

Indicative Gas Transportation Charges

From 1 April 2019

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



Contents

Introduction	3
Average Domestic Bills	4
Average Indicative 2019/20 Price Change.....	5
2019/20 Allowed Revenue	6
2019/20 Forecast Revenue Recovery	7
Changes in Aggregate Demand	8
Impact of Changes to NDM Load Factors	9
Uncertainties Ahead of Final Charge Setting	10
Charging Methodology	11
Analysis of Price Change by Charge Band.....	12
Contact Details.....	14
Appendix A: 2019/20 Allowed Revenue (£m).....	15
Appendix B: Indicative Transportation Unit Charge Rates from 1st April 2019	16

Introduction

This notice provides the indicative gas transportation charges that will apply from 1st April 2019 for the East of England, London, North West and West Midlands Gas Distribution Networks, in line with the Gas Transporter Licence requirement to provide 150 days' notice of such proposals. Notice of final gas distribution transportation charges will be published by 31st January 2019 in accordance with Gas Transporter Licence and Uniform Network Code requirements.

Cadent appreciates that customers value accurate and stable price signals via the indicative charge setting process. To this end, an emphasis is placed on minimising the movement between indicative and final positions, whilst also providing clarity on any potential areas of uncertainty.

With customer's needs in mind:

- Indicative charges are based on the latest available actual and forecast data for supply point capacity requirements, allowed revenue and collectable revenue.
- Analysis and explanation of the key factors that impact on annual price changes is provided.
- Any potential areas of uncertainty ahead of final charge setting are highlighted.
- Updates to the positions previously reported in the September quarterly revenue forecasts (known as 'MOD0186' reports) are detailed.
- A companion unit price schedule in spreadsheet format has been published alongside this notice.



Key: East of England ■ London ■
North West ■ West Midlands ■

Table 1: Average Indicative Transportation Price Change from 1st April 2019

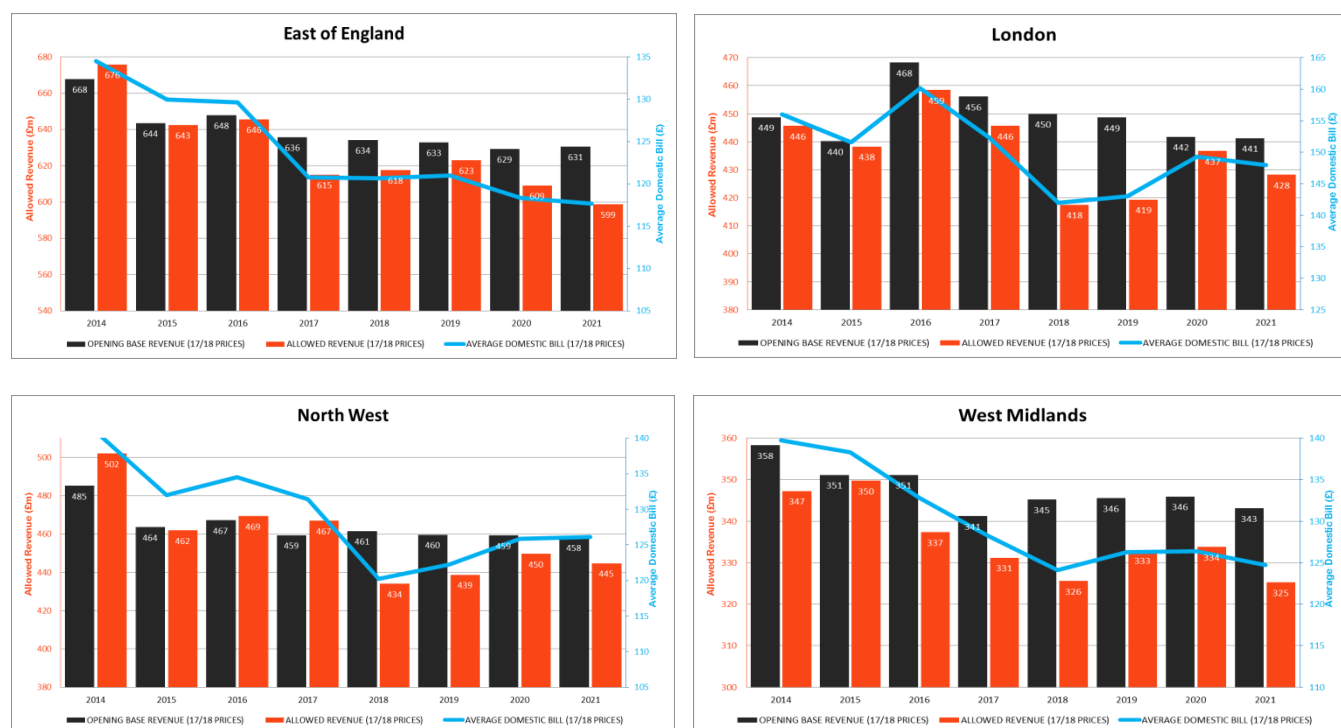
NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
AGGREGATE PRICE CHANGE	(0.6%)	+7.6%	+4.7%	+2.7%

