

## Fluctuation in gas resource cost and adjustment of gas rates

Tokyo Gas Co., Ltd.

In accordance with the provisions for rate adjustment for gas resource costs, Tokyo Gas has set the unit commodity charge for meter readings over the month April 2009 upward by 1.23 yen per cubic meter (45MJ) relative to the corresponding charge for meter readings for January-March 2009.

This adjustment is based on the average gas resource prices over the months of October-December 2008 and special measure to alleviate excessive fluctuation in rate adjustment for gas resource costs for regulated gas tariffs over the months January – March 2009.

With this adjustment, the monthly gas tariff for the standard household (in the Tokyo district etc.) for meter readings during April increases 41 yen (tax included) from that of the months January-March.

Customers will be notified of the gas rates applied to meter readings over the months during January and March 2009 by means of notices posted in Tokyo Gas business offices and their meter reading slips for March in advance.

It should be added that, while we have thus far adjusted the unit commodity charge for meter readings every three months based on the sliding rate adjustment system for gas resource costs, this system was recently revised by the Urban Heat Energy Committee of the Advisory Committee for Natural Resources and Energy, an advisory organization of the Minister of Economy, Trade and Industry. This revision was made in response to the sudden and sharp fluctuation in resource prices over the last few years. As a result, the unit commodity charge is scheduled to be adjusted every month, beginning with charges for meter readings in May 2009. We shall make notification of the related details as soon as they are determined.

## 1. Gas rates for the month April 2009

## (1) Supply contract rate schedule

(Application of rate schedule A~F as appropriate for the amount of gas use in the month in question)

	Rate A	Rate B	Rate C	Rate D	Rate E	Rate F
Monthly consumption volume	0 to 20m <sup>3</sup>	21 to 80 m <sup>3</sup>	81 to 200 m <sup>3</sup>	201 to 500 m <sup>3</sup>	501 to 800 m <sup>3</sup>	over 801 m <sup>3</sup>
Basic charge (yen/month)	724.50	1,081.50	1,333.50	2,467.50	5,772.50	13,618.50
Commodity charge(yen/m3)	161.89	144.04	140.89	135.22	128.71	118.84
<Reference> Commodity charge(yen/m3) January to March 2009	(160.66)	(142.81)	(139.66)	(133.99)	(127.48)	(117.61)

(2) Effect on a standard customer in residential sector yen/month

Monthly consumption volume of 34 cubic meters(45MJ/m3)	Charge applied for January-May 2009	Charge applied for April 2009	Change
Including the national consumption tax	5,937	5,978	+41

\*The volume of standard customer is calculated based on the average of 5years (FY2001-2005) usage per household per month.

(Reference)Effect on a customer in residential sector which use 50m<sup>3</sup> gas per month yen/month

Monthly consumption volume of 50 cubic meters(45MJ/m3)	Charge applied for January-May 2009	Charge applied for April 2009	Change
Including the national consumption tax	8,222	8,283	+61

## 2. Fluctuation in gas resource prices

	yen/ton	
Standard average gas resource price (1)	53,810	
Average gas resource price over the months October-December 2009 (2)	73,010	
	LNG	73,110
	LPG	71,080
Difference (2) - (1)	19,200	

Note: Both LNG and LPG prices are based on customs clearance statistics.

Reference: Outline of the gas resource cost adjustment scheme

- \* The scheme provides for adjustment of the unit commodity charge in gas rates (i.e., the charge per cubic meter of gas consumed) at three-month intervals in correspondence with fluctuation in gas resource prices owing to factors such as exchange rates and crude oil prices.
- \* The unit commodity charge is adjusted by 0.084 yen per cubic meter for each 100 yen of fluctuation in gas resource price, based on the difference between the standard average gas resource price (53,810 yen per ton) and average gas resource price (calculated on the basis of LNG and LPG import prices in the quarter in question).
- \* The fluctuation in gas resource prices is calculated on the basis of actual values in customs clearance statistics for both LNG and LPG.
- \* Arrangements have been made to avoid both small and frequent rate adjustments as well as large fluctuations. The specific provisions are as follows.
  - There is no adjustment of gas rates if the difference between the standard average gas resource prices (53,810 yen/ton) and average gas resource price is less than 2,690 yen.
  - Even if the average gas resource price exceeds the upper limit of 86,100 yen, the amount of 86,100 yen is applied in the calculation of the gas rate adjustment.
- \* The scheme is not applied to Gunma district and Kofu district.

[Reference]

### Calculation of unit charge adjustment for gas resource costs

#### ●Calculation of average gas resource prices

Average LNG price (customs clearance statistics value)	73,110 yen/ton	x 0.9604
Average LPG price (customs clearance statistics value)	71,080 yen /ton	x 0.0393
+)		
	73,008.288	
		↓ (rounding to the nearest ten yen)
	73,010 yen/ton	

#### ●Calculation of the amount of gas resource price fluctuation

73,010 yen/ton	-	53,810 yen/ton	=	19,200 yen/ton
(omission of amounts less than 100 yen)				
↓				
19,200 yen/ton				

#### ●Calculation of the adjusted rate (charge per cubic meter)

Adjusted rate=	19,200 yen	/ 100 yen x 0.084 (*)
(unit charge)		
=	16.12 yen	(omission of amounts less than 0.01 yen)

\* The unit commodity charge is adjusted by 0.084(0.080×1.05) yen per cubic meter for every 100 yen of fluctuation

#### ●Additional unit cost by special measure to alleviate excessive fluctuation in rate adjustment for gas resource costs for regulated gas tariffs over the months January - March 2009.

Additional unit cost =	0.94yen
(*In case of general supply contract and residential optional contract )	

Additional unit cost =	0.59yen
(*In case of optional contract except for residential one)	

- Calculation of the adjusted rate (charge per cubic meter) applied special measure to alleviate excessive fluctuation in rate adjustment for gas resource costs for regulated gas tariffs

< General supply contract and residential optional contract >

$$\begin{aligned} \text{Calculation of the adjusted rate} &= \boxed{16.12 \text{ yen}} + \boxed{0.94 \text{ yen}} \\ &= \boxed{17.06 \text{ yen}} \end{aligned}$$

< Optional contract except for residential one >

$$\begin{aligned} \text{Calculation of the adjusted rate} &= \boxed{16.12 \text{ yen}} + \boxed{0.59 \text{ yen}} \\ &= \boxed{16.71 \text{ yen}} \end{aligned}$$

\* Effect on a standard customer in residential sector

			yen/month
Monthly consumption volume of 34 cubic meters (45MJ/m <sup>3</sup> )	Charge applied for January-May 2009 (After special measure applied*)	Charge applied for April 2009	Change
Including the national consumption tax	5,937	5,978	+ 41

\* Omission of amounts less than one yen in the calculation of the charge inclusive of the national consumption tax

\* Method of calculation for the standard gas rate in residential sector (excluding the national consumption tax)

$$\begin{aligned} &= \text{Standing charge (1,081.50 yen)} \\ &+ \text{Commodity charge (} \underbrace{126.98}_{\uparrow} \text{ yen} + \boxed{17.06 \text{ yen}} \text{) } \times 34 \text{m}^3 \\ &\quad \text{Commodity charge at the time of notification of the rate revision} \end{aligned}$$

\* Please refer to our release on October 31, 2008 from HP below about the special measure. URL: [http://www.tokyo-gas.co.jp/Press\\_e/20081031-05e.pdf](http://www.tokyo-gas.co.jp/Press_e/20081031-05e.pdf)