

Consultation

ENERGY

Draft Equality Impact Assessment

Extension of the Gas Network to the West and North-West of Northern Ireland

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Draft Equality Impact Assessment

Extension of the Gas Network to the West and North-West of Northern Ireland

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EXECUTIVE SUMMARY

The Department of Enterprise, Trade and Investment ('**DETI**') has carried out a draft Equality Impact Assessment (**EQIA**) on proposals to extend the natural gas network in Northern Ireland to further towns in the West and North-West. This project, which is currently timetabled for commencement in the period 2015-16, will be implemented by a private sector developer(s) under a gas licence(s) granted by the Northern Ireland Authority for Utility Regulation ('the Utility Regulator') under the Gas (Northern Ireland) Order 1996.

The proposals aim to:

- bring greater fuel choice to energy consumers in the identified towns;
- enable businesses to use a cleaner, more efficient and cheaper fuel;
- help to shift the dependence on coal and oil for household heating;
- help to alleviate fuel poverty;
- enhance security of energy supply;
- reduce CO2 and other harmful environmental emissions.

The draft EQIA sets out:

- (i) The overall context within which this policy will be implemented, including the background to the development of the natural gas industry in Northern Ireland; the Department's commitments in respect of natural gas within its Strategic Energy Framework; and the role which natural gas can play in contributing towards European and UK targets to reduce carbon emissions;
- (ii) Available data on the population likely to be affected by the gas network extension project in the West and North-West and on the incidence of fuel poverty in Northern Ireland, particularly in relation to Section 75 representative groups:
- (iii) An initial assessment of the potential impacts of the gas network extension project on energy consumers, not only in the West and North-West but also the potential financial impact of this project on gas consumers throughout Northern Ireland; and
- (iv) Consideration of those factors which may contribute towards ensuring the project maximises its potential to make a positive impact on gas consumers in Northern Ireland.

This document has been prepared by DETI Energy Division which is responsible for the delivery of energy policy in Northern Ireland.

Conclusion

DETI's overall conclusion is that extending the natural gas network should have a positive impact on energy consumers in the West and North-West by bringing greater fuel choice to specified areas and helping to shift the dependence on coal and oil for household heating.

Gas network extension could play a part in helping to alleviate fuel poverty, currently estimated at 42% in Northern Ireland, as natural gas is a cleaner, more efficient, and currently cheaper fuel than oil which is the most commonly used fuel for household heating. Indications are that those Section 75 categories most at risk of fuel poverty, including older people, people with disabilities, single parents and others on low income, could benefit in particular.

The Department acknowledges that there are costs involved in switching to gas. However, previous experience in existing gas licensed areas in Northern Ireland shows that customers do avail of incentives offered by the gas companies to connect to natural gas and that such incentives, along with the cost benefits and convenience of gas, encourages switching. In addition, there is support available through a number of Government-funded schemes, including the Northern Ireland Sustainable Energy Programme (NISEP), to assist those on low incomes to switch to gas. It should also be noted that natural gas remains the fuel of choice for the Northern Ireland Housing Executive. Where gas is available, social housing tenants should benefit from conversion to gas as existing oil and coal appliances require replacement.

DETI recognises that it will not be economically viable to provide new gas networks to all areas within Northern Ireland. Only those areas with identified business loads and/or a sufficiently concentrated centre of population will offer the gas loads required to make gas network extension commercially feasible. Outside the main urban areas in the West and North-West, DETI will continue to seek to maximise other fuel alternatives, such as renewable heat technologies.

BACKGROUND



Section 75 Northern Ireland Act 1998

Section 75 of the Northern Ireland Act 1998 requires public authorities, in carrying out their functions in relation to Northern Ireland, to have due regard to the need to promote equality of opportunity -

- Between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Between men and women generally;
- Between persons with a disability and persons without; and
- Between persons with dependants and persons without.

In addition, without prejudice to their obligations above, public authorities are required, in carrying out their functions in relation to Northern Ireland, to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

DETI's current Equality Scheme, published in February 2012, sets out how the Department proposes to fulfil the duties required by Section 75 of the Northern Ireland Act 1998, including our arrangements for assessing, monitoring and publishing information on the impact of our policies on people within the Section 75 equality categories.

Energy Policy

The development of energy policy for electricity, natural gas and renewable energy sources is one of DETI's key areas of work. Our overall aim is to achieve a secure, diverse, competitive and efficient Northern Ireland energy market in an all-island, UK and European context by:

- Building competitive energy markets;
- Ensuring security of supply;
- Enhancing sustainability and development of our energy infrastructure;
- Increasing the level of electricity and heat from renewable sources.

While DETI establishes energy policy, the Utility Regulator is responsible for the economic regulation of the natural gas and electricity industries in Northern Ireland, including issuing gas and electricity licences, carrying out regulated price controls for the local energy companies and completing formal reviews of gas and electricity tariffs on a regular basis.

As established in the Energy (Northern Ireland) Order 2003, the principal objective of the Department and the Utility Regulator in carrying out their gas functions is to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland.

In performing these duties, the Department and the Utility Regulator must have regard to the need to protect the interests of –

- individuals who are disabled or chronically sick;
- individuals of pensionable age; and
- individuals with low incomes;

but that is not to be taken as implying that regard may not be had to the interests of other descriptions of consumer.

This document contains a draft equality impact assessment of proposals to extend the natural gas network in Northern Ireland to further towns in the West and North West in order to:

- bring greater fuel choice to energy consumers in this area;
- provide an option for businesses to use a cleaner, more efficient and potentially cheaper fuel;
- help to shift Northern Ireland's dependence on coal and oil for household heating;
- help to alleviate fuel poverty;
- enhance security of energy supply; and
- reduce CO2 and other harmful environmental emissions.

The findings of this EQIA will help to inform DETI on how best to take forward its statutory equality obligations as part of gas network extension.

POLICY CONTEXT



The Department's Strategic Energy Framework 2010 (SEF), which was fully endorsed by the Northern Ireland Executive, outlines ambitious and wide ranging proposals for Northern Ireland's energy future over the next decade and illustrates the key energy goals in terms of building competitive markets, ensuring security of supply, enhancing sustainability and developing our energy infrastructure.

Natural gas is the least polluting fossil fuel and one of the key actions identified in the SEF is to encourage extension of the natural gas network, where it is technically possible and economically feasible. The Department believes that extending the provision of natural gas to new areas will bring greater consumer choice, help shift the dependence on coal and oil for household heating and increase the potential for both businesses and domestic consumers to use a cleaner, more efficient fuel.

Extending the natural gas network will support a number of the NI Executive's key commitments in the 2011-15 Programme for Government objectives, i.e. to continue to work towards a reduction in greenhouse gas emissions by at least 35% on 1990 levels by 2025, and to introduce and support a range of initiatives aimed at reducing fuel poverty across Northern Ireland.

