

APPENDIX 9.6
(referred to in paragraph 9.25)

Transportation and storage revenue under the present formula

1. Table 1 illustrates the MMC estimates of the maximum revenue (before the correction factor) allowed under the present licence condition (see Appendix 1.2). The maximum revenue before the correction factor is equal to:

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where

and the terms are defined in the licence condition.

2. The table assumes BG's volume projections (see Table 9.2).

TABLE 1 MMC estimates of revenue allowed under the present licence

	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
P _{t-1} (pence)	13.79	13.54	13.22	12.96	12.70	12.45	12.20
RPI (%)	3.2	2.7	3.0	3.0	3.0	3.0	3.0
X (%)	5.0	5.0	5.0	5.0	5.0	5.0	5.0
M _t + K _t (pence)	13.54	13.22	12.96	12.70	12.45	12.20	11.95
Volume projected (m therms)*			27,795	29,470	31,361	33,041	34,275
Revenue projected (£m, out-turn prices)			3,602	3,743	3,903	4,030	4,097
RPI index†			158.3	163.1	168.0	173.0	178.2
Revenue projected at average (£m, 1996 prices)			3,473	3,503	3,547	3,556	3,510

Source: MMC.

*Including BP Salt End.

†January 1987 = 100.