

Response to Consultation Paper “The Regulatory Treatment of the BGÉ Interconnectors in relation to Security of Gas Supply” (Reference: CER/11/002)

The Shannon Development owned lands, optioned to Shannon LNG, have been in State ownership for over fifty years. The lands were acquired by the Industrial Development Agency as a National strategic site due to their close proximity to deep water in the Shannon Estuary. Requests for the lands were refused many times for projects which were deemed not to have sufficient strategic National significance.

In 2006 Shannon Development entered into a purchase option agreement with Shannon LNG. As part of its due diligence prior to optioning the lands Shannon Development met and consulted with the Commission for Energy Regulation and the Department of Communications Marine and Natural Resources. The CER was very supportive of the concept of LNG for Ireland and advised “We are of the opinion that an LNG terminal would be a very good option for Ireland giving us a secure and economical source of gas, storage at the reception terminal and access to gas probably at lower prices than pipeline gas”. Any adjustment of the regulatory treatment of the interconnectors which would disadvantage an LNG terminal in Ireland would seem to be contradictory and mitigate against the fundamental merit of such a terminal.

Referring specifically to the HESS proposed LNG terminal the Department of Communications Marine and Natural Resources confirmed “the strong support of the Minister and the Department for the project”. Clearly the project was consistent with Government policy at that time. Shannon Development has not been advised of and are not aware of any change to this policy.

Shannon LNG is the only proposal to come forward for an LNG terminal in Ireland on the site best suited for such a terminal. The project was approved by Shannon Development in February 2006. If this proposal does not proceed there will be negative implications for the Shannon Development strategic site which would severely limit its potential to deliver economic impact including employment. If a decision was taken not to proceed with the project informed by uncertainty around the Irish regulatory regime then the prospects of securing an alternative project, even in the long term, would be very small.

Conversely, securing the Shannon LNG project would have significant advantages for the remaining Shannon Development owned lands at this location, particularly in the context of competitively priced energy.

In an earlier submission to the CER, August 2009, Shannon Development listed fifteen benefits of the proposed Shannon LNG project from a local and National economic development point of view, the top two of which were:

1. A regional solution to the National energy issue: significant improvement in National diversity and security of energy supply.
2. Private sector investment in Ireland's energy infrastructure (including strategic gas reserve), which otherwise might require State funding in the future.

These are restated in the current context as their benefits to the Irish economy far outweigh any benefits to be achieved in adjusting the regulatory treatment of the interconnectors.

Shannon Development