

DN Charging Methodology Forum

SGN September 2017 Mod 186 Summary

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Key Revenue Changes

RPIft Reduced inflationary impact 2019/20 and 2020/21 in line with the August 2017 HM Treasury forecast;

Reflects final 2016/17 position;

Revised forecasts 2017/18 onwards impacting shrinkage, EEI and totex revenue;

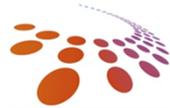
CDE Increase in cost of debt forecast 2018/19 onwards;

BMt Reflects improved 2016/17 stakeholder performance with the assumption that this will be maintained going forward;

Rt/Kt Updated 2017/18 collected revenue position.



DESCRIPTION	LICENCE TERM	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)							
FORECAST RPI FACTOR	RPIft	0.000	0.000	0.001	-0.003	-0.006	
ASSUMED ANNUAL INFLATION FOR PRICE SETTING		0.0%	0.0%	0.0%	-0.2%	-0.2%	
ACTUAL / FORECAST ANNUAL INFLATION		0.0%	0.0%	0.0%	-0.2%	-0.2%	
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	-1.0	1.2	3.6	1.4
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.1	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	0.1	-1.0	-1.7	
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	-0.9	0.4	1.9	
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	-0.2	-0.1	0.1
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.0	0.0	0.0	0.1
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	-0.1	-0.2	-0.1
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	0.0	0.1	0.2	0.3
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	0.4	0.4	0.5	0.5
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.0	-0.3	-0.7	-0.6
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	-0.5	0.3	1.7	
COLLECTABLE REVENUE	Rt	0.0	0.0	-0.5	0.3	1.7	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	(0.1%)	+0.1%	+0.2%	-
MODt BREAKDOWN							
	PCFM TERM						
<i>COST OF DEBT</i>	<i>CDE %</i>	0.0%	0.0%	0.01%	0.03%	0.07%	
COST OF DEBT ADJUSTMENT	CDE £M	0.0	0.0	0.1	0.5	1.3	
TAX TRIGGER EVENT	TTE	0.0	0.0	0.3	0.1	2.9	
TAX LIABILITY - GEARING/INTEREST COSTS	TGIE	0.0	0.0	1.7	-0.2	0.9	1.4
TOTEX INCENTIVE MECHANISM		0.0	0.0	-1.9	0.9	-1.7	0.0
MAINS & SERVICES (REPEX T2)	RE	0.0	0.0	-1.0	0.0	0.1	0.0
TOTAL VALUE INCLUDED IN TABLE 1 IN THIS FORECAST		0.0	0.0	-1.0	1.2	3.6	1.4



DESCRIPTION	LICENCE TERM	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)							
FORECAST RPI FACTOR	RPIft	0.000	0.000	0.001	-0.003	-0.006	
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIft as a %)		0.0%	0.0%	0.0%	-0.2%	-0.2%	
ACTUAL / FORECAST ANNUAL INFLATION		0.0%	0.0%	0.0%	-0.2%	-0.2%	
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	0.3	-1.8	-0.2	-0.7
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.1	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	0.0	0.3	-1.2	-1.4	
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	0.7	-3.0	-1.6	
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	0.3	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRat	0.0	0.0	0.0	0.1	0.1	0.2
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	0.2	0.2	0.2	0.2
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	-0.1	0.2	0.1	-0.4
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	-1.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	0.9	-3.2	-1.2	
COLLECTABLE REVENUE	Rt	0.0	1.0	0.9	-3.2	-1.2	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	+0.3%	(1.3%)	+0.6%	
MODt BREAKDOWN							
COST OF DEBT	CDE %	0.0%	0.0%	0.01%	0.03%	0.07%	
COST OF DEBT ADJUSTMENT	CDE £M	0.0	0.0	0.0	0.3	0.8	
TAX TRIGGER EVENT	TTE	0.0	0.0	0.0	0.1	1.6	
TAX LIABILITY - GEARING/INTEREST COSTS	TGIE	0.0	0.0	0.9	-1.4	-1.1	-0.7
TOTEX INCENTIVE MECHANISM		0.0	0.0	-0.6	-0.8	-1.5	0.0
MAINS & SERVICES (REPEX T2)	RE	0.0	0.0	0.0	-0.1	0.0	0.0
TOTAL VALUE INCLUDED IN TABLE 1 IN THIS FORECAST		0.0	0.0	0.3	-1.8	-0.2	-0.7