

## Wales & West Utilities

### LDZ Shrinkage and Associated Commodity Charge Adjustment for Gas Year 2006/2007

#### 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 October 2006 to 30 September 2007, as referred to in *Uniform Network Code Section N 3.4.1*. This document has been republished to take into account the additional NTS SO Commodity price change that took place in February 2007.

#### 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:

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

#### 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) <sup>1</sup>
SW	281,315,319	296,467,540	-15,152,221
WN	63,796,062	63,923,750	-127,688
WS	160,011,972	137,402,216	22,609,755
<b>Total</b>	<b>505,123,353</b>	<b>497,793,507</b>	<b>7,329,846</b>

#### 4 Financial Adjustment (Energy)

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

$$FA(£) = \sum_{30/09/07}^{1/10/06} LRQ(kWh) \times SAP(p/kWh) / 100$$

Where:

<sup>1</sup> Negative values indicate an over procurement

*FA (£)* = Financial Adjustment

*LRQ (kWh)* = LDZ Shrinkage Reconciliation Quantity

*SAP* = Flow Weighted Average System Average Price for 2006/2007

The Flow Weighted Average System Average Price for 2006/2007 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 2006/07 Gas Year, calculated on a daily basis in line with the methodology indicated above.

**Table 2 - Financial Adjustment (Energy) by LDZ for the 2006/07 Gas Year**

<b>LDZ</b>	<b>LDZ Shrinkage Reconciliation Quantity due to Changes to Shrinkage Factors (kWh)<sup>2</sup></b>	<b>Adjustment Value due to Changes to Shrinkage Factors</b>
SW	-15,152,221	-£132,785.50
WN	-127,688	-£1,111.28
WS	22,609,755	£196,202.80
<b>Total</b>	<b>7,329,846</b>	<b>£62,306.02</b>

The overall financial value for the Energy Adjustment is therefore **£62,306.02**, 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 (**£62,306.02**).

## 5 Commodity Charges

The following Commodity Charges applied over the period 1 Oct 06 to 30 Sept 2007:

	<b>Period of Application</b>		
	01/10/06 to 31/01/07 (p/kWh)	01/02/07 to 31/03/07 (p/kWh)	01/04/07 to 30/09/07 (p/kWh)
NTS Commodity	0.0114	0.0034	0.0136
LDZ Commodity	0.1382	0.1382	0.1382
Customer Commodity	0.1539	0.1539	0.0000
<b>Total Commodity Rate</b>	<b>0.3035</b>	<b>0.2955</b>	<b>0.1518</b>

## 6 Financial Adjustment (Commodity Charge)

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

<sup>2</sup> Reconciliation quantities due to changes in Shrinkage Factor cover changes to assessed leakage ( as a result of changes to average system pressure), the effects of the application of Shrinkage factors to four decimal places and rounding of Shrinkage volumes to integer kWh values.

$$FA_{cc} (£) = \sum_{30/09/07}^{01/10/06} LRQ(kWh) \times CC (£ / kWh)$$

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 October 2006 to 30 September 2007

Table 3 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 (Commodity Charge) by LDZ for the 2006/07 Gas Year**

Transportation Charges		
LDZ	1/10/06 to 30/09/07	
	Total Volume (kWh)	Total Adjustment (£)
SW	-15,152,221	-£39,056.22
WN	-127,687.98	-£318.09
WS	22,609,755	£56,146.88
<b>Total</b>	<b>7,329,846</b>	<b>£16,772.56</b>

The overall financial value for the Commodity Charge Adjustment is therefore £16,772.56, 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 (£16,772.56).