



Revised Gas Transmission RIGs Decision

Decision Paper
May 2024



About the Utility Regulator

The Utility Regulator is the economic regulator for electricity, gas and water in Northern Ireland. We are the only multi-sectoral economic regulator in the UK covering both energy and water.

We are an independent non-ministerial government department and our main duty is to promote and protect the short- and long-term interests of consumers.

Our role is to make sure that the energy and water utility industries in Northern Ireland are regulated, and developed within ministerial policy, as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly.

We are based at Queens House in Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls, Networks and Energy Futures; and Markets and Consumer Protection.



Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



Our vision

To ensure value and sustainability in energy and water.



Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



Abstract

Today, we publish our decision regarding the revision of the annual reporting requirements for the Gas Transmission System Operators (TSOs) & Gas Market Operator (GMO). The guidance required updating to reflect changes made in the GT22 price control final determination. GT22 is the price control review for the high-pressure gas network in Northern Ireland for the five year period from 1 October 2022 to 30 September 2027.

This document sets out the decision regarding Regulatory Instructions and Guidance (RIGs) for the annual reporting of gas TSOs & GMO costs and outputs. It details the changes from the existing guidance, consultation feedback and the UR final decision.

Audience

This document will be of interest to the TSO & GMO and other Northern Ireland gas network stakeholders.

Consumer impact

Annual reporting has been a part of the regulatory framework for gas TSOs & GMO for several years. These RIGs provide a framework for the UR to collect consistent information from TSOs & GMO on an annual basis. This information will help monitor the TSOs & GMO performance and, over time, will provide a database that will inform subsequent gas transmission price controls.



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1. Introduction

Purpose of this Document

- 1.1 A key role of the Utility Regulator (UR) is to protect the interests of current and future Northern Ireland (NI) gas consumers. A crucial way to achieve this is by monitoring and reporting against regulated companies cost and output performance.
- 1.2 The purpose of this paper is to set out decisions for revision of the Regulatory Instructions and Guidance (RIGs) for the annual reporting of Gas Transmission System Operator (TSO) & Gas Market Operator (GMO) costs and outputs, in light of our Gas Transmission price control (GT22).
- 1.3 A consultation on this issue was published in February 2024¹. This paper details the changes from the existing reporting guidance, consultation feedback and the UR final decision.

Background

- 1.4 There are four gas conveyance licence holders for the Northern Ireland high pressure networks:
 - a) GNI (UK) Limited (GNI (UK));
 - b) Premier Transmission Limited (PTL);
 - c) Belfast Gas Transmission Limited (BGTL); and
 - d) West Transmission Limited (WTL).
- 1.5 GNI (UK) is a subsidiary of Gas Networks Ireland, which operates and maintains the natural gas transmission and distribution network in the Republic of Ireland (RoI).
- 1.6 PTL, BGTL and WTL are all part of the Mutual Energy Group (MEL).
- 1.7 There is also a Gas Market Operator for NI (GMO NI), which is a Contractual Joint Venture (CJV) between the TSOs to deliver a single system operator service.
- 1.8 Decisions regarding the TSOs and GMO revenue and outputs are periodically determined (every five years) through the price control process.
- 1.9 The TSOs and GMO then reports performance against price control

¹ [Revised Regulatory Instructions and Guidance for gas transmission operators documents for consultation | Utility Regulator \(uregni.gov.uk\)](#)

allowances and outputs on an annual basis. This is done via a variety of submissions, of which, the RIGs return is one of the most important.

- 1.10 RIGs reporting was established as part of *Condition 1.21: Regulatory Instructions and Guidance* in the *Licence for The Conveyance of Gas in Northern Ireland* for the TSOs. Annual reporting will also fulfil obligations to complete a report on GMO activity required under *Condition 2.17.14* of TSO licences.

