



SOUTHERN GAS NETWORKS plc

Final Notice of Change to Transportation Charges on 1 April 2013

1. Southern Gas Networks – The accompanying document, which is based on Section 2 of the Charging Statement, details the Final LDZ Transportation Charges for Southern Gas Networks from 1st April 2013. On the basis of the latest available forecasts of Allowed and Collected revenue there is a requirement for an overall increase in gas distribution transportation charges of 15.5%. These charges reflect the 2013/14 base level revenues published by Ofgem for the RIIO-GD1 Price Control plus an adjustment for RPI, Network Innovation Allowance, 11/12 Discretionary Reward Scheme Award, K Factor and the impact of a declining supply point maximum capacity (SOQ).

2. NTS Exit charges from 1st April 2013.

The implementation of UNC Modification 195AV by Ofgem on the 1st April 2009 required Southern Gas Networks, from the 1st October 2012, to charge gas Shippers for costs incurred by SGN as a result of National Grid Transmission exit capacity charges. Ofgem have set an allowance for Southern Gas Networks for 2013/14.

3. LDZ System Entry Commodity Charge.

The new methodology relating to Distributed Gas Charging Arrangements as set out in Uniform Network Code Modification 0391 and approved by Ofgem in September 2012, will be implemented from 1st April 2013. This new distribution transportation charge, the LDZ System Entry Commodity Charge, reflects the operating costs associated with the entry of the distributed gas and the benefits in terms of deemed NTS Exit and distribution network usage. The rate associated with the LDZ System Entry Commodity Charge is calculated on a site by site basis. There are currently two sites located within Southern Gas Networks.