

Annual Postalisation Reconciliation 2023-24

Explanatory Note

December 2024

1.0 Introduction

1.1 The 2023-24 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 on 3rd December 2024. 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 2023 to September 2024:

Table 1 Required Revenue	Required Revenue (£)		Variance	
	Forecast	Actual	Value	%
Premier Transmission	31,448,600	31,600,584	151,984	0.5%
GNI(UK)	24,309,838	24,309,838	0	0.0%
Belfast Gas Transmission	13,618,053	11,822,150	-1,795,903	-13.2%
West Transmission	10,806,969	10,574,904	-232,065	-2.1%
Total	80,183,460	78,307,476	-1,875,984	-2.3%
Capacity Charges	76,174,287	74,392,102	-1,782,185	-2.3%
Commodity Charges	4,009,173	3,915,374	-93,799	-2.3%

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

All value figures in sections 2 and 3 of this explanatory note exclude VAT.

2.2 The aggregated ARR across all TSOs outturned £1,875,984 below FRR.

Table 2 System Throughput	System Throughput (kWh)		Variance	
	Forecast	Actual	Value	%
Ballylumford Power	6,457,608,332	4,862,954,722	-1,594,653,610	-24.7%
Coolkeeragh Power	5,275,800,000	5,275,800,000	0	0.0%
Kilroot Power	52,393,518	581,489,637	529,096,119	1009.9%
Phoenix Distribution	4,896,131,271	4,313,070,933	-583,060,338	-11.9%
Firmus Distribution	1,920,785,376	1,957,741,422	36,956,046	1.9%
Evolve Distribution	849,279,971	805,654,706	-43,625,265	-5.1%
Total	19,451,998,468	17,796,711,420	-1,655,287,048	-8.5%

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

Table 3 System Exit Capacity	System Exit Capacity (kWh per Day)		Variance	
	Forecast	Actual	Value	%
Ballylumford Power	24,000,000	20,916,389	-3,083,611	-12.8%
Coolkeeragh Power	18,766,000	18,973,333	207,333	1.1%
Kilroot Power	0	6,130,311	6,130,311	100.0%
Phoenix Distribution	36,435,536	36,435,536	0	0.0%
Firmus Distribution	11,770,000	11,770,000	0	0.0%
Evolve Distribution	3,957,324	3,500,000	-457,324	-11.6%
Total	94,928,860	97,725,569	2,796,709	2.9%

Note: Kilroot began commissioning in March 2024, so therefore did not have the normal ratchet mechanism applied to their Exit Capacity. Commissioning ratchet charges were applied from from March 2024 - May 2024, and then a normal ratchet applied from June 2024 for the remaining months of the gas year. The amount in the table above is the average monthly Exit Capacity across all months of GY23.

Table 4 System Entry Capacity by Product Duration	Moffat Entry Capacity		Variance	
	(kWh per Day)			
	Forecast	Actual	Value	%
Annual	58,628,000	60,649,000	2,021,000	3.4%
Quarter1	0	0	0	0.0%
Quarter 2	0	150,000	150,000	0.0%
Quarter 3	0	0	0	0.0%
Quarter 4	0	0	0	0.0%
October	570,000	0	-570,000	-100.0%
November	525,000	0	-525,000	-100.0%
December	1,482,000	1,148,000	-334,000	-22.5%
January	2,788,000	1,734,000	-1,054,000	-37.8%
February	2,447,000	940,000	-1,507,000	-61.6%
March	1,020,000	300,000	-720,000	-70.6%
April	670,000	150,000	-520,000	-77.6%
May	270,000	0	-270,000	-100.0%
June	0	0	0	0.0%
July	0	0	0	0.0%
August	0	0	0	0.0%
September	0	0	0	0.0%
Daily-October	4,438,629	11,018	-4,427,611	-99.8%
Daily-November	7,546,941	1,178,402	-6,368,539	-84.4%
Daily-December	6,795,618	1,510,303	-5,285,315	-77.8%
Daily-January	6,681,192	4,207,085	-2,474,107	-37.0%
Daily-February	7,234,891	1,582,074	-5,652,818	-78.1%
Daily-March	6,719,364	661,902	-6,057,463	-90.1%
Daily-April	3,729,719	332,101	-3,397,618	-91.1%
Daily-May	4,218,199	209,713	-4,008,486	-95.0%
Daily-June	4,924,256	427,965	-4,496,291	-91.3%
Daily-July	4,925,367	2,144,759	-2,780,608	-56.5%
Daily-August	7,477,966	2,381,809	-5,096,157	-68.1%
Daily-September	2,738,886	96,667	-2,642,220	-96.5%

