

## Analysis Comparison across all proposals as presented in individual workbooks

All workbook summaries can be found here: <https://www.gasgovernance.co.uk/0621/Analysis>

### Common Assumptions for modelling purposes for the individual workbook summaries

- The formula year equates to the Gas Year for the purposes of the model. For Formula Year 2021/22 the allowed revenues for 2020/21 have been inflated by RPI. For every year thereafter the value for 2021/22 has been used.
- For all proposals that specify a transition and enduring period, the enduring Forecasted Contracted Capacity (FCC) for;
  - o Entry is equivalent to 2016/17 average, daily historical flows at each point
  - o Exit is equivalent to 2016/17 average, daily historical flows at each point, except for GDN offtakes which use 2016/17 historical capacity bookings
- For Entry Anticipated Revenue Recovery the anticipated booking scenario is the expected capacity bookings at each entry points (firm and interruptible). This anticipated booking scenario is the same as the average, daily historical flows at each entry point.
- For Exit Anticipated Revenue Recovery the anticipated booking scenario is the expected capacity bookings at each entry points (firm and interruptible). This anticipated booking scenario is the same as the average, daily historical flows at each exit point, except for GDN offtakes where it is equal to 2016/17 average, daily historical capacity bookings
- To determine the allocation of capacity to firm and interruptible products a booking profile has been used based on 2015/16 actual bookings. The proportion of bookings for each capacity product was applied to the anticipated booking scenario.
- To calculate capacity revenues collected at each entry or exit point the capacity allocation calculator (point above) has been multiplied by the capacity price for the relevant product and then summed to determine a total revenue collection per point
- For all proposals except 0621C, the aggregate anticipated Optional Charge revenues are subtracted from target revenue recovery used to determine the revenue recovery charge for IP (capacity) and Non-IP (commodity). The same process is used for the revenue recovery denominator, where Optional Charge flows are subtracted from the aggregate flow (Non-IP) or capacity (IP) values.

### Modelling Outputs

For each modification an analysis workbook has been created, showing a number of different outputs, which are common to all proposals.

#### Entry and Exit Prices worksheets

- Prices for current year (2017/18)
  - o 2017/18 Entry Firm Price is taken from the 2017/18 MSEC capacity prices
  - o 2017/18 Entry Revenue Recovery price is commodity charge applicable from April 2018
  - o 2017/18 Entry Combined Price is the above Firm and Revenue Recovery price summed together
- Prices for modelled years: 2019/20, 2020/21, 2021/22
  - o The firm and interruptible prices are the calculated prices from the model as set out in the modifications
  - o For Non-IP points the revenue recovery price is calculated as follows;

- The Non-IP revenue recovery value divided by the aggregated forecast flow levels, minus IP and Storage flows
- For IP points the revenue recovery price is calculated as follows;
  - The IP revenue recovery value divided by the anticipated booking scenario, which is equal to the average, daily historical flows at each point.
- The Combined Prices are the firm and revenue recovery price summed together

#### Entry and Exit firm and combined price Charts

- These show the capacity prices and combined prices for 2017/18 and the modelled years.

#### Entry and Exit Revenue worksheets

- These show values for 2017/18 and each modelled year
- Capacity Revenue is the applicable firm price multiplied by the anticipated booking scenario, minus the existing contract volumes (for entry)
- Revenue recovery revenue is the applicable revenue recovery price multiplied by either; the anticipated capacity bookings (for IPs) or average, daily historical flows (for Non-IPs)
- Combined recovery is the capacity revenue and revenue recovery revenue summed together

NOTE: these values enable comparisons between alternates, but since the revenue for existing contracts is excluded, revenues are calculated by point and there is a simplified treatment for the optional charge revenue, the aggregate revenue values should be treated with caution, but the relativities of the values should be consistent.

#### Under Recovery worksheet

- The under recovery shown is the total, IP and Non-IP under recovery for entry and exit after the anticipated revenue recovered from capacity bookings for historical contracts is netted off, for each modelled year. These values are taken directly from each models run outputs.
- The values cannot be directly linked back to the revenue sheets but are expected to be a better representation of the under-recovery than could be derived from these values.

#### Under Recovery Chart Worksheet

This represents the values in the under recovery worksheet in graphical form

#### Cost allocation assessment worksheet

This shows a summary of the cost allocation assessment values for each year from the model run outputs