



Mr Amber Raut
Commission for Regulation of Utilities
The Exchange
Belgard Square North
Tallaght
Dublin 24

25th March 2021

CRU 21018 Consultation on Gas Networks Ireland Ten Year Network Development Plan 2020

Dear Mr Raut,

The Western Development Commission (WDC) would like to take the opportunity to make a submission to the Commission for Regulation of Utilities (CRU) on “Gas Networks Ireland Ten Year Network Development Plan (TYNDP) 2020” (CRU 21018).

The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Regionⁱ. It operates under the aegis of the Department of Rural and Community Development.

The WDC regards the provision of quality energy infrastructure as essential to underpin the economic development of the region. The WDC has made submissions to previous consultations on TYNDPs and on gas connection policy and has argued for investment in the gas transmissionⁱⁱ and distribution networks in North West, in particular, where there is no access to a transmission gas network (see these endnotes^{iiiivvviiviii}).

The TYNDP is the plan for the development of the natural gas transmission network over the next decade. As the CRU notes under Article 22(2) of the EU Directive 2009/73/EC it is required that the NDP indicates the main transmission infrastructure that needs to be built or upgraded over the next ten years and that it contain all the investments already decided and identify new investments which have to be executed in the next three years. It is therefore very surprising that there is no discussion of the possibilities for expansion of the natural gas transmission network to new towns, or other areas and the range of options which could be considered in relation to this.

Although Northern Ireland is not under the remit of this Plan, the potential to link some towns in ROI with the NI network should have been explored. Now that the connection to Strabane is in place there is a possibility of a very short link to Lifford across the river Foyle. Similarly, there are possibilities for linking other towns in Northern Ireland to towns in the North West of

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the Republic of Ireland (e.g. Enniskillen to Sligo or Letterkenny from the Derry Strabane link). Gas Networks Ireland should be reviewing these options and noting the potential of these links in the TYNDP.

Similarly, there is no discussion of the study commissioned by DCCAE^{ix} on the impact of gas networks on regional and rural development and on decarbonising rural areas. While the outcomes and findings of this study have not been published they could influence government policy and lead to further grid development in the next ten years. The potential expansion of the grid should be very important to Gas Networks Ireland, and to the regions unserved by gas infrastructure and discussion of possibilities should be included in a strategic planning document.

The WDC welcomes that Gas Networks Ireland is committed to the decarbonisation of Ireland's energy system and is actively investigating in options for generating renewable gas and the development of facilities to inject this biogas into the grid. The WDC notes however, that only regions within 60km of the existing gas transmission network will be able to avail of centralized grid injection facilities (TYNDP pg.21). This means that areas of the North West will, in future, be further disadvantaged by lack of access to the gas grid, this time for purposes of supplying renewable gas. While GNI has responsibility for the existing network and potential extensions to it, it should also be in a position to consider investments which are not directly linked to the network but which would form satellites to the infrastructure for gas supply as a whole. This could include facilities for collection and local redistribution of renewable gas generated in places without gas grid or refuelling facilities for CNG vehicles in areas without gas grid.

The WDC welcomes GNI focus on the development of Compressed Natural Gas (CNG) in the TYNDP as one of the options for decarbonising the transport sector (for freight in particular). We also welcome the recognition that, in areas not connected to the natural gas network, CNG can be supplied in a similar way as diesel is supplied to service stations, by transporting it by road. If there is to be a focus on CNG use in transport it is important that it is available nationally and widely available beyond the existing gas network and GNI should be working to pilot such options now, rather than waiting for them to be an established feature in areas with gas transmission infrastructure. Widespread refuelling options will be important to the uptake of CNG as a transport fuel.

Likewise, as noted in the TYNDP there is significant potential for hydrogen production from water electrolysis and its potential for use in a range of settings including heating and transport. As hydrogen production is likely to use renewable resources it is very suitable for production in areas of high wind resource like the north west which has no gas network infrastructure. The GNI TYNDP should be considering options for such areas so that there can be, in effect, a virtual network which links the production and use of natural gas, renewable gas and hydrogen together in areas both on and off the gas network.

There is further potential for GNI to meet needs of areas not connected to the natural gas grid through the development of Local Gas Networks (LGNs) which can be supplied with CNG, LNG or renewable gas. The proposed Sligo Local Gas Network, which is going through feasibility

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assessment, is a good example of the potential for such local networks. The principle is that a local gas network is developed, independent of the national network but to the same engineering standards, largely to supply existing and future industrial zones. This local network can be fed with compressed gas delivered by road to a decompression station and could ultimately be connected to the national network. The gas can be supplied from traditional sources but in future could be provided by low carbon renewable gas sources from the surrounding area.

