Forecast Postalised Tariff 2025/26 – 2029/30

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 2025/26 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 2026/27 to 2029/30 are included for indicative purposes only.

2 Summary

The capacity tariff for GY2025/26 is lower than the GY2024/25 tariff by 0.9%, whilst the commodity tariff is higher by 18.0%. The driver for these movements is due to a 10.8% increase in TSO forecast revenue requirements with an increase in forecasted capacity of 11.8% and forecasted commodity volumes decreasing by 6.1%.

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.

2.1 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.

2.2 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.

2.3 Capacity Commodity Split

The revenue capacity commodity split is 95:5 for 2025/26 and all successive years.

4 Difference between the forecast 2024/25 Annual Tariff and forecast 2025/26 Annual Tariff

The overall forecasted capacity is 11.8% higher when compared with GY2024/25. This is partially offset by the 10.8% increase in forecast revenue requirement resulting in a decrease of 0.9% in the capacity tariff for GY2025/26. The total forecast commodity figure is 6.1% lower than GY2024/25, so this has combined with the higher revenue requirements to produce a commodity tariff increase of 18%.

Table 1: Annual Forecast Tariffs

Annual Forecast Tariffs	2024/25	2025/26	Difference
Entry Capacity Charge (£ per kWh/d booked)	0.45647	0.45235	-0.9%
Exit Capacity Charge (£ per kWh/d booked)	0.45647	0.45235	-0.9%
Commodity Charge (£ per kWh)	0.000227	0.0002678	18.0%

Table 2: Capacity Charge Calculation

Capacity Charge	2024/25	2025/26	Difference
Total Weighted Entry & Exit forecast capacity bookings (kWh/d)	173,394,169	193,843,682	11.8%
Total capacity forecast required revenue (£)	79,148,557	87,685,282	10.8%
Capacity Tariff (£ per kWh)	0.45647	0.45235	-0.9%

Table 3: Commodity Charge Calculation

Commodity Charge	2024/25	2025/26	Difference
Total forecasted commodity (kWh)	18,353,910,932	17,232,852,399	-6.1%
Total commodity forecast required revenue (£)	4,165,714	4,615,015	10.8%
Commodity Tariff (£ per kWh)	0.000227	0.0002678	18%

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).

In order 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, while also accounting for future expansion, new power station and an increase in network usage.

Table 4 shows that there has been an increase of 27.6% in the total forecast entry capacity figures for 2025/26 compared to 2024/25. The main change is a increase in the forecast usage of the daily product (205.2%). In addition, there is a slight movement away from annual to monthly products.

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

Weighted Entry Capacity	2024/25	2025/26	Difference
Annual Capacity	56,849,000	45,658,000	-19.7%
Quarterly Capacity	0	0	0.00%
Monthly Capacity	2,453,983	2,909,831	18.6%
Daily Capacity	15,301,220	46,610,444	205.2%
Total Entry	**74,604,204**	**95,178,275**	**27.6%**

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

Table 5 below shows that there is a slight decrease of 0.1% in the total forecast exit capacity figures for 2025/26 compared to 2024/25.

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

Annual Exit Capacity	2024/25	2025/26	Difference
Ballylumford Power Station	24,000,000	21,900,000	-8.8%
Coolkeeragh Power Station	18,973,333	15,200,460	-20%
Kilroot Power Station	5,500,000	12,407,607	125.6%
Lycra Company	750,000	800,000	6.67%
Phoenix Distribution Market	33,401,747	32,166,090	-3.7%
Firmus Energy Distribution Market	12,204,000	12,606,000	3.3%
Evolve Distribution Market	3,960,885	3,585,250	-9.5%
Total Exit Point Booked Capacity	**98,789,965**	**98,665,407**	**-0.1%**

Commodity Volumes

Table 6 reflects a decrease in forecasted commodity compared to the previous gas year driven predominantly by lower generation consumption.

Table 6: Forecast Exit Commodity Volumes (kWh)

Exit Commodity	2024/25	2025/26	Difference
Ballylumford Power Station	5,748,940,991	4,151,050,708	-27.8%
Coolkeeragh Power Station	4,758,131,933	5,548,167,900	16.6%
Kilroot Power Station	288,734,254	80,081,196	-72.3%
Lycra Company	188,630,136	261,945,204	38.9%
Phoenix Distribution Market	4,479,334,660	4,340,997,494	-3.1%
Firmus Energy Distribution Market	2,064,717,474	2,029,342,671	-1.7%
Evolve Distribution Market	825,421,483	821,267,226	-0.5%
Total Forecast Volumes	**18,353,910,932**	**17,232,852,399**	**-6.1%**

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	2025/26
Forecast Capacity entry proportion	49.1%
Forecast Capacity exit proportion	50.9%

4.3 Required Revenues

The total required revenue forecasted for 2025/26 is £92,300,297 compared to last year's figure of £83,314,270, this is an increase of 10.8%. 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 2024/25	**32,348,276**	**13,776,637**	**26,215,984**	**10,973,373**	**83,314,270**
% Change	**19.8%**	**-4.3%**	**7.5%**	**10.9%**	**10.8%**

GNI (UK) forecasted revenue requirement (FRR) for the 2024/25 gas year was £26.2m. This was based on GT22 allowances, adjusted for RPI, and was also adjusted to account for 'Supplemental Income' pertaining to the SNP Haynestown arrangements of c. £0.9m in 2024/25.

The revenue included for 2025/26 is aligned to the final Price Control determination for this year and has been set at £28.2m. This is based on an FRR of c.£29.1m 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 2025/26 versus 2024/25.

Inflation projections for 2025/26 are based on current forecast rates for the year, and the revenue has also been adjusted to reflect higher out-turned inflation for the 24/25 year versus original forecasts.

The **Mutual Energy** owned businesses (PTL, BGTL and WTL) show an overall forecast increase from 2024/25. This increase reflects an increase in upstream GNI costs (PTL), higher tax payments (PTL), higher debt repayments throughout the group (due to inflation and repayment profiles) and increases in other costs such as maintenance and licence fees. BGTL's cost increases were offset by a reduction in the costs of asset replacement and inspections, however overall asset replacement costs for the group are forecast to be largely in line with the 24/25 FRR.

5 Forecast Postalised Tariff for years 2026/27-2029/30

Table 9: Forecast Tariffs GY+1 – GY+4

	2026/27	2027/28	2028/29	2029/30
Entry Capacity Charge (£ per kWh/d booked)	0.44267	0.44432	0.45950	0.45298
Exit Capacity Charge (£ per kWh/d booked)	0.44267	0.44432	0.45950	0.45298
Commodity Charge (£ per kWh)	0.0002700	0.0002673	0.0002848	0.0002916

The forecast tariffs for the years 2026/27 to 2029/30 are provided for indicative purposes only.