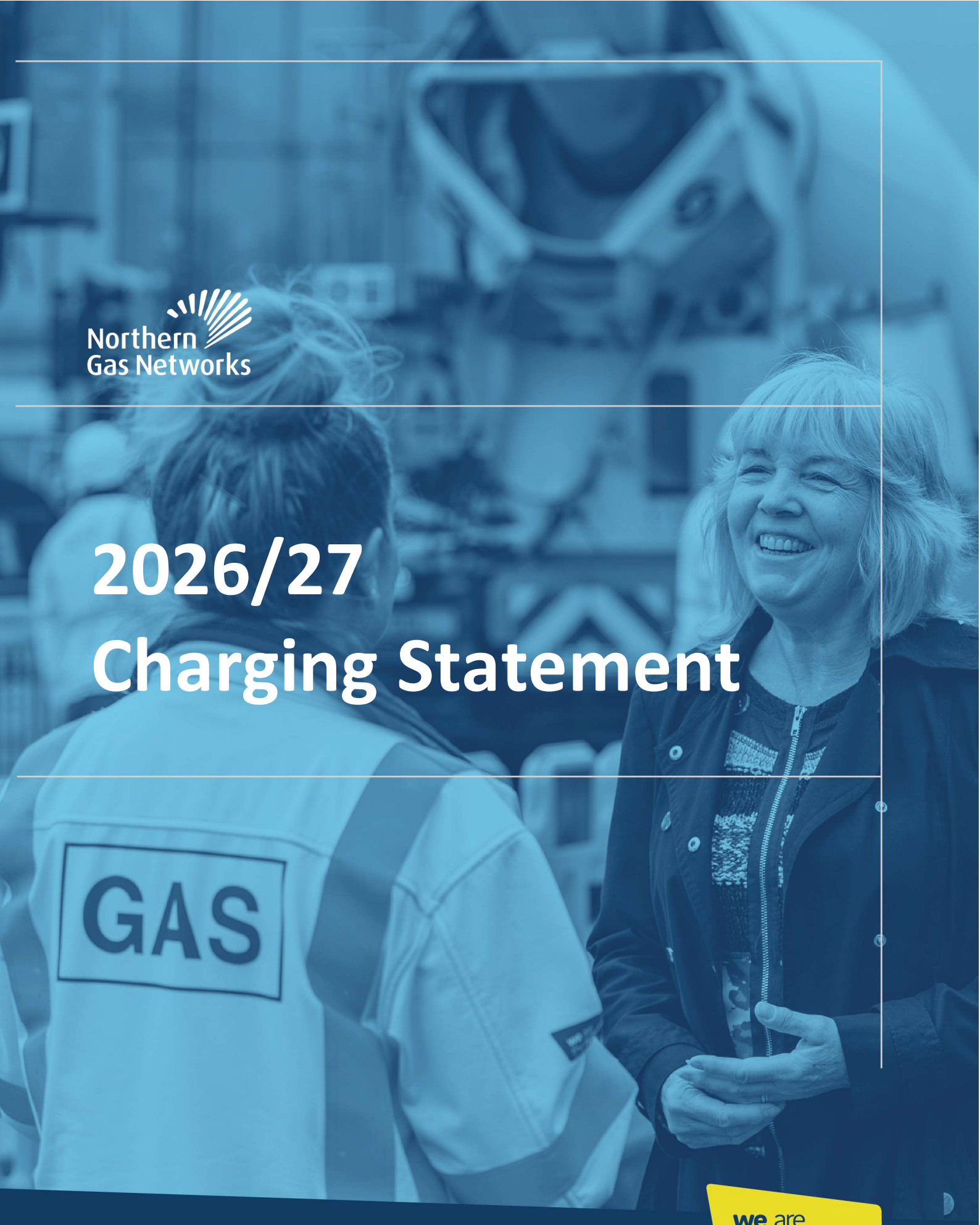

Northern Gas Networks

2026/27 Charging Statement

we are the network

60-day notice of 2026/27 transportation charges

Introduction

This publication sets out the Local Distribution Zone (LDZ) transportation charges which apply from 1 April 2026, 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 01133975336.

