Statement of LDZ Transportation and SoLR Charges

To apply from
1 April 2026 – 31 March 2027

WALES&WEST UTILITIES

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Introduction

This publication sets out the Local Distribution Zone (LDZ) transportation charges which will apply from 1 April 2026 to 31 March 2027 for the use of the Wales & West Utilities Ltd (WWU) Distribution Network (DN), as required by Standard Special Condition (SSC) A4 of the Gas Transporter Licence (GTL). This document does not override or vary any of the statutory, licence or Uniform Network Code (UNC) obligations upon WWU.

Our final price change on 1 April 2026, will be an average increase of 16.6% over 2025/26 prices. This comprises:

<table>
<tr><th colspan="6">Total Revenue</th></tr>
<tr><td colspan="6">16.6 % (Indicative 14.4%)</td></tr>
<tr><th colspan="3">Transportation Income</th><th colspan="2">Exit Capacity</th><th>SoLR</th></tr>
<tr><td colspan="3">16.4%
(Indicative: 13.9%)</td><td colspan="2">25.7%
(Indicative: 27.4%)</td><td rowspan="7">-422.2%
(Indicative: -408.2%)</td></tr>
<tr><th colspan="2">Capacity</th><th>Commodity</th><td colspan="2">By Exit Zone</td></tr>
<tr><td>System</td><td>Customer</td><td rowspan="6">22.1%
(Indicative: 19.5%)</td><td>SW1</td><td>22.3% (Indicative: 26.2%)</td></tr>
<tr><td rowspan="5">16.7%
(Indicative: 14.2%)</td><td rowspan="5">15.1%
(Indicative: 12.6%)</td><td>SW2</td><td>25.5% (Indicative: 26.3%)</td></tr>
<tr><td>SW3</td><td>27.3% (Indicative: 28.4%)</td></tr>
<tr><td>WA1</td><td>24.7% (Indicative: 26.0%)</td></tr>
<tr><td>WA2</td><td>26.0% (Indicative: 28.1%)</td></tr>
</table>

For more information about these changes, or our charges, please contact the pricing team at pricing@wwutilities.co.uk.

Revenue

Total revenue

RIIO-GD3 requires networks to set charges to collect the forecast allowed revenue calculated under the price control. These charges are split between:

1) transportation allowed revenue (excluding exit capacity);

2) exit capacity revenue, which recovers the costs incurred from utilising the upstream network, the National Transmission System (NTS); and

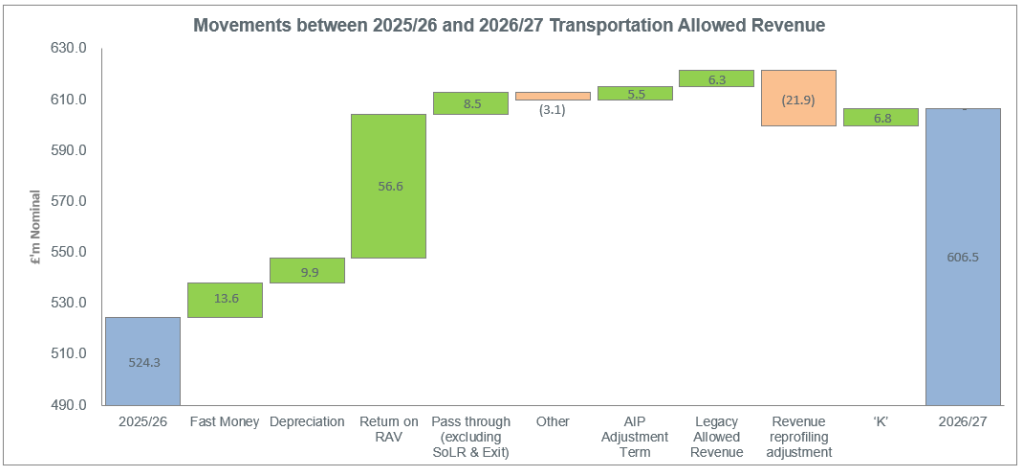
3) SoLR revenue which a network is obligated to charge under its licence.

£'m Nominal	2025/26	2026/27	Movement	Movement (%)
Transportation Allowed Revenue	524.3	606.5	82.2	15.7%
Exit Capacity Allowed Revenue	51.4	62.7	11.3	22.0%
SoLR Revenue	(0.9)	(4.6)	(3.7)	408.2%
Total	574.8	664.6	89.8	15.6%

The percentage movements shown above reflect movements in revenues between 2025/26 and 2026/27. These are different to the price change percentages shown on page 3, due to the application of the change in demand forecast between 2025/26 and 2026/27 to calculate the final price changes.

