

# Final Gas Distribution Transportation Charges

**From 1 April 2020**

**For East of England, London, North West and  
West Midlands Gas Distribution Networks**



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## Introduction

This notice confirms the gas transportation charges that will apply from 1 April 2020 for the East of England, London, North West and West Midlands gas distribution networks. In line with the Gas Transporter Licence and Uniform Network Code requirements, this notice is provided two months ahead of implementation.

Further to our Indicative price notification in early November 2019, the following areas of uncertainty have now been resolved:

- The 2020/21 inflation indexation factor underpinned by HM Treasury forecasts
- Finalisation of Ofgem’s 2019 Annual Iteration Process (AIP), including confirmation of the Cost of Debt allowance for the year
- Finalised forecasts for expenditure under the Network Innovation Allowance (NIA)
- Ofgem have directed on two further Supplier of Last Resort claims for Shell Energy and Ovo Energy, which increases Allowed Revenues by £2.9m across Cadent’s networks
- Updated Supply Point Capacity (SOQs) and Annual Quantity (AQ) requirements as provided by Xoserve, and inclusive of the anticipated effect of planned data corrections



The average price change for each distribution network from 1 April 2020 is shown in Table 1 below.

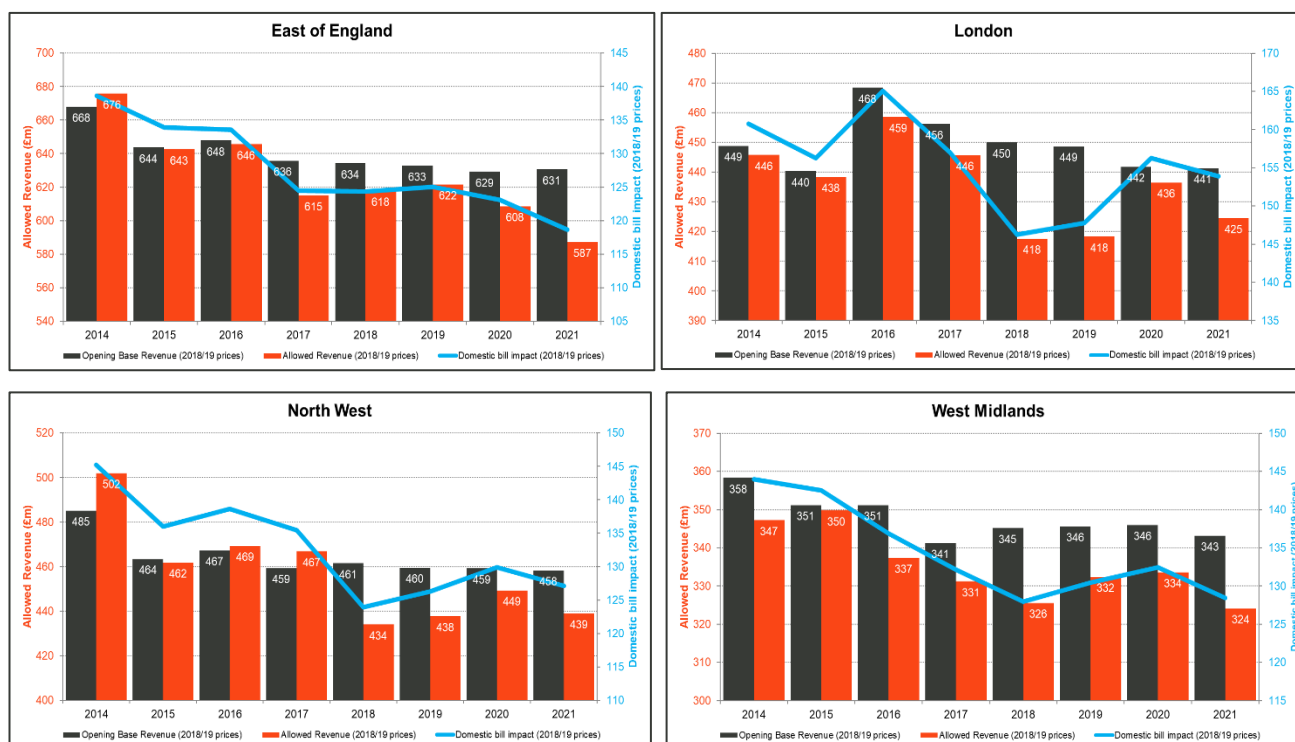
**Table 1: Average Transportation Price Change from 1<sup>st</sup> April 2020**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
AGGREGATE PRICE CHANGE	(1.1%)	(0.2%)	+0.2%	(1.0%)

The changes are principally driven by the year on year movement in maximum allowed revenue and movements in supply point peak capacity requirements. These are explained in further detail within this notice.

