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## **Response to the Consultation on the UR's approach to the GT27 Price Control for Northern Ireland's Gas Network**

GMO NI welcomes the opportunity to respond to the Utility Regulator's (UR) approach to the GT27 Price Control, and offers the following points for consideration.

### **Managing Uncertainty**

UR states in clause 4.4 "We expect licence holders to provide the data necessary to support a robust assessment of expenditure and outputs. Where there is insufficient data, we will adopt an approach to funding which is prudent but conservative until the company can develop a robust approach based on sound data."

Further to this, in clause 4.17 in response to managing uncertain change related activities UR states "We are of the view that existing licence conditions are sufficient to accommodate these situations. Any such factors must be unforeseen, outside management control, and will be subject to a materiality threshold where applicable and close UR scrutiny."

As outlined in the GMO NI previous consultation response in 2025, change related work for GMO NI is mainly associated with functional change of the network code, and the IT system Delphi. This can be driven by external legislation, improvements required to the market/processes or the need to accommodate general market change. Such changes can be energy transition related or otherwise, and not necessarily unforeseen but rather the scope is unclear.

In addition to this functional/market change there may be a requirement for GMO NI to change its fundamental business activities related to the energy transition or otherwise. A recent example of this is the requirement for GMO NI to incorporate a new network planning business function for which the approval for allowances was gained from UR. This change to date has been the only key business change to the GMO NI set up from 2017, however with the energy transition gathering pace there may be requirements for GMO NI to alter further its scope and it is important that allowances required for such activities are approved in an efficient and timely manner.

GMO NI agrees that currently the fundamental licence mechanisms in terms of revenue collection are acceptable for the GNI (UK) and MEL related work for GMO NI (whether

functional change or business change), however these should be kept under review. We would suggest that the process for application and approval of additional monies outside of the normal price control process should be refined to ensure the work on both sides (TSOs and UR) is proportional to the magnitude of the request. It may also be useful to set out pre-determined timelines for the process, and to ensure where possible a lighter touch is realised so as not to hold up key work associated with the energy transition especially.

## **Gas Network Planning**

Following the award of allowances by UR, the gas TSOs have commenced an enhanced gas planning function, which currently envisages the production of two reports - a 10-year NI Gas Transmission Outlook and a longer-term view towards 2050 report called Energy Horizons. In addition, an MOU has been signed with SONI to commence a more wholistic approach.

UR states in 3.25 “We will work with the TSOs and government to develop evidence and long-term forecasts on future gas demand, considering a whole systems approach that incorporates green gases, scenario planning and an increased role in power generation.”

GMO NI agrees that this new function is the beginning of a new chapter which will inform government, price controls and planning of the gas network in the future and looks forward to working with gas network operators and UR to develop this further.

Relating to the network planning function UR states in 4.69 “Existing conditions within each TSO licence have been used to facilitate energy strategy funding applications. As part of the process of setting the next price control (GT27), it is our intention that projects relating to this work will be captured through any proposed Energy Transition Fund and be subject to same review/approval process. We believe this has worked well during GT22 and encouraged collaboration with all stakeholders.”

GMO NI would suggest that rather than being projects, the network planning function should be embedded as part of BAU and intends to include costs for the aforementioned activities in its GT27 business plan. As outlined this function will need to be refined as the current activities and resources are developed and potentially expanded moving forward. If required within a price control period the process (albeit refined and more timely) could be followed for gaining interim allowances but ultimately the network planning will become an essential part of future infrastructure planning and build, informing government policy and price controls as well as defining possible scenarios out to 2050 and beyond for the NI gas network.

## **Business Plan**

In terms of the business plan submission, GMO NI would welcome the business plan template provision as outlined in section 4.91 as soon as possible, as producing the business plan is an onerous process. GMO NI proposes to take a similar approach in its business plan submission for the change related work for GT27 as per the GT22 price

control process, in that it will highlight Tier 1 and Tier 2 projects. Tier 1 projects will have an associated allowance request, whereas Tier 2 projects will outline the project but due to uncertainty will have no allowances requested at this stage. This process highlights areas that are foreseen but which would need to become clearer before monies are requested. It would be useful if UR would indicate if this is worthwhile considering its emphasis on allowances outside of the price control period being only for unforeseen activities. GMO NI is open to discussing this further with UR if necessary.

GMO NI welcomes the open and engaging approach UR has taken to the GT27 price control process to date, and looks forward to engaging further in the coming months.

Yours faithfully,

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