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Consultation - Biomethane Modifications to Gas Conveyance Licences

Introduction

Kinecx Energy welcomes the opportunity to respond to the Utility Regulator's (UR's) consultation on proposed licence modifications to support biomethane connections in Northern Ireland. As a distribution network operator, we fully support the development of a renewable gas network and recognise the importance of regulatory frameworks that enable industry growth while ensuring accessibility and affordability for consumers.

We have engaged extensively with UR throughout the development of the proposed licence modifications. At this very early stage of the renewable gas industry development in Northern Ireland, we continue to urge UR to ensure that any licence conditions provide for a flexible and supportive approach, allowing the industry to develop, whilst maintaining appropriate oversight.

Connection Arrangements

The proposed restructure of conditions relating to connection arrangements helps to differentiate between the types of connections and associated conditions. We would like to provide feedback, highlighting some of our queries regarding specific proposed clauses in the connection arrangements:



- Within proposed condition 2.3.3, the title of this section (Section of connection charges and terms for connection of Gas Delivery Facilities to the Network) does not correlate with the content. The title implies that the section would relate to connection charges and terms for connection, however, the content refers to the requirement to publish the methodology and principles upon which charges are to be determined. For clarity, we would propose that the title is amended to better reflect the purpose of the clause.
- Clause 2.3.14 sets out the provisions that must be included within a Gas Delivery Facility (GDF) Connection Charging Methodology Statement. The clause stipulates the content requirements for this Statement. We consider the prescriptive nature of this clause to be premature and unnecessarily burdensome for network operators. Within the consultation document, it is recognised that the biomethane industry in Northern Ireland is still under development and identifies that, as the industry develops, lessons will be learnt. In recognising this, it is also anticipated that the content of this Statement will evolve; condition 2.3.14 (b) (ii) (E) has therefore been included, to provide a facility for the UR to issue related directions. We would strongly urge UR to reconsider the prescriptive nature of this clause and instead, ask that UR rely on its ability to issue directions, allowing the connection methodology statement to evolve in line with industry development.
- Clause 2.3.15 sets out requirements for UR's approval of connection and network entry agreements for a gas delivery facility. This approval process will be undertaken, following the agreement of terms and conditions between the network operator and the gas delivery facility operator. Belated review and approval of documents of such a technical nature will be challenging and resource intensive. It is unclear what expertise UR would deploy for such reviews and what value this would add. We would be concerned that this approval process will add unnecessary delays to any connection process and would therefore recommend that UR consider the addition / contents of this clause. An alternative approach could be the approval of a set of principle terms, with the flexibility for technical details to be developed between the parties.
- Clause 2.3.19 will require the publication of a Calorific Value (CV) Management Statement. The consultation document highlights the importance of the management of CV and the potential impact on consumer billing if the CV is not managed appropriately. Kinecx Energy has engaged extensively with UR and other network operators or to establish robust CV



management arrangements within the Distribution Network Code and the Network Entry Agreement. Any future developments regarding CV management would be required to go through a formal modification and approval process with UR. We are therefore of the view that the requirement to publish and seek approval for a separate CV Management Statement is an additional administrative burden for both UR and network operators and would add no additional value. We would therefore recommend that UR consider the removal of this proposed condition.

- Clause 2.3.24 establishes the role of UR in any dispute resolution process between the network operator and the gas delivery facility operator. While we understand UR's intent to ensure fair access for producers, we are concerned that this clause may override the dispute resolution process already embedded in the Network Connection Agreement (NCA). Given the technical nature of disputes, resolution should rest with an appropriate expert as set out in the NCA. We request further engagement with UR to determine the most suitable dispute resolution framework that respects existing contractual arrangements.
- As part of the restructure of licence condition 2.3: Connection Charges and Obligation to Connect, the word 'premises' has been added to help differentiate between types of connections. However, the definition of the word 'premises' only applies to this section of the licence. The same word is used throughout the licence and there is a risk of confusion in the future. To avoid the potential for confusion, we would suggest an alternative description is used that is specific to this section.

Conclusion

Kinecx Energy remains committed to working collaboratively with the Utility Regulator to support the development of biomethane in Northern Ireland. We believe that a more flexible, proportionate approach to licence modifications, as set out in our response, will better serve the long-term interests of consumers and the industry.

We welcome further dialogue with UR to refine these proposals and ensure that the regulatory framework supports innovation, investment, and growth in renewable gas. Given the potential for imminent biomethane connections to our network, we are keen to see these licence modifications agreed and signed off at the earliest opportunity.



Kind regards

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