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 2026/27 is an increase of 20.5%. This is based on a 19.1% increase in allowed revenue, plus reduced capacity predictions -1.5% which would drive increased unit rates.

The Exit Capacity price change for 2026/27 is an increase of 16.6%. Based on a 14.4% increase in allowed revenue, plus capacity changes of -2.2%.

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 £106.1m year on year:
    - LDZ specific charges, which relate to costs associated with transporting gas through the distribution network, have increased by £102.1m.
    - Exit charges and the associated revenue have increased by £7.4m
    - Supplier of Last Resort (SOLR) remains in a repayment position with £4.5m being returned to consumers during 26-27.

The allowances outlined below are based on the Price Control Financial Model (PCFM), published by Ofgem on 16 December 2025 and amended by NGN to reflect known changes presented to Ofgem on 5 January 2026, against which Ofgem has raised no concerns. If Northern Gas Networks collects more or less than its 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
25/26 Allowed Revenue (nominal)	**535.1**	**51.2**	**(1.1)**	**585.1**
Fast money	28.9			**28.9**
Depreciation	7.9			**7.9**
Return	54.6			**54.6**
Totex changes	91.4			**91.4**
Tax	14.3			**14.3**
Business Rates	12.1			**12.1**
Inflation	11.3			**11.3**
NGT Exit rates		7.4		**7.4**
CDSP	4.0			**4.0**
Other pass through	0.2			**0.2**
Pension	(3.9)			**(3.9)**
SOLR decision			(3.4)	**(3.4)**
Incentives and Other RevenueAllowances	(6.1)			**(6.1)**
Under/over collection	(4.8)			**(4.8)**
Revenue Profiling adj (Ofgem directed)	(16.5)			**(16.5)**
25/26 Allowed Revenue (nominal)	**637.2**	**58.5**	**(4.5)**	**691.2**
YOY £ movement	**102.1**	**7.4**	**(3.4)**	**106.1**
Year on Year % movement	*19.1%*	*14.4%*	*304.6%*	***18.1%***
Price Change Breakdown				
Year on year AR % movement	19.1%	14.4%	*304.6%*	***18.1%***
Capacity changes	*1.5%*	*2.2%*		
Overall Price Change	**20.5%**	**16.6%**		

Most Significant Year on Year Changes:

Totex Changes +£91.4m:

Whilst there is some increase in the actual Totex allowance in GD3 (c13%), when compared to GD2 the primary increases in the associated allowed revenue are:

- Return (+54.6m). The return funding has moved to a semi-nominal WACC, to better reflect the actual debt and financing costs. Semi-nominal WACC is currently 5.20% which compares to a vanilla WACC in GD2 of 3.57%. There have also been increases in the underlying costs of debt and equity.

- Fast Money (+28.9m). The use of natural cap rates of 31.9%, rather than a set 34% in GD2, means that the split of spend is focussed more on fast money. This is particularly noticeable in 2026/27, due in part to NGN undertaking significant spend on the FEED studies for East Coast Hydrogen (in conjunction with Cadent and NTS) which is all OPEX spend.

- Depreciation (+£7.9m). In 2026/27 this increase is just the 2025/26 GD2 additions, as we progress though GD2 this charge will start to increase as all new additions from the start of GD3 onwards are required to be fully depreciated by 2050.

Tax +£14.3m:

The main factor driving the increase is the updated assumptions surrounding the tax pools for capital allowances, due to the submission of our actual 2023/24 tax computations. Specifically intangible assets, that do not qualify for the 100% writing down allowance.

Business Rates +12.1m:

HMRC reassessed the rateable value of all GDNs during 2025/26 and have seen substantial increases in these costs which are passed through to consumers. Whilst there is a limited level of transitional relief for 2026/27 it is still a marked increase from 2025/26, and we expect a further increase in 2027/28.

Inflation +£11.3m: Included in the above numbers is a finalised rate for 2024/25 and assumed rates for 2025/26 onwards. This is based on the Office for Budget Responsibility (OBR) forecasts compiled in November 2025 and incorporated into the Price Control Financial Model (PCFM) by Ofgem. This can be compared to the rates in previous pricing statements below.