Transportation Allowed Revenue

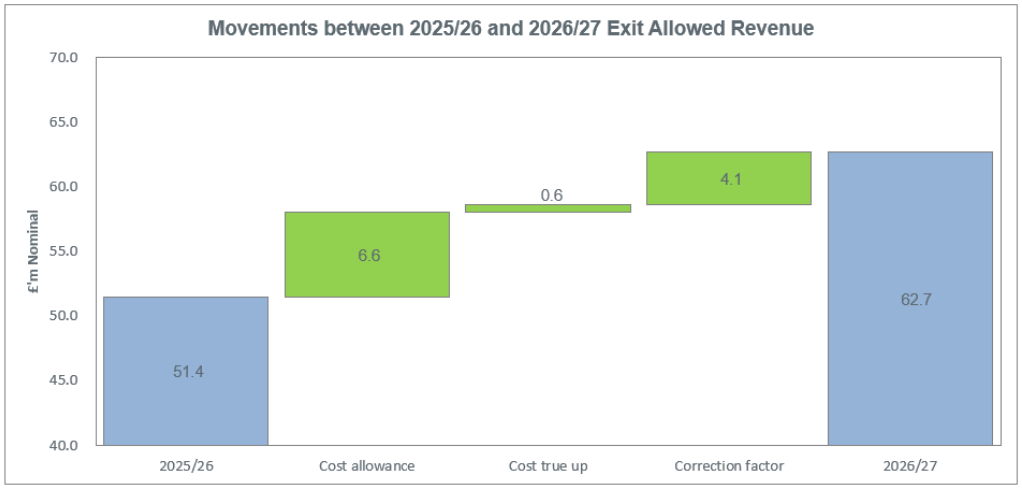
Our forecast transportation allowed revenue increases from £524.3m in 2025/26 by £82.2m to £606.5m in 2026/27. The most notable movements in the underlying drivers are:



1) Fast Money - reflects the profile of totex expenditure forecast year on year and the changes to totex allowances (offset by a higher ex-ante capitalisation rate 1) as a result of the Final Determinations (FDs) for RIIO-GD3.
2) Depreciation - RAV depreciation increases each year as more totex is capitalised, and from 2027/28 there will be further increases in depreciation as Ofgem's RIIO-GD3 policy in respect of accelerated depreciation flows through revenues.
3) Return on RAV - movement largely relates to the published methodological change to WACC at FD's and the approach of a semi-nominal return on debt and real return on equity for RIIO-GD3.
4) Pass through (excluding SoLR & Exit) - the increase is due to a significant rise in business rates in 2026/27 offset slightly by lower shrinkage costs in the year.
5) Other - variance is made up of smaller movements to the tax allowance, other revenue allowances and business plan incentive.
6) AIP Adjustment Term - the AIP adjustment in 2026/27 reflects the difference in the latest forecast allowances for 2025/26 and earlier years of RIIO-GD2 and those used for price setting in January 2025. Further adjustments in respect of RIIO-GD2 should be expected to reflect final outturn for 2025/26 and as the price control is closed out.
7) Legacy Allowed Revenue - movement relates to RIIO-GD1 close out. RIIO-GD2 close out is reflected in the AIP adjustment above due to Ofgem grouping all RIIO-GD2 close out items in one line item.
8) K - variance reflects a significantly smaller over recovery in 2025/26 compared with the year previous.

Exit Capacity Allowed Revenue

Following the implementation of UNC Modification 0195AV, industry arrangements for the charging of NTS Exit Capacity costs changed on 1 October 2012. National Gas invoices DNs based on their use of the NTS, and the Exit Point bookings made by the DNs. Ofgem provides an allowance to networks to recover the anticipated cost of Exit Capacity, and a mechanism to adjust where these costs fall outside those anticipated. For 2026/27 our allowances increase by £11.3m from £51.4m to £62.7m:



1) Cost allowance – the base allowance in 2026/27 is calculated using the latest published final and indicative price information from National Gas NTS and is significantly higher than in 2025/26.
2) Cost true up – the RIIO-GD2 cost true up reflects the difference between cost allowances and actuals in 2024/25 and latest forecasts for 2025/26. An increase in actual and forecast costs has caused a positive true up resulting in increased allowed revenue in respect of Exit Capacity for 2026/27.
3) Correction factor – an under recovery of allowed versus collected revenue in 2025/26 in respect of Exit Capacity which will be recovered in 2026/27 revenues explains £1.1m of this variance. The remaining £2.9m is explained by an over recovery projected in 2024/25 at the time of 2025/26 price setting which was recovered in 2025/26 revenues.

Supplier of Last Resort Allowed Revenue

When the Office of Gas and Electricity Markets (Ofgem) revokes a supply licence (usually because of insolvency), it can appoint a 'Supplier of Last Resort' (SoLR) on a case-by-case basis to take over the supply of gas and/or electricity to the insolvent supplier's customers. The aim is to provide seamless continuity of service for customers. The regulatory regime for this is primarily provided for in the Standard Conditions of the supply licences held by Great Britain's (GB's) electricity suppliers and gas suppliers.

The gas and electricity supply standard licence conditions allow a supplier acting as SoLR to make a claim for any reasonable additional, otherwise unrecoverable, costs they incur. Historically SoLRs have claimed for the following categories of costs:

- Customer credit balances;
- Working capital; and
- Operational costs (including customer service, IT, complaints/enquiries specific to the SoLR, onboarding costs, communication and wholesale energy purchase costs).

