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30th April 2026

Response to UR Seasonal Factors Consultation for Gas Transmission 2026

Dear Christopher,

GMO NI welcomes the opportunity to respond to this consultation and is broadly supportive of the proposal to maintain the existing seasonal factors for Gas Year (GY) 2026/27, noting their alignment with those applied in the Republic of Ireland. GMO NI also supports the proposal to undertake a more detailed review of seasonal factors going forward.

Higher seasonal factors during winter months have historically reflected increased utilisation of the transmission system, with associated capacity prices during higher demand periods justifying a premium. Seasonal differentiation can also provide signals for efficient network use and investment, and may incentivise users to secure longer-term capacity products, thereby supporting more stable revenue recovery for Transmission System Operators (TSOs). However, the extent to which seasonal price signals can influence demand behaviour in Northern Ireland is limited, given that gas consumption is largely driven by inflexible demand requirements.

GMO NI considers that current seasonal factors appear to be a key driver of revenue volatility. In particular, revenue outcomes are highly sensitive to short-term capacity utilisation within a relatively narrow winter peak window, with the impact amplified by higher seasonal multipliers. This has resulted in material deviations from forecast revenues in recent years. For example, significant overutilisation of daily capacity products during Q1 2025 where bookings were approximately four times forecast levels led to the first mid-year tariff recalculation. Conversely, in Q1 2026, revenues have trended below forecast levels which may set the tone for the rest of the year due to the decrease in the tariffs. Consumption during a small number of high-tariff months can disproportionately influence the overall revenue position for the gas year.

While GMO NI acknowledges the underlying rationale for seasonal differentiation, the current level of seasonality may be disproportionate in the Northern Ireland

context, where demand responsiveness is limited and the system is relatively small. As such, seasonal factors may not fully align with the objectives of cost reflectivity and tariff stability, and may introduce additional volatility into the tariff-setting process.

GMO NI also notes the Utility Regulator's observations regarding evolving gas demand patterns associated with decarbonisation. In Northern Ireland, a significant proportion of gas demand is linked to power generation, where gas-fired plant is increasingly required to operate flexibly in support of intermittent renewable generation. This is resulting in more variable and less predictable gas usage profiles throughout the year, with peak power sector demand not necessarily aligned with traditional seasonal patterns. These developments may further reduce the effectiveness of existing seasonal assumptions underpinning tariff design.

Noting all of the above, GMO NI supports a comprehensive review of seasonal factors, undertaken in coordination with the Commission for Regulation of Utilities in Ireland. Such a review should consider whether a more moderate or flatter seasonal profile could improve tariff stability while maintaining appropriate cost signals for network use and investment, along with providing cost reflectivity of usage.

GMO NI would welcome timely progress on this review to inform the GY 2027/28 tariff process.

Yours sincerely,

Mark Raphael
General Manager, GMO NI