

Minister Eamon Ryan, TD
Department of Environment, Climate and Communications
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[emailed to Minister.Ryan@decc.gov.ie]

Friends of the Earth
Mount Street
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RE: RISK OF COMMERCIAL LNG AS PART OF ENERGY SECURITY REVIEW OUTCOME

Dear Minister Ryan,

I write to you on behalf of Friends of the Earth concerning recent public comments to the effect that a commercial LNG terminal may be required and that increased security risks now exist. In our view, the need to prevent Ireland locking itself into new polluting fossil fuel infrastructure goes to the very root of your party's position in Government. We urgently request that you clarify your position such that the Government is clear that a commercial LNG terminal is not supported as part of any conclusion of the energy security review in the coming weeks.

We make this request in light of several factors, detailed in the subsequent paragraphs.

- **Climate Obligations**

Our [main concern](#) with the energy security review process since its inception under Minister Bruton has been that climate obligations would be side-lined and fossil fuel infrastructure expanded on the back of the assertion of security risks that are lacking in data and ignore emissions impacts on the one hand and the accepting of misleading claims from the fossil fuel industry on the other. We recognise that the context has changed following Russia's abhorrent invasion of Ukraine (see further below). But the context has also changed thanks to your leadership in bringing forward amended climate legislation. As you are aware, due to these new legal provisions, the Government is obliged to ensure that infrastructure decisions are in accordance with legally-binding carbon budgets and sectoral emissions ceilings (SECs), as well as the 2050 objective in the Act of climate neutrality. We welcome that a full emissions analysis of security options is being undertaken as part of the energy security review and look forward to the publication of this information.

However, Friends of the Earth, other NGO counterparts, and many TDs, remain strongly opposed to commercial LNG development given the evident risk that LNG would lock-in long-term polluting emissions, as a result of continued use of fossil methane gas, potentially from fracking, at the very time climate obligations necessitate the phase out of gas use. Energy security is about achieving a balance of supply and demand, not simply ramping up any and all supply to chase demand projections that discount legal and geophysical limits on pollution. The Government's plan for energy security must therefore be more about planning to decrease gas use than building more gas supply infrastructure.

Those promoting new fossil fuel infrastructure are betting Ireland will not decrease gas use in line with our climate obligations. It is necessary therefore to strongly interrogate sustainability claims made by fossil fuel developers. For example, Engineers Ireland [state](#) that 'there is limited independent evidence' to support Shannon LNG statements that their proposed land-based terminal can be transitioned to facilitate hydrogen gas and connect to offshore renewable developments. Equally, while it may be theoretically possible that a floating offshore LNG terminal could be disconnected and removed at a later date, it would neither be in the interests of the terminal owner, nor Gas Networks Ireland as currently mandated, to facilitate such a phase out, or to respect a specified end-of-operation timeline. Indeed, their business models would be predicated on the long-term use of such a terminal and the associated supply.

It would be unacceptable if specific new polluting infrastructure were permitted accompanied by a general reassurance that they will have to operate within our overall pollution limits. At some point those binding limits must bite and that moment is now.

- **CEPA Analysis**

In October 2022 we welcomed the Department's approach in publishing the detailed CEPA Security of Supply Technical Report as part of the energy security review consultation. We particularly welcomed that CEPA's analysis referred to the impact on emissions and undertook a clear longlisting and shortlisting. This CEPA shortlisting rejected a commercially-operated or state-owned LNG import terminal on land, such as Shannon LNG, as it would "likely result in the importation of fracked gas to Ireland...embedded emissions in LNG can exceed that of natural gas....[and there is] no guarantee that stored gas volumes would be sufficient to cover a security of supply shock...". A commercially-operated floating LNG terminal was also ruled out for the same reasons.

Your recent comments suggest a diametrically opposite position on the potential for a commercial LNG terminal. As currently understood, it suggests either a rejection of the CEPA analysis and associated conclusions, and/or that the detailed CEPA analysis has become out of date in little more than 6 months. In our view this risks undermining the entire energy security review exercise and the progressive decision to utilise independent experts. We strongly oppose any Government conclusion which essentially seeks to undo CEPA's shortlisting and fails to make a decision on limiting gas supply infrastructure.

The CEPA analysis shortlisted a state-backed floating LNG terminal operated as a back-up facility on account of the potential *'enable security of supply benefits to be delivered without committing to a long-term dependence on gas while also reducing the risk of stranded assets.'* We note recent media reports which have suggested that such a state-led approach may not be possible due to high costs and contracting challenges. We recognise that a state-led approach to LNG is associated with significant climate and economic risks, however we do not support any view that a commercial approach would represent zero cost or zero risk for the state. As you have yourself [noted](#), an LNG terminal would take [years](#) to be operational and securing LNG shipments in Europe is not guaranteed. Commercial LNG must also be evaluated in the context of stranded asset risks. UCC [research](#) on behalf of EPA has pointed "to a potentially significant level of disconnections from the distribution network from 2030 to 2050, caused by fuel switching and energy efficiency, resulting in less system throughput." It is stated that "the levels of disconnections could lead to the decommissioning of sections of the network, which presents a risk to the network operator." Tara Connolly has also [noted](#) *'[a]nother cost consideration must be the price of the gas itself. At a global level, Ireland is a small gas market, representing just over 1% of EU-27 gas consumption in 2020...Moreover, most LNG contracts today are for the duration of 20 years and either linked to volatile spot prices or set at a higher price than today's spot market. All of this would lock Ireland into high gas and consequently, energy prices.'*

