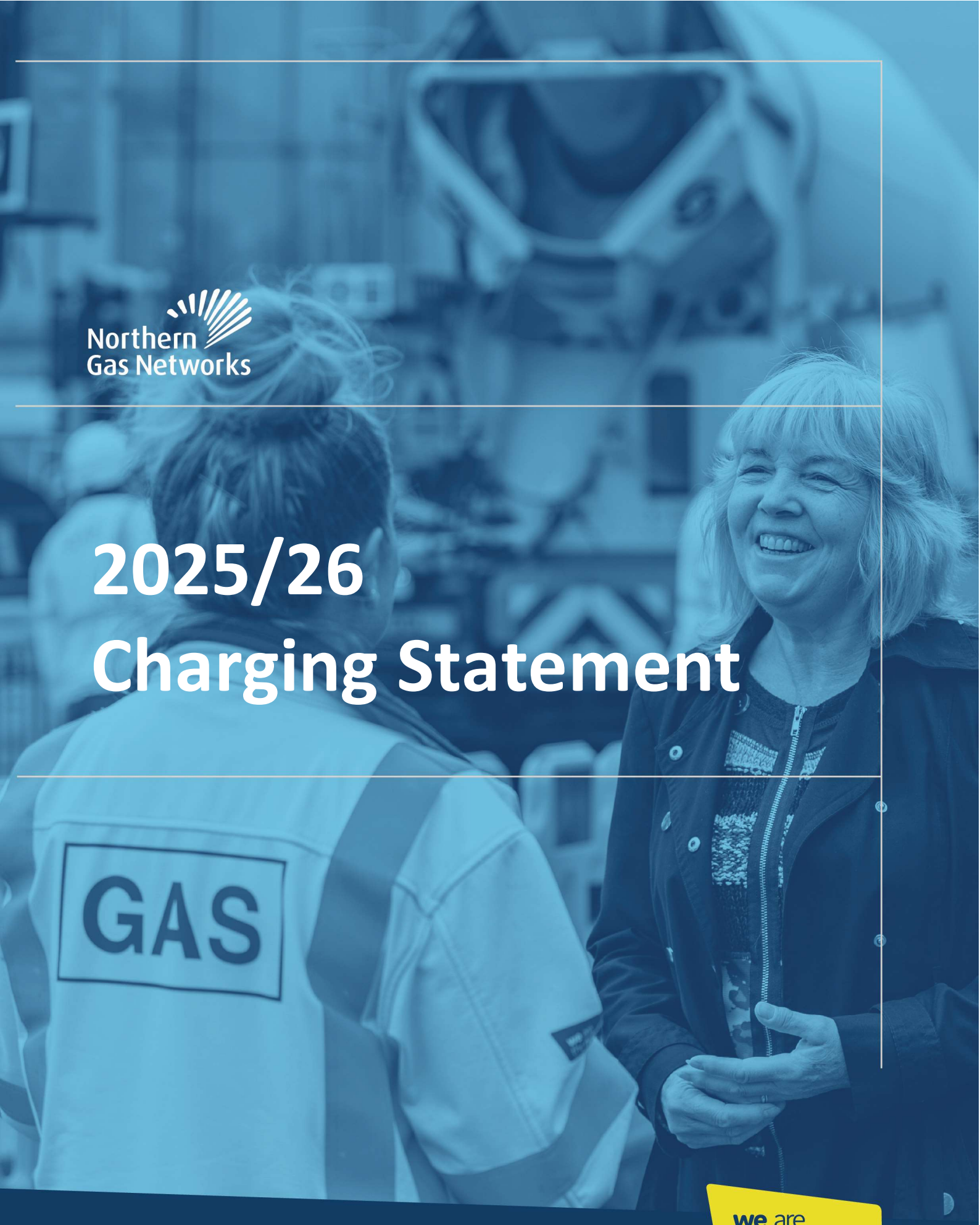

Northern Gas Networks

2025/26 Charging Statement

we are the network

60-day notice of 2025/26 Transportation charges

Introduction

This publication sets out the Local Distribution Zone (LDZ) transportation charges which apply from 1 April 2025, for the use of the Northern Gas Networks Limited (NGN) Distribution Network, as required by Standard Special Condition A4 of the Gas Transporters Licence. This document does not override or vary any of the statutory, Licence or Uniform Network Code obligations.

For more information on the charges contained within this document, please contact the NGN Pricing Manager via e-mail at jschofield@northerngas.co.uk or on 07711 774258.

1.1 Uniform Network Code

The Uniform Network Code (UNC) is supported by an integrated set of computer systems called UK Link. The charges and formulae in this Notice will be used in the calculation of charges within UK Link, which are definitive for billing purposes.

There are many areas of the UNC that impact upon the cost to shippers of using the transportation network. These are imbalance charges, scheduling charges, capacity over-runs and ratchet charges, top-up neutrality charges and contractual liability. Reference should be made to the UNC, as modified from time-to-time, for details of such charges and liabilities.

