

DN Charging Methodology Forum

SGN March 23 Mod 186 Summary

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SGN

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Key Revenue Changes

Updates

- SLt Shrinkage costs reflect 23/24 tariff and January PCFM position for wholesale gas prices, which are a reduction from the previous mod report. The latest suggests avg p/therm of 215p for 2022/23 compared 236p used for the tariffs. 2023/24 includes an avg of 296p. Shrinkage costs continue to be subject to volatility.;
- MPt Updated forecast reflects the final claims received in relation to 2023/24 SoLR, a c.£9m increase on the previous view;

Risks and Sensitivities

- To adhere to SGNs five year tariff forecast obligation under the UNC, we have included a forecast for the first year of GD3 price control. As discussions with Ofgem regarding GD3 have not yet begun we have no basis to include any-forecasts, as a result SGN have taken the approach of rolling forward revenue levels from 2025/26. This approach does not represent SGNs view of GD3 revenues. These revenues could be materially different to the figures quoted and any use of 2026/27 tariff forecast should be done so recognising this uncertainty.
- Wholesale gas prices continue to be subject to extreme volatility.

Southern Gas movements and price update

Southern	2021/22	2022/23	2023/24	2024/25	2025/26	Comments
Dec-22 MOD186	696.2	951.0	925.6	863.4	858.5	
Pass-through 18/19	0	0	-0.6	-1.8	-1.0	Reflects reduction in shrinkage costs due to wholesale gas price and final SoLr claims
ADJ Shrinkage	0	0	-3.0	0.0	0.0	Reflects reduction in shrinkage costs due for 22/23
Mar-23 MOD186	696.2	951.0	921.8	861.2	857.3	

Price Change	2023/24	2024/25	2025/26
Total LDZ	19.1%	-3.8%	-0.4%
Total ECN	-12.2%	19.9%	-1.1%
Total SoLR	-72.8%	-100.0%	0.0%
Total distribution charges price change	1.0%	-6.6%	-0.5%

Scotland Gas movements and price update

Scotland	2021/22	2022/23	2023/24	2024/25	2025/26	Comments
Dec-22 MOD186	322.3	458.1	417.5	410.5	402.6	
Pass-through 18/19	0	0	0.2	-0.7	-0.4	Reflects reduction in shrinkage costs due to wholesale gas price and final SoLr claims
Adj Legacy items	0	0	-0.1	0.0	0.0	
ADJ "Base Rev"	0	0	0.1	0.0	0.0	
ADJ Shrinkage	0	0	-1.1	0.0	0.0	Reflects reduction in shrinkage costs due for 22/23
Mar-23 MOD186	322.3	458.1	416.6	409.6	402.1	

Price Change	2023/24	2024/25	2025/26
Total LDZ	14.7%	1.8%	-1.9%
Total ECN	-44.0%	19.8%	-1.3%
Total SoLR	-72.7%	-100.0%	0.0%
Total distribution charges price change	(4.8%)	(1.7%)	(1.8%)