The CEPA analysis also short-listed a state-owned strategic gas storage facility filled from the national grid rather than imported LNG. From a climate perspective this is the best way to provide a strategic reserve, as unlike all the other options it doesn't produce a new incentive for anyone to want gas consumption to increase or even remain at current levels. The suggestion in media reports is that some contributions to the public consultation viewed either state-backed storage option as too expensive and that officials may be minded to agree. In our view, such a conclusion would be flawed, analytically and politically. The upfront costs to the state of establishing grid-based storage or contracting floating LNG supply are real and substantial. However, to compare them simply to the lower upfront cost of permitting commercial LNG is flawed because it ignores the costs associated with permitting an increased supply of gas from commercial interests that are also promoting increased gas consumption, for example to power associated data centres. In your Department's cost-benefit analysis has a carbon-price been applied to every additional tonne of emissions permitting commercial LNG is likely to facilitate? Given current ETS prices, the trajectory of the national carbon tax and academic analysis of target-consistent carbon prices by the likes of Stern and Stiglitz, at least a €100 a tonne carbon price should be applied to begin to compare like-with-like. Moreover, it is essential not to discount the risks permitting commercial LNG pose to staying under our binding emissions ceilings. Breaching those limits poses legal, parliamentary and reputational risks, not to mention the increased risks of actual climate change impacts.

- **Gas Demand**

In our response to the energy security review consultation, we noted that certain comments in the consultation paper raised 4 over-arching and interrelated risks:

- i. Climate obligations may be insufficiently addressed or disregarded in examining energy security responses
- ii. Energy security responses are misinterpreted as primarily amounting to the prioritisation of new long-term gas supply infrastructure without analysis of adverse carbon lock-in and stranded assets impacts.
- iii. Demand reduction measures are not adequately considered or actively ignored.
- iv. Gas and electricity demand projections are not in accordance Sectoral Emissions Ceilings.

The need to prioritise gas demand reduction is particularly significant. [UCC research produced on behalf of FoE](#) for the energy security review highlighted that the source of Ireland's energy insecurity is caused by over-dependence on fossil fuels and that energy security measures must be aligned with climate policy, which requires rapid reductions in the consumption of all fossil fuels this decade. It also noted that strong growth in data centre electricity demand would substantially increase the challenges for the achievement of climate targets and that the rate of utilisation of gas-fired generation must be decrease. As [underlined](#) by the Chair of the CRU, "data centre demand is growing faster than we can deliver electricity and gas networks, gas generation and renewable infrastructure". [Data centre demand is the clearest example of an immediate, known, definitive energy security risk yet it was not addressed in the consultation paper in any detail.](#) The CRU [have also been clear](#) that *"the installation of dispatchable onsite generation for data centre applicants, that uses fossil fuel as the primary fuel source will not, on their own, assist in meeting Ireland's recently updated CAP 2021 target of achieving up to 80% of electricity demand from renewable energy sources by 2030"*. Previous [UCC MaREI analysis](#) has also noted a pause in the connection of new data centres as the most impactful single action the Government can take to reduce electricity demand. We are of the view that a moratorium on any more data centres connecting to the grid mains necessary and the energy security review must go beyond what is set out in the Department of Enterprise's latest Policy Statement on data centres.

We remain concerned that the energy security review consultation did not sufficiently address the possibility that demand for gas imports through Moffat may actually decrease if greater energy efficiency and increasing amount of renewables are brought online in accordance with climate policy. As recommended in the UCC MaREI research: *'It is important that the Government and the CRU analyses, before any decisions on new fossil fuel infrastructure, the potential for reduced gas usage in line with Sectoral Emissions Ceilings to result in lower demands for GB imports from the Moffat Entry Point in Scotland.'* This is also related to the problematic issue of that 2022 consultation paper taking as a starting point GNI and EirGrid forecasts, which are completely at odds with carbon budgets and SECs.

We are also concerned by the seeming absence of focus on energy security at household and community level. The Government must address the security benefits of energy efficiency measures and significant expansion of rooftop solar PV as these will permanently enhance our security, reduce emissions and protect households from rising energy costs. The energy security review must also prioritise the phase out of fossil fuel heating, including preventing further connections to the gas network and accelerating the phase out of fossil fuel boilers from existing homes.