The methodologies underlying the charges are stated in the UNC Transportation Principal Document (TPD) Section Y Part B and may be subject to alteration under the governance of UNC Modification Rules.

All UNC documents and Modifications can be found on the Joint Office of Gas Transporters website www.gasgovernance.co.uk

1.2 Units

- Commodity charges are billed in pence per kilowatt hour
- Capacity charges are billed in pence per peak day kilowatt hour per day
- Fixed charges are billed in pence per day

1.3 Invoicing

Xoserve produce and issue the invoices that are derived from the transportation charges shown within this notice. To clarify the link between charging and invoicing, charge codes and invoice names are included in the tables. For more information on invoicing, please contact Xoserve directly at Css.Billing@xoserve.com.

1.4 Summary of the Transportation Charges

The maximum amount of revenue that can be earned from the transportation of gas is derived from the price control formula set by Ofgem, the industry regulator. The charges outlined in this document are based on this capped amount.

The LDZ price change for 2025/26 is an increase of 2.7%. This is based on a 7.5% increase in allowed revenue, offset by increased capacity predictions of 4.8% which would drive reduced unit rates.

The Exit Capacity price change for 2025/26 is an increase of 85.2%. This is based on a 97.4% increase in allowed revenue, offset by capacity changes of -12.2%.

1.5 Year on Year Movements in Transportation Revenue

The table below illustrates the annual movement in NGN's revenue allowance. These movements are broken down into distribution network (LDZ) specific and exit capacity related allowance changes. The impact of the Supplier of Last Resort (SOLR) process is also split out to provide transparency.

- NGN's total revenue allowance has increased by £60.8m year on year:
    - LDZ specific charges, which relate to costs associated with transporting gas through the distribution network, have increased by £37.4m.
    - Exit charges and the associated revenue have increased by £25.2m
    - Supplier of Last Resort (SOLR) is now in a repayment position with £1.1m being returned to consumers during 25-26.

The allowances outlined below are based on the Price Control Financial Model (PCFM) published by Ofgem on 14 January 2025. If Northern Gas Networks collect more or less than their agreed revenue allowance, this over or under collection is adjusted in the following regulatory year's revenue.

YOY Movements (Nominal)	LDZ	Exit	SOLR	Total
	£m	£m	£m	£m
24/25 Allowed Revenue (nominal)	**497.6**	**25.9**	**0.7**	**524.2**
NGT Exit rates		25.3		**25.3**
Totex changes	22.7			**22.7**
Shrinkage	19.4			**19.4**
Tax	6.4			**6.4**
Real price effects	3.7			**3.7**
Pension	0.8			**0.8**
Business Rates	0.5			**0.5**
Other changes	0.0			**0.0**
Financing	(1.7)			**(1.7)**
SOLR decision			(1.8)	**(1.8)**
Incentives and Other Revenue allow	(2.5)			**(2.5)**
Under collection	(3.2)	(0.0)	0.0	**(3.2)**
Inflation	(8.9)			**(8.9)**
25/26 Allowed Revenue (nominal)	**534.9**	**51.1**	**(1.1)**	**585.0**
YOY £ movement	**37.4**	**25.2**	**(1.8)**	**60.8**
Year on Year % movement	*7.5%*	*97.4%*	*(245.8%)*	***11.6%***

Price Change Breakdown				
Year on year AR % movement	7.5%	97.4%	*(245.8%)*	***11.6%***
Capacity changes	*-4.8%*	*-12.2%*		
Overall Price Change	**2.7%**	**85.2%**		

Most significant year on year changes:

Totex Changes +£22.7m: This is an amalgamation of several factors resulting in a higher allowance in relative terms:

- The year-on-year profile of allowances has increased by £14.9m
- £2.3m because of the finalised Cyber resilience re-openers.
- Other re-openers, £5.5m, that have been submitted to Ofgem during September, and on which we are awaiting the final decisions, include:
    - Additional resources required to ensure compliance with new HSE directives on fatigue, (£1.3m).
    - Additional street-works resources required due to changing legislation, (£2.7m).
    - Small net zero projects, (£1.5m).

NGT Exit Rates +£25.2m: National Gas Transmission (NGT) over collected their revenue in 22/23, which NGN returned to customers in 24/25, thus suppressing 24/25 when compared to our projections for 25/26. Below is a summary of the forecast and confirmed unit rates from NGT over the last few years:

Exit capacity rates	60D notice p/kWh/day	24/25 Pricing p/kWh/day	23/24 Pricing p/kWh/day
23/24	0.0127 *	0.0127 *	0.0620
24/25	0.0265 *	0.0286	0.0698
25/26	0.0311	0.0258	0.0671

Confirmed rate

Shrinkage +£19.4m: Allowances have been calculated based on the forecast Heren prices; this notice assumes a price per therm of £0.96 for 24/25 and £1.08 for 25/26.

Prices are returning to pre-energy crisis levels and showing less volatility than the last two years. Underlying costs are relatively consistent year on year, however revenue allowances year on year are distorted by the inclusion of a -£26.5m true up, relating to 23/24, but included within 24/25 revenue.

