

Notice of Revised LDZ Gas Transportation Charges to Apply from 1st April 2012 for East of England, London, North West and West Midlands Distribution Networks

This notice confirms the LDZ gas transportation charges that will apply from 1st April 2012 for East of England, London, North West and West Midlands Distribution Networks. Notice is provided two months ahead of the implementation date, consistent with our Licence and Network Code obligations.

The average changes to distribution transportation charge levels from 1st April 2012 are shown in Table 1.

Table 1. Average Change to Transportation Charges from 1st April 2012

| | East of England | London | North West | West Midlands |
|-----------------------|-----------------|--------|------------|---------------|
| Average Change | 3.6% | 7.1% | 7.4% | 4.3% |

The CSEP Administration Charge is reduced for all networks to 0.1012p per day per supply point. Other administration charges and the Optional LDZ Charge are unchanged.

Reasons for Increases to Transportation Charges

The revised charges have been set so as to bring charges into line with the forecast price control Allowed Revenue for the period April 2012 to March 2013.

For all the networks, the average change in charges is below the forecast previously given in the indicative notice in November 2011.

The key factor underlying the increase in charges is inflation at 5.2%, measured by RPI in the latter six months of 2011, which impacts on the Allowed Revenue for 2012/13. For London network, the Ofgem decision on the adjustment to revenues in respect of Traffic Management Act costs has resulted in charges approximately 3% higher than otherwise. For North West network, the current charges are below the level consistent with Allowed Revenue for this year, so leading to forecast under-recovery for this year, which is carried forward to the Allowed Revenue for 2012/13, so requiring a greater charge increase.

Charging Methodology Changes

The new methodology for determining the LDZ System charges, as set out in the DNPC08 consultation and approved by Ofgem in January 2011, is implemented in the charges from April 2012. The structure of the new charges is identical to that previously shown in the indicative notice.

The changes to the levels of the Customer charges and to the capacity and commodity elements of the LDZ System charges vary from the average changes shown in Table 1 so as to provide the appropriate Customer/LDZ System charge revenue balance and a 95/5 capacity/commodity balance for the LDZ System charge revenue, based on the forecast data for 2012/13, in line with the existing charging methodology.

With the changes to the NTS Exit capacity regime, a new DN transportation charge, the Exit Capacity NTS (ECN) charge, will be introduced from October 2012. The indicative level of the ECN charges was shown in the November 2011 indicative notice. Notice of the definitive ECN charges to apply from 1st October 2012 will be provided in summer 2012 once the definitive NTS Exit capacity charges are known.

Impact of Changes

The impact of the new methodology for the LDZ System charges, along with the rebalancing of the charges, on the average change in charge levels for each demand sector is shown in Table 2 below. The distributional impact of the new methodology for the LDZ System charges was highlighted both in the original consultation in 2010 and in the indicative charge notice published in November 2011.

Table 2. Average Changes to Transportation Charges by Sector

| | East of England | London | North West | West Midlands |
|-----------------------|------------------------|---------------|-------------------|----------------------|
| 0-73.2 MWh | 6.7% | 8.3% | 11.9% | 6.2% |
| 73.2-732 MWh | -5.5% | 4.9% | 2.7% | 3.5% |
| 732-5,861 MWh | -8.6% | 3.8% | -9.4% | 1.9% |
| 5,861 MWh - 1,465 GWh | -16.9% | -4.7% | -25.0% | -18.8% |
| Over 1,465 GWh | -15.7% | -10.4% | -28.2% | -38.7% |
| Average Change | 3.6% | 7.1% | 7.4% | 4.3% |

The definitive LDZ gas transportation charges to apply from 1st April 2012 for each network are shown in the attached tables. This document will also be available on the National Grid web site at <http://www.nationalgrid.com/uk/Gas/Charges/NoticeofChange/>

If you have any questions about this notice, please contact me.

