Southern Gas Networks

Indicative Notice of LDZ Transportation Charges

Effective from 1 April 2010

Issued 1 November 2009

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 10.1.3 (Bottom-stop supply point capacity) of the Uniform Network Code – Transition Document Part IIC - 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	0.1337	0.0633	0.0228
73,200 to 732,000 kWh pa	0.1241	0.0588	0.0212
732,000 kWh pa and above	0.588 x SOQ ^ -0.1806	0.2785 x SOQ ^ -0.1806	0.1311 x SOQ ^ -0.2121
Subject to a minimum rate of	0.0133	0.0063	0.0021
Minimum reached at SOQ of	kWh	kWh	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	0.1337	0.0633	0.0228
73,200 to 732,000 kWh pa	0.1241	0.0588	0.0212
732,000 kWh pa and above	$0.6220 \times SOQ^{-0.1939}$	$0.2946 \times SOQ^{-0.1939}$	$0.1251 \times SOQ^{-0.2131}$
Subject to a minimum rate of	0.0133	0.0063	0.0021
Minimum reached at SOQ of	kWh	kWh	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
$902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$

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**

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	0.0708

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	24.3646
Monthly read supply points	25.9432

Invoice	Charge Code
LDZ Capacity	CCA

	Pence per peak day kWh per day
Capacity charge	0.0027

732,000 kWh per annum and above

Invoice	Charge Code
LDZ Capacity	CCA

	Pence per peak day kWh per day
Charging function	$0.0592 \times SOQ^{-0.2100}$

2.4 Other Charges

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

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 Scotland Gas Networks.

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	0.1233 pence per day (£0.45 per annum)

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

These charges are under review and may be revised when the final notice of the April 2010 charges is published on 1 February 2010.

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 1st April 2008 Must Reads were no longer a transportation service and charges for Must Reads services are shown in the Agency Charging Statements.