Below is a summary of gas prices used:

Year	Pricing 2025/26 £/therm	Pricing 2024/25 £/therm	Pricing 2023/24 £/therm
22/23	1.75	1.75	2.19
23/24	0.83	1.00	3.03
24/25	0.96	1.25	2.24
25/26	1.08	1.10	1.59

This cost will always be subject to global economic and political pressures.

Tax +£6.4m: The main factor driving the increase is the updated assumptions surrounding the tax pools for capital allowances, due to the submission of our actual 22/23 tax computations.

Real Price Effects: +£3.7m: Ofgem have updated the indices used to account for real price effects. These are applied to the expenditure allowances on certain categories of expenditure, which experience inflationary pressures which are not aligned to CPIH.

Inflation -£8.9m: Included in the above numbers is a finalised rate for 23/24 and assumed rates for 24/25 and 25/26. This is based on the Office for Budget Responsibility (OBR) forecasts compiled in November 2024 and incorporated into the Price Control Financial Model (PCFM) by Ofgem. This can be compared to the rates in previous pricing statements below.

Inflation	21/22	22/23	23/24	24/25	25/26
60D Notice	3.674%	8.774%	5.547%	3.162%	2.493%
Final Pricing 24-25	3.674%	8.774%	6.250%	3.047%	1.710%
Final Pricing 23-24	3.674%	8.765%	5.198%	0.321%	-0.451%

Other Factors Impacting 2025/26 Unit Rates

New Load Factors

Load factors are the relationship between Annual Quantities (AQ) and peak day demand (SOQ). The method of collecting income is linked to peak day demand. Consequently, it is a critical measure in the accuracy of any price change needed.

When new load factors are implemented every October, any non-daily metered supply point will have a new Supply Offtake Quantity (SOQ) calculated based on the latest load factor available.

December 2024 Capacity Snapshot

Each December Xoserve provides a snapshot of capacity data which will be used in the following regulatory year on meter points that use a fixed charging capacity basis (largely domestic). This snapshot has shown a significant drop in domestic Annual Quantities and peak day requirements. We have assumed a 5.3% increase in peak day capacity levels to calculate the price points for the regulatory year 2025/26.

1.6 Theft of gas

The licencing regime places incentives on transporters, shippers, and suppliers to act in respect of suspected theft of gas. Costs related to the Reasonable Endeavours Scheme operated by transporters are recovered through transportation charges with the transporter remaining neutral to these costs.

1.7 SOQ data

As requested by shippers, please see below the directly connected SOQ data used as a basis for our calculations, as supplied by Xoserve on 15 December 2024. Please note this data does not include CSEP's and unique sites.

	Fixed AQ	Fixed SOQ	Rolling AQ	Rolling SOQ
01 0 - 2500 73.2	29,353,781,952	237,210,531	30,211,032,565	252,067,263
02 2500 - 5000 146.5	1,271,263,180	9,511,688	1,349,404,456	10,306,359
03 5000 - 10000 293.1	1,343,756,789	10,090,187	1,381,690,215	10,789,049
04 10000 - 15000 439.6	901,071,529	6,730,031	908,536,440	6,630,215
05 15000 - 20000 586.1	602,628,692	4,448,643	601,495,203	4,324,500
06 20000 - 25000 732.7	415,730,752	3,146,187	417,999,902	3,076,316
07 25000 - 75000 2198	2,022,473,142	14,928,367	2,010,657,277	14,915,035
08 75000 - 100000 2931	458,967,161	2,864,350	400,102,309	2,633,890
09 100000 - 200000 5861	1,092,159,405	6,568,869	1,094,993,935	8,175,557
10 200000 - 500000 14654	1,579,412,875	8,068,943	1,807,802,983	15,876,315
11 500000 - 1000000 29307	1,325,419,682	5,436,615	1,816,867,160	10,679,983
12 1.0m - 2.0m 58614	995,673,013	4,093,964	2,143,066,187	13,267,469
13 2.0m - 10.0m 293071	55,864,235	203,799	5,489,693,510	31,423,058
14 10.0m - 50.0m 1465355	0	0	2,090,508,743	9,672,370
Total	41,418,202,407	313,302,174	51,723,850,885	393,837,379

Transportation Charges

Distribution revenue recovery is split between LDZ system charges and customer charges. LDZ system charges are made up of capacity and commodity charges. Customer charges are capacity based, although certain supply points receive a fixed charge in addition to a variable capacity-based charge. All transportation is provided on a firm basis only.

2.1 LDZ System Charges

The standard LDZ system charges comprise capacity and commodity charges, with the same rates and functions for directly connected supply points and connected system exit points (CSEPs).

Where LDZ charges are based on functions, these functions use Supply Point Offtake Quantity (SOQ) in the determination of the charges. At Daily Metered (DM) supply points the SOQ is the registered supply point capacity. For Non-Daily Metered (NDM) supply points, the SOQ is calculated using the supply point End User Category (EUC) and the appropriate load factor.