Inflation	23/24	24/25	25/26	26/27	27/28
60D Notice	5.547%	3.215%	3.793%	2.266%	2.136%
Final Pricing 25-26	5.547%	3.162%	2.493%		
Final Pricing 24-25	6.250%	3.047%	1.710%		
Final Pricing 23-24	5.198%	0.321%	-0.451%		

NGT Exit Rates +£7.4m:

Exit Revenue is a pass-through cost for NGN and is based on published rates from National Gas Transmission (NGT).

NGT operate pricing based on a Gas year (October to September), therefore NGN's pricing each year consists of 6 months of a confirmed rate and 6 months of a forecast rate.

Below is a summary of the forecast and confirmed unit rates from NGT over the last few years:

Exit capacity rates	26/27 60D	25/26 Pricing	24/25 Pricing	23/24 Pricing
23/24	0.0127 *	0.0127 *	0.0127 *	0.0620
24/25	0.0265 *	0.0265 *	0.0286	0.0698
25/26	0.0299 *	0.0311	0.0258	0.0671
26/27	0.0348	0.0314	0.0276	0.0601
27/28	0.0359	0.0329	0.0285	
28/29	0.0379	0.0344		
29/30	0.0392			

Confirmed rate

NGT's published rates can be found on their website.
https://www.nationalgas.com/sites/default/files/documents/Notice%20of%20Final%20NTS%20Exit%20Capacity%20Charges%20effective%201%20October%202025.pdf

Incentives and Other Revenue Allowances -£6.1m

Ofgem has removed the shrinkage management ODI, and rewards for customer service will be finalised as part of the Regulatory Reporting Process (RRP) and included in 2027/28 pricing.

The monies available for Network Innovation, as well as Vulnerable Customers and Carbon Monoxide Awareness have also been reduced.

Revenue Smoothing Adjustment -£16.5m:

To reduce the impact of the cost increase on end consumers as we transition from GD2 into GD3, Ofgem has suppressed our allowed revenue in 2026/27, and this will be collected over the remaining years of the price control period.

Other Factors Impacting 2026/27 Unit Rates

New Load Factors

Load factors are the relationship between Annual Quantities (AQ) and Supply Offtake Quantity (SOQ) which defines peak day demand. 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 2025 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 drop in domestic Annual Quantities and peak day requirements. We have assumed a 1.8% reduction in peak day capacity levels to calculate the price points for the regulatory year 2026/27.

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 2025. 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	30,741,906,714	255,913,007	28,236,380,450	249,816,688
02 2500 - 5000 146.5	1,256,590,088	9,690,171	1,226,693,352	10,314,641
03 5000 - 10000 293.1	1,359,671,978	10,360,803	1,273,436,354	10,789,875
04 10000 - 15000 439.6	912,827,726	6,564,080	835,771,479	6,526,822
05 15000 - 20000 586.1	573,348,772	4,078,965	537,419,001	4,144,827
06 20000 - 25000 732.7	416,929,471	3,090,733	383,806,505	3,023,875
07 25000 - 75000 2198	1,891,092,213	13,538,256	1,820,370,314	14,194,666
08 75000 - 100000 2931	384,473,538	2,412,252	353,198,116	2,275,996
09 100000 - 200000 5861	977,700,541	5,954,647	968,126,996	7,135,296
10 200000 - 500000 14654	1,600,201,670	8,140,036	1,731,637,258	11,281,783
11 500000 - 1000000 29307	1,160,190,776	5,241,598	1,477,862,056	11,044,427
12 1.0m - 2.0m 58614	969,864,039	4,335,396	2,253,135,486	15,142,963
13 2.0m - 10.0m 293071	105,586,719	414,614	6,067,495,578	35,617,651
14 10.0m - 50.0m 1465355	0	0	1,081,146,064	5,021,202
Total	**42,350,384,245**	**329,734,558**	**48,246,479,009**	**386,330,712**

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 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.	0.3527	0.0557
73,200 to 732,000 kWh p.a.	0.3030	0.0476
732,000 kWh and above p.a.	3.5568 X SOQ ^ -0.2834	0.6115 X SOQ ^ -0.2940
Subject to a minimum rate of	0.0090	0.0016
Minimum reached at SOQ of	1,455,727,967	607,090,349

