

From: Donald Murray  
To: GasNetworks Responses <Gas\_networks\_responses@uregni.gov.uk>  
13 April 2021

## **UR Consultation on Seasonal Multiplier Factors for Gas Transmission**

Dear Jillian,

I write to you on behalf of EP Ballylumford Limited and EP Kilroot Limited. EP Ballylumford provided the anchor load to bring natural gas to Northern Ireland in the mid 1990's. Today EP Ballylumford is still a significant user of natural gas and would rank in the top three users in Northern Ireland. Currently EP Kilroot is not a gas user, but with plans well advanced to install high efficiency Open Cycle Gas Turbines in the next two years, EP Kilroot will too become a significant user of natural gas.

We are disappointed that there is potential for divergence in tariffs in Northern Ireland and Republic of Ireland for 2021/22 given it seems likely CRU will introduce revised tariff structures from October 2021. As a generator in the all-island SEM Market, having different tariff arrangements / costs across the two jurisdictions means generators are not competing on a level playing field. We understand that alignment of the gas market framework is a policy intention and whilst we welcome UR's intention to use a data led approach in formulating seasonal factors, we would urge the UR to also take account of the efficient operation of the SEM.

Whilst we would be supportive for the need for annual review as mandated in the TAR NC, we would caution against this potentially leading to significant annual changes in seasonal factors. The annual review should be used to inform the direction of travel and any changes should be introduced incrementally, with full industry engagement in the process and with at least 1 years notice of the changes. This will help off-set any unforeseen price spikes, allow suppliers to adjust contracts to suit and will increase investor confidence that pricing structures are relatively stable.

We also note the UR's questions around seasonal factors encouraging capacity bookings away from the winter peak. As a generator we have to follow the dispatch instructions of the TSO and therefore we have no control over our usage patterns and hence requirements for capacity. Having said that, clearly higher bid pricing in the SEM in winter due to seasonal factors may reduce dispatch of gas units in favour of other fuels. However, given the marginal unit is almost always gas fired (and assuming all generators are bidding in the same transportation costs) the use of seasonal factors has a minimal impact on moving gas usage by generators away from the winter peak.

Kind regards

Donald.

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**EP Kilroot**   **EP Ballylumford**