2.1.1 Directly Connected Supply Points

The unit charges and charging functions used to calculate system charges to directly connected supply points are as follows:

Charge type	LDZ Capacity	LDZ Commodity
Charge code	ZCA	ZCO
Unit rate	Pence per peak day kWh per day	Pence per kWh
Up to 73,200 kWh p.a.	0.2926	0.0462
73,200 to 732,000 kWh p.a.	0.2514	0.0395
732,000 kWh and above p.a.	2.9507 X SOQ ^ -0.2834	0.5073 X SOQ ^ -0.2940
Subject to a minimum rate of	0.0075	0.0013
Minimum reached at SOQ of	1,432,809,336	651,656,515

2.1.2 Connected System Exit Points

In the calculation of LDZ charges payable, the unit rate commodity and capacity charges are based on the supply point capacity equal to the CSEP peak day load for the completed development irrespective of the actual stage of development. The SOQ used is therefore the estimated SOQ for the completed development as provided in the appropriate Network Exit Agreement (NExA). For any CSEP, each shipper will pay identical LDZ unit charges regardless of the proportion of gas shipped. Reference needs to be made to the relevant NExA or CSEP ancillary agreement to determine the completed supply point capacity. The unit charges and charging functions used to calculate charges to CSEPs are as follows:

Charge type	LDZ Capacity	LDZ Commodity
Charge code	891	893
Unit rate	Pence per peak day kWh per day	Pence per kWh
Up to 73,200 kWh p.a.	0.2926	0.0462
73,200 to 732,000 kWh p.a.	0.2514	0.0395
732,000 kWh and above p.a.	2.9507 X SOQ ^ -0.2834	0.5073 X SOQ ^ -0.2940
Subject to a minimum rate of	0.0075	0.0013
Minimum reached at SOQ of	1,432,809,336	651,656,515

2.1.3 Optional LDZ Charge

The optional LDZ tariff is available, as a single charge, as an alternative to the standard LDZ system charges. The rationale for this tariff is that, for large LDZ loads located close to the NTS, the standard tariff can appear to give perverse economic incentives for the construction of new pipelines when LDZ connections are already available. This tariff may be attractive to large loads located close to the NTS, but it is strongly advisable to contact the NGN Pricing Manager on 07711 774258 or by email at jschofield@northerngas.co.uk prior to opting for this tariff.

Invoice	Charge Code
ADU	881

Pence per peak day kWh per day
$902 \times [(SOQ)^{\wedge -0.834}] \times D + 772 \times (SOQ)^{\wedge -0.717}$

Where SOQ is the registered supply point capacity and D is the direct distance, in km, from the site boundary to the nearest point on the NTS.

2.2 LDZ Customer Charges

For supply points with an Annual Quantity (AQ) of less than 73,200 kWh per annum, the customer charge is a capacity charge.

For supply points with an AQ of between 73,200 and 732,000 kWh per annum, the customer charge is made up of a fixed charge which depends on the frequency of meter reading, plus a capacity charge based on the registered SOQ.

For supply points with an AQ of greater than 732,000 kWh per annum, the customer charge is based on a function related to the registered SOQ.

2.2.1 Directly Connected Supply Points

The unit charges and charging functions used to calculate customer charges to directly connected supply points are as follows:

Charge type	LDZ Capacity
Charge code	CCA
Unit rate	Pence per peak day kWh per day
Up to 73,200 kWh p.a.	0.1563
73,200 to 732,000 kWh p.a.	0.0055
732,000 kWh and above p.a.	0.1193 X SOQ ^ -0.2100

In addition to the above, the following fixed charge applies to supply points with an AQ of between 73,200 and 732,000 kWh:

Charge type	LDZ Capacity
Charge code	CFI
Unit rate	Pence per day
Non-monthly read supply points	49.0887
Monthly read supply points	52.2680

2.3 Exit Capacity NTS Charges (ECN)

The LDZ ECN charge is based on system capacity. It is applied to each exit zone on an administered peak day basis, a breakdown of the calculation methodology is outlined in the Appendix. The exit zone for a DN supply point is determined by its postcode.

Please note whilst Mod678A has been implemented which results in a consistent unit rate charged from NTS to networks, unit rates below include the effect of the 2-year lag true up mechanism from RIIO-GD1. NGN would also incur different cost levels per exit zone dependant on the level of capacity booked.

Charge type	LDZ Exit Capacity
Charge code - directly connected supply points/CSEPs	ECN/C04
Unit rate	Pence per peak day kWh per day
NE1	0.0297
NE2	0.0314
NE3	0.0314
NO1	0.0300
NO2	0.0274

2.4 Supplier of Last Resort charge

The Supplier of Last Resort charge is based on system capacity. In 2025/26, this charge will apply to all domestic directly connected and Independent Gas Transporter domestic customers.

