

Graham Craig
Gas Branch
Utility Regulator
Queens House
14 Queens Street
Belfast
BT1 6ER

10 June 2015

Consultation on the seasonal multipliers used in the calculation of short term entry capacity tariffs

Dear Graham,

Mutual Energy Limited is grateful to have the opportunity to respond to this consultation on behalf of its two wholly owned subsidiaries Premier Transmission Limited and Belfast Gas Transmission Limited, which hold licences to convey gas granted pursuant to the Gas (NI) Order 1996.

Questions

Question 1: Approach to setting monthly and daily entry capacity tariffs

In light of the uncertainty around shipper behaviour from the introduction of short term products in October 2015, we consider that the approach of adopting the seasonal multipliers that are currently applicable in the Republic of Ireland is reasonable. However we would suggest that a full review of the seasonal multipliers takes place following gas year 2015/16 when there will be a clearer understanding of the use of short term entry products.

We also consider that the seasonal multipliers should be set in compliance with the draft Network Code on Harmonised Transmission Tariff Structures for Gas and that any year on year movement of the seasonal multipliers is minimised. This will be necessary to aid long term stability of the seasonal multiplier levels which will enhance pricing certainty in the market.

Question 2: Approach to setting quarterly and within day entry capacity tariffs

We agree with the proposals to use the same seasonal multipliers for daily and within day capacity products.

However, we note that having a quarterly multiplier that is simply the sum of the monthly multipliers in that quarter is not consistent with your approach to ensure the capacity charge unit rate is increased substantially as the duration of the product is decreased thereby

reducing the incentive for shippers to book quarterly capacity products over monthly products.

Question 3: Approach to setting the Virtual Reverse Flow capacity tariff

We consider a minimum tariff for the Virtual Reverse Flow capacity to be reasonable in the NI regime at present however this may not be appropriate in the future once the Network Code on Harmonised Transmission Tariff Structures for Gas is implemented.

Additional comments

In the absence of a final PSA tariff model and an accurate understanding of the level of uptake of short term entry products it is difficult to accurately and fully assess the impact of the proposed seasonal multipliers.

Should you wish to discuss any aspect of our response please do not hesitate to contact me.

Yours sincerely,
Claire

Claire Stewart
Gas Analyst