Forecast Postalised Tariff 2026/27 – 2030/31

Postalised Tariff Explanatory Note

1 Introduction

Pursuant to condition 2A.4.3.1 (b) of the Gas Conveyance licenses granted to Gas Networks Ireland (UK), Premier Transmission Limited, Belfast Gas Transmission Limited and West Transmission Limited, the Postalisation System Administrator ('PSA') has completed its annual calculation of the forecast postalised tariff for 2026/27 and the following four gas years.

The Utility Regulator reviews the inputs to the tariff calculation (the Forecast Required Revenues ('FRRs') and the forecast volume and capacity figures as submitted by the Transmission System Operators ('TSOs'). It should be noted that accurate forecasting is an integral part of the tariff setting process.

This note explains what the inputs for calculating the postalised tariff are based on and explains where possible any differences from the previous year's forecasts. It should also be noted that the forecasts for the gas years 2027/28 to 2030/31 are included for indicative purposes only.

2 Summary

The capacity tariff for GY2026/27 is lower than the GY2025/26 tariff by 0.61%, whilst the commodity tariff is higher by 10.6%.

The driver for these movements is due to a 1.52% increase in TSO forecast revenue requirements offset by increase in forecast capacity of 2.14% and forecast commodity volumes decreasing by 8.21%.

3 Inputs

3.1 Forecast Required Revenues

(i). Premier Transmission Limited (PTL)

The calculation of the PTL Forecast Required Revenue is based upon the existing Licence formula where the figures are made up of the repayments on the £107m bond at a real rate of 2.461% as well as forecast Operating Expenditure.

The PTL Forecast Required Revenue is reduced for the forecast payment made by Stranraer.

(ii). Gas Networks Ireland (UK) (GNI (UK)

The GNI (UK) Forecast Required Revenue is based on capital expenditure and an allowance for controllable and uncontrollable operating expenditure as part of the GNI (UK) GT22 (2022/23–2026/27) Price Control Determination. GNI (UK)'s Capital Expenditure will be recovered over the Price Control period at a constant real amount, at a rate of return of 2.66% (vanilla), based on the final Price Control determination.

(iii). Belfast Gas Transmission Limited (BGTL)

The BGTL Forecast Required Revenue is based on the repayment of the £109m bond at a real rate of 2.387% plus forecast operating expenditure.

(iv). West Transmission Limited (WTL)

The WTL Forecast Required Revenue is based on the repayment of c.£202.5m debt at a rate linked to the Retail Price Index with no additional interest premium applied to the nominal value (including over £80m to finance intermediate pressure pipelines owned by SGN Natural Gas and Phoenix Natural Gas) plus forecast operating expenditure.

3.2 Capacity

The forecast capacity figures used in the tariff for all exit and entry points are based on either bookings for upcoming years or in line with forecasts provided for by the relevant shippers at the points.

3.3 Volumes

Volume figures are based on end customer's best estimate using the number of customers, load factors and electricity generation output assumptions and are submitted by suppliers.

3.4 Capacity Commodity Split

The revenue capacity commodity split is 95:5 for 2026/27 and all successive years.

4 Difference between the forecast 2025/26 Annual Tariff and forecast 2026/27 Annual Tariff

The overall capacity tariff has decreased by 0.61%; driven by total forecast capacity bookings increasing, with the increase in FRR reducing the tariff decrease. Total forecast commodity has decreased, while forecast required revenue has increased, thus tariff increasing.

Table 1: Annual Forecast Tariffs

Annual Forecast Tariffs	2025/26	2026/27	Difference
Entry Capacity Charge (£ per kWh/d booked)	0.45235	0.44961	-0.61%
Exit Capacity Charge (£ per kWh/d booked)	0.45235	0.44961	-0.61%
Commodity Charge (£ per kWh)	0.0002678	0.0002962	10.60%

Table 2: Capacity Charge Calculation

Capacity Charge	2025/26	2026/27	Difference
Total Weighted Entry & Exit forecast capacity bookings (kWh/d)	193,843,682	197,993,908	2.14%
Total capacity forecast required revenue (£)	87,685,282	89,019,553	1.52%
Capacity Tariff (£ per kWh)	0.45235	0.44961	-0.61%

Table 3: Commodity Charge Calculation

Commodity Charge	2025/26	2026/27	Difference
Total forecasted commodity (kWh)	17,232,852,399	15,817,198,060	-8.21%
Total commodity forecast required revenue (£)	4,615,015	4,685,240	1.52%
Commodity Tariff (£ per kWh)	0.0002678	0.0002962	10.60%

4.1 Capacity and Volumes

Calculation of Capacity Price

Exit capacity is available as an annual product only. Entry capacity is available as yearly, quarterly, monthly and daily products (day ahead and within day).

To determine the forecast capacity price for each product it is necessary to calculate the "Total Weighted Forecast Capacity" which will be utilised for the forthcoming Gas Year. To do this a product multiplier[1] must be applied to the forecast bookings for each product, so that the capacity for each product is on an annual basis, and then these are summed for the entire Gas Year.

The Total Weighted Forecast Capacity is then used to calculate a forecast price for the Gas Year for annual (entry and exit) capacity products by dividing the FRR by the Total Weighted Forecast Capacity.

The Forecast Postalised Annual Capacity Charge is then used as a 'reference price', to determine the reserve price for each of the non-annual entry products to be applied in auctions. Reserve prices for each product are calculated by applying the relevant product multiplier.

Capacity

The analysis of the forecast capacity data has been reviewed against the previous year's capacity usage.

