

LDZ SHRINKAGE ADJUSTMENTS S METHODOLOGY

To be effective from ~~the Project Nexus Implementation~~
~~Date (PNID)~~ 1st July 2018

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Document Control

Version	Date	Reason for Change
0.4 Revision Draft	07 Apr 2005	
1.0	19 October 2006	Format revision, headers, footers, title page, content page and corresponding sections, and inclusion of document control
2.0	19 March 2009	To account for changes introduced by UNC Modification Proposals 203V & 0225
2.1	07 October 2013	Updates required as a result of Mod 0432
2.2	31 October 2013	Updates required as a result of Modification 0432
3.0	08 January 2016	Baselined version v2.2 which was approved at 19 November 2015 UNCC
<u>3.1</u>	<u>12th August 2021</u>	<u>Updated to remove section 2.3 'Transportation Commodity Reconciliation' as this is not relevant post 12 months from Project Nexus implementation date (1st June 2017) and to include details of the invoice and charge types which will be used.</u>

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Development of Shrinkage Adjustments Methodology

1. The requirement to produce the LDZ Shrinkage Adjustments Methodology is specified in Section N3.4.2 of the Transportation Principal Document of the Uniform Network Code (UNC). This section also provides for the document to be revised from time to time. The provision reads:

“The **LDZ Shrinkage Adjustments Methodology**” is the methodology from time to time established, published and revised by the Transporters (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and issued to Users setting out the calculations for the reconciliation to be carried out under paragraph 3.4.1.”

2. The Methodology set out below meets the Transporters’ obligation to prepare a document, while the Document Control Section records changes which have been made to the Methodology. The document is published on the Joint Office of Gas Transporters website, www.gasgovernance.co.uk.
3. The Transporters would welcome comments from Users on the published document at any time, which should be sent to enquiries@gasgovernance.co.uk. In accordance with the UNC, the Transporters will put any revisions they propose should be made to the document to the Uniform Network Code Committee for approval.

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1. Introduction

The purpose of this document is to define how LDZ ~~shrinkage~~ Shrinkage will be reconciled after the end of the relevant period as defined by the Transporters and how the costs shall be distributed. The relevant period may be less than 12 months, but shall be for a period of consistent Daily Shrinkage Quantity. This document does not form part of the Uniform Network Code (UNC).

2. Reconciliation Methodology

The following is designed to reconcile the purchased LDZ ~~shrinkage~~ Shrinkage quantities at the end of the relevant period against those calculated following the assessment applicable to that relevant period, in accordance with *UNC – Transportation Principal Document Section N3.3*, and ensure that the Unidentified Gas Reconciliation billing process is adjusted accordingly.

A negative 'adjustment', in the calculations below, indicates an over procurement and, hence, a credit to the Gas Transporter; a positive 'adjustment' indicates an under procurement and, hence, a credit to Shippers.

2.1. Reconciliation Quantity

After the end of the relevant period, the Daily LDZ ~~shrinkage~~ Shrinkage reconciliation quantity shall be calculated as follows:

$$S_{LRQ} = (S_{LAQ} - S_{LPQ})$$

Where

S_{LRQ} = Reconciliation LDZ specific Daily Shrinkage Quantity (kWh)

S_{LAQ} = Assessed LDZ specific Daily Shrinkage Quantity (kWh)

S_{LPQ} = Procured LDZ specific Daily Shrinkage Quantity (kWh)

2.2. Financial Adjustment (Gas Reconciliation)

The financial adjustment associated with gas reconciliation (FA_{Rec}) shall be calculated, on a daily LDZ basis, as follows:

$$FA_{Rec} = \sum^{All\ days} [S_{LRQ} \times SAP / 100]$$

Where FA_{Rec} = Financial Adjustment associated with Gas Reconciliation (£)
 SAP = Daily System Average Price (p/kWh)
 $All\ days$ = Sum for all days in the relevant period

2.3. Financial Adjustment (Transportation Commodity Reconciliation)

~~The financial adjustment associated with transportation commodity reconciliation shall be calculated individually for each of the two Commodity Charge elements[†], on a daily LDZ basis, as follows:~~

~~$$FA_{Comm} = \sum_1^n \left[\sum_{P_{start}}^{P_{end}} (S_{LRQ}) \times CC_n / 100 \right]$$~~

~~Where FA_{Comm} = Financial adjustment associated with transportation commodity reconciliation (£)
 n = Number of charging periods
 P_{start} = Start date of the charging period
 P_{end} = End date of the charging period
 CC_n = Applicable Commodity Charge for the specific Commodity Charge element and charging period~~

3. Billing

The financial adjustments identified in Section 2, above, shall be allocated between Shippers in proportion to their share of Prevailing Reconciled Daily Quantity Offtaken (UPRDQO) for the relevant period, ~~subdivided into periods of consistent transportation charging,~~ and shall be compiled into a single set of energy ~~and network operator invoices~~ charges or rebates. The amounts shall be issued on the next available Amendment Invoice using the UGR (Unidentified Gas Reconciliation) charge type.

[†]NTS Commodity and System Commodity