



John Wasson
Networks Directorate
Utility Regulator
Queens House
14 Queens Street
Belfast BT1 6ER

09th June 2023

Dear John,

RE: UR_2023-05-11 Consultation on Seasonal Multiplier Factors for Gas Transmission

Gas Networks Ireland (GNI (UK)) welcomes the opportunity to review the seasonal multipliers in Northern Ireland as part of the annual tariff setting process under Article 28 of the Tariff Network Code (TAR NC).

As highlighted in the consultation, the multipliers and seasonal factors are set and applied to calculate the tariffs for non-annual products. Multipliers and seasonal factors have been aligned between NI and ROI since their inception in 2015. UR notes that this alignment has been beneficial to ensure there is no perverse pricing signal which affects the decisions of all-island electricity generators and GNI (UK) would agree with this.

As mentioned in the UR's consultation, the Commission for Regulation of Utilities (CRU), through the Article 28 2021_22 consultation¹, provided a number of alternative scenarios, with the suggestion of implementing 'Alternative 2 Current multipliers and adjusted seasonal factors' where the multipliers would remain as is, but the seasonal factors would be adjusted to improve cost reflectivity, i.e non-annual capacity products would become less costly in winter and more expensive in the summer.

¹ <https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/CRU2114-Gas-Transmission-Tariff-Methodology-Article-28-Consultation-Gas-Year-21-22.pdf>

GNI (UK) is of the view that while the overall level of multiplier should remain as is, they are merits in reviewing the profile of seasonal factors with a view to reducing the short-term prices in the winter and increasing the short-term prices in the summer.

GNI (UK) is supportive, as noted by the UR in this consultation, with the continued engagement with the CRU around the maintenance of the NI/ROI short-term multiplier alignment. In particular, we would be concerned with the impact to Gormanston IP, where if there are different seasonal multipliers for short-term products at either point on the IP (between NI and ROI), this could potentially impact shipper bookings at the IP.

When considering the smoothing of seasonal multipliers in the context of the introduction of short-term capacity products at the exit, their removal could help to reduce the financial impact of poor forecasting of short-term products and hence reconciliation volatility with respect to the annual reconciliation of TSO revenues.

Therefore, while GNI (UK) is broadly supportive of the review of the seasonal factors, we are of the opinion that more time would be needed to facilitate additional analysis, to co-ordinate the implementation of any changes of the short-term prices for both NI and ROI.

We would welcome the opportunity to engage with UR in relation to this submission and are available to discuss any queries you may have at your convenience.

Yours sincerely,



Denis Twomey
Commercial Finance Manager