



Postalised Exit Capacity Charge for the Phoenix Natural Gas Ltd. Licence Area

Gas Suppliers delivering gas to the Phoenix Natural Gas Ltd. (PNGL) Distribution network are treated as utilising capacity in the Scotland to Northern Ireland Pipeline (SNIP), the Belfast Gas Transmission Ltd. pipeline (BGTL) and the GNI (UK) transmission pipeline systems. In relation to the utilisation by Gas Suppliers of Exit Capacity in these transmission pipeline systems, PNGL is responsible for the payment of Postalised Exit Capacity charges in accordance with the terms of the Northern Ireland Network Gas Transmission Code (NINGTC).

For the purposes of recovering the Postalised Exit Capacity charge from Gas Suppliers, PNGL makes a commodity charge on Gas Suppliers on a monthly basis. PNGL forecasts that commodity charge at the start of the Gas Year using the total volume forecast for the PNGL Licence Area used to determine the NI Transmission Networks tariffs. This Postalised Exit Capacity charge is charged to Gas Suppliers on the basis of their monthly distribution commodity and is subject to an annual reconciliation using actual Distribution volumes.

The Postalised Exit Capacity charge payable by Gas Suppliers operating in the PNGL Greater Belfast Licence area for the period **1st October 2017 to 30th September 2018** is as follows:

	Pence per kWh	Pence per therm
Postalised Exit Capacity Charge	0.17030	4.9911

Transmission Exit Ratchet

Under the terms of the NINGTC, PNGL is also required to pay on behalf of Gas Suppliers any Transmission Exit Ratchet which would apply when the total amount of Capacity utilised by Gas Suppliers at the relevant Transmission Exit points exceeds the Postalised Exit Capacity held by PNGL on their behalf. As per Section B-7.4 of the PNGL Distribution Network Code, PNGL is permitted to recover these costs from Gas Suppliers using the following methodology:

Charges associated with the Transmission Exit Ratchet levied on PNGL by the Gas Market Operator Northern Ireland (GMO NI) will be passed to Gas Suppliers in the month in which they are incurred by PNGL. The amount owing by each Gas Supplier will be determined on their percentage of total distribution throughput for the number of months for which the penalty associated with the Ratchet Amount applies.

Detailed below is an example of how the process will apply:

Example Assumptions (for illustrative purposes only):

- Ratchet amount = 10,000 kWh
- Exit Capacity Tariff (as published) = £0.22231 per kWh per day
- Month Capacity Ratchet occurs = January
- Number of months Ratchet applicable for = 4 (Oct to Jan)
- Gas Supplier distribution throughput Oct to Jan = 100,000,000 kWh
- Proportion of total throughput attributable to each Gas Supplier Oct to Jan:
 - Gas Supplier 1: 55%
 - Gas Supplier 2: 25%
 - Gas Supplier 3: 20%

Transmission Exit Ratchet Penalty Calculation:

Therefore the Transmission Exit Ratchet penalty payable by PNGL to GMO NI is:

- *Ratchet amount X Transmission Exit Capacity Tariff /12 X Number of months*
- *Ratchet Charge payable by PNGL = 10,000 X 0.22231/12 X 4 = £741.03*

The Transmission Exit Ratchet Charge recoverable by PNGL from each Gas Supplier is:

- Gas Supplier 1: £741.03 X 55% = £407.57
- Gas Supplier 2: £741.03 X 25% = £185.26
- Gas Supplier 3: £741.03 X 20% = £148.21

Increased Postalised Exit Capacity for remainder of Gas Year:

PNGL will pay the GMO NI each month for the Transmission Exit Capacity booking increased by the Ratchet Amount for the remaining months of the Gas Year. Gas Suppliers will continue to pay PNGL for the Transmission Exit Capacity using the Postalised Exit Capacity charge as published prior to the start of the Gas Year. Any additional monies paid by PNGL for the Transmission Exit Capacity will be recovered from Gas Suppliers as part of the normal annual reconciliation process.

Recalculation of the Postalised Exit Capacity Charge during the Gas Year

If as a result of the application of Transmission Exit Ratchets, PNGL determines that the costs associated with the increase in the Postalised Exit Capacity booking would potentially result in a negative impact on its cashflow of greater than £250,000 by Gas Year end, then PNGL reserves the right at the Gas Year mid-year point to adjust and re-publish the Postalised Exit Capacity tariff it uses to recover costs from Gas Suppliers. PNGL will only undertake such a review of the Postalised Exit Capacity tariff following consultation with the Northern Ireland Authority for Utility Regulation.