

# Consultation on Seasonal Multiplier Factors for Gas Transmission



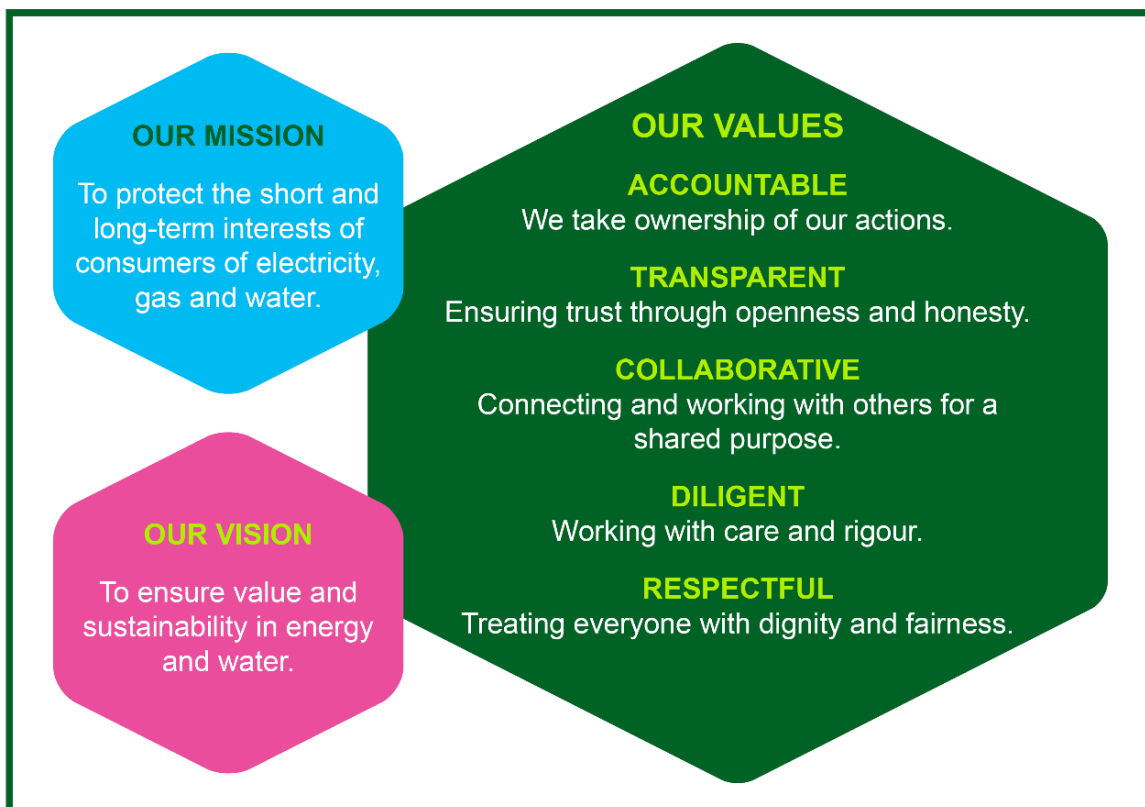
## About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs, Markets and Consumer Protection, and Price Controls, Networks and Energy Futures. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



## Abstract

This paper seeks views on the proposal to maintain the current seasonal multiplier factors to be applied to non-annual entry capacity bookings in the postalised tariff from 1 October 2025.

In last year's consultation, we made the decision to maintain the seasonal multipliers for Gas Year 24/25.

This consultation is required by EU Regulation 2017/460 on Harmonised Transmission Tariff Structures for Gas ("TAR NC"), as amended for EU Exit.

## Audience

This document is likely to be of interest to regulated companies in the energy industry, government and other statutory bodies and consumer groups with an interest in the energy industry.

## Consumer impact

We propose to maintain the current seasonal multiplier factors into Gas Year 2025 so there would be no impact on customer tariffs.

