

DN Charging Methodology Forum

SGN September 2020 Mod 186 Summary

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SGN

Your gas. Our network.

Key Revenue Changes

- RPIt Updated inflation in line with August 2020 Treasury forecast;
- EXt Updated to reflect latest view October 2020 capacity bookings;
- SHRAt Reflects 2020/21 latest gas price forecast as of 31 August 2020;
- BMt Updated with 2019/20 scores and forecast for 2020/21;

GD2 base revenue figures included within MOD186, reflect those published in December 2019 business plan: Alternative Cost of Capital Assumptions. These have been updated to include revised NTS costs and cost of debt. In addition, under *Table 6: Risks and Sensitivities* of the MOD186, the Ofgem draft determination BRt figure have also been included .

All SGN GD2 figures can be found at the following link under Financing and Efficiency sgnfuture.co.uk



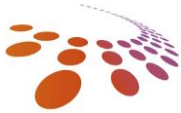
GD2 Base Revenue (09/10 prices)

Southern		2021/22	2022/23	2023/24	2024/25	2025/26
SGN Business Plan	£m	521.0	531.9	543.8	542.8	540.7
Ofgem Draft Determination	£m	483.4	477.4	484.4	479.0	480.6

Scotland		2021/22	2022/23	2023/24	2024/25	2025/26
SGN Business Plan	£m	236.8	242.5	248.2	244.3	241.8
Ofgem Draft Determination	£m	218.7	219.9	221.1	216.6	214.4



DESCRIPTION	LICENCE TERM	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)							
FORECAST RPI FACTOR	RPIft	0.00	0.0	0.0	0.0	0.0	0.0
ASSUMED ANNUAL INFLATION FOR PRICE SETTING		0.0%	0.0	0.0	0.0	0.0	0.0
ACTUAL / FORECAST ANNUAL INFLATION		-0.2%	0.0	0.0	0.0	0.0	0.0
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	22.8	26.2	43.0	42.4	43.3
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	0.0	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0		
UPLIFT TO NOMINAL PRICES USING RPIft		0.0	1.8	4.0	12.6	13.6	15.4
BASE REVENUE (NOMINAL)	BRt	0.0	24.6	30.2	55.5	56.0	58.6
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	-0.2	0.0	0.0	0.0
LICENSE FEES ADJUSTMENT	LFt	0.0	0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	0.0	0.0	0.0	0.0
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWIt + Tgt + MPt	0.0	0.0	0.0	0.0	0.0	0.0
PASS THROUGH	PTt	0.0	0.0	-0.2	0.0	0.0	0.0
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	-1.5	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.2	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT	EXt	0.0	0.0	-1.3	0.0	0.0	0.0
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.1	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	1.3	0.0	0.0	0.0
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	1.4	0.0	0.0	0.0
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	-0.4	-0.4	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.0	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	0.0	0.0	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	0.0			
COLLECTABLE REVENUE	Rt	0.0	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	-	-	-	-



DESCRIPTION	LICENCE TERM	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TABLE 1: TOTAL CHARGE ELEMENTS (LDZ + CUSTOMER + ECN)								
FORECAST RPI FACTOR	RPIFt	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASSUMED ANNUAL INFLATION FOR PRICE SETTING (RPIFt as a %)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACTUAL / FORECAST ANNUAL INFLATION		0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
OPENING BASE REVENUE ALLOWANCE (2009/10 PRICES)	PUt	0.0	0.0	12.5	13.2	18.8	19.4	19.5
PRICE CONTROL FINANCIAL MODEL ITERATION ADJUSTMENT (2009/10 PRICES)	MODt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPI TRUE UP (2009/10 PRICES)	TRUt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UPLIFT TO NOMINAL PRICES USING RPIFt		0.0	0.0	1.7	2.4	5.4	6.3	6.9
BASE REVENUE (NOMINAL)	BRt	0.0	0.0	14.2	15.5	24.2	25.7	26.4
BUSINESS RATES ADJUSTMENT	RBt	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
LICENSE FEES ADJUSTMENT	Lft	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PENSION DEFICIT ADJUSTMENT	PDt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OTHER PASS THROUGH: THIRD PARTY DAMAGE & WATER INGRESS, THEFT OF GAS, MISC PASS THROUGH	TPWIt + Tgt + MPt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PASS THROUGH	PTt	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
NTS EXIT CAPACITY INCENTIVE REVENUE ADJUSTMENT	EIt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NTS EXIT CAPACITY COST ADJUSTMENT		0.0	0.0	0.0	-0.1	0.0	0.0	0.0
NTS EXIT CAPACITY REVENUE ADJUSTMENT	Ext	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
SHRINKAGE INCENTIVE REVENUE ADJUSTMENT	SHRRt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SHRINKAGE COST ADJUSTMENT	SHRAt	0.0	0.0	0.0	0.5	0.0	0.0	0.0
SHRINKAGE REVENUE ADJUSTMENT	SHRt	0.0	0.0	0.0	0.5	0.0	0.0	0.0
BROAD MEASURE OF CUSTOMER SATISFACTION REVENUE ADJUSTMENT	BMt	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0
ENVIRONMENTAL EMISSIONS INCENTIVE REVENUE ADJUSTMENT	EEIt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DISCRETIONARY REWARD SCHEME REVENUE ADJUSTMENT	DRSt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NETWORK INNOVATION ALLOWANCE REVENUE ADJUSTMENT	NIAt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CORRECTION TERM REVENUE ADJUSTMENT	-Kt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAXIMUM ALLOWED REVENUE	ARt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COLLECTABLE REVENUE	Rt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UNDER / OVER RECOVERY CARRIED FORWARDS	ARt - Rt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL DISTRIBUTION CHARGES ARITHMETICAL PRICE CHANGE		-	-	-	-	-	-	-

