

# DN Charging Methodology Forum

## SGN June 2020 Mod 186 Summary

Paul Whitton



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# Key Revenue Changes

RPI <sub>t</sub>	Updated inflation in line with May 2020 Treasury forecast;
EX <sub>t</sub>	Updated to reflect 0678A prices from October 2020;
SHR <sub>A,t</sub>	Reflects 2020/21 latest gas price forecast as of 31 May 2020;
SHR <sub>t</sub> /EEI <sub>t</sub>	Final 2019/20 position showing a reduction in incentive from previous forecast;
R <sub>t</sub>	Final view of 2019/20 collected revenue;

GD2 base revenue figures included within MOD186, reflect those published in December 2019 business plan: Alternative Cost of Capital Assumptions. All GD2 figures can be found at the following link under Financing and Efficiency [sgnfuture.co.uk](http://sgnfuture.co.uk)



DESCRIPTION	LICENCE TERM	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)</b>								
FORECAST RPI FACTOR	RPIft	0.00	0.00	0.0	0.0	0.0	0.0	0.0
ASSUMED ANNUAL INFLATION FOR PRICE SETTING		0.0%	0.0%	0.0	0.0	0.0	0.0	0.0
ACTUAL / FORECAST ANNUAL INFLATION		0.1%	-0.7%	0.0	0.0	0.0	0.0	0.0
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	0.0	0.0	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	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0	0.0		
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.1	0.1	0.0	0.0	0.0
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	0.0	0.1	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	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.1	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	1.4	1.5	0.0	0.0	0.0
<b>NTS EXIT CAPACITY REVENUE ADJUSTMENT</b>	<b>EXt</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	0.0	-1.5	0.0	0.0	0.0
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.1	-0.9	-0.1	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	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	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	-0.6	0.0	0.0	0.0	0.0
<b>MAXIMUM ALLOWED REVENUE</b>	<b>ARt</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>			
COLLECTABLE REVENUE	Rt	0.6	0.1	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ART - Rt	2.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>		<b>-</b>	<b>(0.0%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





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<b>TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)</b>								
FORECAST RPI FACTOR	RPIft	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIft as a %)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACTUAL / FORECAST ANNUAL INFLATION		0.1%	-0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	0.0	0.0	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	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BASE REVENUE (NOMINAL)</b>	<b>BRt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	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	0.0	0.0
<b>PASS THROUGH</b>	<b>PTt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.0	15.1	0.0	0.0	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>15.1</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	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	0.0	-0.5	0.0	0.0	0.0
<b>SHRINKAGE REVENUE ADJUSTMENT</b>	<b>SHRt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.2	-0.2	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	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	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
<b>MAXIMUM ALLOWED REVENUE</b>	<b>ARt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
COLLECTABLE REVENUE	Rt	0.3	0.0	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	1.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE</b>		<b>-</b>	<b>+0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

