



# Response to Consultation on Biomethane Licence Modifications

October 2025

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# 1. Introduction

Evolve welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on Biomethane modifications to gas conveyance licences. We support the continued development of the regulatory framework to facilitate biomethane injection to the Northern Ireland gas networks and see this modification proposal as an important step in this process.

While we recognise the progress made through continuous engagement between the UR and gas network operators in recent years, we believe that several areas would benefit from refinement before implementation in the licences.

These areas include:

- **Improved Clarity** – The drafting is overly legalistic, duplicative, and difficult to interpret without reference to consultation documents.
- **Prescriptive nature** – Areas such as the Gas Delivery Facility Connection Charging Methodology Statement are excessively detailed and unnecessarily embedded in the licence.
- **Implementation risks** – The proposals risk delays to connections due to the lack sufficient clarity on timelines, and it introduces duplication in areas already covered by existing agreements.

We believe the modification would benefit from simplified drafting that avoids duplication, aligns with existing connection frameworks, and adopts a proportionate, consistent approach.

## 2. Detailed comments

In this section we set out the specific drafting which we believe could be refined before the proposed licence modification is implemented. Where we have not commented on drafting, we are comfortable with the proposed intent and wording.

### Condition 1.1.16 – Definitions

**Gas Delivery Facility:** We would suggest that this definition could be simplified by changing the wording to 'means any building, structure, facility or pipeline from which gas is, or may be, introduced into the Network, but excluding any pipeline owned or operated by a licensee'. This would improve readability of the licence.

### Condition 2.3.25 – Interpretation and construction

**Premises:** Similar to the definition of Gas Delivery Facility, we believe that the introduction of a second definition for premises into the licence adds unnecessary complexity and could cause confusion, reducing the readability of the licence.

### **Condition 2.3.3 – Statement of connection charges and terms for connection of the Gas Delivery Facilities to the Network**

Evolve find the title of this proposed document to be misleading as the statement itself will not include connection charges or the terms for connection, rather it will set out a methodology for connections. We therefore believe it should be renamed a **Methodology Statement for Connection of Gas Delivery Facilities** to improve clarity.

While Evolve are supportive of the development of this document and the plan for the UR to issue a direction specifying specific detail, we have concerns in relation to the implementation timelines. Early engagement between the UR and the gas networks will be required to agree realistic timelines for development and implementation. In particular, we need to ensure that any direction from the UR provides realistic timeframes for the relevant parties to collaborate effectively to deliver appropriate outputs.

### **Condition 2.3.14 – Other provisions to be included in the GDF Connection Charging Methodology Statement**

The level of detail incorporated into this condition is excessive. Evolve do not believe that this level of prescription is necessary given that the UR has powers under Condition 2.3.22 to direct the licensee to review and revise any statement in accordance with the requirements specified in the direction.

We also note that the content proposed is duplicative of existing agreements such as the Network Connection Agreement and Network Entry Agreement. We do not agree with the need to provide the same information in multiple documents as it creates the risk that these documents become out of sync when revisions are made, which will ultimately lead to confusion. The equivalent requirements are not imposed in relation to premises and Evolve believe that the approach here should be consistent with the existing arrangements for premises.

### **Condition 2.3.15 – Requirement to Offer Terms**

Evolve are very concerned with the proposal in this condition that the UR would approve every Network Connection Agreement and Network Entry Agreement entered by the Network Operator and the Delivery Facility Operator. This approach is inconsistent with the approach applied when the network operator connects a premises to the network for supply, and we do not believe it is necessary when connecting a Gas Delivery Facility.

In particular we are concerned that the UR does not hold the technical expertise to review and approve such agreements. In addition, there are no timelines assigned to the approval process, which creates a significant risk for both the Network Operator and the Delivery Facility Operator in relation to Project Delivery. This is very concerning for the Network Entry Agreement which can only be finalised close to the go-live of the Project based on operational activity required. It is not practical for either party to be dependent on approval of the UR at this stage of the project and it could result in

serious financial implications for the Network Delivery Facility if the approval results process in delays. Therefore, Evolve are not in a position to accept the current drafting.

### **Dispute Resolution**

The Network Connection Agreement and the Network Entry Agreement between the Network Operator and the Delivery Facility Operator both have clear dispute resolution processes documented and agreed. The process within each allows for escalation of a dispute within the respective organisations and opportunity to refer the dispute to an external expert for consideration. We do not believe it is necessary for an additional dispute resolution process under the licence. If the UR deem this to be a necessary condition, then the condition should be limited to circumstances where the Network Connection Agreement and the Network Entry Agreement have not yet been executed by the parties. In circumstances following the execution of the agreements the condition should require that the licensee incorporate a dispute resolution process into the existing agreements.

### **Condition 2.3.18 – Exceptions to Requirement to offer connection terms for a Gas Delivery Facility**

Evolve supports the inclusion of the exemptions listed in condition 2.3.18 and agree this is a necessary step to protect Network Operators. We are however mindful of the potential changes that the work the Department for the Economy are currently undertaking in relation to biomethane connections. We consider that this list may need to be revisited to understand how potential changes to strategic reinforcements and cost-sharing may impact licence requirements. Early engagement on these matters will be necessary.

### **Condition 2.2.19 – Calorific Value Management Statement**

Evolve are not clear on the value of the publication of this statement at present and would request that further engagement is undertaken before any direction might be given by the UR. At present the information which is outlined for inclusion in the statement is already published in the Distribution Network Code and in the Network Connection and Network Entry Agreements.

The Distribution Network Code sets out the gas entry conditions in Annex G1. This document is published, therefore easily accessible and is also approved by the UR. In addition to this the current requirement for the Gas Delivery Facility to add propane to the gas to ensure a common Calorific Value is maintained across the network is detailed in the Network Connection Agreement. The Network Entry Agreement also sets out further specific requirements in relation to the Calorific Value required by the Gas Delivery Facility.

At present this condition appears to create a requirement to duplicate this information into an additional document, which risks creating inconsistencies if the documents are not updated in sync. Evolve appreciate that the requirement for this document may be

necessary in the future, particularly given the work currently being undertaken by the Transmission System Operators in relation to the Future Billing Project and believe it would be more appropriate to postpone this requirement until further details of this project have been determined.

### 3. Conclusion

Evolve supports the principle of licence modifications to enable biomethane connections but considers that refinements are needed to ensure the framework is clear, proportionate, and practical.

Key improvements should include:

- Simplification of definitions and drafting.
- Avoidance of duplication with existing agreements.
- Proportionate oversight mechanisms that do not introduce delivery risk.
- Early and ongoing engagement on timelines and interaction with wider policy developments.

We look forward to continuing constructive engagement with the UR to finalise modifications that enable timely and efficient biomethane connections in Northern Ireland.