

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

Notice of Transportation Charges effective 1st April 2015

Please find attached the Notice of Transportation Charges (the 'Notice') to apply from 1st April 2015 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 reducing our transportation charges, excluding Exit Capacity charges, by an average of 0.9% from 1st April 2015. We had previously reported a small increase of 0.3% in our indicative statement on 1st November 2014. The prices have been set to recover our Allowed Revenue for 2015/16 in accordance with the RIIO GD1 Price Control charging principles.

The factors determining the reduction of 0.9% are shown in the table below.

Price Adjustment Components	%	%	£m	£m
Forecast Income before price change, assuming 2.7% SOQ Reduction Oct 15				374.7
Base Allowed Revenue Reduction at 2014/15 Prices	-3.2		-11.4	
Base Allowed Revenue inflated to 2015/16 prices	2.6		9.4	
Incentives/Cost Adjustment	1.4		5.0	
K Adjustment b/fwd 2013/14	-1.7	-0.9	-6.3	-3.3
Allowed Revenue for Year Ended 31 st March 2016				371.4

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

We have set Exit Capacity charges to recover the Exit Capacity Cost Allowance published by Ofgem in their Final Proposals less the cost true up for 2013/14 and the over recovery of revenue against allowance in 2013/14 (the K Adjustment).

In total terms, the current Exit Capacity charges will reduce by 22.9% (21.8% indicative reduction). The cost true up for 2013/14 arose because Exit Capacity costs charged to WWU from the NTS in 2013/14 exceeded the Exit Capacity Cost Allowance by £7.0m. Similar to the K adjustment, the cost true up is adjusted in two years hence (T+2) in accordance with the principles laid down in the RIIO GD1 Price Control.

The reduction of 22.9% is broken down as follows:

Price Adjustment Components	%	%	£m	£m
Forecast income before price change, assuming 2.7% SOQ Reduction Oct 15				27.3
Ofgem Allowance at 2014/15 prices	1.0		0.3	
Ofgem Allowance inflated to 2015/16 Prices	2.6		0.7	
Cost True Up from 2013/14	-25.6		-7.0	
K Adjustment b/fwd 2013/14	-0.9	-22.9	-0.2	-6.2
Allowed Revenue for Year ended 31st March 2016				21.1

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

Exit Zone	Price Reduction
SW1	-25.3%
SW2	-22.2%
SW3	-22.9%
WA1	-22.5%
WA2	-27.8%

Regards

John Edwards
 Pricing Manager

30th January 2015