The indicative price increases are driven by the year on year change in Maximum Allowed Revenue and movements in supply point peak capacity requirements. These are explained in further detail within this notice.

Average Domestic Bills

We anticipate that 8 year allowed revenues will be more than 2% lower than the level indicated in the RIIO GD-1 Final Proposals in real terms. This equates to approximately £344m in 2017/18 prices. The reduction is primarily driven by the indexation of the cost of debt element of the weighted average cost of capital (WACC), but also driven by lower corporation tax rates, and lower pass through costs (inclusive of exit capacity and shrinkage costs), and our ability to drive cost efficiencies through the Totex Incentive Mechanism.

In terms of domestic customer bill impact, forecasts indicate a reduction in bills of around £14 (equivalent to 10%) over the 8 year price control. The graphs below illustrate actual and forecast revenue against opening allowances per the RIIO GD-1 final proposals, and forecasts for impact to the average domestic bill over the eight year period:



Note: The 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 transportation unit prices are driven by both changes to allowed revenues and average demand, this approach best emulates true network level variability. Additionally, numbers have been presented in 2017/18 prices in order to isolate the real price impacts of the RIIO framework. This approach differs to that adopted by Ofgem in their 2016/17 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 Indicative 2019/20 Price Change

A breakdown of the average indicative price change in gas distribution transportation charges from 1st April 2019 is shown in Table 2 below. The principal factors driving these changes are:

- The expected movement in allowed revenue between 2018/19 and 2019/20 which is calculated in accordance with the Gas Transporter Licence. This is the predominant factor impacting the indicative price changes, and the key drivers behind this movement are year on year inflation and increases to business rates, offset to a degree by reductions to the cost of debt allowance.
- The vast majority of Gas Distribution charges are based on supply point peak day capacity requirements (SOQ). Supply point SOQs are influenced by underlying annual quantities (AQs), and for Class 3 and 4 sites, also by annual changes to EUC load factors.

Table 2: 2019/20 average indicative price change (high level summary)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
MOVEMENT IN ALLOWED REVENUE	+0.9%	+7.5%	+5.8%	+3.5%
PRIOR YEAR OVER / UNDER RECOVERY	(0.1%)	(0.2%)	+0.2%	(0.1%)
ESTIMATED IMPACT OF LOAD FACTORS	+0.7%	+1.6%	+1.6%	+1.0%
OTHER DEMAND CHANGES	(2.1%)	(1.3%)	(3.0%)	(1.7%)
AGGREGATE PRICE CHANGE	(0.6%)	+7.6%	+4.7%	+2.7%

This reflects a low level of movement in average price changes compared to the positions reported in our quarterly revenue report published in September 2018. The movements are principally driven by ongoing developments in demand positions, along with updated forecasts for Network Innovation Allowance spend and allowed cost of debt a. Additionally there is a small upward adjustment in respect of Ofgem's decision on the Discretionary Reward Scheme on 4th October 2018.

