An Coimisiún um Rialáil Fóntais
Commission for Regulation of Utilities

Gas Transmission Tariffs Article 30 Tariff Network Code Information 2024/25

Information Paper

Information Paper

Reference:	CRU2024119	Date Published:	20/09/2024	Closing Date:	N/A

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CRU Strategic Plan 2022-24

Our Mission

- Protecting the public interest in water, energy and energy safety.

Our Vision

- Safe, secure and sustainable supplies of energy and water, for the benefit of customer now and in the future.

Our Strategic Priorities

- Ensure Security of Supply
- Drive a Low Carbon Future
- Empower and Protect Customers
- Enable our People and Organisational Capacity

Executive Summary

The CRU published its decision on the 2024/25 transmission tariffs in CRU202447[1]. The document was published approximately two weeks in advance of the gas capacity auctions that were held in July 2024. Its publication was required under the Tariff Network Code[2] (TAR NC), specifically Article 29. Article 30 of the TAR NC sets out further detailed information that must be published prior to the tariffs coming into force in October 2024. This paper sets out the required information and also provides additional information with the aim of making it a useful guide for transmission tariffs. The document includes:

- An introduction to the methodology used to calculate the tariffs;
- An introduction to how the Commission for Regulation of Utilities (CRU) sets Gas Network Ireland's (GNI) allowed revenue;
- A description of the annual process that the CRU follows to update GNI's allowed revenues;
- Information required under Article 30 of TAR NC containing;
    - Detail on elements of the CRU's allowed revenue methodology;
    - Detail on the parameters within GNI's tariff model; and
    - Other additional information used either directly or indirectly to calculate GNI's allowed revenue and the transmission tariffs.
- The variables that cause changes in the tariffs from one year to the next; and
- The transmission tariffs for the gas year 2024/25.

A simplified transmission tariff model is also being published alongside this paper. The model is available at the following link. Users can change the inputs into this model to try and estimate possible impacts of different scenarios on tariffs. As it is a simplified model, developed for ease of use and interpretation, it can only provide broad indications of tariff movements. It should not be relied upon for business decisions but rather should be used as a useful guide to further understand how tariffs may possibly react under different scenarios.

[1] Gas Networks Ireland Transmission Tariffs and Allowed Revenue 2024/25
[2] Establishing a network code on harmonised transmission tariff structures for gas (Commission Regulation (EU) 2017/460).

Public Impact Statement

Customers pay transmission tariff costs through their gas bill. It is important that the calculation of those costs is transparent, accessible and publicly available.

Gas transmission tariffs are set to increase on 01 October 2024. This increase was set out in an earlier publication in June of this year (CRU202447[3]) and is estimated to increase a residential gas customers annual bill by €59.75 (3.9%) or €32.94 (2.1%) depending on demand.

This document provides further details on transmission tariffs and aims to create a single resource for all gas transmission tariff related information such as;

- Details of the tariff model that is used to calculate tariffs;
- The process that the CRU follows in updating tariffs; and
- How the CRU sets the allowed revenues for GNI.

This paper aims to assist customers in understanding how tariffs are calculated and what causes them to change from one year to the next.

[3] Gas Networks Ireland Transmission Tariffs and Allowed Revenue 2024/25

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
AGI	Above Ground Installation
Capex	Capital Expenditure
CAPM	Capital Asset Pricing Model
CNG	Compressed Natural Gas
CRU	Commission for Regulation of Utilities
DM	Daily Metered
GB	Great Britain
GNI	Gas Networks Ireland
GTTW	Gas to the West
HICP	Harmonised Index of Consumer Prices
IC	Interconnector
IP	Interconnection Point
LRMC	Long Run Marginal Costs
NI	Northern Ireland
NDM	Non-Daily Metered
Opex	Operating Expenditure
OTC	Over the Counter
OUG	Own Use Gas
PC4	Price Control 4
PC5	Price Control 5
PC6	Price Control 6
RAB	Regulated Asset Base
RNG	Renewable Natural Gas
ROI	Republic of Ireland
RPM	Reference Price Methodology
TAR NC	Tariff Network Code
TSO	Transmission System Operator
UAG	Unaccounted for Gas
VRF	Virtual Reverse Flow
WACC	Weighted Average Cost of Capital

1. Introduction

1.1 The Commission for Regulation of Utilities

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator. The CRU was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy and water. The CRU's mission is to protect the public interest in water, energy and energy safety. Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

Under the Gas (Interim) (Regulation) Act 2002, the CRU is responsible for regulating charges in the natural gas market. Under section 14 of the Act, the CRU may set the basis for charges for transporting gas through the transmission system.

In line with these powers the CRU published a decision on GNI's allowed revenues and transmission tariffs that will apply from 01 October 2024 to 30 September 2025[4], the CRU is now publishing additional information on tariffs, in accordance with Article 30 of the Network Code on rules regarding harmonised transmission tariff structure for gas (TAR NC)[5].

1.2 Purpose of the Paper

The purpose of this paper is to create a single resource for all tariff related information such as;

- How the CRU sets tariffs on an annual basis;
- The tariff methodology used;
- The variables that cause changes in the tariffs from one year to the next; and
- The transmission tariffs for the gas year 2024/25.

