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Final Notice Scotland Gas Networks Transportation Charges effective from 1 April 2022

Please find attached the notice of Scotland Gas Networks transportation charges effective from 1 April 2022.

Based on the latest available forecasts of allowed and collected revenue there is a requirement for an overall increase of 43.2% to average charge levels.

The key components of this increase are:

- Supplier of Last Resort levy recovery of 21.4% as a result of supplier failures during 2021;
- An inflationary impact on 2022/23 revenue of 6.3%. The two components of this are the forecast year on year inflation impact (3.6%) and a true up forecast for 2021/22 (2.7%);
- The result of the Competition and Markets Authority (CMA) decision increases charges by 1.8%;
- Pass through costs impacting shrinkage of 3.5% as a result of increases in wholesale gas prices;
- A Legacy adjustment of 6.3%, driven primarily by an under-recovery of NTS charges incurred in 2020/21, as a result of the change in NTS charging methodology following the implementation of MOD0678. This is being recovered in 2022/23 due to the two-year lag mechanism used for recovery of GD1 pass-through costs.