At present, a significant area of Northern Ireland (predominantly in the West and East Down) lies outside the reach of the existing natural gas network and, as a result, consumers in these areas have a more limited fuel choice compared to other energy consumers in Northern Ireland. There remains an over-reliance on oil, with some 70% of homes using oil for heating. As natural gas is the least polluting fossil fuel, extending the natural gas network would help to reduce green house gas emissions as well as improving the diversity and security of energy supply throughout Northern Ireland. In recent years, natural gas has consistently been cheaper than oil with the price differential at times reaching 35%. If this price differential continues, gas network extension could also help to lower energy costs for businesses, the public sector and domestic consumers.

Natural Gas Industry in Northern Ireland

Natural gas was first introduced to Northern Ireland via the Scotland to Northern Ireland gas pipeline in 1996. Initially, natural gas was made available to customers in Greater Belfast, the immediate surrounding area and Larne where the gas distribution network has been developed by Phoenix Natural Gas (PNG). By the end of 2012, PNG had made natural gas available to over 295,000 properties within its licensed area, of which some 160,000 (54%) have connected to the network. The gas supply market in this area is open to competition with both business and domestic customers free to choose their gas supplier since January 2007.

firmus energy (firmus), a subsidiary of Bord Gáis Eireann (BGE), is engaged in work to develop the natural gas market outside Greater Belfast along the routes of the North-West gas transmission pipeline, which was completed in November 2004, and the South-North gas transmission pipeline, which was completed in October 2006, both constructed by BGE(UK). This work involves rolling out the gas distribution network in the 10 towns and cities of Londonderry, Limavady, Ballymena, Ballymoney, Coleraine, Newry, Craigavon, Antrim, Banbridge and Armagh. To date, firmus has connected around 20,000 customers in the '10 Towns' licensed area, including taking natural gas to some additional urban areas, such as Tandragee, Warrenpoint and Bushmills. The gas supply market in this area is currently only open to competition for large industrial and commercial customers. The gas supply licence held by firmus gives the company exclusivity to continue to supply gas to small business and domestic customers up to April 2015. After that date, all customers in the '10 Towns' licensed area will be

free to choose their gas supplier. *firmus* would anticipate connecting up to 60,000 customers in total within their 30 year licence period.

(A map illustrating the coverage of the current natural gas network is attached at Annex A)

The mainly rural western half of Northern Ireland presently lies outside the reach of the existing natural gas network and, as a result, consumers in this area have a more limited fuel choice compared to many other energy consumers in Northern Ireland. To date, there have been no licence applications to provide natural gas infrastructure in the area. Given the dispersed nature of the towns to be connected in the proposed area, and lower housing and commercial property density within respective towns compared to the existing network, it is recognised that development of new gas infrastructure in this area could present additional challenges.

Gas Network Extension Project

In 2009, DETI, in conjunction with the Utility Regulator, commissioned a study to determine, at a strategic level, the technical and economic feasibility of bringing natural gas to additional towns in the West and North-West of Northern Ireland. The feasibility study was completed in March 2010 and considered a range of route options, combined with two alternate business models for developing gas distribution networks within the towns under consideration.

Drawing upon the findings of the 2010 feasibility study, the Department carried out a three-month public consultation during summer 2011 on the potential for extending the natural gas network. The consultation considered the merits of extending the gas network to towns in the West and North-West and to towns adjacent to the existing licensed areas, for example, to those in the east of County Down. Information on the outcome of the consultation was made available in December 2011 when copies of all-non confidential responses to the consultation were published on the DETI website. The consultation paper is available at:

http://www.detini.gov.uk/1011.pdf

and responses can be accessed at:

http://www.detini.gov.uk/responses to consultation on potential for extending natural gas network.

Consultation responses generally showed significant support from stakeholders – including the Consumer Council – for extending the gas network providing that costs to consumers are minimised. It was generally agreed there are significant benefits to be gained by bringing natural gas to new areas, particularly to towns in the West and North-West.

In April 2012, DETI engaged external consultants, KPMG in liaison with Fingleton White Ltd, to develop a detailed economic appraisal on gas network extension. The aim of the appraisal was to identify the preferred economic option for developing and financing extension of the natural gas network in Northern Ireland in line with the following strategic objectives:

- To promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland;
- To extend the availability of natural gas, as a more efficient and potentially cheaper fuel, providing additional fuel choice, thus enabling businesses to improve their competitiveness in an increasingly global market place;
- To extend the availability of natural gas as a lower carbon fuel, displacing more polluting fossil fuels, thus providing environmental benefits; and
- To enable domestic consumers within the towns considered to connect to natural gas, thus contributing to reducing fuel poverty.

The economic appraisal concluded that constructing the necessary high pressure gas pipeline network to seven further towns in the West and North-West (Dungannon, Coalisland, Cookstown, Magherafelt, Omagh, Enniskillen/Derrylin and Strabane) will cost £92.9 million and that up to £110.75 million will be required to construct the associated low pressure distribution networks within the identified towns. 'High pressure' pipelines are those larger diameter pipelines which link main towns and transport gas at higher pressure to connect with

the smaller bore and lower pressure local gas distribution pipelines within towns which ultimately supply gas to consumers' properties.

Extending the natural gas network to the West and North-West is viewed by DETI as promoting affirmative/positive action to address existing imbalance in the options and cost of energy for domestic consumers and businesses in this part of Northern Ireland. DETI has, however, had to weigh the advantages of extending the natural gas network against a number of factors, including how the financing of new gas networks will impact on energy consumers, particularly on vulnerable customers and those in fuel poverty.

Way Forward

In January 2013, the Northern Ireland Executive agreed in principle to provide financial assistance up to £32.5 million towards the cost of constructing new gas networks to the West and North-West and the Department is working closely with the Utility Regulator to take the proposals forward. The Utility Regulator proposes to invite applications for new gas conveyance licences in this area later this year with the aim of having the necessary licence(s) in place by mid-2014.

It is estimated that this project would connect some 34,000 new business and domestic consumers to natural gas in the West and North-West. DETI's aim is to have work to construct the larger diameter, high pressure gas infrastructure commenced by the end of 2015, with the first new customer connections by end-March 2016 although we recognise that this timetable will be very challenging. After the award of new gas licence(s) in the first half of 2014, the new licensee(s) will have to complete detailed design work on the new gas infrastructure, consider any environmental issues, and obtain the necessary wayleaves and planning consent in advance of any construction works commencing.

Equality Impacts

Following finalisation of the detailed economic appraisal on gas network extension in 2012, the Department has had to give careful consideration to a number of issues, including:

- Which towns should be included in the project;
- How new gas networks should be financed; and
- The business model which should be adopted for roll-out of the new gas network to business and domestic customers in the towns connected.

The potential impact of these decisions on vulnerable groups in particular is of paramount importance.

This draft EQIA looks at the make-up of the population in areas likely to be affected by extending the natural gas network to the West and North-West and at the incidence of fuel poverty in Northern Ireland.

The provision of new natural gas network should have a significant positive impact on energy customers in the West and North-West, particularly in relation to vulnerable customers (older people, people with disabilities and lone parents) who are more likely to experience fuel poverty. However, the positive impact of providing a greater, and potentially cheaper, choice of fuel has to be considered against any adverse impact which provision of the new gas networks might have on energy costs for all natural gas customers in Northern Ireland. Consideration must also be given to ensuring that natural gas is made available as a fuel option to as many energy consumers as possible. Section 4 of this consultation paper considers these issues in more detail.