The CRU has carried out this exercise in order to provide customers with tariff related information in the most transparent and easily accessible manner.

1.3 Related Documents

[4] Gas Networks Ireland Transmission Tariffs and Allowed Revenue 2024/25

[5] Establishing a network code on harmonised transmission tariff structures for gas (Commission Regulation (EU) 2017/460).

There has been a large volume of tariff documentation published, the below is a list of some of the key transmission tariff documents published over the last number of years:

- Simplified Transmission Tariff Model (gasnetworks.ie)
- CRU Transmission Revenue Model 2024/25
- CRU Corrib Linkline Model
- Decision on October 2022 to September 2027 Transmission Revenue for GNI
- GNI's Transmission Tariffs and Allowed Revenue 2024/25 Decision
- GNI's Distribution Tariffs and Allowed Revenue 2024/25 Decision
- Decision on Harmonised Transmission Tariff Methodology for Gas
- Establishing a Network Code on Harmonised Transmission Tariff Structures for Gas

1.4 Structure of the Paper

This information paper is structured as follows:

- Section 1 provides background as to the Irish transmission system and how transmission tariffs are calculated;
- Section 2 outlines the way by which tariffs are updated and how the CRU updates allowed revenues on an annual basis;
- Section 3 provides specific information required by Article 30 of the TAR NC; and
- Section 4 sets out the transmission tariffs for 2024/25.

2. Irish Transmission Network

2.1 Introduction

The gas transmission and distribution networks are a key element of the energy sector in Ireland, delivering fuel to power stations as well as serving industrial, commercial and household consumers. This section provides a summary of the key economic and technical characteristics of the Irish gas transmission system, an outline of the reference price methodology[6] (RPM) (Matrix Methodology) and the parameters used within the Matrix Methodology.