## Average Domestic Bills

Although there is some variability at network level, overall, we expect customer bills to have reduced by £16 per annum (equivalent to 10%) in real terms across the 8-year price control period. The graphs below illustrate actual and forecast revenue against opening allowances per the RIIO GD-1 final proposals, and forecasts for average domestic bill over the 8-year period:



**Note:** our methodology for calculation of average domestic bills is based on mean average consumption by supply point in the 0 to 73,200 kWh per annum load band. Given that our transportation unit prices are driven by both changes to allowed revenues and average demand, we consider that this approach best emulates true network level variability. Additionally, we have presented numbers in 2018/19 prices to isolate the real price impacts of the RIIO framework. This approach differs to that adopted by Ofgem in their 2015/16 RIIO GD-1 Annual Report which is expressed in nominal terms and uses the Typical Domestic Consumption Value (TDCV) as the basis for usage assumption.

## Average 2020/21 Price Change

The underlying drivers for the average gas distribution price change from 1<sup>st</sup> April 2020 are shown in Table 2 below. The principal factors driving these changes are:

- Year on year movement in allowed revenue between 2019/20 and 2020/21 as calculated in accordance with the Gas Transporter Licence. Allowed revenue has decreased mainly due to a lower cost of debt allowance and a reduction in the inflation forecast.
- Correction for prior year under / over recovery of revenue in the 2019/20 charging year, in order to rebase unit charges. This is driven by differences in supply point capacity requirements to those assumed at the point of price setting. 2020/21 prices must be adjusted to offset any underlying factors impacting revenue collection.
- The impact of annual changes to Load Factors which are used to establish peak day capacity (SOQs) for Non-Daily Metered supply points. Load Factors have increased prices for all networks.
- Changes to peak day capacity requirements (SOQs) driven by underlying changes to rolling Annual Quantities (AQs). These changes are based on the latest available demand data provided by Xoserve, inclusive of planned AQ data corrections

**Table 2: 2020/21 Average price changes (high level summary)**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
YEAR ON YEAR MOVEMENT IN ALLOWED REVENUE	(2.0%)	(1.2%)	(0.8%)	(1.3%)
PRIOR YEAR OVER / UNDER RECOVERY	(0.0%)	(0.4%)	(0.1%)	(0.9%)
IMPACT OF LOAD FACTORS ON SOQ	+0.6%	+1.6%	+0.6%	+1.0%
CHANGES IN AGGREGATE DEMAND	+0.3%	(0.2%)	+0.5%	+0.2%
<b>AGGREGATE PRICE CHANGE</b>	<b>(1.1%)</b>	<b>(0.2%)</b>	<b>+0.2%</b>	<b>(1.0%)</b>

The 2020/21 transportation unit rates are shown in full in Appendix B.

## Movement since Indicative Charges

Table 3 below summarises the impact of the items that have crystallised since the publication of the Indicative charges in November 2019:

- The November 2019 edition of HM Treasury’s ‘Forecasts for the UK Economy’ which usually sets the inflation indexation factor for 2020/21 was delayed due to the election. It was agreed with Ofgem the December HM Treasury’s Forecast would be utilised instead. This showed a decline in the inflation forecast for 2020 which resulted in a reduction in allowed revenues and decreased the aggregate price change for all networks.
- The adjustment to allowed revenues for 2020/21 arising from the Annual Iteration Process is driven by a lower cost of debt allowance. This has reduced allowed revenues and prices respectively.
- On 22<sup>nd</sup> January 2020 Ofgem confirmed their decision on Shell Energy’s and Ovo’s Energy’s claim under the Supplier of Last Resort (SoLR) process for the gas sector. Cadent’s allocation of this is £2.9m across the four networks. This increased allowed revenues for 2020/21 and consequently, the average price changes across the four networks.
- The Final Charges have been calculated using the latest available demand data from Xoserve. For three networks this has led to an increase in prices, except for London where prices have reduced compared to the position reported in the Indicative charges. This update is inclusive of a manual adjustment in respect of anticipated AQ data corrections due to be implemented within Xoserve’s systems before April 2020.

**Table 3: Movement in Average Price Change since Indicative Charge Setting**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
NOVEMBER INDICATIVE PRICE CHANGE	(0.7%)	+0.6%	+0.7%	(1.1%)
DEC-19 FORECAST FOR THE UK ECONOMY (INFLATION)	(0.5%)	(0.5%)	(0.5%)	(0.5%)
ANNUAL ITERATION PROCESS (MAINLY COST OF DEBT)	(0.2%)	(0.2%)	(0.2%)	(0.2%)
SOLR FOR OVO ENERGY AND SHELL ENERGY	+0.1%	+0.1%	+0.2%	+0.2%
DEMEAND UPDATES	+0.2%	(0.2%)	+0.1%	+0.6%
FINAL PRICE CHANGE	(1.1%)	(0.2%)	+0.2%	(1.0%)