For the 2025/26 and 2026/27 regulatory years, Ofgem's position is a net 'negative' value for SoLR as the truing up process has identified the need for some Suppliers to refund over-payments. DNs are to receive SoLR payments which will lower the overall charge to domestic customers. Whilst some revenue is raised by DNs paying SoLR charge, this is more than offset by the payments received. The total value of claims received by WWU by 31 December 2025 is £(4.5m), a reduction of £3.5m compared to the 2024 valid claims of £(1.0m) reflected in 2025/26 revenues. The total allowed revenue for 2026/27 including true-ups in respect of prior years is £(4.6m), compared to £(0.9m) in 2025/26 resulting in an overall difference of £(3.7m). For valid SoLR claims received by DN's by 31 December 2025, licensees are obliged to increase or decrease transportation charges to recover or pay the amounts in the valid claims in 2026/27.

Transportation and SoLR Charges

These charges reflect those published in our Final Notification of LDZ Transportation and SoLR charges.

Charges to recover Transportation Allowed Revenue

	Current Price effective from 1 April 2025	Final Price effective from 1 April 2026
LDZ SYSTEM COMMODITY CHARGES	**Pence per kwh**	
UP TO 73,200 KWH PER ANNUM	0.0533	0.0651
73,200 KWH - 732,000 KWH PER ANNUM	0.0465	0.0568
732,000 KWH PER ANNUM AND ABOVE	0.5405	0.6600
	x SOQ ^	
	-0.2775	-0.2775
SUBJECT TO A MINIMUM RATE OF	0.0038	0.0046

LDZ SYSTEM CAPACITY CHARGES	**Pence per peak day kwh per day**	
UP TO 73,200 KWH PER ANNUM	0.2868	0.3347
73,200 KWH - 732,000 KWH PER ANNUM	0.2488	0.2903
732,000 KWH PER ANNUM AND ABOVE	2.2277	2.5997
	x SOQ ^	
	-0.2513	-0.2513
SUBJECT TO A MINIMUM RATE OF	0.0211	0.0246

LDZ CUSTOMER CAPACITY CHARGES	**Pence per peak day kwh per day**	
UP TO 73,200 KWH PER ANNUM	0.1549	0.1784
73,200 KWH - 732,000 KWH PER ANNUM	0.0060	0.0069
732,000 KWH PER ANNUM AND ABOVE	0.1223	0.1409
	x SOQ ^	
	-0.2100	-0.2100

LDZ CUSTOMER FIXED CHARGES	Pence per day	
73,200 KWH - 732,000 KWH PER ANNUM - BI-ANNUAL READ SITES	48.3853	55.7399
73,200 KWH - 732,000 KWH PER ANNUM - MONTHLY READ SITES	51.5198	59.3508

Charges to recover Exit Allowed Revenue

EXIT CAPACITY UNIT RATES BY EXIT ZONE	Current Price effective from 1 April 2025	Final Price effective from 1 April 2026
	Pence per peak day kwh per day	
SW1	0.0233	0.0285
SW2	0.0388	0.0487
SW3	0.0264	0.0336
WA1	0.0308	0.0384
WA2	0.0285	0.0359

Charges to recover SoLR Allowed Revenue

SUPPLIER OF LAST RESORT CHARGES	Current price effective from 1 April 2025	Final Price effective from 1 April 2026
	Pence per peak day kwh per day	
LRSP Domestic Charge	-0.0009	-0.0047
LRSP Industrial Charge	0.0000	0.0000

Optional LDZ Charge

The optional LDZ tariff is available, as a single charge, as an alternative to the standard LDZ system charges. This tariff may be attractive to large loads located close to the NTS. The rationale for the optional tariff is that, for large Network loads located close to the NTS or for potential new Network loads in a similar situation, the standard LDZ tariff can appear to give perverse economic incentives for the construction of new pipelines when Network connections are already available. This could result in an inefficient outcome for all system users. The optional LDZ charge aims to overcome this perverse situation.

The charge is calculated using the function below:

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

Where:
(SOQ) = Registered Supply Point Capacity, or other appropriate measure, in kWh per day
D = Direct distance, in km, from the site boundary to the nearest point on the NTS.

Note that ^ means “to the power of.”

LDZ System Entry

DN Entry Commodity Charge/Credit

DN Entry Commodity charges reflect the costs of receiving gas from an entry point at a lower pressure tier than the NTS. The charge/credit will differ according to the amount of gas entering the network system, the pressure tier at which the gas enters the system and the operational costs resulting from the entry point.

The charge, which comprises the following three elements, is an adjustment to the full transportation charge:

1) Lower System Usage: For the gas received from this source the Shippers will get a credit in recognition that the gas has entered the network at a lower pressure tier, thus using less of the network system.
2) Avoidance of Exit Capacity: The Shipper will receive a credit for the avoidance of exit capacity charges as they have not taken gas which has entered the Wales & West network through the National Transmission offtake point.
3) Operational Costs: The Shipper will be charged an operational cost, principally maintenance, relating to the equipment owned and operated by the Gas Distribution Network.

The sum of the above three components may result in either a credit or a debit to the Shipper. The table below gives the entry commodity unit price for all known sites within the Wales & West Network set to operate during 2026/27. Where additional sites are connected which are not currently planned to flow during 2026/27 these will be published if and when information on pressure tier, specific opex costs and flows are available. Typically, this may not be until a Gemini site name is allocated to the connection.

