



Northern Gas Networks

Network Integrity

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Shrinkage Adjustments for Gas Year

2010 - 2011

Northern Gas Networks

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Contents

1.0 Executive Summary 1

2.0 Financial Adjustments Applicable to Northern Gas Networks 2

 2.1 Financial Adjustment for Shrinkage Energy Reconciliation 2

 2.2 Financial Adjustment required for Commodity Charge Reconciliation 2

 2.3 Transportation Commodity Charges..... 3

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 2010/11 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 2010 to 31st March 2011

LDZ	Shrinkage Quantity (GWh)
North	222
North East	276

The assessment of shrinkage quantity for North and North East LDZs for the period 1st April 2010 to 31st March 2011 is approximately 1.49 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 2010 to 31st March 2011, 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 2010 to 31st March 2011.

LDZ Shrinkage Reconciliation for the period 1st April 2010 to 31st March 2011

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)
North	218,358,695	222,441,194	-4,082,499
North East	278,829,705	276,244,378	2,585,327
NGN Total	497,188,400	498,685,572	-1,497,172

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 2010 to 31st March 2011.

Table 2.10 – Financial Adjustment (Gas Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-4,082,499	-£66,339.01
North East	2,585,327	£42,010.54
NGN Total	-1,497,172	-£24,328.47

The Northern Gas Networks total financial adjustment of £**24,328.47** 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 2010 to 31st March 2011.

Table 2.20 – Financial Adjustment (Transportation Commodity Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-4,082,499	-£1,580.80
North East	2,585,327	£1,001.07
NGN Total	-1,497,172	-£579.73

The Northern Gas Networks total financial commodity charge adjustment of £**579.73** is negative and therefore identified as a credit to the Gas Transporters.

Northern Gas Networks Total Financial Adjustment is therefore £24,908.19

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		
	01/04/10 to 30/09/10	01/10/10 to 31/01/11	01/02/11 to 31/01/11
NTS Commodity	0.000196	0.000192	0.000051
LDZ Commodity	0.000216	0.000216	0.000216
Customer Commodity	0	0	0
Total Commodity Rate	0.000412	0.000408	0.000267