## 2020/21 Allowed Revenue

The movement in Allowed Revenue between 2019/20 and 2020/21 is one of the factors contributing to the average price change. The key elements driving this movement are:

- Inflationary increases to uplift into 2020/21 prices. This has been offset to a degree by the two-year lagged inflation true-up from 2018/19
- The Price Control Financial Model (PCFM) reduction (linked to the Ofgem Annual Iteration Process) predominantly driven by lower cost of debt allowance, which is linked to an external index
- Other PCFM adjustments, mainly specified street work costs
- Pass through costs have decreased principally due to NTS Exit Capacity costs being lower in 2018/19 compared to the prior year so revenues are adjusted in 2020/21 with the two-year lagged mechanism

A trace between Allowed Revenue for 2019/20 and 2020/21 is shown in Table 4 below. Further analysis of 2020/21 Allowed Revenue broken down by components can be found in Appendix A.

**Table 4: Year on Year Movement in Allowed Revenue (£m)**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
2019-20 ALLOWED REVENUE	650.5	466.5	480.3	356.6
CHANGE IN BASE REVENUE PER FINAL PROPOSALS	1.5	(0.6)	(1.0)	(3.0)
UPLIFT TO 2020/21 PRICES	10.1	6.8	7.2	5.4
LAGGED INFLATION TRUE UP FROM 2018/19	(2.3)	(1.6)	(1.7)	(1.2)
COST OF DEBT ALLOWANCE (PCFM ADJUSTMENT)	(8.0)	(6.2)	(5.7)	(4.2)
OTHER PCFM ADJUSTMENTS (MAINLY SPECIFIED STREETWORKS)	(9.3)	(1.1)	1.1	(0.3)
COST PASS THROUGH	(5.9)	(3.9)	(4.7)	(3.6)
NETWORK INNOVATION ALLOWANCE	0.9	0.5	0.6	0.4
OUTPUT INCENTIVES	1.6	1.5	1.0	1.2
(OVER) / UNDER COLLECTION OF REVENUE B/F	(1.5)	(1.0)	(0.6)	0.6
2020-21 ALLOWED REVENUE	637.6	460.9	476.6	351.9
% CHANGE IN ALLOWED REVENUE	(2.0%)	(1.2%)	(0.8%)	(1.3%)

## 2019/20 Forecast Revenue Recovery

Current year revenue collection has a bearing on year-ahead price setting, as any over or under collection of revenue needs to be offset by re-basing unit prices. In a current year under recovery situation, year ahead prices will need to be increased, and conversely in an over recovery situation, year ahead prices will need to be decreased. The reasons why under/over recovery may occur are:

- Changes in underlying demand conditions against those assumed at the point of price setting.
- Growth in Connected System Exit Points (CSEPs). We adopt a 3-year rolling average movement in demand as a predictor for future demand conditions in this regard, but the extent to which actual growth matches this assumption will be a source of revenue collection variance.
- Special Condition 1B of the Gas Transporter Licence requires us to use our best endeavours not to over recover revenue beyond the Maximum Allowed Revenue set by the Licence. In practice, we target a low level of under recovery in price setting in order to discharge this obligation.

Table 5 below shows the 2019/20 revenue collection forecast. Against the demand conditions that have manifested, current prices are slightly too high for all networks. We must therefore slightly decrease next year's charges.

**Table 5: Collected Revenue Forecast 2019/20**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
2019/20 ALLOWED REVENUE (£M)	650.5	466.5	480.3	356.6
2019/20 COLLECTABLE REVENUE FORECAST (£M)	650.7	468.2	480.9	359.8
FORECAST UNDER/OVER RECOVERY (£M)	0.2	1.7	0.6	3.2
FORECAST UNDER/OVER RECOVERY %	+0.0%	+0.4%	+0.1%	+0.9%



## 2020/21 Forecast Revenue Recovery

The current forecast for collectable revenue in 2020/21 is shown in Table 6 below. As unit prices have decimal place restrictions it is difficult to set charges to recover the exact amount of allowed revenue. In order to comply with our Licence, we must use best endeavours in setting charges to ensure that collectable revenue for each network does not exceed maximum allowed revenue for the relevant formula year. In practice prices are set to achieve a minimised level of under-recovery. Consequently, our final charge calculation delivers a small inherent under recovery, as shown below.

**Table 6: Collectable Revenue Forecast 2020/21**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
2020/21 ALLOWED REVENUE (£M)	637.6	460.9	476.6	351.9
2020/21 COLLECTABLE REVENUE FORECAST (£M)	637.3	460.7	476.3	351.8
FORECAST OVE RECOVERY (£M)	(0.3)	(0.2)	(0.3)	(0.1)
FORECAST UNDER RECOVERY %	(0.0%)	(0.0%)	(0.1%)	(0.0%)

## Changes in Aggregate Demand

As a consequence of Xoserve's Project Nexus implementation, Annual Quantities (AQs) and Peak day capacity requirements (SOQs) will become largely fixed for a charging year based on a snapshot taken in December. This will provide much greater certainty on chargeable volumes and significantly reduce revenue collection risks, as mid-year step changes in demand will no longer have a bearing. This means that for capacity driven revenue, collection risks should only really now be influenced by low level organic movements in the chargeable base.

