

Associated Commodity Charge for the LDZ Shrinkage Adjustment for Gas Year 2006/07

1 Introduction

This document advises Shippers of the Commodity Charge associated with the National Grid operated LDZ Shrinkage Adjustment for the period 1 October 2006 to 30 September 2007.

2 Commodity Charges

Table 1 shows the Commodity Charges that applied over the period 1 October 2006 to 30 September 2007.

Table 1. Commodity Charges 2006/07

Commodity		Period of Application	
		01/10/06 to 31/03/07	01/04/07 to 30/09/07
NTS Commodity		0.0114	0.0136
LDZ Commodity	EA	0.1615	0.1615
	EM	0.1615	0.1615
	NT	0.1181	0.1181
	NW	0.1446	0.1446
	WM	0.1501	0.1501
Customer Commodity	EA	0.1799	0
	EM	0.1799	0
	NT	0.1316	0
	NW	0.1611	0
	WM	0.1672	0

3 LDZ Shrinkage Adjustment for 2006/07

Table 2, below, shows the LDZ Shrinkage Reconciliation Quantities for each LDZ as calculated using the values indicated in the LDZ Shrinkage Assessment for the 2006/07 Gas Year.

Table 2. LDZ Shrinkage Reconciliation for 2006/07 Gas Year Shrinkage Adjustment

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh) ¹
EA	266,077,978	264,720,955	1,357,023
EM	357,598,659	359,932,340	-2,333,681
NT	354,797,394	356,276,984	-1,479,590
NW	505,505,755	503,538,526	1,967,229
WM	384,865,446	378,316,125	6,549,321
Total	1,868,845,232	1,862,784,930	6,060,302

¹ Negative values indicate an over procurement

4 Financial Adjustment

The Financial Adjustment (FA) due to National Grid for Commodity Charge reconciliation is calculated, as a sum for each LDZ, as shown below:

$$\sum_{EA}^{WM} FA_{cc}(\pounds) = \sum_{1/10/06}^{31/3/07} LRQ(kWh) \times CC_1(\pounds / kWh) + \sum_{1/4/07}^{30/9/07} LRQ(kWh) \times CC_2(\pounds / kWh)$$

Where:

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

$LRQ(kWh)$ = LDZ Shrinkage Reconciliation Quantity

$CC_1(\pounds/kWh)$ = Commodity Charge applicable to the period 1 October 2006 to 31 March 2007

$CC_2(\pounds/kWh)$ = Commodity Charge applicable to the period 1 April 2007 to 30 September 2007

Table 3, below, shows the financial adjustment by LDZ for the 2006/07 Gas Year, calculated on a daily basis in line with the methodology indicated above.

Table 3. Financial Adjustment by LDZ for the 2006/07 Gas Year

Transportation Charges					
LDZ	Pricing Period		Pricing Period		Assessment Period
	01/10/06 to 31/03/07	01/04/07 to 30/09/07	01/10/06 to 31/03/07	01/04/07 to 30/09/07	01/10/06 to 30/09/07
	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
EA	958,391	398,632	£3,381.20	£698.00	£4,079.21
EM	-1,566,182	-767,499	-£5,525.49	-£1,343.89	-£6,869.38
NT	-1,042,538	-437,053	-£2,722.07	-£575.60	-£3,297.66
NW	1,329,723	637,507	£4,216.55	£1,008.54	£5,225.09
WM	4,600,925	1,948,396	£15,123.24	£3,189.52	£18,312.77
Total	4,280,319	1,779,983	£14,473.44	£2,976.58	£17,450.01

The overall financial value for the Commodity Charge Adjustment is therefore £17,450.01, a debit to National Grid. Under the rules of Reconciliation by Difference, this is a credit of equal and opposite value to Domestic Shippers, i.e. a credit of £17,450.01.