Scotia Gas Networks LDZ Shrinkage Adjustment for Gas Year 2006/07

1. Introduction

This document advises Shippers of the Shrinkage Adjustment for Scotia Gas Networks operated LDZ's for the period 1 October 2006 to 30 September 2007, as referred to in the *Uniform Network Code* Section N 3.4.1

2. LDZ Shrinkage Reconciliation Calculations

The LDZ Shrinkage Reconciliation Quantity (LRQ) is calculated as the difference between the Assessed and Procured LDZ Shrinkage Quantities. This reconciliation quantity is the amount that Scotia Gas Networks has over or under procured.

Therefore, for each LDZ;

LDZ Shrinkage Reconciliation Quantity (LRQ)	**=**	**Assessed LDZ Shrinkage Quantity (AQ)**	**-**	**Procured LDZ Shrinkage Quantity (PQ)**

3. LDZ Shrinkage Adjustment for 2006/07

Table 1, below, shows the LDZ Shrinkage Reconciliation Quantities for each LDZ during period operated by Scotia Gas Networks as calculated using the values indicated in the LDZ Shrinkage Assessment for the 2006/07 Gas Year;

Table 1. LDZ Shrinkage Reconciliation for 2006/07 Gas Year Shrinkage Adjustment

LDZ	Assessed LDZ Shrinkage Quantity (kWh)	Procured LDZ Shrinkage Quantity (kWh)	LDZ Shrinkage Reconciliation Quantity (kWh)[1]
SC	299,032,318	301,638,771	-2,606,453
SE	409,036,473	407,379,074	1,657,400
SO	293,410,623	292,445,608	965,015
Total	**1,001,479,415**	**1,001,463,452**	**15,962**

4. Financial Adjustment

The Financial Adjustment (FA) due to Scotia Gas Networks for Energy (cost of the gas) is calculated as shown below:

$$FA(£) = \sum_{1/10/06}^{30/9/07} LRQ(kWh) \times SAP(p/kWh)/100$$

Where:

FA (£) = Financial Adjustment
LRQ (kWh) = LDZ Shrinkage Reconciliation Quantity
SAP = Flow Weighted Average System Average Price for 2006/07

The Flow Weighted Average System Average Price for 2006/07 is the daily System Average Price, flow-weighted by LDZ throughput quantities (adjusted for the effect of LDZ Offtake Measurement adjustments processed via RbD).

[1] Negative values indicate an over procurement

The allocation of any debit or credit to Shippers resulting from the Adjustment process is achieved by calculating the energy adjustment on a daily basis, multiplying this by the daily flow-weighted average system average price, summating this by LDZ by month and apportioning this by the relevant Shipper RbD affected portfolio in each LDZ for each month.

Table 2, below, shows the financial adjustment by LDZ for the 2006/07 Gas Year, calculated on a daily basis in line with the methodology indicated above.

Table 2. Financial Adjustment by LDZ for the 2006/07 Gas Year

LDZ	LDZ Shrinkage Reconciliation Quantity due to Changes to Shrinkage Factors (kWh)[2]	Adjustment Value due to Changes to Shrinkage Factors (£s)
SC	-2,606,453	-22,581.28
SE	1,657,400	14,538.50
SO	965,015	8,427.54
Total	**15,962**	**384.76**

The overall financial value for the Energy Adjustment (£384.76), is therefore a debit from Scotia Gas Networks. Under the rules of Reconciliation by Difference, this is a debit of equal and opposite value to Domestic Shippers, i.e. a credit of £384.76.

2 Reconciliation quantities due to changes in Shrinkage Factor cover changes to assessed leakage and OUG, and the effects of rounding.