

11th November 2021

Geoscience Regulation Office,
Department of the Environment, Climate and Communications,
29-31 Adelaide Road,
Dublin,
D02 X285.

Submitted via e-mail to GSRO@decc.gov.ie

Our Ref: 501.00269.00004 L2

Your Ref: Public consultation on the application for decommissioning of certain facilities within the Kinsale Area gas fields (KADP)

Dear Sir/Madam

RE: *THE LEAVING IN-SITU OF THE 24" EXPORT PIPELINE (OFFSHORE AND ONSHORE SECTION), THE FILLING OF THE ONSHORE SECTION WITH GROUT AND DECOMMISSION OF THE INCH TERMINAL*

SLR Consulting Ireland acts as planning and environmental advisors to Predator Oil and Gas Holdings Plc, 3rd Floor Standard Bank House, 47-49 La Motte Street, St. Helier, Jersey JE2 4SZ. This submission relating to the Kinsale Area Decommissioning Project (KADP) has been prepared on their behalf.

Predator Oil and Gas Ventures Ltd., a wholly owned Predator Oil & Gas Holdings Plc subsidiary, has applied for a follow-on Exploration Licence as provided for under the terms of Licensing Option 16/30 which includes the Marathon 49/19-1 Ram Head gas discovery made in 1984 and the 49/14-1 tested gas discovery made in 1974/75. The rationale is to develop Ram Head as gas storage infrastructure with in place cushion gas linked to the Mag Mell LNG FSRU gas import facility. The Ram Head gas storage project will make use of existing assets and infrastructure, in particular the existing Petronas 24" export pipeline from the decommissioned Kinsale Head Gas Field that ties directly into the Irish gas transmission network at the onshore Inch Terminal where there is a GNI entry point. Ram Head represents a gas storage opportunity for Ireland, which is an integral part of Ireland's current energy strategy. The IEA and the Irish Academy of Engineering have also expressed their support for the development of gas storage in Ireland (Irish Academy of Engineering, , 2018) (International Energy Agency, 2019)

Ireland is entering a period of major transition of its energy systems as part of the national Climate Action Plan 2019 objective to double the electricity generated from renewable sources to 70% of the nation's consumption with the majority of the remaining 30% of electricity generated from natural gas. Maintenance of energy security for Ireland within this transition period depends on the provision of a strategic natural gas storage facility such as Ram Head to provide security of supply for the national network.

This submission considers the scope of the Ram Head project in respect of the KADP and reviews the alignment of the KADP with the infrastructure requirements of Ram Head.

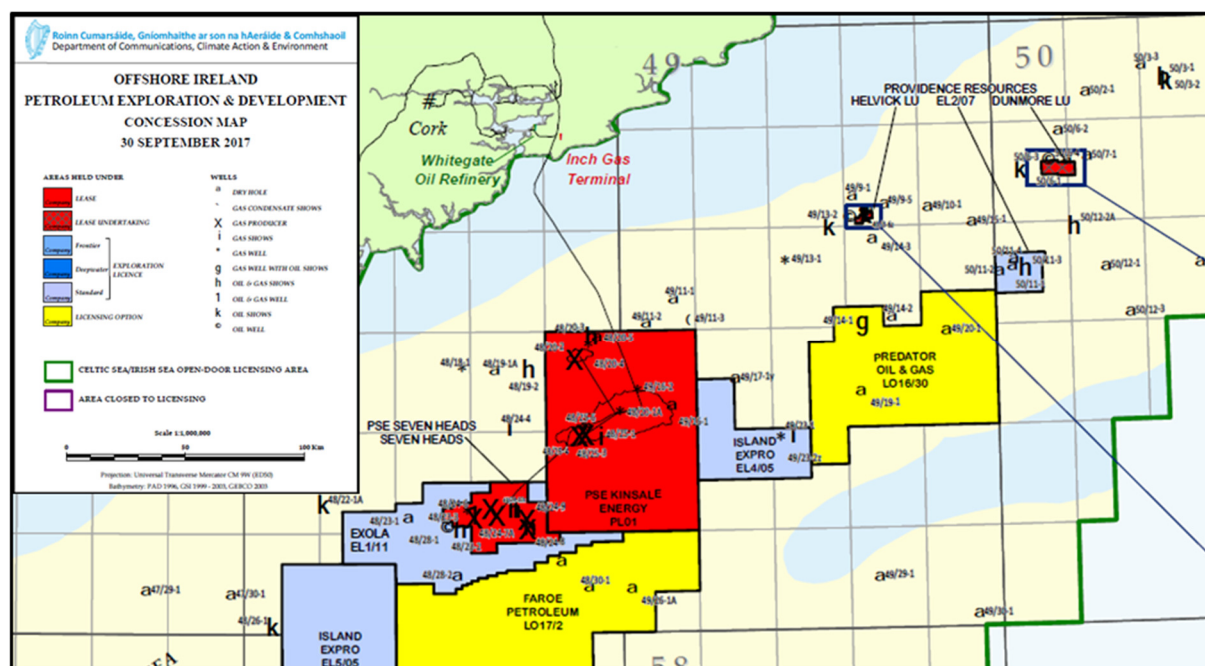
The submission is structured as follows,