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## Acronyms and Glossary

BTP	Belfast Transmission Pipeline
CRU	Commission for Regulation of Utilities, which regulates gas in the Republic of Ireland
EU	European Union
EU(W)A	European Union (Withdrawal) Act 2018
FOIA	Freedom of Information Act
GMO NI	Gas Market Operator Northern Ireland
Ofgem	Office for Gas and Electricity Markets in Great Britain, regulates gas in Great Britain
PSA	Postalised System Administrator
SEM	Single Electricity Market
SNIP	Scotland-Northern Ireland Pipeline
TAR NC	Network Code on harmonised transmission tariff structures for gas
TSO	Transmission System Operator
UR	Utility Regulator

# 1. Introduction

## Purpose of this Consultation

- 1.1 This consultation paper meets requirements within the EU Regulation on establishing a network code on harmonised transmission tariff structures for gas, known as TAR NC, which has been amended to facilitate the UK's exit from the EU. This consultation seeks views on seasonal multiplier factors which are applied to the postalised tariff for non-annual entry capacity bookings.
- 1.2 This consultation is seeking views on our proposal to maintain the current seasonal multiplier factors in Gas Year 2025 (from October 2025).

## Tariff Network Code and EU Exit

- 1.3 EU Regulation 2017/460, known as the Network Code on Harmonised Transmission Tariff Structures for Gas<sup>1</sup> ("TAR NC"), was published on 17 March 2017 with the objectives of contributing to market integration, enhancing security of supply and promoting interconnection between gas networks.
- 1.4 TAR NC was transposed into UK law under the European Union (Withdrawal) Act 2018<sup>2</sup> ("EU(W)A") and was amended in the Gas (Security of Supply and Network Codes)(Amendment)(EU Exit) Regulations 2019<sup>3</sup> and the Gas Tariffs Code (Amendment)(EU Exit) Regulations 2019<sup>4</sup> to remove inoperability's.
- 1.5 Throughout the rest of this document, when we refer to TAR NC, we mean the TAR NC as incorporated in UK law and amended by the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations 2019 and Gas Tariffs Code (Amendment) (EU Exit) Regulations 2019.

## Requirement for Annual Consultations

- 1.6 Article 28(2) of TAR NC requires us to carry out an annual consultation on the seasonal multipliers factors and to consider discounts for interruption and storage. Article 28(3) requires that we take into account the views of respondents in the following aspects:
- The balance between facilitating short-term gas trade and providing

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN>

<sup>2</sup> <https://www.legislation.gov.uk/ukpga/2018/16/contents/enacted>

<sup>3</sup> <https://www.legislation.gov.uk/uksi/2019/531/made>

<sup>4</sup> <https://www.legislation.gov.uk/uksi/2019/1393/contents/made>

long term signals for efficient investment in the transmission system

- The impact on the transmission services revenue and its recovery
- The need to avoid cross-subsidisation between network users and to enhance cost-reflectivity of reserve prices
- Situations of physical and contractual congestion
- The impact on cross-border flows
- The impact of the seasonal factors on facilitating the economic and efficient utilisation of the infrastructure
- The need to improve the cost-reflectivity of reserve prices

1.7 Article 13 of the TAR NC sets limits on the multiplier factors which may be applied:

- a) Quarterly and monthly capacity products to have a multiplier of no more than 1.5
- b) Daily and within-day capacity products to have a multiplier no higher than 3

1.8 In addition to considering the responses to this consultation, we are required to consider the positions of directly connected Member States countries and the other national regulatory authority. This is outlined at paragraphs 2.7 and 2.8.