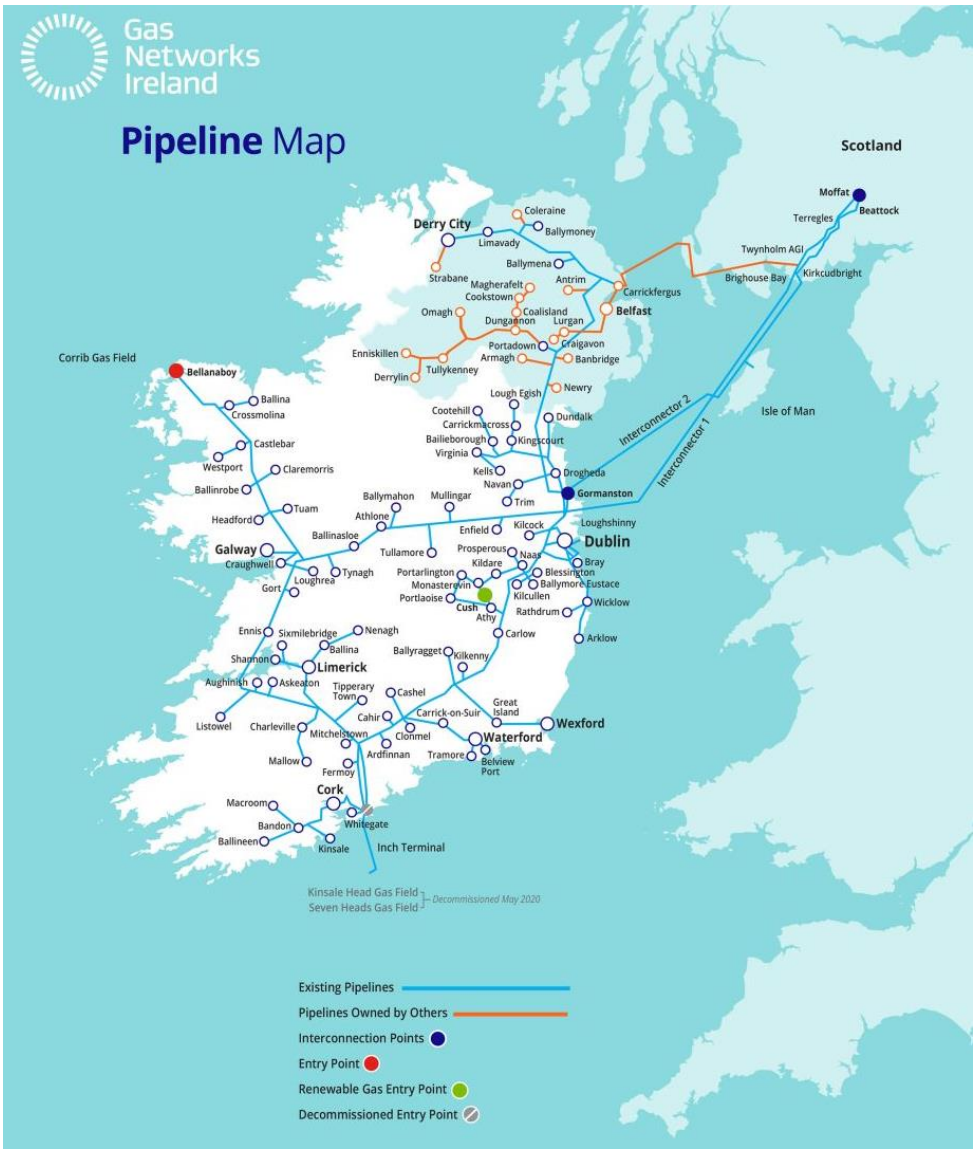
2.2 Irish Transmission Network

The natural gas transmission network is 2,477km in length, consisting of high-pressure steel transmission pipelines. There are both onshore and offshore pipelines. See Figure 1: Gas Networks Ireland Transmission Pipeline Map for a map of the Republic of Ireland (ROI) transmission system. The offshore portion of the network consists of the two gas interconnectors (IC1 and IC2) that connect Ireland to Brighouse Bay in Scotland. There is a sub-sea offtake point from IC2 that supplies the Isle of Man depicted in Figure 1: Gas Networks Ireland Transmission Pipeline Map.

The onshore network covers the country in a ring-shaped fashion linking Dublin, Galway and Limerick. It also consists of several spur lines to Cork, Waterford and lower pressure local area (regional) networks in large urban centres. In addition, the Mayo-Galway pipeline connects the ring-main to the Bellanaboy terminal, Co. Mayo, where gas from the Corrib gas field enters the Irish transmission system. At the end of 2015 the Corrib entry point (known as Bellanaboy) came into operation. The Bellanaboy entry point and the Moffat interconnection point (IP) in Scotland are the only entry points in operation since flows ceased in mid- 2020 from the Inch entry point for gas from the Kinsale gas fields. In addition, to the Moffat IP there is also an IP with the Northern Irish gas transmission system at Gormanston. However, no commercial gas currently flows to Northern Ireland (NI) from the Irish system and this pipe is currently used for emergency support only. In the event that commercial flows to NI did occur the Gormanston IP could also become an entry point for virtual reverse flow (VRF) from the NI system to the Irish system.

[6] Reference Price Methodology (RPM) is the methodology applied to the part of the transmission services revenue to be recovered from capacity-based transmission tariffs with the aim of deriving reference prices.

Figure 1: Gas Networks Ireland Transmission Pipeline Map



2.3 Transmission Tariff Methodology for Gas

In 2018, in line with the European Network Code on harmonised transmission tariff structures for gas (TAR NC)[7], the CRU commenced a review of the methodology for calculating transmission tariffs for gas. The aim of the TAR NC is to overcome issues relating to member states using different approaches to tariff setting for gas transmission services which could add to the complexity of using the various transmission systems. As part of the tariff methodology review process, the CRU held a number of industry stakeholder workshops and published a consultation

[7] Establishing a network code on harmonised transmission tariff structures for gas (Commission Regulation (EU) 2017/460).

paper which set out key proposals and invited comments from interested parties. In June 2019, the CRU sets out its decision in CRU/19/060. A key component of that paper was the CRU's decision to continue to calculate transmission tariffs using a forward-looking Matrix RPM, also referred to as the Matrix model. This Matrix model was used to set the tariffs for the 2024/25 gas year. In accordance with Article 30 a simplified version of this Transmission Tariff Model is available alongside this information paper, at the following link. Some of the key inputs to this methodology are highlighted in Table 4: Information on TSO Revenue.

2.4 Parameters used in the Matrix Methodology

In accordance with Art. 30 (1)(a)(i) of the TAR NC, this section includes information on parameters used in the Matrix RPM that relate to the technical characteristics of the transmission system.

The Matrix RPM is a forward-looking methodology based on long run marginal costs (LRMC). The model contains a representative network, which is based on actual pipeline distances between entry and exit points. The model uses these distances and the expansion constants to approximate the cost of expansion between each entry and exit point in a matrix. To determine the reference price at each of the points, a mathematical formula uses least squares to minimise the total difference between the cost of the paths and the sum of the entry and exit reference price. Following this step, the 'primary' tariffs are rescaled to recover any transmission services revenue shortfall. The same approach is applied at exit.

As noted above, the cost of expansion is calculated using expansion constants. An expansion constant provides a numerical value for the cost of expanding capacity so that one unit of gas travels over a specified distance. This is measured in €/gigawatt hour/day/kilometre (€/G/h/d/km). To determine the values of an expansion constant, actual pipeline, compressor capital and operating costs are used to forecast forward-looking costs. As the GNI system is comprised of both dry (onshore) and wet (subsea) pipelines, the CRU has calculated separate expansion constants to reflect the different costs associated with each. Both dry and wet expansion constants are comprised of pipeline costs and compression costs.

The expansion constant can be used to calculate the cost of building a pipeline (including compression), but it does not give any indication of the annual revenues that would be required to finance such an asset. In order to calculate the annual revenues an annuitisation factor is used. The annuitisation factor uses the capital costs of the assets, the cost of capital, the annual depreciation and the annual operating costs to calculate the average annual payment that would be made on this asset over the lifetime of the asset.