We are disappointed that the TYNDP does not make any reference to the potential development of such networks, especially where they are under consideration (e.g. Sligo). These LGNs provide economic development benefits to the towns involved and to the refuelling network that is essential to stimulating the use of CNG in transport throughout the country.

While the CER (now CRU) laid down criteria for assessing the connection of new towns to the gas network, it should be noted that where funding is available to cover the amount of the negative NPV such towns may be connected to the natural gas network. The WDC has argued that there are many benefits associated with connection to the natural gas grid which are not captured in the New Towns Connection policy and therefore provision of public funds to aid these connections can be justified. Gas Networks Ireland should be exploring these options as part of their TYNDP. This could include working with the CRU to develop criteria for assessing the value of wider economic benefits as part of the towns assessment process so that these benefits could justify public investment in the infrastructure.

Conclusion

The WDC recognises that it is important to make the most efficient use of the natural gas network in order that gas tariffs remain as competitive as possible and that it is important to have a extensive tariff base and have access to natural gas as widely available as possible.

For this reason the WDC believes that the further development of the natural gas transmission infrastructure and the connection of new towns bring considerable potential to increase the tariff base and the possibility of making greater use of the existing network. The WDC is disappointed that such further development of the network is not mentioned in this TYNDP. Further development of the gas network in Ireland is important. It is a key infrastructure and an asset to regions with such network.

It would be useful for GNI to explore the possibilities in relation to the following:

- the potential for further links to the Northern Ireland natural gas network.
- the potential of 'off grid' networks (like Sligo LGN), hubs for refuelling of vehicles and collection, storage facilities for renewable gas or hydrogen for onward shipping.
- measuring and establishing a mechanism for funding of the public good element of natural gas transmission;

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Such exploration of the possibilities for network development, both in terms of developments directly connected to the grid and other ‘satellite developments’ such as Local Gas Networks, CNG refuelling stations and renewable gas collection facilities) should form an important part of GNI’s strategic development and its planning of network development.

The WDC is pleased to make this submission to the CRU on the GNI Network Development Plan 2020 Policy. If you have any queries in relation to this submission, please contact me.

Yours sincerely

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Policy Analyst

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ⁱ The Western Region comprises counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare. For more information about the WDC please see www.wdc.ie

ⁱⁱ WDC Policy Briefing no. 5: Why invest in gas? Benefits of natural gas infrastructure for the North West (2011); Gas for ‘Ineligible’ Towns: A review of the options (2007); Report on Fuel Cost Analysis (2007). See <http://www.wdc.ie/publications/reports-and-papers/>

ⁱⁱⁱ WDC Submission to CER Consultation on Bord Gáis Networks Connections Policy <http://www.wdc.ie/publications/submissions/#toggle-id-9> (see 2006)

^{iv} WDC submission to the Commission for Energy Regulation (CER) on Gas Networks Ireland proposals on the New Connections Policy <http://www.wdc.ie/publications/submissions/#toggle-id-2> (see 2015)

^v WDC submission to the Commission for Energy Regulation Consultation on Natural Gas Policy Framework <http://www.wdc.ie/publications/submissions/#toggle-id-9> (see 2002)

^{vi} WDC submission to the Commission for Energy Regulation Consultation on the Ten Year Network Development Plan 2016 <http://www.wdc.ie/wp-content/uploads/WDC-submission-to-CER-on-GNI-10-year-Development-Plan-2016-8.09.16.pdf>

^{vii} WDC submission to the Commission for Energy Regulation Consultation on the Ten Year Network Development Plan 2017 <https://www.wdc.ie/wp-content/uploads/wdc-2017-submission-to-cru-on-gni-development-plan-11.10.17.pdf>

^{viii} WDC submission to the Commission for Energy Regulation Consultation on the Ten Year Network Development Plan 2018 <http://old.westerndevelopment.ie/wp-content/uploads/wdc-submission-to-cru-on-gni-ten-year-network-development-plan-2018-01.02.19.pdf>

^{ix} <https://www.dccae.gov.ie/en-ie/energy/publications/Pages/Study-being-undertaken-into-Irish-Natural-Gas-Network.aspx>

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