

DN Charging Methodology Forum

SGN December 2020 Mod 186 Summary

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SGN

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Key Revenue Changes

- December 2020 MOD186 report reflects the Ofgem Final determinations published on 17 December. However, the MOD186 has been updated to reflect SGN's latest view of NTS Exit capacity costs for 2021/22 following the RRC charge published by NGG at the end of December. SGN have also updated the revenues to reflect costs/allowances where omissions have been made in the published PCFM.
- Ofgem are due to publish a revised PCFM w/c 11 January which we anticipate will include the changes we have made.
- The format of the current MOD186 report is designed to record GD1 revenues, as a result, December's report reflects all GD2 revenues in Row Ref 5:9 and in 09/10 prices in line with GD1.
- The GD1 'lagged' items have been reported as usual in the individual lines.
- For GD1 lagged items RPI has been updated using the November 2020 HM Treasury forecast.
- Inflation for GD2 allowances has been used as per Ofgem's Final Determination, though this is currently under review and may form part of our statutory consultation response.
- The September MOD186 report contained SGN Business Plan figures, the material variances seen in the 'movement' tab of the report are the result of moving to the Ofgem FD view.
- SGN have yet to complete the December aggregate demand data received from Xoserve. October's review saw a requirement for a 1.1% increase in Scotland and 1.2% increase in Southern.



DESCRIPTION		LICENCE TERM	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)								
FORECAST RPI FACTOR		RPIft	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
ACTUAL / FORECAST ANNUAL INFLATION			0.2%	0.0	0.0	0.0	0.0	0.0
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)		PUt	0.0	-25.2	-46.5	-55.0	-57.0	-54.3
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)		MODt	0.0	-1.7	-3.3	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)		TRUt	0.0	-5.3	-4.3	0.0		
UPLIFT TO NOMINAL PRICES USING RPIft			0.0	-18.6	-32.0	-36.1	-39.5	-40.2
BASE REVENUE (NOMINAL)		BRt	0.0	-50.8	-86.1	-91.1	-96.5	-94.5
BUSINESS RATES ADJUSTMENT		RBt	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
PENSION DEFICIT ADJUSTMENT		PDt	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
PASS THROUGH		PTt	0.0	0.2	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT		EIt	0.0	0.1	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT			0.0	-0.1	-0.2	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT		EXt	0.0	-0.1	-0.1	0.0	0.0	0.0
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT		SHRRt	0.0	0.0	0.0	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT		SHRAt	0.0	-0.1	-0.1	0.0	0.0	0.0
SHRINKAGE REVENUE ADJUSTMENT		SHRt	0.0	-0.1	-0.1	0.0	0.0	0.0
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT		BMt	0.0	0.0	0.0	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT		EEIt	0.0	0.0	0.0	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT		DRSt	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
CORRECTION TERM REVENUE ADJUSTMENT		-Kt	0.0	0.0	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE		ARt	0.0	680.1	684.9			
COLLECTABLE REVENUE		Rt	0.0	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS		ARt - Rt	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE			-	(11.9%)	-	-	-	-



DESCRIPTION	LICENCE TERM	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)								
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		0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	-2.2	-6.0	-12.3	-11.3	-11.3
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	-3.8	-1.1	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	-2.2	-1.9	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIFt		0.0	0.0	-13.0	-15.3	-18.0	-18.5	-18.9
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	-21.2	-24.3	-30.3	-29.8	-30.2
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.1	-0.2	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
PASS THROUGH	PTt	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0
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	-0.2	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT	EXt	0.0	0.0	0.0	-0.2	0.0	0.0	0.0
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	0.1	0.1	0.0	0.0	0.0
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	0.1	0.1	0.0	0.0	0.0
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	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	316.9	343.6	329.8	331.8	334.9
COLLECTABLE REVENUE	Rt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	(0.0%)	(8.7%)	-	-	-	-

2021/22 Tariff Forecast Movement

Network	Ind SGN BP	Ind Ofgem DD	Current View
Scotland	-1.2%	-8.9%	-8.7%
Southern	-4.5%	-12.3%	-11.9%