CONSIDERATION OF AVAILABLE DATA AND RESEARCH



In order to consider the potential impacts of gas network extension to the West and North West on individuals within the Section 75 categories, DETI has drawn upon data from a range of available documents, including information from the Northern Ireland Statistical Research Agency (NISRA)'s *Census 2011*; recent documents on fuel poverty in Northern Ireland which have been produced by Department of Social Development (DSD), namely 'Warmer Healthier Homes - A new Fuel Poverty Strategy for NI – March 2011' and 'Defining Fuel Poverty in Northern Ireland – A Preliminary Review – Sept 2011'. Other documents which have been taken into consideration include the Northern Ireland Housing Executive's '2011 House Condition Survey' and NISRA's 'NI Annual Survey of Hours and Earnings 2012'. The Department has also considered analysis by the Consumer Council on comparative energy costs.

The Department believes affordable energy, particularly heating, is essential for everyone. This represents a significant challenge, particularly when considered against a number of factors affecting the Northern Ireland economy, including a young population (hence higher dependency rates); low labour market participation rates; a high rate of economic inactivity; a larger share of employment in sectors of low productivity; and below average wages.

Demographic Trends in the West and North-West

The most recent Census data for Northern Ireland reports a population increase of 7% in the decade to 2011, with the population currently standing at just over 1.8 million. Census data also indicates that the region's population has continued to grow older with a 35% increase in the number of people aged 85 and over. Conversely, Northern Ireland also has a relatively young population with approximately 21% of persons aged between 0-16 years old.

The following section looks in more detail at Census data for the population in the West and North-West of Northern Ireland as these are the people on whom the gas network extension proposals will have the greatest impact.

Age

Table 1 below gives an age range comparison across Northern Ireland, comparing that in each of the six current District Council areas where gas network extension is proposed with the Northern Ireland average. The table illustrates that these Council areas mostly have a slightly higher proportion of younger people (high dependency levels) than the Northern Ireland average and a slightly lower proportion of older people.

Table 1: Age Comparisons across Northern Ireland

LGD	Aged under 16 (%)	Aged 16 - 64 (%)	Aged 65+ (%)
Northern Ireland Average	21%	64%	15%
Cookstown	22%	65%	13%
Dungannon	23%	64%	12%
Fermanagh	21%	64%	15%
Magherafelt	23%	64%	12%
Omagh	23%	64%	13%
Strabane	22%	64%	14%

(Source: NISRA, 2011 Census)

Disability

Table 2 gives a breakdown on levels of disability experienced in each of the six Council areas where gas network extension is proposed and compares that with the Northern Ireland average. The table shows that two of the Council areas proposed for gas network extension have a higher than average incidence of people with long-term health problems or disabilities which are severely limiting.

Table 2: Comparisons for long term health problems and disabilities

LGD	Long-term health problem or disability: Day-to-day activities limited a lot	Long-term health problem or disability: Day-to-day activities limited a little	Long-term health problem or disability: Day-to-day activities not limited
Northern Ireland	12%	9%	79%
Cookstown	12%	9%	79%
Dungannon	11%	8%	81%
Fermanagh	11%	9%	80%
Magherafelt	10%	8%	82%
Omagh	13%	9%	78%
Strabane	15%	10%	76%

(Source: NISRA, 2011 Census)

Religious Belief

Table 3 below gives a breakdown on religious affiliation in each of the six Council areas where gas network extension is proposed and compares that with the Northern Ireland average. The table shows that all six Council areas have a significantly higher proportion of people who practice or were bought up in the Catholic religion compared with the Northern Ireland population average.

Table 3: Religious Affiliation across Council Areas

LGD	Religion or religion brought up in: Catholic (%)	Religion or religion brought up in: Protestant and Other Christian (%)	Religion or religion brought up in: Other religions (%)	Religion or religion brought up in: None (%)
Northern Ireland	45%	48%	1%	6%
Cookstown	59%	38%	0%	2%
Dungannon	64%	33%	1%	2%
Fermanagh	59%	38%	1%	2%
Magherafelt	66%	31%	0%	2%
Omagh	70%	27%	0%	2%
Strabane	65%	34%	0%	1%

(Source: NISRA, 2011 Census)

Dependent / No Dependents

Table 4 below gives a breakdown on family units in each of the six Council areas where gas network extension is proposed and compares that with the Northern Ireland average. Council areas in the West and North-West tend to have larger family units, that is, households tend to have a higher than average ratio of three or more dependent children compared to the Northern Ireland average.

Table 4: Table of Information on Family Units

LGD	Families in households: One dependent child (%)	Families in households: Two dependent children (%)	Families in households: Three dependent children (%)	Families in households: Four or more dependent children (%)
Northern Ireland	21%	17%	7%	3%
Cookstown	20%	17%	9%	4%
Dungannon	21%	18%	9%	4%
Fermanagh	19%	17%	8%	4%
Magherafelt	20%	17%	10%	5%
Omagh	19%	18%	10%	5%
Strabane	22%	18%	8%	3%

(Source: NISRA, 2011 Census)

Lone Parents

Table 5 below provides information on the proportion of lone parent households with dependent children units in each of the six Council areas where gas network extension is proposed and compares that with the Northern Ireland average. The data shows that four of the six Council areas where new gas networks are proposed have a higher than average rate of lone parent households with dependent children, where the parent is not in employment.

Table 5: Breakdown of Lone Parents with Dependent Children

LGD	Lone parent households with dependent children: Lone parent aged 16-74 years in part-time employment (%)	Lone parent households with dependent children: Lone parent aged 16-74 years in full-time employment (%)	Lone parent households with dependent children: Lone parent aged 16-74 years not in employment (%)
Northern Ireland	31%	22%	47%
Cookstown	32%	21%	47%
Dungannon	28%	24%	49%
Fermanagh	28%	24%	47%
Magherafelt	27%	23%	51%
Omagh	24%	22%	53%
Strabane	25%	16%	60%

(Source: NISRA, 2011 Census)

Gender

Table 6 below gives a breakdown on gender in each of the six Council areas where gas network extension is proposed and shows that, in these areas, the gender breakdown is broadly in line with the Northern Ireland average.

Table 6: Gender Analysis

LGD	Males (%)	Females (%)
Northern Ireland	49%	51%
Cookstown	50%	50%
Dungannon	50%	50%
Fermanagh	50%	50%
Magherafelt	50%	50%
Omagh	50%	50%
Strabane	50%	50%

(Source: NISRA, 2011 Census)

Fuel Poverty in Northern Ireland

One of the key benefits to the local population of extending the natural gas network to further towns in the West and North-West is its potential role in helping to alleviate fuel poverty. A household may be defined as in fuel poverty if, in order to maintain an acceptable level of temperature throughout the home, the occupants would have to spend more than 10% of their income on all household fuel use (DSD: Warmer Healthier Homes – A New Fuel Poverty Strategy for Northern Ireland, March 2011). Statistics reveal that households in Northern Ireland experience a much higher level of fuel poverty than other regions of the UK.