Table 3: Movement in average price change since Sep-18 quarterly revenue forecast

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
SEP-18 FORECAST PRICE CHANGE	(0.1%)	+8.4%	+5.5%	+3.4%
COST OF DEBT FORECAST INCREASE	+0.0%	+0.0%	+0.1%	-
DISCRETIONARY REWARD SCHEME	+0.0%	+0.0%	+0.0%	+0.0%
NETWORK INNOVATION FORECAST	(0.0%)	(0.2%)	(0.1%)	(0.1%)
DEMAND UPDATES	(0.6%)	(0.7%)	(0.8%)	(0.7%)
OCT-18 INDICATIVE PRICE CHANGE	(0.6%)	+7.6%	+4.7%	+2.7%

The 2019/20 indicative transportation unit rates are shown in full in Appendix B

2019/20 Allowed Revenue

The movement in Allowed Revenue between 2018/19 and 2019/20 is the largest contributing factor to the average price change. The key elements driving this movement are:

- Inflationary increases to uplift into 2019/20 prices along with lagged inflation true up from 2017/18.
- Increases to pass through costs, primarily business rates;
- Counter acted by a downward projection for the Costs of Debt along with other PCM movements

A trace between allowed revenues for 2018/19 and 2019/20 is shown in Table 4 below. Further analysis of 2019/20 Allowed Revenue analysed 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
2018-19 ALLOWED REVENUE	644.2	433.6	453.6	344.3
BASE REVENUE PER FINAL PROPOSALS	(3.8)	(7.5)	(0.4)	0.4
UPLIFT TO 2019/20 PRICES	20.7	14.3	15.3	11.9
INFLATION TRUE UP FROM 2017/18	4.4	3.2	3.4	2.6
COST OF DEBT ALLOWANCE	(12.4)	(10.2)	(8.9)	(7.0)
OTHER PCFM MOVEMENTS	1.1	6.4	(3.3)	(5.0)
PASS THROUGH COSTS	(8.3)	22.1	11.5	8.1
REVENUE OVER / UNDER COLLECTION	2.9	3.0	7.2	0.5
2019-20 ALLOWED REVENUE	650.2	466.2	480.1	356.4
% CHANGE IN ALLOWED REVENUE	+0.9%	+7.5%	+5.8%	+3.5%

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 the 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 or 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). A 3 year rolling average movement in demand has been adopted 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 the use of best endeavours to not over recover beyond the Maximum Allowed Revenue set by the Licence. In practice, a low level of under recovery is targeted in price setting in order to discharge this obligation.

Table 5 below shows the 2019/20 revenue collection forecast as at October 2018. Against the demand conditions that have materialised, current prices are slightly too high for the East of England, North West and West Midlands, but too low for London.

Table 5: Collected Revenue Forecast 2018/19

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
ALLOWED REVENUE (£M)	644.2	433.6	453.6	344.3
COLLECTED REVENUE FORECAST (£M)	644.6	434.3	452.5	344.6
FORECAST UNDER RECOVERY (£M)	0.3	0.7	(1.1)	0.2
FORECAST UNDER RECOVERY %	+0.1%	+0.2%	(0.2%)	+0.1%

The benefits of the 'Project Nexus' implementation in June 2017 will start to become more apparent in 2018/19 and going forwards. Fixed peak day capacity positions (SOQs) will be utilised for the entirety of a charging year, significantly reducing the risk of over or under recovery of revenue that was previously caused by step changes in demand at the commencement of each gas year.

It is anticipated that revenue collection risks will be largely limited to seasonal variations on commodity driven revenue (+/- 0.2% collection risk), and the impact of organic expansions and contractions in the chargeable base (including the CSEP growth) on capacity driven revenue (+/-0.2% collection risk).

Changes in Aggregate Demand

As a consequence of Xoserve's Project Nexus implementation, AQs and SOQs will become 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.

Rolling AQs have been monitored since 2018/19 prices were set in order to inform the indicative price process as robustly as possible. As at October 2018 a cumulative increase in AQs has been observed in all networks except West Midlands (note that an **increase** in AQ will drive a **decrease** in unit prices)

Xoserve will provide a snap shot of AQs and SOQs in early December 2018, which will largely crystallise chargeable volumes for 2019/20. It is anticipated that final volume positions will be incorporated into the December 2018 quarterly revenue forecast by way of update ahead of final charge setting at the end of January 2019.

