

Network Development Plan 2021 – Gas Networks Ireland Consultation Response

As the Transmission and Distribution System Operator for gas, Gas Networks Ireland (GNI) is responsible for the development and safe operation of the gas network, taking account of the long-term needs of the system. GNI has licence obligations to produce a ten -year Network Development Plan (NDP) annually. Before the final version of the NDP is published, the Commission of Regulation of Utilities (CRU) is required to consult all actual or potential system users. This is undertaken via a public consultation on the draft NDP, hosted by the CRU. Based on the responses received to the consultation, GNI updates the NDP where necessary and publishes the final version on the GNI website.

The CRU held a public consultation on GNI’s draft ten-year NDP covering the period 2020/21 – 2029/30.

This Public Consultation ran for four weeks from 01/02/2022 to 01/03/2022. As part of the Public Consultation, the CRU received views and comments from five respondents:

- Codema
- Cork Chamber
- ESB Generation and Trading
- Irish Offshore Operators’ Association
- Sligo Sustainable Energy Community

GNI appreciates the responses received from all parties and notes that in some instances the views and comments received fell outside the scope of the Public Consultation. The responses set out below are limited to the views and comments received that related to the scope of the Public Consultation. The Public Consultation has not resulted in changes being made to the NDP. The final version of the NDP is now published on GNI website, along with this response letter.

1. Energy Policy and Data Freeze

The NDP provides an overview of how the gas network may develop over a ten-year period. It incorporates analysis and commentary on current supply and demand for gas, as well as on projected gas consumption and development of infrastructure. The primary function of the document is to provide a ten-year adequacy assessment on the gas network, to ensure adequate infrastructure is in place to safeguard a secure and resilient gas transportation system to meet Ireland's projected energy needs over the ten-year NDP horizon. As such, the modelling assumptions adopted in the NDP are based primarily around current policy measures in place, while also incorporating the potential for policy change to address energy and climate targets. To allow time to complete the detailed modelling and analysis required to produce the NDP, a modelling 'data freeze' is required. This results in a lag between the time when modelling assumptions are finalised and when the NDP becomes available for public consultation. The modelling data freeze date for the 2021 NDP was June 2021. At this time, the key document informing the NDP energy policy assumptions was the 2019 National Energy and Climate Plan 2021-2030, while the ambitions set out in the 2019 Climate Action Plan and the 2021 Interim Climate Actions documents were also incorporated in certain scenarios. Each year, these assumptions are updated to align to latest energy policy measures in place at the time of the data freeze.

2. Gas Quality

For modelling purposes as part of the NDP process, GNI assume calorific values at the various entry points based on average historic values. The assumed values are outlined in Appendix 3 of the NDP. Queries around the calorific values at specific locations, and the potential for the existing calorific value and gas quality specifications to be impacted in the future can be raised at the shipper and code modification forums held by GNI.

3. Security of Supply

As set out above, the primary purpose of the NDP is to assess the gas network's capacity based on existing and forecast supply and demand in order to guarantee the adequacy of the gas transportation system and security of supply. As such, the supply and demand

assumptions which define the scenarios presented in the NDP are based on a prudent assessment of current energy policy in Ireland. The Best Estimate scenario aligns to existing policy measures in place per Ireland's 2019 National Energy and Climate Plan 2021-2030, while the ambitions set out in the 2019 Climate Action Plan and the 2021 Interim Climate Actions documents were also incorporated in certain scenarios. The NDP highlights that the forecasted 1-in-50 peak demand may surpass the combined system entry capacity over the duration of the NDP period in the Best Estimate and High demand scenarios. GNI has initiated a detailed review of these potential capacity constraints and will identify capacity upgrades to mitigate against these potential system entry capacity constraints.

Separate to the NDP, GNI continually monitors security of gas supply in the medium and longer terms. As required under Regulation (EU) 2017/1938, the National Security of Supply Risk Assessment is periodically updated and submitted to the European Commission with latest update scheduled for 2022. The Risk Assessment considers the N-1 criteria, which refers to the capacity of the gas network to meet gas demand where the largest piece of infrastructure fails on a day of exceptionally high gas demand.

In addition to the Risk Assessment, regional European risk groups established in accordance with Regulation (EU) 2017/1938 serve as the basis for enhanced regional cooperation to increase the security of gas supply Ireland are included in two of these risk groups.

GNI regularly liaises with the Department of the Environment, Climate and Communications (DECC), the CRU and EirGrid in matters relating to long-term gas and electricity security of supply. GNI continues to monitor long term security of supply and is working with stakeholders to develop options for ensuring the security and sustainability of our gas supply. A sustainable, secure gas supply is crucial for the long-term competitiveness of Ireland's economy, to facilitate the transition to a zero-carbon energy system and is integral to Government energy policy.

4. Gas Demand Forecasting Methodology

As outlined in Section 6.2 of the NDP, the demand forecast modelling methodology used in producing the NDP generates a ten-year forecast for the power generation, industrial & commercial (I/C), residential & transport sectors, based on a series of assumptions which affect demand for each of these sectors. A high-level description of those input assumptions is provided in the NDP, with further detail provided in a separate GNI publication: *'Methodology for forecasting gas demand'*, available at the following link:

<https://www.gasnetworks.ie/corporate/company/our-network/Gas-Forecasting-Methodology-Report.pdf>

5. Satellite Gas Networks

Across Europe, satellite gas networks have been established remotely from the main gas network with supply from Compressed Natural Gas (CNG) services. Gas Networks Ireland are looking to support rural regions and remote industries across Ireland wishing to decouple their energy requirements from carbon intensive Oil and LPG. Access to natural gas will provide access to Combined Heat & Power technology as well as maturing biogas markets. Furthermore, in combination with and integration of local/indigenously produced Biomethane then these satellite towns and industries can assist in decarbonising agriculture and food processing industries, and also contribute to Renewable Energy target commitments, particularly in Heat and Transport.