Table 7 below illustrates the severity of fuel poverty in Northern Ireland with 42% of households (294,000) identified as experiencing fuel poverty and some 6% of households (41,000) needing to spend 20% of their income on domestic energy to maintain a satisfactory level of heating in the home.

Table 7: Severity of Fuel Poverty in NI

% of household income required to maintain a satisfactory level of heating, 2011							
	10%	15%	20%				
Number of households 294,000 103,000 41,000							
% of all households	42.0	14.6	5.9				

(Source: NI Housing Executive - 2011 House Condition Survey)

The 2011 House Condition Survey reports some progress in reducing the proportion of fuel poverty in Northern Ireland to 42% (from 44% in 2009). However, this compares very poorly with rates of fuel poverty in England (16%) and Scotland (28%)¹. The 2011 House Condition Survey also reports a considerable variation in the rate of fuel poverty according to the fuel used for household heating. Households with solid fuel (59%) or electric (46%) central heating were more likely to experience fuel poverty than households using oil (44%) or mains gas (36%) heating.

Table 8 below gives a percentage breakdown on the experience of fuel poverty across Northern Ireland, illustrating that the areas to which gas network extension is proposed in the North and North- West tend to experience fuel poverty at around or slightly below average levels although it is recognised that fuel poverty is a very significant problem in all areas.

Table 8: Levels of Fuel Poverty in Northern Ireland

	Not in Fuel Poverty		In Fuel	In Fuel Poverty		tal
	No	%	No	%	No	%
Total Belfast	67580	54.6	56200	45.4	123780	100.0
L'derry City and Strabane	30520	56.9	23080	43.1	53600	100.0
Armagh City and Bann	38730	53.7	33390	46.3	72120	100.0
Lisburn and Castlereagh	44760	61.8	27680	38.2	72440	100.0
Newry and Down	29430	50.9	28380	49.1	57810	100.0
Antrim and	30610	57.6	22550	42.4	53160	100.0
Newtownabbey						
Ards and North Down	37090	56.4	28660	43.6	65750	100.0
Causeway Coast	32470	56.2	25280	43.8	57750	100.0
Fermanagh and Omagh	22000	57.2	16450	42.8	38450	100.0
Mid Antrim	30460	56.8	23210	43.2	53670	100.0
Mid Ulster	25500	59.4	17430	40.6	42930	100.0
TOTAL	389150	56.3	302310	43.7	691460	100.0

(Source: NI Housing Executive – 2009 House Condition Survey)

The 2011 House Condition Survey further indicates that older people are more likely to experience fuel poverty. In 2011, two-thirds (66%) of households headed by a person aged 75 or over, and just over half (52%) of households headed by someone in the age range 60-74, were found to be living in fuel poverty. This compares with 39% of households headed by someone aged between 40 and 59 and 26% of households headed by someone aged between 25 and 39. However, the 2011 House Condition Survey found that there was little variation in the rate of fuel poverty experienced by the two main religious groups.

Fuel poverty is a complex issue but, in general, it is thought that there are three main factors that contribute to a household being in fuel poverty, namely income, fuel prices and energy efficiency. Gas network extension could have a significant role to play in helping to address the second of these factors and may also have some indirect impact upon the first. This is further discussed in **Section 4** but the data below sets a useful backdrop to these discussions.

DSD's 'Defining Fuel Poverty in Northern Ireland – A Preliminary Review (September 2011)' states that the principal driver of fuel poverty in Northern Ireland seems to be a disproportionate reliance on oil as a heating fuel. Oil has the added disadvantage of having to be purchased in advance of being used. This places an extra burden

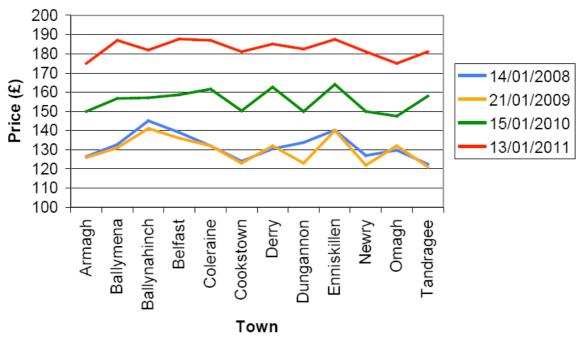
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¹ 2010 figures as reported in the 2011 House Condition Survey.

on low income households for whom purchasing the normal 500 litre or 900 litre delivery of heating oil may comprise more than a month's disposal income. Furthermore, consumers on low incomes are more likely to purchase oil in smaller quantities, including in 20 litre containers from service station forecourts, which are designed for emergency supplies. Purchasing oil in these smaller quantities is significantly more expensive on a cost per litre basis than purchasing a delivery of 500 or 900 litres.

There is also evidence to suggest that oil prices tend to be marginally higher for some key towns in the West in comparison with other areas of Northern Ireland. **Table 9** below shows oil price fluctuations for key towns in Northern Ireland.

Table 9: Oil Price Fluctuations



(Source: DSD's Defining Fuel Poverty in Northern Ireland – A Preliminary Review 2011)

Table 10 below compares the annual cost of using oil and gas to heat a household in Northern Ireland.

Table 10: Cost of heating a household using oil or gas

Heating System	Consumption	Annual Cost £
Natural Gas (average annual cost in NI for standard condensing boiler with gas prices on 1 April 2013)	17,500 kWh	£1,089
Oil Sutherland Tables non condensing boiler (60.12 p/litre, Sutherland Tables January 2013)	17,500 kWh	£1,715
Oil Sutherland Tables condensing boiler (60.12 p/litre, Sutherland Tables January 2013)	17,500 kWh	£1,403
Oil Consumer Council figure (63.48 p/litre average price of 300, 500and 900 litres refill CCNI Oil Survey 1 April 2012 – 31 March 2013)	17,500 kWh	£1,746

(Source: Consumer's Council's 'Comparative Domestic Cost of Gas v Oil Report', May 2013)

It is evident from the above Consumer Council analysis of the gas v oil price differential, that natural gas could offer significant price advantages for energy consumers in comparison with oil, hence its potential role in alleviating fuel poverty. Indeed, the Consumer Council found that, based on consumption of 17,500kWh of energy per year, consumers using oil spend an estimated £657 more annually than the average gas consumer. Even at lower annual consumption levels there would still be a cost benefit for consumers.

Impact on Incomes

Gas network extension could also bring some benefits to the local economy which could have a small impact on income levels, another key factor in tackling fuel poverty. This issue is further discussed in **Section 4** but it is worth noting here that, as shown in **Table 11** below, average incomes in the West and North-West tend to fall significantly below the Northern Ireland average.