Table 6: Monthly Percentage Change in Rolling AQs

% CHANGE	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
JAN-FEB	1.2%	0.1%	(0.2%)	(0.3%)
FEB-MAR	0.1%	0.0%	2.7%	(0.1%)
MAR-APR	0.1%	(0.1%)	0.0%	0.1%
APR-MAY	0.5%	0.3%	0.8%	0.4%
MAY-JUN	0.4%	0.4%	1.9%	0.5%
JUN-JUL	0.3%	0.2%	(1.1%)	(1.3%)
JUL-AUG	0.1%	0.5%	0.7%	0.3%
AUG-SEP	0.2%	0.1%	1.7%	0.2%
SEP-OCT	(0.0%)	(0.2%)	0.6%	0.0%
CUMLATIVE CHANGE	2.9%	1.2%	7.4%	(0.2%)

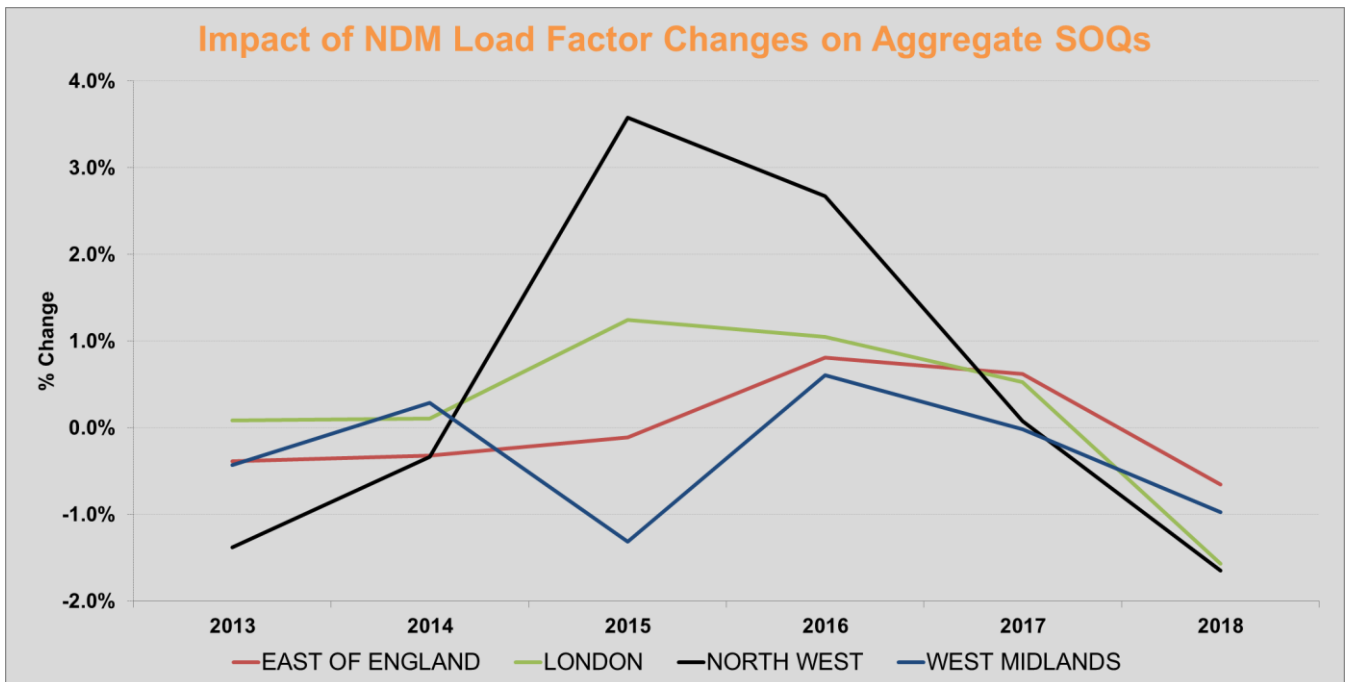
Impact of Changes to NDM Load Factors

Load factors are used to derive peak day capacity requirements (SOQs) for Meter Classes 3 and 4. These 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 following 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 6 years (note this has an inverse impact on unit prices).