- Project Concept and Proposal
- Subject Site Context
- Basis of the Submission
- Submission Comments
- Concluding Remarks

PROJECT CONCEPT AND PROPOSAL

The proposed Ram Head gas storage facility is located 40 km east of the Kinsale Head Gas Field in 294 ft water depth. Gas storage will be in either Lower Cretaceous or Jurassic reservoirs with the first phase of gas storage focussed on the shallow Lower Cretaceous reservoirs. Lower Cretaceous sands are identified in the 49/14-1 gas discovery well in reservoirs favourable for gas storage by comparison with the production history of the Seven Heads gas field and the history of storage operations at the now depleted SW Kinsale storage facility. Jurassic reservoirs are identified in the Marathon dry gas discovery well 49/19-1 drilled in 1984. Licensing Option 16/30 is currently the subject of an application for a successor authorisation – a Standard Exploration Licence.. The proposed gas storage facility would utilise the 24”inch export pipeline and Inch Gas Terminal, both subject of the KADP decommissioning plan.

Figure 1 Location LO16/30 Ram Head Gas Storage



The Ram Head Gas Storage Project is consistent with the findings of the GNI/EIRGRID Long Term Resilience Study (2018) that includes the development of permanent gas storage as one of the options to improve Ireland’s security of supply position.

SUBJECT SITE CONTEXT

As described, the Ram Head gas storage facility will make use of existing assets and infrastructure, in particular the existing Petronas 24" export pipeline from the decommissioned Kinsale Head Gas Field that ties directly into the Irish gas transmission network at the onshore Inch Terminal where there is a GNI entry point.

