

28 July 2006

Dear Colleague

Notice of Change in LDZ Transportation Charges for the North of England Distribution Network

Please find attached a copy of our document 'Notice of LDZ Transportation Charges for North of England Distribution Network to apply from 1 October 2006'. This document gives two months notice of the new charges effective 1 October 2006 as required by the Network Code.

There are no changes to the charging methodology. There are, however, changes to the actual value of the charges, which are decreasing by 1%.


The indicative pricing statement communicated on 4 May, 2006, suggested a larger reduction. The movement is a result of new information about demand. Updated forecast demand figures for the coming year, predict lower volumes than previously, and the May, June and July actual gas volumes are significantly lower than forecast. Therefore we have revised our prices to allow for this actual reduction in demand and the expected reduced demand levels for the rest of the year to try and ensure that collected revenue matches our allowed revenue.

Our current projections indicate that there may be an increase in charges on 1 October, 2007, contingent on actual collected revenue and the results of the price control review.

This document will also be available on our website - www.northerngas.co.uk - under 'Publications'.

If you have any questions regarding the distribution charges, please contact Anna Taylor, Northern Gas Networks Limited, 1100 Century Way, Thorpe Business Park, Colton, Leeds LS15 8TU. E-mail: ataylor@northerngas.co.uk

Yours sincerely



Alex Wiseman
Regulation Director