Chart A: Movement in Annual Load Factors



Uncertainties Ahead of Final Charge Setting

Our indicative charges are set using the best available forecast data. However there are still some areas of uncertainty which will impact the determination of our final charges.

The overarching driver for price changes will be the expected level of movement in allowed revenue from 2018/19 to 2019/20. As a result of the standard two year lagging of financial adjustments under RIIO GD-1, allowed revenue for 2019/20 is largely predictable at this stage, with a low level of uncertainty attached. The remaining areas of uncertainty at the point of indicative charge publication are:

- Allowed revenues are expressed in nominal terms by reference to a forecast RPI factor (RPIFt) which references HM Treasury “Forecasts for the UK Economy” released in November. For indicative price setting, RPIFt is based on the August 2018 HM Treasury publication; however there is relatively short range stability in this data, so significant further change arising from this is not anticipated.
- The adjustment to allowed revenue for 2019/20 (MODt) arising from Ofgem’s Annual Iteration Process (AIP). A robust forecast is in place for this, which is aligned to the 2017/18 Revenue Reporting Process. The current Uncertainty Mechanism submission for Streetworks in East of England is currently in progress and will not be officially determined until November. The assumption included in this paper are based on Ofgem’s ‘minded to’ position of £17.3m (in 2009/10 prices).
- The Network Innovation Allowance (NIAt) is a mechanism that is not subject to standard two year lagging (so outcomes affect allowed revenue in-flight during 2019/20). For indicative price setting, this is based on a recently revised forecast.
- Miscellaneous Pass-through (MPt) and Theft of Gas costs (TGt) are not lagged, and both are currently assumed to be nil at the point of setting prices, due to uncertainty and low materiality.
- The revocation of supply licences may result in further claims under the Supplier of Last Resort (SoLR) process. Should any claims progress in sufficient time for final charge setting in January 2019, they can be accommodated within next years allowed revenue and unit price determinations. Whilst there are a small number of SoLR cases in hand, no formal directions from Ofgem have been received to indicate any required adjustment at this stage.
- Changes in Aggregate Peak Load: the bulk of transportation charges are driven by capacity, which provides general stability, but there still remains a degree of uncertainty for indicative charge setting due to the peak day capacity (SOQ) determination process finalising in December of each year. For the purposes of the indicative prices, this has been estimated using latest available provisional demand information provided by Xoserve.

Charging Methodology

No changes have been made to the Gas Distribution Charging Methodology which is contained within the Uniform Network Code (UNC) or to the structure of the charges for April 2019. 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 indicative transportation charges to change by varying levels around these average positions.

Tables 7 and 8 below show the average price change by component and their weighted contribution to the overall price change.

Table 7: Indicative price change by component

PRICE CHANGE %	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY	(2.3%)	+6.4%	+3.8%	+2.5%
LDZ SYSTEM CAPACITY	(0.5%)	+8.3%	+5.2%	+2.6%
LDZ CUSTOMER	(1.2%)	+6.9%	+5.0%	+1.5%
LDZ AGGREGATE PRICE CHANGE	(0.8%)	+7.7%	+5.1%	+2.3%
ECN	+2.9%	+5.6%	+1.0%	+7.7%
AVERAGE TRANSPORTATION PRICE CHANGE	(0.6%)	+7.6%	+4.7%	+2.7%

Table 8: Weighted contribution to average indicative price change

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
LDZ SYSTEM COMMODITY	(0.1%)	+0.2%	+0.1%	+0.1%
LDZ SYSTEM CAPACITY	(0.3%)	+5.1%	+3.3%	+1.7%
LDZ CUSTOMER	(0.3%)	+2.1%	+1.2%	+0.4%
LDZ AGGREGATE PRICE CHANGE	(0.7%)	+7.4%	+4.7%	+2.2%
ECN	+0.1%	+0.2%	+0.1%	+0.5%
AVERAGE TRANSPORTATION PRICE CHANGE	(0.6%)	+7.6%	+4.7%	+2.7%

Analysis of Price Change by Charge Band

Tables 9 to 13 provide an analysis of the price change at charge band level.