## **Responding to the Consultation**

1.9 We wish to encourage respondents to express their views to our proposal in chapter 5. Responses should be received on or before 9 April 2025, addressed to:

John Wasson  
Networks Directorate  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast BT1 6ER

[Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk) with cc to [john.wasson@uregni.gov.uk](mailto:john.wasson@uregni.gov.uk)

1.10 Our preference would be for responses to be submitted by e-mail.

- 1.11 As a public body and non-ministerial government department, we are required to comply with the Freedom of Information Act (FOIA). Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018 (DPA)).
- 1.12 Your response may be made public by the Utility Regulator. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'.
- 1.13 If you want other information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000 (FOIA), there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential.
- 1.14 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the FOIA and the Data Protection Act 2018 (DPA)).
- 1.15 As stated in the GDPR Privacy Statement for consumers and stakeholders, any personal data contained within your response will be deleted once the matter being consulted on has been concluded though the substance of the response may be retained.
- 1.16 This document is available in other accessible formats, such as large print, Braille, audio cassette and a variety of minority languages if required. To request this, please contact John Wasson on 028 9031 6625 or email to [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk).



## 2. Background

### Background to the Factors

- 2.1 The TAR NC defines “multiplier” as the factor applied to the respective proportion of the reference price in order to calculate the reserve price for a non-annual standard capacity product. It further defines “seasonal factor” as the factor that reflects the variation of demand within the year which may be applied in combination with the relevant multiplier.
- 2.2 These factors are multiplied by the annual tariff for entry capacity to determine the tariff for a non-annual entry capacity product, for example monthly capacity or daily capacity.
- 2.3 Since their inception in 2015, we have followed a policy of aligning the seasonal multiplier factors with those offered in the Republic of Ireland. We consider that this alignment is beneficial to ensure there is no perverse pricing signal which affects the decisions of all-island electricity generators.
- 2.4 The seasonal factors have been set to incentivise suppliers to make more use of the network in the summer and shift demand away from the winter peak. They were set to provide a balance between facilitating short-term gas trade and providing long-term signals for efficient investment in the transmission system.

### Current Factors

- 2.5 As part of last year’s consultation, we decided to maintain the factors for Gas Year 24/25 at the 23/24 rate.
- 2.6 The consultation responses received were unanimously supportive of the proposal to maintain the seasonal multiplier factors for Gas Year 24/25.

### Consultation with Ofgem

- 2.7 We keep in regular contact with Ofgem to monitor any matters which affect both regions.

### Consultation with CRU and Alignment with RoI

- 2.8 We also keep in regular contact with CRU particularly in recognition of our policy of all-island alignment.
- 2.9 Our decision in 2015 to align factors was based on the commercial link between the NI and RoI Networks made by the Single Electricity Market (SEM). Although the base charges between the two networks are different,

there is potential for significant difference between the daily charges due to different seasonal factors.

## 3. Annual Consultation

### Discount for Interruptible Capacity Charge

- 3.1 The TAR NC requires that discounts are offered in specific circumstances, particularly for interruptible capacity and for storage facilities. Article 16 specifies how to calculate the discount for an interruptible capacity charge.
- 3.2 The current postalised charges do not include an interruptible tariff, as only firm capacity is offered.
- 3.3 The NI Gas Capacity Statement<sup>5</sup> indicated that total annual gas demand in aggregate is expected to reduce over the 10-year period by 21.4%.
- 3.4 However, the expected peak day capacity, is set to increase by 10.1%, primarily due to growth in distribution demand which is expected to grow by 14.6%.
- 3.5 The NI Gas Capacity Statement has indicated that in the next ten years, Moffat could become congested and the demand on the Scotland-Northern Ireland Pipeline (SNIP) and the Belfast Transmission Pipeline (BTP) sections of the NI network (i.e. the demand on the network upstream of Carrickfergus) could exceed the capacity of the Moffat IP Entry.
- 3.6 The Transmission System Operators (TSOs) and GMO NI have introduced some increased flexibility, through Entry Point Switching Agreement and continue to explore other options to further increase flexibility on the system.
- 3.7 As no interruption is forecast, we propose to continue to not include an interruptible discount.
- 3.8 In order to prevent the double charging of gas to and from any storage facilities, Article 9 of the TAR NC requires that a discount of at least 50% should be applied to capacity charges for storage facilities.
- 3.9 As there are no storage facilities in NI, we do not propose to publish a storage discount for Gas Year 2025.

