

GAS PIPE-LINE DESIGNATION

Notice under Article 59 of the Energy (Northern Ireland) Order 2003

1. The Department for the Economy (the “**Department**”), pursuant to Article 59(4) of the Energy (Northern Ireland) Order 2003 (the “**Energy Order**”), hereby gives notice as follows:
 - (i) the Department proposes to designate, for the purposes of Article 59 of the Energy Order, the pipe-line identified in the Schedule of the Gas (Designation of Pipe-lines) Order (Northern Ireland) 2022 (“**the Designation Order**”); and
 - (ii) the reasons for, and effect of, the Designation Order are outlined below.

Reasons

2. Situated on the outskirts of Carrickfergus, Kilroot Power Station (“**EP Kilroot**”) is a primarily coal-fired power station, with oil as a secondary fuel, which has plans to convert to natural gas and phase out its use of coal. It is owned by EP UK Investments Limited (EPUKI) and, together with EP Ballylumford in Larne, can supply over 60% of Northern Ireland’s electricity demand. EP Kilroot’s conversion to natural gas will contribute towards lower carbon power generation in Northern Ireland.
3. As part of the project to convert EP Kilroot to natural gas, a new high pressure (> 7 bar gauge) section of gas transmission pipe-line is to be constructed which will run for some 3 kilometres, from an offtake connection on the Belfast Gas Transmission Pipe-line at Marshallstown, to the Kilroot site. The pipe-line will be constructed by EP Kilroot at its own cost¹. However, to facilitate the new pipe-line and ensure its ongoing economic viability, it is proposed that costs associated with the ongoing maintenance and operation of the pipe-line are “postalised”. That means that these costs will be added to the regulated common transmission tariff and recovered from all gas consumers in Northern Ireland through their gas bills over an extended period. This is established policy for the development of gas networks in Northern Ireland. It is not expected to lead to an increase in gas bills.

“Postalisation” Policy

4. The policy of “postalisation” was first consulted upon in June 2002 as part of the preparation for implementation of the Energy Order. This was followed by a paper on the Design of the Postalisation System for the Northern Ireland Gas Transmission Network in December 2002; Recommendations for the Implementation and Operation of a Postalised System for Transmission Tariffs

¹ EP Kilroot will recover the capital cost of the new gas pipe-line over time from NI electricity consumers but this is not expected to have a significant impact on electricity bills.

in Northern Ireland in June 2003; and a Decision Letter published by the Northern Ireland Authority for Energy Regulation² in October 2003.

5. The Energy Order subsequently put in place the powers necessary to give effect to postalisation. In particular, Article 59 gives the Department the power to designate pipe-lines for the purpose of securing that the prices charged for conveyance of gas through designated pipe-lines are in accordance with a common tariff under Article 60.
6. The extension of the gas network in Northern Ireland, and the implementation of postalisation policy, have been supported by the Northern Ireland Authority for Utility Regulation (NIAUR) which has been consulted about the terms of the Designation Order.

Designation Order

7. The Department proposes to designate, for the purposes of Article 59 of the Energy Order, the pipe-line identified in the Schedule of the Designation Order, by October 2022. The new pipe-line is described in the Designation Order as follows:

“The pipe-line known as the Kilroot Transmission Pipe-line which runs for 3 kilometres, from (and including) the Offtake Connection on the Belfast Gas Transmission Pipe-line at Marshallstown, to (and including) the Pipe-line Inspection Gauge reception facility at Kilroot.”

8. Article 59(6) of the Energy Order provides that, if a Designation Order contains provision to the effect that the designation of any particular pipe-line is for a specified period (referred to as the minimum period for designation), the Department shall not revoke that order or amend that order so that the designation of that pipe-line ceases to have effect before the end of that period.
9. It is proposed that the Kilroot Transmission Pipe-line will be designated for the period ending at 31st December 2051. This coincides with the designation period for the Belfast Gas Transmission Pipe-line to which the Kilroot Transmission Pipe-line will connect.

Effect

10. The Designation Order will facilitate the conversion of EP Kilroot from a coal-fired power station to natural gas, a less polluting fossil fuel, thus ending the use of coal and helping the power station to contribute toward lower carbon power generation in Northern Ireland. The conversion of EP Kilroot to natural gas is in line with the Department’s recently published energy strategy, “The Path to Net Zero Energy”, which supports natural gas as a transition fuel in the pathway to achieving net zero carbon emissions in Northern Ireland by 2050.

² The Northern Ireland Authority for Energy Regulation was subsequently renamed the Northern Ireland Authority for Utility Regulation by the Water and Sewerage Services (Northern Ireland) Order 2006.

**REPRESENTATIONS OR OBJECTIONS ABOUT THE DESIGNATION ORDER
MAY BE MADE BEFORE 23rd AUGUST 2022 TO GAS POLICY BRANCH,
ENERGY OPERATIONS DIVISION, DEPARTMENT FOR THE ECONOMY,
NETHERLEIGH, MASSEY AVENUE, BELFAST, BT4 2JP OR E-MAILED TO
gasbranch@economy-ni.gov.uk**