



## **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 using the total volume forecast for the PNGL Licence Area (4,571,899,539 kWhs). This Postalised Exit Capacity charge is charged to gas suppliers based on 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 Licence Area for the period **1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2023** is as follows:

	<b>Pence per kWh</b>	<b>Pence per therm</b>
Postalised Exit Capacity Charge (Exit Capacity Only):	0.35390	10.3718
Commoditised Charge for Credit Support:	0.00142	0.0417
<b>Postalised Exit Capacity Charge (Exit Capacity + Credit Support):</b>	<b>0.35532</b>	<b>10.4134</b>

### **Credit Support Arrangements**

PNGL is required to provide the Gas Market Operator for Northern Ireland (GMO NI) with credit support for the Postalised Exit Capacity it holds on behalf of gas suppliers operating in the PNGL Licence Area. Where PNGL's Required Level of Credit Support (RLCS) exceeds their current Maximum Allowed Unsecured Credit (MAUC) of £10m, PNGL will be required to provide additional credit support using an alternative permitted method. Where this additional credit support requirement results in a financial cost for PNGL, these costs are recoverable from gas suppliers operating in the PNGL Licence Area, as permitted by paragraph B-7.4 of the PNGL Distribution Network Code.

The Postalised Exit Capacity Charge for the PNGL Licence Area published above includes an estimated cost for securing additional credit support as PNGL's RLCS exceeds their MAUC for the 2022/2023 gas year.

The actual credit support costs incurred by PNGL will also be included as part of the annual reconciliation process once actual volumes are realised and will incorporate any additional costs incurred by PNGL throughout the gas year for providing this facility, e.g. increased credit support costs required as a result of a Transmission Exit Ratchet.

### **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 Exit 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.

### **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 (Exit Capacity + Credit Support) as published prior to the start of the gas year. Any additional monies paid by PNGL for the Transmission Exit Capacity, including additional credit support costs, 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.