The wet expansion constant is €8,783 per gigawatt/day/kilometre, and the dry is €7,810 per gigawatt/day/kilometre. See CRU/18/247[8] sections 4.7 and 4.8 for further information on expansion constants and annuitisation factors. Table 1 below outlines further details required under Article 30 of the TAR NC relating to the parameters used with the Matrix Model.

Table 1: Parameters used in the reference price methodology

TAR NC Article	Description	Detail
Art. 30(a)(i)	Technical capacity at entry and exit points	The technical capacity at the entry points to the transmission network is available on GNI's transparency dashboard, available at the following link. However, it should be noted that the technical capacity at entry and exit points of the transmission network is not a relevant variable for the purpose of the methodology of calculation of the transmission tariffs.
Art. 30(a)(ii)	Forecasted contracted capacity at entry and exit points	The forecasted contracted capacity at the entry points and at exit is available in Table 3: Transmission Demand Forecast Summary - MWh.
Art. 30 (a)(iii)	Quantity and direction of the gas flow for entry and exit points	Demand is assumed to be met first by domestic production (i.e. Bellanaboy and Inch), with Moffat providing the marginal source of gas. The direction of gas flow from entry to exit is not a variable in the Matrix RPM that effects the calculation of the transmission tariffs. However, a representation of how gas flows around the network is available on GNI's transparency dashboard, available at the following link.
Art. 30(a)(iv)	Structural representation of the transmission network	The structural representation of the GNI's transmission system is provided in Figure 1.
Art. 30(a)(v)	Additional technical information related to the transmission system, such as length and diameter of pipelines	The information involved in the calculation of the expansion constants and annuitisation factor has been provided in CRU/18/247[9]. The files which detail the calculation of these parameters are available for download at the following link.

[8] CRU/18/247 Harmonised Transmission Tariff Methodology Consultation Paper
[9] CRU/18/247 Harmonised Transmission Tariff Methodology Consultation Paper

3. Tariff Setting Process

3.1 Introduction

This section outlines how the CRU sets GNI's allowed transmission revenue every 5 years through a process known as a Price Control. It also details the process followed by the CRU in setting the transmission tariffs on an annual basis. By charging these tariffs GNI recovers its allowed revenue, as approved by the CRU.

3.2 Price Control

The CRU's role is to protect gas customers by ensuring that GNI spends consumers' money appropriately and efficiently to deliver necessary services. The CRU does this through what is called a Price Control, and which is carried out every 5-years.

In December 2023, the CRU published its decision paper (CRU2023138[10]) on the allowed revenue that GNI's transmission business may recover over the price control period from 01 October 2022 to 30 September 2027, which is known as PC5.

Gas network tariffs are typically calculated based on annual revenues outlined in the CRU's price control decision papers. October 2022 was to be the start of the fifth price control period (PC5), which is to run until September 2027. The initial proposals for PC5 were submitted prior to the outbreak of war in the Ukraine and the significant market developments, which followed. They included not only high and extremely variable market prices but a drive to reduce energy demand and reduce dependence on Russian gas. These were underpinned by national and European policies, such as REPowerEU. It was important that those significant developments were captured within PC5 to ensure GNI was working towards the desired outcomes and continued to ensure sustainable and secure energy networks and supplies. This led to a pause in PC5 to allow GNI to update its proposals and for further analysis to be conducted to ensure the regulatory framework adapts, where necessary, to the new challenges and opportunities that have emerged. Following the completion of this detailed work, the decision was published in December 2023.

The transmission business's allowed revenue is made up of these three parts:

[10] Decision on Transmission Revenue for October 2022 to September 2027

- Revenue to cover the transmission business's operational costs;
- A return on capital on the transmission business's assets; and
- Revenue to cover depreciation of the transmission business's assets.

GNI as the transmission network operator, then recovers this allowed revenue on an annual basis through network tariffs which are set by the CRU. Network tariffs are charged to gas suppliers who may choose to pass them on to their customers.

3.3 Annual tariff setting process

As part of the annual tariff setting process, the CRU analyses any additional revenue requests from GNI (pass-through and extra-over items), over/under recoveries in the previous years and updated demand projections. These items are discussed in the following sections.

3.3.1 Inflation

The 2024/25 revenues were inflated from PC5 (2020/21) to 2024/25 monies which equated to an inflation rate of 18.87%. The total inflation adjustment equated to a €43.63m revenue requirement.

3.3.2 Pass-Through Costs and Extra-Over Items

As part of the annual tariff setting process, GNI submits requests for items that are either considered pass-through costs or extra-over items. Pass-throughs are cost items that GNI has no control over or limited control over. As a result, GNI's ability to forecast these costs accurately at the time of the price control is limited. Extra-over items are generally new capex or opex work-items that could not have been reasonably foreseen at the time the price control was set.

Following the review of PC5 forecasts, incorporating the recent market price data for CO_2, wholesale gas, and adjusting for updated demand forecasts, the CRU reduced GNI's total pass-through costs by €15.68m for 2024/25 tariffs. This included a €5.21m reduction to GNI's CO_2 pass-through allowance, an €11.40m reduction to GNI's shrinkage[11] pass-through allowance, an increase of €0.60m to the CRU levy and a €0.33m increase to Scottish rates.