Table 9: 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	(2.4%)	+6.3%	+3.8%	+2.4%
73,200 KWH - 732,000 KWH PER ANNUM	(2.1%)	+6.4%	+3.8%	+2.8%
732,000 KWH PER ANNUM AND ABOVE	(2.1%)	+6.4%	+3.9%	+2.7%
TOTAL	(2.3%)	+6.4%	+3.8%	+2.5%

Table 10: 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	(0.5%)	+8.3%	+5.2%	+2.6%
73,200 KWH - 732,000 KWH PER ANNUM	(0.5%)	+8.3%	+5.2%	+2.6%
732,000 KWH PER ANNUM AND ABOVE	(0.5%)	+8.3%	+5.2%	+2.6%
TOTAL	(0.5%)	+8.3%	+5.2%	+2.6%

Table 11: 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	(1.2%)	+6.8%	+5.0%	+1.6%
73,200 KWH - 732,000 KWH PER ANNUM	-	+7.3%	+3.6%	-
732,000 KWH PER ANNUM AND ABOVE	(0.8%)	+6.7%	+4.8%	+1.4%
TOTAL	(1.2%)	+6.8%	+5.0%	+1.5%

Table 12: 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	(1.2%)	+6.9%	+5.0%	+1.6%
732,000 KWH PER ANNUM AND ABOVE	-	-	-	-
TOTAL	(1.2%)	+6.9%	+5.0%	+1.6%

Table 13: 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 2018/19	UNIT RATES 2019/20	DIFFERENCE IN RATES (PENNY)	% DIFFERENCE
EAST OF ENGLAND	EA1	0.0044	0.0058	0.0014	31.8%
	EA2	0.0041	0.0058	0.0017	41.5%
	EA3	0.0001	0.0021	0.0020	2000.0%
	EA4	0.0119	0.0118	(0.0001)	(0.8%)
	EM1	0.0001	0.0009	0.0008	800.0%
	EM2	0.0024	0.0046	0.0022	91.7%
	EM3	0.0163	0.0151	(0.0012)	(7.4%)
	EM4	0.0108	0.0110	0.0002	1.9%
	AVERAGE	0.0091	0.0093	0.0002	2.9%
LONDON	NT1	0.0229	0.0230	0.0001	0.4%
	NT2	0.0120	0.0122	0.0002	1.7%
	NT3	0.0115	0.0130	0.0015	13.0%
	AVERAGE	0.0123	0.0130	0.0007	5.6%
NORTH WEST	NW1	0.0191	0.0196	0.0005	2.6%
	NW2	0.0256	0.0253	(0.0003)	(1.2%)
	AVERAGE	0.0214	0.0216	0.0002	1.0%
WEST MIDLANDS	WM1	0.0185	0.0204	0.0019	10.3%
	WM2	0.0155	0.0176	0.0021	13.5%
	WM3	0.0133	0.0117	(0.0016)	(12.0%)
	AVERAGE	0.0158	0.0171	0.0012	7.7%

Contact Details

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:

Craig Neilson (Revenue & Pricing Manager)

craig.neilson@cadentgas.com

07827 929 678

Nitin Prajapati (Revenue and Pricing Analyst)

