



Energy for
generations

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24 March 2020

Consultation on Seasonal Multiplier Factors for Gas Transmission

Dear Jillian

ESB Generation and Trading (ESB GT) welcomes the opportunity to respond to your consultation on seasonal multipliers for gas transmission, in the context of TAR NC Article 28.

In answer to the consultation questions:

1. We are interested in Respondents' views on whether large gas consumers may be interested in non-annual entry capacity products and what could be done to encourage their uptake

Large gas users may be interested in non-annual Entry capacity products in order to create a portfolio or stack of capacity bookings through the year and profile their holdings across the year. Individual users will assess their positions and be able to seek to optimise cost and efficiency of bookings. Some users will have sufficient stability and predictability of flows to do this effectively while others will not. The demand peaks and troughs for some users may not align with the increase/decrease in seasonal multiplier impacts on charges.

Objectively, flattening of the profile of multipliers and a review of the mechanisms applied for use of excess capacity (overrun, ratchet) could potentially encourage uptake.

2. Do Respondents consider that the end of the Initial Entitlement of Entry Capacity will increase the uptake of non-annual entry capacity products?

ESB GT anticipates that if Shippers have product choices available, they are likely to avail of the various products if there are associated benefits (i.e. cost, commercial arrangements). As some Shippers may be starting afresh with their Entry capacity positions, the uptake of non-annual Entry capacity products is likely to increase.

3. Respondents are asked to provide their views on continuing to offer the same seasonal multiplier factors, as outlined in Table 2.

ESB GT understands that UR's preference is for no change to multipliers from 1 October 2020 and to monitor Shipper Entry capacity booking strategies and impacts ahead of the annual consultation this time next year. Given the uncertainty around 2020 bookings and tariff impacts, this position appears reasonable. We would be open to changes to multipliers in the future, with due analysis and consultation. The Article 28 consultation process is relatively short and ESB GT would welcome greater engagement with Industry from UREGNI towards any potential future change.

ESB GT welcomes UREGNI's stated aim for alignment between with CRU seasonal multipliers "to ensure that there is no perverse pricing signal which affects the decisions of all-island electricity generators". CRU has not yet started its Article 28 consultation, and therefore its findings and decision are as yet unknown. It is unclear whether UREGNI's proposal to maintain the status quo would be unchanged should CRU make changes to RoI multipliers, thus leading to a misalignment. ESB GT notes UREGNI's comment that CRU "intends to consult on maintaining the current set of factors", but consecutive rather than concurrent consultations present a risk of inconsistency. In addition to the above comments on greater engagement, we would also welcome more transparency and coordination between the NRAs concerned with ISEM on any prospective changes.

As we have previously stated, ESB GT would prefer wider alignment to prevent perverse pricing signals for generators within ISEM, for example on short-term Exit capacity products, on which we look forward to working with UREGNI this year.

Finally, we note that seasonal multipliers in GB will be set to 1 with the implementation of UNC0678 from 1 October 2020, and thus the regime for bundled IP capacity will be different on the two sides of the Moffat IC.

4. Respondents are requested to provide any views they may have on either the interruption discount or the storage discount.

ESB GT agrees with UREGNI's pragmatic approach to interruptible and storage discounts.

Should you require more information concerning any of the above points, please do not hesitate to get in touch.

Yours sincerely

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ESB Generation & Trading