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### NTS Shrinkage Incentive Methodology Audit for Incentive Years 2014/15

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 2014/15 incentive year.

#### 2014/15 Baseline Volume Target Audit

In our opinion, the methodologies and rules set out in the “NTS Shrinkage Incentive Methodology Statement, June 2013” have been correctly applied for Compressor Fuel Use (CFU) and Unaccounted for Gas (UAG). However, a discrepancy was identified in the calculation of the published baseline volumes for Calorific Value Shrinkage (CVS). The Total CVS volume published in June 2013 was +32GWh. This was recalculated following resolution of issues identified during audit and was found to be -7GWh. This update was published in December 2014. The final audited baseline volumes for 2014/15 are therefore as follows


BASELINE VOLUMES - CFU						
		Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
Gas GWh		152	101	388	628	1269
Elec GWh		29	22	39	50	140

BASELINE VOLUMES - CALORIFIC VALUE SHRINKAGE						
		Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
GWh		-1.75	-1.75	-1.75	-1.75	-7

BASELINE VOLUMES - UNACCOUNTED FOR GAS						
		Q2 Apr - Jun	Q3 Jul- Sep	Q4 Oct - Dec	Q1 Jan - Mar	Total
GWh		722	626	610	639	2597

#### 2014/15 Efficiency Volume Target Audit

In our opinion, the methodologies and rules set out in the “NTS Shrinkage Incentive Methodology Statement, June 2013” have been correctly applied. In particular, the audit has confirmed that



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- The Energy Efficiency Target for CFU (Compressor Fuel Use) has been correctly calculated as 1,688.5GWh against an outturn of 1,469.7GWh
- The Energy Efficiency Target for CVS (Calorific Value Shrinkage) has been correctly calculated as -84.7GWh against an outturn of +27.0GWh

**2014/15 Adherence to Publication Dates**

- No evidence was available to confirm the publication date of the '2014/15 NTS Shrinkage Incentive Methodology Statement' and the '2014/15 NTS Shrinkage Incentive Ex-Ante Baseline Value Statement' but both documents are dated June 2013.
- The 2014/15 Baseline targets were updated with UAG values for Q3 2014, Q4 2014 and Q1 2015 by the required publication dates. This was evidenced by letters provided by National Grid.

**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 2014/15 and the efficiency volume targets 2014/15
- Adherence to publication dates for 2014/15.

Sincerely  
for DNV GL

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