- **Current Policy**

The 2021 Policy Statement on the Importation Fracked Gas notes that the current moratorium on LNG would remain in place pending the outcome of the energy security review. We are not clear if this outcome is also expected in the coming weeks, however we recognise that in this scenario an update to the 2021 Policy Statement is required. It is important to note in this regard that the Government's rationale for the introduction of the moratorium as outlined in this Policy Statement remains relevant and valid. These include references to Programme for Government commitments on climate targets and crucially against an LNG terminal which would allow for the importation of fracked gas, recognising

the need to lower gas use, as well as the higher emissions associated with fracked gas. Given that the validity of such commitments remains unchanged, we consider that the grounds persist for the continuation of the moratorium on LNG infrastructure.

It is also important to note that An Bord Pleanála have been obliged to take account of, and respect, the Policy Statement in the context of Shannon LNG's ongoing planning application. We are of the view that this merits the rejection of the application, however at the time of writing the upshot is that ABP's decision has been delayed. There is a significant danger that a conclusion to the energy security review and update to the Policy Statement which re-opens commercial LNG will directly result in the approval of the planning application, a result entirely contrary to Green Party objectives in entering into Government.

- **Energy Security and Moffat**

We welcome recent constructive meetings with your officials regarding the energy security review and information provided on security risks. However, we remain concerned that the Department's energy security analysis is unduly focused on the "low-probability, high impact" scenario of a complete disruption to gas supplies from Moffat without a complete analysis of supply and demand-side considerations. It is important to note that Friends of the Earth recognises the current importance of Moffat supplies and that a long-term loss of Moffat gas imports would evidently result in severe impacts. Therefore any risks to Moffat infrastructure must be duly addressed - as they have been by regulatory authorities and TSOs in Ireland, NI and GB for several years. Notwithstanding the need to assess Moffat supply risks, energy security is a function of both likelihood and impact. We remain surprised by repeated references to difficulties caused by a loss of Moffat supplies, without any information on the actual probability of such a major disruption nor on the capacities of the 2 pipelines and on the state's ability to respond. We wish to make six points in this regard:

- 1) Where there is a perceived risk that a foreign actor such as Russia may disrupt pipelines, it is essential that the energy security review also assesses the counterfactual scenario – that such entities could equally disrupt new fossil gas infrastructure, including regular LNG shipments and terminal infrastructure.
- 2) There is a need to differentiate between possible threats, e.g. the presence of Russian ships in Irish waters, and the likelihood of an actual disruption to pipelines. This includes an assessment of what would be the strategic interest or benefit for a foreign actor in disrupting gas flows to Ireland, NI and the Isle of Man. We would question whether the grounds and circumstances exists to suggest that such an aggressive and disruptive act would be in the interest of a foreign actor. However, the basic point is that information on a new threat does not amount to a risk assessment and such a risk assessment would have to address the statistical probability of major disruption.
- 3) You and your Department are aware that the Moffat entry point, on account of billions of investment, is now a fully twinned system. The security assessment would also have to address the risk that a foreign entity disrupts not one but two subsea pipelines at the same time.
- 4) The above point also relates to the need to address the entire basis for building the Moffat subsea pipeline. It is our understanding that it is technically possible for the subsea pipelines to operate independently, depending on certain conditions, and that the existing line-pack in any pipeline also offers some security benefits. In essence, twinning was approved with a view to a potential loss of one of the subsea pipelines. A contention that the twinned system essentially now offers little to no concerted security benefit calls into question your Department and the CRU's rationale for approving the twinning and investment, as well as previous security assessments by the CRU and GNI.
- 5) We recognise that Government risk assessments of a security or military nature may be treated as confidential and such information would not routinely be made public. However, a conclusion that the Moffat system is now insecure or that a U-turn in Government policy on LNG is favoured demands much more transparency and public engagement.
- 6) Related to the above, such transparency and engagement was evident in the form of the 2022 consultation on energy security. We note that CEPA addressed the loss of Nordstream 1 as part of its analysis and undertook an assessment of the impact of a complete suspension of Russian pipeline exports to Europe. i.e. the CEPA analysis addressed Nordstream risks, as ultimately occurred in September 2022.

In short, the Government's energy security response must be commensurate with the risk at hand. Simple assertions regarding potential Moffat challenges and changed Russian risks are unsatisfactory.

- **UK Cooperation and the N-1 standard**

We welcome recent statements that the Government is progressing a new memorandum of understanding with the UK Government on gas supplies in the event of an emergency. However, we note with concern recent references to the need to comply with the EU N-1 infrastructure standard (in light of Corrib supplies and as post Brexit, treatment on a regional basis with the UK is no longer possible). For over a decade the N-1 standard has had limited relevance in the Irish context given that Moffat is twinned, given that supplies feed Ireland, Northern Ireland and the Isle of Man and given long-term arrangements with the UK for dealing with gas emergencies. We strongly advise that Government seeks a derogation from relevant provisions of the EU Gas Regulation, in line with approach of other EU members and not seek to justify fossil fuel infrastructure based on the N-1 provision.

Finally, we request urgent clarification from you that the development of a commercial LNG terminal will not be facilitated, support or passively accepted as an ongoing option, in light of the above considerations.

Yours sincerely,



Oisín Coghlan,
Chief Executive
Friends of the Earth