

## Postalisation Reconciliation 2015-16

### Explanatory Note

December 2018

#### 1.0 Introduction

1.1 The 2015-16 Postalisation Reconciliation process for the Northern Ireland Gas Transmission Network has been completed and was circulated to the Designated Pipeline Operators (“DPOs”) by the Postalised System Administrator (“PSA”) on 13<sup>th</sup> December 2016. This explanatory note summarises the Year End Charges and how they have changed from the Forecast Charges. For clarity, it also illustrates how the reconciliation payments are calculated.

#### 2.0 Year End Charges

2.1 The following tables compare the actual volumes, capacity and required revenue with the forecast volumes, capacity and required revenue for the period October 2015 to September 2016:

<b>Table 1</b> <b>Required Revenue</b>	Required Revenue (£)		Variance	
	Forecast	Actual	Value	%
Premier Transmission	24,102,261	23,213,148	-889,113	-3.7%
GNI(UK)	17,953,815	17,953,815	0	0.0%
Belfast Gas Transmission	7,994,886	7,573,944	-420,942	-5.3%
<b>Total</b>	<b>50,050,962</b>	<b>48,740,907</b>	<b>-1,310,055</b>	<b>-2.6%</b>
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Capacity Charges	37,538,222	36,555,680	-982,542	-2.6%
Commodity Charges	12,512,740	12,185,227	-327,513	-2.6%

Note: GNI (UK) Forecast and Actual Required Revenue remains unchanged while that for the other three licence holders varies so that in any year actual revenues equal actual expenditure.

Note: All value figures in sections 2 and 3 of the explanatory note exclude VAT.

<b>Table 2</b> <b>System Throughput</b>	System Throughput (Kwh)		Variance	
	Forecast	Actual	Value	%
Ballylumford Power	3,282,395,200	4,798,473,552	1,516,078,352	46.2%
Coolkeeragh Power	3,837,864,000	5,275,800,000	1,437,936,000	37.5%
Phoenix Distribution	4,299,322,264	4,018,768,699	-280,553,565	-6.5%
Firmus Distribution	1,828,686,747	1,782,243,869	-46,442,878	-2.5%
<b>Total</b>	<b>13,248,268,211</b>	<b>15,875,286,120</b>	<b>2,627,017,909</b>	<b>19.8%</b>

Note: the volume of gas on which Coolkeeragh is billed is subject to a ship or pay contract and may therefore be greater than actual throughput as reported in the DPO Quarterly Exit Volumes Report

<b>Table 3</b> <b>System Exit Capacity</b>	System Exit Capacity (Kwh per Day)		Variance	
	Forecast	Actual	Value	%
Ballylumford Power	18,500,000	38,521,111	20,021,111	108.2%
Coolkeeragh Power	18,766,000	18,766,000	0	0.0%
Phoenix Distribution	28,516,651	28,516,651	0	0.0%
Firmus Distribution	8,185,867	8,185,867	0	0.0%
<b>Total</b>	<b>73,968,518</b>	<b>93,989,629</b>	<b>20,021,111</b>	<b>27.1%</b>

Table 4 System Entry Capacity by Preproduct Duration	Moffat Entry Capacity (Kwh per Day)		Variance	
	Forecast	Actual	Value	%
Annual	64,715,550	64,725,550	10,000	0.0%
Quarter1	0	0	0	-
Quarter 2	0	0	0	-
Quarter 3	0	0	0	-
Quarter 4	0	0	0	0.0%
October	58,000	61,000	3,000	5.2%
November	65,000	0	-65,000	-100.0%
December	69,000	0	-69,000	-100.0%
January	75,000	0	-75,000	-100.0%
February	88,000	0	-88,000	-100.0%
March	85,000	0	-85,000	-100.0%
April	73,000	0	-73,000	-100.0%
May	73,000	0	-73,000	-100.0%
Junew	77,000	0	-77,000	-100.0%
July	78,000	0	-78,000	-100.0%
August	80,000	0	-80,000	-100.0%
September	84,000	0	-84,000	-100.0%
Daily-October	0	5,658,290	5,658,290	-
Daily-November	0	1,389,425	1,389,425	-
Daily-December	0	867,355	867,355	-
Daily-January	0	1,989,807	1,989,807	-
Daily-February	0	1,205,034	1,205,034	-
Daily-March	0	1,278,677	1,278,677	-
Daily-April	0	1,280,933	1,280,933	-
Daily-May	0	761,968	761,968	-
Daily-June	0	2,990,167	2,990,167	-
Daily-July	0	474,419	474,419	-
Daily-August	0	4,692,355	4,692,355	-
Daily-September	0	10,855,948	10,855,948	-