Xoserve provided a snap shot of AQs and SOQs in December 2019, which largely crystallise chargeable volumes for 2020/21. Rolling AQs have been monitored since 2019/20 prices were set to inform the final price process as robustly as possible. As at December 2019 a cumulative increase in AQs has been observed in London and West Midlands with a decrease in East of England and North West (note that an **increase** in AQ will drive a **decrease** in unit prices and vice versa).

**Table 7: Collectable Revenue Forecast 2020/21**

CHANGE %	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
AQ	(0.6%)	0.1%	(2.3%)	0.0%
SOQ	(0.3%)	(1.1%)	(1.8%)	(0.5%)

# Impact of Changes to NDM Load Factors

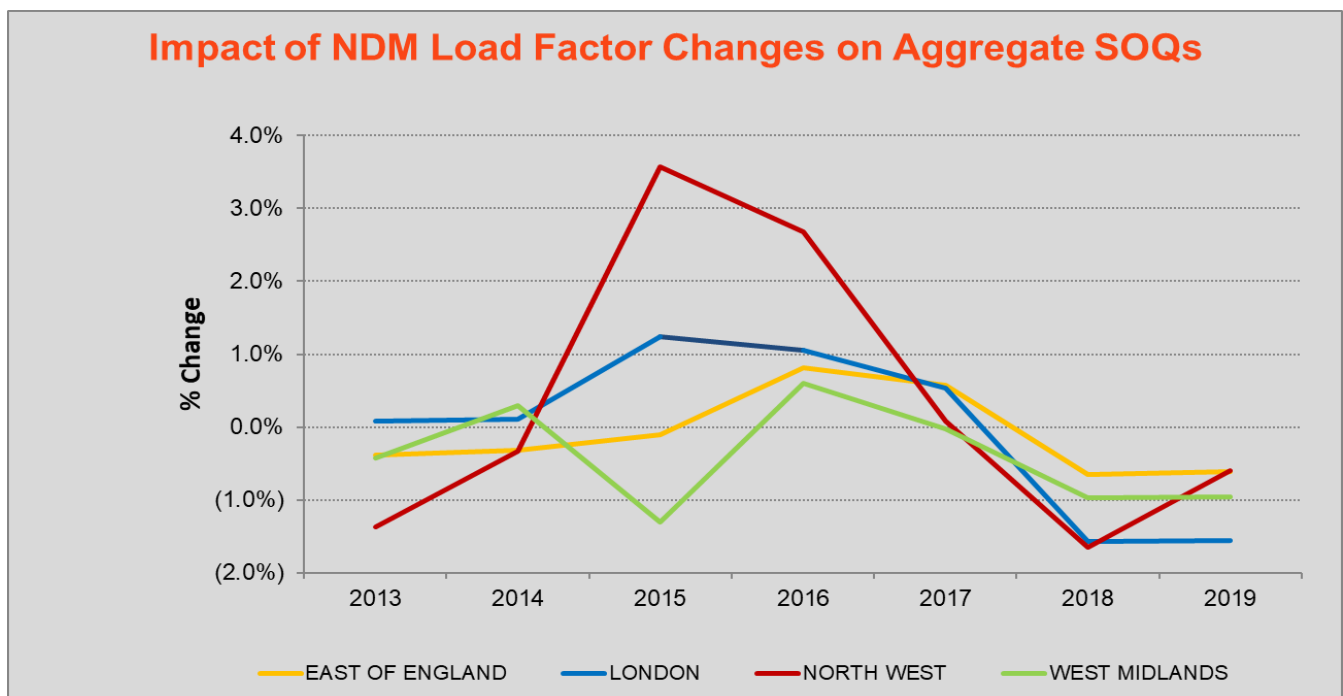
The demand data underpinning our final charges is inclusive of the impact of the implementation of the 2019 Non-Daily Metered (NDM) load factors.

Load factors are used to derive peak day capacity requirements (SOQs) for Non-Daily Metered supply points and are published annually by Xoserve via the Demand Estimation Sub Committee (DESC). Previously, implementation of these at the commencement of each October gas year has been both a driver of in year over or under recovery risk, and an area of forecasting uncertainty for year-ahead price setting.

Following implementation of Project Nexus, the impact of annual load factor update on charging is deferred until the start of the new charging year, providing greater predictability and stability in charges.

Chart A below shows the impact of load factor implementation on aggregate SOQs over the past 7 years (note this has an inverse impact on unit prices).