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1st APRIL 2012 LDZ GAS TRANSPORTATION CHARGE RATES
FOR EAST OF ENGLAND NETWORK

LDZ System Charges

LDZ System Capacity (Direct Connects and CSEPs)

| | Capacity |
|---------------------------------|--------------------------------------|
| | pence per peak day kWh per day |
| Up to 73,200 kWh per annum | 0.1500 |
| 73,200 to 732,000 kWh per annum | 0.1197 |
| 732,000 kWh per annum and above | $0.7648 \times \text{SOQ}^{-0.2155}$ |
| Subject to a minimum rate of | 0.0146 |

LDZ System Commodity (Direct Connects and CSEPs)

| | Commodity |
|---------------------------------|--------------------------------------|
| | pence per kWh |
| Up to 73,200 kWh per annum | 0.0219 |
| 73,200 to 732,000 kWh per annum | 0.0174 |
| 732,000 kWh per annum and above | $0.1380 \times \text{SOQ}^{-0.2376}$ |
| Subject to a minimum rate of | 0.0018 |

Customer Charges

Up to 73,200 kWh per annum

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0822 |

73,200 kWh up to 732,000 kWh per annum

| Invoice | Charge Code |
|--------------------------------|--------------------------------|
| LDZ capacity | CFI |
| Fixed charge | pence per day |
| Non-monthly read supply points | 24.0930 |
| Monthly read supply points | 25.6537 |
| Invoice | Charge Code |
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0027 |

732,000 kWh per annum and above

| Invoice | Charge Code |
|-------------------|--------------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Charging function | $0.0583 \times \text{SOQ}^{-0.2100}$ |

Optional LDZ Charge

| Invoice | Charge Code |
|---------|-------------|
| ADU | 881 |

| Pence per peak day kWh per day |
|--|
| $902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$ |

Other Charges**CSEP Administration Charge**

| | |
|-------------------------|----------------------|
| Charge per supply point | 0.1012 pence per day |
|-------------------------|----------------------|

| | Invoice | Charge Code |
|----------|---------|-------------|
| DM CSEP | ADU | 883 |
| NDM CSEP | ADC | 894 |

Shared supply meter point allocation arrangements**Agent Service – ADU 883**

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £183.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £2.96 |

Transporter Service- ADU 883

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £202.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £3.05 |

1st APRIL 2012 LDZ GAS TRANSPORTATION CHARGE RATES
FOR LONDON NETWORK

LDZ System Charges

LDZ System Capacity (Direct Connects and CSEPs)

| Charge Code | Capacity |
|---------------------------------|--------------------------------------|
| | pence per peak day kWh per day |
| Up to 73,200 kWh per annum | 0.1635 |
| 73,200 to 732,000 kWh per annum | 0.1457 |
| 732,000 kWh per annum and above | $0.9312 \times \text{SOQ}^{-0.2133}$ |
| Subject to a minimum rate of | 0.0159 |

LDZ System Commodity (Direct Connects and CSEPs)

| Charge Code | Commodity |
|---------------------------------|--------------------------------------|
| | pence per kWh |
| Up to 73,200 kWh per annum | 0.0258 |
| 73,200 to 732,000 kWh per annum | 0.0230 |
| 732,000 kWh per annum and above | $0.1485 \times \text{SOQ}^{-0.2147}$ |
| Subject to a minimum rate of | 0.0021 |

Customer Charges

Up to 73,200 kWh per annum

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.1030 |

73,200 kWh up to 732,000 kWh per annum

| Invoice | Charge Code |
|--------------------------------|---------------|
| LDZ capacity | CFI |
| Fixed charge | pence per day |
| Non-monthly read supply points | 32.4912 |
| Monthly read supply points | 34.5958 |

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0036 |

732,000 kWh per annum and above

| Invoice | Charge Code |
|-------------------|--------------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Charging function | $0.0791 \times \text{SOQ}^{-0.2100}$ |

Optional LDZ Charge

| Invoice | Charge Code |
|---------|-------------|
| ADU | 881 |

| Pence per peak day kWh per day |
|--|
| $902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$ |

Other Charges**CSEP Administration Charge**

| | |
|-------------------------|----------------------|
| Charge per supply point | 0.1012 pence per day |
|-------------------------|----------------------|

| | Invoice | Charge Code |
|----------|---------|-------------|
| DM CSEP | ADU | 883 |
| NDM CSEP | ADC | 894 |

Shared supply meter point allocation arrangements**Agent Service – ADU 883**

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £183.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £2.96 |

Transporter Service- ADU 883

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £202.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £3.05 |

1st APRIL 2012 LDZ GAS TRANSPORTATION CHARGE RATES
FOR NORTH WEST NETWORK

LDZ System Charges

LDZ System Capacity (Direct Connects and CSEPs)

| Charge Code | Capacity |
|---------------------------------|--------------------------------------|
| | pence per peak day kWh per day |
| Up to 73,200 kWh per annum | 0.1757 |
| 73,200 to 732,000 kWh per annum | 0.1463 |
| 732,000 kWh per annum and above | $1.1537 \times \text{SOQ}^{-0.2483}$ |
| Subject to a minimum rate of | 0.0163 |

