

Mr Paul Byrne
Commission for Regulation of Utilities
The Exchange
Belgard Square North
Tallaght
Dublin 24

1 February 2019

CRU18269 Consultation on Gas Networks Ireland Ten Year Network Development Plan 2018

Dear Mr Byrne,

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 2018” (CRU 18269).

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 (see these endnotes^{iiiiivvvi}) on gas connection policy and has argued for investment in the gas transmission^{vii} and distribution networks in North West in particular, where there is no access to a natural gas network.

In this submission the WDC comments on the 2018 Network Development Plan (TYNDP) noting that some of the issues raised in previous submissions on Network Development Plans have yet to be addressed. Comments are made under the following headings:

1. National Policy
2. Time period covered
3. Information on network map
4. New Towns
5. Renewable gas
6. Compressed Natural Gas (CNG)

The GNI 2018 Ten Year Network Development Plan

1. National Policy

The TYNDP “provides a view of how the gas network will develop over a ten year period. It is based on current supply and demand for gas as well as projections for growth in gas consumption and development of infrastructure.” (p5). However, the WDC is concerned that the TYNDP makes no reference to key government policies driving change over the next 30 years, including the most significant of these: *Project Ireland 2040*. This incorporates both the *National Development Plan* (NDP) which is the capital investment programme and the *National Planning Framework* (NPF), and also incorporates the *Regional Spatial and Economic Strategies* (RSES) which are currently in Draft.

Project Ireland 2040 is the government’s high level strategic policy for shaping the future growth and development of our country to the year 2040. It is a framework to guide public and private investment. It estimates that there will be an additional million people living in Ireland by 2040 and it contains regional targets for population increase, and guidelines on where people should live and where employment should be focused. Clearly such an expansion of population and employment will have an impact on demand for natural gas and it would have been expected that this would at least have been referred to in the TYNDP.

These long term targets should be an important part of the GNI planning process, and there should be some indication of how the framework and its targets for population and employment will impact on grid development in future and demand for gas in the future.

Project Ireland 2040: National Development Plan 2018-2027

The National Development Plan is the investment plan for Project Ireland 2040 and it acknowledges the role of the State Owned enterprises (SOEs) like GNI have in making investments. It contains the following direct references to natural gas infrastructure:

P 75 “Development of gas infrastructure projects to support regional and rural development and the low carbon transition” is listed under *National Strategic Outcome 8: Transition to a Low-Carbon and Climate-Resilient Society* under the heading of Commercial and Private Sector Investments.

P78 Under the heading Commercial State Sector Investments, in the context of a longer discussion on the importance of investment in network infrastructure, it notes that “Investment in these assets is acknowledged as an important enabler of economic growth and, as such, the sector has a critical role to play in meeting priority infrastructural needs”.

P79 In relation specifically to gas networks it notes “Any further investment over and above maintenance levels will primarily be driven by future gas consumption levels. In this regard, *Gas Networks Ireland is also exploring investment in gas demand growth opportunities, including the potential for extending its gas network*” (italics added)

It is not clear why this exploration of the potential for extending the gas network is not referred to in the TYNDP.

Project Ireland 2040: Regional Spatial and Economic Strategies

Following the publication of the NPF, work is ongoing to prepare the Regional Spatial and Economic Strategies (RSES) for each of the three regions. These draft policies are currently under consultation. The RSES give a clear regional indication of areas of population and employment growth which should be taken into account in network planning. The substantial population growth projected for Sligo and Letterkenny (both are to have a population increase of 40%) could be important to the development of the gas network in the North West. This should be considered in the TYNDP.

In the Northern and Western Regional Assembly Draft RSES natural gas transmission are mentioned in a number of policy objectives.

In section **4.5.2 Renewable Energy And Low Carbon Future** the following Regional Policy Objectives are stated:

Regional Policy Objective 46. Facilitate the delivery and expansion of natural gas infrastructure throughout the Region and have regard to the location of existing gas infrastructure in assessing potential developments.

Regional Policy Objective 47. Encourage and support innovative partnerships extending the gas network in the region.

In section **8.4 Gas Networks** states that “Within the lifetime of the RSES, it should be the ambition of our Region to explore the extension of the network into counties Sligo, Roscommon, Donegal and Leitrim” (p279).

Regional Policy Objective 191 To support the build out of the gas supply network into Counties Sligo, Roscommon, Donegal and Leitrim and in additional locations in the remainder of the region.

In section **9.3 Co-ordination of Investment in Infrastructure** the following is noted:

The gas network is also identified as an important piece of economic infrastructure within Growth Ambition 5 and whilst it encroaches into eastern parts of the border region and Derry/Strabane it is otherwise devoid of the border counties. There is a need to harness the opportunity that this infrastructure presents and to encourage, support and enable its extension to new areas within the cross-border region. (p289)

In the draft Southern Regional Assembly RSES Regional Policy Objective 217 is a detailed policy objective on the gas network, while the delivery of natural gas to Gorey is considered a key infrastructure requirement of that town.