LDZ System Entry Commodity Charge/Credit by DN Entry point

Site Name	GEMINI Name	Alias	LDZ System Entry Commodity Charge (p/kWh) Current Prices	LDZ System Entry Commodity Charge (p/kWh) Prices effective 1 April 2026
BROMHAM HOUSE FARM	BROMOS		-0.1606	-0.2020
CANNINGTON BIOMETHANE	CANNOS		-0.1742	-0.2161
BISHOPS CLEEVE BIOMETHANE	CLEEOS	Grundon Landfill / Wingmoor Farm	-0.1569	-0.1982
ENFIELD BIOMETHANE	ENFDOS	Gorst Energy	-0.0982	-0.1258
FIVE FORDS BIOMETHANE	FIVEOS		-0.0982	-0.1258
FRADDON	FRADOS	Penare Farm	-0.1569	-0.1982
FROGMARY BIOMETHANE	FROGOS	SEG	-0.1676	-0.2092
GREAT HELE BIOMETHANE	HELEOS	Condate	-0.1657	-0.2073
HELSCOTT FARM BIOMETHANE	HELSOS	East Helscott	-0.1657	-0.2073
ROTHERDALE	ROTHOS	Vale Green 2	-0.1118	-0.1399
SPITTLES FARM	SPITOS	Bearley Farm	-0.1033	-0.1311
SPRINGHILL BIOMETHANE	SPNGOS		-0.0945	-0.1220
PENNANS FARM	PENSOS		-0.1657	-0.2073
NORTHWICK BIOMETHANE	NOCKOS		-0.0982	-0.1258
AVONMOUTH WESSEX	WESXOS	Wessex Water	-0.1770	-0.2189
WILLAND BIOMETHANE	WILLOS	Lloyd Maunder	-0.0828	-0.1098
WYKE FARM	WYKEOS		-0.1716	-0.2134
EVERCREECH BIOMETHANE	EVEROS		-0.1349	-0.1754
TROWBRIDGE BIOMETHANE	TRWBOS		-0.0828	-0.1098
CHARLTON PARK BIOMETHANE	CPFAOS		-0.1569	-0.1982
GREAT PORTHAMEL FARM	GPBTOS	GP Biotec	-0.1011	-0.1287
BRAINS FARM	BRNFOS		-0.1657	-0.2073

Charge Types and Invoice Mapping

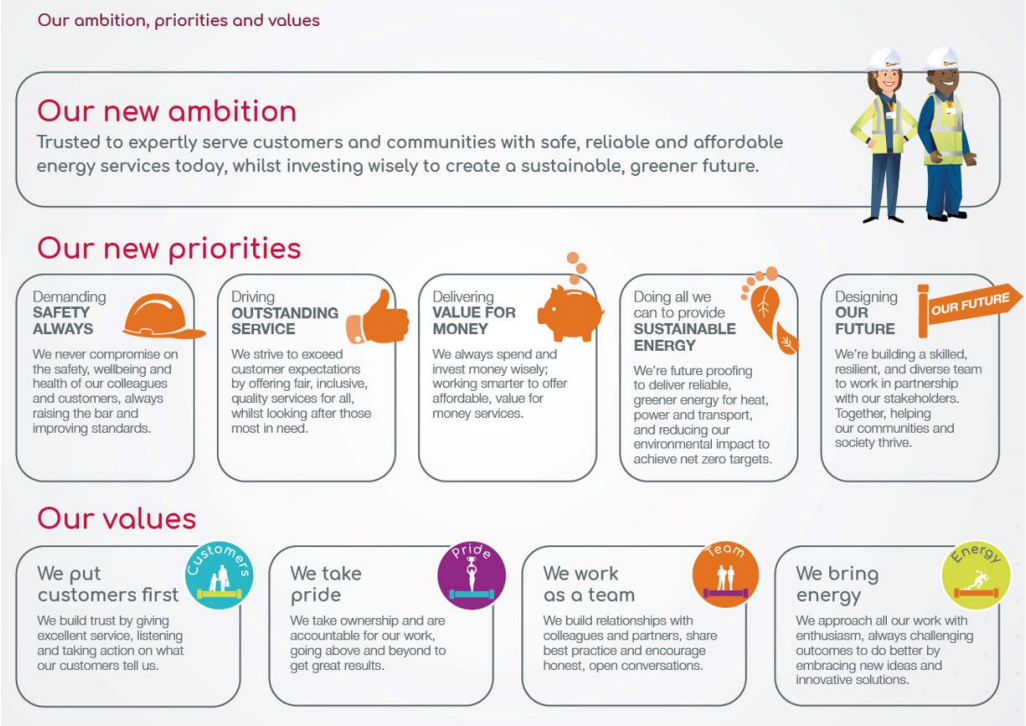
Xoserve Charge Mapping

The following list presents the core invoice and charge types reflected in this document, which are billed by Xoserve on our behalf. A full list of current invoice and charge types is available through the Xoserve Shared Area. For more information on invoicing, please contact Xoserve, the invoicing service provider, via e-mail at capcom@xoserve.co.uk.

