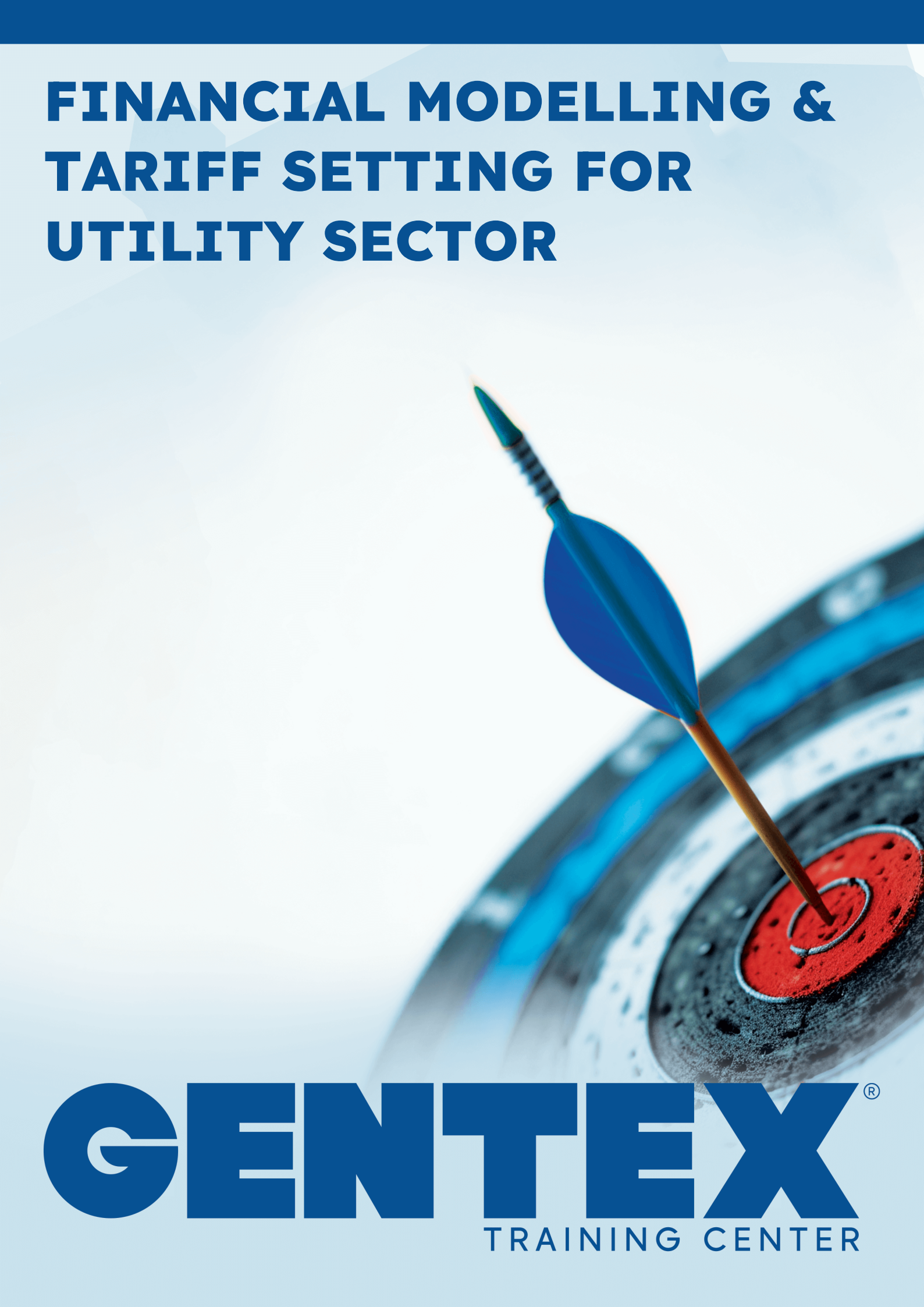
FINANCIAL MODELLING & TARIFF SETTING FOR UTILITY SECTOR



