

UPDATED LDZ SYSTEM CHARGE FUNCTIONS FOLLOWING DNPC07 AND DNPC08 DECISIONS BY OFGEM

Following the decisions by Ofgem to veto the DNPC07 proposals to move to a 100/0 Capacity/Commodity split and not to veto the DNPC08 proposals to base the LDZ system functions on individual Network costs, the DNs have created revised LDZ System charge functions which are consistent with the DNPC08 methodology changes and reflect the continuing 95%/5% capacity/commodity target split for the LDZ System charges.

The forms of the charging functions shown in Table 1 and graphically in Figure 1 are derived using the same data and methodology as for the capacity-only functions shown in the DNPC08 Final Proposals¹ but applied to capacity and commodity and scaled to equivalent 95% and 5% target revenue respectively.

The level of the charging functions shown is consistent with the capacity-only functions shown in the DNPC08 Final Proposals and is NOT indicative of the level of the charges from April 2012. However, it is expected that the LDZ System charges from April 2012 will be determined by scaling of the charging functions shown here by a single multiplicative factor for each DN.

Questions on these updated functions can be directed to any of the following:

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¹ The National Grid illustrative functions shown in DNPC08 were based on an attribution of capacity-related costs only (approximately 98% of total costs) across the system tiers. The revised charges have been based on an attribution of all costs so leading to a slight change of function form for the capacity charge from that shown in DNPC08.

Table 1. Updated LDZ System Charge Functions following DNPC07 and DNPC08 Decisions

Capacity Functions

East of England (National Grid)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1324
73,201 - 732,000	0.1056
> 732,000	$0.6749 \cdot \text{SOQ}^{-0.2155}$

North West (National Grid)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1558
73,201 - 732,000	0.1297
> 732,000	$1.0228 \cdot \text{SOQ}^{-0.2483}$

London (National Grid)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1322
73,201 - 732,000	0.1178
> 732,000	$0.7527 \cdot \text{SOQ}^{-0.2133}$

West Midlands (National Grid)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1463
73,201 - 732,000	0.1317
> 732,000	$1.6157 \cdot \text{SOQ}^{-0.2817}$

Scotland (Scotia Gas Networks)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1385
73,201 - 732,000	0.1247
> 732,000	$0.8051 \cdot \text{SOQ}^{-0.2338}$

Southern England (Scotia Gas Networks)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1397
73,201 - 732,000	0.1109
> 732,000	$1.4552 \cdot \text{SOQ}^{-0.2970}$

Northern England (Northern Gas Networks)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1476
73,201 - 732,000	0.1269
> 732,000	$1.4880 \cdot \text{SOQ}^{-0.2834}$

Wales and West (Wales & West Utilities)

Charge band (kWh/a)	Unit rate (p/Peak Day kWh/a)
0-73,200	0.1364
73,201 - 732,000	0.1184
> 732,000	$1.0595 \cdot \text{SOQ}^{-0.2513}$

Commodity Functions

East of England (National Grid)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0200
73,201 - 732,000	0.0159
> 732,000	$0.1259 \cdot \text{SOQ}^{-0.2376}$

North West (National Grid)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0210
73,201 - 732,000	0.0175
> 732,000	$0.1515 \cdot \text{SOQ}^{-0.2586}$

London (National Grid)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0219
73,201 - 732,000	0.0195
> 732,000	$0.1261 \cdot \text{SOQ}^{-0.2147}$

West Midlands (National Grid)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0251
73,201 - 732,000	0.0225
> 732,000	$0.3012 \cdot \text{SOQ}^{-0.2911}$

Scotland (Scotia Gas Networks)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0180
73,201 - 732,000	0.0162
> 732,000	$0.1325 \cdot \text{SOQ}^{-0.2597}$

Southern England (Scotia Gas Networks)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0234
73,201 - 732,000	0.0183
> 732,000	$0.2787 \cdot \text{SOQ}^{-0.3129}$

Northern England (Northern Gas Networks)

