

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 Scotia Gas Networks operated LDZ Shrinkage Adjustment for the period 1 October 2005 to 30 September 2006.

2. Commodity Charges

The following Commodity Charges (£/kWh) applied over the period 1 October 2005 to 30 September 2006;

Scotland LDZ

	Period of Application	
	1/10/05 to 31/03/06	1/04/06 to 30/09/06
NTS Commodity	0.000127	0.000121
LDZ Commodity	0.001342	0.001342
Customer Commodity	0.001494	0.001494
Total Commodity Rate	0.002963	0.002957

Southern and South-Eastern LDZs

	Period of Application	
	1/10/05 to 31/03/06	1/04/06 to 30/09/06
NTS Commodity	0.000127	0.000121
LDZ Commodity	0.001319	0.001319
Customer Commodity	0.001469	0.001469
Total Commodity Rate	0.002915	0.002909

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
SC	302,293,849	318,144,415	-15,850,566
SE	468,854,887	488,668,392	-19,813,505
SO	326,578,776	357,242,147	-30,663,371
Total	1,097,727,512	1,164,054,955	-66,327,442

4. Financial Adjustment

Scotia Gas Networks

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

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

Where:

$FA_{cc}(\text{£})$ = Financial Adjustment associated with the SGN LDZ and Customer Commodity Charges

$LRQ(kWh)$ = LDZ Shrinkage Reconciliation Quantity

$CC_1(\text{£/kWh})$ = SGN LDZ and Customer Commodity Charges applicable to the period 1 October 2005 to 31 March 2006

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

Table 2, 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 2. Financial Adjustment due to Scotia Gas Networks, by LDZ for the 2005/06 Gas Year

Transportation Charges - Scotia Gas Networks					
LDZ	Pricing Period		Pricing Period		Assessment Period
	01/10/05 to 31/03/06	01/04/06 to 31/09/06	01/10/05 to 31/03/06	01/04/06 to 31/09/06	1/10/05 to 31/09/06
	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	-10,728,677	-5,121,889	-30,426.53	-14,525.68	-44,952.21
SE	-14,183,067	-5,630,438	-39,542.39	-15,697.66	-55,240.05
SO	-22,557,438	-8,105,933	-62,890.14	-22,599.34	-85,489.48
Total	-47,469,182	-18,858,260	-132,859.06	-52,822.68	-185,681.74

The overall financial value for the LDZ and Customer Commodity Charge Adjustment is therefore £185,681.74, a credit to 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 debit of (£185,681.74).

National Grid Gas Transmission

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

$$FA_{cc}(\text{£}) = \sum_{1/10/05}^{31/3/06} LRQ(kWh) \times CC_3(\text{£/kWh}) + \sum_{1/4/06}^{30/9/06} LRQ(kWh) \times CC_4(\text{£/kWh})$$

Where:

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

$LRQ(kWh)$ = LDZ Shrinkage Reconciliation Quantity

$CC_3(\text{£/kWh})$ = NTS Commodity Charge applicable to the period 1 October 2005 to 31 March 2006

$CC_4(\text{£/kWh})$ = NTS 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 due to National Grid Gas Transmission, by LDZ for the 2005/06 Gas Year

Transportation Charges - National Grid Gas Transmission					
LDZ	Pricing Period		Pricing Period		Assessment Period
	01/10/05 to 31/03/06	01/04/06 to 31/09/06	01/10/05 to 31/03/06	01/04/06 to 31/09/06	1/10/05 to 31/09/06
	Total Volume (kWh)	Total Volume (kWh)	Total Adjustment (£)	Total Adjustment (£)	Total Adjustment (£)
SC	-10,728,677	-5,121,889	-1,362.54	-619.75	-1,982.29
SE	-14,183,067	-5,630,438	-1,801.25	-681.28	-2,482.53
SO	-22,557,438	-8,105,933	-2,864.79	-980.82	-3,845.61
Total	-47,469,182	-18,858,260	-6,028.59	-2,281.85	-8,310.44

The overall financial value for the NTS Commodity Charge Adjustment is therefore £8,310.44, 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 (£8,310.44).