Table 11: Gross Weekly Pay by Council Area - 2012

LGD	Mean Wage	Median Wage	Full-time Mean Wage	Full-time Median Wage	Part-time Mean Wage
Northern Ireland	424.50	360.20	536.10	459.50	179.10
Cookstown	343.10	317.10	435.30	358.00	133.30
Dungannon	418.90	339.20	511.00	394.70	168.10
Fermanagh	332.30	264.70	463.10	355.30	127.20
Magherafelt	351.20	291.90	463.30	393.30	124.80
Omagh	325.60	294.50	469.10	435.00	152.40
Strabane	321.50	275.50	426.10	375.40	140.40

(Source: NISRA, NI Annual Survey of Hours and Earnings 2012)

Qualitative Analysis

As already stated, while it is felt that extending the gas network could contribute towards alleviating fuel poverty, a number of issues have to be carefully considered in order for these benefits to be fully realised, particularly in relation to the most vulnerable groups. The Department has paid particular attention to views expressed in response to its 2011 consultation on gas network extension. The Consumer Council, for example, stated that, in extending the natural gas network, the project must seek to make a significant contribution to eradicating fuel poverty in Northern Ireland; there must be an overall benefit to all consumers; the costs must not unfairly fall to consumers alone; and the Government must ensure that the project is financially sustainable.

These issues are considered in further detail in Section 4.

ASSESSMENT OF IMPACTS



Extending the natural gas network to further towns in the West and North-West of Northern has a number of potential benefits for both business and domestic consumers. Within this EQIA, the benefits which domestic consumers, particularly those in fuel poverty, may experience are considered against any issues which may impact upon an energy consumer being able to fully avail of such benefits.

Benefits of Gas Network Extension

As already outlined, it is anticipated that providing new gas networks to identified towns in the West and North-West of Northern Ireland, including Dungannon, Coalisland, Cookstown, Magherafelt, Omagh, Enniskillen/Derrylin and Strabane) will:

- provide consumers with an additional fuel choice;
- offer significant cost benefits over oil;
- help shift dependence on coal and oil for household heating;
- offer a choice of using pre-payment gas meters which could help domestic customers with budgeting for energy costs;
- increase the potential for businesses and domestic consumers to use a cleaner, more efficient fuel;
- benefit the environment through reduction of harmful emissions; and
- provide both short and long-term employment opportunities for the construction and engineering sectors.

Cost and Budgeting Benefits

Affordable energy, particularly for heating, is essential for everyone. As illustrated in **Table 10** in **Section 3**, natural gas has been consistently cheaper than home heating oil over recent years, and the continuation of this trend could offer significant savings for consumers who choose to switch from oil to gas.

In addition to lower prices, low income and fuel poor households are likely to find it easier to budget for their energy needs with natural gas. 'Pay As You Go' gas pre-payment meters can be topped up using relatively small amounts on an ongoing basis rather than requiring a significant payment at wider intervals as would be the case for a 500 litre or 900 litre oil delivery. As shown on **Table 12** below, pre-payment meters are a very popular method of payment in the existing gas licensed areas in Northern Ireland.

Table 12: Use of pre-payment meters in Northern Ireland

2013 (Quarter 2)	Prepayment	Credit
Greater Belfast (PNG)	63%	37%
10 Towns (firmus energy)	89%	11%

(Source: Northern Ireland Authority for Utility Regulation)

This compares with only 13% of gas customers in Great Britain who use PAYG meters1.

Wider Economic Benefits

In addition to directly benefitting domestic, public sector, and business energy consumers, it is expected that bringing natural gas to the further towns in the West and North-West will also bring some long-term economic benefits to the local communities. Extending the gas network will create both short and long-term employment opportunities in the construction, engineering, and energy sectors and support the competitiveness of existing businesses.

As noted in DETI's 2012 economic appraisal on gas network extension, the Northern Ireland construction industry saw a loss of 26,000 jobs over the three year period from the last quarter of 2007. Extending the natural gas network to further towns in the West and North West should help not only to preserve existing jobs in the Northern Ireland construction and gas industry but could also create additional employment in these sectors, with new opportunities for construction and engineering professionals as well as for administrative staff.

The gas extension proposals are likely to have a number of indirect temporary benefits once construction gets underway which will mainly come through the use of local service industries and local supplies of materials. There is also likely to be a small increase in local retail spending in the rural settlements in the area during the construction phase. Other areas that are likely to benefit will be plant hire, haulage, waste disposal, timber yards, sand and stone quarries, agricultural suppliers and contractors. Local employment benefits for the duration of the works will mainly involve semi-skilled or unskilled labour together with subcontractors.

Bringing gas to new areas would also result in some displacement of jobs in certain sectors, e.g. in the oil sector, if demand for other fuel options declines as a result of energy consumers switching to natural gas. It is not, however, possible to robustly quantify the effects of displacement without detailed consumer research.

The Department's analysis has shown that natural gas provision would bring significant commercial benefits for large energy users in the West and North-West where a number of companies are dealing with the challenge of high fuel costs which are impacting on their competitiveness and putting jobs at risk. The prospect of gas network extension has been much welcomed by such companies. Converting to gas also benefits smaller businesses who have a significant heat demand, or catering establishments, some of whom may use more expensive liquefied petroleum gas (LPG) for cooking.

There are also benefits for public sector energy users who could significantly reduce their energy costs, which could result in lower rates or in making funding available for other central and local government or health service programmes.

All of this is expected to have some, albeit difficult to specify, impact on income levels in the West and North-West which, as illustrated in **Table 11** in **Section 3**, are currently below the Northern Ireland average.

Costs of Financing Gas Network Extension

In seeking to maximise the benefits of the gas network extension project, the Department recognises that careful consideration has to be given to the issue of financing new gas infrastructure. If costs are too high, not only may energy consumers in the West and North West fail to benefit from a switch to natural gas, but existing gas consumers in the Greater Belfast and Larne and '10 Towns' gas licensed areas could also be adversely impacted.

¹ "Promoting smarter energy markets," Ofgem, Dec 2011 (Direct debit is the most popular payment method used by 49 percent of domestic customers in GB. Around 33 percent pay by standard credit and 13 percent use prepayment)

High Pressure Gas Networks

The Department's 2012 economic appraisal estimated the cost of building new high pressure gas pipelines to Dungannon, Coalisland, Cookstown, Magherafelt, Omagh, Enniskillen/Derrylin and Strabane in the West and North West at £92.9 million. These larger diameter gas pipelines are the major pipelines which run between towns to be connected to the natural gas network. These pipelines will be designed, constructed and operated by a private company under the terms of a gas conveyance licence granted by the Utility Regulator. The private company, through existing regulatory arrangements managed by the Utility Regulator, will recover its costs from consumers through their gas bills over the period of the licence. It should be noted that costs relating to providing new high pressure gas networks in the West and North-West are likely to be 'postalised'. This means that all costs associated with building and operating these pipelines will be added to a common Northern Ireland-wide postalised gas tariff which is paid as part of their gas bill by all gas consumers. This means that existing gas consumers in the Greater Belfast and Larne and '10 Towns' licensed areas will contribute towards the cost of developing the new high pressure gas networks in the West and North-West.

