

## Notice of Revised LDZ Gas Transportation Charges to Apply from 1<sup>st</sup> April 2014 for East of England, London, North West and West Midlands Distribution Networks

This notice confirms the LDZ gas transportation charges that will apply from 1<sup>st</sup> April 2014 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 revised charges have been set so as to bring forecast collectable revenue into line with the price control Maximum Allowed Revenue (MAR) for the period April 2014 to March 2015<sup>1</sup>. The average changes to distribution transportation charge levels from 1<sup>st</sup> April 2014 are shown in Table 1. The individual elements of the transportation charges will change by varying levels around these average changes, in line with the application of the existing charging methodology. The definitive new transportation charge rates are shown in the appendices.

**Table 1. Average Change to Transportation Charges from 1<sup>st</sup> April 2014**

	East of England	London	North West	West Midlands	Weighted Average <sup>2</sup>
<b>Average Change</b>	-0.4%	+0.1%	-1.4%	+2.6%	+0.0%

### Application of Charging Methodology

There are no changes to the transportation charging methodology applicable from 1 April 2014. However, the application of the existing charging methodology in order to maintain the required 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 2014/15, results in changes to the levels of the Customer charges and to the capacity and commodity elements of the LDZ System charges which vary from the average changes, as shown in Table 2 below. For the Customer and Standard LDZ System charges the existing charges have been adjusted uniformly by the percentage shown (subject to rounding) so as to give the new charges shown in Appendices 1A to 1D.

**Table 2. Average Changes to Different Charge Types**

By Charge Type	East of England	London	North West	West Midlands
LDZ System Capacity Charges	-0.8%	0.0%	-2.4%	2.5%
LDZ System Commodity Charges	3.0%	-0.7%	4.8%	2.5%
Customer Charges	-0.8%	-0.1%	-1.8%	2.4%
<b>LDZ Total Charges (excl. ECN)</b>	<b>-0.7%</b>	<b>-0.1%</b>	<b>-2.0%</b>	<b>2.5%</b>
LDZ ECN Charges	4.4%	4.1%	5.3%	3.5%
<b>Total Distribution Transportation</b>	<b>-0.4%</b>	<b>0.1%</b>	<b>-1.4%</b>	<b>2.6%</b>

<sup>1</sup> The derivation of the MAR for 2014/15 is shown in the National Grid Distribution revenue report available at <http://www.gasgovernance.co.uk/0186reports/2014jan>

<sup>2</sup> Weighted by size of each Distribution Network

The LDZ ECN charges, shown in Appendix 2, have been set with the aim of recovering the licence NTS Exit cost allowances inflated to 2014/15 price levels. This has resulted in an increase in the average level of the ECN charges for each network compared to the current ECN charges, as shown in Table 2 above. The ECN zonal charges have been set so as to reflect the forecast applicable NTS Exit capacity charge rates. Although the NTS Exit charge rates may change again at October 2014, the new ECN charges are expected to remain unchanged until April 2015. If the actual NTS Exit costs turn out to be different from the set allowances there will be a true-up in the derivation of the MAR, and thus charge levels, for 2016/17.

### Impact of Changes

Table 3 shows the estimated impact of the changes to transportation charges for typical loads of different sizes. This varies across the load categories since the changes to the individual charge types, as shown in Table 2, have different proportional impacts by load category. For example, the ECN charges, for which the unit rate does not vary by load size, make up a larger proportion of the total transportation charge for larger loads and so the ECN charge increases, necessary to match the 2014-15 licence allowance, will lead to smaller charge decreases, or small charge increases overall for larger loads.

**Table 3. Average Changes for Loads of Different Sizes**

Annual Consumption	East of England	London	North West	West Midlands
0-73 MWh	-0.5%	0.0%	-1.6%	2.5%
73-732 MWh	-0.2%	0.2%	-1.4%	2.6%
732-5,861 MWh	-0.1%	0.3%	-0.9%	2.6%
Over 5,861 MWh	0.3%	0.5%	0.3%	2.7%

The changes to the level of the distribution transportation charges for a typical domestic load consuming 13,500 kWh/annum are shown in Table 4 below. Note that this is a lower consumption level than used previously, being in line with Ofgem's latest Typical Domestic Consumption Value (TDCV) for a medium-sized domestic load<sup>3</sup> and so the figures are not comparable to previous published figures.

