

# DN Charging Methodology Forum

## SGN January 2015 Mod 0186 Summary

Joanne Parker



**SGN**

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# Key Drivers of Change

- RPIFt November 2014 HM Treasury report forecasts lower RPI
- MODt Lower cost of debt forecast and inclusion of SGN Pension Scheme Deficit adjustment
- PDt Indicative 2015/16 NTS Pensions Scheme Deficit adjustment
- Ext Updated NTS price as per November 2014 statement
- SHRAt Lower Shrinkage cost forecast 2014/15 onwards
- Kt Movements in 2014/15 collected revenue  
-no change in forward SOQ assumption

SGN - SCOTLAND		2014-15	2015-16	2016-17	2017-18	2018-19	
7	Forecast RPI Factor	RPIft	0.0%	-0.8%	-1.1%	-1.2%	-1.5%
5	Price Control Financial Model Iteration Adjustment	MODt	0.0	-1.2	-1.8	-2.1	0.4
6	RPI True Up	TRUt	0.0	0.0	-0.3	0.0	0.0
	Base Revenue	BRT	0.0	-3.4	-5.5	-5.8	-3.2
8	Business Rate Adjustment	RBt	0.0	0.0	-0.1	0.2	0.2
10	NTS Pensions Deficit Adjustment	PDt	0.0	0.0	0.0	1.7	1.5
15	NTS Exit Capacity Revenue Adjustment	EXt	0.0	0.0	-0.1	-0.1	0.0
16	Shrinkage Cost Adjustment	SHRAt	0.0	0.0	-0.3	-0.7	-0.5
19	Customer Broad Measure	BMT	0.0	0.0	0.3	0.3	0.3
23	Correction Term revenue Adjustment (K added)	Kt	0.0	0.0	-0.6	0.0	0.0
24	Maximum DN Allowed Revenue -All Charges	ARt	0.0	-3.4	-6.2	-4.4	-1.7
25	Collectable Revenue - All Charges	Rt	0.6	-3.4	-6.2	-4.4	-1.7
ANNUAL ITERATION PROCESS (9/10 PRICES)			2014-15	2015-16	2016-17	2017-18	2018-19
45	Cost of Debt Adjustment (drives changes to WACC)		0.0%	0.0%	0.0%	-0.1%	-0.1%
46	Cost of debt adjustment - £ effect on revenue - (9/10)		-1.6	0.0	-0.2	-0.6	-0.8
47	Tax Trigger Event		0.0	-0.2	-0.2	-0.2	-0.2
49	Pension Scheme Established Deficit		0.0	-0.9	-0.9	-0.9	-0.9
56	Total Legacy adjustments		1.3	0.0	0.0	0.0	0.0
57	Totex Incentive Mechanism		0.0	-0.1	-0.6	-0.4	2.3
68	Total Potential Impact of Revenue Adjustments		-0.3	-1.2	-1.8	-2.1	0.4

# Scotland NTS Exit Capacity Charge –Key Movements

TABLE 3 : ECN CHARGE ELEMENTS		2014-15	2015-16	2016-17	2017-18	2018-19
34	Cost True Up	0.00	0.00	0.00	-0.05	-0.05
36	Total Allowed Revenue	0.00	0.00	-0.01	-0.05	-0.05
38	Under/Over Recovery	0.0	0.0	0.0	0.0	0.0
39	ECN Charges Arithmetical April Price Change (%)	0.0%	5.0%	-0.6%	-7.6%	-2.0%

<b>SGN - SOUTHERN</b>		<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	
7	Forecast RPI Factor	RPIft	0.0%	-0.8%	-1.1%	-1.2%	-1.5%
5	Price Control Financial Model Iteration Adjustment	MODt	0.0	-2.1	-2.7	-3.3	-5.4
6	RPI True Up	TRUt	0.0	0.0	-0.4	0.0	0.0
	Base Revenue	BRT	0.0	-7.6	-10.7	-11.6	-16.1
8	Business Rate Adjustment	RBt	0.0	0.0	0.3	0.8	0.7
10	NTS Pensions Deficit Adjustment	PDt	0.0	0.0	0.1	3.9	3.9
15	NTS Exit Capacity Revenue Adjustment	EXt	0.0	0.0	0.1	-1.8	-1.7
16	Shrinkage Cost Adjustment	SHRAt	0.0	0.0	-0.5	-1.6	-1.5
19	Customer Broad Measure	BMt	0.0	0.1	0.7	0.7	0.7
20	Environmental Emissions Incentive	EEIt	0.0	0.0	0.0	0.4	0.4
23	Correction Term revenue Adjustment (K added)	Kt	0.0	0.0	-0.1	0.0	0.0
24	Maximum DN Allowed Revenue -All Charges	ARt	0.0	-7.5	-10.1	-9.2	-13.6
25	Collectable Revenue - All Charges	Rt	0.1	-7.5	-10.1	-9.2	-13.6
<b>ANNUAL ITERATION PROCESS (9/10 PRICES)</b>			<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
45	Cost of Debt Adjustment (drives changes to WACC)		0.0%	0.0%	0.0%	-0.1%	-0.1%
46	Cost of debt adjustment - £ effect on revenue - (9/10)		-3.6	0.0	-0.4	-1.6	-2.0
47	Tax Trigger Event		0.0	-0.9	-0.5	-0.5	-0.5
49	Pension Scheme Established Deficit		0.0	-1.3	-1.3	-1.3	-1.3
56	Total Legacy Adjustments		0.8	0.1	0.1	0.1	0.1
57	Totex Incentive Mechanism		0.0	0.0	-0.5	0.0	-1.6
68	Total Potential Impact of Revenue		-2.8	-2.1	-2.6	-3.3	-5.4

# Southern NTS Exit Capacity Charge - Key Movements

TABLE 3 : ECN CHARGE ELEMENTS		2014-15	2015-16	2016-17	2017-18	2018-19
34	Cost True Up	0.00	0.00	0.00	-0.05	-0.05
36	Total Allowed Revenue	0.00	0.00	-0.01	-0.05	-0.05
38	Under/Over Recovery	0.0	0.0	0.0	0.0	0.0
39	ECN Charges Arithmetical April Price Change (%)	0.0%	5.0%	-0.6%	-7.6%	-2.0%