

## Wales & West Utilities

### LDZ Shrinkage and Associated Commodity Charge Adjustment for 1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011

#### 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 2010 to 31 March 2011, 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:

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

LDZ Shrinkage Adjustment for 1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011

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 2010/11 formula year.

**Table 1 - LDZ Shrinkage Reconciliation for 2010/11 formula year.**

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)
SW	267,080,713	267,900,000	- 819,287
WN	58,247,136	59,400,000	- 1,152,864
WS	146,735,471	142,700,000	4,035,471
<b>Grand Total</b>	<b>472,063,320</b>	<b>470,000,000</b>	<b>2,063,320</b>

#### 3 Financial Adjustment (Energy)

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

$$FA(£) = \sum_{31/03/11}^{1/04/10} LRQ(kWh) \times SAP(p/kWh) / 100$$

Where:

FA (£) = Financial Adjustment

$LRQ$  (kWh) = LDZ Shrinkage Reconciliation Quantity

$SAP$  = Flow Weighted Average System Average Price for 2010/11 formula year.

The Flow Weighted Average System Average Price for 2010/11 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 2010/11 formula year, calculated on a daily basis in line with the methodology indicated above.

**Table 2 - Financial Adjustment (Energy) by LDZ for the 2010/11 formula year.**

LDZ	LDZ Shrinkage Reconciliation Quantity due to Changes to Shrinkage Quantities (kWh)	Adjustment Value due to Changes to Shrinkage Quantities
SW	-819,287	-£13,313.18
WN	-1,152,864	-£18,733.73
WS	4,035,471	£65,575.31
<b>Grand Total</b>	<b>2,063,320</b>	<b>£33,528.39</b>

The overall financial value for the Energy Adjustment is therefore **£33,528.39**, a debit to Wales & West Utilities. Under the rules of Reconciliation by Difference, this is a credit of equal and opposite value to Domestic Shippers (i.e. a credit of **£33,528.39**).

#### 4 Commodity Charges

The following Commodity Charges applied over the period 1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011

	01/04/10 to 30/09/10	01/10/2010 to 31/01/11	01/02/2011 to 31/03/11
NTS Commodity	0.000196	0.000192	0.000051
LDZ Commodity	0.000211	0.000211	0.000211
Customer Commodity	0	0	0
Total Commodity Rate	0.000407	0.000403	0.000262

#### 6 Financial Adjustment (Commodity Charge)

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

$$FA_{cc} (£) = \sum_{31/03/11}^{01/04/10} LRQ(kWh) \times CC (£ / kWh)$$

Where:

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

$LRQ$  (kWh) = LDZ Shrinkage Reconciliation Quantity

$CC$  (£/kWh) = Commodity Charge applicable to the period 1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011

Table 3 shows the financial adjustment by LDZ for the 2010/11 formula year calculated on a daily basis in line with the methodology indicated above.

**Table 3 - Financial Adjustment (Commodity Charge) by LDZ for 2010/11 formula year**

<b>Transportation Charges</b>		
<b>LDZ</b>	<b>1/04/10 to 31/03/11</b>	
	<b>Total Volume (kWh)</b>	<b>Total Adjustment (£)</b>
<b>SW</b>	<b>-819,287</b>	<b>-£313.14</b>
<b>WN</b>	<b>-1,152,864</b>	<b>-£440.64</b>
<b>WS</b>	<b>4,035,471</b>	<b>£1,542.41</b>
<b>Total</b>	<b>2,063,320</b>	<b>£788.63</b>

The overall financial value for the Commodity Charge Adjustment is therefore **£788.63**, a debit to Wales & West Utilities. Under the rules of Reconciliation by Difference, this is a credit of equal and opposite value to Domestic Shippers (i.e. a credit of **£788.63**).