

# DN Charging Methodology Forum NGGD Apr-15 Revenue Report

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# Headline Movement Since Jan-15 Report

		Movement				
		2015-16	2016-17	2017-18	2018-19	2019-20
<b>EoE</b>	Total Distribution Charge Price Change (%)	-0.1%	-2.5%	-1.4%	1.5%	0.2%
	% Movement in Domestic Customer Bill (14/15 prices)	-0.1%	-0.5%	-1.1%	1.5%	0.0%
<b>NL</b>	Total Distribution Charge Price Change (%)	-0.1%	-2.6%	-1.4%	1.7%	0.2%
	% Movement in Domestic Customer Bill (14/15 prices)	-0.1%	-0.5%	-1.2%	1.7%	0.0%
<b>NW</b>	Total Distribution Charge Price Change (%)	0.0%	-2.4%	-1.7%	1.7%	0.3%
	% Movement in Domestic Customer Bill (14/15 prices)	0.0%	-0.3%	-1.6%	1.7%	0.0%
<b>WM</b>	Total Distribution Charge Price Change (%)	-0.0%	-2.7%	-1.5%	1.6%	0.3%
	% Movement in Domestic Customer Bill (14/15 prices)	-0.0%	-0.7%	-1.3%	1.6%	0.0%

- 2016/17 and 2017/18 distribution charges lower than previously forecast across all networks.



## Forecast Revenue - Main Drivers of Change

- **RPIF** – February HM Treasury report forecasts significantly lower RPI for 2015 and 2016 calendar years than the previous November report. In addition to BRt, impacts the True-up in 2017/18
- **RPIA** – Actual RPI lower than forecast for Jan and Feb, impacting True-up in 2016/17 and BRt from 16/17 onwards
- **Shrinkage Cost Adjustment** – Lower actual shrinkage cost forecast from 16/17 onwards, reflecting lower volume and forward gas price

## Collectable Revenue (Rt) trace to Jan-15

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m	£m	£m
<b>Jan-15 Collectable Revenue (Rt)</b>	<b>621.2</b>	<b>610.0</b>	<b>622.7</b>	<b>626.6</b>	<b>663.9</b>	<b>676.9</b>	<b>692.3</b>
▼ RPI: modelling correction	-	-	-	(1.1)	(1.1)	(0.9)	(0.9)
▼ RPI: Jan & Feb RPI update	-	-	-	(1.8)	(1.9)	(1.6)	(1.6)
▼ RPI: updated HM Treasury forecasts	-	-	-	(9.4)	(12.4)	(11.0)	(11.2)
▼ RPI: true-up	-	-	-	(2.2)	(7.8)	0.0	(0.0)
▲ Cost Pass Through: Business Rates	-	-	-	0.5	0.5	0.5	0.5
▼ Cost Pass Through: License Fees	-	-	-	(0.1)	0.0	0.1	0.1
▼ Cost Pass Through: Pension Deficit Adj	-	-	-	0.0	(0.5)	(0.7)	(0.8)
▼ NTS Exit Capacity Allowance Adjustment	-	-	-	0.1	(0.5)	(0.3)	0.8
▼ Shrinkage Cost Adjustment	-	-	-	(1.9)	(1.7)	(2.0)	(2.0)
▼ Shrinkage Incentive Adjustment	-	-	-	(0.1)	(0.0)	(0.0)	(0.0)
▲ Environmental Emissions Incentive	-	-	-	0.2	0.3	0.4	0.4
▼ Network Innovation Allowance	-	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
▼ K Carried Forwards	-	(0.3)	(0.5)	-	-	-	-
▲ K Adjustment	-	-	-	0.3	0.5	-	-
<b>Apr-15 Collectable Revenue (Rt)</b>	<b>621.2</b>	<b>609.6</b>	<b>622.3</b>	<b>611.1</b>	<b>639.1</b>	<b>661.1</b>	<b>677.4</b>
<b>▼ Net Change</b>	<b>-</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>(15.5)</b>	<b>(24.8)</b>	<b>(15.8)</b>	<b>(14.9)</b>
<b>▼ % Change</b>	<b>-</b>	<b>(0.1%)</b>	<b>(0.1%)</b>	<b>(2.5%)</b>	<b>(3.7%)</b>	<b>(2.3%)</b>	<b>(2.2%)</b>



