



Direct Dial: 0171-932-5907  
Our Ref : NET/COD/MOD/236  
Your Ref :

To Transco, Shippers and Other Interested Parties

Dear Sir/Madam

**Modification Proposal 236/a, Nationally Diversified Load Factors (NDLFs)**

Modification 236, originally put forward by BGT, proposed that NDLFs, which are used to determine LDZ capacity charges incurred by domestic, small and medium industrial and commercial customers are changed to those that better reflect the actual load factors and the costs to Transco of providing peak capacity for these sites. The original NDLFs were estimated when the network code was first implemented whereas the demand estimation sub-committee developed the NDLFs proposed by modification 236 which are based on actual consumption data collected since the implementation of the network code. BGT favoured direct implementation of the proposed NDLFs however Transco argued that NDLFs should be phased in over three years so that the impact on shippers of changes to their charges is reduced.

Ofgas has approved this modification on the basis of greater cost reflectivity. Though we can see the arguments of direct implementation after taking in to consideration the transportation charging implications on shippers, we agree that these changes should be phased in over three years as set out in modification 236a.

However we are concerned that NDLFs potentially distort capacity charges. Therefore we expect Transco to bring forward a review of NDLFs with the intention of removing them from the network code by the start of gas year 1999/2000.

If you have any comments or questions please contact me on the above number.

Yours faithfully

**Ayesha Uvais**  
Assistant Manager, Gas Balancing