



Gas
Networks
Ireland

Call for Innovation Steering Independent Members and associated consultation

December 2024

Contents

1	Executive Summary	3
1.1	About Gas Networks Ireland	3
1.2	Purpose of the paper	3
2	Innovation fund	4
2.1	Governance arrangements	5
3	Proposal for independent members	6
4	Consultation	7
4.1	Consultation questions	7
5	Call for applications	8
5.1	Applications for the role of independent member	8
5.2	Confidentiality	8
5.3	Evaluation and selection	8
6	Next steps	9
	Appendix 1 – Application form	10

1 Executive Summary

Gas Networks Ireland is subject to regulation by the Commission for Regulation of Utilities (CRU). Every five years, the revenues that Gas Networks Ireland can collect from its customers as well as the regulatory framework underpinning those revenues are reevaluated by the CRU in a price control process. The last price control decision (PC5) was published in December 2023. That decision included an allowance for an innovation fund of €5.3m. The CRU also set out required arrangements for the governance board for the innovation fund including the requirement to have independent members to fairly assess innovation projects. Gas Networks Ireland are proposing to appoint two independent members to the innovation steering group which acts as the governance board for the purposes of the innovation fund. Interested parties are invited to comment on the governance arrangements for the innovation fund and the proposal to appoint two independent members. Additionally, Gas Networks Ireland is seeking applications for the role of independent members for a term to run until October 2027. Consultation feedback and independent member applications to be submitted to Gas Networks Ireland on innovationfund@gasnetworks.ie by 28 February 2025.

1.1 About Gas Networks Ireland

Gas Networks Ireland operates and maintains Ireland's €3bn, 14,725km national gas network, which is considered one of the safest and most modern renewables-ready gas networks in the world. Almost 725,000 Irish homes and businesses trust Ireland's gas network to provide efficient and reliable energy to meet their heating, cooking, manufacturing and transport needs. The gas network is the cornerstone of Ireland's energy system, securely supplying more than 30% of Ireland's total energy, including 40% of all heating and almost 50% of the country's electricity generation. Gas Networks Ireland is aiming to deliver a repurposed, resized and fully decarbonised gas network by 2045. Its 'Pathway to a Net Zero Carbon Network' envisions transforming the existing gas network into two separate systems carrying 100% renewable gas, one dedicated to biomethane and the other to green hydrogen, with the potential to carry approximately 30% biomethane and 70% green hydrogen, as well as offering significant long term energy export opportunities.

1.2 Purpose of the paper

The purpose of this paper is to seek applications for the role of independent member of the Innovation Steering Group (ISG) which acts as the governance board for the Innovation Fund. Also, comments are invited on the governance arrangements for the innovation fund and the proposals for the appointment of two independent members for a term until October 2027. Consultation feedback and independent member applications to be submitted to Gas Networks Ireland by 28 February 2025.

2 Innovation fund

The Commission for Regulation of Utilities (CRU) in its decision paper ‘CRU Decision on the PC5 Regulatory Framework Decision Paper’¹ set out its decision for the arrangements for the Innovation Fund for the PC5² period. The CRU proposed total innovation funding of €5.3m. This comprised a strategic innovation fund (SIF) pot of €1.5m and a €3.8m innovation pot to fund a network-based innovation fund (NBIF) and project management costs across the two innovation pots (€400k over PC5). The NBIF pot will further best practice in running gas networks and a €1.5m funding cap was set for innovation projects relating to FROG³ initiatives.

The objective of the SIF is to be a research-led allowance, with a proposed collaboration with Taighde Éireann – Research Ireland⁴ using a challenge funding approach for €1.2m of the allowance. The remaining funding component of the SIF (€0.3m) is intended to cover co-funded research with other reputable research bodies.

The CRU has provided the following objectives for the PC5 innovation fund:

- providing a safe high-quality service for all gas customers;
- a continued focus on efficient spend;
- efficiently facilitating the energy transition with a particular focus on decarbonisation;
- effectively identifying suitable projects for co-funding;
- enhancing the GNI innovation webpage in order to attract suitable applicants;
- maintaining a safe and resilient gas network; and
- effective dissemination of all research and innovation outcomes.

The CRU has published a decision paper and user guide relating to the implementation of the Price Control 5 (PC5) Regulatory Framework⁵. A detailed explanation of how the innovation aspect of the framework will be implemented is presented in the Price Control 5 Regulatory Framework User Guide⁶.

¹ CRU Decision on the PC5 Regulatory Framework Decision Paper
https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/CRU2023140_CRU_Decision_on_the_PC5_Regulatory_Framework_380056.PDF

² The Price Control 5 (PC5) period runs from October 2022 to October 2027.