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

Table 5 Revenue	Revenue Collection (£)		Variance	
	Forecast	Actual	Value	%
Annual Exit	41,497,202	42,719,755	1,222,553	2.9%
Annual Entry	25,628,644	26,512,104	883,460	3.4%
Quarterly Entry	0	52,910	52,910	0.0%
Monthly Entry	1,054,562	494,644	-559,917	-53.1%
Daily Entry	7,997,384	2,142,321	-5,855,063	-73.2%
VRF	0	1	1	100.0%
Total Capacity	76,177,791	71,921,734	-4,256,057	-5.6%
Commodity	4,009,057	3,667,902	-341,155	-8.5%
Total Revenue	80,186,848	75,589,636	-4,597,211	-5.7%

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 5th decimal place.

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

2.4 As detailed in Table 5, the revenue under-collection was mainly due to significantly lower than forecast daily entry capacity bookings in the Winter months, with smaller contributions from lower than forecast monthly entry capacity and exit commodity. These under recoveries were offset by the over recoveries in annual entry and exit capacity.

2.5 The deviations in Required Revenue and Collected Revenue when combined equate to the total value of Postalised Revenue that will be collected from Shippers in the reconciliation.

Table 6	
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.	
Bullet Payment Calculation	(£)
Forecast Revenue Required	80,183,460
Actual Revenue Requirement	78,307,476
Deviation in Revenue Requirement	-1,875,984
Forecast Revenue Collection	80,186,848
Actual Revenue Collection	75,589,636
Deviation in Revenue Collection	-4,597,211
Deviation in FRR and Forecast Collection	3,388
Bullet Payment from Shippers	-2,717,840
Postalised Tariff Adjustment	3.60%

Note: The bullet payment from Shippers figure in Table 6 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 fact transmission charges used for invoicing during the gas year are limited to the 5th decimal place.

- 2.6 The adjustment to the Postalised Tariff is not uniform however and affects commodity and capacity charges separately. This maintains the pre-determined split between commodity and capacity-based revenues.

Table 7 Postalised Tariff Adjustment	Collected Revenue (£)		Adjustment	
	Required	Actual	Value	%
Capacity Charges	74,392,102	71,921,734	2,470,368	3.43%
Commodity Charges	3,915,374	3,667,902	247,472	6.75%
Total	78,307,476	75,589,636	-2,717,840	3.60%

Table 8 Forecast & Actual Postalised Tariff	Postalised Tariffs			
		Forecast	Actual	%
Annual Exit / Entry Capacity	£/kWh/day booked	0.43714	0.45216	3.44%
Commodity	p/kWh	0.02061	0.02200	6.74%

Note: For the purposes of the reconciliation payment calculations no limit is placed on the number of decimal places to which final tariffs are calculated

3.0 Reconciliation Payments

3.1 It should be noted that the figures used in this section are simply to illustrate the calculation of a reconciliation payment and are not based on any particular shipper. Each Gas Supplier's reconciliation payment is calculated according to the following formula as set out in condition 2A.2.6.3 of the standard licence conditions:

Commodity Reconciliation = (Year End Commodity Tariff - Forecast Commodity Tariff)

* Gas Supplier Annual Exit Quantity

Capacity Reconciliation = (Year End Capacity Tariff - Forecast Capacity Tariff)

* Gas Supplier Firm Capacity

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.

Table 9 Worked Example	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	0.0002061	0.43714	0.43714
Actual Tariff	0.0002200	0.45216	0.45216
Adjustment	0.0000139	0.01502	0.01502
Gas Supplier Payment (£)	27,800	45,060	30,040

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). Overrun Charges collected in GY23 were £24,404.

Table 10 Entry Over Run	Aggregate Value (£)	Indicative Shipper A Value (£)	%
Licence Invoice Revenue (inc VAT)	86,290,964	5,000,000	5.79%
Over Run Charges (ex VAT)	24,404	1,414	5.79%