Note: Other products are made available at entry capacity auctions, Within Day and Virtual Reverse Flow. A full range of products is also available at Gormanston. As zero bookings were forecast or actually were made for these products they have not been included in this table.

Note: February has 29 days during gas year 2015-16

2.2 The effect on revenues of the variation between forecast and actual volumes was as follows:

<b>Table 5 Revenue</b>	<b>Revenue Collection (£)</b>		<b>Variance</b>	
	<b>Forecast</b>	<b>Actual</b>	<b>Value</b>	<b>%</b>
Annual Exit	20,004,046	25,418,555	5,414,509	27.1%
Annual Entry	17,501,673	17,504,378	2,704	0.0%
Quarterly Entry	0	0	0	-
Monthly Entry	32,101	2,178	-29,923	-93.2%
Daily Entry	0	1,378,997	1,378,997	-
<b>Total Capacity</b>	<b>37,537,820</b>	<b>44,304,108</b>	<b>6,766,287</b>	<b>18.0%</b>
<b>Commodity</b>	<b>12,512,989</b>	<b>14,994,208</b>	<b>2,481,218</b>	<b>19.8%</b>
<b>Total Revenue</b>	<b>50,050,810</b>	<b>59,298,315</b>	<b>9,247,506</b>	<b>18.5%</b>

Note: Forecast collected revenues do not match Forecast Revenue Requirement in Table 1. This is because actual transmission charges as applied in practice are limited to the 5<sup>th</sup> decimal place.

Note: All value figures in sections 2 and 3 of the explanatory note exclude VAT.

2.3 The deviations in Required Revenue and Collected Revenue when combined equate to the total value of Postalised Revenue that will be returned to network users in the reconciliation.

<b>Table 6 Bullet Payment Calculation</b>	<b>(£)</b>
Forecast Revenue Required	50,050,962
Actual Revenue Requirement	48,740,907
Deviation in Revenue Requirement	-1,310,055
Forecast Revenue Collection	50,050,810
Actual Revenue Collection	59,298,315
Deviation in Revenue Collection	9,247,506
Deviation in FRR and Forecast Collection	-153
Bullet Payment to Shippers	10,557,408
Postalised Tariff Adjustment	-17.80%

Note: The bullet payment to shippers figure excludes revenue from entry over-run charges which is dealt with separately as set out in section 4 below.

Note: Deviation in FRR and Revenue Collection is a result of the actual transmission charges are limited to the 5<sup>th</sup> decimal place.



- 3.2 The payment is due from a Gas Supplier if the figure is positive and owed to a Gas Supplier if the figure is negative. The table below provides a worked example of these calculations.

<b>Table 9 Worked Example</b>	Exit Volume (kwh)	Annual Capacity Booking	
		Entry (peak day kwh per day)	Exit
Volume kwh	2,000,000,000	3,000,000	2,000,000
Forecast Tariff	0.09445	0.27044	0.27044
Actual Tariff	0.07676	0.22315	0.22315
Adjustment	-0.01769	-0.04729	-0.04729
Gas Supplier Payment (£)	-353,800	-141,870	-94,580

#### 4.0 Entry Over-Run Charges

- 4.1 Each year additional revenues are collected from network users in entry over run charges. The revenue from these over-run charges is returned to network users and included in the reconciliation payment. The payment to an individual network user of these over-run revenues is in proportion to their contribution to the total licence invoice amounts for all shippers (including VAT). The table below sets out the calculation of this repayment based on an indicative network user.

<b>Table 10 Entry Over Run</b>	Aggregate	Indicative Shipper A	
	Value (£)	Value (£)	%
<b>Licence Invoice Revenue (inc VAT)</b>	71,393,581	5,000,000	7.00%
<b>Over Run Charges (ex VAT)</b>	198,074	13,872	7.00%