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### **Final Notice Scotland Transportation Charges effective from 1 April 2021**

Please find attached the notice of Scotland Gas Networks transportation charges effective from 1 April 2021.

The basis of the tariffs is the RIIO-GD2 price control allowances as set by Ofgem in the Final Determination on 8 December 2020, and the GD1 two year lagged items relating to 2019/20 costs and incentives. In addition, the tariffs are also impacted by the SOQ changes, these drive the demand forecasts which are based on estimates provided by Xoserve.

Based on the latest available forecasts of allowed and collected revenue there is a requirement for an overall decrease of 7.8% to average charge levels.

The drivers for this reduction are :-

- A reduction in base revenue as a result of the GD2 Final Determination;
- The GD1 2019/20 actual pass through costs (compared to allowances) and incentives which are on a two-year lag;
- In 2021/22 an adjustment in allowed revenue relating to four Last Resort Supply Payment;
- The GD1 2019/20 over/under recovery (K) position which is also on a two-year lag;

This is partially offset by:-

- A material increase in ECN charges as a result of the NTS new charging methodology 678a which is a pass through cost for Scotland Gas.
- A forecasted collected revenue position reflecting the latest view (December 2020) of SOQ's.

The figures included in the final tariffs are based on our current assessment of the Ofgem final determination. Whilst the final tariffs reflect Ofgem's final determination, this should not be deemed as acceptance by SGN.