

## 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 May 2009 downward by 9.51 yen per cubic meter (45MJ) relative to the corresponding charge for meter reading for April 2009.

This adjustment is based on the average gas resource prices over the months of December 2008 to February 2009, reflecting new gas rate adjustment system to be introduced from May 2009 tariff and special measure to alleviate excessive fluctuation in rate adjustment for gas resource costs for regulated gas tariffs.

With this adjustment, the monthly gas tariff for the standard household (in the Tokyo district etc.) for meter readings during May decreases 323 yen (tax included) from that of the April (previous month).

With the introduction of the new gas rate adjustment system, the adjustment will be made every month from May 2009, whereas previously the adjustment was made every three months. The 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.

### 1. Gas rates for the month May 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)	152.38	134.53	131.38	125.71	119.20	109.33
<Reference> Commodity charge(yen/m3) April 2009	(161.89)	(144.04)	(140.89)	(135.22)	(128.71)	(118.84)

(2) 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 April 2009	Charge applied for May 2009	Change
Including the national consumption tax	5,978	5,655	-323

\*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/m <sup>3</sup> )	Charge applied for April 2009	Charge applied for May 2009	Change
Including the national consumption tax	8,283	7,808	-475

## 2. Fluctuation in gas resource prices

## (1)Actual gas resource cost

	yen/ton
Standard average gas resource price (1)	53,810
Average gas resource price over the months December 2008- February 2009 (2)	58,350
LNG	58,990
LPG	43,070
Difference (2) - (1)	4,540

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

## (2)Calculation of unit charge

## Calculation of unit charge adjustment for gas resource costs

## ●Calculation of average gas resource prices

Average LNG price (customs clearance statistics value)	58,990 yen/t	x 0.9604
Average LPG price (customs clearance statistics value)	43,080yen/t	x 0.0393

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58,346.647

↓ (rounding to the nearest ten yen)

58,350 yen/ton

● Calculation of the amount of gas resource price fluctuation

58,350 yen/ton

- 53,810 yen/ton =

4,540 yen/ton

(omission of amounts less than 100 yen)

↓

4,500 yen/ton

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

Adjusted rate = 4,500 yen / 100 yen x 0.084 (\*)

(unit charge)

= 3.78 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 April 2009 – March 2010.

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)

● Additional unit cost for transferring to new gas rate system over the months May 2009 - March 2010.

Additional unit cost = 2.83yen

● Calculation of the adjusted rate (charge per cubic meter) for May 2009 gas tariff

< General supply contract and residential optional contract >

Calculation of the adjusted rate = 3.78 yen (Gas resource cost adjustment)

+ 2.83 yen (Additional cost for the transition period)

+ 0.94yen (Additional cost for special measure)

$$= \boxed{7.55\text{yen}} \text{ (Change)}$$

< Optional contract except for residential one >

$$\begin{aligned} \text{Calculation of the adjusted rate} &= \boxed{3.78 \text{ yen}} && \text{(Gas resource cost adjustment)} \\ &+ \boxed{2.83 \text{ yen}} && \text{(Additional cost for the transition period)} \\ &+ \boxed{0.59\text{yen}} && \text{(Additional cost for special measure)} \\ &= \boxed{7.20\text{yen}} && \text{(Change)} \end{aligned}$$

\* 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 April 2009 (After special measure applied*)	Charge applied for May 2009 (After special measure applied*)	Change
Including the national consumption tax	5,978	5,655	-323

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)

$$\begin{aligned} &= \text{Standing charge (1,081.50 yen)} \\ &+ \text{Commodity charge (} \underbrace{126.98}_{\substack{\uparrow \\ \text{Commodity charge at the time of notification of the rate revision}}} \text{ yen} + \boxed{7.55 \text{ yen}} \text{ )} \times 34\text{m}^3 \end{aligned}$$

Reference: Outline of the new gas resource cost adjustment scheme (implemented from May 2009 gas bill)

- \* The scheme provides for adjustment of the unit commodity charge in gas rates (i.e., the charge per cubic meter of gas consumed) every month 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 weighted average cost of LNG and LPG import prices in the previous 3-5 months).

- \* The fluctuation in gas resource prices is calculated on the basis of actual values in customs clearance statistics for both LNG and LPG.
- \* Arrangement has been made to avoid price hike.
  - 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 gas resource cost that will be not reflected to the tariff because of this transition, will be added on to the tariffs from May 2009 through March 2010.
- \* The scheme is not applied to Gunma district and Kofu district.