

Wales & West Utilities

LDZ Shrinkage and Associated Commodity Charge Adjustment for 1st April 2009 – 31st March 2010

1 Introduction

This document advises Shippers of the LDZ Shrinkage Adjustment, and Associated Commodity Charge Adjustment, for which Wales & West Utilities were responsible, covering the period 1 April 2009 to 31 March 2010, as referred to in *Uniform Network Code Section N 3.4.1*.

2 LDZ Shrinkage Reconciliation Calculations

The LDZ Shrinkage Reconciliation Quantity (LRQ) is calculated as the difference between the Assessed and Procured LDZ Shrinkage Quantities. This reconciliation quantity is the amount that Wales & West Utilities has over or under procured.

Therefore, for each LDZ:

$$\begin{array}{ccccc} \text{LDZ Shrinkage} & & & & \text{Procured LDZ} \\ \text{Reconciliation Quantity} & = & \text{Shrinkage Quantity} & - & \text{Shrinkage Quantity} \\ \text{(LRQ)} & & \text{(AQ)} & & \text{(PQ)} \end{array}$$

LDZ Shrinkage Adjustment for 1st April 2009 – 31st March 2010

Table 1, below, shows the LDZ Shrinkage Reconciliation Quantities for each LDZ as calculated using the values indicated in the LDZ Shrinkage Assessment for the 2009/10 Formula Year.

Table 1 - LDZ Shrinkage Reconciliation for 2009/10 Formula Year.

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)
SW	276,097,338	291,196,270	-15,098,932
WN	59,960,648	64,268,105	-4,307,457
WS	148,678,399	155,000,900	- 6,322,501
Grand Total	484,736,384	510,465,275	- 25,728,891

3 Financial Adjustment (Energy)

The Financial Adjustment (FA) due to Wales & West Utilities for Energy (cost of the gas) is calculated as shown below:

$$FA(£) = \sum_{31/03/10}^{1/04/09} LRQ(kWh) \times SAP(p/kWh) / 100$$

Where:

FA (£) = Financial Adjustment

LRQ (kWh) = LDZ Shrinkage Reconciliation Quantity

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SAP = Flow Weighted Average System Average Price for 2009/10 Formula Year .

The Flow Weighted Average System Average Price for 2009/10 Formula Year is the daily System Average Price, flow-weighted by LDZ throughput quantities (adjusted for the effect of LDZ Offtake Measurement adjustments processed via RbD).

The allocation of any debit or credit to Shippers resulting from the Adjustment process is achieved by calculating the energy adjustment on a daily basis, multiplying this by the daily flow-weighted average system average price, summing this by LDZ by month and apportioning this by the relevant Shipper RbD affected portfolio in each LDZ for each month.

Table 2, below, shows the financial adjustment (Energy) by LDZ for the 2009/10 Formula Year, calculated on a daily basis in line with the methodology indicated above.

Table 2 - Financial Adjustment (Energy) by LDZ for the 2009/10 Formula Year.

LDZ	LDZ Shrinkage Reconciliation Quantity due to Changes to Shrinkage Quantities (kWh)	Adjustment Value due to Changes to Shrinkage Factors
SW	-15,098,932	-£143,334.33
WN	-4,307,457	-£40,890.74
WS	-6,322,501	-£60,019.57
Grand Total	-25,728,891	-£244,244.64

The overall financial value for the Energy Adjustment is therefore **-£244,244.64**, a credit to Wales & West Utilities. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers (i.e. a debit of **£244,244.64**).

4 Commodity Charges

The following Commodity Charges applied over the period 1st April 2009 – 31st March 2010

	01/04/09 to 30/9/09 p/Kwh	01/10/09 to 31/03/10 p/kwh
NTS Commodity	0.000155	0.000181
LDZ Commodity	0.000202	0.000202
Customer Commodity	0.000000	0.000000
Total Commodity Rate	0.000357	0.000383

5 Financial Adjustment (Commodity Charge)

The Financial Adjustment (FA_{cc}) for Commodity Charge reconciliation is calculated as shown below:

$$FA_{cc} (£) = \sum_{31/03/10}^{01/04/09} LRQ(kWh) \times CC (£ / kWh)$$

Where:

$FA_{cc} (£)$ = Financial Adjustment associated with the Commodity Charge

$LRQ (kWh)$ = LDZ Shrinkage Reconciliation Quantity

$CC (£/kWh)$ = Commodity Charge applicable to the period 1st April 2009 – 31st March 2010

Table 3 shows the financial adjustment by LDZ for the 2009/10 Formula Year calculated on a daily basis in line with the methodology indicated above.

Table 3 - Financial Adjustment (Commodity Charge) by LDZ for 2009/10 Formula Year

Transportation Charges		
LDZ	1/04/09 to 31/03/10	
	Total Volume (kWh)	Total Adjustment (£)
SW	-15,098,932	-£5,586.07
WN	-4,307,457	-£1,593.61
WS	-6,322,501	-£2,339.10
Total	-25,728,891	-£9,518.77

The overall financial value for the Commodity Charge Adjustment is therefore -£9,518.77, a credit to Wales & West Utilities. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers (i.e. a debit of £9,518.77).