EXTENSION OF THE NATURAL GAS NETWORK

Utility Regulator Workshop – 8 June 2012
WHY NATURAL GAS?

• **Strategic Energy Framework 2010** – extension of natural gas network where economically viable

• **Diversity of Supply/ Fuel Choice** – greater energy choice for consumers

• **Efficiency / Costs** – gas costs currently less than oil

• **Environmental** – gas is least polluting fossil fuel, and gas pipes provide potential future usage for biogas

• **Budgeting of Energy Costs** – PAYG meters can assist with budgeting of energy costs

• **Wider Economy** – employment during construction phase, local suppliers
PROGRESS TO DATE

- Technical and economic feasibility study completed in 2010 – DETI and Utility Regulator

- DETI consultation on gas extension in summer 2011

- Strategic Outline Business case to DFP in December 2011

- Detailed Outline Business Case 2012 - ongoing
2010 STUDY TOWNS (West and North/West)

From the South-North Gas Pipeline:
- Dungannon
- Cookstown
- Magherafelt
- Omagh;
- Enniskillen/ Derrylin;

From the North-West Gas Pipeline:
- Strabane
2010 STUDY FINDINGS

• The cost of providing gas transmission networks to all six towns identified within the 2010 study estimated at around £75m.

• An extra £10m to take gas to Derrylin.

• The respective gas distribution networks are estimated to cost between £26 million and £86 million.

• Gas transmission tariffs would increase by 14.7%
NEXT STEPS

• DETI Outline Business Case for gas to main towns in:
  – West and North-West
  – East Down

• Consideration of business case conclusions

• Engage with DFP re potential for financial support

• NI Executive approval of any funding

• Licensing issues – Utility Regulator
TIMELINES

- May 2012 – consultation on licensing issues (U/Reg)
- Summer 2012 – completion of OBC (DETI)
- Autumn 2012 - engage with DFP and NI Executive (DETI)
- 2013 – award of licenses for new gas areas (U/Reg)
- 2013-2014/5 – network design, planning, environmental assessments
- 2015/16 – construction of main gas transmission pipes
- 2015/16 onwards – build new gas distribution pipelines and connect new customers