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.	0.3527	0.0557
73,200 to 732,000 kWh p.a.	0.3030	0.0476
732,000 kWh and above p.a.	3.5568 X SOQ ^ -0.2834	0.6115 X SOQ ^ -0.2940
Subject to a minimum rate of	0.0090	0.0016
Minimum reached at SOQ of	1,455,727,967	607,090,349

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 01133975336or 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.	0.1884
73,200 to 732,000 kWh p.a.	0.0066
732,000 kWh and above p.a.	0.1438 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	59.1727
Monthly read supply points	63.0051

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	0.0349
NE2	0.0365
NE3	0.0365
NO1	0.0343
NO2	0.0326

2.4 Supplier of Last Resort Charge

The Supplier of Last Resort charge is based on system capacity. In 2026/27, 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)	-0.0046

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 2026/27, for sites that become live during 2026/27, unit rates will be calculated accordingly and an Xoserve notification made so the shipper gets charged correctly.

Please contact the NGN pricing manager on 01133975336or by email at jschofield@northerngas.co.uk if rates are needed prior to the go live date.

		Charge Type	LDZ System Entry Commodity	
		Charge Code	LEC	
Site name	Site Name	Date Connected	Pence per kWh	Unit Rate: Charge or Credit
ASPAOS	Cumbria	25/05/2016	(0.0255)	Credit
BRANOS	Bran Sands	19/12/2019	(0.0874)	Credit
BURTOS	Burton Agnes	22/03/2016	0.0473	Charge
CRAMOS	Cramlington	30/03/2022	0.0697	Charge
DRIFIOS	Driffield	04/05/2022	(0.0787)	Credit
FOOTOS	Teeside	19/09/2015	(0.0292)	Credit
GRAVOS	Gravel Pit	31/03/2016	(0.0288)	Credit
HEDLOS	High Hedley	29/01/2020	(0.0293)	Credit
HOWDOS	Howdon	10/12/2014	(0.0766)	Credit
LANEOS	Lanes Farm	14/10/2019	(0.1082)	Credit
LEEMOS	Leeming	25/06/2015	(0.0706)	Credit
MELTOS	Melton	01/10/2025	(0.0859)	Credit
MILLOS*	Mill Nurseries	13/12/2016	n/a	n/a
NEWTOS	Emerald Biogas	23/03/2016	(0.1106)	Credit
PARKOS	Park Farm	18/12/2019	(0.0722)	Credit
PLAXOS	Plaxton Bridge	27/01/2020	0.1480	Charge
RIDGOS	Ridge Road Sherburn in Elmet	19/03/2016	0.0189	Charge
SHEROS	Agri Sherburn in Elmet	17/03/2016	(0.0567)	Credit
SPALOS	Spaldington	23/10/2019	0.0098	Charge
WARDOS*	Wardley	23/12/2019	n/a	n/a

*No flow currently expected at these sites during 2026/27

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:** 3.5568 x 100,000 (SOQ) ^-0.2834 = 0.1362 p / pdkWh / day **Annual Charge: £49,713.00**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.1.1 **Basis:** p / kWh	**Volume:** 20,000,000 (AQ) **Unit Rate:** 0.6115 x 100,000 (SOQ) ^-0.2940 = 0.0207 p / kWh **Annual Charge: £4,140.00**
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:** 0.1438 x 100,000 (SOQ) ^-0.2100 = 0.0128 p / pdkWh / day **Annual Charge: £4,672.00**
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:** 0.0349 p / pdkWh / day **Annual Charge: £12,738.50**
Total Annual Charge	**Total annual charge = £71,263.50**

