



**Notice under Article 14(8) of
the Gas (Northern Ireland) Order 1996
Modification of Licences of Belfast Gas
Transmission Limited, GNI (UK) Limited,
Premier Transmission Limited and West
Transmission Limited regarding
Submission of Northern Ireland Gas
Capacity Statement**

**Decision Paper
May 2022**



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 Networks. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



Our vision

To ensure value and sustainability in energy and water.



Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



Abstract

This document sets out the decision to modify the conditions of the high pressure gas conveyance licences regarding the annual preparation and publication of network forecasts in the form of the Northern Ireland Gas Capacity Statement (NIGCS).

The NIGCS provides an assessment of the ability of the gas transmission network in Northern Ireland to deliver gas over a number of potential scenarios within the next ten years. The assessment is based on modelling carried out by the NI Transmission System Operators (TSOs). These modifications intend to assist with the timing of the publication of the NIGCS and change the Utility Regulator's (UR) role in the process.

Audience

This document is likely to be of interest to regulated companies in the energy industry, particularly gas shippers, suppliers and network operators. It may also be of interest to government and other statutory bodies and consumer groups with an interest in the energy industry.

Consumer impact

There is no cost associated with this modification so there will be no impact on prices. There will also be no impact on the services received by customers.



Contents

1. Introduction.....	2
Purpose of this Decision Paper	2
Decision	2
Document Structure.....	3
2. Modifications to amend NI Gas Capacity Statement Obligations.....	4
Current Requirements and Licence Conditions	4
Licence Modifications	4
Reasons and Effects	5
3. Responses and Next Steps.....	7
Respondents	7
Comments from Respondents	7
Utility Regulator Response to Comments from Respondents	8
Next Steps.....	8
Annexes.....	9
Annex A - Final modifications tracked against the current licence drafting.	9
Annex B - Notice under Article 14(8) of the Gas (Northern Ireland) Order 1996.....	9
Annex C - Response from GNI (UK)	9
Annex D - Response from MEL.....	9



Acronyms and Glossary

BGTL	Belfast Gas Transmission Limited, a TSO
capex	Capital expenditure
CCNI	Consumer Council Northern Ireland
EU	European Union
FOIA	Freedom of Information Act
GNI (UK)	GNI (UK) Limited, a TSO
MEL	Mutual Energy Limited, owner of PTL, BGTL and WTL
NIGCS	Northern Ireland Gas Capacity Statement
PTL	Premier Transmission Limited, a TSO
TSO	Transmission System Operator GNI (UK), PTL, BGTL and WTL. WTL is not a TSO (Transmission System Operator) as defined by the European Commission but it is referred to as a TSO in this document for simplicity.
UR	Utility Regulator
WTL	West Transmission Limited, a TSO

1. Introduction

Purpose of this Decision Paper

- 1.1 The Utility Regulator's (UR) principal objective in carrying out the duties associated with its gas functions is to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland, as set out more fully in the Energy (Northern Ireland) Order 2003.
- 1.2 This document sets out the decision regarding modifications to the high pressure gas conveyance licences regarding the annual preparation and publication of network forecasts in the form of the [Northern Ireland Gas Capacity Statement](#). The licences affected by the changes are:
- a) Belfast Gas Transmission Limited (BGTL)
 - b) GNI (UK) Limited (GNI (UK))
 - c) Premier Transmission Limited (PTL)
 - d) West Transmission Limited (WTL)

BGTL, PTL and WTL form part of the Mutual Energy Limited (MEL) group of companies.

- 1.3 Overview of Licence Modifications
- a) Provide a more realistic timetable for publication of Northern Ireland Gas Capacity Statement (NIGCS) facilitating publication ahead of the gas year. Submission date of draft NIGCS to UR has been changed to be no later than the first working day of August and publication date of NIGCS to be no later than the last working day of September.
 - b) Determine responsibility for publication of NIGCS by Transmission System Operators (TSOs).
 - c) Provide for a single statement to be published via co-ordination between TSOs.