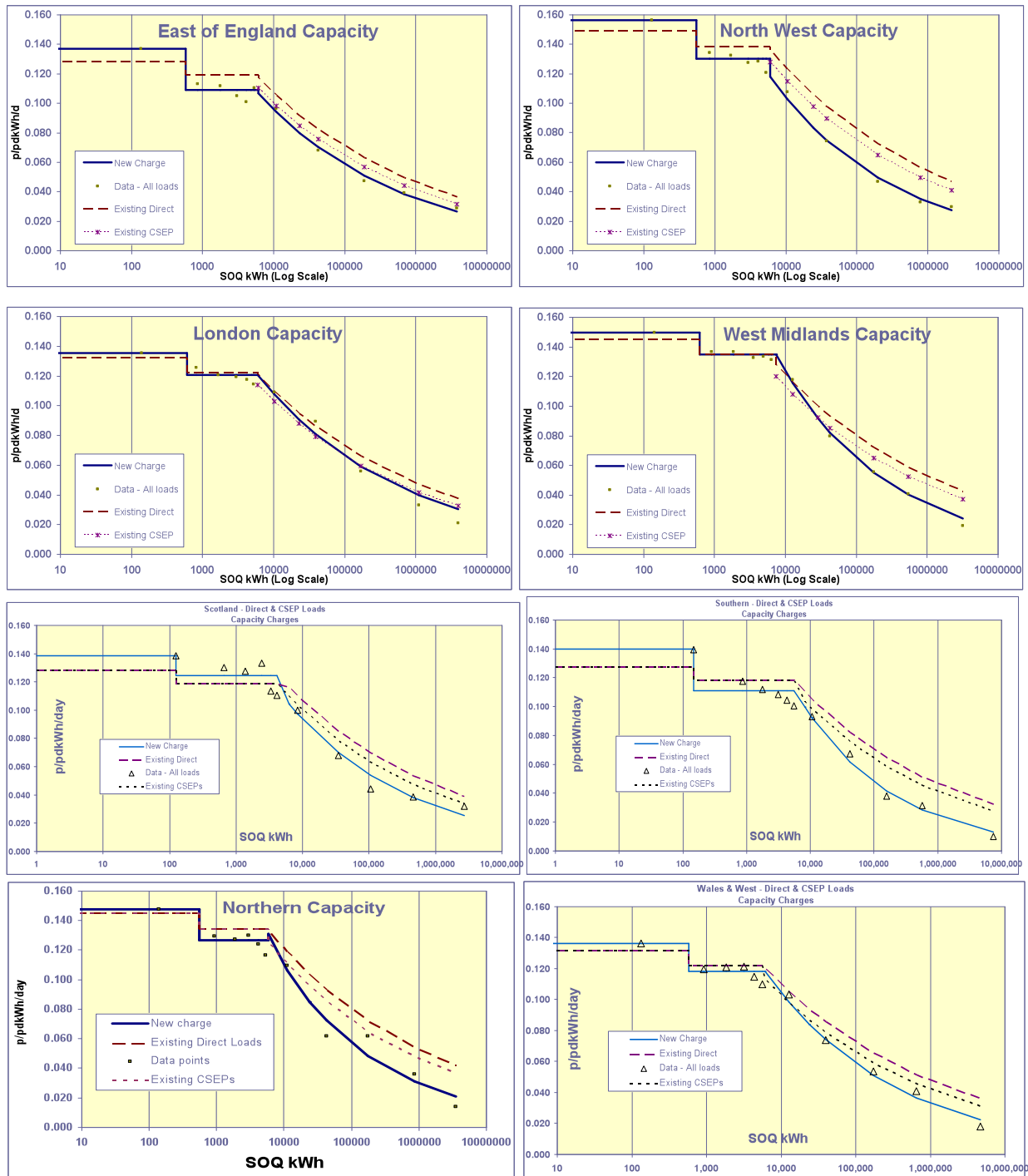
Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0232
73,201 - 732,000	0.0199
> 732,000	$0.2559 \cdot \text{SOQ}^{-0.2940}$

Wales and West (Wales & West Utilities)

Charge band (kWh/a)	Unit rate (p/kWh/)
0-73,200	0.0211
73,201 - 732,000	0.0183
> 732,000	$0.2134 \cdot \text{SOQ}^{-0.2775}$

Figure 1 Comparison of Updated LDZ System Functions and April 2010 Functions

Capacity Functions



Commodity Functions