**Chart A: Movement in Annual Load Factors**



## Charging Methodology

The current charging methodology requires that revenue is recovered to a pre-determined Distribution Network (DN) specific splits between System and Customer charges, and then a further 95/5 sub-split of System charges between Capacity and Commodity. The Customer element is comprised of Capacity and Fixed charges. Unit charges will need to be re-balanced between these categories, and at load band level. This causes individual elements of the transportation charges to change by varying levels around these average positions.

Tables 8 to 10 below confirm target revenue splits achieved against the UNC.

**Table 8: Target Revenue Splits set out in the UNC**

TARGET REVENUE SPLIT REQUIRED BY UNC	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY %	5.0%	5.0%	5.0%	5.0%
LDZ SYSTEM CAPACITY %	95.0%	95.0%	95.0%	95.0%
LDZ SYSTEM %	70.5%	68.1%	73.7%	74.0%
LDZ CUSTOMER %	29.5%	31.9%	26.3%	26.0%

**Table 9: Revenue Splits Achieved in 2020/21 Price Setting**

ACTUAL SPLITS ACHIEVED	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY %	5.0%	5.0%	5.0%	5.0%
LDZ SYSTEM CAPACITY %	95.0%	95.0%	95.0%	95.0%
LDZ SYSTEM %	70.5%	68.1%	73.7%	74.0%
LDZ CUSTOMER %	29.5%	31.9%	26.3%	26.0%

**Table 10: Variance to UNC Target Splits**

VARIANCE	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY	0.0%	0.0%	0.0%	0.0%
LDZ SYSTEM CAPACITY	0.0%	0.0%	0.0%	0.0%
LDZ SYSTEM	0.0%	0.0%	0.0%	0.0%
LDZ CUSTOMER	0.0%	0.0%	0.0%	0.0%

Tables 11 and 12 below provide a further breakdown of the price change for each component and its weighted average contribution to the overall price change.

**Table 11: Price Change by Component**

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY PRICE CHANGE	(0.9%)	(1.5%)	+0.4%	(1.9%)
LDZ SYSTEM CAPACITY PRICE CHANGE	(0.1%)	+0.8%	+1.4%	+0.2%
LDZ CUSTOMER PRICE CHANGE	+0.4%	+1.4%	+1.9%	+0.5%
<b>LDZ AGGREGATE PRICE CHANGE</b>	<b>+0.1%</b>	<b>+0.9%</b>	<b>+1.5%</b>	<b>+0.2%</b>
ECN PRICE CHANGE	(26.9%)	(22.6%)	(13.4%)	(18.4%)
<b>AVERAGE TRANSPORTATION PRICE CHANGE</b>	<b>(1.1%)</b>	<b>(0.2%)</b>	<b>+0.2%</b>	<b>(1.0%)</b>

**Table 12: Weighted Contribution to Average Price Change**

PRICE CHANGE %	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY PRICE CHANGE	(0.0%)	(0.0%)	+0.0%	(0.1%)
LDZ SYSTEM CAPACITY PRICE CHANGE	(0.0%)	+0.5%	+0.9%	+0.1%
LDZ CUSTOMER PRICE CHANGE	+0.1%	+0.4%	+0.5%	+0.1%
<b>LDZ AGGREGATE PRICE CHANGE</b>	<b>+0.1%</b>	<b>+0.8%</b>	<b>+1.4%</b>	<b>+0.2%</b>
ECN PRICE CHANGE	(0.8%)	(0.8%)	(1.0%)	(1.0%)
<b>AVERAGE TRANSPORTATION PRICE CHANGE</b>	<b>(1.1%)</b>	<b>(0.2%)</b>	<b>+0.2%</b>	<b>(1.0%)</b>

As mentioned in Cadent's Indicative Charge notice there was an expectation for a minor change to the methodology specifically for the recovery of Supplier of Last Resort (SoLR) costs. A UNC modification (0678) was raised to split domestic and non-domestic charge codes for each network. This would allow charges to be calculated to recover costs from the market sector they originated.

0678 currently sits with Ofgem for approval. Due to the timescales for implementation, specific domestic and non-domestic charges codes are not expected to be in place in the Xoserve systems by 1<sup>st</sup> April 2020 for this change to take effect if Ofgem were to make a decision in the next couple of months.

# Analysis of Price Change by Charge Band

Tables 13 to 16 provide an analysis of the price change by charge type and load band.

