

Biomethane Injection into NI's Natural Gas Network

Questions and Answers from Industry Updates

Supplier Update (15 April 2021)

Q1: When will we be able to inject biomethane to the grid?

It is envisaged to have the base case arrangements for biomethane injection into the NI distribution system formalised by Q2 2022. However, there are a number of factors that could impact on this timeline. The timeline for achieving readiness for injection of biomethane into the transmission system will be developed with consideration of any lessons learned from the supplier and producer update meetings and may depend on industry interest in such connections.

It should be noted that work on the project had begun while the energy strategy is still under development. However, policy direction will be important and might impact on when it might make sense for any parties to want to inject gas into the network.

Q2: How will we be able to connect?

Parties interested in a connection should raise an initial enquiry with the network operator in the first instance. Contact details have been provided on the key contacts slide at the end of the slide deck. The enquiry will trigger that grid injection application process which is further explained in the related section of the slide deck.

Q3: Are you also looking at hydrogen blend?

Hydrogen blending is not actively being considered at the moment. However, the Utility Regulator is keeping informed about the related developments in GB. In particular, the Utility Regulator has ongoing engagement with SGN NG on the SGN trial for hydrogen homes, and with GNI (UK) on any relevant developments in the Republic of Ireland.

Q4: Has the Utility Regulator any R&D funding for the technology?

At the moment, the Utility Regulator has no such funding.

Q5: What will the incentive be for biomethane suppliers to inject onto the grid?

Incentives related to biomethane injection are a matter for consideration by the Department for the Economy as part of the ongoing work on the energy strategy. This is outside the remit of the Utility Regulator.

Q6: What work is being done on gas quality standards? Especially with respect to impacts for sensitive users, like power generation?

The operators are aware of the ongoing work on changes to the GB gas quality specification, both with respect to the actual specification and to transposing the specification from primary legislation into a new IGEM standard. The operators monitor and are engaged in these developments.

Q7: Would preferential network charges be assigned for biomethane injection in NI?

The base case assumes that the current basis for cost recovery will be retained. This means that distribution charges would be levied at exit. For transmission, postalised commodity charges would be applicable at exit only, whilst capacity charges would be

applicable at entry and exit. The possibility of applying a discount under Article 9 of the Tariff Network Code to entry capacity charges at Non-IP Entry Points for biomethane injections is being considered.

Q8: Is there engagement with GNI's team looking at Transmission level injection of biomethane in the Republic of Ireland? Does this also cover work to be done with generators and their OEMs (original equipment manufacturers) on plant impacts and security of supply (related to corrosion, contaminants, oxygen content, CV fluctuations etc.)?

GNI (UK) forms part of the working group and can provide insight into all aspects of GNI's work on transmission level injections of biomethane in the Republic of Ireland.

Q9: Why are sensitive offtakes and power generators not included in the workgroup?

Engagement with the network operators is considered essential to understand how biomethane injection into their respective networks can be facilitated and to develop proposals that can then be shared with interested companies (including power generators and other demand customers) for consideration and discussion. Any interested companies who would like to be kept updated as the project progresses are encouraged to contact the Utility Regulator so that this can be facilitated.

Q10: How will green certification for biomethane be managed for injected biomethane?

It is recommended that producers engage with the relevant schemes to understand how they work, what the requirements in terms of chain of custody evidence are, and in how far the proposed solution is suited to meet them. Feedback from the producers to the operators on these points would be welcome and could be considered.

Q11: Is the model of the minimum connection facility based on the Cadent model, and will Northern Ireland be able to cut and paste from that?

The model is based on the minimum connection model of SGN.

Q12: SGN published details for biomethane injection on their web site in 2017, are these still there?

The information on becoming a green gas producer on the SGN network in GB can be found here:

<https://www.sgn.co.uk/gas-and-meter-services/business-services/biogas-connections>

Q13: Is there an assessment of impacts on large and sensitive users, especially with respect to considerations on potential exemptions from GSM R (Gas Safety and Management Regulations)? This could have a huge impact on sensitive equipment.

This will be considered. The experience in GB, where there are exemptions in place to allow for increased levels of oxygen in the network, could be of particular relevance. Any party whose equipment might have specific requirement that should be considered can contact the relevant operator to discuss these.