3.3.3 Correction Factor (K-Factor)

Due to delays in the PC5 decision, the tariffs for 2022/23 were set using revenues based on the PC4 decision and adjusted for key cost drivers. In addition, considering the high and volatile

[11] Shrinkage gas includes own use gas (OUG) and unaccounted for gas (UAG).

wholesale gas prices at the time[12], GNI proposed a number of measures to mitigate against the high increases in consumer bills in 2022/23. When setting the 2022/23 gas network tariffs[13], the CRU accepted GNI's proposals and accelerated a €36m PC4 transmission capex underspend and applied conservative inflation assumptions. These measures helped to offset some of the costs increases that customers faced in 2022/23. However, these measures were the primary drivers in a €23m under-recovery in GNI's transmission business up to the close-out of the 2022/23 tariff year. When combined with an existing €60m K-factor[14], GNI under-recovered revenue of €83m in its transmission business up to the close-out of the 2022/23 tariff year. With a PC5 decision now published, relatively low inflation and the wholesale price of gas, when setting the 2024/25 tariffs, the CRU considered it an appropriate juncture to balance the 2022/23 tariff revenue with the PC5 decision and address the existing K-factor.

The CRU decided to increase the transmission K-factor limit from 105% to 108.42% with the aim to clear the K-factor, or under-recovery, in the PC5 timeline. The CRU decision to increase the K-factor limit from 105% to 108.42% on transmission resulted in a K-factor of €22.02m (€24.58m including interest) that will be returned to GNI through the 2024/25 tariffs. This reduced the total transmission K-factor from €83m to €61m and aims to have zero K-factor carryover to PC6.

3.3.4 Demand Forecasts

In addition to information relating to expenditure, demand forecasts are also estimated through the price control process for each of the five years of the price control period. As part of the annual tariff setting process GNI submitted updated demand figures, which were anchored to GNI's draft 2023 Network Development Plan[15] forecasts.

In order to establish demand forecasts for 2024/25, GNI analysed recent trends and then applied these learnings to elements it typically draws from to forecast gas demand for the coming year. The table below represents GNI's transmission network demand forecasts (commodity and capacity) for gas year 2024/25. For context these forecasts are presented alongside GNI's actual demand for 2022/23, the 2023/24 forecast for tariff setting and GNI's most up to date forecast for 2023/24. Highlighting the forecast demands for the upcoming gas year, against the demands

[12] For example, in April 2021 the wholesale price of gas was £0.50 per therm which compared to £2.50 per therm in April 2022. Wholesale gas prices reached up to £5 in early 2022

[13] Gas Networks Ireland Distribution Tariffs and Allowed Revenue 2022/23 Decision Paper

[14] See Section 2.2.4 Correction Factor (or K-factor) of Gas Networks Ireland Transmission Tariffs and Allowed Revenue 2023/24 Decision Paper

[15] CRU202425 Draft GNI Network Development Plan 2023

forecast when setting the tariffs last year is particularly useful, as higher/lower demand relative to last year will lead to upward/downward pressure for the upcoming year.

Table 2: Transmission Commodity Demand

Commodity Demand (MWh)	22/23 Actual Demand	23/24 Tariff Forecast	23/24 Updated Forecast		24/25 Demand Forecast	Variation vs 22/23	Variation vs 23/24 Tariff	Variation vs 23/24 Update
Entry Commodity	55,805,496	64,621,281	58,217,295		57,724,972	3%	-11%	-1%
Exit Commodity	53,479,796	63,046,964	56,209,616		56,272,272	5%	-11%	0%

For the forthcoming year, total transmission entry commodity forecasts are 3% higher than the actual outturn commodity demand for 2022/23 and 1% lower than the 2023/24 commodity updated forecast. In terms of exit GNI's forecast commodity for 2024/25 is 5% higher than the outturn for 2022/23, 11% lower than the 2023/24 forecast used when setting tariffs and less than 1% higher to the 2023/24 updated forecast.

Table 3: Transmission Demand Forecast Summary - MWh

Capacity Demand (MWh)	22/23 Actual Demand	23/24 Tariff Forecast	23/24 Updated Forecast		24/25 Demand Forecast	Variation vs 22/23	Variation vs 23/24 Tariff	Variation vs 23/24 Update
Corrib	38,814	31,245	32,531		30,510	-21%	-2%	-6%
Moffat	189,569	198,487	189,831		184,588	-3%	-7%	-3%
Biogas	166	471	344		501	202%	6%	46%
WA[16] Total Entry Capacity	228,550	230,203	222,705		215,599	-6%	-6%	-3%
WA Total Exit Capacity	277,717	285,586	283,489		276,521	-0%	-3%	-2%

Note: The Entry Capacity is lower than the Exit Capacity as NDM customers are required to book for 1 in 50 at Exit.

GNI's forecasted weighted annualised entry capacity is 6% lower than the actual for 2022/23 and 3% lower than the updated forecast for 2023/24. GNI's forecasted weighted annualised exit capacity is the less than 1% lower than 2022/23 outturn and 2% lower than the updated forecast

[16] WA stands for weighted annualised. Shorter-term bookings, which can occur at different times of year (different costs) are adjusted for representation as an equivalent annual amount so that the overall demand can be compared more easily across years.

for 2023/24. A key driver of the lower 2024/25 forecasts when compared to the 2023/24 tariff setting forecast is higher interconnector import.

