Associated Commodity Charge for the LDZ Shrinkage Adjustment for Gas Year 2007/08

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 2007 to 30 September 2008.

2. Commodity Charges

The following Commodity Charges (£/kWh) applied over the period 1 October 2007 to 30 September 2008;

Scotland LDZ

	Period of Application	
	1/10/07 to 31/03/08	1/04/08 to 30/09/08
NTS Commodity	0.000108	0.000129
LDZ Commodity	0.001746	0.001746
Customer Commodity	0	0
Total Commodity Rate	**0.001854**	**0.001875**

Southern and South-Eastern LDZs

	Period of Application	
	1/10/07 to 31/03/08	1/04/08 to 30/09/08
NTS Commodity	0.000108	0.000129
LDZ Commodity	0.001834	0.001834
Customer Commodity	0	0
Total Commodity Rate	**0.001942**	**0.001963**

3. LDZ Shrinkage Adjustment for 2007/08

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 2007/08 Gas Year;

Table 1. LDZ Shrinkage Reconciliation for 2007/08 Gas Year Shrinkage Adjustment

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)[1]
SC	289,698,019	287,231,661	2,466,358
SE	477,670,210	478,875,988	-1,205,779
SO	324,586,776	325,445,483	-858,707
Total	**1,091,955,005**	**1,091,553,132**	**401,872**

4. Financial Adjustment

Scotia Gas Networks

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

$$FA_{cc}(£) = \sum_{1/10/07}^{31/3/08} LRQ(kWh) \times CC_1(£/kWh) + \sum_{1/4/08}^{30/9/08} LRQ(kWh) \times CC_2(£/kWh)$$

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 2007 to 31 March 2008
CC_2 (£/kWh) = SGN LDZ and Customer Commodity Charge applicable to the period 1 April 2008 to 30 September 2008

Table 2, below, shows the financial adjustment by LDZ for the 2007/08 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 2007/08 Gas Year

Transportation Charges - Scotia Gas Networks					
	Pricing Period		Pricing Period		Assessment Period
	01/10/07 to 31/03/08	01/04/08 to 30/09/08	01/10/07 to 31/03/08	01/04/08 to 30/09/08	1/10/07 to 30/09/08
LDZ	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	1,641,419	824,939	2,865.92	1,440.34	4,306.26
SE	-823,919	-381,860	-1,438.56	-666.73	-2,105.29
SO	-603,172	-255,535	-1,053.14	-446.16	-1,499.30
Total	**214,327**	**187,545**	**374.22**	**327.45**	**701.67**

The overall financial value for the LDZ and Customer Commodity Charge Adjustment is therefore (£701.67), 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 £701.67.

National Grid Gas Transmission

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

$$FA_{cc}(£) = \sum_{1/10/07}^{31/3/08} LRQ(kWh) \times CC_4(£/kWh) + \sum_{1/4/08}^{30/9/08} LRQ(kWh) \times CC_5(£/kWh)$$

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 2007 to 31 March 2008
CC_6 (£/kWh) = NTS Commodity Charge applicable to the period 1 April 2008 to 30 September 2008

Table 3, below, shows the financial adjustment by LDZ for the 2007/08 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 2007/08 Gas Year

Transportation Charges - National Grid Gas Transmission					
	Pricing Period		Pricing Period		Assessment Period
	01/10/07 to 31/03/08	01/04/08 to 30/09/08	01/10/07 to 31/03/08	01/04/08 to 30/09/08	1/10/07 to 30/09/08
LDZ	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	1,641,419	824,939	177.27	106.42	283.69
SE	-823,919	-381,860	-88.98	-49.26	-138.24
SO	-603,172	-255,535	-65.14	-32.96	-98.11
Total	**214,327**	**187,545**	**23.15**	**24.19**	**47.34**

The overall financial value for the NTS Commodity Charge Adjustment is therefore £47.34, 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 (£47.34).