Utility Regulator

DECISION PAPER ON SEASONAL MULTIPLIER FACTORS FOR GAS TRANSMISSION

MAY 2025

ABSTRACT

This paper outlines our decision following our consultation on the seasonal multiplier factors to be applied to non-annual entry capacity bookings in the postalised tariff from 1 October 2025.

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

The responses to this consultation were supportive of no changes and maintaining alignment with ROI. As such, we have decided to maintain the current factors into gas year 25/26.

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 have decided to maintain the current seasonal multiplier factors into gas year 25/26 meaning there will 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
ESB GT	Electricity Supply Board Generation and Trading
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. Purpose of this Paper

1.1 This decision paper follows our consultation[1] which 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. The consultation sought views on seasonal multiplier factors which are applied to the postalised tariff for non-annual entry capacity bookings.

Tariff Network Code and EU Exit

1.2 EU Regulation 2017/460, known as the Network Code on Harmonised Transmission Tariff Structures for Gas[2] ("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.

1.3 TAR NC was transposed into UK law under the European Union (Withdrawal) Act 2018[3] ("EU(W)A") and was amended in the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations 2019[4] and the Gas Tariffs Code (Amendment) (EU Exit) Regulations 2019[5] to remove inoperabilities.

1.4 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.

Requirements for Annual Consultations

1.5 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

[1] https://www.uregni.gov.uk/files/uregni/documents/2025-03/2025-03-11%20-%20Seasonal%20Multiplier%20Consultation_0.pdf
[2] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN
[3] https://www.legislation.gov.uk/ukpga/2018/16/contents/enacted
[4] https://www.legislation.gov.uk/uksi/2019/531/made
[5] 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

1.6 There were 2 respondents to the consultation, as listed below:

- Gas Market Operator Northern Ireland (GMO NI)
- ESB Generation and Trading (ESB GT)

1.7 We have considered those responses, as summarised in section 4.

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.

1.9 Our decision is outlined in section 5.

1.10 We 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 at the same time.

2. Multiplier and Seasonal Factors

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.

Last Year's Review of Seasonal Factors

2.5 In last year's consultation document, we proposed to maintain the seasonal multiplier factors for Gas Year 24/25.

2.6 Given that maintaining the seasonal multiplier factors continued the alignment with RoI, respondents were positive towards the proposal to maintain the seasonal multiplier factors.

2.7 We decided to maintain the factors as part of our Decision document for last year's review[6].

Consultation with Ofgem

[6] https://www.uregni.gov.uk/files/uregni/documents/2024-06/2024-06-28%20-%20Decision%20Paper%20on%20seasonal%20multiplier%20factors%2024-25.pdf

2.8 Ofgem has indicated in its consultation[7] on Gas Year 25/26 that it proposes to maintain the existing seasonal multiplier factors.

2.9 We will continue to keep in regular contact with Ofgem to monitor any matters which affect both regions.

Consultation with CRU and alignment with ROI

2.10 We also keep in regular contact with CRU particularly in recognition of our policy of all-island alignment.

2.11 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.

2.12 CRU has indicated in its consultation[8] on Gas Year 25/26 that it proposes to maintain the existing seasonal multiplier factors.

[7] https://www.ofgem.gov.uk/sites/default/files/2025-05/20250508-PC25004-Article28ConsultationDecision-Published.pdf
[8] 250219 Gas Transmission Tariff Methodology - Tariff Network Code Article 28 Consultation Gas Year 2025-26 Final.pdf

3. ASPECTS CONSIDERED

3.1 Article 28(3) requires that we take into account the views of respondents in the following aspects, each of which were explored. These are:

- 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

3.2 We concluded that the elements within each of these aspects remain unchanged since last year's consultation[9] and that seasonal multiplier factors continue to provide benefits to the shippers that use them and to those that don't.

a) The factors provide an incentive to book annually instead of the extensive use of short term products.

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.

Discount for Interruptible Capacity Charge

3.3 The TAR NC requires that discounts are offered in specific circumstances particularly for interruptible capacity and for storage

[9] https://www.uregni.gov.uk/files/uregni/documents/2024-05/2024-05-09%20-%20Seasonal%20Multiplier%20Consultation.pdf

facilities. Article 16 specifies how to calculate the discount for an interruptible capacity charge.