	Invoice Type	Charge Type
LDZ Capacity		
Supply Point LDZ Capacity	CAZ	ZCA
CSEP LDZ Capacity	CAZ	891
Unique Sites LDZ Capacity Charge	CAZ	871
Unique Sites Optional Tariff	CAZ	881
Customer Capacity		
Customer LDZ Capacity	CAZ	CCA
Customer Capacity fixed Charge	CAZ	CFI
Unique Sites Customer Capacity	CAZ	872
Commodity		
LDZ Commodity	COM	ZCO
CSEP Commodity	COM	893
Unique Sites Commodity	COM	878
LDZ System Entry Commodity Charge	COM	LEC
Exit Capacity		
LDZ Exit Capacity	CAZ	ECN
CSEP Exit Capacity	CAZ	C04
Unique Sites Exit Capacity	CAZ	901
Supplier of Last Resort		
LRSP Domestic Charge	CAZ	LRD
LRSP Industrial Charge	CAZ	LRI

Contact Us

If you have any questions or queries relating to this document or transportation charges in general please do not hesitate to contact our Pricing Team via email to Pricing@wwutilities.co.uk or visit our website: http://www.wwutilities.co.uk/



Appendix 1 – Application of Charging Methodology

Application of the charging methodology

SSC A4 requires licensees to establish a methodology showing the methods and principles on which transportation charges are based. The existing charging methodology was introduced in 1994, and it has been modified from time to time in accordance with the GTL and UNC.

Objectives of the charging methodology

The transportation charging methodology must comply with objectives set out SSC A5 paragraph 5 to:

- result in charges which reflect the costs incurred by the licensee in its transportation business;
- facilitate effective competition between gas shippers and between gas suppliers; and
- properly take account of developments in the transportation business.

In addition to the above WWU also considers that the distribution charging methodology should:

- promote efficient use of the distribution system; and
- generate stable charges that are easy to understand and implement.

Before making any changes to the existing methodology, licensees must raise a UNC modification proposal and consult with industry in accordance with SSC A5. Ofgem has the right to veto any proposed changes to the charging methodology.

Structure of charges

Structurally, LDZ charges are split between system and customer related activities respectively, to reflect the cost of each area of activity. The recovery of total LDZ revenue, calculated in accordance with the price control, is recovered from LDZ system charges and LDZ customer charges based on the following split as per DNPC05:

System Related (%)	Customer Related (%)	Total (%)
71.8	28.2	100.0

Having established the system:customer split the next step is to structure the LDZ system charges and LDZ customer charges across load bands such that they reasonably reflect the costs imposed on the system by different sizes of loads using the methodologies outlined below.

The system:customer split above is periodically reviewed by licensees to evaluate whether they remain broadly reflective of the costs incurred pursuant to the charging methodology objectives of SSC A5.

LDZ System Charges

LDZ System charges are based on the methodology outlined in consultation report on DNPC08 - Review of Standard LDZ System Charges and Ofgem's associated Direction. The distribution networks contain a series of pipe networks split into four main pressure tiers:

Pressure Tier	Operating Pressure
Local Transmission System (LTS)	7 - 38 bar
Intermediate Pressure System (IPS)	2 - 7 bar
Medium Pressure System (MPS)	75 mbar - 2 bar
Low Pressure System (LPS)	Below 75 mbar

The principle underlying the DN charging methodology is that charges should reflect the average use of the network made by customers of a given size, rather than the actual use made by a particular customer. The methodology calculates the average cost of utilisation for each of the main pressure tiers of the distribution system. Combining this with the probability of loads within a consumption band using that pressure tier generates a tier charge for an average load within that band. The summation of these tier charges gives the total charge for a load within the consumption band to use the DN. Further information in respect of the tier costs and tier/sub-tier load probabilities to derive the average cost of utilisation per consumption band, and illustrative examples, are available on request.

The costs relating to each pressure tier were derived from the split of DN costs undertaken as part of DNPC05, with further analysis to allocate the LDZ System costs across the pressure tiers and sub-tiers as part of DNPC08. These costs are split 95:5 into capacity:commodity elements in line with the methodology established by DNPC03.

LDZ Customer Charges

The LDZ customer charge methodology is based on an analysis of the extent to which service pipe and emergency service costs vary with supply point size and apply only to Directly Connected Supply Points. This analysis is used to determine the allocation of the revenue recovery to LDZ customer charges from supply points grouped in broad load bands as follows:

- using ABC cost analysis, the customer cost pool is sub-divided into service pipes or emergency works;

- each cost pool is then divided among a number of AQ consumption bands based on weighted consumer numbers by consumption band;

- for each cost pool, an average cost per consumer is then calculated for each AQ consumption band by dividing by the number of consumers in that consumption band;

- a total average cost per consumer is then calculated for each consumption band by adding the unit costs of each pool; and

- using regression analysis, functions are developed that best fit the relationship between consumption size and total average cost per consumer.

For supply points with an AQ of less than 73,200 kWh, the customer charge is a capacity charge.

For supply points with an AQ between 73,200 and 732,000 kWh, 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 SOQ.

