

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 National Grid operated LDZ Shrinkage Adjustment for the period 1 October 2005 to 30 September 2006.

2 Commodity Charges

Table 1 shows the Commodity Charges that applied over the period 1 October 2005 to 30 September 2006.

Table 1. Commodity Charges 2005/06

Commodity		Period of Application	
		01/10/05 to 31/03/06	01/04/06 to 30/09/06
NTS Commodity		0.0127	0.0121
LDZ Commodity	EA	0.1438	0.1438
	EM	0.1438	0.1438
	NT	0.1344	0.1344
	NW	0.1208	0.1208
	WM	0.1338	0.1338
Customer Commodity	EA	0.1615	0.1615
	EM	0.1615	0.1615
	NT	0.1446	0.1446
	NW	0.1446	0.1446
	WM	0.1501	0.1501

3 LDZ Shrinkage Adjustment for 2005/06

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 2005/06 Gas Year.

Table 2. 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
EA	289,476,687	301,997,698	12,521,011
EM	379,303,138	394,191,888	14,888,750
NT	388,759,496	410,349,094	21,589,598
NW	514,686,148	514,158,188	-527,960
WM	411,714,871	437,923,588	26,208,717
Total	1,983,940,340	2,058,620,456	74,680,116

¹ Negative values indicate an under 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:

$$\sum_{EA}^{WM} FA_{cc} (\text{£}) = \sum_{1/10/05}^{31/3/06} LRQ(\text{kWh}) \times CC_1 (\text{£/kWh}) + \sum_{1/4/06}^{30/9/06} LRQ(\text{kWh}) \times CC_2 (\text{£/kWh})$$

Where:

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

$LRQ (\text{kWh})$ = LDZ Shrinkage Reconciliation Quantity

$CC_1 (\text{£/kWh})$ = Commodity Charge applicable to the period 1 October 2005 to 31 March 2006

$CC_2 (\text{£/kWh})$ = Commodity Charge applicable to the period 1 April 2006 to 30 September 2006

Table 3, below, shows the financial adjustment by LDZ for the 2005/06 Gas Year, calculated on a daily basis in line with the methodology indicated above.

Table 3. Financial Adjustment by LDZ for the 2005/06 Gas Year

Transportation Charges					
LDZ	Pricing Period		Pricing Period		Assessment Period
	01/10/05 to 31/03/06	01/04/06 to 30/09/06	01/10/05 to 31/03/06	01/04/06 to 30/09/06	01/10/05 to 30/09/06
	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
EA	9,272,123	3,248,888	£29,485.35	£10,311.97	£39,797.32
EM	10,496,072	4,392,678	£33,377.51	£13,942.36	£47,319.87
NT	15,874,517	5,715,081	£46,305.97	£16,636.60	£62,942.57
NW	-374,361	-153,599	-£1,041.10	-£426.24	-£1,467.34
WM	19,243,649	6,965,068	£57,076.66	£20,616.60	£77,693.26
Total	54,511,999	20,168,117	£165,204.39	£61,081.30	£226,285.69

The overall financial value for the Commodity Charge Adjustment is therefore £226,285.69, a credit to National Grid. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers, i.e. a debit of £226,285.69.