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Commission for Energy Regulation
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Twinning of the Southwest Scotland Onshore System in light of potential Connecting Europe Facility grant funding (CER/14/795)

Dear Barry,

Thank you for giving us the opportunity to comment on the potential twinning of the Southwest Scotland Onshore System (SWSOS) following a Connecting Europe Grant made to Gaslink (Gas Networks Ireland). SSE uses the natural gas transmission system to provide energy to our gas and electricity customers¹, paying gas transmission charges for both commodity (flow) and capacity (availability). Our response to CER's consultation paper is limited to high level commentary on the pros and cons listed in [CER/14/795](#).

If you have any questions in relation to our response, please don't hesitate to contact me at connor.powell@sserenewables.com

Connecting Europe Facility Grant

The paper suggests that the terms regarding draw-down of the Connecting Europe Facility are currently being discussed with the European Commission within the terms of the model grant agreement. While 'maturity' (project readiness) has clearly been a factor in the PCI decision, the benefits to consumers of delaying the project from Gaslink's initial proposal for commissioning and full pipeline operation dates of November 2016 should be fully explored².

NDP 2014

The paper references the NDP 2014, which states that the Twinning project is required in Gas Year 2020/21 to meet peak-day demand in light of the expected decline in Corrib production.

¹ Great Island CCGT depends on a robust, reliable transmission system in order to generate electricity for our electricity customers.

² This assumes that a negotiated delay to project delivery will not impact CEF grant eligibility.

We would note that the peak-day demand assumptions listed in the NDP state that units 1 to 4 at Tarbert Generating Station will retire in **December 2020**. Under the IED, units at Tarbert can continue to deliver their existing diversification and security of supply benefits to the Irish electricity and gas systems until **December 2022**.

Forecasting capacity and CEF funding rounds?

It would be prudent to reassess peak demand figures with the latest information prior to a CER decision on the SWSOS project, potentially exploring a number of different demand and supply scenarios. Both Gas Networks Ireland and CER have acknowledged that the additional capacity is very unlikely to be required at all prior to 2020-21 under the existing NDP central forecast³.

The uncertainty with regard to the NDP central forecast that shows a requirement for the project prior to 2024 is comparable to the uncertainty in forecasting that the SWSOS project will find it more difficult (or impossible) to compete for CEF funding in a subsequent round. **However, if the project is to proceed prior to actual requirement, it would make sense to profile recovery⁴ to mitigate immediate tariff increases.**

Seeing a value from security of supply

The paper states that:

"[I]f an incident were to occur on the single section of pipe, GNI estimate that this would lead to between a two and 14 day supply shortage. Twinning of the single section of pipe reduces the likelihood of a gas supply shortage as a result of an incident such as a pipeline strike, to almost zero."

The security of supply benefit to the system is clearer than those benefits relating to a capacity requirement. Given that Gas Networks Ireland and CER's expectation of gas supply interruption will substantially drop if this investment proceeds, **SSE would request that the existing secondary fuel stock requirements at power generation sites are re-examined from the date of SWSOS pipeline commissioning.**

This would directly pass some of the assumed value to security of supply unlocked by proceeding with the twinning project back to the residential, commercial and power generation customers who have funded it – replacing the existing contingency measures⁵ with a more cost efficient solution⁶.

³ Which excludes Shannon LNG

⁴ Perhaps a straight line depreciation profile based on forecast usage

⁵ Large secondary fuel stocks based on a higher likelihood of interruption

⁶ Smaller secondary fuel stocks and twinned transmission pipeline infrastructure