nitin.prajapati1@cadentgas.com

07790 362 337

Appendix A: 2019/20 Allowed Revenue (£m)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
OPENING BASE REVENUE	671.8	471.7	490.3	369.4
ANNUAL LITERATION PROCESS ADJ	(29.1)	(36.1)	(34.6)	(26.9)
RPI TRUE UP	1.7	1.2	1.2	0.9
BASE REVENUE	644.4	436.8	456.9	343.4
COST PASS THROUGH ADJ	(2.8)	24.8	15.1	9.4
NTS EXIT CAPACITY INCENTIVE ADJ	9.9	4.6	5.8	2.3
NTS EXIT CAPACITY COST ADJ	(6.8)	(2.5)	(1.7)	1.0
SHRINKAGE INCENTIVE ADJ	0.4	0.4	0.3	0.3
SHRINKAGE COST ADJ	(3.2)	(1.9)	(2.3)	(2.0)
ENVIRONMENTAL EMISSIONS INCENTIVE ADJ	2.1	2.2	1.5	1.6
BROAD MEASURE INCENTIVE ADJ	4.2	1.1	2.4	0.7
DISCRETIONARY REWARD SCHEME ADJ	0.2	0.1	0.1	0.1
NETWORK INNOVATION ALLOWANCE ADJ	3.7	2.1	2.5	1.8
(OVER) / UNDER RECOVERY B/F	(1.8)	(1.3)	(0.6)	(2.1)
MAXIMUM ALLOWED REVENUE	650.2	466.2	480.1	356.4
COLLECTABLE REVENUE FORECAST	649.9	466.0	479.9	356.2
OVER / (UNDER) RECOVERY FORECAST	(0.4)	(0.2)	(0.2)	(0.2)
% OVER / UNDER RECOVERY	(0.1%)	(0.0%)	(0.0%)	(0.0%)

Appendix B: Indicative Transportation Unit Charge Rates from 1st April 2019

In response to feedback from stakeholders a supplementary accompanying spreadsheet with extractable unit rates has been produced. This 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 / 891	PENCE PER PEAK DAY KWH PER DAY			
UP TO 73,200 KWH PER ANNUM	0.1775	0.2005	0.2048	0.1932
73,200 KWH - 732,000 KWH PER ANNUM	0.1418	0.1788	0.1706	0.1741
732,000 KWH PER ANNUM AND ABOVE	0.9058 x SOQ ^ -0.2155	1.1427 x SOQ ^ -0.2133	1.3465 x SOQ ^ -0.2483	2.1339 x SOQ ^ -0.2817
SUBJECT TO A MINIMUM RATE OF	0.0173	0.0196	0.0189	0.0190
MINIMUM RATE APPLIES AT SOQ OF (KWH)	94,783,811	189,627,100	28,954,622	18,999,312

LDZ System Commodity Charges (Direct Connects & CSEPs)

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ZCO / 893	PENCE PER KWH			
UP TO 73,200 KWH PER ANNUM	0.0290	0.0336	0.0329	0.0331
73,200 KWH - 732,000 KWH PER ANNUM	0.0231	0.0298	0.0276	0.0297
732,000 KWH PER ANNUM AND ABOVE	0.184 x SOQ ^ -0.2376	0.1938 x SOQ ^ -0.2147	0.2397 x SOQ ^ -0.2586	0.3986 x SOQ ^ -0.2911
SUBJECT TO A MINIMUM RATE OF	0.0025	0.0028	0.0029	0.0029
MINIMUM RATE APPLIES AT SOQ OF (KWH)	71,982,986	372,399,859	25,944,020	22,132,662

LDZ Customer Capacity Charges

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: CCA	PENCE PER PEAK DAY KWH PER DAY			
UP TO 73,200 KWH PER ANNUM	0.0988	0.1248	0.0958	0.0915
73,200 KWH - 732,000 KWH PER ANNUM	0.0033	0.0044	0.0029	0.0030
732,000 KWH PER ANNUM AND ABOVE	0.0700 x SOQ ^ -0.2100	0.0960 x SOQ ^ -0.2100	0.0660 x SOQ ^ -0.2100	0.0701 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	28.9860	39.3891	27.1895	28.9992
MONTHLY READ SUPPLY POINTS	30.8636	41.9404	28.9511	30.8775

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

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ECN / C04	PENCE PER PEAK DAY KWH PER DAY			
EA1	0.0058			
EA2	0.0058			
EA3	0.0021			
EA4	0.0118			
EM1	0.0009			
EM2	0.0046			
EM3	0.0151			
EM4	0.0110			

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

NETWORK	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: ECN / C04	PENNY PER PEAK DAY KWH PER DAY			
NT1		0.0230		
NT2		0.0122		
NT3		0.0130		
NW1			0.0196	
NW2			0.0253	
WM1				0.0204
WM2				0.0176
WM3				0.0117

