

Indicative Notice of Change to Transportation Charges

From 1st April 2025



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Introduction

This notice provides indicative levels of gas transportation charges that will apply from the 1st April 2025, in line with our Gas Transporter Licence requirement to provide 150 days' notice of such proposals.

The definitive notice of distribution transportation charges from the 1st April 2025 will be published by the 1st February 2025, in accordance with the two months' notice requirement within the Uniform Network Code.

Our Allowed Revenue

RIIO-GD2 requires networks to set charges to collect the forecast allowed revenue calculated under the price control. This allowance is split between Transportation revenue, Exit Capacity revenue which recovers the costs incurred from utilising the upstream network, the National Transmission System (NTS) and Supplier of Last Resort (SoLR) revenue.

RIIO-GD2 began on the 1st April 2021, and we are currently in the process of agreeing our revenue allowances with the Regulator for 2025/26 as part of the 2024 Annual Iteration Process (AIP). In line with the provisions set out in Special Condition 8.2 of our RIIO-GD2 Gas Transporter Licence, the Price Control Financial Model (PCFM), which calculates our allowed revenues, will be published by Ofgem by the 31st January 2025. The forecast allowed revenues presented in this notice are on the basis of the second draft PCFM submitted to Ofgem on the 29th October 2024, as part of the 2024 AIP.

Transportation

<i>Nominal values</i>	Allowed revenue for 2024/25 (£'m)	Forecast collection for 2025/26 at current charge rates (£'m)	Forecast allowed revenue for 2025/26 (£'m)	Delta required to be resolved (£'m)	Price change required
Transportation Revenue	500.1	508.8	517.7	8.9	1.7%

Allowed revenue for 2024/25 is £500.1m. If transportation charge rates were not adjusted in 2025/26, we would collect a forecast of £508.8m. Forecast allowed revenue for 2025/26 is £517.7m which reflects an increase of £17.6m upon the previous year and a variance to forecast collection at the current charge rates of £8.9m.

Exit Capacity

<i>Nominal values</i>	Allowed revenue for 2024/25 (£'m)	Forecast collection for 2025/26 at current charge rates (£m)	Allowance for 2025/26 (£m)	Delta required to be resolved (£m)	Price change required
Exit Capacity Revenue	31.0	33.4	52.3	18.9	56.4%

Our Allowed Revenue

Allowed revenue for 2024/25 is £31.0m. If exit capacity charge rates were not adjusted in 2025/26, we would collect a forecast of £33.4m. Forecast allowed revenue for 2025/26 is £52.3m which reflects an increase of £21.3m upon the previous year and a variance to forecast collection at the current charge rates of £18.9m. The allowed revenue in 2025/26 is made up of our base allowance plus the cost true ups and correction factors from 2023/24 and 2024/25. The base allowance in 2025/26 is calculated using the latest published final and indicative price information from National Gas NTS.

SoLR

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 regulatory year, Ofgem's minded-to position is a net 'negative' value for SoLR as the truing up process has identified the need for some Shippers to refund over-payments. This net balance is currently -£0.6m for WWU, a £1.4m reduction compared with 2023 claims reflected in 2024/25 revenues.

Indicative Transportation Charges

To collect the estimated Allowed Revenue, for 2025/26 of £569.4m, prices are forecast to change as follows:

	Forecast Allowed Revenue 2025/26 £m	Indicative Price Change on 1 April 2025
Transportation	517.7	1.7% increase
Exit Capacity	52.3	56.4% increase
SoLR	-0.6	165.9% decrease
Total	569.4	4.9% increase

We are also required to levy charges for transportation income excluding exit capacity and SoLR in the proportions set out in the Uniform Network Code Section Y (UNC). Our Charges should seek to recover allowances in the following proportion:

System Charges		Customer Capacity
71.8%		28.2%
System Capacity (plus any Optional Tariff)	Commodity	
95%	5%	

Therefore, we will adjust the specific unit rates to bring collection in line with the proportions set out in UNC. All networks are required to maintain such revenue splits to retain cost reflectivity in their charging.

The specific price increases required to maintain the collection apportionment required are:

Total Revenue					
4.9 %					
Transportation Revenue		Exit Capacity		SoLR	
1.7%		56.4%		-0.0006	
Capacity		Commodity	By Exit Zone		
System	Customer	-7.0 %	SW1		0.0242
1.7%	3.1%		SW2		0.0404
			SW3		0.0274
			WA1		0.0321
			WA2	0.0336	

Reason for the price change

Reason for the price change

In setting network charges each network must consider:

1. The movement in allowed revenue year on year; and
2. Changes to the chargeable base (i.e., demand) which have occurred over the past charging year and forecast to occur in the next.