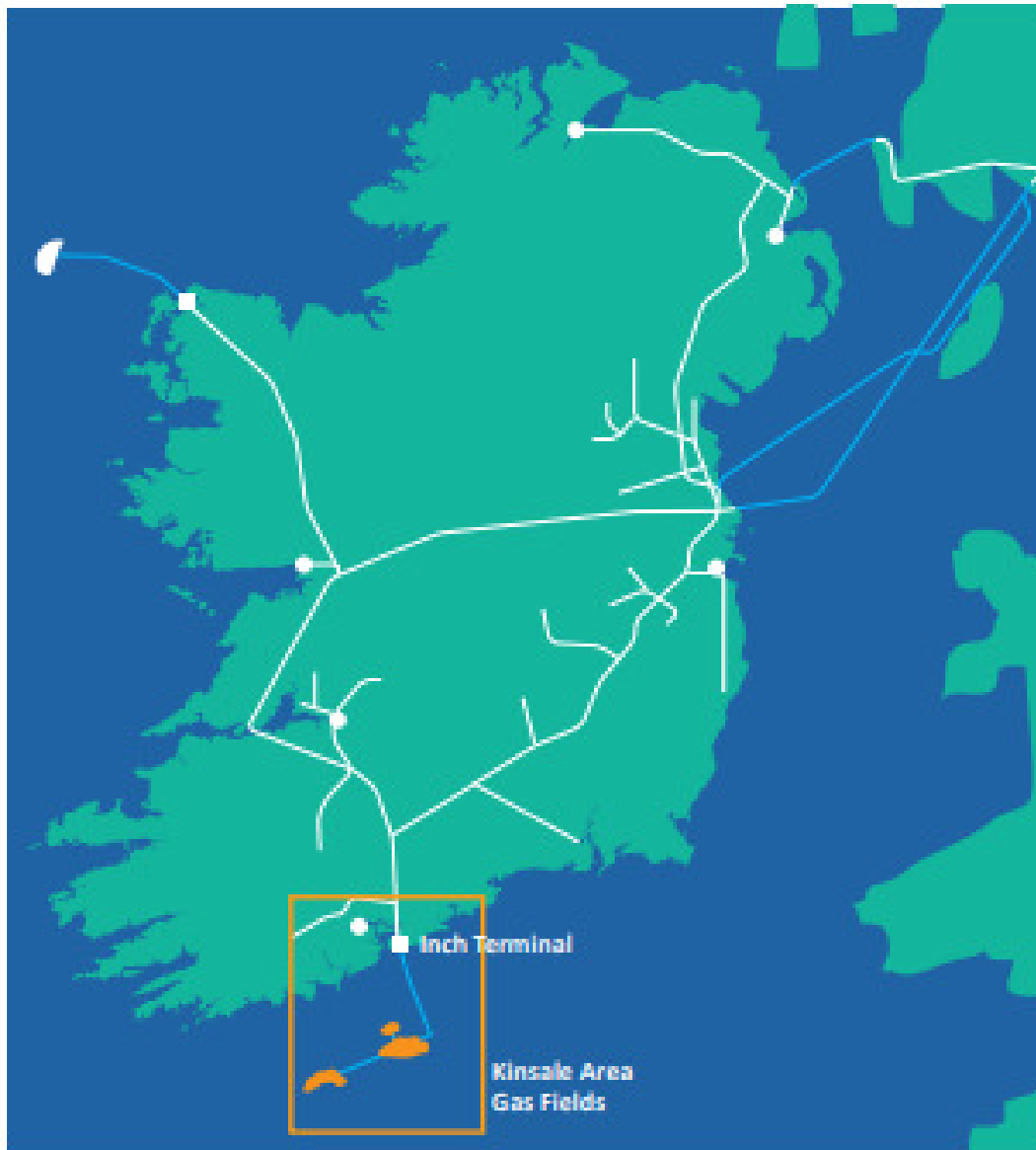


Figure 2 Site context map illustrating the existing Kinsale Areas Gas Fields in relation to the Inch Terminal and the wider Gas Network (Source: *Kinsale Area Gas Fields Decommissioning Project Information Leaflet*).

BASIS OF THE SUBMISSION

National Marine Planning Framework

The repurposing of the decommissioned 24" export pipeline (offshore and onshore section) associated with the Kinsale Head gas fields is an integral element of the Ram Head Gas Storage Project, in keeping with the NMPF objective of supporting the development of additional natural gas import infrastructure (Transmission Policy 6). The repurposing of the decommissioned 24" export pipeline will avoid the adverse environmental impact of constructing a new pipeline.

The National Marine Planning Framework (NMPF) is a national plan for Ireland's maritime area, setting out, over a 20 year horizon, how the country of Ireland wants to use, protect and enjoy its seas. The NMPF sits at the top of the hierarchy of plans and sectoral policies for the marine area. It is described that the plan has been informed by existing sectoral plans and will, in turn, be used to inform future cycles of those plans in an ongoing feedback loop. It is stated that it provides a coherent framework in which those sectoral policies and objectives can be realised. It will become the key decision-making tool for regulatory authorities and policy makers into the future in a number of ways including decisions on individual consent applications which will have to secure the objectives of the plan, similar to the way that terrestrial plans form part of the decision-making toolkit in the on-land planning process.

The NMPF notes that the 2015 Energy White Paper acknowledges that natural gas will continue to play an important role in the energy transition, firstly to ensure system flexibility and inertia with more renewables in the power sector and, secondly to substitute for fuels with higher carbon emissions for heating purposes and in transport. The Department of the Environment, Climate and Communications (DECC) is conducting a review of the security of energy supply of Ireland's electricity and natural gas systems, which includes the need for gas storage. This study will inform the formulation of future policy measures to maintain the resilience of Ireland's gas and electricity supply.

Linkage with land planning and the National Planning Framework

The National Marine Planning Framework (NMPF) is a parallel document to the National Planning Framework (NPF). The NPF is a national document to guide at a high-level strategic terrestrial planning and development for the country over the next 20+ years, so that as the population grows, that growth is sustainable in economic, social and environmental terms.

The NPF recognises the importance of integration between land and marine planning through chapter **7 Realising our Island and Marine Potential** and the many shared aims and overlapping areas of co-ordination and activity across the two regimes. The NPF contains 6 national planning objectives that are specific to the marine sector.

Similarly, the NMPF mutually recognises the importance of integration and co-ordination with the land planning regime at national, regional and local levels. In future it will be equally important in turn those national, regional and local terrestrial plans are consistent with the NMPF, as they will be required to do under the Planning and Development Act 2018. Many activities and uses that take place on land or in the sea can have impacts on both the land and the maritime area. The Marine Spatial Planning Directive requires that these interactions are considered.

National Development Plan

The National Development Plan 2018 – 2027 (NDP) sets out the investment priorities that will underpin the successful implementation of the MNPF and NPF. It is described that this will guide national,

regional and local planning and investment decisions in Ireland over the next two decades to cater for an expected population increase of over 1 million people.

