

gasnetworks.ie



Our strategy 2022–2035



Gas
Networks
Ireland

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CEO introduction

I am delighted to share with you a high-level summary of Gas Networks Ireland's strategy.



Gas Networks Ireland is a business with a clear purpose in **'Keeping Ireland's energy moving'** and an exciting and challenging vision **'To be at the heart of Ireland's energy future'**. Consequently, our strategy is that of a business focused on both "performing" to meet the current energy demands of our consumers and stakeholders and "transforming" our assets and services to meet their future energy needs.

We manage a modern, world-class national gas network providing vital services to Irish homes, businesses and industry, and our organisation has a strong history of delivering for the people of Ireland. The gas network's contribution to Ireland is immense, not only in terms of the scale of energy transported, one third of Ireland's primary energy needs in 2021, but also in playing a vital role in providing resilience to the Irish energy system by supporting Ireland's intermittent wind and solar electricity supplies.

Our external environment is changing rapidly. International energy policy and geopolitical developments are heavily influencing Irish energy decarbonisation, security, affordability and demand and have highlighted the crucial role our network plays in Ireland's energy system.

Essentially our strategy is focused on investing to meet current and future gas demands consistent with Ireland's climate action policy. Our strategy seeks to ensure Ireland's gas network is repurposed to increasingly transport and store renewable gases, biomethane and hydrogen, to help deliver Ireland's decarbonisation plans. Our vision involves playing a key role in achieving Ireland's net zero carbon ambitions and doing so in the least cost and least disruptive manner whilst maintaining overall energy system resilience and enhancing energy system security of supply. We must ensure that our network continues to perform for Ireland while at the same time transforming it to carry and store renewable gases. We propose to deliver this through six strategic ambitions which are outlined later in the document.

Our network is already transporting biomethane, but we need to promote and support large scale biomethane production across Ireland, and we are expanding our infrastructure to handle increased volumes. Repurposing the network for hydrogen will happen over the coming years but work has already commenced to enable the network to be ready for the prospect of hydrogen blend through the gas interconnectors with Scotland later this decade and for domestic green hydrogen production in Ireland.

Fortunately, our strategy builds on our past. We have done this before. Ireland's gas network was repurposed in the 1980s, from town gas, which consisted of a hydrogen blend, to natural gas, and our experience and expertise will enable us to do this again, from natural gas to renewable gases, biomethane and hydrogen. We have started the work needed on our network to make the necessary change and our organisation will continue performing while transforming for the people of Ireland. We will engage and work with all our customers and stakeholders in developing and delivering this transformation.

Cathal Marley
Chief Executive Officer

Who we are?



Gas Networks Ireland are the experts in gas transportation in Ireland.

We own, operate and maintain one of the safest, most reliable and most modern gas transportation networks in the world. Ireland's state-owned gas network consists of 14,664 km of gas pipelines including 2 sub-sea interconnectors with Scotland. We also provide dark fibre broadband infrastructure through our business, Aurora Telecom.



The gas network is performing at the heart of Ireland's energy system and plays a critical role in Ireland's economy, ensuring that over 720,000 homes and businesses receive a safe, affordable and secure supply of natural gas, 24 hours a day, 365 days a year.

Transporting about one third of Ireland's annual Total Primary Energy (TPER), the network meets significant portions of our electricity generation, industrial / commercial and residential energy demands. Gas steps in to generate electricity when intermittent renewable energy sources (wind and solar) are not available and gas is particularly important for many Irish industries that require high-heat for their processes.



The gas network is at the heart of Ireland's energy system



32%

of total primary energy



46%

of total power generation



33%

of I&C energy



19%

of total domestic energy



The gas network is transforming to play a pivotal role in realising EU and Irish energy and climate action ambitions.

The gas network will evolve playing its part to transition Ireland to a net zero carbon integrated energy system. Decarbonising the gas network and increasing integration and interoperability between the gas and electricity systems will enable Ireland to achieve net zero by 2050 in the most cost effective and least disruptive way while enhancing energy security and diversity. In the future our network will always be available to transport renewable gases (biomethane and hydrogen) to complement intermittent renewable electricity and, as Ireland's energy system integrates, our network will provide for scale storage and efficient transportation of green hydrogen.

