

DN Charging Methodology Forum

SGN June 2016 Mod 186 Summary

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SGN

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Key Revenue Changes

- RPIFt May 2016 Treasury update;
- ECN NTS Exit Capacity cost update as per May 2016 NTS statement;
- SHRR/EEIt Updated 2015/16 volume forecasts;
- SHRAt Higher Shrinkage cost forecast 2016/17 onwards;
- BMt Updated 2015/16 customer incentive forecasts.
- Kt Updated 2015/16 collected revenue positions.
- RBt *Please note that Business Rates are currently being reviewed the outcome of which will impact revenue in 2019/20.



HM Treasury Medium Term RPI Forecast

Movement- February 2016 to May 2016

	2016 HM Treasury	2017 HM Treasury	2018 HM Treasury	2019 HM Treasury	2020 SGN	2021 SGN
February 2016	1.7%	2.6%	3.2%	3.1%	3.2%	3.0%
May 2016	1.8%	2.6%	3.1%	3.1%	3.3%	3.0%
Movement	0.1%	0.0%	-0.1%	0.0%	0.1%	0.0%
	2016-17	2017-18	2018-19	2019-20	2020-21	
Actual/projected -February 2016	1.9%	2.8%	3.2%	3.1%	3.2%	
Actual/projected -May 2016	2.0%	2.7%	3.1%	3.1%	3.2%	
Movement	0.1%	0.0%	-0.1%	0.0%	0.1%	

Scotland Key Revenue Movements-All Charges

SGN - Scotland		Key Movements						
Row	Description		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
6	RPI True Up	TRUt	-	-	(0.2)	(0.0)	-	-
7	Forecast RPI Factor	RPIFt	0.000	0.000	0.000	-0.001	-0.001	0.000
	Base Revenue	BRT	-	-	(0.3)	(0.3)	(0.2)	(0.0)
14	Exit Capacity Allowance Adjustment		-	-	0.0	0.1	0.0	(0.1)
16	Shrinkage Cost Adjustment	SHRAt	-	-	(0.0)	0.1	0.1	0.1
20	Environmental Emissions Incentive Revenue Adjustment	EEIt	-	-	0.2	(0.0)	(0.0)	(0.0)
24	Maximum DN Allowed Revenue (including NTS Exit)	ARt	-	-	(0.1)	(0.2)	(0.0)	0.0
27	Arithmetical April Price Change Forecast All Charges		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Southern Key Revenue Movements-All Charges

Row	SGN - Southern		Key Movements					
	Description		2015-16	2016-17	2017-18	2018-19	2019-20	2019-21
6	RPI True Up	TRUt	-	-	(0.5)	(0.0)	-	-
7	Forecast RPI Factor	RPIft	-	0.000	0.000	-0.001	-0.001	0.000
	Base Revenue	BRT	-	-	(0.9)	(0.9)	(0.6)	(0.1)
14	Exit Capacity Allowance Adjustment		-	-	0.1	(1.6)	(3.1)	(2.2)
16	Shrinkage Cost Adjustment	SHRAt	-	-	0.0	0.6	0.5	0.5
19	Broad Measure of Customer Satisfaction Revenue Adjustment	BMt	-	-	0.5	0.5	0.5	0.6
22	Network Innovation Allowance Revenue Adjustment	NIAt	(0.3)	-	(0.0)	(0.0)	(0.0)	(0.0)
23	Correction Term revenue Adjustment (K added)	-Kt	-	-	(1.0)	-	-	-
24	Maximum DN Allowed Revenue (including NTS Exit)	ARt	(0.3)	-	(1.3)	(1.3)	(2.6)	(1.1)
25	Collectable Revenue (including NTS Exit)	Rt	0.6	-	(1.3)	(1.3)	(2.6)	(1.1)
26	Under/Over-Recovery Carried Forward (including NTS Exit)	Rt - ARt	0.9	-	-	-	-	-
27	Arithmetical April Price Change Forecast All Charges		0.0%	0.0%	-0.2%	0.0%	-0.2%	0.2%