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 12,000 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 31.6%. The peak daily load (SOQ) is therefore 12,000 ÷ (365 × 0.316) = 104 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 104 (SOQ) = 37,960 **Unit Rate:** 0.3527 p / pdkWh / day **Annual Charge: £133.88**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.2.1 **Basis:** p / kWh	**Volume:** 12,000 (AQ) **Unit Rate:** 0.0557 p / KWh **Annual Charge: £6.68**
Plus	
Customer (Capacity) **Invoice:** LDZ Capacity (CCA) **See:** Section 2.2.1 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 104 (SOQ) = 37,960 **Unit Rate:** 0.1884 p / pdkWh / day **Annual Charge: £71.52**
LDZ Specific Annual charge	**LDZ annual charge = £212.08**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) **See:** Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 104 (SOQ) = 37,960 **Unit Rate:** 0.0349 p / pdkWh / day **Annual Charge: £13.25**
Plus	
Supplier of Last Resort charge (Capacity) **Invoice:** INR/LRD **See:** Section 2.4 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 104 (SOQ) = 37,960 **Unit Rate:** -0.0046 p / pdkWh / day **Annual Charge: -£1.75**
Total Annual Charge	**Total Annual Charge £223.58**

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 31.6%. The peak daily load (SOQ) is therefore 20,000 ÷ (365 × 0.316) = 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:** 0.3527 p / pdkWh / day **Annual Charge: £222.71**
Plus	
LDZ Commodity **Invoice:** Commodity (ZCO) **See:** Section 2.2.1 **Basis:** p / kWh	**Volume:** 20,000 (AQ) **Unit Rate:** 0.0557 p / KWh **Annual Charge: £11.14**
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:** 0.1884 p / pdkWh / day **Annual Charge: £118.97**
LDZ Specific Annual charge	**LDZ annual charge = £352.82**
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:** 0.0349 p / pdkWh / day **Annual Charge: £22.04**
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:** -0.0046 p / pdkWh / day **Annual Charge: -£2.90**
Total Annual Charge	**Total Annual Charge £371.96**

Example C

Suppose that instead of supplying just one non prepayment domestic customer (as in Example Bii) 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 × 0.316) = 17,340 kWh
Maximum	150 houses x 20,000 (AQ) = 3,000,000 kWh	3,000,000 ÷ (365 × 0.316) = 26,010 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 17,340 (pre SOQ) = 6,329,100 **Unit Rate:** 3.5568 x 26,010 (max SOQ) ^-0.2834 = 0.1994 p / pdkWh / day **Annual Charge: £12,620.23**
Plus	
LDZ Commodity **Invoice:** ADC (893) **See:** Section 2.1.2 **Basis:** p / kWh	**Volume:** 2,000,000 (pre AQ) **Unit Rate:** 0.6115 x 26,010 (max SOQ) ^-0.294 = 0.0308 p / KWh **Annual Charge: £616.00**
Plus	
LDZ Exit (Capacity) **Invoice:** Exit Capacity (ECN) See: Section 2.3 **Basis:** p / peak day kWh / day	**Volume:** 365 days x 17,340 (SOQ) = 6,329,100 **Unit Rate:** 0.0349 p / pdkWh / day **Annual Charge: £2,208.86**
Total Annual Charge	**Total annual charge = £15,445.09**

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:** £29,954 **Unit Rate** (£29954 / 365) / (150000 kWhr * 100) **Daily Unit Charge: 0.0547 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: -0.0347p/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: -0.0998 p/KWhr/day**
Total Daily Charge / (Credit)	**(£119.70)**
Total Annual Charge / (Credit)	**(£43,689.77)**

Memo : LDZ System Credit Unit Rates

LDZ System Credit	
LDZ System Entry Point	
Highest Utilisation Tier	p/kWh
LTS	0.0000
IP	0.0722
MP	0.0998
LP	0.2423

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: E2504W03.

For a site in this category, the load factor is 32.2% and the peak daily load is therefore:

$$\frac{1000 \times 100}{365 \times 32.2} = 8.51 \text{ MWh}$$

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: E2504B.

For a site in this category, the load factor is 35.4% and the peak daily load is therefore:

$$\frac{1000 \times 100}{365 \times 35.4} = 7.74 \text{ MWh}$$

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: E2502BNI. For a site in this category, the load factor is 32.5% and the peak daily load is therefore:

$$\frac{200 \times 100}{365 \times 32.5} = 1.69 \text{ MWh}$$

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:E2509B 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 2025 can be found below:

EUC code	Site usage		Winter annual ratios (WAR)			
			W01	W02	W03	W04
E2501BND	Up to 73,200 KWh p.a.	Small NDM Sector	-	-	-	-
E2501BNI	Up to 73,200 KWh p.a.		-	-	-	-
E2501BPD	Up to 73,200 KWh p.a.		-	-	-	-
E2501BPI	Up to 73,200 KWh p.a.		-	-	-	-
E2502BND	73,201 to 293,000 KWh p.a.		-	-	-	-
E2502BNI	73,201 to 293,000 KWh p.a.		-	-	-	-
E2502BPD	73,201 to 293,000 KWh p.a.		-	-	-	-
E2502BPI	73,201 to 293,000 KWh p.a.		-	-	-	-
E2503B	293,001 to 732,000 KWh p.a.		-	-	-	-
E2503Wy	293,001 to 732,000 KWh p.a.		0.000 - 0.444	0.445 - 0.503	0.504 - 0.609	0.610 - 1.000
E2504B	732,001 to 2,196,000 KWh p.a.		-	-	-	-
E2504Wy	732,001 to 2,196,000 KWh p.a.		0.000 - 0.425	0.426 - 0.493	0.494 - 0.581	0.582 - 1.000
E2505B	2,196,001 to 5,860,000 KWh p.a.	Large NDM Sector	-	-	-	-
E2505Wy	2,196,001 to 5,860,000 KWh p.a.		0.000 - 0.376	0.377 - 0.447	0.448 - 0.527	0.528 - 1.000
E2506B	5,860,001 to 14,650,000 KWh p.a.		-	-	-	-
E2506Wy	5,860,001 to 14,650,000 KWh p.a.		0.000 - 0.360	0.361 - 0.432	0.433 - 0.519	0.520 - 1.000
E2507B	14,650,001 to 29,300,000 KWh p.a.		-	-	-	-
E2507Wy	14,650,001 to 29,300,000 KWh p.a.		0.000 - 0.360	0.361 - 0.432	0.433 - 0.519	0.520 - 1.000
E2508B	29,300,001 to 58,600,000 KWh p.a.		-	-	-	-
E2508Wy	29,300,001 to 58,600,000 KWh p.a.		0.000 - 0.360	0.361 - 0.432	0.433 - 0.519	0.520 - 1.000
E2509B	>= 58,600,001 KWh p.a.		-	-	-	-

End User Categories

The latest set of data from October 2025 can be found below:

Load factors from Oct 2025	NE	NO
E2501BND	30.60%	31.60%
E2501BNI	29.00%	29.40%
E2501BPD	31.50%	32.00%
E2501BPI	29.00%	29.40%
E2502BND	30.60%	31.60%
E2502BNI	32.50%	33.90%
E2502BPD	31.50%	32.00%
E2502BPI	32.50%	33.90%
E2503B	34.30%	38.00%
E2503W01	60.50%	61.80%
E2503W02	44.00%	44.00%
E2503W03	30.30%	30.10%
E2503W04	21.90%	21.60%
E2504B	35.40%	36.80%
E2504W01	55.90%	57.30%
E2504W02	45.20%	43.70%
E2504W03	32.20%	31.40%
E2504W04	22.60%	21.80%
E2505B	42.20%	42.80%
E2505W01	62.90%	62.00%
E2505W02	49.80%	49.40%
E2505W03	40.00%	39.70%
E2505W04	25.90%	25.90%
E2506B	56.90%	52.40%
E2506W01	72.10%	70.80%
E2506W02	58.50%	57.90%
E2506W03	42.30%	42.30%
E2506W04	27.80%	27.40%
E2507B	60.60%	60.60%
E2507W01	72.10%	70.80%
E2507W02	58.50%	57.90%
E2507W03	42.30%	42.30%
E2507W04	27.80%	27.40%
E2508B	60.60%	60.60%
E2508W01	72.10%	70.80%
E2508W02	58.50%	57.90%
E2508W03	42.30%	42.30%
E2508W04	27.80%	27.40%
E2509B	60.60%	60.60%

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	39.9%	23,486,691	184,275,162	0.0349
Exit Zone 2	12.3%	7,568,824	56,810,932	0.0365
Exit Zone 3	42.5%	24,568,632	196,175,803	0.0343
Exit Zone 4	5.3%	2,889,838	24,302,042	0.0326
Total	**100%**	**58,513,984**	**461,563,939**	

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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