Our strategic framework

Our purpose

Keeping Ireland's energy moving

Our vision

To be at the heart of Ireland's energy future

Our transformation roadmap

	2022	2027
Network evolution	Reliable & preparing for gas diversity	Flexible & focused on enhanced security
Networked decarbonisation	99%+ natural gas	Biomethane growth & H ₂ readiness
System integration	Occasional joint energy analysis	Integrated energy planning emerges

Our strategic ambitions and initiatives



Resilient energy network



Sustainable energy services



Integrated energy system



Excellence in operations



Energised people



Strong financials

Our strategic direction

Our new strategy sets out how we will continue to operate and maintain our gas network to ensure safe, reliable, affordable and secure supplies while preparing for a future in which networked gas enables an integrated energy system to achieve net zero.

2035	2050
Network ready for grid diversity	Repurposed / reconfigured network
Scale renewables & near H ₂ blend limits	A net zero carbon gas network
Integrated energy projects emerge	Central to a 'coupled' energy system



Our core business remains gas transmission and distribution system operators.



We will decarbonise the network while enhancing security and assuring delivery.



Systems integration is the future and we are committed to working with relevant stakeholders to deliver it.



We will invest to deliver, transform and realise a clean energy future.

Our strategic ambitions and initiatives



Resilient energy network

Transport energy safely and securely today and enable the transition to a decarbonised future

Key initiatives under this ambition

Gas network	Develop our network to meet demand and security of supply needs
Connections	Deliver new gas-fired powered generation connections
Assets & safety	Achieve best in class management and culture
Renewable gases	Develop roadmaps, demonstration projects and roll-out programmes
Safety cases	Develop and deliver safety cases to facilitate renewable gases on our network
Energy modelling	To facilitate better decisions and network investment



Deliver reliable and affordable energy solutions for our customers, collaborating to transport networked renewable gases at scale

Key initiatives under this ambition

Renewable gases	Grow a pipeline of producers to enable the displacement of natural gas
Investment	Secure investments complementary to our core gas/energy roles
Customer affordability	Focus on charges/tariffs
Customer service	Develop and implement a strategy to deliver market-leading experience, to all segments
Customer engagement	Ensure customer readiness for changes to our network



Integrated energy system

Collaborate with key stakeholders for a future in which networked gas enables an integrated energy system

Key initiatives under this ambition

Polymakers	Influence policy makers of the potential of networked gas
Stakeholders	Collaborate with key energy stakeholders to realise the potential of networked gas
Regulators & government departments	Development of the regulatory and tariffing regime to facilitate renewable gases
Communications	Develop our communications to tell 'networked gas potential'
Consultations	Advocate for network / system resilience



Excellence in operations

Operate in an innovative, efficient and sustainable manner

Key initiatives under this ambition

Sustainable business

Deliver our sustainability strategy

Innovative business

Strengthen innovation and change capabilities to drive performance

Efficient business

A top quartile, efficient gas transporter

Digital development

Systems transformation, agility and security

Data development

For accessibility, reliability and improved insights



Energised people

Leverage our past and energise our people to deliver the future of our network

Key initiatives under this ambition

Culture	Embed an inclusive culture, to motivate, engage and deliver high-performance
Wellbeing	Enhanced range of support programmes
Capabilities	Plan for future business skills needs
Talent	Strategy to attract and retain great talent



Strong financials

Maintain financial strength to facilitate future development of a resilient and sustainable network

Key initiatives under this ambition

Price controls

Secure outcomes for a sustainable business

Financing

Enhance ESG, financial, risk and governance metrics to access finance

Shareholder value

Deliver on our shareholder commitments

Scenario modelling

Support decision making and business planning

Renewable gases



Biomethane

Ireland has the highest potential in Europe to produce biomethane (estimates range from 9.5TWH–13TWH which is substantial given our annual gas demand is about 57 TWH each year).¹

Biomethane produced at scale will provide an indigenous, renewable energy source for Ireland enhancing the country's security of supply. Our network is already accepting biomethane today and one of the great advantages of biomethane is that it enables homes and businesses to decarbonise without cost or disruption. Our focus is to collaborate with policymakers, producers, farmers and customers to develop a scale biomethane industry in Ireland.

Biomethane is produced using a process called Anaerobic Digestion (AD) which supports the reduction of carbon emissions and helps agriculture achieve its sectoral emissions targets. AD technology provides a way for Irish farmers to diversify and strengthen their income streams. Agriculturally produced, sustainable, carbon-neutral biomethane also exemplifies the principles of the circular economy. By recycling and re-using food and farm waste we can create cleaner energy – for electricity, heat and transport.

