

Northern Gas Networks

Capacity Management & System Operation

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Shrinkage Adjustments for Gas Year 2008/09

Specifically 1st Oct 2008 to 31st March 2009

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 2008/09 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 October 2008 to 31st March 2009

LDZ	Shrinkage Quantity (GWh)
North	116
North East	145

The assessment of shrinkage quantity for North and North East LDZs for the period 1st October 2008 to 31st March 2009 is approximately 4.4 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 October 2008 to 31st March 2009, 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 October 2008 to 31st March 2009.

LDZ Shrinkage Reconciliation for the period 1st October 2008 to 31st March 2009

LDZ	Procured LDZ Shrinkage Quantity (kWh)	Assessed LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)
North	116,180,792	115,107,902	-1,072,890
North East	144,602,822	141,240,554	-3,362,268
NGN Total	260,783,614	256,348,456	-4,435,158

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 October 2008 to 31st March 2009.

Table 2.10 – Financial Adjustment (Gas Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-1,072,890	-£18,571.21
North East	-3,362,268	-£58,199.25
NGN Total	-4,435,158	-£76,770.46

The Northern Gas Networks total financial adjustment of £76,770.46 is negative and therefore identified as a debit from the Domestic Shippers.

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 October 2008 to 31st March 2009.

Table 2.20 – Financial Adjustment (Transportation Commodity Reconciliation)

LDZ	LDZ Shrinkage Reconciliation Quantity (kWh)	Adjustment Value
North	-1,072,890	-£377.90
North East	-3,362,268	-£1184.30
NGN Total	-4,435,158	-£1562.20

The Northern Gas Networks total financial commodity charge adjustment of £1562.20 is negative and therefore identified as a debit from the Domestic Shippers.

Northern Gas Networks Total Financial Adjustment is therefore £78,332.66.

2.3 Transportation Commodity Charges

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

Table 4.21 –Transportation Commodity Charges

	Period of Application	
	01/10/08 to 31/01/09	01/02/09 to 31/03/09
NTS Commodity	0.000186	0.000088
LDZ Commodity	0.000198	0.000198
Customer Commodity	0	0
Total Commodity Rate	0.000384	0.000286