

Network Development Plan 2020 – 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 2019/20 – 2028/29.

This Public Consultation ran for four weeks from 26/02/2021 to 25/03/2021. As part of the Public Consultation, the CRU received views and comments from nineteen respondents:

- Aughinish Alumina
- Bord Gais Energy
- Ceres Energy
- Cork Chamber
- Electricity Association of Ireland
- Energia
- ESB Generation and Trading
- JB Barry and Partners
- Not Here Not Anywhere
- Sligo Sustainable Energy Community
- SSE Airtricity
- Western Development Commission
- Individuals in a personal capacity

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. Inputs to the NDP

In order to provide a comprehensive analysis, GNI has developed three gas demand scenarios for the period 2019/2020 to 2028/29, namely Low, Best Estimate and High demand scenarios. The scenarios are informed by a robust set of input assumptions, which in turn are informed by Government policy, and various published resources, following a period of stakeholder consultation at an early stage of the NDP process when assumptions are being considered and defined. The Best Estimate scenario is aligned to Ireland's National Energy and Climate Plan (NECP) for 2021 – 2030, and to the EU Ten Year Network Development Plan (TYNDP). Other input sources are as outlined in section 6 of the NDP and include, but are not limited to:

- EirGrid's Generation Capacity Statement (Electricity Growth, Generator Fuel Mix and Renewables build-out profile),
- the Economic & Social Research Institute, the Central Bank, the Organisation for Economic Co-operation and Development and the International Monetary Fund (for Gross Domestic Product projected growth),
- the World Energy Outlook (for projected CO2 prices),
- Bloomberg futures fuel pricing (for projected fuel commodity prices) and
- the National Energy Efficiency Action Plan (for energy efficiency targets).

In order to assess and stretch the adequacy of the gas network over the ten-year period, the Low and High demand scenarios contain Ireland specific variations of the assumptions contained within the Best Estimate scenario.

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 4 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. Projects of Common Interest

In accordance with Article 3 of Regulation (EU) 347/2013, as amended, on guidelines for trans-European energy infrastructure, GNI is obliged to confer with regional groups on relevant regional and national infrastructure plans. The Projects of Common Interest (PCI) projects outlined in the NDP are those currently on the fourth list of PCI projects which was published in October 2019. Project promoters will have to reapply to the European Commission for inclusion on the fifth PCI list, which is expected to be published in October 2021. The European Network of Transmission System Operators for Gas (ENTSOG) will evaluate all candidate gas projects as required, as part of its TYNDP.

4. GNI 2020 Network Implementation Plan

GNI has completed a second plan, the Network Implementation Plan (NIP). The purpose of the NIP is to set out in more detail, the manner in which the short-term capital investment proposals identified in the NDP will be developed in the Plan area over the three-year plan period 2020 - 2023. The NIP provides greater detail on the capital investment proposals included in the NDP, including their locations, nature, extent etc. As the NIP is more project-specific than the higher-level NDP, in accordance with the requirements of S.I. No. 435 of 2004 (European Communities (Environmental Assessment of Certain Plans and Programmes) Regulations 2004, as amended by S.I. No. 200 of 2011 (European Communities (Environmental Assessment of Certain Plans and Programmes) (Amendment) Regulations 2011), a Strategic Environmental Assessment (SEA) was completed in respect of the NIP, and an SEA Environmental Report has been prepared. Further, in accordance with Articles 6(3) and 6(4) of the EU Directive on the Conservation of Habitats, Flora and Fauna (92/43/EEC), an Appropriate Assessment (AA) was completed in respect of the NIP, and a Report for the purposes of AA screening and a Natura Impact Report have been prepared. Letters of Determination have also been completed. The associated documentation is

available on GNI's website at: <https://www.gasnetworks.ie/corporate/gas-regulation/regulatory-publications/>

5. 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 National Energy and Climate Plan (NECP) for 2021 – 2030. The NDP highlights that the forecasted 1-in-50 peak demand may surpass the combined system entry capacity towards the end 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. 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. In 2018, the Long-Term Resilience Study was published by the DECC, which

examined Ireland's resilience to a prolonged gas disruption. It made recommendations on how Ireland can future proof its gas supply, and ensure it is resilient to periods of disruption. Potential impacts on the electricity system were also examined. 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.

6. 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/Methodology-for-forecasting-gas-demand.pdf>