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31 January 2019

Final Notice Southern Transportation Charges effective from 1 April 2019

Please find attached the notice of Southern Gas Networks transportation charges effective from 1 April 2019.

Based on the the latest available forecasts of allowed and collected revenue there is a requirement for an overall increase of 2.7% to average charge levels.

These charges reflect:

- An inflationary impact on 2019/20 revenue of 4.1%. The two components of this are, the forecast year on year RPI impact (3.4%) and the movement in the adjustment to reconcile 2017/18 RPI forecast to the actual position (0.7%), which is subject to a two-year lag;
- The year on year 2019/20 Base Revenue as stated by Ofgem for the RIIO-GD1 Price Control adjusted as directed by Ofgem's Annual Iteration Process. The largest impact being a reduction in the index cost of debt allowance;
- The 2017/18 actual pass through costs (compared to allowances) and incentives which are on a two-year lag;
- In 2019/20 an adjustment in allowed revenue relating to a Last Resort Supply Payment;
- The 2017/18 over/under recovery (K) position which is also on a two-year lag;
- A forecasted collected revenue position reflecting the latest view (December 2018) of SOQ's.

For more information please contact via email: - pricingteam@sgn.co.uk