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

CSEP Charging

In the calculation of the LDZ system charges, the commodity and capacity charges are based on the SOQ 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 particular 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 standard customer charge is not levied in respect of supply points within CSEPs. However, a CSEP administration charge is levied to reflect the administration costs related to servicing these loads. The methodology for setting this charge was established in 1996 and is based on the same methodology described below for setting Other Charges.

Other Charges

There are other charges applied to services which are required by some shippers but not by all, for example special allocation arrangements. It is more equitable to levy specific cost reflective charges for these services on those shippers that require them. Income from these charges is included in the regulated transportation income.

The methodology used to calculate the appropriate level of these charges is based on an assessment of the direct costs of the ongoing activities involved in providing the services. The costs are forward looking and consider anticipated enhancements to the methods and

systems used. A percentage uplift based on the methodology described in the Transporter's background paper "Charging for Specific Services - Cost Assignment Methodology" (May 1999) is added to the direct costs to cover support and sustaining costs. The latest level of the uplift was published in PD16, Section 5, (November 2002).

Exit Capacity NTS (ECN) unit rate charging methodology

DNs set ECN unit rates to recover their ECN allowed revenue. The ECN allowed revenue is set during the most recent price setting process and is made up of:

- ECN base allowance which is a forecast of NTS exit capacity costs, using latest published NTS ECN rates and network capacity bookings;
- ECN cost true up i.e., the difference between actual cost and base allowance in a prior year, which will differ for each DN, and which can have a significant impact on ECN Allowed Revenue and therefore the final ECN charges; and
- K ECN under or over recovery i.e., the difference between allowed and collected revenue in a prior year.

Below is an illustrative example, using hypothetical data, showing how DN ECN unit rates at each exit zone are calculated.

Scenario: A DN has an annual network capacity volume booking of 230,000 GWh split across 4 exit zones, leading to costs of £46m using the relevant NTS postage stamp unit rate. Allowed revenue for the year has been calculated as £45m and the latest demand snapshot from Xoserve shows shipper demand at 215,000 GWh.

	Network Capacity Annual Bookings (GWH)	Postage Stamp Price (p/kWh/d)	DN Cost per Exit Zone (£)	Allowed Revenue Apportioned	Shipper Demand snapshot (GWH)	Unit rate (p/kWh/d)
Calculation	Sum of 365 days bookings	NTS postage stamp PS rate	Volume v PS rate	Total x (Exit zone cost / total cost)	From Xoserve 'Snapshot' data	**Allowed revenue / demand**
Exit Zone 1	70,000	0.0200	14,000,000	13,695,652	63,000	**0.0217**
Exit Zone 2	20,000	0.0200	4,000,000	3,913,043	19,000	**0.0206**
Exit Zone 3	90,000	0.0200	18,000,000	17,608,696	87,000	**0.0202**
Exit Zone 4	50,000	0.0200	10,000,000	9,782,609	46,000	**0.0213**
	230,000		46,000,000	45,000,000	215,000	

Due to the differences by exit zone in the DN capacity bookings and the shipper demand profile, DN ECN rates will differ across exit zones. Shipper demand can differ to DN capacity bookings for a number of reasons, including the timing of DN bookings, the demand snapshot and any user commitment in place that networks have to consider.

Charges to recover SoLR Revenue

The SoLR charge is based on the total value of valid Last Resort Supplier Payment (LRSP) claims received, divided by the SOQ, converted to a pence per day rate calculated as follows:

Unit x number of days in that billing period x Rate / 100

SOQ data is sourced from Xoserve's Annual SoLR Snapshot Report. The total Rolling SOQ value is used to calculate the SoLR unit rate for the upcoming regulatory year.

Appendix 2 – Examples

This section provides illustrative examples of how transportation prices are used to calculate a bill for different load bands. Charges produced by UK Link, an integrated set of computer systems that supports the UNC, are definitive for billing purposes and take precedence to any of the examples listed in this section.

For further details on the methodologies underlying the example charges please refer to the documents referenced within the Appendices 1 and 3 and UNC TPD Y Part B. All UNC documents and Modifications can be found on the Joint Office of Gas Transporters website:

https://www.gasgovernance.co.uk/

Example 1

A shipper has a daily metered customer in Cardiff, with an AQ of 20,000,000 kWh and an SOQ, booked directly by the shipper of 100,000 kWh per day.