**Table 13: LDZ System Commodity Price Change by Charging Band**

LDZ SYSTEM COMMODITY PRICE CHANGE BY CHARGING BAND	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
UP TO 73,200 KWH PER ANNUM	(0.7%)	(1.5%)	+0.5%	(1.9%)
73,200 KWH - 732,000 KWH PER ANNUM	(1.3%)	(1.3%)	+0.4%	(2.0%)
732,000 KWH PER ANNUM AND ABOVE	(1.2%)	(1.5%)	+0.2%	(2.1%)
<b>TOTAL</b>	<b>(0.9%)</b>	<b>(1.5%)</b>	<b>+0.4%</b>	<b>(1.9%)</b>

**Table 14: LDZ System Capacity Price Change by Charging Band**

LDZ SYSTEM CAPACITY PRICE CHANGE BY CHARGING BAND	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
UP TO 73,200 KWH PER ANNUM	(0.1%)	+0.7%	+1.4%	+0.2%
73,200 KWH - 732,000 KWH PER ANNUM	(0.1%)	+0.8%	+1.5%	+0.2%
732,000 KWH PER ANNUM AND ABOVE	(0.0%)	+0.8%	+1.4%	+0.2%
<b>TOTAL</b>	<b>(0.1%)</b>	<b>+0.8%</b>	<b>+1.4%</b>	<b>+0.2%</b>

**Table 15: LDZ Customer Capacity Price Change by Charging Band**

LDZ CUSTOMER CAPACITY PRICE CHANGE BY CHARGING BAND	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
UP TO 73,200 KWH PER ANNUM	+0.4%	+1.4%	+1.9%	+0.5%
73,200 KWH - 732,000 KWH PER ANNUM	-	+2.3%	+3.4%	-
732,000 KWH PER ANNUM AND ABOVE	+0.9%	+1.3%	+1.8%	+0.5%
<b>TOTAL</b>	<b>+0.4%</b>	<b>+1.4%</b>	<b>+1.9%</b>	<b>+0.5%</b>

**Table 16: LDZ Customer Fixed Price Change by Charging Band**

LDZ CUSTOMER FIXED PRICE CHANGE BY CHARGING BAND	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
UP TO 73,200 KWH PER ANNUM	-	-	-	-
73,200 KWH - 732,000 KWH PER ANNUM	+0.4%	+1.4%	+1.9%	+0.6%
732,000 KWH PER ANNUM AND ABOVE	-	-	-	-
<b>TOTAL</b>	<b>+0.4%</b>	<b>+1.4%</b>	<b>+1.9%</b>	<b>+0.6%</b>

**Table 17: ECN Price Change by Exit Zone**

Please note: ECN charges are based on flat rates by Exit Zone rather than by Load Bands. Given that ECN revenue represents only around 6% of total Allowed Revenue on average, this can result in relatively low unit rates that are more sensitive to changes in aggregate SOQ at Exit Zone level and depending on the concentration of SOQ within an Exit Zone, seemingly more marked percentage movements against the network average. Hence, we have shown both the pence per peak day kWh movement and percentage movement in our analysis.

ECN PRICE CHANGE BY EXIT ZONE		UNIT RATES 2019/20	UNIT RATES 2020/21	DIFFERENCE IN UNIT RATES (PENNY)	% DIFFERENCE
EAST OF ENGLAND	EA1	0.0058	0.0043	(0.0015)	(25.9%)
	EA2	0.0057	0.0044	(0.0013)	(22.8%)
	EA3	0.0021	0.0011	(0.0010)	(47.6%)
	EA4	0.0117	0.0087	(0.0030)	(25.6%)
	EM1	0.0009	0.0000	(0.0009)	(100.0%)
	EM2	0.0046	0.0034	(0.0012)	(26.1%)
	EM3	0.0151	0.0112	(0.0039)	(25.8%)
	EM4	0.0110	0.0082	(0.0028)	(25.5%)
LONDON	NT1	0.0230	0.0177	(0.0053)	(23.0%)
	NT2	0.0122	0.0095	(0.0027)	(22.1%)
	NT3	0.0130	0.0100	(0.0030)	(23.1%)
NORTH WEST	NW1	0.0198	0.0172	(0.0026)	(13.1%)
	NW2	0.0256	0.0221	(0.0035)	(13.7%)
WEST MIDLANDS	WM1	0.0204	0.0167	(0.0037)	(18.1%)
	WM2	0.0176	0.0144	(0.0032)	(18.2%)
	WM3	0.0117	0.0094	(0.0023)	(19.7%)

## Contact Details

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If you have any questions or require any further information in relation to this notice, please contact a member of the Cadent Revenue and Pricing Team:

**Nitin Prajapati (Revenue & Pricing Analyst)**

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## Appendix A: 2020/21 Allowed Revenue (£m)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
OPENING BASE REVENUE	684.7	479.1	497.6	372.6
ANNUAL LITERATION PROCESS ADJ	(46.9)	(44.0)	(39.7)	(31.9)
RPI TRUE UP	(0.5)	(0.4)	(0.4)	(0.3)
<b>BASE REVENUE</b>	<b>637.2</b>	<b>434.7</b>	<b>457.4</b>	<b>340.4</b>
COST PASS THROUGH ADJ	(1.6)	25.7	16.1	10.1
NTS EXIT CAPACITY INCENTIVE ADJ	10.4	4.5	5.6	2.4
NTS EXIT CAPACITY COST ADJ	(14.4)	(7.5)	(7.8)	(3.8)
SHRINKAGE INCENTIVE ADJ	0.7	0.7	0.5	0.4
SHRINKAGE COST ADJ	(1.8)	(1.2)	(1.2)	(1.0)
ENVIRONMENTAL EMISSIONS INCENTIVE ADJ	3.1	3.2	2.2	1.9
BROAD MEASURE INCENTIVE ADJ	4.2	1.5	2.9	1.6
NETWORK INNOVATION ALLOWANCE ADJ	3.0	1.7	2.0	1.5
(OVER) / UNDER RECOVERY B/F	(3.4)	(2.4)	(1.2)	(1.5)
<b>MAXIMUM ALLOWED REVENUE</b>	<b>637.6</b>	<b>460.9</b>	<b>476.6</b>	<b>351.9</b>
<b>COLLECTABLE REVENUE FORECAST</b>	<b>637.3</b>	<b>460.7</b>	<b>476.3</b>	<b>351.8</b>
OVER / (UNDER) RECOVERY FORECAST	(0.3)	(0.2)	(0.3)	(0.1)
% OVER / UNDER RECOVERY	(0.0%)	(0.0%)	(0.1%)	(0.0%)

## Appendix B: Transportation Unit Charge Rates from 1<sup>st</sup> April 2020

In response to feedback from stakeholders we have produced a supplementary accompanying spreadsheet with extractable unit rates which can be found on the Joint Office of Gas Transporters website alongside this notice.

### LDZ System Capacity Charges (Direct Connects & CSEPs)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ZCA / 871 / 891	PENNY PER PEAK DAY KWH PER DAY			
UP TO 73,200 KWH PER ANNUM	0.1773	0.2018	0.2082	0.1939
73,200 KWH - 732,000 KWH PER ANNUM	0.1416	0.1800	0.1736	0.1748
732,000 KWH PER ANNUM AND ABOVE	0.9049 x SOQ ^ - 0.2155	1.1503 x SOQ ^ - 0.2133	1.3692 x SOQ ^ - 0.2483	2.1423 x SOQ ^ - 0.2817
SUBJECT TO A MINIMUM RATE OF	0.0173	0.0198	0.0193	0.0190
MINIMUM RATE APPLIES AT SOQ OF (KWH)	94,347,585	186,520,403	28,466,086	19,266,143

### LDZ System Commodity Charges (Direct Connects & CSEPs)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ZCO / 878 / 893	PENNY PER KWH			
UP TO 73,200 KWH PER ANNUM	0.0287	0.0331	0.0339	0.0326
73,200 KWH - 732,000 KWH PER ANNUM	0.0228	0.0294	0.0285	0.0292
732,000 KWH PER ANNUM AND ABOVE	0.1820 x SOQ ^ - 0.2376	0.1912 x SOQ ^ - 0.2147	0.2474 x SOQ ^ - 0.2586	0.3927 x SOQ ^ - 0.2911
SUBJECT TO A MINIMUM RATE OF	0.0025	0.0028	0.0030	0.0028
MINIMUM RATE APPLIES AT SOQ OF (KWH)	68,746,925	349,694,016	25,715,963	23,721,311

## LDZ Customer Capacity Charges

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: CCA / 872	PENCE PER PEAK DAY KWH PER DAY			
UP TO 73,200 KWH PER ANNUM	0.0996	0.1266	0.0978	0.0923
73,200 KWH - 732,000 KWH PER ANNUM	0.0033	0.0045	0.0030	0.0031
732,000 KWH PER ANNUM AND ABOVE	0.0706 x SOQ ^ - 0.2100	0.0974 x SOQ ^ - 0.2100	0.0675 x SOQ ^ - 0.2100	0.0707 x SOQ ^ - 0.2100

## LDZ Customer Fixed Charges (73,200 to 732,000 kWh/ annum only)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: CFI	PENCE PER DAY			
NON MONTHLY READ SUPPLY POINTS	29.2323	39.9730	27.7949	29.2664
MONTHLY READ SUPPLY POINTS	31.1259	42.5622	29.5957	31.1620

## Optional LDZ Charge for all Networks

ALL NETWORKS	
CHARGE CODE: 881	PENCE PER PEAK DAY KWH PER DAY
OPTIONAL LDZ FUNCTION	$902 \times [(SOQ)^{-0.834}] \times D + 772 \times (SOQ)^{-0.717}$

Please note the Optional LDZ Charge remains unchanged from 2018/19.