A new central grid injection (CGI) facility in Mitchelstown, Co. Cork is currently in development. This €30 million gas project (Green Renewable Agricultural Zero Emissions –“GRAZE”) will receive and inject biomethane from up to 20 local farm-based producers. At maximum capacity, this first of many such facilities, will inject enough biomethane to meet the gas requirements of c. 64,000 homes.

¹ **Sources:** Devenish / KPMG report - <https://www.gasnetworks.ie/biomethane-sustainability-report-2021.pdf> / European Biogas Association Report 2021 - <https://www.europeanbiogas.eu/eba-statistical-report-2021/>



Hydrogen

The gas network will play an essential role in realising the Government's ambition to achieve a net zero emissions economy by 2050 and networked hydrogen at scale will ultimately be critical for this.

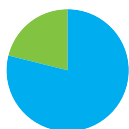
Gas Networks Ireland's expertise has enabled it to establish the Network Innovation Centre which is dedicated to hydrogen research, testing, trialling, training and collaboration to ensure our network is ready to transport both domestic and imported hydrogen safely as soon as it becomes available.

By developing a hydrogen industry here, Ireland has the potential to reduce reliance on imported energy. The national gas network can provide a consistent and secure source of demand for green hydrogen to help build and develop indigenous hydrogen production. The network also enables enhanced security of supply and provides a cost-efficient means of transporting hydrogen from where it is produced to end users. We also expect hydrogen blend to enter the Irish gas network via our gas interconnectors with Scotland before the end of this decade and we are working to ensure network readiness in advance of this.

Based on the work that Gas Networks Ireland has completed to date in our Network Innovation Centre in Dublin, the gas network is capable of transporting hydrogen blends in the near-term and can be adapted to ultimately transport 100% hydrogen in the longer-term.

Security of supply

As a small island nation on the edge of Europe, with no direct connection to the European energy system and only two sources of natural gas, Ireland is currently exposed to security of supply risks.



80%
of Ireland's natural
gas is imported
through our gas
interconnectors

Each year on average 80% of Ireland's natural gas is imported through our gas interconnectors with Scotland and this dependency will only increase as the 20% currently supplied from the Corrib gas field is projected to deplete over the coming decade.

The 2022 international energy crisis and the energy disruption and uncertainties arising from it have highlighted Ireland's gas security and import dependency exposures. Ireland is increasingly dependent on a single gas entry point and is one of the only countries in Europe without access to any form of indigenous gas storage or facilities to receive gas other than by pipeline.

Gas Networks Ireland can play a major role in mitigating these security of supply risks over time. Our business has the capabilities to invest in, develop, operate and/or connect strategic gas facilities that could operate only when needed to, alleviate the impact of a potential gas supply disruption and provide additional supply during periods of peak gas demand. Such facilities could also support the development of an Irish green hydrogen production sector. By decarbonising the network with indigenously produced biomethane and hydrogen we can gradually reduce reliance on UK gas imports over time and completely in the long-term.

Sustainability

As a gas transporter, Gas Networks Ireland must pursue sustainability on two fronts – the sustainability of the gas we transport and the sustainability of our operations.

Our primary sustainability ambition is to repurpose our network to transport renewable gases at scale and help realise a net zero carbon future for Ireland. We aim to do that through an organisation operating sustainably and we are proud to be 1 of only 41 companies in Ireland to hold the Business Working Responsibly mark which is aligned to the ISO26000 standard for Social Responsibility.

We champion 6 of the United Nations Sustainable Development goals and use the Environment, Social and Governance (ESG) Framework to help structure and promote sustainability right across our organisation. Our new corporate strategy incorporates sustainability throughout our 6 strategic ambitions and our sustainability strategy under our 'Excellence in Operations' ambition prioritises areas in which we can make the most impact – emissions reduction, energy efficiency, biodiversity net gain and diversity and inclusion.

As a scale national business, Gas Networks Ireland impacts right across Irish society, but we understand our responsibilities. We recognise that sustainable business is good business, creating value for people and fundamental to carrying out business effectively. We are focused on contributing to the protection of the environment and positively impacting the communities in which we operate while supporting the health and wellbeing of our employees.



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