**Table 4. Distribution Transportation Charges for a Typical Domestic Load**

Annual Charge	East of England	London	North West	West Midlands
Current	£123.52	£138.35	£128.10	£126.51
From April 2014	£122.89	£138.41	£126.08	£129.72
% Change	-0.5%	0.0%	-1.6%	2.5%

Note that these estimates are based on the average ECN rate for each network and therefore do not reflect a particular location within each network. Load Factors are as at October 2013 and for East of England DN, the East Anglia LDZ load factor is assumed.

<sup>3</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/decisions/tdcv\\_decision\\_letter\\_final\\_2.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/decisions/tdcv_decision_letter_final_2.pdf)

**Charges for DN-Embedded Entry Points**

The DN Entry commodity charge rates for current and new Distributed Gas entry points expected to flow gas during 2014/15 are shown in Appendix 3. The forecast level of transportation revenue (positive or negative) relating to distributed gas entry flows in 2014/15 is very small and so has had negligible impact on the level of the other transportation charges.

**Optional LDZ System Charge and Other Charges**

The Optional LDZ System Charge and other charges for all networks are shown in Appendix 4.

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

**Steve Armstrong**

Pricing & Margin Manager  
National Grid Gas Distribution  
National Grid House  
Warwick, CV34 6DA  
Phone: 01926 655834  
Email: [steve.armstrong@nationalgrid.com](mailto:steve.armstrong@nationalgrid.com)

**LDZ GAS TRANSPORTATION CHARGES TO APPLY FROM 1<sup>st</sup> APRIL 2014****Appendix 1A: STANDARD LDZ SYSTEM AND CUSTOMER CHARGE RATES  
FOR EAST OF ENGLAND NETWORK****LDZ System Charges****LDZ System Capacity (Direct Connects and CSEPs)**

	<b>Capacity</b>
	pence per peak day kWh per day
Up to 73,200 kWh per annum	0.1690
73,200 to 732,000 kWh per annum	0.1349
732,000 kWh per annum and above	$0.8617 \times \text{SOQ}^{-0.2155}$
Subject to a minimum rate of	0.0165

**LDZ System Commodity (Direct Connects and CSEPs)**

	<b>Commodity</b>
	pence per kWh
Up to 73,200 kWh per annum	0.0246
73,200 to 732,000 kWh per annum	0.0195
732,000 kWh per annum and above	$0.1548 \times \text{SOQ}^{-0.2376}$
Subject to a minimum rate of	0.0021

**Customer Charges**

Up to 73,200 kWh per annum

<b>Invoice</b>	<b>Charge Code</b>
LDZ capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0934

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

<b>Invoice</b>	<b>Charge Code</b>
LDZ capacity	CFI
Fixed charge	pence per day
Non-monthly read supply points	27.3740
Monthly read supply points	29.1472

<b>Invoice</b>	<b>Charge Code</b>
LDZ Capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0031

732,000 kWh per annum and above

<b>Invoice</b>	<b>Charge Code</b>
LDZ Capacity	CCA
	Pence per peak day kWh per day
Charging function	$0.0662 \times \text{SOQ}^{-0.2100}$

## Appendix 1B: STANDARD LDZ SYSTEM AND CUSTOMER 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	0.1804
73,200 to 732,000 kWh per annum	0.1608
732,000 kWh per annum and above	$1.0278 \times \text{SOQ}^{-0.2133}$
Subject to a minimum rate of	0.0176

#### LDZ System Commodity (Direct Connects and CSEPs)

Charge Code	Commodity
	pence per kWh
Up to 73,200 kWh per annum	0.0272
73,200 to 732,000 kWh per annum	0.0242
732,000 kWh per annum and above	$0.1565 \times \text{SOQ}^{-0.2147}$
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	0.1142

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	36.0439
Monthly read supply points	38.3786

Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0040

732,000 kWh per annum and above

Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Charging function	$0.0878 \times \text{SOQ}^{-0.2100}$

## Appendix 1C: STANDARD LDZ SYSTEM AND CUSTOMER 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	0.1971
73,200 to 732,000 kWh per annum	0.1641
732,000 kWh per annum and above	$1.2947 \times \text{SOQ}^{-0.2483}$
Subject to a minimum rate of	0.0182

#### LDZ System Commodity (Direct Connects and CSEPs)

Charge Code	Commodity
	pence per kWh
Up to 73,200 kWh per annum	0.0268
73,200 to 732,000 kWh per annum	0.0224
732,000 kWh per annum and above	$0.1941 \times \text{SOQ}^{-0.2586}$
Subject to a minimum rate of	0.0023

### Customer Charges

Up to 73,200 kWh per annum

Invoice	Charge Code
LDZ capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0925

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	26.2223
Monthly read supply points	27.9211

Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0028

732,000 kWh per annum and above

Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Charging function	$0.0637 \times \text{SOQ}^{-0.2100}$

## Appendix 1D: STANDARD LDZ SYSTEM AND CUSTOMER 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	0.1818
73,200 to 732,000 kWh per annum	0.1637
732,000 kWh per annum and above	$2.0071 \times \text{SOQ}^{-0.2817}$
Subject to a minimum rate of	0.0178

#### LDZ System Commodity (Direct Connects and CSEPs)

Charge Code	Commodity
	pence per kWh
Up to 73,200 kWh per annum	0.0290
73,200 to 732,000 kWh per annum	0.0259
732,000 kWh per annum and above	$0.3480 \times \text{SOQ}^{-0.2911}$
Subject to a minimum rate of	0.0024

### Customer Charges

Up to 73,200 kWh per annum

Invoice	Charge Code
LDZ capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0858

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	27.1266
Monthly read supply points	28.8836
Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Capacity charge	0.0029

732,000 kWh per annum and above

Invoice	Charge Code
LDZ Capacity	CCA
	Pence per peak day kWh per day
Charging function	$0.0656 \times \text{SOQ}^{-0.2100}$

**Appendix 2: LDZ ECN CHARGES FOR ALL NETWORKS**

<b>East of England DN</b>	<b>LDZ ECN Rate (p/pdkWh/d)</b>
EA1	0.0064
EA2	0.0065
EA3	0.0018
EA4	0.0127
EM1	0.0003
EM2	0.0052
EM3	0.0182
EM4	0.0127
<b>London DN</b>	
NT1	0.0219
NT2	0.0125
NT3	0.0125
<b>North West DN</b>	
NW1	0.0188
NW2	0.0254
<b>West Midlands DN</b>	
WM1	0.0182
WM2	0.0151
WM3	0.0104

**Appendix 3: DN ENTRY COMMODITY CHARGES / CREDITS FOR  
DISTRIBUTED GAS FOR ALL NETWORKS**

<b>Distribution Network</b>	<b>Distributed Gas Entry Point</b>	<b>Entry Commodity Charge (p/kWh)</b>	<b>Charge / Credit</b>
East of England	Adnams Brewery, Southwold	0.2093	Charge
	Lindholme, Doncaster	-0.0453	Credit
	Beccles, Sotterley	-0.0561	Credit
	Chear Fen Farms, Chittering	-0.0738	Credit
	Holkham, Norfolk	-0.0007	Credit
	Redbourne Road, Hibaldstow	-0.0693	Credit
	Grange Farm, Spridlington	-0.0512	Credit
	West Fen Farm, March	-0.0546	Credit
North West	Bredbury Park, Stockport	0.0936	Charge
	Granox, Widnes	-0.0621	Credit
West Midlands	Minworth Sewage Works	-0.0084	Credit

## Appendix 4: OPTIONAL LDZ SYSTEM AND OTHER CHARGE RATES FOR ALL NETWORKS

### Optional LDZ Charge

Invoice	Charge Code
ADU	881

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

### Other Charges

#### **CSEP Administration Charge**

Charge per supply point	0.0935 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

**End**