

10 January 2010

Re: Northern Gas Networks 2009/10 Shrinkage Adjustment

Further to our publication of the NGN Shrinkage Assessment and Adjustment document on 30 July 2010 it has come to our attention that an error in the reconciliation model (Adjustment Calculation spreadsheet) was present when populating the Shrinkage Adjustment document.

The error was due to the pricing filter on the spreadsheet only selecting one period when it should have been selecting two. Once selected correctly, this produced an additional populated column in the spreadsheet which was originally omitted, thereby giving an error in the overall calculation of £887.63.

The document Version 2 has been updated with this new information in table 2.20 Financial Adjustment (Transportation Commodity Reconciliation).

Original Table Submitted

Table 2.20 – Financial Adjustment (Transportation Commodity Reconciliation)

LDZ	Adjustment Value
North	-£954.23
North East	£32.21
NGN Total	-£922.01

Revised Table Submitted

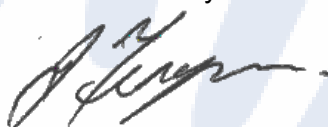
Table 2.20 – Financial Adjustment (Transportation Commodity Reconciliation)

LDZ	Adjustment Value
North	-£1872.87
North East	£63.22
NGN Total	-£1809.64

These figures then fed through to the totals giving a new figure of £48,494.40.

If you require any further information relating to this please do not hesitate to contact me.

Yours sincerely



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Northern Gas Networks

Network Integrity

09 December 2010

Shrinkage Adjustments for Gas Year 2009/10

Northern Gas Networks

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1.0 Executive Summary

This document provides information to shippers on the following :

- Assessment of North and North East LDZ Shrinkage Quantities
- Northern Gas Networks LDZ Shrinkage Adjustment
- Financial Adjustments applicable to Northern Gas Networks

Assessment of North and North East LDZ Shrinkage Quantity

In accordance with Uniform Network Code Section N3.3.3 the following information provides an assessment of shrinkage for both North and North Eastern LDZs. Northern Gas Networks final proposals for the Gas Year 2009/10 was not subject to Condition 7(4) disapproval and as a result, the proposed LDZ Shrinkage Quantities were applied in accordance with *Uniform Network Code TPD Section N 3.1.8*.

LDZ Shrinkage Quantity for the period 1st April 2009 to 31st March 2010

LDZ	Shrinkage Quantity (GWh)
North	225
North East	278

The assessment of shrinkage quantity for North and North East LDZs for the period 1st April 2009 to 31st March 2010 is approximately 4.9 GWh lower than the amount of shrinkage identified for that period, based on the above quantities.

Northern Gas Networks LDZ Shrinkage Adjustment

This section advises Shippers of the Shrinkage Adjustment for North and North East LDZ's for the period 1st April 2009 to 31st March 2010, as referred to in *Uniform Network Code TPD Section N 3.4.1*.

Using the applied and assessed shrinkage factors the following shrinkage quantities were calculated for the period 1st April 2009 to 31st March 2010.

LDZ Shrinkage Reconciliation for the period 1st April 2009 to 31st March 2010

LDZ	Procured LDZ Shrinkage Quantity (kWh)	Assessed LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)
North	224,999,870	219,910,254	-5,089,616
North East	278,000,060	278,171,872	171,812
NGN Total	502,999,930	498,082,126	-4,917,804

Note: Negative values indicate an over procurement.

2.0 Financial Adjustments Applicable to Northern Gas Networks

In accordance with the *LDZ Shrinkage Adjustments Methodology Version 2.0* there are two elements of financial adjustment. These are:

- Financial Adjustment for shrinkage energy reconciliation
- Financial Adjustment required for commodity charge reconciliation

Both of these financial elements are determined in the following sections.

2.1 Financial Adjustment for Shrinkage Energy Reconciliation

Applying the algorithm in section 2.2 of *LDZ Shrinkage Adjustments Methodology Version 2.0* the following financial adjustment has been determined for Northern Gas Networks for the period 1st April 2009 to 31st March 2010.

Table 2.10 – Financial Adjustment (Gas Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-5,089,616	-£48,315.78
North East	171,812	£1,631.02
NGN Total	-4,917,804	-£46,684.76

The Northern Gas Networks total financial adjustment of £46,684.76 is negative and therefore identified as a credit to the Gas Transporters..

2.2 Financial Adjustment required for Commodity Charge Reconciliation

Applying the algorithm in section 2.3 of *LDZ Shrinkage Adjustments Methodology Version 2.0*, the following financial adjustment has been determined for Northern Gas networks for the period 1st April 2009 to 31st March 2010.

Table 2.20 – Financial Adjustment (Transportation Commodity Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-5,089,616	-£1,872.87
North East	171,812	£63.22
NGN Total	-4,917,804	-£1,809.64

The Northern Gas Networks total financial commodity charge adjustment of £1,809.64 is negative and therefore identified as a credit to the Gas Transporters.

Northern Gas Networks Total Financial Adjustment is therefore £48,494.40

2.3 Transportation Commodity Charges

The commodity charges used in the Transportation Commodity Reconciliation calculations are :

Table 2.30 – Transportation Commodity Charges

	Period of Application	
	01/04/09 to 30/09/09	01/10/09 to 31/03/10
NTS Commodity	0.000155	0.000181
LDZ Commodity	0.000205	0.000195
Customer Commodity	0	0
Total Commodity Rate	0.00036	0.000376