## Collectable Revenue (Rt) trace to Jan-15

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m	£m	£m
<b>Jan-15 Collectable Revenue (Rt)</b>	<b>419.8</b>	<b>416.9</b>	<b>443.6</b>	<b>453.9</b>	<b>456.4</b>	<b>476.5</b>	<b>485.8</b>
▼ RPI: modelling correction	-	-	-	(0.8)	(0.8)	(0.7)	(0.7)
▼ RPI: Jan & Feb RPI update	-	-	-	(1.3)	(1.3)	(1.1)	(1.1)
▼ RPI: updated HM Treasury forecasts	-	-	-	(6.8)	(8.6)	(7.8)	(7.9)
▼ RPI: true-up	-	-	-	(1.5)	(5.7)	0.0	(0.0)
▲ Cost Pass Through: Business Rates	-	-	-	0.2	0.2	0.2	0.2
▼ Cost Pass Through: License Fees	-	-	-	(0.1)	0.0	0.0	0.0
▼ Cost Pass Through: Pension Deficit Adj	-	-	-	0.0	(0.3)	(0.5)	(0.5)
▼ NTS Exit Capacity Allowance Adjustment	-	-	-	0.1	(0.5)	(0.4)	0.5
▼ Shrinkage Cost Adjustment	-	-	-	(1.0)	(0.9)	(1.0)	(1.0)
▼ Shrinkage Incentive Adjustment	-	-	-	(0.1)	(0.1)	(0.1)	(0.0)
▲ Environmental Emissions Incentive	-	-	-	(0.2)	0.1	0.1	0.1
▼ Network Innovation Allowance	-	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
▼ K Carried Forwards	-	0.1	(0.2)	-	-	-	-
▲ K Adjustment	-	-	-	(0.1)	0.3	-	-
<b>Apr-15 Collectable Revenue (Rt)</b>	<b>419.8</b>	<b>416.9</b>	<b>443.3</b>	<b>442.4</b>	<b>438.7</b>	<b>465.4</b>	<b>475.5</b>
▼ <b>Net Change</b>	-	<b>0.0</b>	<b>(0.3)</b>	<b>(11.5)</b>	<b>(17.7)</b>	<b>(11.1)</b>	<b>(10.3)</b>
▼ <b>% Change</b>	-	<b>0.0%</b>	<b>(0.1%)</b>	<b>(2.5%)</b>	<b>(3.9%)</b>	<b>(2.3%)</b>	<b>(2.1%)</b>