4. TAR NC Article 30 Information

Article 30 of the TAR NC requires certain tariff information to be published ahead of the upcoming tariff period (i.e. gas year 01 October 2024 – 30 September 2025). This includes detail on elements of the CRU's allowed revenue methodology, GNI's Matrix Model and other additional information all of which is used either directly or indirectly to calculate GNI's allowed revenue and the transmission tariffs for the 2024/25 gas year. The table below sets out this information. For further details, please refer to Article 30 of the TAR NC[17].

[17] Establishing a network code on harmonised transmission tariff structures for gas (Commission Regulation (EU) 2017/460).

Table 4: Information on TSO Revenue

TAR NC Article	Description	Period	Detail	
Art. 30 (1)(a)	Information on parameters used in the reference price methodology that are related to the technical characteristics of the transmission systems	2024/25	See 2.4 - A simplified version of the transmission tariff model is available on GNI's website at the following link. A full version of the tariff model is available from GNI following link.	
Art. 30 (1)(b)(i)	Allowed revenue	2024/25	€283.81m is the allowed transmission services revenue and there is an additional €192.9m in non-transmission services revenue.	
Art. 30 (1)(b)(ii)	Changes in allowed revenue	2023/24 – 2024/25	Decrease in allowed revenue of 2% (nominal) from gas year 2023/24 to 2024/25. This decrease is primarily because the allowed revenue is now based on the PC5 decision revenues, and a decrease in CO_2 and shrinkage costs, offset by the correction factor that has been applied to the 2024/25 allowed revenue (105% K-factor rule increased to 108.42%), as a result of the close-out of the 2022/23 gas year.30442.03.3.3	
Art. 30 (1)(b)(iii)(1)	Asset types and their aggregated value	At start of current regulatory period – 01.10.2022	Asset Type	Net Book Value
			Pipelines/AGIs (incl. GTTW)	€1253.6
			Land	€1.5
			Equipment	€20.7
			Compressors	€68.7
			Buildings	€14.7
			TBU Onshore – Transmission Meters	€4.9
			SS Onshore - Facilities	€6.6
			Total	**€1370.6**

Art. 30 (1)(b)(iii)(2)	Cost of capital and calculation methodology		3.65% WACC – cost of debt is calculated using the estimated yield on government bonds plus a debt premium, while the cost of equity is calculated using the CAPM model.		
Art. 30 (1)(b)(iii)(3)(a)	Initial asset valuation methodology	N/A	Acquisition cost.		
Art. 30 (1)(b)(iii)(3)(b)	Asset revaluation methodology	N/A	Acquisition cost, indexed with inflation (HICP), as a proxy for current replacement cost.		
Art. 30 (1)(b)(iii)(3)(c)	Evolution of the value of the assets	N/A	Assets are added to the Regulated Asset Base (RAB) at their acquisition cost (historic cost). The assets are indexed with inflation (HICP) in order to calculate the value of an asset at the required point in time. The assets are then depreciated, using straight line depreciation, the rate of depreciation is set by the asset life. Assets are removed from the RAB when they are fully depreciated or disposed of.		
Art. 30 (1)(b)(iii)(3)(d)	Depreciation periods and amount per asset type[18]	2024/25	<u>Asset Type</u>	<u>Depreciation Period</u>	<u>Annual Depreciation Amount (€m)</u>
			Pipelines/AGIs/GTTW	50	€47.62
			Land	40	€0.09
			Equipment	5	€8.67
			Compressors	25	€7.12
			Buildings	40	€0.81
			TBU Onshore – Transmission Meters	15	€0.65

[18] Depreciation based of the current tariff year 2024/25.

			SS Onshore - Facilities	10	€0.69
			Tx – Renewable CGI	40	€0.32
Art. 30 (1)(b)(iii)(4)	Operational expenditures	2024/25	€148.10m - €15.68m outlined in Section 3.3.		
Art. 30 (1)(b)(iii)(5)	Incentive mechanisms and efficiency targets	2021/22 – 2026/27	Capex and opex incentives[19] , with an ongoing controllable opex efficiency challenge of 1%.		
Art. 30 (1)(b)(iii)(6)	Inflation indices	2022/23 – 2024/25	Harmonised Index of Consumer Prices[20].		
Art. 30 (1)(b)(iv)	Transmission services revenue	2024/25	€283.81m (24/25 monies).		
Art. 30 (1)(b)(v)(1)	Capacity-commodity split	2024/25	90:10		
Art. 30 (1)(b)(v)(2)	Entry-exit split	2024/25	33:67		
Art. 30 (1)(b)(v)(3)	Intra-system/cross-system split	2024/25	100% intra-system as there are currently no cross-system flows.		
Art. 30 (1)(b)(vi)(1)	Actual revenue recovered in kt-2	2022/23	Actual revenue recovered was €237.31m in nominal monies.		
Art. 30 (1)(b)(vi)(2)	(i) Correction factor for the year Kt-2, (ii) its effect on revenues in year Kt (24/25)	2022/23	(i) €23.41m, (ii) increased allowed revenue by €24.58m, (iii) Refer to Section 3.3		
Art. 30 (1)(b)(vii)	Intended use of auction premium	2024/25	N/A – no auction premium applied		
Art. 30 (1)(c)(i)	Commodity-based tariffs	2024/25	See Table 5.		
Art. 30 (1)(c)(ii)	Non-transmission tariffs	2024/25	The Corrib Linkline Element of the Bellanaboy tariff is considered a non-transmission tariff[21] under TAR NC.		