Decision

- 1.4 The modifications will proceed unchanged from the consultation.
- 1.5 The modifications are summarised in paragraph 2.5, shown in full in Annex A and will become effective 56 days from the date of this publication, which is 21 July 2022.

Document Structure

- 1.6 This decision paper is structured as follows:
- 1.7 Section 1 – Introduction. This provides an overview of the purpose and structure of this decision document.
- 1.8 Section 2 – Modifications. This outlines the matter being dealt with, an explanation of the remedy that was consulted on and the effects of the modifications. It finishes with the questions which were posed in the consultation document.
- 1.9 Section 3 – Responses and Next Steps. This includes a summary of the responses received and the timescale for making the modifications.
- 1.10 Annex A shows the final changes to the licences as tracked changes to the relevant licence conditions. Deletions are indicated by red text that has been struck through, while additions are indicated by red text which is underlined.
- 1.11 Annex B represents the notice under Article 14(8) of the Gas (Northern Ireland) Order 1996 of our licence modification proposal.
- 1.12 Annexes C to D are the responses received to the consultation.
- 1.13 This paper is available in alternative formats such as audio, Braille etc. If an alternative format is required, please contact the office of the Utility Regulator, which will be happy to assist.

2. Modifications to amend NI Gas Capacity Statement Obligations

Current Requirements and Licence Conditions

- 2.1 The Northern Ireland Gas Capacity Statement (NIGCS) has been published, in various forms, since shortly after the gas transmission network was developed. Each year, it provides an assessment of the ability of the Northern Ireland transmission network to meet forecast demands on the network over a ten-year period.
- 2.2 The NI Transmission System Operators (TSOs) collect forecast demands from the network users including power sector shippers and Distribution Network Operators, then test the network's ability to meet those forecast demands under a number of scenarios to reflect different seasons. In addition, sensitivity analyses test the impact of further potential operational changes or additional load.
- 2.3 The TSOs publish the Statement annually on the GMO NI website and present their findings to an industry workshop.

Changes to Licence Conditions

- 2.4 These are the following changes to the licence condition on Network Forecasts:
- a) amend the condition to provide for UR to amend the Direction (as to the form of the statement) as required;
 - b) specify a later date of submission of draft NIGCS to UR (no later than the first working day of August);
 - c) include a requirement regarding the latest date for publication of NIGCS each year (no later than the last working day of September each year);
 - d) Provide for a single statement to be published, rather than the present wording which requires statements to be prepared on 'a consistent basis';
 - e) Remove the requirement for UR to direct how the statement is to be published, and instead simply provide for it to be published on a suitable website.

Licence Modifications

- 2.5 The licence modifications, which are unchanged from the consultation document, are set out in Annex A.

Reasons and Effects

- 2.6 The condition being modified (2.13 of PTL and BGTL licences, 2.10 in GNI UK and 2.11 in WTL licence), was developed to meet requirements in the Gas Directive, which required TSOs to submit a ten year network development plan (TYNDP) annually (Article 22). It also required the NRA to monitor security of supply issues and publish a report by 31 July each year (Article 5).
- 2.7 Article 5 of the Gas Directive was subsequently deleted in EU Regulation 2018/1999, Article 51, which removes the reason for setting the submission date in the licence condition for the 10th of June.
- 2.8 The plan referred to in Article 22 was required to be submitted to Entso-g for the development of an EU-wide Plan, under Article 8(11) of the EU Regulation 715/2009, (known as the Gas Transmission Networks Regulation). This obligation no longer exists, post EU Exit.
- 2.9 While UR does not approve the NIGCS, the present licence condition provided for UR to specify at a point in time, in a Direction, the original form of the statement. Given the passage of time, we are amending the condition to provide for UR to amend the Direction (as to the form of the statement) as required.
- 2.10 The modification also requires the TSOs to amend the statement in line with any requirements specified by the Authority. We would expect the TSOs to produce a statement each year which confirms to the applicable direction ensuring that UR review of the statement is straightforward and economical from a resource point of view.
- 2.11 The licence condition did not include a date by which publication is required. The TSOs tended not to publish until we were content with the final version. It has traditionally been prepared for the start of the Gas Year (October),
- 2.12 Therefore, the licence modification requires a draft NIGCS submitted to UR for comment on the 1st working day of August and final version published no later than the last working day of September. TSOs should endeavour to publish earlier than the last working day of September where possible.
- 2.13 In reviewing this licence condition, UR also considered this an opportunity to ensure the drafting is consistent with the practice of the TSOs, which works well, e.g. that the TSOs should publish a single statement and on an appropriate website.