## Collectable Revenue (Rt) trace to Jan-15

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m	£m	£m
<b>Jan-15 Collectable Revenue (Rt)</b>	<b>453.2</b>	<b>435.6</b>	<b>452.7</b>	<b>470.6</b>	<b>473.5</b>	<b>486.7</b>	<b>504.5</b>
▼ RPI: modelling correction	-	-	-	(0.8)	(0.8)	(0.7)	(0.7)
▼ RPI: Jan & Feb RPI update	-	-	-	(1.3)	(1.4)	(1.1)	(1.1)
▼ RPI: updated HM Treasury forecasts	-	-	-	(7.0)	(8.8)	(7.9)	(8.2)
▼ RPI: true-up	-	-	-	(1.6)	(5.6)	0.0	(0.0)
▲ Cost Pass Through: Business Rates	-	-	-	0.2	0.3	0.3	0.3
▼ Cost Pass Through: License Fees	-	-	-	(0.0)	0.0	0.0	0.0
▼ Cost Pass Through: Pension Deficit Adj	-	-	-	0.0	(0.2)	(0.4)	(0.4)
▼ NTS Exit Capacity Allowance Adjustment	-	-	-	0.1	(0.4)	(0.1)	1.0
▼ Shrinkage Cost Adjustment	-	-	-	(1.6)	(1.3)	(1.5)	(1.5)
▼ Shrinkage Incentive Adjustment	-	-	-	0.1	(0.0)	0.0	0.0
▲ Environmental Emissions Incentive	-	-	-	0.6	0.2	0.2	0.2
▼ Network Innovation Allowance	-	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
▼ K Carried Forwards	-	(0.7)	(0.0)	-	-	-	-
▲ K Adjustment	-	-	-	0.7	0.0	-	-
<b>Apr-15 Collectable Revenue (Rt)</b>	<b>453.2</b>	<b>434.8</b>	<b>452.7</b>	<b>460.0</b>	<b>455.4</b>	<b>475.4</b>	<b>494.0</b>
▼ <b>Net Change</b>	-	<b>(0.7)</b>	<b>(0.0)</b>	<b>(10.6)</b>	<b>(18.1)</b>	<b>(11.3)</b>	<b>(10.5)</b>
▼ <b>% Change</b>	-	<b>(0.2%)</b>	<b>(0.0%)</b>	<b>(2.3%)</b>	<b>(3.8%)</b>	<b>(2.3%)</b>	<b>(2.1%)</b>

## Collectable Revenue (Rt) trace to Jan-15

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m	£m	£m
<b>Jan-15 Collectable Revenue (Rt)</b>	<b>329.1</b>	<b>332.1</b>	<b>325.7</b>	<b>336.1</b>	<b>358.8</b>	<b>366.1</b>	<b>378.7</b>
▼ RPI: modelling correction	-	-	-	(0.6)	(0.6)	(0.5)	(0.5)
▼ RPI: Jan & Feb RPI update	-	-	-	(1.0)	(1.0)	(0.8)	(0.9)
▼ RPI: updated HM Treasury forecasts	-	-	-	(5.1)	(6.7)	(6.0)	(6.1)
▼ RPI: true-up	-	-	-	(1.2)	(4.2)	0.0	(0.0)
▲ Cost Pass Through: Business Rates	-	-	-	0.2	0.2	0.2	0.2
▼ Cost Pass Through: License Fees	-	-	-	(0.0)	0.0	0.0	0.0
▼ Cost Pass Through: Pension Deficit Adj	-	-	-	0.0	(0.2)	(0.3)	(0.3)
▼ NTS Exit Capacity Allowance Adjustment	-	-	-	0.1	(0.5)	(0.3)	0.5
▼ Shrinkage Cost Adjustment	-	-	-	(1.4)	(1.2)	(1.4)	(1.4)
▼ Shrinkage Incentive Adjustment	-	-	-	0.1	0.0	0.0	0.0
▲ Environmental Emissions Incentive	-	-	-	0.6	0.2	0.2	0.3
▼ Network Innovation Allowance	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
▼ K Carried Forwards	-	0.2	0.0	-	-	-	-
▲ K Adjustment	-	-	-	(0.3)	(0.0)	-	-
<b>Apr-15 Collectable Revenue (Rt)</b>	<b>329.1</b>	<b>332.3</b>	<b>325.7</b>	<b>327.5</b>	<b>344.8</b>	<b>357.2</b>	<b>370.5</b>
▼ <b>Net Change</b>	-	<b>0.2</b>	<b>(0.0)</b>	<b>(8.6)</b>	<b>(14.0)</b>	<b>(8.8)</b>	<b>(8.2)</b>
▼ <b>% Change</b>	-	<b>0.1%</b>	<b>(0.0%)</b>	<b>(2.6%)</b>	<b>(3.9%)</b>	<b>(2.4%)</b>	<b>(2.2%)</b>