With respect to the ongoing changes to the GSMR themselves, it should be noted that the related proposals are developed and consulted on by a separate group.

Q14: If we liquefy the Biomethane as BioLNG and use it as LNG without grid access, is this outside the remit of the Utility Regulator?

The Utility Regulator understands that use of LNG outside the natural gas network and a gas storage facility is outside its remit. This remit might be reviewed by the Department for the Economy as part of the ongoing work on the development of the energy strategy.

It is noted, however, that operation of an LNG facility may be subject to licensing requirements.

Q15: The value of the biomethane at a retail level is the "Green'ness". How will the transport of any green cert through to cancellation at retail level be managed or thought through from a regulatory process?

It is recommended that producers engage with the relevant schemes to understand how they work, what the requirements in terms of chain of custody evidence are, and in how far the proposed solution is suited to meet them. Feedback from the producers to the operators on these points would be welcome so that implications for the regulatory process can be considered.

Q16: Might the entry specifications take account of the local situation, e.g. the nature of users downstream of the IP may impact the oxygen limit?

Any party whose equipment might have specific requirement that they consider should be taken account of in the entry specifications can contact the relevant operator to discuss these.

Q17: Can the Group produce a Road Map to suggest when the opportunity for Biomethane Project is to be realised? This would help inform those companies investing time to develop projects in preparation for the new regime.

The Utility Regulator will engage with the Department for Economy on the provision of a road map. The timing of provision of the road map may depend on the outcome of the ongoing consultation on policy options for the Energy Strategy.

Q18: Does NI's Brexit status impact compliance with RED II for certification?

The Utility Regulator understands that RED II is not transposed into UK or NI law. However, any implications that might arise from the energy strategy will need to be considered.

Q19: What technical studies have been completed to understand potential trips at power plant and damage to gas turbines?

The gas network operators are not aware of any such studies.

Producer Update (20 April 2021)

Q1: In light of the UK Government announcement to cut carbon emissions by 78% by 2035, will policy change to encourage gas industry to move to net zero faster?

The Department for the Economy is working on the development of a new Energy Strategy for Northern Ireland. This work includes consideration of policy for furthering the move to net zero and a consultation on policy options, for which responses are welcomed, has been issued by the Department and can be found at: <https://www.economy-ni.gov.uk/consultations/consultation-policy-options-new-energy-strategy-northern-ireland>

Q2: Is there an indicative timeframe around hydrogen injection?

Hydrogen injection is outside the scope of the current project to facilitate biomethane injection. It is anticipated that lessons learned from the work to facilitate biomethane injections could be applied should hydrogen injection become relevant in the future, but there is no indicative timeframe at the moment for facilitation of hydrogen injection.

Q3: There seems to be a general trend towards a preference for injection at transmission level rather than at distribution level. However, as NI imports all its gas from GB, if GB opt for transmission level injection of biomethane (and / or hydrogen) will this not negate any local injection in NI?

It is not clear that there is indeed a general trend towards injection of biomethane at transmission rather than distribution level. Whilst the project team is aware of one facility in GB which injects biomethane into the National Transmission System, the majority of injection facilities in GB inject into the distribution system. A negative impact on the ability to inject biomethane locally in NI is not anticipated.

Q4: How will the verification of gas as "green" be regulated? What process is proposed for producer to retail green biomethane certification cancellation? The value of green gas/biomethane in the retail space is the verification of it being green and being able to market it as green. What work is being done to align this end to end process in NI?

The regulation of the verification of gas as "green" does not form part of the current biomethane workstream. Related comments and questions should be directed to the Department for the Economy in response to their consultation on policy options. It is furthermore recommended that producers engage with the relevant certification schemes to understand how they work, what the requirements in terms of chain of custody evidence are, and in how far the proposed solution for the facilitation of biomethane injection is suited to meet them. Feedback from the producers to the operators on these points would be welcome and could be considered.

Q5: Is there a threshold with respect to gas volumes for Distribution injection or Transmission injection or is this yet to be determined?

There are currently no thresholds with respect to gas volumes for distribution or transmission injection. However, the amounts that can be injected may be subject to a range of matters including e.g. network capacity and demand, seasonality of demand and production, network configuration and pressure as well as linepack availability.