Charge type	Supplier of last resort
Charge code	INR/LRD
Unit rate	Pence per peak day kWh
Domestic sites (Direct Connects and CSEP's customers)	-0.0011

2.5 DN Entry Charges

The LDZ System Entry Commodity rates reflect the operating costs associated with the entry of gas into the distribution network. It also reflects the benefits from not using the distribution network from point of entry to the offtake. The rate associated with the LDZ system Entry Commodity Charge is calculated on a site-by-site basis.

The table below shows sites that are currently expected to be live in during 2025/26, for sites that become live during 2025/26, unit rates will be calculated accordingly and an Xoserve notification made so the shipper gets charged correctly. Please contact the NGN pricing manager on 07711 774258 or by email at jschofield@northerngas.co.uk if rates are needed prior to the go live date.

		Charge Type Charge Code	LDZ System Entry Commodity LEC	
Site name	**Site Name**	**Date Connected**	**Pence per kWh**	**Unit Rate: Charge or Credit**
HOWDOS	Howdon	10/12/2014	(0.0538)	Credit
FOOTOS	Teeside	19/09/2015	0.0019	Charge
LEEMOS	Leeming	25/06/2015	(0.0422)	Credit
ASPAOS	Cumbria	25/05/2016	(0.0070)	Credit
RIDGOS	Ridge Road Sherburn in Elmet	19/03/2016	0.0331	Charge
SHEROS	Agri Sherburn in Elmet	17/03/2016	(0.0088)	Credit
GRAVOS	Gravel Pit	31/03/2016	0.0027	Charge
NEWTOS	Emerald Biogas	23/03/2016	(0.0870)	Credit
BURTOS	Burton Agnes	22/03/2016	0.0539	Charge
LANEOS	Lanes Farm	14/10/2019	(0.0592)	Credit
SPALOS	Spaldington	23/10/2019	0.0301	Charge
BRANOS	Bran Sands	19/12/2019	(0.0629)	Credit
WARDOS	Wardley	23/12/2019	0.0686	Charge
PARKOS	Park Farm	18/12/2019	(0.0313)	Credit
PLAXOS	Plaxton Bridge	27/01/2020	0.1739	Charge
HEDLOS	High Hedley	29/01/2020	n/a	n/a
MILLOS	Mill Nurseries	13/12/2016	n/a	n/a
CRAMOS	Cramlington	30/03/2022	0.0721	Charge
DRIFIOS	Driffield	04/05/2022	(0.0427)	Credit

2.6 Charging examples:

Below are several examples of various annual charges for different types of supply point.

Example A

A shipper has a daily metered customer in the NE1 Exit Zone with an annual consumption (AQ) of 20,000,000 kWh and a registered supply point capacity (SOQ), booked directly by the shipper, of 100,000 kWh per day.

Process	Calculations Used
LDZ Capacity **Invoice:** LDZ Capacity (ZCA) **See:** Section 2.1.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 100,000 (SOQ) = 36,500,000 **Unit Rate:** 2.9507 x 100,000 (SOQ) ^-0.2834 = 0.1130 p / pdkWh / day **Annual Charge: £41,245.00**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.1.1 **Basis:** p / kWh	**Volume:** 20,000,000 (AQ) **Unit Rate:** 0.5073 x 100,000 (SOQ) ^-0.2940 = 0.0172 p / kWh **Annual Charge: £3,440.00**
Plus	
Customer (Capacity) **Invoice:** LDZ Capacity (CCA) **See:** Section 2.2.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x100,000 (SOQ) = 36,500,000 **Unit Rate:** 0.1193 x 100,000 (SOQ) ^-0.2100 = 0.0106 p / pdkWh / day **Annual Charge: £3,869.00**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) **See:** Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x100,000 (SOQ) = 36,500,000 **Unit Rate:** 0.0297 p / pdkWh / day **Annual Charge: £10,840.50**
Total Annual Charge	**Total annual charge = £59,394.50**

Example B(i) - Non prepayment domestic customer with average energy usage

A shipper has a non prepayment domestic customer and the load has an AQ of 14,000 kWh per annum. Using the appropriate small NDM supply points load factors, it can be seen that the load factor for such a site in the NE1 Exit Zone is 31.7%. The peak daily load (SOQ) is therefore 14,000 ÷ (365 × 0.317) = 121 kWh.

Process	Calculations Used
LDZ Capacity **Invoice:** LDZ Capacity (ZCA) **See:** Section 2.1.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 121 (SOQ) = 44,165 **Unit Rate:** 0.2926 p / pdkWh / day **Annual Charge: £129.23**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.2.1 **Basis:** p / kWh	**Volume:** 14,000 (AQ) **Unit Rate:** 0.0462 p / KWh **Annual Charge: £6.47**
Plus	
Customer (Capacity) **Invoice:** LDZ Capacity (CCA) **See:** Section 2.2.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 121 (SOQ) = 44,165 **Unit Rate:** 0.1563 p / pdkWh / day **Annual Charge: £69.03**
LDZ Specific Annual charge	**LDZ annual charge = £204.73**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) **See:** Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 121 (SOQ) = 44,165 **Unit Rate:** 0.0297 p / pdkWh / day **Annual Charge: £13.12**
Plus	
Supplier of Last Resort charge (Capacity) **Invoice:** INR/LRD **See:** Section 2.4 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 121 (SOQ) = 44,165 **Unit Rate:** -0.0011 p / pdkWh / day **Annual Charge: -£0.49**
Total Annual Charge	**Total Annual Charge £217.36**

