

DN Charging Methodology Forum NGGD Jan-15 Revenue Report

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Headline Movement Since Oct-14 Report

		Movement				
		2014-15	2015-16	2016-17	2017-18	2018-19
EoE	Total Distribution Charge Price Change (%)	0.0%	-0.4%	-0.4%	0.5%	-0.1%
	% Movement in Domestic Customer Bill (14/15 prices)	-	0.3%	-0.2%	0.5%	0.0%
NL	Total Distribution Charge Price Change (%)	0.0%	-0.7%	-0.1%	0.5%	-0.1%
	% Movement in Domestic Customer Bill (14/15 prices)	-	0.0%	0.1%	0.5%	0.0%
NW	Total Distribution Charge Price Change (%)	0.0%	-1.1%	0.3%	0.4%	-0.1%
	% Movement in Domestic Customer Bill (14/15 prices)	-	-0.3%	0.5%	0.4%	-0.0%
WM	Total Distribution Charge Price Change (%)	0.0%	-1.2%	0.2%	0.6%	-0.1%
	% Movement in Domestic Customer Bill (14/15 prices)	-	-0.5%	0.4%	0.6%	0.0%

- 2015/16 distribution charges lower than previously forecast across all networks.
- Increase in distribution charges and customer bill impact in 2017-18, largely driven by increase in NTS Pension Deficit costs.



Forecast Revenue - Main Drivers of Change

- **RPIF_t** – November HM Treasury report forecasts lower RPI for 2015/16 onwards to 2018/19 than the previous August report
- **PCFM iteration adjustment** – Changes resulting from determination of MOD_t for 2015/16
- **Pension Deficit Adjustment** – Increased NTS Pension Deficit recharge from 2017/18 onwards



East of England Network

Opening Base Revenue Allowance	PUt
Price Control Financial Model Iteration Adjustment	MODt
RPI True Up	TRUt
Forecast RPI Factor	RPIFt
Base Revenue	BRT
Pass Through	PTt
Correction Term Revenue Adjustment (K added)	Kt
Maximum DN Allowed Revenue (exc. ECN)	
Collectable Revenue (exc. ECN)	
Under/Over-Recovery Carried Forward (exc. ECN)	

Jan-15 LDZ Charge Price Change (%)
Oct-14 LDZ Charge Price Change (%)

Jan-15 ECN Charge Price Change (%)
Oct-14 ECN Charge Price Change (%)

Jan-15 Total Distribution Charge Price Change (%)
Oct-14 Total Distribution Charges Price Change (%)

Combined Shrinkage Allowance Adjustments Sensitivity (£m nominal prices)
LDZ Charge Price Change (%)

Movement				
2014-15	2015-16	2016-17	2017-18	2018-19
-	-	-	-	-
-	1.7	-	-	-
-	0.0	-0.5	0.0	-0.0
-	-0.0084	-0.0114	-0.0125	-0.0148
-	-2.1	-6.3	-6.2	-7.3
-	-0.0	0.1	4.2	4.3
	-	1.6	-0.1	-
-	-1.9	-4.4	-1.8	-2.5
-1.5	-1.8	-4.4	-1.8	-2.5
-1.5	0.1	-	-	-

Arithmetical April Price Change				
-0.7%	4.2%	3.0%	9.0%	3.9%
-0.7%	4.6%	3.4%	8.6%	4.0%

4.4%	-6.0%	-0.1%	-8.5%	13.5%
4.4%	-4.8%	0.0%	-9.0%	13.4%

-0.4%	3.7%	2.8%	8.3%	4.2%
-0.4%	4.1%	3.3%	7.8%	4.3%

-	-	-6.9	-4.5	-4.7
-	-	-1.1%	-0.7%	-0.7%



London Network

Opening Base Revenue Allowance	PUt
Price Control Financial Model Iteration Adjustment	MODt
RPI True Up	TRUt
Forecast RPI Factor	RPIFt
Base Revenue	BRT
Pass Through	PTt
Correction Term Revenue Adjustment (K added)	Kt
Maximum DN Allowed Revenue (exc. ECN)	
Collectable Revenue (exc. ECN)	
Under/Over-Recovery Carried Forward (exc. ECN)	

Jan-15 LDZ Charge Price Change (%)
Oct-14 LDZ Charge Price Change (%)

Jan-15 ECN Charge Price Change (%)
Oct-14 ECN Charge Price Change (%)

Jan-15 Total Distribution Charge Price Change (%)
Oct-14 Total Distribution Charges Price Change (%)

Combined Shrinkage Allowance Adjustments Sensitivity (£m nominal prices)
LDZ Charge Price Change (%)

