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 Scotia Gas Networks operated LDZ Shrinkage Adjustment for the period 1 October 2006 to 30 September 2007.

2. Commodity Charges

The following Commodity Charges (£/kWh) applied over the period 1 October 2006 to 30 September 2007;

Scotland LDZ

	Period of Application		
	1/10/06 to 31/01/07	1/02/07 to 31/03/07	1/04/07 to 30/09/07
NTS Commodity	0.000114	0.000034	0.000136
LDZ Commodity	0.001409	0.001409	0.001409
Customer Commodity	0.001569	0.001569	0
Total Commodity Rate	**0.003092**	**0.003012**	**0.001545**

Southern and South-Eastern LDZs

	Period of Application		
	1/10/06 to 31/01/07	1/02/07 to 31/03/07	1/04/07 to 30/09/07
NTS Commodity	0.000114	0.000034	0.000136
LDZ Commodity	0.001402	0.001402	0.001402
Customer Commodity	0.001562	0.001562	0
Total Commodity Rate	**0.003078**	**0.002998**	**0.001538**

3. LDZ Shrinkage Adjustment for 2006/07

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 2006/07 Gas Year;

Table 1. 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]
SC	299,032,318	301,638,771	-2,606,453
SE	409,036,473	407,379,074	1,657,400
SO	293,410,623	292,445,608	965,015
Total	**1,001,479,415**	**1,001,463,452**	**15,962**

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4. Financial Adjustment

Scotia Gas Networks

The Financial Adjustment (FA) due to Scotia Gas Networks for Commodity Charge reconciliation is calculated as shown below;

$$FA_{cc}(£) = \sum_{1/10/06}^{31/1/07} LRQ(kWh) \times CC_1(£/kWh) + \sum_{1/2/07}^{31/3/07} LRQ(kWh) \times CC_2(£/kWh) + \sum_{1/4/07}^{30/9/07} LRQ(kWh) \times CC_2(£/kWh)$$

Where:

FA_{cc} (£) = Financial Adjustment associated with the SGN LDZ and Customer Commodity Charges
LRQ (kWh) = LDZ Shrinkage Reconciliation Quantity
CC_1 (£/kWh) = SGN LDZ and Customer Commodity Charges applicable to the period 1 October 2006 to 31 January 2007
CC_2 (£/kWh) = SGN LDZ and Customer Commodity Charges applicable to the period 1 February 2007 to 31 March 2007
CC_3 (£/kWh) = SGN LDZ and Customer Commodity Charge applicable to the period 1 April 2007 to 30 September 2007

Table 2, 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 2. Financial Adjustment due to Scotia Gas Networks, by LDZ for the 2006/07 Gas Year

Transportation Charges - Scotia Gas Networks							
	Pricing Period			Pricing Period			Assessment Period
	01/10/06 to 31/01/07	01/02/07 to 31/03/07	01/04/07 to 31/09/07	01/10/06 to 31/01/07	01/02/07 to 31/03/07	01/04/07 to 31/09/07	1/10/06 to 31/09/07
LDZ	Total Volume (kWh)	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	-1,105,512	-590,747	-910,193	-3,292.22	-1,759.24	-1,282.46	-6,333.92
SE	770,785	398,348	488,267	2,284.61	1,180.70	684.55	4,149.86
SO	435,525	240,683	288,808	1,290.90	713.38	404.91	2,409.19
Total	**100,797**	**48,283**	**-133,118**	**283.29**	**134.84**	**-193.00**	**225.12**

The overall financial value for the LDZ and Customer Commodity Charge Adjustment is therefore (£225.12), a debit from Scotia Gas Networks. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers, i.e. a credit of £225.12.

National Grid Gas Transmission

The Financial Adjustment (FA) due to National Grid Gas Transmission for Commodity Charge reconciliation is calculated as shown below;

$$FA_{cc}(£) = \sum_{1/10/06}^{31/1/07} LRQ(kWh) \times CC_4(£/kWh) + \sum_{1/2/07}^{31/3/07} LRQ(kWh) \times CC_5(£/kWh) + \sum_{1/4/07}^{30/9/07} LRQ(kWh) \times CC_6(£/kWh)$$

Where:

FA_{cc} (£) = Financial Adjustment associated with the NTS Commodity Charge
LRQ (kWh) = LDZ Shrinkage Reconciliation Quantity
CC_4 (£/kWh) = NTS Commodity Charge applicable to the period 1 October 2006 to 31 January 2007
CC_5 (£/kWh) = NTS Commodity Charge applicable to the period 1 February 2007 to 31 March 2007
CC_6 (£/kWh) = NTS 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 due to National Grid Gas Transmission, by LDZ for the 2006/07 Gas Year

Transportation Charges - National Grid Gas Transmission							
	Pricing Period			Pricing Period			Assessment Period
	01/10/06 to 31/01/07	01/02/07 to 31/03/07	01/04/07 to 31/09/07	01/10/06 to 31/01/07	01/02/07 to 31/03/07	01/04/07 to 31/09/07	1/10/06 to 31/09/07
LDZ	Total Volume (kWh)	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	-1,105,512	-590,747	-910,193	-126.03	-20.09	-123.79	-269.90
SE	770,785	398,348	488,267	87.87	13.54	66.40	167.82
SO	435,525	240,683	288,808	49.65	8.18	39.28	97.11
Total	**100,797**	**48,283**	**-133,118**	**11.49**	**1.64**	**-18.10**	**-4.97**

The overall financial value for the NTS Commodity Charge Adjustment is therefore £4.97, a credit to National Grid Gas Transmission. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers, i.e. a debit of (£4.97).