LDZ System Commodity (Direct Connects and CSEPs)

| Charge Code | Commodity |
|---------------------------------|--------------------------------------|
| | pence per kWh |
| Up to 73,200 kWh per annum | 0.0238 |
| 73,200 to 732,000 kWh per annum | 0.0199 |
| 732,000 kWh per annum and above | $0.1720 \times \text{SOQ}^{-0.2586}$ |
| Subject to a minimum rate of | 0.0020 |

Customer Charges

Up to 73,200 kWh per annum

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0814 |

73,200 kWh up to 732,000 kWh per annum

| Invoice | Charge Code |
|--------------------------------|---------------|
| LDZ capacity | CFI |
| Fixed charge | pence per day |
| Non-monthly read supply points | 23.0613 |
| Monthly read supply points | 24.5553 |

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0025 |

732,000 kWh per annum and above

| Invoice | Charge Code |
|-------------------|--------------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Charging function | $0.0560 \times \text{SOQ}^{-0.2100}$ |

Optional LDZ Charge

| Invoice | Charge Code |
|---------|-------------|
| ADU | 881 |

| Pence per peak day kWh per day |
|--|
| $902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$ |

Other Charges**CSEP Administration Charge**

| | |
|-------------------------|----------------------|
| Charge per supply point | 0.1012 pence per day |
|-------------------------|----------------------|

| | Invoice | Charge Code |
|----------|---------|-------------|
| DM CSEP | ADU | 883 |
| NDM CSEP | ADC | 894 |

Shared supply meter point allocation arrangements**Agent Service – ADU 883**

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £183.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £2.96 |

Transporter Service- ADU 883

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £202.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £3.05 |

1st APRIL 2012 LDZ GAS TRANSPORTATION CHARGE RATES
FOR WEST MIDLANDS NETWORK

LDZ System Charges

LDZ System Capacity (Direct Connects and CSEPs)

| Charge Code | Capacity |
|---------------------------------|--------------------------------------|
| | pence per peak day kWh per day |
| Up to 73,200 kWh per annum | 0.1642 |
| 73,200 to 732,000 kWh per annum | 0.1478 |
| 732,000 kWh per annum and above | $1.8131 \times \text{SOQ}^{-0.2817}$ |
| Subject to a minimum rate of | 0.0161 |

LDZ System Commodity (Direct Connects and CSEPs)

| Charge Code | Commodity |
|---------------------------------|--------------------------------------|
| | pence per kWh |
| Up to 73,200 kWh per annum | 0.0274 |
| 73,200 to 732,000 kWh per annum | 0.0245 |
| 732,000 kWh per annum and above | $0.3283 \times \text{SOQ}^{-0.2911}$ |
| Subject to a minimum rate of | 0.0022 |

Customer Charges

Up to 73,200 kWh per annum

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0771 |

73,200 kWh up to 732,000 kWh per annum

| Invoice | Charge Code |
|--------------------------------|---------------|
| LDZ capacity | CFI |
| Fixed charge | pence per day |
| Non-monthly read supply points | 24.3846 |
| Monthly read supply points | 25.9640 |

| Invoice | Charge Code |
|-----------------|--------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Capacity charge | 0.0026 |

732,000 kWh per annum and above

| Invoice | Charge Code |
|-------------------|--------------------------------------|
| LDZ Capacity | CCA |
| | Pence per peak day kWh per day |
| Charging function | $0.0590 \times \text{SOQ}^{-0.2100}$ |

Optional LDZ Charge

| Invoice | Charge Code |
|---------|-------------|
| ADU | 881 |

| Pence per peak day kWh per day |
|--|
| $902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$ |

Other Charges**CSEP Administration Charge**

| | |
|-------------------------|----------------------|
| Charge per supply point | 0.1012 pence per day |
|-------------------------|----------------------|

| | Invoice | Charge Code |
|----------|---------|-------------|
| DM CSEP | ADU | 883 |
| NDM CSEP | ADC | 894 |

Shared supply meter point allocation arrangements**Agent Service – ADU 883**

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £183.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £2.96 |

Transporter Service- ADU 883

| | Telemetered | Non-telemetered |
|---------------------------------|-------------|-----------------|
| Set-up charge | £107.00 | £202.00 |
| Shipper-shipper transfer charge | £126.00 | £210.00 |
| Daily charge | £2.55 | £3.05 |