

SGN
14 Silverwood Industrial Estate
Lurgan
BT66 6LN

6 September 2021

NIAUR
Queens House
Queens Street
Belfast
BT1 6ED

Dear Philip,

WTL Licence Consultation - Notice under Article 14(2) of the Gas (Northern Ireland) Order 1996

Thank you for providing the opportunity to comment on the proposed modifications to Schedule 6.1.2 of the West Transmission Limited (WTL) conveyance licence.

During our discussions in May 2021 following receipt of the provisional determination detailing the amount and timing of the cumulative capital expenditure for the Gas to the West project, we highlighted that there were still significant areas of uncertainty. The process to resolve these areas, principally around HP Main Works Contract (MWC) and associated land remediation, would likely be prolonged. We therefore suggested that the current “cut-off” date within the WTL licence would limit our ability to provide necessary certainty of Actual Capital Expenditure for a number of cost categories.

We suggested, and the Utility Regulator has agreed, that a licence change was necessary. The proposed modifications will allow the Utility Regulator to make a final determination of Actual Capital Expenditure for Gas to the West when actual costs are more established. We believe this will minimise the quantum of costs which might be confirmed after the determination of Actual Capital Expenditure and paid for as “Capital Expenditure constituting Eligible Pass-Through Costs” which reduces tariff stability.

I can confirm we support the proposed amendments to the gas conveyance licence to amend the “Cut-off” date in Schedule 6.1.2 to the 1st December 2023 or a date which is set in a direction issued by the Utility Regulator following consultation with the Licensee. We would also suggest that if the costs are not clarified within this new timescale, although we believe they will be, then the revised condition should allow the further time necessary to provide sufficient certainty on out-turn costs.

I hope these comments are helpful.

Yours sincerely,



David Handley
Head of Regulation (SGN)