[19] CRU2023140 Price Control 5 Regulatory Framework
[20] See 'Inflation' and 'Indexation' tab of Transmission revenue model 2023/24 for further detail.
[21] Non-transmission services are "the regulated services other than transmission services and other than services regulated by Regulation (EU) No 312/2014 that are provided by transmission system operator".

<table>
<tr><td>Art. 30 (1)(c)(iii)</td><td>Reference prices for other points than interconnection points</td><td>2024/25</td><td colspan="5">See Table 5.</td></tr>
<tr><td>Art. 30 (2)(a)(i)</td><td>Information about tariff changes and trends</td><td>2022/23-2024/25</td><td colspan="5">See Appendix A for the difference in tariffs and Section 3 for an explanation of this difference.</td></tr>
<tr><td>Art. 30 (2)(a)(ii)</td><td>Information about tariff changes and trends</td><td>2022/23 – 2026/27</td><td colspan="5">A simplified model is available on GNI’s website at the following link. This allows the calculation of the possible evolution of tariffs.</td></tr>
<tr><td>Art. 30 (2)(b)</td><td>A simplified tariff model</td><td>2024/25</td><td colspan="5">A simplified model is available on GNI’s website link.</td></tr>
<tr><td rowspan="5">Art. 30 (3)</td><td rowspan="5">Information on the amount of forecasted contracted capacity and the forecasted quantity of the gas flow on non-relevant points</td><td rowspan="5">2024/25</td><td>Market Segment</td><td>Unit</td><td>Forecasted Contracted Capacity</td><td>Unit</td><td>Forecasted Gas Flow</td></tr>
<tr><td>Power Gen</td><td>MWh/d</td><td>148,658</td><td>GWh/d</td><td>34,023</td></tr>
<tr><td>DM</td><td>MWh/d</td><td>39,344</td><td>GWh/d</td><td>11,559</td></tr>
<tr><td>NDM</td><td>MWh/d</td><td>88,167</td><td>GWh/d</td><td>10,636</td></tr>
<tr><td>CNG</td><td>MWh/d</td><td>351</td><td>GWh/d</td><td>55</td></tr>
</table>

5. Transmission Tariffs 2024/25

The previous sections outline the elements affecting the transmission tariffs such as the adjustments which occur to the allowed revenues. These adjustments then are taken together with the allowed revenue from the price control to calculate the allowed revenue for the forthcoming tariff year. This allowed revenue is then inputted into GNI's Transmission Matrix Model along with the updated demand forecasts and correction factor to calculate the tariffs for the upcoming gas year. The transmission tariffs which will apply from 01 October 2024 to 30 September 2025 based on an allowed revenue of €283.81m (2024/25 monies) are set out below.

Table 5: Transmission Tariffs for 2024/25

	Bellanaboy[22] Entry	RNG Entry	Moffat (IP) Entry	Domestic Exit	Gormanston (IP) Exit
Firm[23] capacity - €/peak day MWh	789.955	208.700	417.270	618.889	596.748
Commodity - €/MWh	0.162			0.338	

To illustrate the cost impacts of these tariffs, the cost of transportation from GB (Moffat entry capacity tariff + domestic exit capacity tariff) is provided. This is given as the example as it is the marginal source of gas for Ireland. Generally, Irish wholesale gas prices are set by the GB price of gas plus the cost of transporting gas from GB to Ireland via the interconnectors. For 2024/25 the calculation shows a 2.4% increase on a nominal basis (0.2% in real terms) relative to 2023/24.

Table 6: Simplified Comparison of the Cost of Transportation for Moffat from 23/24 to 24/25

	Cost of Transportation 2023/24	Cost of Transportation 2024/25	% change between 23/24 and 24/25 (Nominal)	% change between 23/24 and 24/25 (Real)
€ (per peak day MWh)	1012.09	1036.17	2.4%	0.2%

[22] Bellanaboy entry capacity is composed of two elements; one to remunerate the transmission services revenue of GNI (€ 234.82/MWh) plus a Corrib Linkline Element (€555.14 /MWh), which will remunerate the revenues relating to the Corrib Linkline (Corrib Partners).

[23] "Firm" means gas transmission capacity contractually guaranteed as uninterruptible by the transmission system operator.

5.1 Details of Multipliers

Multipliers and seasonal factors are applied to the reference prices to set the tariffs for non-yearly capacity products. Short-term multipliers are applied in order to, amongst other things, incentivise efficient booking and hence use of the network. The multipliers vary throughout the year with reference to the probability of severe weather.

