

Weather Normalization Adjustment

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Weather Normalization Adjustment (WNA) is a mechanism that adjusts a customer's bill due to variations from normal weather (temperature). For bill periods that are warmer than normal, a surcharge is applied to the bill. For bill periods that are colder than normal, a credit will be applied to the bill. WNA is effective for usage during the months of October through May for customers with gas heat.

Q1. What is the purpose of the Weather Normalization Adjustment?

A1. The purpose of the Weather Normalization Adjustment is to adjust a customer's delivery service rates in order to reflect normal (30 year average) weather conditions. 'Delivery Service' rates for natural gas customers are designed based on volumes sold under normal weather conditions. Since gas sales for space heating are highly weather sensitive, deviations from normal weather conditions can cause large swings in revenues and earnings to the Company.

As customers are surcharged during warmer than normal weather but receive credits during colder than normal weather, the weather normalization clause is revenue neutral over the long run. The Company benefits from stabilized revenues while customers also benefit from more stable bills by receiving reduced bills during colder than normal weather.

Q2. What does the Company mean by "Adjustment for changes from normal weather?"

A2. The purpose of the Weather Normalization Charge is to stabilize National Grid's delivery service gas revenues and to reduce the impact of extreme weather on gas bills. The adjustment is a credit to customers when it is colder than normal and a surcharge to customers when it is warmer than normal.

Q3. Is this adjustment applied to my bill every month?

A3. No. The weather normalization adjustment is effective for the months of October through May each year.

Q4. Where is the adjustment reflected in my bill?

A4. The 'Adjustment for Changes from Normal Weather' is a component of the 'Delivery Rate Adjustment' (DRA) and appears under the 'Delivery Services' section of the bill.

Q5. Are all customers' bills adjusted for changes from normal weather?

A5. No. This adjustment is applied to all SC 1, 2, 3, 5, and 16 customers who are coded on our system as gas heating customers.

Q6. How does the Company measure normal weather?

A6. Normal Weather is measured based on a 30-year average of degree days for each month. Heating Degree Days are calculated each day by subtracting the average daily temperature from 65 degrees. If the temperature is higher than 65 degrees, then there are no heating degree days.

Example:

Hi Temperature for the day 60 degrees Low Temperature for the day 50 degrees $110 \text{ degrees} / 2 = 55 \text{ degrees}$ $65 \text{ degrees} - 55 \text{ degrees} = 10 \text{ degree days}$ for that day.

Q7. You indicated that the purpose of the weather normalization adjustment was to adjust for only changes in extreme weather. How is extreme weather measured?

A7. A charge is applied to the customer's bill if the actual degree days are lower than the normal degree days. A credit is applied to a customer's bill if the actual degree days are higher than the normal degree days.

Applicability and Formula: The rates for gas service to all space heating customers under Service Classification Nos. 1, 2, 3, 5 and 16 are be subject to a Weather Normalization Adjustment (WAF) to reflect the impact of degree day variations from normal levels, as determined on a revenue month basis, for the months of October through May.

$$\text{WAF} \quad (\$/\text{therm}) = \frac{M * \text{DDF} * [(\text{NDD} + \text{or} - (\text{NDD} * .022)) - \text{ADD}]}{(\text{BL} * \text{BC}) + (\text{DDF} * \text{ADD})}$$

Definitions:

M = Margin is the non-gas rate in dollars per therm. It equals the unit price of the rate block in which the customer's monthly delivery usage ended.

DDF = Average degree day factor in therms/heating degree day, is the estimated number of therms/heating degree day required to provide space heating for the average customer. DDF is determined separately for each customer classification and is revised annually to reflect the temperature sensitivity reflected in the new throughput forecast. DDFs for the weather normalization period are shown on the Statement of Weather Normalization Degree Day Factors and Base Loads. [Click here](#) to access the 'Statement of Weather Normalization Clause Adjustment'.

HDD, or Heating Degree Days, are the difference between 65 degrees Fahrenheit (F) and the mean of the extreme temperatures during a day. HDD of a day is always zero when the mean temperature is above 65 degrees. A heating degree day is each degree of temperature difference. Heating degree days also refer to the cumulative heating degree days experienced over a period of time more than one day.
ADD, = Actual heating degree days are the difference between 65 degrees Fahrenheit (F) and the mean of the extreme temperatures during a day. HDD of a day is always zero when the mean temperature is above 65 degrees. A heating degree day is each degree of temperature difference. Heating degree days also refer to the cumulative heating degree days experienced over a period of time more than one day.

NDD = Normal heating degree days. The normal heating degree days are calculated in the same manner as the actual heating degree days, but they are based on a 30 year average of daily high and low temperatures for the period ending June 30, 2015.

BL = Average Base Load expressed in therms per billing day. It is the estimated number of therms per customer used per day for non-heating purposes based on average usage by customers to which this adjustment applies. It is determined separately for each Service Classification and will be revised annually to reflect the non-temperature sensitive usage of customers to which the adjustment applies reflected in the prior heating season's sales. [Click here](#) to access the 'Statement of Weather Normalization Clause Adjustment' which contains the 'Base Load Factor'

BC = Actual Number of Heating Days in the customer billing cycle for which the adjustment applies.

For all space heating customers receiving service under Service Classification Nos. 1B, 1BR, 1B-DG, 2B, 3B, 5-1B, 5-1BR, 5-2B and 5-3B, the weather normalization adjustment will take effect if there is a degree day variance from normal weather (NDD – ADD). The weather adjustment is made by adding (or subtracting) the weather normalization adjustment to (or from) the calculated delivery charges for the billing period. For Service Classification No. 16, however, the weather normalization adjustment will only take effect if the degree day variance from normal weather (NDD – ADD) exceeds 2.2% of normal (NDD).

Note: The table includes the class base load factor, degree day factor, margin, and actual and normal degree days. This information will act as the inputs to the 'Weather Adjustment Factor' (WAF) at the beginning of this page to calculate a representative 'Weather Adjustment Factor' by service class for standard period bills. In addition, customers may contact KEDLI's call center for further assistance regarding the calculation of the specific factor for their bill.