2.14 The effect of this modification is to:

- a) provide for UR to amend the Direction (as to the form of the statement) as required;
- b) amend the date of submission of draft NIGCS to UR;
- c) include a requirement regarding the latest date for publication of NIGCS each year;
- d) Consistent with current practice by the TSOs, clearly require a single statement to be published;
- e) Simplify the process for publication of the statement by removing the requirement for UR to direct how the statement is to be published, and consistent with current practice provide for it to be published on a suitable website.

3. Responses and Next Steps

Respondents

3.1 Two responses were received during the consultation period, which ran from 15 Oct to 15 Nov 2022. The respondents were:

- a) GNI (UK)
- b) MEL

3.2 The responses are included as Annexes C and D.

Comments from Respondents

3.3 GNI (UK) stated that they have no objections to what is being proposed.

3.4 MEL stated that although broadly supportive of the proposed changes and agree that the proposed new wording will better reflect actual practice in terms of creating a single NIGCS, they were concerned that the proposed wording could be interpreted more generally and undermine the independence and expertise of the TSOs. Hypothetically, MEL stated, the wording could lead to a situation whereby TSOs are obliged to change their independent forecasts, commentary, or conclusions at the Authority's request.

3.5 MEL also added that this consultation comes at a time where increased focus is being placed on the transition to an energy system which can operate in a Net Zero world, a key enabler of which is likely to be more holistic thinking in terms of the gas and electricity systems. "For example, as policy around decarbonising domestic heating becomes clearer, it will increasingly require gas and electricity systems to work together when generating forecasts, otherwise there is a risk of 'double counting' and inefficiencies will result in terms of network planning from this. Additionally, as more peaking plant is required to support intermittent renewables on the electricity system, we need to ensure proactive sharing of information for efficient network planning to ensure that those generators will be able to be supplied by gas under the required operating scenarios."

3.6 MEL suggested that this section of the gas transmission licences be reviewed in future, along with Conditions 33 to 36 of the electricity Transmission System Operator licence granted to SONI, to this end.

Utility Regulator Response to Comments from Respondents

- 3.7 UR thanks the respondents for their views.
- 3.8 We spoke with MEL and considered the proposed wording. However, since the original condition was put in place to implement Article 22 of Directive 2009/73/EC and Article 22(5) specifically states 'The regulatory authority may require the transmission system operator to amend its ten-year network development plan', we consider the suggested modification clarifies this and that this is a necessary power for UR to maintain.

Next Steps

- 3.9 This paper represents the Utility Regulator's final decision on licence changes to Belfast Gas Transmission Limited, GNI (UK) Limited, Premier Transmission Limited and West Transmission Limited licences regarding submission of Northern Ireland Gas Capacity Statement.
- 3.10 The modifications will proceed unchanged from those in the [consultation paper](#) dated 15 Oct 2021 and will take effect 56 days from the date of publication of this paper. The modifications will become effective on 21 July 2022.

Annexes

Annex A - Final modifications tracked against the current licence drafting.

Annex B - Notice under Article 14(8) of the Gas (Northern Ireland) Order 1996

Annex C - Response from GNI (UK)

Annex D - Response from MEL