Table 4 shows while there is a small overall weighted increase in capacity of 2.43%. The main changes noted are decreased usage of annual (5.71%) and monthly (26.68%) while increase in daily capacity (12.22%).

Table 4: Moffat Entry Point Forecast Capacity (kWh/day)

Weighted Entry Capacity	2025/26	2026/27	Difference
Annual Capacity	45,658,000	43,051,510	-5.71%
Quarterly Capacity	0	0	0.00%
Monthly Capacity	2,909,831	2,133,534	-26.68%
Daily Capacity	46,610,444	52,306,001	12.22%
Total Entry	**95,178,275**	**97,491,045**	**2.43%**

[1] http://gmo-ni.com/assets/documents/Gas-Product-Multipliers-and-Time-Factors-Table_210201_150625.pdf

Table 5 shows an increase of total exit point booked capacity of 1.86% largely driven by Coolkeeragh (18.42%).

Table 5: Exit Point Forecast Annual Capacity (kWh/day)

Annual Exit Capacity	2025/26	2026/27	Difference
Ballylumford Power Station	21,900,000	21,218,000	-3.11%
Coolkeeragh Power Station	15,200,460	18,000,000	18.42%
Kilroot Power Station	12,407,607	11,760,000	-5.22%
Lycra Company	800,000	800,000	0.00%
Phoenix Distribution Market	32,166,090	32,415,884	0.78%
Firmus Energy Distribution Market	12,606,000	12,606,000	0.00%
Evolve Distribution Market	3,585,250	3,702,979	3.28%
Total Exit Point Booked Capacity	**98,665,407**	**100,502,863**	**1.86%**

Commodity Volumes

Table 6 reflects a decrease in total forecast volumes of 8.21%, primarily driven by large reductions from Kilroot, Ballylumford, and Lycra.

Table 6: Forecast Exit Commodity Volumes (kWh)

Exit Commodity	2025/26	2026/27	Difference
Ballylumford Power Station	4,151,050,708	3,014,863,400	-27.37%
Coolkeeragh Power Station	5,548,167,900	5,631,200,000	1.50%
Kilroot Power Station	80,081,196	47,040,000	-41.26%
Lycra Company	261,945,204	181,122,652	-30.85%
Phoenix Distribution Market	4,340,997,494	4,187,888,929	-3.53%
Kinecx Energy Distribution Market	2,029,342,671	1,974,830,956	-2.69%
Evolve Distribution Market	821,267,226	780,252,123	-4.99%
Total Forecast Volumes	**17,232,852,399**	**15,817,198,060**	**-8.21%**

4.2 Entry-Exit Split

The split of revenue to be received from capacity tariffs at all entry points and the revenue from capacity tariffs at all exit points is calculated ex post. It is not a predetermined split therefore is not required as an input to the tariff setting process.

The split of revenue from entry and exit capacity tariffs is determined as an output of the forecast tariff calculation process based on the forecast booking of exit capacity and entry capacity in a gas year.

Table 7: Entry-Exit Split

Entry/Exit Split	2026/27
Forecast Capacity entry proportion	49.2%
Forecast Capacity exit proportion	50.8%

4.3 Required Revenues

The total required revenue forecasted has increased by 1.52%. Table 8 provides a review of the previous year FRR for comparison.

Table 8: Forecast Required Revenue

Forecast Required Revenue (FRR)	PTL £	BGTL £	GNI (UK) £	WTL £	Total £
FRR 2025/26	38,743,445	13,189,005	28,194,241	12,173,606	92,300,297
FRR 2026/27	39,643,470	14,642,805	27,648,386	11,770,132	93,704,793
% Change	**2.32%**	**11.02%**	**-1.94%**	**-3.31%**	**1.52%**

GNI (UK) forecasted revenue requirement (FRR) for the 2025/26 gas year was £28.2m. This was based on GT22 allowances, adjusted for RPI inflation, Unforeseen Operating Expenditure, and also to account for 'Supplemental Income' pertaining to the SNP Haynestown arrangements of c. £0.9m in 2025/26.

The revenue included for 2026/27 is aligned to the final Price Control determination for this year and has been set at £27.6m. This is based on an FRR of c.£28.5m with an adjustment made to account for 'Supplemental Income' of c.£0.9m. The approach to the calculation of Supplemental Income is informed by the established approach via the licence arrangements and takes into account what was set for previous periods, this results in an equal Supplemental Income requirement for 2026/27 versus 2025/26.

Inflation projections for 2026/27 are based on current forecast rates for the year, and the revenue has also been adjusted for Unforeseen Operating

Expenditure, and to reflect higher out-turned inflation for the 25/26 year versus original forecasts.

The **Mutual Energy** owned businesses (PTL, BGTL and WTL) show an overall forecast increase from 2025/26. This increase reflects an increase in debt repayments throughout the group (due to inflation and repayment profiles), increased upstream GNI costs (PTL), higher tax payments (PTL), and increases in rates and licence fees. These increases were mitigated by lower repex costs.

5 Forecast Postalised Tariff for years 2027/28-2030/31

Table 9: Forecast Tariffs GY+1 – GY+4

	2027/28	2028/29	2029/30	2030/31
Entry Capacity Charge (£ per kWh/d booked)	0.42607	0.45315	0.4117	0.35439
Exit Capacity Charge (£ per kWh/d booked)	0.42607	0.45315	0.4117	0.35439
Commodity Charge (£ per kWh)	0.0002903	0.0003022	0.0002717	0.0002289

The forecast tariffs for the years 2027/28 to 2030/31 are provided for indicative purposes only.