The table below outlines the short-term multipliers which were updated as part of the CRU's decision on the Harmonised Tariff Methodology for Gas.

Table 7: Seasonal Multipliers

Month	Quarterly %	Monthly %	Daily %
October	38.43%	12.81%	0.64%
November		12.81%	0.64%
December		17.08%	1.14%
January	80.69%	29.89%	1.99%
February		34.16%	2.28%
March		25.62%	1.71%
April	13.27%	12.81%	0.64%
May		0.97%	0.05%
June		0.97%	0.05%
July	2.61%	0.97%	0.05%
August		0.97%	0.05%
September		0.97%	0.05%
Total	**135.0%**	**150.0%**	**279.44%**

5.2 Virtual Reverse Tariff 2024/25

Virtual Reverse Flow (VRF) is a 'reverse flow' service offered on a virtual interruptible basis, at the IPs, to enable shippers to virtually flow gas from Ireland via Moffat and into Ireland via Gormanston.[24] In accordance with the CRU's TAR NC decision paper, for gas year 2019/20, a new tariff was introduced for VRF, which replaced the previous registration fee approach. The calculation of the VRF tariffs at Moffat and Gormanston are now based on the TAR NC principles and requirements for standard interruptible capacity products. Art.16 of TAR NC specifies the calculation of reserve prices for standard interruptible capacity products by applying an adjustment to the reserve prices for the corresponding standard firm capacity products.

Table 8: Virtual Reverse Flow (VRF) Tariffs for 2024/25

	Gormanston VRF Entry	Moffat VRF Exit
Capacity - €/peak day MWh	160.169	380.776
Commodity - €/MWh	0.162	0.338

5.3 Renewable Natural Gas (RNG) Transmission Entry Point Tariff

As part of the CRU's decision on the Harmonised Tariff Methodology for Gas (CRU/19/060[25]), a single transmission entry tariff has been set for RNG, based on one 'notional entry point' that is derived from the average of three geographically dispersed locations in counties Cork, Galway and Meath. The RNG tariff that will prevail from 01 October 2024 to 30 September 2025 is set out in the table below.

Table 9: Renewable Natural Gas Tariff 2024/25

		RNG Entry
Firm	Capacity per peak day MWh	190.933
	Commodity per MWh	0.148

[24] For example, if there is a total nomination of 100 units of gas for delivery from GB to ROI and a gas shipper in Ireland wishes to virtually transport 10 units of gas from ROI to GB, these 10 units are netted off the 100 units, resulting in the delivery of 90 units into the ROI gas network.

[25] Decision on Harmonised Transmission Tariff Methodology for Gas

6. Conclusion

This information paper aims to provides a single resource for all tariff related information, ranging from; how it sets tariffs on an annual basis, the variables that cause changes in the tariffs from one year to the next, and the 2024/25 transmission tariffs.

An important tool, also available to the public, is the simplified tariff model available on Gas Networks Ireland's website at the following link. This simplified model enables customers to further identify how transmission network tariffs are affected by demand and revenue variations, and to estimate possible evolution of tariffs.

Appendix A Transmission Tariffs 24/25

	2024/25 Tariffs €	2023/24 Tariffs €		Forecast 2024/25 Inflation Nominal Variance: %	2.18% Real Variance: %
Exit					
capacity	618.899	612.589	per peak day MWh	1.03%	-1.1%
commodity	0.338	0.308	per MWh	9.54%	7.2%
Gormanston Exit					
capacity	596.748	590.387	per peak day MWh	1.08%	-1.1%
commodity	0.338	0.308	per MWh	9.54%	7.2%
Moffat Entry					
capacity	417.270	399.503	per peak day MWh	4.45%	2.2%
commodity	0.162	0.148	per MWh	9.51%	7.2%
Bellanaboy Entry					
capacity	789.955	804.695	per peak day MWh	-1.83%	-3.9%
commodity	0.162	0.148	per MWh	9.51%	7.2%
Biogas Entry					
capacity	208.700	190.933	per peak day MWh	9.31%	7.0%
commodity	0.162	0.148	per MWh	9.51%	7.2%
Gormanston VRF Entry					
capacity	160.169	145.600	per peak day MWh	10.01%	7.7%
commodity	0.162	0.148	per MWh	9.51%	7.2%
Moffat VRF Exit					
capacity	380.776	377.468	per peak day MWh	0.88%	-1.3%
commodity	0.338	0.308	per MWh	9.54%	7.2%
Illustrative Transmission Transportation Costs					
	€	€			
Transmission Transportation Cost of UK Gas					
capacity	1036.169	1012.092	per peak day MWh	2.38%	0.2%
commodity	0.500	0.457	per MWh	9.53%	7.2%
Transmission Transportation Cost of Bellanaboy Gas					
capacity	1,408.854	1,417.284	per peak day MWh	-0.59%	-2.7%
commodity	0.500	0.457	per MWh	9.53%	7.2%
Transmission Transportation Cost of Biogas					
capacity	827.599	803.522	per peak day MWh	3.00%	0.8%
commodity	0.500	0.457	per MWh	9.53%	7.2%