## ECN Charges by NTS Exit Zone (Direct Connects and CSEPS)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ECN / C04 / 901	PENNY PER PEAK DAY KWH PER DAY			
EA1	0.0043			
EA2	0.0044			
EA3	0.0011			
EA4	0.0087			
EM1	0.0000			
EM2	0.0034			
EM3	0.0112			
EM4	0.0082			
NT1		0.0177		
NT2		0.0095		
NT3		0.0100		
NW1			0.0172	
NW2			0.0221	
WM1				0.0167
WM2				0.0144
WM3				0.0094

## DN Entry Commodity Charge / Credit

The LDZ System Entry Commodity charge/credit reflect the operating costs associated with the entry of the distributed gas and the benefits in terms of deemed NTS Exit and distribution network usage reductions. The rate associated with the LDZ system Entry Commodity Charge is calculated on a site by site basis. The following table shows the unit rates for sites that are currently flowing gas or are expected to start flowing before the end of 2020/21. Should any further sites start flowing after publication of final charges; these will be published via supplemental price notifications.

NETWORK	GEMINI ID	CHARGE / CREDIT	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
<b>CHARGE CODE: LEC</b>	<b>PENCE PER KWH</b>					
Adnams Brewery Southwold	ADBIOS	CHARGE	0.2429			
Bay Farm	BAFMOS	CHARGE	0.0087			
Beccles, Sotterley	SOTLOS	CREDIT	-0.0554			
Bonby		CHARGE	0.0006			
Brigg Lane		CREDIT	-0.0021			
Chear Fen Farms, Chittering	CHITOS	CREDIT	-0.0786			
Derby	DERBOS	CREDIT	-0.0702			
Euston	LANKOS	CHARGE	0.0064			
Fairfields Farm, Wormingford	FAIROS	CHARGE	0.0073			
Glebe Farm		CHARGE	0.0020			
Hemswell Cliff	HMWLOS	CREDIT	-0.0509			
Holkham, Norfolk	HOLKOS	CHARGE	0.0088			
Ilkeston		CREDIT	-0.0691			
Lindholme, Doncaster	LINDOS	CREDIT	-0.0504			
Manor Farm, Alderton	MANROS	CREDIT	-0.0727			
Mepal	MEPAOS	CREDIT	-0.0709			
Metheringham MP / IP	METHOS	CREDIT	-0.0701			
Methwold	METWOS	CHARGE	0.0110			
North Moor Farm, Crowle	MOOROS	CREDIT	-0.0407			

NETWORK	GEMINI ID	CHARGE / CREDIT	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
<b>CHARGE CODE: LEC</b>	<b>PENCE PER KWH</b>					
Pickenham Airfield		CHARGE	0.0050			
Raynham Farm	RAYNOS	CHARGE	0.0197			
Redbourne Road, Hibaldstow	HLBDOS	CREDIT	-0.0705			
Scampton	SCAMOS	CREDIT	-0.0506			
Stoke Bardolph	STOKOS	CREDIT	-0.0644			
The Oaks		CHARGE	0.0050			
Thorpe Arnold		CREDIT	-0.0009			
Warden Tree Lane		CREDIT	-0.0004			
Welbeck Colliery, Meden Vale	WELLOS	CREDIT	-0.0695			
Westry	WSTYOS	CHARGE	0.0015			
Dagenham	DGHMOS	CREDIT		-0.0574		
Bredbury Park, Stockport	BREDOS	CHARGE			0.0141	
Cuadrilla		CREDIT			-0.0001	
Davyhulme, Urmston	DAVYOS	CREDIT			-0.0609	
Ellesmere Port		CREDIT			-0.013	
Garth Road		CREDIT			-0.0715	
Granox, Widnes	WIDNOS	CREDIT			-0.0743	
Barnes Farm		CHARGE				0.0009
Coleshill		CREDIT				-0.0476
Grindley House Farm	GRINOS	CREDIT				-0.0019
Hampton Bishop	HAMPOS	CHARGE				0.0300
Highwood Farm, Brinklow	BRINKOS	CHARGE				0.0007
Lower Drayton Farm		CREDIT				-0.0753
Minworth 2		CREDIT				-0.0738

NETWORK	GEMINI ID	CHARGE / CREDIT	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
<b>CHARGE CODE: LEC</b>	<b>PENCE PER KWH</b>					
Minworth Sewage Works	MINWOS	CREDIT				-0.0061
Roundhill	RNDHOS	CREDIT				-0.0800
Strongford	STRNOS	CREDIT				-0.0641
Sutton Lodge Farm		CREDIT				-0.0781

## Other Charges for all Networks

### Shared Supply Meter Point Allocation Arrangements

An allocation service for daily metered supply points with AQs of more than 58,600 mWh per annum is available. This allows for up to four (six for Very Large Daily Metered Customers) 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):

AGENT SERVICE: ADU 883	TELEMETERED	NON-TELEMETERED
SET-UP CHARGE	£107.00	£183.00
SHIPPER TO 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 TO SHIPPER TRANSFER CHARGE	£126.00	£210.00
DAILY CHARGE	£2.55	£3.05