

**DN Charging Methodology Forum
NGGD Jul-15 Revenue Report
AQ Review & MOD0545 Discussion**

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Approach for July MOD0186 Report

- At point of report publication, NGGD RRP at data assurance stage ahead of submission to Ofgem on 31st July
- Approach for July report has therefore focussed on more standard process driven updates (e.g. RPI, NTS indicative prices)
- Alignment to 14/15 RRP and future forecast positions in respect of incentive performance will be included in the October MOD0186 report



Forecast Revenue - Main Drivers of Change

- **RPIF** – May HM Treasury report forecasts lower RPI for 2015 and 2016 calendar years than the previous February report. In addition to BRt, impacts the True-up in 2017/18
- **RPIA** – Actual RPI lower than forecast for March through to May, impacting True-up in 2016/17 and BRt from 16/17 onwards
- **NTS Exit Capacity Allowance Adjustment** – Updated prices to EXt to reflect the latest published NTS charging statement for 15/16 actual and 16/17-18/19 indicative prices.

Collectable Revenue (Rt) trace to Apr-15

East of England	13/14	14/15	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m	£m	£m
Apr-15 Collectable Revenue (Rt)	621.2	609.6	622.3	611.1	639.1	661.1	677.4
▼ RPI related updates	-	-	(0.0)	(3.0)	(5.3)	(3.8)	(3.3)
▼ Other updates	-	0.0	(0.5)	(0.1)	1.2	2.9	(1.1)
Jul-15 Collectable Revenue (Rt)	621.2	609.6	621.8	608.0	635.0	660.3	673.0
Net Change	-	-	(0.5)	(3.1)	(4.1)	(0.9)	(4.3)
Arithmetical April Price Change (%)	-	-0.4%	3.6%	-0.1%	6.7%	6.3%	4.2%
Domestic Customer Bill Impact (£) 14/15 constant prices, exc. ECN	-	£134.02	£134.08	£130.10	£132.67	£132.89	£131.09



Collectable Revenue (Rt) trace to Apr-15

London	13/14	14/15	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m	£m	£m
Apr-15 Collectable Revenue (Rt)	419.8	416.9	443.3	442.4	438.7	465.4	475.5
▼ RPI related updates	-	-	(0.0)	(2.2)	(3.8)	(2.7)	(2.3)
▼ Other updates	-	0.0	(0.5)	(0.5)	1.0	1.8	(0.8)
Jul-15 Collectable Revenue (Rt)	419.8	416.9	442.8	439.8	435.9	464.5	472.3
Net Change	-	0.0	(0.5)	(2.6)	(2.8)	(0.9)	(3.2)
Arithmetical April Price Change (%)	-	0.1%	7.7%	1.8%	1.6%	9.2%	4.2%
Domestic Customer Bill Impact (£) 14/15 constant prices, exc. ECN	-	£151.48	£157.25	£154.53	£148.32	£152.58	£150.04

Collectable Revenue (Rt) trace to Apr-15

North West	13/14	14/15	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m	£m	£m
Apr-15 Collectable Revenue (Rt)	453.2	434.8	452.7	460.0	455.4	475.4	494.0
▼ RPI related updates	-	-	(0.0)	(2.2)	(3.8)	(2.7)	(2.3)
▼ Other updates	-	(0.0)	(0.4)	(0.2)	0.4	1.5	(1.8)
Jul-15 Collectable Revenue (Rt)	453.2	434.8	452.3	457.6	452.0	474.2	490.0
Net Change	-	(0.0)	(0.4)	(2.4)	(3.4)	(1.2)	(4.1)
Arithmetical April Price Change (%)	-	-1.4%	6.2%	4.5%	2.0%	8.3%	6.7%
Domestic Customer Bill Impact (£) 14/15 constant prices, exc. ECN	-	£134.12	£136.15	£135.50	£129.63	£131.44	£131.45