3.4 The current postalised charges do not include an interruptible tariff as only firm capacity is offered.

3.5 The NI Gas Capacity Statement[10] indicated that total annual gas demand in aggregate is expected to reduce over the 10-year period by 21.4%.

3.6 However, although the total gas demand is forecast to reduce, 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%.

3.7 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.

3.8 The Transmission System Operators (TSOs) and GMO NI have introduced some increased flexibility, through the Entry Point Switching Agreement and continue to explore other options to further increase flexibility on the system.

3.9 As no interruption is forecast, we propose to continue to not include an interruptible discount.

3.10 However, we will continue to revisit this on an annual basis in the event interruptible capacity begins to be offered to provide network flexibility and to alleviate congestion.

Discount for Capacity Charge for Storage

3.11 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.

3.12 As there are no storage facilities in NI, we do not propose to publish

[10] https://gmo-ni.com/assets/documents/NIGCS-2024-25.pdf

a storage discount for the Gas Year starting 01 October 2025.

3.13 We will continue to revisit this on an annual basis in the event that storage facilities are developed and used.

4. RESPONSES

Respondents

4.1 There were 2 respondents to the consultation:

- ESB GT
- GMO NI

Summary of Responses

4.2 The respondents were generally supportive of the proposal to maintain the seasonal multiplier factors for gas year 25/26.

4.3 Both respondents agreed with the decision as it ensured the seasonal multipliers remain aligned with CRU and the Republic of Ireland and continues the alignment of transmission tariff parameters across the SEM arrangements.

4.4 ESB GT noted that the current alignment with CRU supports the efficient operation of the SEM. ESB GT stressed the importance of this alignment going forward to ensure not only the security of supply but also the cost-effective electricity market delivering the product to the end consumer at an economically efficient price while retaining the competitiveness and appropriate signals for future investments.

4.5 ESB GT raised a number of comments regarding the absence of short-term exit capacity products. Whilst we welcome comments, this consultation was about the introduction of short-term exit capacity products. Our decision on short term exit capacity products can be referenced at the following link: https://www.uregni.gov.uk/news-centre/decision-paper-published-introducing-short-term-exit-capacity-gas-transmission-system

4.6 GMO NI noted in their submission that they believe seasonal multipliers can be a source of revenue volatility with swings at year end being mainly driven by short term products versus forecast.

4.7 GMO NI has therefore urged UR to carry out a more in-depth review of both seasonal factors and product multipliers as part of next year's consultation process.

4.8 Furthermore, GMO NI has welcomed a more comprehensive analysis of these parameters to explore what options are available for updating, to address revenue volatility but also consider wider interactions with the electricity sector, whilst adhering to requirements under the Tariff NC.

5. DECISION

Consideration of Responses Received

5.1 We welcome the responses. We recognise there was general agreement from the respondents to maintain the seasonal multipliers for Gas Year 25/26.

5.2 We acknowledge the respondents want to ensure we remain aligned with RoI.

5.3 Further suggestions were made for analysis that could be undertaken as part of future reviews, we are open to these new proposals and will give them consideration when made.

Decision

5.4 After considering the responses received, we have decided to maintain the seasonal multiplier factors for Gas Year 25/26.

Capacity Product Multipliers for Input to Tariff Model					
Period	**Annual Entry & Exit Capacity Products**	**Non-Annual Entry Capacity Products**			
		Quarterly	**Monthly**	**Daily**	**Within Day**
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, as illustrated in Table 2 – Totals of Current Seasonal Multiplier Factors

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

Table 2 – Totals of Current Seasonal Multiplier Factor

6. ANNEXES

ESB GT – https://www.uregni.gov.uk/files/uregni/documents/2025-05/ESB%20GT%20Response%20to%20UR%20Seasonal%20Multipliers%202025_26.pdf

GMO NI – https://www.uregni.gov.uk/files/uregni/documents/2025-05/GMO%20NI%20Response%20to%20Consultation%20on%20Seasonal%20Multiplier%20Factors%20for%20Gas%20Transmission%202025.pdf