The economic appraisal estimated that building new high pressure gas pipelines to the identified towns in the West and North-West would add in the region of 11% to 12% to the postalised gas tariff within existing consumers' gas bills. The postalised gas tariff generally represents about 6-8% of the total gas bill. Therefore, using the current published Airtricity Gas Supply tariffs in Greater Belfast (where the bulk of gas consumers currently exist) as an example, an estimated 12% increase in the postalised gas tariff would, in overall terms, add around 0.7% to 0.8% to final gas bills for an average domestic customer at current (October 2013) retail gas prices. Based on domestic gas usage of 480 therms, or approximately 14,067 kWh per annum, at 4.94 pence per kWh, the average annual domestic gas bill is around £695 per year (including VAT) so a 0.8% increase would add around £6 per year per household. For 17,500 kWh usage per year, the annual gas bill would increase by around £7 per year.

Two of the three power generators in Northern Ireland, Ballylumford and Coolkeeragh, use natural gas as their primary fuel source. Any increase in the postalised gas tariff may therefore impact upon electricity prices. DETI's 2012 economic appraisal on gas network extension found that it is not possible to accurately determine how much of their increased costs generators would be able to pass onto end consumers without further detailed analysis but it is anticipated that electricity bills would rise by around 0.5% if the full cost of the new higher pressure gas networks were added to the common tariff.

Government assistance, and in some cases European grant aid, has been provided in the past for new high pressure gas pipeline projects in Northern Ireland. Many respondents to the Department's 2011 consultation expressed the view that the project to take natural gas to further towns in the West and North-West must be similarly supported by a level of assistance from Government which would reduce the burden on existing gas customers to fund the development of the new networks.

The Northern Ireland Executive has considered this issue and, in January 2013, approved financial assistance up to £32.5 million to assist in delivering the new gas infrastructure to the West and North-West. DETI submitted an application for approval of this proposed State aid to the European Commission in March 2013. This level of financial assistance is similar to that offered for previous high pressure gas pipelines in Northern Ireland. This subvention would reduce increases to current (October 2013) overall retail gas prices across Northern Ireland from 0.7-0.8% to around 0.5%, thus helping to minimise the burden of energy costs on both businesses and households. With subvention, the impact on electricity costs would be less than 0.5%.

Low Pressure Gas Distribution Networks

The Department's 2012 economic appraisal estimated that building the necessary lower pressure gas distribution networks within the identified towns would cost up to £110.75 million and bring gas to up to 34,000 new gas consumers. Distribution pipelines are those lower pressure pipelines which are mostly laid in roads and streets within urban areas to deliver gas to end consumers. As with the high pressure pipelines, new distribution networks in the identified towns in the West and North-West will be designed, constructed and operated by a private company under the terms of a separate exclusive gas conveyance licence granted by the Utility Regulator.

Unlike the high pressure networks, the costs associated with constructing and operating gas distribution networks are <u>not</u> 'postalised' across Northern Ireland but are recovered from gas consumers in their respective gas licensed areas. As already outlined, there are currently two separate gas distribution areas in Northern Ireland – the Greater Belfast and Larne licensed area where the distribution network is owned and operated by PNG and the '10 Towns' licensed area where the distribution network is owned and operated by *firmus energy*. There are accordingly two separate gas distribution tariffs which apply to customers' gas bills in each respective licensed

area. The new 'West and North West' gas licence will add a third gas distribution area within which the new gas consumers will have to pay separate distribution costs.

Gas distribution costs in the West and North-West gas licensed area will depend upon the business model used to roll out the new distribution network. In each of the two existing gas licensed areas in Northern Ireland, the business model adopted for rolling out the gas distribution network has been somewhat different. In the Greater Belfast and Larne licensed area, the "fat" (pipe in every street) business model was used rather than the volume-based "thin" model which was used in the '10 Towns' licensed area. The main difference between the two models is that the "fat" business model is based upon making natural gas available to as many industrial and commercial, public sector and domestic customers as possible where it is financially viable to do so. The volume-based business model, however, is based on connecting key gas loads in the early years, i.e. primarily businesses, but also public sector buildings; social housing as provided by the Northern Ireland Housing Executive or housing associations; and new private housing developments. The "thin" model places less emphasis on connecting existing privately rented or owner-occupied domestic households in the early years. Domestic customers in existing privately rented or owner-occupied housing in the '10 Towns' licensed area may, however, be connected to the gas network if they are adjacent to routes developed to meet business demand for natural gas.

The 2012 economic appraisal on gas network extension considered both business models for rolling out distribution networks in the West and North-West and recommended the "fat" model which fits most closely with the Department's objective of making natural gas available to as many consumers as possible as soon as possible. This recommendation is also in line with the views expressed by respondents to DETI's 2011 consultation who said that, for the full benefits of natural gas to be realised, particularly in relation to helping to eradicate fuel poverty, any new gas network must aim to reach as many domestic households as possible in the specified urban areas rather than focusing upon a more limited roll-out which would connect mainly industrial and commercial properties, new housing and social housing, at least in the first instance.

The appraisal found that providing new distribution networks in the West and North-West based on the "fat" business model should be 'self-financing'. This means that the estimated total gas volumes for the towns of Dungannon, Cookstown, Coalisland, Magherafelt, Omagh, Strabane, and Enniskillen/Derrylin should provide sufficient income to cover the cost of the installation and operation of the lower pressure gas distribution pipelines to be installed in the licence area, over the period of the licence, while charging customers a gas distribution tariff similar to that already applied in existing gas licence areas in Northern Ireland.

Connection Rates

The Department recognises that, in order to make new gas networks in the West and North West commercially viable and ensure that they contribute towards reducing household energy bills and fuel poverty in Northern Ireland, the project must achieve a high level of uptake of natural gas.

The information contained in **Table 13** below shows projected figures for domestic gas connections starting in 2016 and then every 5 years from 2020 until 2035 for the proposed new gas licensed area in the West and covers the towns of Dungannon, Cookstown, Coalisland, Magherafelt, Omagh, Strabane, and Enniskillen/Derrylin.

The information, taken from analysis by external consultants in their preparation of the 2012 economic appraisal for DETI on extending the natural gas network in Northern Ireland, includes projected domestic gas connections for both existing owner occupied homes and Northern Ireland Housing Executive (NIHE) properties in the proposed new gas licensed area.

Table 13: Gas Network Extension - Projected Domestic Gas Connections

Year Ending	Existing Owner Occupier Properties (%age)	Existing Owner Occupier Properties	NIHE Properties (%age)	NIHE Properties
2016	3.6%	1217	20%	1062
2020	13.9%	4717	40%	2125
2025	25.1%	8521	50%	2656
2030	36.3%	12327	75%	3986
2035	47.6%	16132	100%	5316

(Source: 2012 Economic Appraisal on Extending the Natural Gas Network in NI)

Typically the upfront cost to domestic houses of installing a condensing gas boiler is around £2,500. This clearly involves a significant outlay, particularly for lower income and vulnerable customers. For the Northern Ireland Housing Executive, natural gas is their preferred fuel of choice where available. New Housing Executive properties are therefore provided with a gas boiler where possible and existing properties will have a gas boiler fitted to replace an oil boiler which has reached the end of its useful life. However, many other domestic consumers, particularly those in owner-occupied properties, will have to fund the conversion to natural gas themselves. However, there is support to help certain lower income households to avail of gas through the Northern Ireland Sustainable Energy Programme and other Government-funded programmes, such as the DSD Warm Homes scheme. The gas companies themselves also offer connection incentives in the existing gas licensed areas. In Belfast, for example, these may provide between £200 and £400 per household to convert to gas. The issue of incentives is considered in more detail in Section 5.