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 indicative unit rates for sites that are currently flowing gas or are expected to start flowing before the end of 2018/19. 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
CHARGE CODE: LEC		PENNY PER KWH				
ADNAMS BREWERY SOUTHWOLD	ADBIOS	CHARGE	0.8415			
ALLENS FARM		CREDIT	-0.0786			
BAY FARM	BAFMOS	CHARGE	0.0059			
BECCLES, SOTTERLEY	SOTLOS	CREDIT	-0.0587			
BEELEY WOOD		CREDIT	-0.0619			
BONBY		CREDIT	-0.0020			
BRIGG LANE		CREDIT	-0.0047			
CHEAR FEN FARMS, CHITTERING	CHITOS	CREDIT	-0.0821			
COLWICK		CREDIT	-0.0515			
DERBY	DERBOS	CREDIT	-0.0624			
EUSTON	LANKOS	CHARGE	0.0032			
FAIRFIELDS FARM, WORMINGFORD	FAIROS	CHARGE	0.0045			
GLEBE FARM		CREDIT	-0.0007			
GONERBY MOOR		CREDIT	-0.0755			
HARVESTER FARM		CHARGE	0.0006			
HEMSWELL CLIFF	HMWLOS	CREDIT	-0.0543			
HOLKHAM, NORFOLK	HOLKOS	CHARGE	0.0060			
LINDHOLME, DONCASTER	LINDOS	CREDIT	-0.0538			
MANOR FARM, ALDERTON	MANROS	CREDIT	-0.0763			

NETWORK	GEMINI ID	CHARGE / CREDIT	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: LEC		PENCE PER KWH				
MEPAL	MEPAOS	CREDIT	-0.0745			
METHERINGHAM MP / IP	METHOS	CREDIT	-0.0645			
METHWOLD	METWOS	CHARGE	0.0082			
NORTH MOOR FARM, CROWLE	MOOROS	CREDIT	-0.0443			
PICKENHAM AIRFIELD		CHARGE	0.0022			
RAYNHAM FARM	RAYNOS	CHARGE	0.0167			
REDBOURNE ROAD, HIBALDSTOW	HLBDOS	CREDIT	-0.0742			
SCAMPTON	SCAMOS	CREDIT	-0.054			
STOKE BARDOLPH	STOKOS	CREDIT	-0.0681			
THE OAKS		CHARGE	0.0022			
THORPE ARNOLD		CREDIT	-0.0035			
TONGUE END		CHARGE	0.0045			
WARDEN TREE LANE		CREDIT	-0.003			
WELBECK COLLIERY, MEDEN VALE	WELLOS	CREDIT	-0.0731			
WELLINGTON LODGE FARM		CHARGE	0.0045			
WESTRY	WSTYOS	CREDIT	-0.0012			
WORMSLADE FARM		CREDIT	-0.0728			
DAGENHAM	DGHMOS	CREDIT		-0.0613		
BREDBURY PARK, STOCKPORT	BREDOS	CHARGE			0.0117	
DAVYHULME, URMSTON	DAVYOS	CREDIT			-0.0621	
ELLESMERE PORT		CREDIT			-0.0158	
GARTH ROAD		CREDIT			-0.0725	
GRANOX, WIDNES	WIDNOS	CREDIT			-0.0752	
BARNES FARM		CREDIT				-0.0117

NETWORK	GEMINI ID	CHARGE / CREDIT	EAST OF ENGLAND	LONDON	NORTH WEST	WEST MIDLANDS
CHARGE CODE: LEC		PENCE PER KWH				
CANNOCK		CREDIT				-0.0822
GRINDLEY HOUSE FARM	GRINOS	CREDIT				-0.0072
HAMPTON BISHOP	HAMPOS	CHARGE				0.0262
HIGHWOOD FARM, BRINKLOW	BRINKOS	CREDIT				-0.0027
LOWER DRAYTON FARM		CREDIT				-0.0798
MINWORTH 2		CREDIT				-0.0860
MINWORTH SEWAGE WORKS	MINWOS	CREDIT				-0.0074
ROUNDHILL	RNDHOS	CREDIT				-0.0845
RUGELEY		CREDIT				-0.0055
STRONGFORD	STRNOS	CREDIT				-0.0683
SUTTON LODGE FARM		CREDIT				-0.0826