firmus energy Distribution Limited

Forecast Network Capacity Statement for Gas Year 2017 / 2018

16th March 2017

1. Licence Obligation to publish a Forecast Network Capacity Statement

As per licence condition 2.12 of the firmus energy conveyance licence, firmus energy Distribution Limited (feDL) book and hold Exit Capacity on the Postalised Transmission Network for all shippers who operate within the feDL licence area. As per this licence condition, feDL book this Exit Capacity to ensure that sufficient gas can be conveyed to meet daily firm demand which is likely to be exceeded only in 1 year out of 20 years.

feDL are further required under this licence condition to carry out a consultation process with gas suppliers acceded to the feDL Distribution Network Code and to then produce and publish a Forecast Network Capacity Statement. feDL issued the Draft Forecast Network Capacity Statement to gas suppliers on 17th February 2017 with a deadline for responses of 5.00pm on Friday 10th March 2017. feDL received one response from a Gas Supplier to confirm that they had no comments in relation to the Draft Forecast Network Exit Capacity Statement.

2. Determining the forecast daily firm Capacity for Gas Year 2017 / 2018

In calculating the Postalised Exit Capacity, feDL has considered the relationship between consumption, temperature and forecast load growth.

Regression analysis was carried out on historical volume data and the corresponding temperature data and considered the impact of the temperature on the coldest day in the last 50 years (which was -10.1 Degrees Celsius on 21st December 2010), and the corresponding firm consumption.

We examined firm volume on our peak day in the current gas year and applied the relationship between temperature and volume to estimate the peak day for the current firm customer base for a 1-in-20 year's peak demand. Load growth is also considered in determining the requirements.

3. Impact on Postalised Capacity Charges

The analysis of the Postalised Exit Capacity requirements has indicated that the current capacity booking will need to be increased to 8,257 MWh from 8,186 MWh to meet forecast firm demand, including projected growth, for the feDL network for Gas Year 2017/18.

Using the published forecast capacity charge for Gas Year 2017/18, Table 1 and 2 below demonstrate the forecast impact of the proposed capacity booking.

Table 1: Current capacity booking for current Gas Year and forecast capacity booking for Gas Year 2017/2018 for firm distribution volumes

	Capacity Booking (000s therms)	**Capacity Booking (MWhs)**
Current Postalised Capacity Booking	279	8,186
Current including Ratchet amount occurred in Gas Year	280	8,194
Forecast Postalised Capacity Booking	282	8,257
Variance	3	71

Table 2: Forecast capacity charge expressed in commodity terms

	Pence per kWh	**Pence per therm**
Current Postalised capacity charge expressed in commodity terms for current capacity booking	0.1057	3.098
Current Postalised capacity charge expressed in commodity terms for current capacity booking (including ratchet amount)	0.1059	3.102
Forecast Postalised capacity charge expressed in commodity terms for new capacity booking	0.1252	3.671
Forecast change	0.0195	0.573
Percentage forecast change		18.5%

4. Conclusions and recommendations

Using regression analysis, forecasted load growth and experience of a 1-in-50 winter, we believe the methodology used above is fit for purpose and propose to increase the current Exit Capacity booking to 8,257 MWh for Gas Year 2017/2018. Please note that the forecast requirements and the forecast impact on Exit Capacity charges has been based on the data available at the time of print.

feDL will therefore submit an application to the Transmission Operators to request an increase in the current capacity booking of 8,186 MWh to 8,257 MWh. feDL will request this additional firm exit capacity for the period 1st October 2017 to 30th September 2022.