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Introduction

Financial Modelling & Tariff Setting for Utility Sector Training Course builds the modelling and pricing capability that utility regulators, tariff analysts, and utility finance teams need to set tariffs that are fair, sufficient, and defensible. Utilities combine heavy fixed assets, regulated returns, and social obligations. Tariffs must recover efficient costs, fund future investment, and stay affordable for customers. Weak modelling there produces under-recovery, deferred maintenance, political backlash, and disputes at every review. This course develops the discipline that prevents those outcomes. It covers regulatory economics, cost of service, and revenue requirement modelling, then adds tariff design and stakeholder defence.

Financial Modelling & Tariff Setting for Utility Sector Course Objectives

- Explain utility regulation principles and tariff-setting objectives.
- Apply the regulatory asset base and allowed return framework.
- Build revenue requirement models from cost and asset data.
- Apply cost of service and cost allocation to customer classes.
- Apply rate of return and weighted average cost of capital estimation.
- Design tariff structures: volumetric, capacity, and fixed charges.
- Apply tariff design options including block and time-of-use tariffs.
- Apply subsidy, lifeline, and affordability mechanisms.
- Apply forecasting for demand, cost, and revenue under scenarios.
- Prepare tariff submissions, regulatory filings, and stakeholder briefings.

Course Methodology

- Interactive lectures with real tariff reviews and regulatory cases.

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- Revenue requirement and cost allocation workshops.
- Tariff structure design and impact modelling exercises.
- Regulatory submission, hearing, and stakeholder defence practice.
- Structured peer review with facilitator feedback on tariff models.

Who Should Take This Course

- Utility regulators and tariff analysts.
- Utility finance, regulatory, and pricing staff.
- Energy market and regulatory affairs professionals.
- Infrastructure investors and lenders.
- Public sector utility officials.
- Consultants advising on tariffs and regulation.

Financial Modelling & Tariff Setting for Utility Sector Course Outlines

Day 1: Utility Regulation and Tariff Principles

- Why utilities are regulated and the objectives of regulation.
- Cost-of-service, incentive, and performance-based regulation models.
- Regulatory asset base and asset revaluation principles.
- Allowed rate of return and revenue cap mechanisms.
- Price review cycles and regulatory period design.
- Social obligations, universal service, and affordability duties.
- Case study: reviewing a completed tariff determination.

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Day 2: Cost of Service and Revenue Requirement

- Cost classification: operating, maintenance, and capital costs.
- Depreciation, regulatory depreciation, and asset lives.
- Working capital allowance and cost of debt estimation.
- Weighted average cost of capital and allowed return derivation.
- Tax treatment and regulatory accounts adjustments.
- Building the revenue requirement model from asset registers.
- Workshop: building a revenue requirement model.

Day 3: Cost Allocation and Customer Class Analysis

- Functionalisation of costs across generation, network, and retail.
- Cost allocation to customer classes and tariff groups.
- Allocators: demand, energy, customer numbers, and capacity.
- Peak demand and coincident peak allocation methods.
- Marginal versus embedded cost approaches.
- Cross-subsidy assessment and equity considerations.
- Workshop: allocating costs across customer classes.

Day 4: Tariff Design and Impact Assessment

- Tariff components: fixed charge, capacity charge, and volumetric rate.
- Inclining block, declining block, and time-of-use tariffs.
- Demand-based tariffs and maximum demand charges.
- Lifeline tariffs, subsidies, and targeted support mechanisms.
- Bill impact modelling across customer segments.

- Revenue neutrality and incentive compatibility tests.
- Workshop: designing a tariff structure and modelling bill impacts.

Day 5: Forecasting, Submissions, and Stakeholder Defence

- Demand and energy sales forecasting for tariff setting.
- Cost, inflation, and capital programme forecasting.
- Scenario and sensitivity analysis on tariff outcomes.
- Regulatory submission structure and evidence preparation.
- Responding to consultation, objections, and hearings.
- Tariff implementation, monitoring, and review routines.
- Course review, assessment, and action planning.