³ Future Role of Gas (FROG) initiatives include projects related to biomethane network entry infrastructure, compressed natural gas (CNG) refuelling infrastructure for road transport, preparatory activities for the transportation and use of hydrogen on the gas network or pay as you go (PAYG) smart meter solutions for gas customers.

⁴ Taighde Éireann – Research Ireland is a research and innovation funding agency in Ireland established on 1st August 2024, following an amalgamation of Science Foundation Ireland (SFI) and the Irish Research Council (IRC).

⁵ <https://www.cru.ie/publications/28481/>

⁶ https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/CRU2024163_Price_Control_5_Regulatory_Framework_User_Guide_411145.PDF

2.1 Governance Arrangements

The CRU has set out required governance arrangements for the innovation fund including a mandatory requirement that the governance board of the innovation fund is resourced with independent members to fairly assess projects in the project pipeline. Gas Networks Ireland have established an Innovation Steering Group (ISG) to act as the governance board for the purposes of the Innovation Fund. The ISG is currently made up of representative of organisational pillars within Gas Networks Ireland and two interim independent members. The Innovation Delivery Team within Gas Networks Ireland supports the innovation process and acts as the secretariate to the ISG.

The Strategic Innovation Fund (SIF) will support a 'challenges based' research funding scheme being developed in collaboration with Taighde Éireann – Research Ireland. It is proposed the scheme will have three phases of funding provided; (a) Concept, (b) Seed and (c) Prize, with the funding being allocated on a competitive basis. Taighde Éireann – Research Ireland will be establishing an Expert Panel to review the applications against the challenges set out and the quality of the application proposals and to make recommendations for funding awards. The ISG will consider all applications for funding and provide written input on each proposal for consideration by the Taighde Éireann – Research Ireland Expert Panel. Representatives from ISG, including independent members will be invited to attend the application evaluation and award review meetings to provide input as part of the Expert Panel discussions. For each successful project GNI will sign a bilateral agreement outlining how both sides will work together to progress the research project to ensure it meets its intended objectives. Oversight of these bilateral agreements will be provided by the ISG. The ISG will also have oversight of any additional co-funded research projects undertaken with reputable bodies under the SIF.

When evaluating initial proposals for the network-based innovation fund (NBIF) an initial screening process is undertaken to ensure alignment with objectives set by the CRU and the GNI Strategic Ambitions. Consideration is also given to the deliverability of the innovation initiative and the current Technology Readiness Level (TRL). The innovation projects are then progressed through a gated innovation process. A business case model is used to evaluate and quantify the potential benefits with a focus on the hard benefits, the potential for cost savings and other potential benefits such as Health & Safety, Compliance, Operational and Customer benefits and the Environmental impact. The allocation of the NBIF funding is governed using the following five gate process:

- **Gate 1** – Idea Evaluation: Ideas / proposals are screened for suitability for funding this includes the CRU Policy Objectives, Gas Networks Ireland Strategic Objectives and the fund scope.
- **Gate 2** – Innovation Idea Approval: Idea is presented to Steering for Approval to be developed into an Innovation Project.
- **Gate 3** – Innovation Project Delivery: Innovation Project (with project plan, milestones, and project timelines) is presented to the Innovation Steering Group for approval.

- **Gate 4** – Innovation Implementation Planning: Innovation Project is completed and presented to the innovation Steering Group for BAU adoption.
- **Gate 5** –BAU Implementation: Business Implementation of the Innovation as per the BAU recommendations from Gate 4 and measurement of the benefits from the innovation.

Note the BAU (Business as Usual) implementation project is not funded via the innovation fund but rather the Opex and/or Capex allowance as appropriate.

The CRU has provided for an incentive mechanism whereby Gas Networks Ireland will be allowed to keep 5% of savings on projects from the NBIF due to successfully securing new co-funding, when the new projects are approved by the ISG (governance board).

3 Proposal for independent members

Gas Networks Ireland proposes to appoint two independent members to the Innovation Steering Group (ISG). The independent members to be appointed for a term up to the end of the price control period (October 2027). The CRU has outlined that independent members should not have been employed by Gas Networks Ireland, must have experience at a senior level with relevant expertise and must be independent with no conflicts of interest in projects being considered.

Independent members will be expected to provide independent and objective scrutiny of proposed innovation initiative and the innovation process. They must be prepared to be challenging when necessary while being supportive of the delivery of the innovation fund objectives.

Independent members will be required to consider the screening evaluations for proposed innovation initiatives, the technical merits of innovation projects and the associated business cases and the objectives of the CRU for the innovation fund in order to recommend or otherwise the allocation of innovation funds in their role on the ISG. Significant experience of the gas industry or similar utility environment (a minimum of 10 years' experience) is required. Also experience and understanding of the innovation environment and innovation processes at either an Irish or international level would be advantageous. Independent members will be expected to contribute to the annual reporting process to the CRU consistent with the PC5 reporting mechanism advised by CRU.