Price Control Changes

- 1.11 The latest gas transmission price control determination covers the period 1 October 2022 until 30 September 2027. The final determination (FD) was published in May 2022².
- 1.12 Taking into account the price control final determination, several minor changes are reflected within the RIGs including:
- a) REPEX projects (Replacement Expenditure);
 - b) Business Carbon Footprint (BCF) reporting;
 - c) General updates to the reporting year prepopulated cells;
 - d) Removing unrequired information or cells; and
 - e) Definitions update.

Process of RIGs Revisions

- 1.13 Amendments to RIGs are made via the direction being issued by the UR to the TSOs and GMO under *Condition 1.21.4 Development and modification of the RIGs*. However, the direction is of no effect unless the process as set out under *Condition 1.21.4 (c)* is completed. This process includes the following:
- a) UR must give notice to the licensee that it proposes to issue new RIGs or (as the case may be) to modify the RIGs:
 - (i) Specifying the date that the provisions of the document to be issued or modified should take effect;
 - (ii) Setting out the text of the RIGs to be issued or modified and the UR reasons for proposing to issue or modify; and

² See GT22 final determination [publication](#)

- (iii) Specifying the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to such proposals may be made.
 - b) That UR considers any representations in response to the notice that are duly made and not withdrawn.
- 1.14 This paper provides the relevant detail required to fulfil the legal obligations under *Condition 1.21.4 (c)*. The consultation was the relevant notice required to issue new RIGs. This paper details how the UR has considered representations and made final decisions.
- 1.15 The conclusions section also includes the direction under *Condition 1.21.4 (c)*. for the new RIGs to take effect.

2. Consultation Proposals

Reporting Template and Definitions

- 2.1 There are several minor updates to the gas transmission RIGs template and definitions which will ensure alignment with the GT22 final determination. These are outlined in the below table:

Update	Details
REPEX projects	Correct the REPEX for TSOs to reflect the content from GT22, inclusive of Projects, Allowances and Outputs.
Business Carbon Footprint (BCF) reporting	Implement business carbon footprint (BCF) reporting for TSOs. This required an additional table and definitions manual update.
General updates	Implement a GT22 reporting chapter.
Removing unrequired information or cells	Remove the carbon footprint line within the maintenance table as no longer required with the new BCF reporting template.
Definitions Manual update	Updated the definition manual for GMO NI's "satisfaction score". Changes to BCF and removal of information or cells updated in the definition's manual.

Table 2.1: Proposed updates

Commentary Requirements

- 2.2 Alongside the submission of its RIGs data template, each licensee must continue submit supporting commentary. The commentary should give more details on specific areas to aid our understanding of the results. Any additional information or documentation requested in the RIGs and / or which the TSO / GMO deems appropriate to provide.
- 2.3 The submission must be accompanied by a letter and statement signed by a Director on behalf of the licensee confirming that to the best of their knowledge, data is accurate, complete and has been provided in accordance with the licence conditions.
- 2.4 We are not proposing to update the commentary requirements as set out in the Definitions Manual.

Reporting Period and Timescales

- 2.5 The relevant reporting year for the provision of information runs from 1 October to 30 September of the following calendar year. For example, a reporting year of 2022/23 means the year ended on 30 September 2023. The template and guidance cover the entirety of the existing price control. The UR will not issue guidance each year unless something is incorrect, or updates/changes are required.
- 2.6 TSOs / GMO must provide its submission, completed in accordance with these RIGs, no later than 31 January immediately following the end of the reporting year; that is, four months after the end of the reporting year. For example, information for the reporting year ended 30 September 2023, must be provided by 31 January 2024. For the avoidance of doubt, this means that the data submitted for GT22 (in respect of the reporting years) would use the RIGs as modified.

TSOs / GMO must provide a submission annually.

3. Consultation Responses

Key Issues

- 3.1 UR asked for all relevant feedback on these annual reporting template updates, requesting respondents may however wish to focus on the following questions:
- a) Do you consider that the template and definitions manual align with the GT22 Final Determination?
 - b) Is there other information regarding cost and performance which the TSO/GMO should be reporting in line with the GT22 Final Determination?
 - c) Would any additional reporting be beneficial?

