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Final Notice Southern Transportation Charges effective from 1 April 2020

Please find attached the notice of Southern Gas Networks transportation charges effective from 1 April 2020.

Based on the the latest available forecasts of allowed and collected revenue there is a requirement for an overall decrease of 0.9% to average charge levels.

These charges reflect:

- An inflationary impact on 2020/21 revenue of 1.2%. The two components of this are, the forecast year on year RPI impact (1.6%) and the movement in the adjustment to reconcile 2018/19 RPI forecast to the actual position (-0.4%), which is subject to a two-year lag;
- The year on year 2020/21 Base Revenue as stated by Ofgem for the RIIO-GD1 Price Control adjusted as directed by Ofgem's Annual Iteration Process. The largest impact being a reduction in the index cost of debt allowance;
- The 2018/19 actual pass through costs (compared to allowances) and incentives which are on a two-year lag;
- In 2020/21 an adjustment in allowed revenue relating to a Last Resort Supply Payment;
- The 2018/19 over/under recovery (K) position which is also on a two-year lag;
- A forecasted collected revenue position reflecting the latest view (December 2019) of SOQ's.
- The additional NTS incentive revenue in relation to October 2018 capacity bookings. Ofgem advised that the over-collection of incentive revenue will be adjusted as part of the GD1 close out process.

For more information please contact via email: - pricing.team@sgn.co.uk