Atlantic Economic Corridor (AEC)

In Project Ireland 2040 the Government has recognised the importance and potential of the Atlantic Economic Corridor as a means of stimulating regional development. The Atlantic Economic Corridor (AEC) is the term applied to a linear network along the Western seaboard, stretching from Kerry to Donegal, which has the potential to act as a key enabler for the regional growth objectives of the National Planning Framework (NPF p41). This corridor includes key towns which are expected to grow significantly to 2040 and which are without access to natural gas (Letterkenny, Sligo, Tralee and Killarney). It would be useful if the TYNDP were to consider how the development of this economic corridor might impact on the connection of these towns to the natural gas network.

2. Time period covered

This CRU consultation is on the TYNDP 2018. The Plan states that it covers a period of ten years from 2017/18 to 2026/27. Given that this consultation is on going in 2019, and the final document will not be published until Q2 2019 at the earliest, there should be some explanation of the time horizon chosen (i.e. why is it not a 2018-2028 plan?). While the time period under consideration might not be considered important it does make the updates and progress with documents somewhat out of date or unclear (for example in relation to the connection of Wexford, Nenagh and Listowel) and it is not always evident whether it is taking full account of decisions made, for example, in 2018. Additionally, from the period of consultation it does not cover 10 years, and from the date of publication it will only cover 8 years.

3. Information on network map

It would be useful if the pipelines under construction in Northern Ireland as part of the Gas to the West Project (an NI government funded project) bringing natural gas to eight key towns in the west of Northern Ireland were shown on the network map (p 9). The link to Strabane is already complete and it is expected the other pipelines will be commissioned in 2019. Showing these on the map would give a fuller picture of the gas network on the island of Ireland.

The network map provided (p9) appears to be out of date with the connection to Centre Parcs shown as being under construction. More recent GNI maps show this as a completed project.

4. New Towns

This document 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 many of which have been referred to above and in previous submissions.

The extension of the gas network to Centre Parcs in Ballymahon is not mentioned in the TYNDP although it almost complete (and is shown on the map). There was discussion in the Oireachtas and the media about the route of the connection of Ballymahon to the natural gas grid, the sizing of the connection, and whether there would be potential in the future for further connection to Longford town and onward to Carrick on Shannon. It is of serious concern to the WDC that while these important issues about the expansion of the natural gas grid infrastructure are being discussed in public, there is no reference made *at all* to them in the TYNDP. Nonetheless we do note that the 400mm feeder pipeline will give options for onward network development (including to Longford and Carrick on Shannon).

Similarly, there is no discussion of the study commissioned by DCCA^{viii} on the impact of gas networks on regional and rural development and on decarbonising rural areas. While the outcomes and findings of this study are as yet unknown they may influence government policy and lead to further grid development in the next ten years. However, the study is not referred to in the TYNDP. The potential expansion of the grid should be very important to Gas Networks Ireland in the future and discussion of possibilities should be included in a strategic planning document.

Although Northern Ireland is not under the remit of this Plan, the potential to link some towns in ROI with the NI network should be explored. Now that the connection to Strabane is in place there is a

possibility of a link to Lifford across the river Foyle. Similarly there are possibilities for linking other towns in Northern Ireland (e.g. Enniskillen) to towns in the North West of the Republic of Ireland. Gas Networks Ireland should be reviewing these options and noting the potential of these links in the TYNDP.

5. Renewable gas

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 50km of the existing gas transmission network will be able to avail of centralized grid injection facilities (TYNDP p13 and map p14). 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.

6. Compressed Natural Gas (CNG)

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.

There is also further potential for CNG to meet needs of regions and rural areas not connected to the natural gas grid through the development of local distribution grids which can be supplied with CNG. 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. A project examining the feasibility of this for Sligo is currently under way.

We are disappointed that the TYNDP does not make any reference to the development of such grids as potential options in the next decade. It would both provide economic development benefits to the towns involved and to the refueling network that is essential to stimulating the use of CNG in transport throughout the country.

7. Other issues relating to the development of the gas network

A number of towns which qualified for connection under the New Towns Analysis (e.g. Athenry, Knock and Ballyhaunis which qualified in 2006) have not yet been connected and the TYNDP does not give any consideration to these towns and their potential for connection in the coming years.

While the CER 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.

Conclusion

The WDC agrees 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.

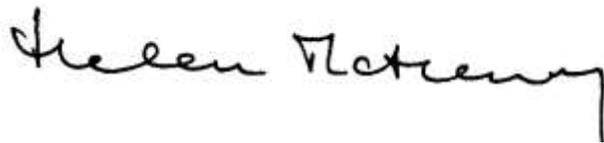
It would be useful for GNI to explore the possibilities in relation to the following:

- government funding of the public good element of natural gas transmission;
- the possibility of other public funding (from various EU or sources) for such infrastructure
- the potential for further links to the Northern Ireland natural gas network.

Such exploration of the possibilities for network development 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 2018 Policy. If you have any queries in relation to this submission, please contact me.

Yours sincerely



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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

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- ⁱⁱ WDC Submission to CER Consultation on Bord Gáis Networks Connections Policy <http://www.wdc.ie/publications/submissions/#toggle-id-9> (see 2006)
- ⁱⁱⁱ 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)
- ^{iv} 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)
- ^v 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>
- ^{vi} 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>
- ^{vii} 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/>
- ^{viii} <https://www.dccae.gov.ie/en-ie/energy/publications/Pages/Study-being-undertaken-into-Irish-Natural-Gas-Network.aspx>