Consultation Responses

- 3.2 UR welcomed feedback on all aspects of the consultation. We have provided a summary of the responses received in the below table.

	Respondent comments summary and UR responses
GMO	While the GMO did not submit a formal response it has submitted several informal queries through the pre consultation engagement which included structural consistency and accuracy.
UR Response	The UR welcomed this engagement with the GMO which supported a finalised version of their reporting template and definitions manual to be refined for the price control period.
Mutual Energy	Mutual Energy welcomed the opportunity to respond to the consultation on behalf of its three wholly owned subsidiaries. Mutual Energy provided feedback on each of the three questions in the consultation. To question a) Mutual Energy noted that the template and definitions

	<p>manual aligned to the GT22 Final Determination. Mutual Energy noted concern with the reporting requirements in relation to stakeholder engagement and suggested that the "number of new stakeholder groups developed" may not be an appropriate measure of this metric. It considered that a more appropriate one maybe the "number of stakeholder engagements" though the level of stakeholder engagement is also important. Mutual Energy note that due to insufficient policy direction in relation to energy strategy and formalised engagement framework, some of the requirements in the Definitions manual will be hard to demonstrate. Mutual Energy also note that there is no separate category for reporting energy transition costs with these costs already being incurred by the TSOs. They also note there is no mechanism to ensure these costs are captured and allowed within the price control process. Mutual Energy did not add anything further to questions b) and c).</p>
UR Response	<p>The UR welcomed this engagement with Mutual Energy which supported a finalised version for their reporting template and definitions manual to be refined for the price control period. In response to concerns on the stakeholder engagement, we have amended the wording of this to ask for the "number of stakeholder groups attended" with this being further detailed in the as part of the commentary (8.4). We note concerns around policy direction and framework, for joined up thinking which is applicable to this section. At the time of writing GT22 the area of energy transition was unclear, however, we anticipate that progress will be made in terms of direction and engagement over the GT22 period and as such these commentary requirements will become relevant. Commentary should be completed on a best and appropriate effort basis. Finally on the mechanism for recovering energy transition costs, the UR intends to utilise the existing mechanism within</p>

	<p>the licence. However, in terms of reporting energy transition costs as part of GT22 we are content for this to be captured in Table 6 Repex - "Outputs Not in GT22". UR intends to review the GT27 RIGS review process to consider potential Energy Strategy related reporting.</p>
GNI (UK)	<p>GNI (UK)s were agreeable to the changes outlined and summarised their understanding of the changes. They did note some structural consistency and accuracy notably on allowance quoted in Table 6 & 8. They concluded by acknowledging the completeness of the GT22 reporting requirements as being a robust and valuable process and believe it aligns well to the scope of GT22.</p>
UR Response	<p>The UR welcomes the response from GNI (UK) and its engagement throughout the process. In light of the response provided, we have made the suggested updates throughout the template including the allowances in Table 8.</p>

Table 3.1: Consultation Response Summary

4. Decisions and Direction

RIGs Decision

- 4.1 Based on the responses to the consultation, UR has made the necessary changes suggested to the guidance and reporting template.
- 4.2 Further review of RIGs reporting may be necessary following completion of the next gas transmission price control or if further areas need to be reported during the current price control or unforeseen circumstances.

Licence Direction

- 4.3 Under *Condition 1.21.4 (c)* of the TSO licence, the UR hereby issues a direction to implement new RIGs as set out in the guidance and reporting template published alongside this decision paper.
- 4.4 The new guidance will take immediate effect and should be implemented for information relating to the 2022-23 tariff year. UR accepts that such cost and activity reporting had not been agreed prior to the start of the year. UR would therefore request that the data be compiled on a 'best endeavours' basis.
- 4.5 UR would also welcome the provision of detail back to the beginning of the GT22 price control period. This will require two years of historic data reporting on a 'best endeavours' basis from GT17. Detail provided for these years should however align with overall figures reported in the original submission.