



ESB
4th Floor, 85 Tottenham Court Road, London W1T 4TQ
Phone: +44 (0) 20 7396 1034
esb.ie

Jillian Ferris
Networks Compliance Branch
Utility Regulator
By email:
gas_networks_responses@uregni.gov.uk
jillian.ferris@uregni.gov.uk

28 February 2019

Dear Jillian

Consultation on Seasonal Multiplier Factors for Gas Transmission

ESB Generation & Trading (ESB GT) welcomes the opportunity to respond to the above consultation, which has been issued in order to comply with the annual consultation requirements of TAR NC.

Multiplier and seasonal factors

ESB GT refers to the 30 August 2018 response to UREGNI's consultation on Harmonised Tariffs for Gas Transmission. We continue to be supportive of the alignment of multipliers for gas charging with those adopted in the Republic of Ireland. As UREGNI stated in the 2018 consultation document, the purpose of this alignment is "*to minimise any divergence on the SEM. [...] to ensure that there is no perverse pricing signal which affects decisions of all-island generators.*" (Section 7.8). For this reason, ESB GT is in support of further alignment in gas charging regimes between the NI and RoI gas systems.

ESB GT notes that multipliers are applied to entry and exit in RoI, not just at entry. We would welcome alignment on the availability of capacity products at exit points, including daily capacity, which would allow further common application of multipliers. UREGNI has stated to gas Shippers at GMO's regular forum that it will look at short-term exit capacity products in early 2019, with a view to open up evidential discussion on the potential wider market impacts. ESB GT looks forward to working with UREGNI on this and providing input.

ESB GT also notes that CRU has consulted on two options for the setting of multipliers and seasonal factors; UREGNI has published CRU's minded-to position, which is the option for minimal change. While it is likely that CRU's consultation process will conclude that the minded-to position is preferred, there is a possibility that this will not be the case and the second option will be incorporated, in entirety or to some degree, or signalled for further review. At Section 3.10 UREGNI states:

“if the CRU decides on factors which are slightly different to those it proposed, we would intend to mirror those amended factors. For this reason, we will postpone issuing our decision paper on this consultation until the CRU factors have been confirmed.” ESB GT would encourage further consultation in a Northern Irish context if CRU concludes that there will be a major difference to its minded-to position or that further consideration of the reduction in seasonal factors is to be pursued in RoI.

Discounts to Capacity Charges

ESB GT concurs with UREGNI’s summary of the situation and has no views to add.

Inter TSO Compensation Mechanism Consultation

ESB GT considers that the inter-TSO compensation mechanism is functional. There is clearly potential for costs and therefore tariff levels to be inflated beyond those of an individual TSO due to the additional coordination and invoicing steps performed by GMO. For Shippers who may have previously interacted with several TSO parties, there are offsetting efficiency benefits from dealing with a single party. ESB GT supports suitable levels of regulatory scrutiny by UREGNI to ensure that tariffs are not unduly increased by the inter-TSO activities.

I would welcome further discussion on any of the above points should you require clarification.

Yours sincerely

Kirsty Ingham
Commercial & Regulation Manager, UK
ESB GT