Rural Areas

While wishing to bring natural gas to as many people as possible, the Department recognises that it is only possible to extend the natural gas network where it is economically viable to do so. This means that only those areas with identified business loads and/or a sufficiently concentrated centre of population will offer the gas loads required to make the cost of providing major new gas infrastructure commercially feasible.

Where it is not feasible, the Department will continue to seek to maximise other alternatives, such as renewable technologies. Rural areas, for example, may never be able to access the natural gas network, as the cost of providing gas networks to dispersed rural communities is not generally commercially viable, however, there is established use of liquefied petroleum gas (LPG) as an alternative.

MEASURES TO MITIGATE ANY ADVERSE IMPACT OR ALTERNATIVE POLICIES



It is not anticipated that gas network extension will have an adverse impact on people in any of the Section 75 categories. Gas network extension rather offers a number of potential benefits, including increasing the availability of a cheaper and easier to budget for source of energy. However, DETI recognises that careful consideration has to be given as to how the project is financed and delivered in order to fully realise the benefits of natural gas, particularly for the fuel poor which includes a disproportionate number of older people and other vulnerable groups.

Section 4 of this draft EQIA has already detailed the estimated cost of financing the new gas networks and outlined the consideration which has been given to ensuring (i) that natural gas is provided at an affordable cost for energy consumers in the West and North-West, while (ii) minimising the project's impact on gas bills for existing gas customers in Northern Ireland.

The Northern Ireland Executive's decision to provide financial assistance of up to £32.5 million towards extending the high pressure natural gas network to additional towns in the West and North-West will be an important factor in minimising increases to overall gas tariffs across Northern Ireland as a result of the project. Without this financial assistance, the price differential between gas and oil might prove insufficiently attractive to encourage consumers to convert to gas, and oil and coal might, therefore, continue as primary fuel sources for many domestic and business customers in the West and North-West. In addition, without government assistance, the cost of providing new high pressure gas pipelines to the West and North-West will have a bigger impact on gas bills for existing gas customers through increases in the postalised gas tariff element of those bills.

It is noted that the cost of building new low pressure gas distribution networks in the identified towns in the West and North-West will not impact at all on existing gas customers in the Greater Belfast and Larne and '10 Towns' licensed areas and should not result in gas distribution tariffs for potential customers in the new licensed area which are significantly different to those paid in the two existing gas licensed areas in Northern Ireland.

Maximising Connections

It is anticipated that the cost and convenience benefits of natural gas will act to encourage many consumers to switch to natural gas where it is made available. However, the Department has noted that there is a range of financial incentives available in the existing gas licensed areas which, if provided in the new licence area of the West and North-West, could contribute to encouraging consumers to switch to gas.

Existing Government-funded initiatives (at October 2013) include the Northern Ireland Sustainable Energy Programme (NISEP) under which *firmus energy* offers eligible domestic customers in the '10 Towns' licensed area installation of a fully funded natural gas heating system and controls (Toasty Homes Plus) or cash back of £1,500 towards a natural gas heating system (Toasty Homes). NISEP also offers grants towards energy efficiency measures, while the Boiler Replacement Scheme, which is administered by the Northern Ireland Executive, aims to help with the cost of replacing an old inefficient boiler and is available in both existing gas licensed areas.

In addition to these government-funded schemes, the gas companies themselves may also offer a range of incentives above and beyond the provision of a free connection (service pipe and meter). In the '10 Towns' licensed area, for example, *firmus energy* currently provides a £300 incentive to convert from oil, solid fuel, LPG or electric to a new gas installation in existing dwellings. However, it should be noted that all such incentives are funded through the price control mechanism administered by the Utility Regulator. This means that, ultimately, they are funded by consumers themselves (albeit that this funding is provided by the generality of customers and over the lifetime of the network assets).

Further Extension of the Gas Network

There are further areas of Northern Ireland which do not currently have access to natural gas, including parts of East Down and North Antrim. Any future extension of the natural gas network will be given careful consideration to ensure that it is economically viable. To do otherwise would risk increasing gas prices for all gas consumers in Northern Ireland to a level which is not affordable. Each application for taking gas to a new area will therefore be considered on its own merits by the Utility Regulator.

Locations given priority for any extension of the gas network will depend on the availability of suitable gas loads in such areas, interest by a gas company in developing new gas networks, and the commitment of companies and public sector organisations in new areas to connect to natural gas in the event of it becoming available.

Where it is not economically viable to provide natural gas, the Department will seek to maximise other alternatives, such as renewable heat or other renewable technologies.

Cross Sectoral Fuel Poverty Partnership

As part of its energy role and in parallel to taking forward gas network extension, DETI will continue to work with others on a range of energy matters related to tackling fuel poverty. Specifically, the Department works with a number of Executive Departments and representatives from National Energy Action, the Consumer Council and energy providers through the Department of Social Development-led Cross Sectoral Fuel Poverty Partnership to identify practical measures aimed at helping those in fuel poverty.

MONITORING ARRANGEMENTS



As outlined in **Section 3**, DETI has drawn upon a range of statistics and surveys, particularly from recent documents on fuel poverty in Northern Ireland produced by the Department of Social Development, and the Northern Ireland Housing Executive's *'2011 House Condition Survey'*. The Department would propose to continue to monitor such information on fuel poverty on an ongoing basis in order to help assess the impact of gas network extension on the experience of fuel poverty in Northern Ireland, particularly on the part of older people.

The Department will also liaise with the Utility Regulator and the local gas companies to monitor uptake rates for natural gas in the existing gas licensed areas in Northern Ireland and in the proposed new licence area in the West and North-West.

CONCLUSIONS



This draft EQIA has considered proposals for extending the natural gas network to seven main towns in the West and North-West. On the basis of the information considered in this draft EQIA, DETI considers that extending the gas network in the West and North-West should not have an adverse impact on any of the Section 75 groups. This conclusion has been reached on the basis that natural gas should provide long term benefits to local communities in the West and North-West, particularly in the main urban areas. Gas network extension will:

- provide consumers in the identified towns with an additional fuel choice which should offer significant cost benefits over oil and coal;
- offer consumers a choice of using pre-payment gas meters which could help domestic customers, particularly vulnerable customers, with budgeting for energy costs;
- help to alleviate the very high levels of fuel poverty in Northern Ireland which impact particularly upon certain Section 75 categories, including older people;
- increase the potential for businesses and domestic consumers to use a cleaner, more efficient fuel;
- improve the competitiveness of local businesses though the lower energy costs and the efficiency which natural gas provides;
- provide both short and long-term employment opportunities for the construction and engineering sectors;
- benefit the environment through reduction of harmful emissions; and
- enhance security of energy supply to consumers through supporting provision of an alternative primary fuel source;

The Department recognises, however, that in order to ensure that the benefits of natural gas are made as widely available as possible, careful attention must be paid to the financing and delivery of these proposals.

