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NTS Shrinkage Incentive Methodology Audit for Incentive Years 2016/17

DNV GL has carried out an independent audit of the baseline volume target calculations, the efficiency volume target calculations and the compliance to publication dates for the 2016/17 incentive year.

2016/17 Baseline Volume Target Audit

In our opinion, the methodologies and rules set out in the “NTS Shrinkage Incentive Methodology Statement, June 2015” have been correctly applied for Compressor Fuel Use (CFU), Calorific Value Shrinkage (CVS) and Unaccounted for Gas (UAG). The final audited baseline volumes for 2016/17 are therefore as follows:

BASELINE VOLUMES - CFU

	Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
Gas GWh	64	36	256	413	769
Elec GWh	68	61	90	137	356

* Note electricity usage is one third of the electricity (gas equivalent) usage

BASELINE VOLUMES - CALORIFIC VALUE SHRINKAGE

	Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
GWh	26.8	26.8	26.8	26.8	107.2

BASELINE VOLUMES - UNACCOUNTED FOR GAS

	Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
GWh	331	756	1180	579	2846

2016/17 Efficiency Volume Target Audit

In our opinion the methodologies and rules set out in the "NTS Shrinkage Incentive Methodology Statement, June 2015" have now been correctly applied. In particular, the audit has confirmed that:

- The Energy Efficiency Target for CFU (Compressor Fuel Use) has been correctly calculated as 3,298.3GWh against an outturn of 3,423.6GWh.
- The Energy Efficiency Target for CVS (Calorific Value Shrinkage) has been correctly calculated as 84.2GWh against an outturn of 50.6GWh.

2016/17 Adherence to Publication Dates

- The documents "2016/17 NTS Shrinkage Incentive Methodology Statement" and "2016/17 NTS Shrinkage Incentive Ex-Ante Baseline Value Statement" were both published in line with the required timescales. This was verified at the time of publication.
- The 2016/17 Baseline targets were updated with UAG values for Q3 2016, Q4 2016 and Q1 2017 by the required publication dates. This was verified at the time of publication in each case.

Scope of the audit

The scope of this audit statement is as follows:

- The adherence to the documented methodology given the data provided. No assessment of the validity of the raw data or the methodology statement itself has been made.
- This audit statement is restricted to the calculation of the baseline volume targets for 2016/17 and the efficiency volume targets 2016/17.
- Adherence to publication dates for 2016/17.

Sincerely
for DNV GL

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