Conclusion

By successfully completing Financial Modelling & Tariff Setting for Utility Sector, participants will gain a thorough understanding of utility regulation and tariff principles, cost of service and revenue requirement, cost allocation and customer class analysis, tariff design and impact assessment, and forecasting, submissions and stakeholder defence. They will also acquire practical skills in regulatory cost of service and revenue requirement modelling, regulatory asset base and allowed return analysis, cost allocation and customer class tariff analysis, and tariff design, bill impact assessment and regulatory submission preparation. In addition, the course prepares them to set tariffs that recover efficient costs and withstand regulatory review. Gentex Training Center delivers this programme with a strong focus on applied regulatory modelling and review-ready tariff submissions.

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FAQs for Financial Modelling & Tariff Setting for Utility Sector course

Q1 What is the "Financial Modelling & Tariff Setting for Utility Sector" course about?

It is a five-day programme on setting utility tariffs with defensible financial models. It covers utility regulation and tariff principles, cost of service and revenue requirement, cost allocation and customer class analysis, tariff design and impact assessment, and forecasting, submissions and stakeholder defence.

Q2 What are the key benefits of the "Financial Modelling & Tariff Setting for Utility Sector" course?

Participants set tariffs that recover efficient costs and withstand regulatory challenge. The course improves regulatory framework understanding and asset base treatment, sharpens revenue requirement modelling and allowed return derivation, strengthens cost allocation across customer classes, improves tariff structure design and bill impact analysis, and raises submission and hearing readiness.

Q3 What skills will I gain from the "Financial Modelling & Tariff Setting for Utility Sector" course?

Participants gain regulatory cost of service and revenue requirement modelling, regulatory asset base and allowed return analysis, cost allocation and customer class tariff analysis, and tariff design, bill impact assessment and regulatory submission preparation. These four skills cover the practical core of utility tariff setting.

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Q4 What tools, methods, or standards are covered in the "Financial Modelling & Tariff Setting for Utility Sector" course?

The course covers cost-of-service, incentive and performance-based regulation models, regulatory asset base construction and asset revaluation, allowed rate of return and revenue cap mechanisms, price review cycles and regulatory period design, universal service and affordability duties, operating, maintenance and capital cost classification, depreciation and regulatory asset lives, working capital allowance and cost of debt estimation, weighted average cost of capital and allowed return derivation, tax and regulatory account adjustments, revenue requirement model construction from asset registers, functionalisation of costs across generation, network and retail, cost allocation to customer classes, demand, energy, customer number and capacity allocators, peak demand and coincident peak allocation, marginal versus embedded cost approaches, cross-subsidy assessment, fixed charge, capacity charge and volumetric rate design, inclining and declining block tariffs, time-of-use tariffs, demand-based tariffs and maximum demand charges, lifeline tariffs and targeted subsidies, bill impact modelling across segments, revenue neutrality and incentive compatibility testing, demand and energy sales forecasting, cost and capital programme forecasting, scenario and sensitivity analysis, regulatory submission structure and evidence preparation, consultation and objection response, and tariff monitoring and review routines.

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Q5 How is the "Financial Modelling & Tariff Setting for Utility Sector" course applied in real-world practice?

Participants apply the methods to real and simulated tariff reviews. They assess the regulatory framework and asset base treatment, derive allowed returns from WACC and cost of debt, build revenue requirement models from asset registers, functionalise and allocate costs to customer classes, apply demand and coincident peak allocators, assess cross-subsidy, design fixed, capacity and volumetric tariff components, build block and time-of-use structures, model bill impacts across customer segments, test revenue neutrality and incentive compatibility, forecast demand, cost and capital programmes, run scenario and sensitivity analysis, prepare regulatory submissions and evidence, and respond to objections and hearings. Many leave with a revenue requirement model template, a cost allocation workbook, and a tariff submission structure ready to use.