The movement in allowed revenue compared to the prior year is explained as follows:

Allowed Revenue Movement

		2024/25 (£'m)	2025/26 (£'m)	Change (£'m)	Commentary
Fast Money	Nominals	144.9	155.0	10.1	Reflects the profile of totex expenditure forecast year on year.
Depreciation	Nominals	163.4	169.0	5.6	Reflects the latest totex additions and an inflationary increase.
Return on RAV	Nominals	104.7	109.8	5.1	Trivial movement other than a slight inflationary increase.
Pass through	Nominals	115.6	127.7	12.1	The increase relates to an increase in exit capacity costs due to rates set by NTS increasing from 1st October 2024 onwards.
Other	Nominals	54.0	46.8	-7.2	Made up of small movements to the tax allowance and other revenue allowances.
AIP Adjustment Term	Nominals	-41.7	-25.1	16.6	The AIP adjustment in 2025/26 reflects the difference in the latest forecast allowances for 2024/25 and those used for price setting in January 2024.
Legacy Allowed Revenue	Nominals	-7.2	-6.2	1.0	Trivial movement in RIIO-GD1 close out adjustments.
'K'	Nominals	-1.8	-7.6	-5.8	Variance reflects a small increase in the projected over recovery in 2024/25 compared with the year previous.
Total Allowed Revenue	Nominals	531.9	569.4	37.5	
Of which					
Transportation	Nominals	500.1	517.7	17.6	
Exit Capacity	Nominals	31.0	52.3	21.3	
SoLR	Nominals	0.8	-0.6	-1.4	

Uncertainties and assumptions

There are a number of movements that can, and are expected to, occur between these estimates and final price setting in January 2025. These include, but are not limited to:

AIP 2024

Our indicative charges are based on our latest submission (Second Dry Run) of the 2024 AIP which was submitted to Ofgem on the 29th October 2024.

There could, and are expected to be, further changes to the forecast allowed revenue used to calculate our indicative price change following Ofgem's review of our submission and other updates required.

Forecast allowed revenues will be updated with finalised figures for the 60-day pricing notice due to be published by the 1st February 2025. These may include updates for the following:

- We expect updated inflation forecasts directed to us by Ofgem prior to the Final Pricing Notice being published by 1st February 2025. This update will therefore impact allowed revenue figures;
- We expect Ofgem to provide a final value in respect of Supplier of Last Resort (SoLR) claims for 2025/26 later in the calendar year.
- Should there be significant movements in pass-through costs, such as shrinkage or exit capacity, this will be updated throughout the 2024 AIP to reflect the latest data.

Chargeable Base

A network demand snapshot is provided by Xoserve each October and used to determine the indicative price change for the upcoming regulatory year. For the final price change calculations, a snapshot is provided by Xoserve in December and any significant variations between the two snapshots would be adjusted for in the final 60-day notice of charges.

Current and Indicative Charges from 1st April 2025

	Current Price effective from 1 st April 2024	Indicative Price effective from 1 st April 2025
LDZ SYSTEM COMMODITY CHARGES	Pence per kwh	
UP TO 73,200 KWH PER ANNUM	0.0588	0.0547
73,200 KWH - 732,000 KWH PER ANNUM	0.0513	0.0477
732,000 KWH PER ANNUM AND ABOVE	0.5959	0.5542
	x SOQ ^	
	-0.2775	-0.2775
SUBJECT TO A MINIMUM RATE OF	0.0042	0.0039

	Pence per peak day kwh per day	
LDZ SYSTEM CAPACITY CHARGES		
UP TO 73,200 KWH PER ANNUM	0.2862	0.2911
73,200 KWH - 732,000 KWH PER ANNUM	0.2483	0.2525
732,000 KWH PER ANNUM AND ABOVE	2.2233	2.2611
	x SOQ ^	
	-0.2513	-0.2513
SUBJECT TO A MINIMUM RATE OF	0.0211	0.0215

	Pence per peak day kwh per day	
LDZ CUSTOMER CAPACITY CHARGES		
UP TO 73,200 KWH PER ANNUM	0.1519	0.1566
73,200 KWH - 732,000 KWH PER ANNUM	0.0059	0.0061
732,000 KWH PER ANNUM AND ABOVE	0.1199	0.1236
	x SOQ ^	
	-0.2100	-0.2100

	Pence per day	
LDZ CUSTOMER FIXED CHARGES		
73,200 KWH - 732,000 KWH PER ANNUM - BI ANNUAL READ SITES	47.4366	48.9071
73,200 KWH - 732,000 KWH PER ANNUM - MONTHLY READ SITES	50.5096	52.0754