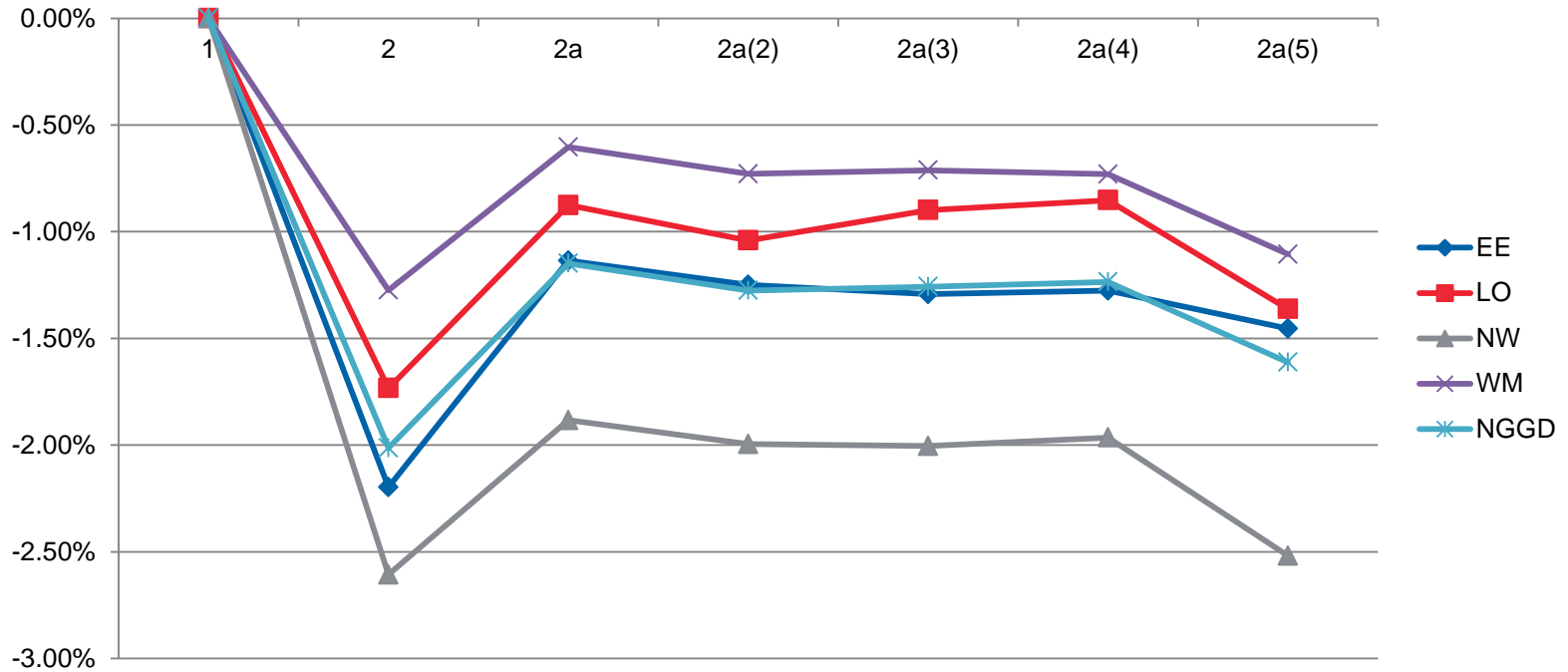
Collectable Revenue (Rt) trace to Apr-15

West Midlands	13/14	14/15	15/16	16/17	17/18	18/19	19/20
	£m	£m	£m	£m	£m	£m	£m
Apr-15 Collectable Revenue (Rt)	329.1	332.3	325.7	327.5	344.8	357.2	370.5
▼ RPI related updates	-	-	(0.0)	(1.6)	(2.9)	(2.0)	(1.8)
▼ Other updates	-	(0.0)	(0.1)	(0.2)	0.5	1.4	(0.6)
Jul-15 Collectable Revenue (Rt)	329.1	332.3	325.5	325.7	342.4	356.6	368.1
Net Change	-	(0.0)	(0.1)	(1.8)	(2.3)	(0.7)	(2.4)
Arithmetical April Price Change (%)	-	2.6%	-0.4%	2.5%	7.7%	6.6%	5.7%
Domestic Customer Bill Impact (£) 14/15 constant prices, exc. ECN	-	£140.20	£133.62	£132.83	£135.95	£136.52	£136.36



