



Western Development Commission

Response to consultation on
Gas Networks Ireland proposals on New Connections Policy

Submitted to: Mr Barry Hussey, The Commission for Energy Regulation

13 March 2015

Contact:

Dr Helen McHenry
Policy Analyst

Western Development Commission
Dillon House
Ballaghaderreen
Co. Roscommon
Ireland

Introduction

The Western Development Commission (WDC) would like to take the opportunity to make a short submission to the Commission for Energy Regulation (CER) on the “Gas Networks Ireland proposals on New Connection Policy”.

The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Region¹. It was established on a statutory basis in February 1999 and operates under the aegis of the Department of Environment, Community and Local Government. One of the main functions of the WDC is regional policy development. As part of this, the WDC seeks to ensure that government policy reflects the needs of the region across such areas as infrastructure, natural resources, industrial and rural development. It also tracks the implementation of policies and recommends adjustments as appropriate.

In monitoring government policy and associated regulation, and ensuring that these reflect the needs of the Western Region, the WDC regards the provision of quality energy infrastructure as an important element of the infrastructure required to underpin the economic development of the region. The WDC has made submissions to previous consultations² on gas connection policy³ and has made the case for investment in the gas transmission⁴ and distribution networks in North West in particular, where there is no access to a natural gas network.

In relation to this consultation the WDC would like to make the following points.

The importance of network development

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. This proposal from GNI examining ways to increase use is important, in particular with regard to the potential for new uses, such as CNG and biogas, which are likely to be increasingly important in the future. However the WDC also argues 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 the further development of the network has not been considered in these proposals.

¹ The Western Region comprises counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare. For more information about the WDC please see www.wdc.ie

² WDC Submission to CER Consultation on Bord Gáis Networks Connections Policy <http://www.wdc.ie/publications/submissions/#toggle-id-9> (see 2006)

³ 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)

⁴ 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/>

Exploration of options for funding further network development

Further development of the gas network in Ireland is also important for wider reasons. The natural gas network is a key infrastructure and an asset to regions with such network. The potential for network expansion should be considered as part of the exploration of options for widening the tariff base and Gas Networks Ireland (or Gaslink) should work to explore all potential options in this regard.

Previous work by the WDC (see footnote 4) has made the case for public investment in natural gas infrastructure in the North West stressing the public good nature of an element of this investment especially in relation to the competitiveness of regional industry and the fuel costs for local domestic users. It would therefore be useful for GNI or Gaslink 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 would fit well alongside these current proposals for more intensive use of the existing network.

GNI/ Gaslink relationship in relation to these proposals; proposals and government policy

The relationship between GNI and Gaslink and their roles in the development of the network need to be made clearer. These proposals have been made by GNI to the CER in relation to the new connections policy. When issuing these proposals for consultation the CER should be more explicit about the role of GNI in making such proposals, the relationship between Gaslink and GNI in relation to them and how this might affect network development. The connections policy document (CER 15018b) is titled the GNI connections policy, when in fact it was issued by Gaslink.

It should also be made clear how the new policy proposals might be expected to fit in with the forthcoming energy policy in the new White Paper as regulatory goals should be influenced by government policy.

Financial Security Policy

It should be noted that the Financial Security Policy referred to in the GNI proposals is not integral to the existing connections policy but is outlined under the GNI Approved Financial Security Policy No. FS01 (CER/05/041) and hence should be reviewed separately to the proposals on new connections policy.

Amendment of Institutional I&C Customers

The inclusion of CNG forecourts as institutional customers needs more detailed consideration and further explanation of why they can be considered longer term customers. In order for them to be considered a longer term customer there needs to be evidence provided that CNG

will develop as an important transport fuel into the future. There needs to be more information about who is likely to operate these CNG forecourts.

Proposal on existing gas areas

The WDC welcomes the development of a suburbs policy under the connections policy, and also welcomes the proposed waiver of the €250 connection fee in certain circumstances as this should encourage greater connection to the natural gas network.

Treatment of CNG connections

The WDC welcomes GNI focus on development of new uses for the natural gas network, in particular in relation to the development of CNG connection and the promotion of CNG as a transport fuel. However, if there is to be a focus on the development of CNG use in transport it is important that it will be available nationally and not just in areas where there is an existing gas network. If CNG is widely used, areas without access to the natural gas network could be further disadvantaged unless there is a clear effort to ensure availability in these regions, either through further development of the gas network or by other means.

Any plan for the development of CNG in transport needs to be consulted on and needs to take into account the needs of remoter areas and areas without access to the natural gas network.

Indeed the following is required:

The European Deployment of the Alternative Fuels Infrastructure Directive has stipulated that we must establish a refuelling infrastructure for compressed natural gas (CNG) every 150km by 2025. This will ensure security of supply of fuel for vehicle operators that are considering converting to CNG.⁵

Although not directly a part of the new connections proposals it is important that there is consultation and consideration of issues relation to the development of CNG and its promotion by GNI in particular in areas without access to the natural gas network.

Conclusion

The WDC is pleased to make this submission to the CER on the GNI proposals on New Connections Policy. If there are any further general queries in relation to this submission, please contact

Dr Helen McHenry, Policy Analyst

Western Development Commission
Dillon House
Ballaghaderreen
Co. Roscommon

Phone: 094 986 1441

E mail: helenmchenry@wdc.ie

**Western Development Commission,
13 March 2015**

⁵ <http://www.gasnetworks.ie/en-IE/Gas-Industry/Natural-Gas-Vehicles/>