



# **Southern Gas Networks Notice of LDZ Transportation Charges**

Effective from 1 October 2008

Issued 1 August 2008

## **2. LDZ TRANSPORTATION CHARGES EFFECTIVE FROM 1 OCTOBER 2008**

### **2.1 Introduction**

This publication gives notice of the LDZ transportation charges which will apply from 1 October 2008 for the use of Southern Gas Networks plc gas distribution network, as required by the Network Code.

This document does not override or vary any of the statutory, licence or Network Code obligations upon Southern Gas Networks plc.

For more information on the charges set out in this document, contact  
**[pricingteam@scotiagasnetworks.co.uk](mailto:pricingteam@scotiagasnetworks.co.uk)**.

## 2.2 LDZ System Charges

The standard LDZ system charges comprise capacity and commodity charges, with separate functions for directly connected supply points and for Connected System Exit Points (CSEPs).

Where the LDZ charges are based on functions, these functions use Supply point Offtake Quantity (SOQ) in the determination of the charges. At daily metered (DM) firm supply points the SOQ is the registered supply point capacity. For non-daily metered (NDM) supply points, the SOQ is calculated using the supply point End User Category (EUC) and the appropriate load factor.

For interruptible supply points the rule set out in Section B 4.6.5 (Bottom-stop supply point capacity – see also G 5.2.3) of the Network Code applies in the determination of the LDZ charges.

### 2.2.1 Directly Connected Supply Points

The unit charges and charging functions used to calculate charges to directly connected supply points are set out in Table 2.2.1 below.

**Table 2.2.1 Directly connected supply points**

Invoice	Charge Code
LDZ Capacity	ZCA
LDZ Commodity	ZCO

	Capacity Firm	Capacity Interruptible	Commodity
	pence per pk day kWh per day		pence per kWh
Up to 73,200 kWh per annum	0.1282	0.0607	0.0219
73,200 to 732,000 kWh pa	0.1189	0.0563	0.0203
732,000 kWh pa and above	$0.5635 \times \text{SOQ}^{-0.1806}$	$0.2669 \times \text{SOQ}^{-0.1806}$	$0.1256 \times \text{SOQ}^{-0.2121}$
Subject to a minimum rate of	0.0127	0.0060	0.0020
Minimum reached at SOQ of	1,320,000,000 kWh	1,340,000,000 kWh	300,000,000 kWh

## 2.2.2 Connected Systems

A separate charging function for transportation to Connected System Exit Points (CSEPs) was introduced from 1 October 2000. This function reflects the view that transportation to CSEP loads typically makes less use of the distribution system than to other similar-sized loads. In the calculation of the LDZ charges payable, the unit commodity and capacity charges are based on the supply point capacity equal to the CSEP peak day load for the completed development irrespective of the actual stage of development.

The SOQ used is therefore the estimated SOQ for the completed development as provided in the appropriate Network Exit Agreement (NExA). For any particular CSEP, each shipper will pay identical LDZ unit charges regardless of the proportion of gas shipped. Reference needs to be made to the relevant NExA or CSEP ancillary agreement to determine the completed supply point capacity.

**Table 2.2.2 Connected Systems**

Invoice	Charge Code
ADC	891
ADC	893

  

	Capacity Firm	Capacity Interruptible	Commodity
	pence per pk day kWh per day		pence per kWh
Up to 73,200 kWh pa	0.1282	0.0607	0.0219
73,200 to 732,000 kWh pa	0.1189	0.0563	0.0203
732,000 kWh pa and above	$0.5961 \times \text{SOQ}^{-0.1939}$	$0.2824 \times \text{SOQ}^{-0.1939}$	$0.1199 \times \text{SOQ}^{-0.2131}$
Subject to a minimum rate of	0.0127	0.0060	0.0020
Minimum reached at SOQ of	417,000,000 kWh	422,000,000 kWh	220,000,000 kWh

## 2.2.3 Optional LDZ Charge

The optional LDZ tariff is available, as a single charge, as an alternative to the standard LDZ system charges. This tariff may be attractive to large loads located close to the NTS. The rationale for the optional tariff is that, for large Network loads located close to the NTS or for potential new Network loads in a similar situation, the standard LDZ tariff can appear to give perverse economic incentives for the construction of new pipelines when Network connections are already available. This could result in an inefficient outcome for all system users.

The charge is calculated using the function below:

Invoice	Charge Code
ADU	881

  

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

where (SOQ) is the Registered Supply Point Capacity, or other appropriate measure, in kWh per day and D is the direct distance, in km, from the site boundary to the nearest point on the NTS. Note that ^ means "to the power of ..."

Further information on the optional LDZ tariff can be obtained from the pricing team at [pricingteam@scotiagasnetworks.co.uk](mailto:pricingteam@scotiagasnetworks.co.uk)

## 2.3 LDZ Customer Charges

For supply points with an AQ of less than 73,200 kWh per annum, the customer charge is a capacity charge.

For supply points with an AQ between 73,200 and 732,000 kWh per annum, the customer charge is made up of a fixed charge which depends on the frequency of meter reading, plus a capacity charge based on the registered supply point capacity (SOQ).

For supply points with an AQ of over 732,000 kWh per annum, the customer charge is based on a function related to the registered supply point capacity (SOQ).

**Table 2.3 LDZ Customer charges**

### Up to 73,200 kWh per annum

Invoice	Charge Code
Capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0678

### 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	23.3502
Monthly read supply points	24.8629

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	$0.0567 \times \text{SOQ}^{-0.2100}$

## 2.4 Other Charges

Other Charges include administration charges at Connected System Exit Points, Shared Supply Meter Points and Interconnectors.

### 2.4.1 Connected System Exit Points

A CSEP is a system point comprising one or more individual exit points which are not supply meter points. This includes connections to a pipeline system operated by a Gas Transporter other than Southern Gas Networks plc.

The calculation of LDZ charges payable for shipping to CSEPs is explained in section 2.2.2.

There is no customer charge payable for connected systems, however separate administration processes are required to manage the daily operations and invoicing associated with CSEPs for which an administration charge is made.

The administration charge which applies to CSEPs containing NDM and DM sites is:

#### CSEP administration charge

Charge per supply point	0.1185 pence per day (£0.43 per annum)
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The invoice and charge codes are:

	Invoice	Charge Code
DM CSEP	ADU	883
NDM CSEP	ADC	894

### 2.4.2 Shared supply meter point allocation arrangements

An allocation service for daily metered supply points with AQs of more than 58,600 MWh per annum is available. This allows up to four (six for VLDMCs) shippers / suppliers to supply gas through a shared supply meter point.

The allocation of daily gas flows between the shippers / suppliers can be done either by an appointed agent or by the transporter.

The administration charges which relate to these arrangements are shown below. Individual charges depend on the type of allocation service nominated and whether the site is telemetered or non-telemetered.

The charges are (expressed as £ per shipper per supply point):

Invoice	Charge Code
ADU	883

#### Agent Service

	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

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

### 2.4.3 Must Reads

From the 1<sup>st</sup> April 2008 Must Reads are no longer a transportation service and charges for Must Reads services will be shown in the Agency Charging Statement.