

Associated Commodity Charge for the LDZ Shrinkage Adjustment for Gas Year 2005/06**1 Introduction**

This document advises Shippers of the Commodity Charge associated with the LDZ Shrinkage Adjustment, for which Wales & West Utilities were responsible, covering the period 1 October 2005 to 30 September 2006.

2 Commodity Charges

The following Commodity Charges applied over the period 1 October 2005 to 30 September 2006:

Period	01/10/05 to 31/03/06	01/04/06 to 30/09/06
NTS Commodity	0.000127	0.000121
LDZ Commodity	0.001329	0.001329
Customer Commodity	0.00148	0.00148
Total Commodity Rate	0.002936	0.00293

3 LDZ Shrinkage Adjustment for 2005/06

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 2005/06 Gas Year.

Table 1 LDZ Shrinkage Reconciliation for 2005/06 Gas Year Shrinkage Adjustment

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)¹
SW	331,582,541	336,798,235	-5,215,694
WN	57,772,254	59,793,975	-2,021,721
WS	164,654,997	173,013,973	-8,358,975
Total	554,009,793	569,606,182	-15,596,389

4 Financial Adjustment

The Financial Adjustment (FA) for Commodity Charge reconciliation is calculated as shown below:

$$FA_{cc} (\text{£}) = \sum_{30/09/06}^{01/10/05} LRQ(kWh) \times CC(\text{£} / kWh)$$

Where:

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

$LRQ (kWh)$ = LDZ Shrinkage Reconciliation Quantity

$CC(\text{£}/kWh)$ = Commodity Charge applicable to the period 1 October 2005 to 30 September 2006

Table 2, overleaf, shows the financial adjustment by LDZ for the 2005/06 Gas Year, calculated on a daily basis in line with the methodology indicated above.

¹ Negative values indicate an over procurement

Table 2 Financial Adjustment by LDZ for the 2005/06 Gas Year

Transportation Charges		
LDZ	1/10/05 to 30/09/06	
	Total Volume (kWh)	Total Adjustment (£)
SW	-5,215,694	-£15,304.98
WN	-2,021,721	-£5,931.80
WS	-8,358,975	-£24,525.69
Total	-15,596,389	-£45,762.46

The overall financial value for the Commodity Charge Adjustment is therefore £45,762.46, a credit to Wales & West Utilities. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers, i.e. a debit of (£45,762.46).