Example B(ii) - Non prepayment domestic customer with high energy usage

A shipper has a non prepayment domestic customer and the load has an AQ of 20,000 kWh per annum. Using the appropriate small NDM supply points load factors, it can be seen that the load factor for such a site in the NE1 Exit Zone is 31.7%. The peak daily load (SOQ) is therefore 20,000 ÷ (365 × 0.317) = 173 kWh.

Process	Calculations Used
LDZ Capacity **Invoice:** LDZ Capacity (ZCA) **See:** Section 2.1.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 173 (SOQ) = 63,145 **Unit Rate:** 0.2926 p / pdkWh / day **Annual Charge: £184.76**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.2.1 **Basis:** p / kWh	**Volume:** 20,000 (AQ) **Unit Rate:** 0.0462 p / KWh **Annual Charge: £9.24**
Plus	
Customer (Capacity) **Invoice:** LDZ Capacity (CCA) **See:** Section 2.2.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 173 (SOQ) = 63,145 **Unit Rate:** 0.1563 p / pdkWh / day **Annual Charge: £98.70**
LDZ Specific Annual charge	**LDZ annual charge = £292.70**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) **See:** Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 173 (SOQ) = 63,145 **Unit Rate:** 0.0297 p / pdkWh / day **Annual Charge: £18.75**
Plus	
Supplier of Last Resort charge (Capacity) **Invoice:** INR/LRD **See:** Section 2.4 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 173 (SOQ) = 63,145 **Unit Rate:** -0.0011 p / pdkWh / day **Annual Charge: -£0.69**
Total Annual Charge	**Total Annual Charge £310.76**

Example C

Suppose that instead of supplying just one non prepayment domestic customer (as in Example B) the shipper actually supplies a connected system in the NE1 Exit Zone presently comprising 100 domestic customers and the completed connected system will comprise 150 domestic premises. Suppose that each of these premises has the same AQ of 20,000 kWh per annum.

	AQ (no of premises x AQ per premise)	SOQ (AQ / (366 x load factor)
Prevailing	100 houses x 20,000 (AQ) = 2,000,000 kWh	2,000,000 ÷ (365 × 0.317) = 17,285 kWh
Maximum	150 houses x 20,000 (AQ) = 3,000,000 kWh	3,000,000 ÷ (365 × 0.317) = 25,928 kWh

Note that the prevailing annual and peak day loads of the connected system in effect would change over the year however, for simplicity, these have been assumed as constant in this example.

Process	Calculations Used
LDZ Capacity **Invoice:** ADC (891) **See:** Section 2.1.2 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 17,285 (pre SOQ) = 6,309,025 **Unit Rate:** 2.9507 x 25,928 (max SOQ) ^-0.2834 = 0.1656 p / pdkWh / day **Annual Charge: £10,447.75**
Plus	
LDZ Commodity **Invoice:** ADC (893) **See:** Section 2.1.2 **Basis:** p / kWh	**Volume:** 2,000,000 (pre AQ) **Unit Rate:** 0.5073 x 25,928 (max SOQ) ^-0.294 = 0.0256 p / KWh **Annual Charge: £512.00**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) **See:** Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 17,285 (SOQ) = 6,309,025 **Unit Rate:** 0.0297 p / pdkWh / day **Annual Charge: £1,873.78**
Total Annual Charge	**Total annual charge = £12,833.53**

Example D - Biomethane

Assume we have a facility committed to injecting a daily energy flow of 150000 kWh into the network via a medium pressure connector.

Process	Calculations Used
OPEX recovery **Estimated OPEX costs per biomethane to be recovered in unit rate**	**Costs per site:** £31,064 **Unit Rate** (£31064 / 365) / (150000 kWhr * 100) **Daily Unit Charge: 0.0567 p/Kwhr/day**
Plus	
Exit Capacity Credit **Gas is injected into the DN network and therefore reduces capacity required in the NTS for DN's gas.**	**Unit Rate: Average Domestic Customer Exit Rate** **Daily Unit Credit: -0.0299p/KWhr/day**
Plus	
LDZ System Credit **Gas is injected into the low pressure or medium pressure DN network and therefore reduces capacity required in other areas**	**Credit to account for network not used** MP **Daily Credit: -0.0828 p/KWhr/day**
Total Daily Charge / (Credit)	**(£83.87)**
Total Annual Charge / (Credit)	**(£30,611.82)**

Memo : LDZ System Credit Unit Rates

LDZ System Credit	
LDZ System Entry Point	
Highest Utilisation Tier	p/kWh
LTS	0.0000
IP	0.0599
MP	0.0828
LP	0.2010

Appendix

End User Categories

Estimation of peak daily load for NDM supply points.