Of significance to this submission, the section titled **Commercial State Sector Investments** describes that a significant proportion of this renewable power generation is being delivered from wind energy but given **the intermittent nature of this technology, a proportion of Ireland's electricity needs will likely continue to be generated from gas over the medium to longer term**. It is stated that it will therefore remain necessary for a certain level of gas fired generation to continue to be available to ensure continuity of supply and the integrity of the electricity grid during the transition towards a low-carbon energy system.

SUBMISSION COMMENTS

The following outlines the key points that Predator Oil and Gas Holdings Plc would like to address in relation to the proposed decommissioning of certain facilities of the Kinsale Area Decommissioning Project (KADP) and its concept Ram Head Gas Storage Project, that would make use of the existing 24" pipeline connected to the GNI entry point at the onshore Inch Terminal.

In the KEL EIAR Vol 1 of May 2018 under Consideration of Potential Alternative Uses the use of the main 24" export pipeline and landfall at the Inch Terminal as import infrastructure for offshore gas storage was not considered. In the KEL EIAR Addendum 1 of 8th August 2019 Consultation Table Predator Oil and Gas Holdings Plc was not included. Therefore, we submit that:

- The Ram Head Gas Storage Project provides a viable alternative re-use option for the 24" export pipeline and the Inch Terminal.
- Predator Oil and Gas Holdings Plc objects to the proposed plan under KEL's Consent Application 3 to fill the onshore section of the 24" export pipeline with grout. The intention is to grout the onshore pipeline section during the decommissioning of the Inch Onshore Terminal site.
- Predator Oil and Gas Holdings Plc objects to the proposed plan under KEL's Consent Application 3 to decommission the Inch Terminal.
- DECC should consider adopting a Deferral and Phased Decommissioning approach as practiced in the UK. This approach recognises that disused facilities including pipelines may represent important infrastructure. Where a specific opportunity has been identified deferral of decommissioning can be considered.
- Alternatively, DECC might consider adopting an Interim Pipeline Regime as practised in the UK. The Interim Pipeline Regime is intended to ensure out of use lines do not pose a risk to other users of the sea or the environment and that they are covered by an appropriate surveying and maintenance regime from the point when they are taken out of use by one operator until approval of the final decommissioning programme of another operator.

Predator Oil and Gas Holdings Plc contends that the 24" export pipeline could be left in a state of interim decommissioning (i.e. as is, filled with inhibited seawater) until such time as access to the pipeline and Inch Onshore Terminal is established by the Ram Head Gas Storage project. Predator Oil and Gas Holdings Plc further contends that the filling of the onshore section of 24" export pipeline with grout and the decommissioning of the associated Inch Onshore Terminal is premature and a decision to grant consent by DECC can be deferred without adversely affecting the overall decommissioning cost or schedule

The objections are lodged now due to the fact that Predator Oil and Gas Holdings Plc was overlooked in the KEL stakeholder engagement process.

KEL and DECC Compliance with Consultation and Stakeholder Engagement

Predator Oil and Gas Holdings Plc is not included in KEL's stakeholder register referenced in KEL's Consent Application 3 of 30th September 2021 although Paul Griffiths has been in contact with DECC, concerning the extension of the Licence Option 16/30 for the Ram Head Gas discovery.

The PSE KEL Consent letter states that following discussions with DECC regarding potential future use of the facilities, it was the position of the Department that Consent Application No. 3 should be submitted on the basis that arrangements are **not** to be made to provide for the future use of the pipelines. Did the Department take into account the ongoing discussions with Predator Oil and Gas Holdings Plc on the Ram Head Licence Option 16/30 Extension in reaching this position?

KEL's Consent Application 2 of August 2019 states that a leave in situ option, particularly with regard to the main 24" export pipeline and landfall, could facilitate the re-use of the pipeline infrastructure in the future.

Preliminary studies into the use of the Kinsale Head reservoir and facilities for CCS have been undertaken by Ervia and these indicate that re-use of the platform jackets as part of a CCS project is not viable, although the 24" export pipeline could possibly be re-used.

In his report to DECC on 28th November 2019 on KEL's Consent Application No. 2 Stephen Jewell of Selgovia Limited (retained by DECC as petroleum engineering advisor) stated that KEL remains open to the possibility that some of the pipelines might be preserved for reuse pending more detailed study of such options. Has a more detailed study of those options been carried out by KEL?

It should be noted that the 'Long Term Resilience Study' (Gas Networks Ireland EIRGRID, 2008) concluded that the development of permanent gas storage is one of the options to improve Ireland's security of supply position.

