



Independent gas transporters,
gas shippers
and other interested parties

*Promoting choice and
value for all customers*

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Publication of the changes in the relevant Gas Transporters' single supply point charge¹ and Retail Price Index effective from 1 January 2013

Special Condition 1² of the Independent Gas Transporters' (IGTs) licences sets out the arrangements for determining the maximum charge that licensees may levy on premises subject to the Relative Price Control (RPC) regime.

As part of these arrangements, the percentage change in the retail price index (RPI) and the percentage change in the weighted average of the relevant gas transporters' single supply point charge (wSSP) are used to calculate the annual change in the floor and ceiling³ and the annual change in transportation charges. We publish both the RPI and wSSP each year in time for changes to take effect from 1 January of the following year.

Pursuant to Special Condition 1 of IGTs' licences, this letter sets out:

- the wSSP for year 2012; and
- the RPI for year 2012.

These figures should be used to adjust transportation charges from 1 January 2013 in accordance to Special Condition 1 of IGTs' licences.

The change in the weighted average of the relevant Gas Transporters' single supply point charge

The wSSP for year 2012 is the percentage change between the averages of the relevant Gas Transporters' single supply point charge of years 2011 and 2012 for each network region, where a year is defined from 1 October to 30 September inclusive. Table 1 provides the wSSP for each of the eight network regions. The underlying calculations are described in Appendix 1.

¹ The relevant Gas Transporters include the eight Distribution Networks. The single supply point charge comprises transmission and distribution charges.

² Special Condition 1 *Charging of Gas Shippers – Relative Price Control* was introduced in IGTs' licences in January 2004.

³ The floor and ceiling are defined in Special Condition 1 and explained in Ofgem's July 2003 document *The Regulation of Independent Gas Transporter Charging – Final Proposals*.

Table 1 wSSP per region

Region	wSSP (%)
East of England	9.00
North of England	10.81
London	11.71
North West	10.30
Scotland	13.44
South of England	11.35
Wales and the West	11.91
West Midlands	10.52

Under Special Condition 1, the annual change in IGT transportation charges applied under RPC is controlled by a 5% floor and ceiling. Not including the impact of the percentage uplift for RPI, this means that the maximum amount by which RPC charges can increase is 10% in any one year.

The change in the Retail Price Index

The RPI is defined as the percentage change between the average of the retail price index for the period 1 April to 30 September 2011 and the average of the retail price index for the period 1 April to 30 September 2012.

The RPI for 2012 is **3.01%**. This figure should be applied from 1 January 2013 in accordance with Special Condition 1. The underlying calculations are described in Appendix 1.

If you have any queries in relation to this letter, please do not hesitate to contact Donald Smith by phone on 0141 331 6014 or by e-mail at donald.smith@ofgem.gov.uk.

Yours sincerely,



Andrew Burgess
Associate Partner, Transmission and Distribution Policy

Appendix 1

This appendix illustrates the calculations underlying the values of wSSP and RPI to be applied from 1 January 2013 in accordance with Special Condition 1 of the IGTs' licences.

The change in the weighted average of the relevant Gas Transporters' single supply point charge

The wSSP for year 2012 is determined as the percentage change between the average single supply point (SSP) charge (based on unit rates) for the period from 1 October 2010 to 30 September 2011 and the average SSP charge for the period from 1 October 2011 to 30 September 2012.

The SSP unit rate charge is calculated for each of the eight network regions. The SSP unit rates as shown in table 2 are derived from averaging charges across exit zones within each of the network regions⁴.

The calculations were performed for the two relevant periods, 1 October 2010 to 30 September 2011 and 1 October 2011 to 30 September 2012. The percentage change between these two periods within each network region gives the wSSP in table 1.

Table 2 Calculating the wSSP

Region	Unit rate Oct 10 – Sept 11	Unit rate Oct 11 – Sept 12	wSSP (%)
East of England	0.6974	0.7602	9.00
North of England	0.7048	0.7810	10.81
London	0.8115	0.9065	11.71
North West	0.7453	0.8221	10.30
Scotland	0.6554	0.7435	13.44
South of England	0.8454	0.9413	11.35
Wales and the West	0.8063	0.9024	11.91
West Midlands	0.7899	0.8730	10.52

The change in the Retail Price Index

The RPI for year 2012 is the percentage change between the arithmetic average of the retail price index for the period from 1 April 2011 to 30 September 2011 and the arithmetic average of the retail price index for the period from 1 April 2012 to 30 September 2012. The calculation is shown in table 3.

Table 3 Calculating the RPI

Defined Period	Arithmetic Average	RPI (%)
April-September 2011	235.58	3.01
April-September 2012	242.67	

⁴ As an example, the London network comprises the average of the SSP unit rates across its three exit zones NT1, NT2 and NT3.

The retail price index for the relevant periods uses the data published by the Office for National Statistics.