	Charge Type	Calculation	Result
+	LDZ Capacity **Invoice:** LDZ Capacity (ZCA) **See**: Page 8 **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 100,000 (SOQ) **Unit Rate**: 2.5997 × 100,000^-0.2513 **Annual Charge:** Annual Volume x Unit Rate	36,500,000 kWh 0.1440 p / pd kWh / day £52,560.00
+	LDZ Commodity **Invoice:** Commodity (ZCO) **See**: Page 8 **Basis:** p / kWh	**Annual Volume:** 20,000,000 kWh (AQ) **Unit Rate**: 0.6600 × 100,000 (SOQ) ^ -0.2775 **Annual Charge:** Annual Volume x Unit Rate	20,000,000 kWh (AQ) 0.0270 p / kWh £5,400.00
+	Customer (Capacity) **Invoice:** LDZ Capacity (CCA) **See:** Page 8 **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 100,000 (SOQ) **Unit Rate**: 0.1409 × 100,000(SOQ) ^ -0.2100 **Annual Charge:** Annual Volume x Unit Rate	36,500,000 kWh 0.0126 p / pd kWh / day £4,599.00
+	Exit Capacity Charges **Invoice:** LDZ Capacity (ECN) **See**: Page 9, for WA2 value **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 100,000 (SOQ) **Unit Rate**: 0.0359 p / pd kWh / day **Annual Charge:** Annual Volume x Unit Rate	36,500,000 kWh 0.0359 p / pd kWh / day £13,103.50
+	Supplier of Last Resort Charges **Invoice**: LDZ Capacity (CAZ) See: Page 9 **Basis**: p / peak day kWh / day	**Annual Volume:** 365 days x 100,000 (SOQ) **Unit rate:** 0.0000*p / pd kWh / day **Annual Charge:** Annual Volume x Unit rate	36,500,000 kWh 0.0000 p / pd kWh / day £0.00
=		Total Annual Network Charge	£75,662.50

*The LRSP industrial charge is zero for 2026/27 as all claims received related to domestic customers.

Unit Charge: Dividing by the annual load of 20,000,000 kWh gives a unit charge 0.3783 pence per kWh.

Example 2

A shipper has a non-prepayment domestic customer in the South West. Suppose the load has an AQ of 12,000 kWh per annum. This annual load places the end user in category SW:E2501BND. Load factor of 27.7%. The peak daily load (SOQ) is therefore 12,000 ÷ (365 × 0.277) = 119 kWh.

	Charge Type	Calculation	Result
+	LDZ Capacity **Invoice**: LDZ Capacity (ZCA) **See**: Page 8 **Basis**: p / peak day kWh / day	**Annual Volume:** 365 days x 119 (SOQ) **Unit rate**: 0.3347 p / pdkWh **Annual Charge:** Annual Volume x Unit rate	43,435 kWh 0.3347 p / pdkWh £145.38
+	LDZ Commodity **Invoice:** Commodity (ZCO) **See**: Page 8 **Basis:** p / kWh	**Annual Volume:** 12,000 kWh (AQ) **Unit rate**: 0.0651 p / kWh **Annual Charge:** Annual Volume x Unit rate	12,000 kWh (AQ) 0.0651 p / kWh £7.81
+	Customer (Capacity) **Invoice:** Capacity (CCA) **See:** Page 8 **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 119 (SOQ) **Unit rate**: 0.1784 p / pdkWh **Annual Charge:** Annual Volume x Unit rate	43,435 kWh 0.1784 p / pdkWh £77.49
+	Exit Capacity Charges **Invoice:** LDZ Capacity (ECN) **See**: Page 9, for SW3 value **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 119 (SOQ) **Unit rate**: 0.0336 pdkWh / day **Annual Charge:** Annual Volume x Unit rate	43,435 kWh 0.0336 pdkWh / day £14.59
+	Supplier of Last Resort Charges **Invoice:** LDZ Capacity (CAZ) **See**: Page 9 **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days x 119 (SOQ) **Unit rate:** -0.0047 pdkWh / day **Annual Charge:** Annual Volume x Unit rate	43,435 kWh -0.0047 pdkWh / day £(2.04)
=		Total Annual Network Charge	£243.23

Unit Charge: Dividing by the annual load of 12,000 kWh gives a unit LDZ charge of 2.0269 pence per kWh.

Example 3

Suppose that instead of supplying just one domestic customer in the South West (as in Example 2) the shipper supplies a connected system 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 12,000 kWh/yr.

Prevailing AQ (pre AQ)	100 houses × 12,000 (AQ) = 1,200,000 kWh
Maximum AQ (max AQ)	150 houses × 12,000 (AQ) = 1,800,000 kWh
Prevailing SOQ (pre SOQ)	1,200,000 ÷ (365 × 0.277) = 11,869 kWh
Maximum SOQ (max SOQ)	1,800,000 ÷ (365 × 0.277) = 17,803 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.

	Charge Type	Calculation	Calculation
+	CSEP Capacity **Invoice:** ADC (891) **See:** Page 8 **Basis:** p / peak day kWh / day	**Annual Volume:** 365 days × 11,869 (pre SOQ) **Unit Rate**:2.5997 × 17,803 (max SOQ)^-0.2513 **Annual Charge:** Annual Volume x Unit rate	4,332,130 kWh 0.2222 p / pdkWh / day £9,625.99
+	CSEP Commodity **Invoice:** ADC (893) **See**: Page 8 **Basis:** p / kWh	**Annual Volume:** 1,200,000 kWh (pre AQ) **Unit rate**: 0.6600 × 17,803 (max SOQ) ^ -0.2775 **Annual Charge:** Annual Volume x Unit rate	1,200,000 kWh (pre AQ) 0.0437 p / kWh £524.40
+	CSEP Exit Capacity Charges **Invoice**: CSEP Capacity (ECN) See: Page 9 Basis: p / supply point / day	**Annual Volume:** 365 days x 11,869 (pre SOQ) **Unit rate**: 0.0336 pdkWh / day **Annual Charge:** Annual Volume x Unit rate	4,332,130 kWh 0.0336 pdkWh / day £1,455.60
+	Supplier of Last Resort Charges **Invoice**: Ancillary (ANC) See: Page 9 **Basis**: p / peak day kWh / day	**Annual Volume:** 365 days x 11,869 (pre SOQ) **Unit rate:** 0.0000* pdkWh / day **Annual Charge:** Annual Volume x Unit rate	4,332,130 kWh 0.0000 p / pd kWh / day £0.00
=		Total Annual Network Charge	£ 11,605.99

*The LRSP industrial charge is zero for 2026/27 as all claims received related to domestic customers.

