

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 has 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, 4, and 17 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. The purpose of the weather normalization adjustment is to adjust only for 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, 4 and 17 are subject to a 'Weather Normalization Adjustment' (WNA) 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.

$$\text{WNA} = \frac{\text{MR} * \text{DDF} * [(\text{NDD} + \text{or} - (\text{NDD} * .022_1)) - \text{ADD}]}{(\text{BLF} * \text{BD}) + (\text{DDF} * \text{ADD})}$$

(\$ / therm)

Definitions:

MR = Margin is the non-gas rate in dollars per therm. For Service Classification Nos. 2 (Rate Schedule 2), 3, 4B, and 17 (CTS-2 (Rate Schedule 2), CTS-3 and CTS-4B) it equals the unit price of the last block of Service Classification Nos. 2 (Rate Schedule 2), 3 or 4B expressed in \$/Therm. For Service Classification Nos. 1B, 1BI, 1BR, 1B-DG, 17-CTS-1B, 17-CTS-1BI and 17-CTS-1BR, "MR" equals a weighted average of the penultimate and last block unit prices, based on consumption in those blocks over the most recent three year period, expressed in \$/Therm. The margins effective for the weather normalization period will be shown on the Statement of 'Weather Normalization Adjustment Factors'.

DDF = Degree Day Factor in dekatherms per heating degree day, is the estimated number of dekatherms used for space heating for each degree of a degree day, based on average usage by customers to which this adjustment applies. DDF is determined separately for each customer category and may be revised annually to reflect the temperature sensitivity reflected in the prior heating season's sales to customers to which the adjustment applies. DDF for the weather normalization period will be shown on the 'Statement of Weather Normalization Adjustment Factors' (WNC). [Click here](#) to access the 'Statement of Weather Normalization Adjustment Factors' (WNC).

ADD = Actual Heating Degree Days, are the actual difference between 65 degrees and the average of the minimum and maximum temperatures for a particular day. ADD are always zero when that average is equal to or above 65 degrees Fahrenheit.

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.

BLF = Base Load Factor in dekatherms per billing day, is the estimated number of dekatherms used per day for non-heating purposes based on average usage by customers to which this adjustment applies. It is determined separately for each customer category and may 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. BLF for the weather normalization period will be shown on the Statement of Weather Normalization Adjustment Factors. [Click here](#) to access the 'Statement of Weather Normalization Adjustment Factors' (WNC) which contains the 'Base Load Factor'

BD = Billing Days, is the actual number of days shown on the bill that the customer receives for service.

Note 1: For all space heating customers receiving service under Service Classification Nos. 1B, 1BR, 1B-DG, 2B, 3B, and 16, 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. 4, 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).