Provision of new gas networks in the West and North-West will be monitored by Energy Division within DETI, working in conjunction with the Utility Regulator and delivered by a licensed private sector gas company which be responsible for designing, constructing and operating new gas networks serving Dungannon, Coalisland, Cookstown, Magherafelt, Omagh, Enniskillen/Derrylin and Strabane. It is proposed that the Utility Regulator will award gas conveyance licence(s) to build and operate the high pressure gas pipelines between towns and the low pressure gas distribution systems within towns through a licence competition to be launched later this year.

The gas extension proposals will also benefit from Northern Ireland Executive-approved financial assistance up to £32.5 million to reduce the cost to consumers of delivering the new gas infrastructure to the West and North-West. The intention is to reduce the cost of providing new gas networks on existing gas and electricity customers in Northern Ireland, and to ensure that natural gas is only made available at an affordable cost to potential new customers in the West and North-West. Also as recommended in the Department's 2012 economic appraisal, the competition will be held on the basis that the low pressure gas distribution systems within the identified towns must be rolled out the aim of making natural gas available to as many domestic consumers as is economically feasible.

The Department acknowledges that there are costs involved in switching to gas. However, previous experience in existing gas licensed areas in Northern Ireland shows that customers do avail of incentives offered by the gas companies to connect to natural gas and that such incentives, along with the cost benefits and convenience of gas, encourages switching. In addition, there is support available through a number of government-funded schemes, including the Northern Ireland Sustainable Energy Programme, to assist those on low incomes to switch to gas.

DETI recognises that it will not be economically viable to provide new gas networks to all areas within Northern Ireland. Only those areas with identified business loads and/or a sufficiently concentrated centre of population will offer the gas loads required to make gas network extension commercially feasible. Outside the main urban areas in the West and North-West, DETI will continue to seek to maximise other alternatives, such as renewable heat or other renewable technologies.

FORMAL CONSULTATION



DETI now wishes to consult as widely as possible on this draft EQIA in respect of proposals to extend the gas network to further towns in the West and North-West. With this in mind, DETI has:-

- Notified all of the consultees listed in DETI's Equality Scheme of the availability of the draft EQIA in hard copy or in alternative formats upon request; and
- Posted a copy of the draft EQIA on DETI's website, <u>www.detini.gov.uk</u>

DETI will arrange further meetings during the consultation period with representative groups and other interested parties upon request. Should accessible formats be required in Braille, disc, audio cassette or in ethnic minority languages, please contact 028 9052 9279.

How to contribute

The consultation period will close on **7 February 2014**. Responses should reach the Department on or before that date, and should be forwarded to gasextension@detini.gov.uk OR sent by post to:

Energy Markets
Department of Enterprise, Trade and Investment
Room 44
Netherleigh House, Massey Avenue,
Belfast

Telephone: 02890529279 Fax Number: 02890 529549 Textphone: 02890529304

All responses should include the name and postal address of the respondent.

Responses

All responses will be acknowledged and carefully considered in the overall process. If you have consulted other people, groups or organisations, please note this in your response. Should you wish your views to be considered confidential, please state this when forwarding your comments.

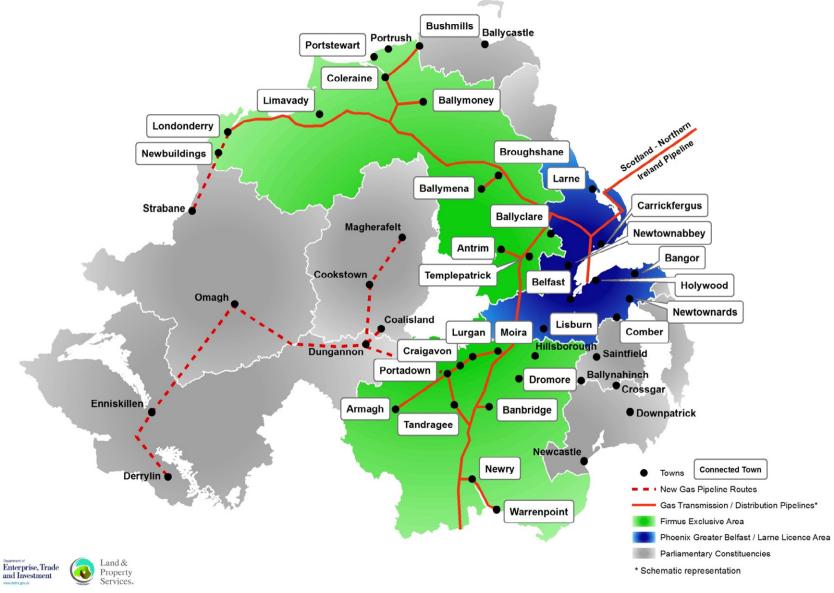
PUBLICATION OF EQIA



As noted above in the Executive Summary, the outcomes of the consultation exercise on this draft EQIA will inform developments with respect to the extension of the gas network infrastructure in Northern Ireland.

The outcomes of this subsequent work will be published on the DETI website and sent to those on the consultee list who have expressed a request for formal response.

Natural Gas Availability in Northern Ireland



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TABLE OF ABBREVIATIONS

BGE Bord Gáis Eireann

DETI Department of Enterprise, Trade and Investment (the Northern Ireland Government Department

responsible for energy matters)

DSD Department of Social Development

EQIA Equality Impact Assessment (conducted under Section 75 of the Northern Ireland Act 1998)

firmus firmus energy

HCS House Condition Survey

LPG Liquefied Petroleum Gas

NIHE Northern Ireland Housing Executive

NISEP Northern Ireland Sustainable Energy Programme

NISRA Northern Ireland Statistics and Research Agency

PAYE Pay As You Go

PfG Programme for Government (the Northern Ireland Executive's strategic priorities and key plans for 2011-

2015)

PNG Phoenix Natural Gas

Ofgem Office of Gas and Electricity Markets (GB)

SEF Strategic Energy Framework

REFERENCE SOURCES

Legislation:

The Energy (Northern Ireland) Order 2003

The Gas (Northern Ireland) Order 1996

The Northern Ireland Act 1998

Publications:

'Business Case for Extension of the Natural Gas Network to Selected Towns in Northern Ireland', September 2012 – KPMG

'Census 2011' - NISRA

'Comparative Domestic Cost of Gas v Oil Report', May 2013 - Consumer Council

'Defining Fuel Poverty in Northern Ireland - A Preliminary Review', September 2011 - DSD

'DETI Equality Scheme' - February 2012

'House Condition Survey 2009' - NI Housing Executive

'House Condition Survey 2011' - NI Housing Executive

'NI Annual Survey of Hours and Earnings', 2012 - NISRA

'Potential for Extending the Natural Gas Network in Northern Ireland', 2011 Consultation Paper- DETI

'Potential Extension of Natural Gas and Related Services in Northern Ireland', 2010 Feasibility Study - DETI

'Promoting smarter energy markets', December 2011 - Ofgem

'Warmer Healthier Homes - A new Fuel Poverty Strategy for Northern Ireland', 2011- DSD