The ISG will meet a minimum of four times per year, with additional meetings being scheduled where necessary and appropriate for the efficient operation of the innovation fund. Independent members will be expected to have considered the premeeting documents provided ahead of the ISG meeting.

Successful applicants will be required to sign a letter of appointment with relevant conditions. If during the course of their appointment at any stage an independent member considers that a conflict of interest may arise with the innovation fund or individual project proposals, they will be required to provide a declaration of a conflict of interest and follow the appropriate process, absenting themselves from the decision-making process as appropriate.

Remuneration for the independent members will be consistent with the rates for a senior consultant

based on time required to prepare for and attend the ISG meetings. Travel and other expenses paid in addition where relevant.

Gas Networks Ireland considers that two independent members is the appropriate number of members to appoint to the ISG. Two members will provide a balance of experience and expertise in addition to the expertise provided by the Gas Networks Ireland representatives on the ISG. Two members will strengthen the independent voice at the ISG and ensure the continued functioning of the innovation fund / steering group should one independent member become unavailable for any reason. Keeping the number to two also has the advantage of minimising the related costs to the innovation fund.

4 Consultation

4.1 Consultation questions

Gas Networks Ireland would welcome your comments on the following questions:

- Do you have any feedback on the governance arrangement for the network-based innovation fund?
- Do you have any feedback on the governance arrangement for the strategic innovation fund?
- Do you have any feedback on the Gas Networks Ireland proposal to appoint two independent members to the Innovation Steering Group (governance board for the innovation fund)?
- Are there and any other aspects of the innovation fund for which you would like to provide comment?

Gas Networks Ireland Invites responses to these consultation questions by close of business on 28 February 2025. Responses should be submitted to innovationfund@gasnetworks.ie. Unless marked confidential, GNI may publish all responses on the GNI website.

5 Call for applications

5.1 Applications for the role of independent member

Suitable applicants are invited to apply for the role of independent member of the Innovation steering group (ISG) by submitting a completed application form as set out in Appendix 1, along with a copy of their Curriculum Vitae (CV) to Gas Networks Ireland at innovationfund@gasnetworks.ie.

Applicants should consider the requirements set out in section 3 when completing their application. Gas Networks Ireland may at its discretion extend the date for receipt of applications for the role of independent member.

5.2 Confidentiality

Subject to the provisions of the Freedom of Information Acts, 2014, applications will be treated in strict confidence. All aspects of the application process are treated as strictly confidential and are not disclosed to anyone outside those directly involved in the process within Gas Networks Ireland and the Commission for Regulation of Utilities (CRU). Details of the Gas Networks Ireland Privacy Policy⁷ are available on the Gas Networks Ireland website.

5.3 Evaluation and selection

The evaluation of the applications will be undertaken by a Gas Networks Ireland panel convened to consider and assess the applications received.

The panel will:

- Review and discuss the applications received against the requirements for the role set out in section 3;
- assess application further by undertaking any or all of the following steps:
 - Consideration of the written applications; and/or
 - Meeting/conference call; and/or
 - Referee checks; and/or
 - Any other selection or verification method deemed appropriate
- Select the applicants considered the most suitable for the role
- Provide Information to the CRU on the evaluation process, received applications and the applicants considered most suitable.

The CRU will approve the successful applicants for appointment to the role of independent member of the ISG.

⁷ <https://www.gasnetworks.ie/home/legal/privacy-policy/>

6 Next Steps

This call for applications for independent members and associated consultation and will close on 28 February 2025. Applications received will be evaluated and consultation responses considered by Gas Networks Ireland. The CRU will approve the appointment of the successful applicants for independent members and Gas Networks Ireland will advise all applicants of the outcome of the application process. Gas Networks Ireland will publish the details of the appointed independent members on the Gas Networks Ireland website.

Appendix 1 – Application Form

Application for the role of independent member of the Innovation Steering Group
Applicant Name:
Applicant Contact details:
Outline in bullet point format, where you believe your skills and experience meet the requirement to fulfil the role of independent member of the Innovation Steering Group.
Relevant employment history and experience in industry and/or innovation:
Recent relevant experience of innovation delivery or similar process:
Track record of working with clients / organisations to proactively identifying opportunities and achieve results:
Any additional information you feel is relevant to your application:
Applications to be submitted to innovationfund@gasnetworks.ie by close of business on 28 February 2025, including a copy of your Curriculum Vitae (CV) with your application.