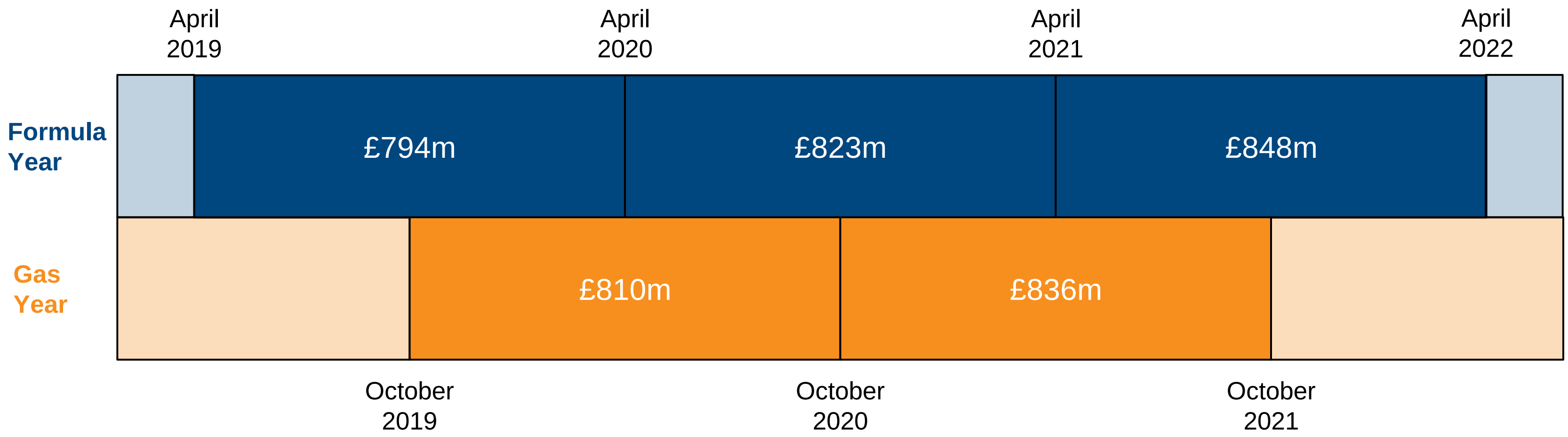
Revenue Application
Formula Year vs Gas Year

UNC Mod 0621 Analysis
20/04/2018

Revenue Application: Formula Year vs Gas Year

- In reference to the revenue value used for the calculation of Transmission Charges
  - Current modelling shows the use of a “typical” years data recovering formula year revenue
  - In looking to address, and minimise the impact of the misalignment between formula year (April to March) and gas or tariff year (October to September), the proposal is looking to use a combination of the formula years that bridge the gas year or tariff year in question
- The values below show how the revenue values would adjust using this logic



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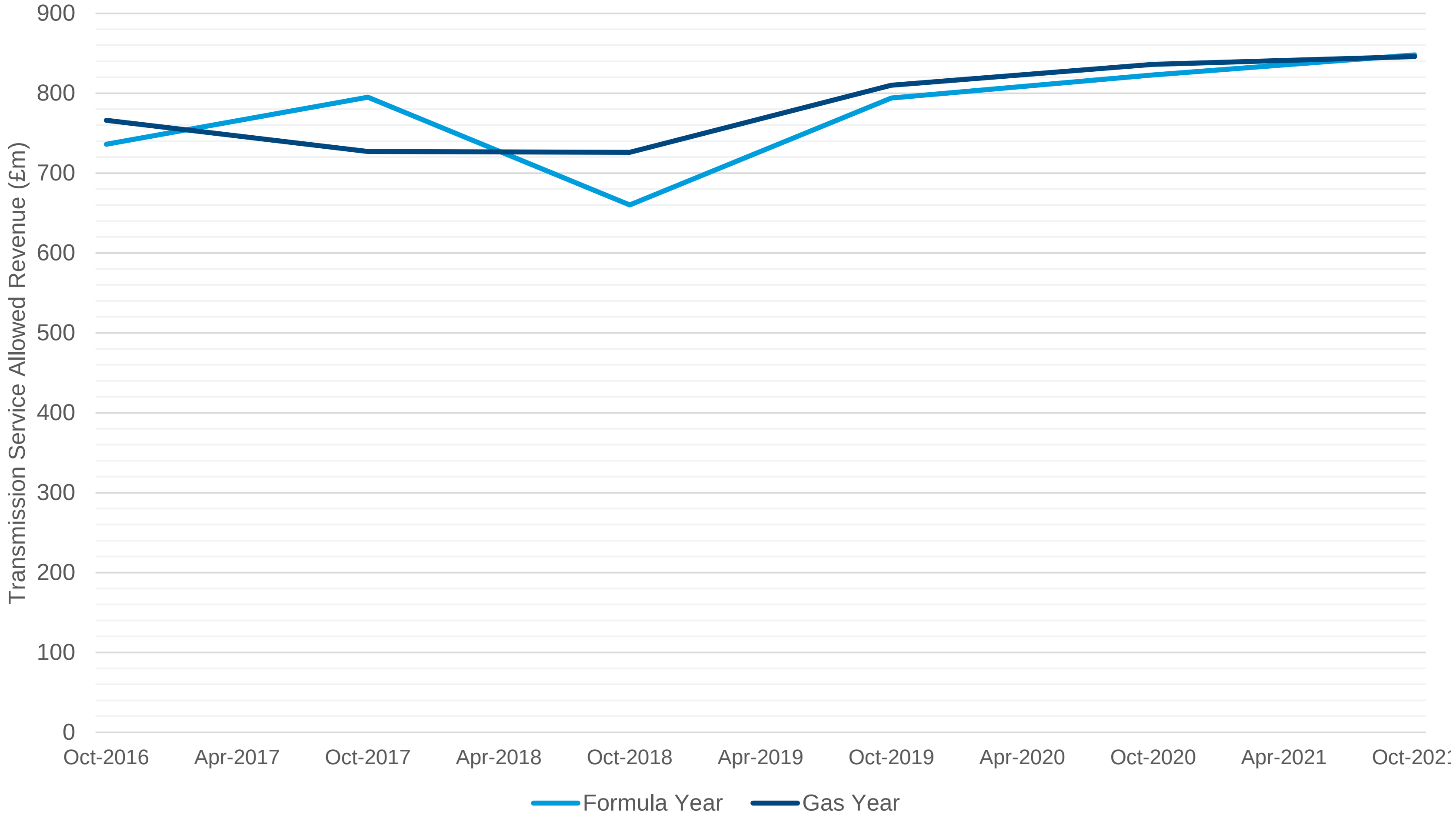

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- Outcome

- Under the current methodology the prices (for Exit) are set to recover a target revenue for the period October to March, even though they are set for a twelve month period.
- The proposal under UNC0621 takes the whole period of October to September

- Using the two formula years to produce the revenue for the tariff or gas year helps mitigate against
  - revenue swings year to year (that is evident under current Exit Capacity)
  - a see-saw pricing effect (that is evident under current Exit Capacity)