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Response to UR Seasonal Factors Consultation

GMO NI welcomes the opportunity to respond to this Consultation of maintaining seasonal factors in GY23 and from GY24 onwards smoothing the seasonal factors.

7.1. Do respondents agree with our proposal to smooth the seasonal multiplier factors?

GMO NI agrees with the smoothing of the seasonal factors in so far that it is implemented at the same time as CRU amend the Rol multipliers, at the same level, to ensure this does not lead to distortion between the Northern Ireland gas network and the Rol gas network particularly in the SEM. However, it should be noted that from a TSO aspect this may alter the within year revenue profile of the TSOs and this should also be considered further to ensure sufficient liquidity (for MEL) in debt repayments as currently the profile is front loaded within the year due to the current level of seasonal factors.

7.2 To what extent do respondents consider that smoothed seasonal multipliers might alter how shippers book annual and non-annual capacity and please provide evidence.

We believe this question would be better answered by Network users as opposed to an operator who is not forecasting/booking.

7.3 Do respondents have any views on how to better manage the forecasting accuracy of non-annual capacity bookings?

GMO NI has responded on this matter in its response to the UR consultation on short term exit multipliers and suggests a few options. However, these would need further development and engagement with the Shipper community before implementation and therefore GMO NI would suggest that this is dealt with by means of a separate consultation process.

7.4 How do respondents consider the smoothing of seasonal multiplier factors might affect the year end reconciliation amount and what mitigations are available?

As indicated in the UR consultation on short term exit products the smoothing of the seasonal factors may help reduce the volatility within year and therefore reduce the end of year reconciliation. However, this may be offset by the parallel implementation of short term exit products. Options to increase forecasting accuracy and reduce end of year reconciliation are suggested by GMO NI in its response to the UR consultation on short term exit products such as a buffer account, increased engagement at the forecast tariff stage or some form of incentive regime of forecasting accuracy on the Shippers.

The more accurate the shippers forecast are the less the year end reconciliation amounts will be.

7.5 Do Respondents consider there are any further elements that should be considered?

Anything further on this is included in the GMO NI response to the UR consultation on short term exit products.