Current and Indicative
Charges from 1st
April 2025

EXIT CAPACITY UNIT RATES BY EXIT ZONE	Pence per peak day kwh per day	
	Current Price effective from 1 st April 2024	Indicative Price effective from 1 st April 2025
SW1	0.0160	0.0242
SW2	0.0270	0.0404
SW3	0.0181	0.0274
WA1	0.0215	0.0321
WA2	0.0202	0.0336

Charges to recover SoLR Allowed Revenue

SUPPLIER OF LAST RESORT CHARGES	Pence per peak day kwh per day	
	Current price effective from 1 st April 2024	Indicative Price effective from 1 st April 2025
LRSP Domestic Charge	0.0008	-0.0006
LRSP Industrial Charge	0.0000	0.0000

Indicative LDZ System Entry Commodity Charge for Distributed Gas

Site Name	GEMINI Name	Alias	LDZ System Entry Commodity Charge (p/kWh) Current Prices effective 1 st April 2024	LDZ System Entry Commodity Charge (p/kWh) Forecasted prices effective 1 st April 2025
Bromham House Farm	BROMOS		-0.1681	-0.1678
Cannington Biomethane	CANNOS		-0.1814	-0.1813
Bishops Cleeve Biomethane	CLEEOS	Grundon Landfill / Wingmoor Farm	-0.1645	-0.1642
Enfield Biomethane	ENFDOS		-0.0993	-0.1037
Five Fords Biomethane	FIVEOS		-0.0993	-0.1037
Fraddon	FRADOS	Penare Farm	-0.1645	-0.1642
Frogmary Biomethane	FROGOS		-0.1750	-0.1747
Great Hele Biomethane	HELEOS	Nadder Lane	-0.1731	-0.1729
Helscott Farm Biomethane	HELLOS		-0.1731	-0.1729
Rotherdale	ROTHOS	Vale Green 2	-0.1126	-0.1172
Spittles Farm	SPITOS	Bearley Farm	-0.1043	-0.1088
Springhill Biomethane	SPNGOS		-0.0957	-0.1001
Pennans Farm	PENSOS		-0.1731	-0.1729
Northwick Biomethane	NOCKOS		-0.0993	-0.1037
Avonmouth Wessex	WESXOS	Wessex Water	-0.1841	-0.1840
Willand Biomethane	WILLOS		-0.0842	-0.0885
Wyke Farm	WYKEOS		-0.1789	-0.1787
Evercreech Biomethane	EVEROS		-0.1429	-0.1425
Trowbridge Biomethane	TRWBOS		-0.0842	-0.0885
Charlton Park	CPFAOS		-0.1645	-0.1642
Great Porthamel Farm	GPBTOS		-0.1021	-0.1065

Indicative LDZ System Entry Commodity Charge for Distributed Gas

The LDZ System Entry Commodity charge rates reflect the operating costs associated with the entry of the distributed gas and the benefits in terms of deemed NTS Exit and distribution network usage reductions. The rate associated with the LDZ system Entry Commodity Charge is calculated on a site-by-site basis. There are currently 21 sites located within our network. Should further sites be connected during the charging year a separate statement will be issued specific to those new connections.

Further information

If you have any further queries or require any further details on this notice, please contact the Pricing Team: pricing@wwutilities.co.uk.

Our ambition, priorities and values

Our new ambition

Trusted to expertly serve customers and communities with safe, reliable and affordable energy services today, whilst investing wisely to create a sustainable, greener future.



Our new priorities

- Demanding SAFETY ALWAYS** 

We never compromise on the safety, wellbeing and health of our colleagues and customers, always raising the bar and improving standards.
- Driving OUTSTANDING SERVICE** 

We strive to exceed customer expectations by offering fair, inclusive, quality services for all, whilst looking after those most in need.
- Delivering VALUE FOR MONEY** 

We always spend and invest money wisely; working smarter to offer affordable, value for money services.
- Doing all we can to provide SUSTAINABLE ENERGY** 

We're future proofing to deliver reliable, greener energy for heat, power and transport, and reducing our environmental impact to achieve net zero targets.
- Designing OUR FUTURE** 

We're building a skilled, resilient, and diverse team to work in partnership with our stakeholders. Together, helping our communities and society thrive.

Our values

- We put customers first** 

We build trust by giving excellent service, listening and taking action on what our customers tell us.
- We take pride** 

We take ownership and are accountable for our work, going above and beyond to get great results.
- We work as a team** 

We build relationships with colleagues and partners, share best practice and encourage honest, open conversations.
- We bring energy** 

We approach all our work with enthusiasm, always challenging outcomes to do better by embracing new ideas and innovative solutions.