

Joint Office of Gas Transporters
Ground Floor Red
51 Homer Road
Solihull
West Midlands
B91 3QJ

Notice of Transportation Charges effective 1st April 2014

Please find attached the Notice of Transportation Charges to apply from 1st April 2014 for Wales & West Utilities. We have issued the Notice in order to comply with the Uniform Network Code which requires us to give two months notice of any changes to transportation charges.

We will be increasing our transportation charges, excluding Exit Capacity charges, by an average of 2.7% from 1st April 2014. The increase is lower than inflation of 3.1% and marginally lower than the indicative increase of 2.8% we reported in our indicative statement on 1st November 2013. The prices have been set to recover our Allowed Revenue for 2014/15, as published by Ofgem in their Final Proposals (FPs) in December 2012.

The factors determining the increase of 2.7% are shown in the table below.

Price Increase Components	%	%	£m	£m
Forecast Income Before Price Rise, assuming 2% SOQ Reduction Oct 14				373.8
Base Allowed Revenue Reduction at 2013/14 Prices	-0.9		-3.3	
Base Allowed Revenue inflated to 2014/15 prices	3.1		11.4	
Network Innovation Allowance (NIA) + Discretionary Reward Scheme (DRS)	0.5	2.7	1.8	9.9
Allowed Revenue for Year Ended 31 st March 2015				383.7

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

Wales & West Utilities Limited

Registered Office:

Wales & West House, Spooner Close, Coedkernew, Newport NP10 8FZ

Registered in England and Wales: No. 5046791

The percentage change to charge types is shown in the table below:

By Charge Type	Wales & West
LDZ System Capacity Charge	2.8%
LDZ System Commodity Charge	-4.9%
LDZ Customer Charge	3.4%

We have set Exit Capacity charges to recover the Exit Capacity Cost Allowance published by Ofgem in their FPs. In total terms, the current Exit Capacity charges will increase by 5.4% (6.2% indicative increase). Exit Capacity costs are charged to WWU from the NTS. Should actual NTS charges vary from the Final Proposal Allowance, there is true up process that will adjust income back to actual incurred costs.

The increase by 5.4% to recover the Ofgem Cost Allowance is broken down as follows:

Forecast Income Before Price Rise, assuming 2% SOQ Reduction Oct 14		£26.4m
Ofgem Allowance at 2009/10 Prices	£23.1m	
Increase to 2014/15 Prices	£4.7m	£27.8m
Percentage Increase		5.4%

The percentage change to Exit Capacity prices are shown in the table below:

By Exit Zone	Wales & West
SW1	6.4%
SW2	2.1%
SW3	2.2%
WA1	2.1%
WA2	38.5%

Regards

John Edwards
 Pricing Manager

31st January 2014