Movement				
2014-15	2015-16	2016-17	2017-18	2018-19
-	-	-	-	-
-	-0.3	-	-	-
-	0.0	-0.4	0.0	-0.0
-	-0.0084	-0.0114	-0.0125	-0.0148
-	-3.5	-4.5	-4.3	-5.1
-	-0.0	0.0	2.5	2.5
	-	0.6	-0.0	-
-	-3.3	-3.7	-1.6	-2.3
-0.6	-3.3	-3.7	-1.6	-2.3
-0.6	0.0	-	-	-

Arithmetical April Price Change				
-0.1%	8.5%	4.6%	3.0%	6.8%
-0.1%	9.2%	4.7%	2.5%	7.0%

4.1%	-4.4%	10.0%	4.6%	11.0%
4.1%	-4.2%	10.1%	4.0%	10.9%

0.1%	7.9%	4.9%	3.0%	7.0%
0.1%	8.5%	4.9%	2.5%	7.2%

-	-	-3.4	-2.0	-2.1
-	-	-0.8%	-0.5%	-0.5%



North West Network

Opening Base Revenue Allowance	PUt
Price Control Financial Model Iteration Adjustment	MODt
RPI True Up	TRUt
Forecast RPI Factor	RPIFt
Base Revenue	BRT
Pass Through	PTt
Correction Term Revenue Adjustment (K added)	Kt
Maximum DN Allowed Revenue (exc. ECN)	
Collectable Revenue (exc. ECN)	
Under/Over-Recovery Carried Forward (exc. ECN)	

Jan-15 LDZ Charge Price Change (%)
Oct-14 LDZ Charge Price Change (%)

Jan-15 ECN Charge Price Change (%)
Oct-14 ECN Charge Price Change (%)

Jan-15 Total Distribution Charge Price Change (%)
Oct-14 Total Distribution Charges Price Change (%)

Combined Shrinkage Allowance Adjustments Sensitivity (£m nominal prices)
LDZ Charge Price Change (%)

Movement				
2014-15	2015-16	2016-17	2017-18	2018-19
-	-	-	-	-
-	-1.0	-	-	-
-	0.0	-0.4	0.0	-0.0
-	-0.0084	-0.0114	-0.0125	-0.0148
-	-4.3	-4.7	-4.4	-5.2
-	-0.0	0.0	2.7	2.8
	-	1.5	0.0	-
-	-4.0	-2.7	-1.2	-1.9
-1.4	-4.0	-2.7	-1.2	-1.9
-1.4	-0.0	-	-	-

Arithmetical April Price Change				
-2.0%	6.8%	6.5%	3.8%	6.0%
-2.0%	7.9%	6.2%	3.5%	6.2%

5.3%	0.8%	16.6%	4.3%	7.0%
5.3%	2.1%	16.7%	3.7%	7.0%

-1.4%	6.3%	7.3%	3.9%	6.1%
-1.4%	7.4%	7.0%	3.5%	6.2%

-	-	-4.6	-3.5	-3.6
-	-	-1.1%	-0.8%	-0.8%



West Midlands Network

Opening Base Revenue Allowance	PUt
Price Control Financial Model Iteration Adjustment	MODt
RPI True Up	TRUt
Forecast RPI Factor	RPIFt
Base Revenue	BRT
Pass Through	PTt
Correction Term Revenue Adjustment (K added)	Kt
Maximum DN Allowed Revenue (exc. ECN)	
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Jan-15 LDZ Charge Price Change (%)
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Jan-15 ECN Charge Price Change (%)
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Jan-15 Total Distribution Charge Price Change (%)
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Combined Shrinkage Allowance Adjustments Sensitivity (£m nominal prices)
LDZ Charge Price Change (%)

Movement				
2014-15	2015-16	2016-17	2017-18	2018-19
-	-	-	-	-
-	-1.0	-	-	-
-	0.0	-0.3	0.0	-0.0
-	-0.0084	-0.0114	-0.0125	-0.0148
-	-3.5	-3.4	-3.4	-3.9
-	-0.0	0.0	2.0	2.1
	-	0.4	-0.1	-
-	-3.4	-2.7	-1.1	-1.5
-0.4	-3.3	-2.7	-1.1	-1.5
-0.4	0.1	-	-	-

Arithmetical April Price Change				
2.5%	-0.6%	6.0%	9.8%	4.2%
2.5%	0.6%	5.7%	9.2%	4.3%

3.5%	3.1%	1.7%	2.4%	9.6%
3.5%	4.4%	1.8%	1.9%	9.6%

2.6%	-0.4%	5.7%	9.3%	4.5%
2.6%	0.8%	5.5%	8.8%	4.6%

-	-	-2.4	-2.3	-2.3
-	-	-0.8%	-0.7%	-0.7%