For NDM supply points, the peak daily load is estimated using a set of End User Categories (EUC). Each NDM supply point is allocated to an EUC. In each LDZ each EUC has an associated load factor. A full list of Winter Annual Ratio (WAR) bands and EUC load factors can be found below and on the Xoserve SharePoint site. The examples that follow use the data from the latest tables.

These EUCs depend upon the annual quantity (AQ) of the supply point and, in the case of monthly read sites, the ratio of winter to annual consumption where available.

Monthly read sites

It is mandatory for supply points with an annual consumption greater than 293 MWh to be monthly read, however, at the shipper's request, sites below this consumption may also be classified as monthly read.

For monthly read sites where the relevant meter reading history is available, the WAR ratio is the consumption from December to March divided by the annual quantity. If the required meter reading information is not available, the supply point is allocated to a EUC simply based on its annual quantity.

The peak load for an NDM supply point may then be calculated as:

$$\frac{AQ \times 100}{LoadFactor \times 365}$$

Example

For a supply point in Northeast (NE) LDZ with an annual consumption of 1,000 MWh per annum.

Assume consumption December to March inclusive is 500 MWh.

WAR ratio = 500 ÷ 1000 = 0.5

For a site with an annual consumption of 1,000 MWh, a ratio of 0.5 falls within WAR ratio band W03 and the site is thus within End User Category NE: E2404W03.

For a site in this category, the load factor is 32.8% and the peak daily load is therefore:

$$\frac{1000 \times 100}{365 \times 32.8} = 8.35 \text{ MWh}$$

If the required meter reading information is not available to calculate the winter: annual ratio, the supply point is allocated to a EUC simply based on its annual quantity, in this case NE: E2404B.

For a site in this category, the load factor is 36.1% and the peak daily load is therefore:

$$\frac{1000 \times 100}{365 \times 36.1} = 7.59 \text{ MWh}$$

Six monthly read sites

In the case of six monthly read sites, the supply point is allocated to a EUC simply based on its annual quantity.

Example

For a non-prepayment supply point in NE LDZ with an annual consumption of 200 MWh per annum, the EUC will be NE: E2402BNI. For a site in this category, the load factor is 35.2% and the peak daily load is therefore:

$$\frac{200 \times 100}{365 \times 35.2} = 1.55 \text{ MWh}$$

Notes

The term LDZ is applied in the context of its usage with reference to the UNC daily balancing regime.

For supply points whose consumption is over 73,200 kWh and which include one or more NDM supply meter points, an end user category code can be found in the supply point offer generated by UK Link. This code may be correlated with the end user category code shown below by means of a lookup table issued separately to shippers. Copies are available from the Xoserve Supply Point Administration Management team by emailing externalrequests.spa@xoserve.com

Daily metered supply points

The SOQ of DM sites is known, and hence no-load factor is required.

Supply points with annual consumptions greater than 58,600 MWh should be daily metered. However, a handful of sites remain as non-daily metered because of difficulties installing the daily read equipment. In such cases the end user category code XX:E2409B is used. Firm supply points with an AQ above 73.2 MWh per annum may, at the shipper's request, be classified as daily metered. All interruptible supply points are daily metered.

Consultation on end user categories

Section H of the UNC requires the transporter to publish, by the end of June each year, its demand estimation proposals for the forthcoming supply year. These proposals comprise end user category definitions, NDM profiling parameters (ALPs and DAFs), and capacity estimation parameters (EUC load factors). Analysis is presented to users and consults with the Demand Estimation Sub-Committee (a sub-committee of the UNC) before publication of its proposals Table 2.1 Definition of end user categories.

WAR Bands

The latest set of data from October 2024 can be found below:

EUC code	Site usage		Winter annual ratios (WAR)			
			W01	W02	W03	W04
E2401BND	Up to 73,200 KWh p.a.	Small NDM Sector	-	-	-	-
E2401BNI	Up to 73,200 KWh p.a.		-	-	-	-
E2401BPD	Up to 73,200 KWh p.a.		-	-	-	-
E2401BPI	Up to 73,200 KWh p.a.		-	-	-	-
E2402BND	73,201 to 293,000 KWh p.a.		-	-	-	-
E2402BNI	73,201 to 293,000 KWh p.a.		-	-	-	-
E2402BPD	73,201 to 293,000 KWh p.a.		-	-	-	-
E2402BPI	73,201 to 293,000 KWh p.a.		-	-	-	-
E2403B	293,001 to 732,000 KWh p.a.		-	-	-	-
E2403Wy	293,001 to 732,000 KWh p.a.		0.000 - 0.413	0.414 - 0.485	0.486 - 0.575	0.576 - 1.000
E2404B	732,001 to 2,196,000 KWh p.a.		-	-	-	-
E2404Wy	732,001 to 2,196,000 KWh p.a.		0.000 - 0.403	0.404 - 0.469	0.470 - 0.560	0.561 - 1.000
E2405B	2,196,001 to 5,860,000 KWh p.a.	Large NDM Sector	-	-	-	-
E2405Wy	2,196,001 to 5,860,000 KWh p.a.		0.000 - 0.346	0.347 - 0.427	0.428 - 0.498	0.499 - 1.000
E2406B	5,860,001 to 14,650,000 KWh p.a.		-	-	-	-
E2406Wy	5,860,001 to 14,650,000 KWh p.a.		0.000 - 0.320	0.321 - 0.400	0.401 - 0.486	0.487 - 1.000
E2407B	14,650,001 to 29,300,000 KWh p.a.		-	-	-	-
E2407Wy	14,650,001 to 29,300,000 KWh p.a.		0.000 - 0.320	0.321 - 0.400	0.401 - 0.486	0.487 - 1.000
E2408B	29,300,001 to 58,600,000 KWh p.a.		-	-	-	-
E2408Wy	29,300,001 to 58,600,000 KWh p.a.		0.000 - 0.320	0.321 - 0.400	0.401 - 0.486	0.487 - 1.000
E2409B	>= 58,600,001 KWh p.a.		-	-	-	-