AQ Review – Current view

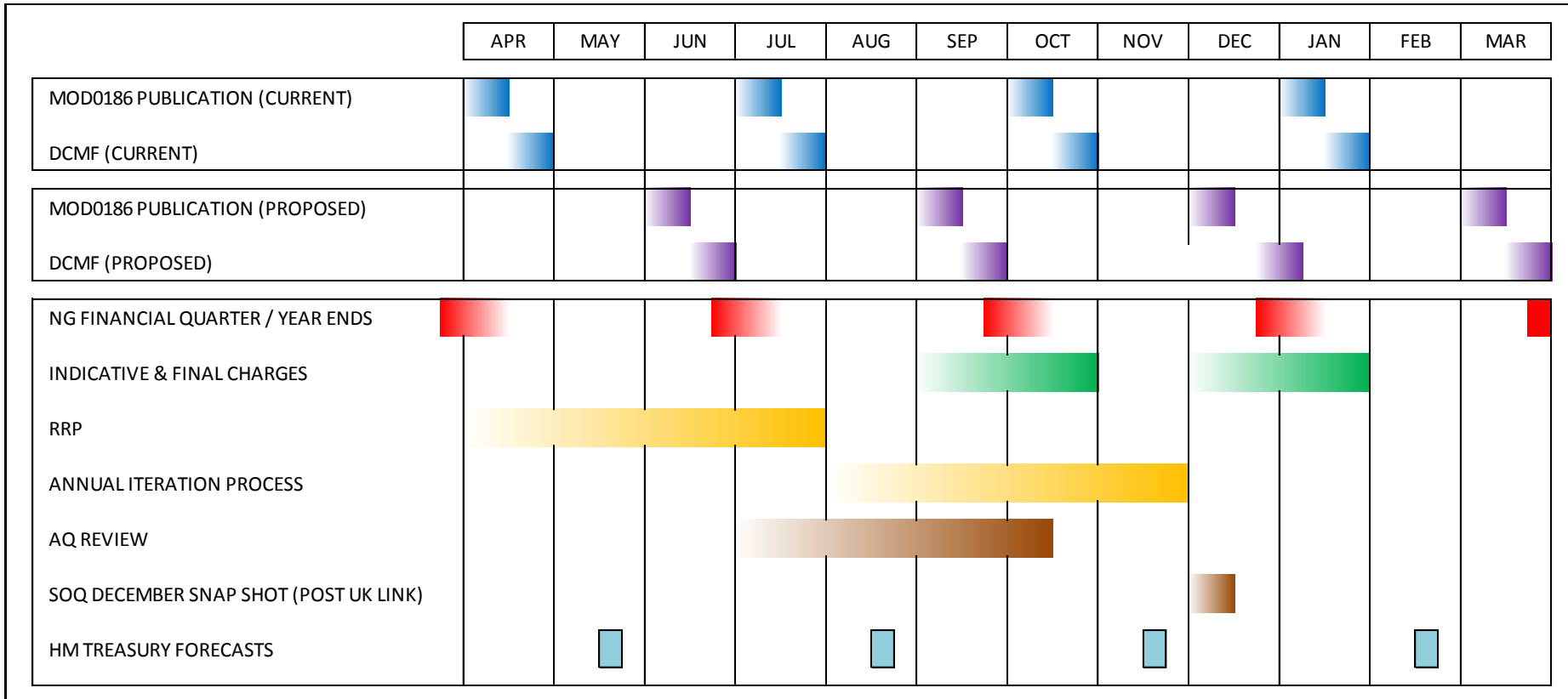
Cumulative SOQ reductions from weekly Network Reports (2015 LFs)



Previous forecasts assumed an SOQ reduction of 2.5% on average. Latest available data shows 1.7% reduction, but historical trends show continued decline between July and October.



MOD0545 – Timeline Discussion



Initial view is proposal might work quite well from an internal process perspective...

Key question is whether this works for the Shipper community?