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<sup>5</sup> <https://gmo-ni.com/assets/documents/NIGCS-2024-25.pdf>

## 4. Aspects to Consider

4.1 Article 28(3) of the TAR NC requires that we take into account the views of respondents in the following aspects:

- The balance between facilitating short-term gas trade and providing long term signals for efficient investment in the transmission system
- The impact on the transmission services revenue and its recovery
- The need to avoid cross-subsidisation between network users and to enhance cost-reflectivity of reserve prices
- Situations of physical and contractual congestion
- The impact on cross-border flows
- The impact of the seasonal factors on facilitating the economic and efficient utilisation of the infrastructure
- The need to improve the cost-reflectivity of reserve prices

4.2 We concluded that the elements within each of these aspects remain unchanged since last year's consultation<sup>6</sup> and that seasonal multiplier factors continue to provide benefits to the shippers that use them and also to those that don't.

- a) The factors provide a method for users to top up their capacity bookings on a short-term basis.
- b) The factors provide a price signal to incentivise users to use gas in the summer rather than winter if the user has a choice.
- c) The extensive use of non-annual entry capacity products can increase total revenue, which would reduce annual capacity prices for all shippers.

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<sup>6</sup> <https://www.uregni.gov.uk/consultations/consultation-seasonal-multiplier-factors-gas-transmission-2>

## 5. Proposal

### Conclusion

- 5.1 We propose to maintain our current factors into Gas Year 2025. These factors continue to meet the requirements of the TAR NC (see paragraph 1.6).

## 6. Next Steps

- 6.1 We invite respondents to express a view on our proposal and any aspect of this paper. Details on how to respond to this consultation are set out in Chapter 1.
- 6.2 Following the consideration of responses from this consultation, UR will publish its decision for Gas Year 2025 and will inform the Postalised System Administrator (PSA) of the factors and discounts to be used in the postalised gas transmission tariff, which will become effective on 1 October 2025. We will also inform GMO NI that it may publish the Gas Product Multipliers and Time Factors Table<sup>7</sup> at the same time.

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<sup>7</sup> Tariffs | GMO Northern Ireland ([gmo-ni.com](http://gmo-ni.com))

## Current Factors

<b>Capacity Product Multipliers for Input to Tariff Model</b>					
<b>Period</b>	<b>Annual Entry &amp; Exit Capacity Products</b>	<b>Non-Annual Entry Capacity Products</b>			
		<b>Quarterly</b>	<b>Monthly</b>	<b>Daily</b>	<b>Within Day</b>
Oct - Sept	1.0000				
Oct - Dec		0.3843			
Jan - Mar		0.8069			
Apr - Jun		0.1327			
Jul - Sept		0.0261			
October			0.1281	0.0064	0.0064
November			0.1281	0.0064	0.0064
December			0.1708	0.0114	0.0114
January			0.2989	0.0199	0.0199
February			0.3416	0.0228	0.0228
March			0.2562	0.0171	0.0171
April			0.1281	0.0064	0.0064
May			0.0097	0.0005	0.0005
June			0.0097	0.0005	0.0005
July			0.0097	0.0005	0.0005
August			0.0097	0.0005	0.0005
September			0.0097	0.0005	0.0005

**Table 1 – Gas Product Multiplier and Times Factor Table**

To find the annual total of the daily and within day factors, it is necessary to multiply each daily factor by the number of days in that month.

<b>Total Multiplier Factors</b>	<b>Non-Annual Entry Capacity Products</b>			
	<b>Quarterly</b>	<b>Monthly</b>	<b>Daily</b>	<b>Within Day</b>
Current Factors	1.3500	1.5000	2.7844	2.7844

**Table 2 – Totals of Current Seasonal Multiplier Factors**