End User Categories

The latest set of data from October 2024 can be found below:

Load Factors from Oct 2024	NE	NO
E2401BND	31.70%	34.30%
E2401BNI	30.80%	32.20%
E2401BPD	33.20%	35.40%
E2401BPI	30.80%	32.20%
E2402BND	34.00%	38.60%
E2402BNI	35.20%	37.00%
E2402BPD	33.20%	35.40%
E2402BPI	35.20%	37.00%
E2403B	35.30%	39.70%
E2403W01	62.20%	63.20%
E2403W02	45.40%	45.00%
E2403W03	31.70%	32.30%
E2403W04	22.90%	24.20%
E2404B	36.10%	38.60%
E2404W01	57.90%	61.00%
E2404W02	45.90%	44.80%
E2404W03	32.80%	33.20%
E2404W04	23.60%	24.10%
E2405B	42.20%	43.40%
E2405W01	65.40%	64.70%
E2405W02	49.20%	50.20%
E2405W03	40.50%	42.10%
E2405W04	27.10%	28.60%
E2406B	57.20%	53.80%
E2406W01	73.20%	70.90%
E2406W02	59.80%	60.40%
E2406W03	42.90%	45.40%
E2406W04	30.70%	30.50%
E2407B	65.20%	65.30%
E2407W01	74.10%	72.60%
E2407W02	64.30%	64.40%
E2407W03	48.40%	49.60%
E2407W04	32.20%	33.30%
E2408B	65.20%	65.30%
E2408W01	74.10%	72.60%
E2408W02	64.30%	64.40%
E2408W03	48.40%	49.60%
E2408W04	32.20%	33.30%
E2409B	65.20%	65.30%

Exit Capacity Unit Rates (ECN) – Charging methodology

Exit Capacity unit rates are set to recover the costs. Networks receive an allowance to match the cost as it is deemed non controllable and a "pass through" area. During GD2 networks use a rolling revenue process and include the most recent forecast of exit costs as part of the Annual Iteration Process each November, this is applied in the following year's charges.

The key components are:

- Calculated ECN base allowance. This is a forecast of exit costs based on the most recent rate published by National Grid and our capacity bookings
- A true up of the difference between actual costs and the previous year's base allowance figure
- K factor which represents the prior year's difference between allowed and collected revenue

When setting ECN rates, NGN seeks to recover their allowed revenue as calculated above which may include true ups to adjust for prior year cost differences, rather than solely costs for the year. For this reason, the ECN rate charged will not match the NTS postage stamp unit rate in the same year.

ECN unit rates are calculated by exit zone:

- A cost per exit zone is calculated based on booking amounts by exit zone
- Allowed revenue is then calculated by exit zone by apportioning the revenue allowance on the same basis as the booking allocation amounts
- The latest demand snapshot of each site's SOQ is used to derive our unit rates

The example below illustrates our methodology.

Example: ECN unit rate calculation

Description	% of total booked capacity attributable to the exit zone	Allowed Revenue Apportioned (£)	Shipper Demand snapshot (KWh)	ECN Unit rate (p/kWh/d)
Calculation	**Exit zone booking amount / Total booking amount**	**Total x (Exit zone cost / total cost)**	**From Xoserve 'Snapshot' data**	**Allowed revenue / demand**
Exit Zone 1	40.4%	20,488,873	189,311,378	0.0297
Exit Zone 2	12.3%	6,602,747	57,700,053	0.0314
Exit Zone 3	41.9%	21,533,446	196,540,165	0.0300
Exit Zone 4	5.4%	2,520,982	25,239,268	0.0274
Total	100%	51,146,048	468,790,864	

ECN unit rates will differ across exit zones due to any differences in capacity bookings and a shipper's demand profile. Potential reasons a shipper's demand level can differ to our bookings are as follows:

- Timing of bookings compared to the snapshot of shipper demand taken
- User commitments to which NGN is currently contracted

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