

firmus energy (Distribution) Limited

Forecast Network Capacity Statement for Gas Year 2019 / 2020

21st February 2019

1. Licence Obligation to publish a Forecast Network Capacity Statement

As per licence condition 2.12 of the firmus energy conveyance licence, firmus energy (Distribution) Limited (feDL) book and hold Exit Capacity on the Postalised Transmission Network for all shippers who operate within the feDL licence area. As per this licence condition, feDL book this Exit Capacity to ensure that sufficient gas can be conveyed to meet daily firm demand which is likely to be exceeded in 1 year out of 20 years.

feDL are further required under this licence condition to carry out a consultation process with gas suppliers acceded to the feDL Distribution Network Code and to then produce and publish a Forecast Network Capacity Statement. feDL issued the Draft Forecast Network Capacity Statement to gas suppliers on 21st January 2019 with a deadline for responses of 5.00pm on Monday 11th February 2019. feDL received no responses to this Draft Forecast Network Capacity Statement.

2. Determining the forecast daily firm Capacity for Gas Year 2019 / 2020

In calculating the Postalised Exit Capacity, feDL has considered the relationship between consumption, temperature and forecast load growth. Consideration has also been given to the total firm SMP Capacity requirement for the feDL network.

Regression analysis was carried out on historical volume data and the corresponding temperature data, considering the impact of the temperature on the coldest day in the last 20 years (which was -10.1 Degrees Celsius on 21st December 2010) and the corresponding firm consumption. We applied the relationship between temperature and volume to estimate the peak day for the current firm customer base for a 1-in-20 year's peak demand. Load growth is also considered in determining the requirements.

3. Impact on Exit Capacity Charges

The analysis of the Postalised Exit Capacity requirements has indicated that the current capacity booking will need to be increased to 10,751 MWh (from 10,676 MWh) to meet forecast demand, including projected growth, for the feDL network for Gas Year 2019/20.

Using the published forecast capacity charge for Gas Year 2019/2020 and forecast volume demand, Tables 1 and 2 below demonstrate the forecast impact of the proposed capacity booking.

Table 1: Current capacity booking for current Gas Year and forecast capacity booking for Gas Year 2019/2020 for firm distribution volumes

	Capacity Booking (000s therms)	Capacity Booking (MWhs)
Current Postalised Capacity Booking	364	10,676
Forecast Postalised Capacity Booking	367	10,751
Variance	3	75

Table 2: Forecast capacity charge expressed in commodity terms

	Pence per kWh	Pence per therm
Current Postalised capacity charge expressed in commodity terms for current capacity booking	0.1762	5.164
Forecast Postalised capacity charge expressed in commodity terms for new capacity booking	0.1693	4.962
Forecast change	-0.0069	-0.202
Percentage forecast change		-4%

4. Conclusions

Using regression analysis, total firm SMP Capacity requirements, forecasted load growth and experience of a 1-in-20 winter, feDL believe the methodology used above is fit for purpose.

As per last year, given that there is no indication of an Exit Capacity constraint in Northern Ireland, feDL are proposing that the increased Exit Capacity booking is made for Gas Year 2019/2020 only.

Given that no responses to the Draft Forecast Network Capacity Statement were received, feDL will now proceed to submit an application to the Gas Market Operator Northern Ireland to request an increase in the current capacity booking to 10,751MWh for Gas Year 2019/2020.