Unit Charge: Dividing by the annual load of 1,200,000 kWh gives a unit LDZ charge of 0.9672 pence per kWh.

Appendix 3 – Estimate of Peak Daily Load for Non-Daily Metered Supply Points

Each year users will consume gas, which will vary by day, and our network is built to at least supply all our connections in a 1:20 winter day (not just an average winter). Therefore, charges are levied in consideration of:

1) The total volume of gas consumed i.e., AQ; and
2) The peak requirement i.e., SOQ.

For daily metered customers, the AQ and SOQ are known. Supply points with AQ greater than 58,600,000 kWh should be daily metered, and all interruptible supply points are daily metered. Firm supply points with an AQ above 73,200 kWh per annum may, at the shipper's request, be classified as daily metered.

For non-daily metered (NDM) customers, the peak daily load, or SOQ, is estimated using a set of End User Categories (EUCs) based on a given AQ. A handful of sites with an AQ greater than 58,600,000 remain NDM because of the difficulties installing the daily read equipment. In such cases EUC XX:E2509B is used.

End User Categories

Each NDM supply point is allocated to an EUC and in each LDZ, each EUC has an associated Load Factor (LF). The EUC enables consumers to be defined into categories, the basis of which includes geography (LDZ), typical annual consumption (AQ) and, in in the case of monthly read sites, winter consumption (WAR). The term LDZ is applied in the context of its usage with reference to the UNC daily balancing regime.

LFs are derived annually by the Demand Estimation Committee (DESC), a committee under UNC governance. The most relevant weather scenarios are modelled, together with the sensitivity to weather across a sample of meter points. This modelling provides a LF which is used to estimate the peak requirement, under a 1:20 for a given AQ.

For example, a domestic, non-prepayment user in South Wales with an AQ of 12,000 kWh is assessed to have a LF of 27.7% (for the 2026/27 charging year). The SOQ will therefore be 119kWh:

$$SOQ = \frac{AQ}{DAYS\ IN\ YEAR\ x\ LF}$$

$$SOQ = \frac{12{,}000}{365\ \text{x}\ 27.7\%} = 118.688\ (3dp) = 119kWh\ (0dp)$$

A full list of the latest EUCs, WAR bands and LFs for WWU's LDZ are available electronically via the Xoserve secure internet site: https://www.xoserve.com/systems/uk-link.

Six Monthly Read Sites

In the case of six monthly read sites, the supply point is allocated to an EUC on the basis of its AQ as per the example above.

Monthly Read Sites

It is mandatory for supply points with an AQ greater than 293,000 kWh to be monthly read. However, at the shipper's request sites below this consumption may also be classified as monthly read.

EUCs with AQs of between 293,000 kWh and 58,600,000 kWh have a further four EUC sub-divisions for WAR bands. These aim to assign supply points to an EUC which is more aligned to their within-year usage pattern by allocating a WAR band based on the ratio of winter consumption versus rolling AQ ideally using consumption data from 1 December to 31 March. The absence of valid winter consumption data or a ratio of greater than 1 will result in the generic B EUC being applied rather than a WAR Band EUC.

Example

Using a supply point in Wales South LDZ with an annual consumption of 1,000,000 kWh assuming consumption December to March inclusive is 500,000 kWh; the winter: annual ratio will therefore equal 500,000 ÷ 1,000,000 = 0.5. This site falls within WAR band W03 and the therefore EUC WS: E2504W03 where:

WS:	E25	04	W03
South Wales LDZ	Load factor effective for charging year 26/27	EUC band 04, between 732,000kWh and 2,196,000kWh	WAR band 03, for supply points with a winter consumption between 49.4% and 58.1% of their annual consumption.

For a site in this category, the load factor is 30.3% and the peak daily load and therefore its SOQ will be:

$$SOQ = \frac{AQ}{DAYS\ IN\ YEAR\ x\ LF}$$

$$SOQ = \frac{1{,}000{,}000}{365\ \text{x}\ 30.3\%} = 9{,}042.000\ (3dp) = 9{,}042kWh\ (0dp)$$

Consultation on EUCs

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 EUC definitions, NDM profiling parameters (ALPs and DAFs), and capacity estimation parameters (EUC LFs). The analysis is presented to users and the DESC is consulted before publication of the proposals. LFs are updated annually, effective from 1 October, therefore for charging purposes, the relevant LFs are those that prevailed in the December prior to the start of the regulatory year to which this statement relates.