0.4	0.0	0.0
PASS THROUGH	PTt	0.0	0.4	0.2	0.1
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	-0.1	-0.1
NTS EXIT CAPACITY REVENUE ADJUSTMENT	EXt	0.0	0.0	-0.1	-0.1
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	-0.1	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	-0.6	-0.3
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	-0.6	-0.4
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	-0.3	-0.3	-0.3
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	1.7		
COLLECTABLE REVENUE	Rt	-0.1	1.7	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	0.0	0.0		
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	+0.2%	-	-
TABLE 6: RISKS AND SENSITIVITIES					
Impact of proposed NTS Charging Methodology MOD0678					
Potential future effects of DEM. Changes to domestic EUC bands					
Incentive revenue impact due to revised October 2018 NTS capacity bookings			-0.4%		



DESCRIPTION	LICENCE TERM	2019/20	2020/21	2021/22	2022/23
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)					
FORECAST RPI FACTOR	RPIft	0.00	0.00		
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIft as a %)		0.0%	0.1%		
ACTUAL / FORECAST ANNUAL INFLATION		0.1%	0.1%		
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0		
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.3	0.1	0.1
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.4		
BASE REVENUE (NOMINAL)	BRt	0.0	0.7		
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	-0.1
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.1	0.1
PENSION DEFICIT ADJUSTMENT	PDt	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	0.2	0.0	0.0
PASS THROUGH	PTt	0.0	0.2	0.1	0.1
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT	Ext	0.0	0.0	0.0	0.0
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	-0.1	-0.1
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	-0.1	-0.1
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	-0.1	-0.1	-0.1
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	-0.2	0.2
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.7		
COLLECTABLE REVENUE	Rt	0.0	0.7	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	0.0	0.0		
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	+0.2%		
TABLE 6: RISKS AND SENSITIVITIES					
Impact of proposed NTS Charging Methodology MOD0678					
Potential future effects of DEM. Changes to domestic EUC bands					

2020/21 Price Change

	June MOD186	Sept MOD186	Movement
Southern	-0.3%	-0.5%	-0.2%
Scotland	7.5%	7.7%	0.2%