It is submitted that the proposed Ram Head Gas Storage Project should be considered a key project, as it would enable Ireland to ensure energy security of supply by providing an alternative source of gas, through the use of existing infrastructure. In support of this it should be noted that diversification of supply sources is considered paramount both for energy security as well as for competitiveness.

Security of Supply and Public Interest Considerations

Natural gas storage as proposed by the RAM Head Gas Storage Project is well established as an issue of 'public interest'. By virtue of targets and actions set within the Government's Climate Action Plan, Ireland is entering a period of major transition of its energy systems, including increasing the proportion of the electricity generated from renewable sources to 80% of the country's final consumption. This target was set in the Climate Action Plan in October 2021, with the majority of the remaining 20% of electricity anticipated to be generated from natural gas. The maintenance of energy security within this transition period is critical to the Plan's success, and the provision natural gas storage is acknowledged as having the potential to make a major contribution to our energy security.

In terms of wider energy security considerations, the following factors are important:

- Ireland's demand for electricity is expected to increase in the coming years due to increased electrification in the heat and transport sectors and growth in demand from large energy users such as data centres;

- following the phasing out of peat and coal use for electricity generation, Ireland's security of electricity supply is expected to become much more dependent on natural gas which is likely to be the principal source of non-variable generation supporting variable renewable sources such as wind and solar;
- there will be a significant reduction in indigenous supplies of natural gas due to production at the Kinsale fields having ceased in July 2020, and the planned tapering decline in production from Corrib over the next decade;
- Ireland's gas import dependency is predicted to increase from over 50% in 2019 to circa 80% by the middle of the decade and to over 90% import dependency by 2030;
- all of Ireland's natural gas imports are sourced (via the two pipelines) from a single supply point at Moffat in Scotland with no alternative import routes;
- there is no natural gas storage in Ireland at present; and
- the UK has left the European Union which will lead, at the end of the withdrawal period, to difficulties for Ireland in meeting the requirements of EU law in relation to gas security of supply including potential challenges for future compliance with EU law including the "N-1" infrastructure standard and the supply standard.

As alluded to previously, several studies have examined Ireland's security of supply with a particular focus on natural gas. In November 2018 the Long-Term Resilience Study was published¹ by GNI and EirGrid and examined Ireland's resilience to a prolonged gas disruption. It made recommendations on how Ireland can future-proof its gas supply.

In addition, in July 2018, the Irish Academy of Engineering published a report² on the role of natural gas in Ireland's energy security. The report highlighted the following key conclusions,

1. Natural Gas is critical to Ireland's Energy Supply

Gas plays a critical role in Ireland's energy mix. Gas supplies around 30% of Ireland's total primary energy and is used to generate about 50% of Ireland's electricity. Many indigenous and multinational companies in Ireland rely on gas. Approximately 650,000 households in Ireland depend on natural gas for home heating.

2. Natural gas will be essential for Ireland's transition to a low-carbon future

Electricity generation in Ireland in the future will be a combination of renewables and natural gas. Ireland's dependence on natural gas for electricity generation will increase further when coal and peat use in generation end. Gas would then account for over 90% of Ireland's electricity generation at times of very low renewables generation. Natural gas has the lowest carbon emissions of all fossil fuels and is the ideal complement to renewables. Gas will also be

¹ Gas Networks Ireland and Eirgrid (2018) *Long Term Resilience Study*.

² Irish Academy of Engineering (2018), *Natural Gas Essential for Ireland's Future Energy Security*.

needed for many industries in Ireland where there is no low-carbon alternative. Gas will be critical for Ireland's transition to a low-carbon future.

3. Ireland will have no indigenous natural gas supply after 2030

Corrib will only supply around 20% of Ireland's annual gas demand in 2025. Corrib production will cease by around 2030. This will leave Ireland in the vulnerable position of having no indigenous gas supply and being totally dependent on gas imports from Britain.

4. Ireland needs to develop alternative gas supply sources

Ireland needs to develop diverse sources and routes of gas supply to ensure its energy security in the longer term. By 2030, Britain will need to import 75% of its gas due to the decline in North Sea production. The gas supply route to Ireland will be longer than at present with a greater risk of supply disruption. Ireland should have at least two separate supply sources and supply routes. Developing a gas storage project at Ram Head would enhance Ireland's security of supply and provide access to the competitive global gas market. Exploration for offshore gas should be promoted in parallel. Options of gas storage in Ireland also need to be assessed.

5. A Strategic plan for gas supply security is needed.

A strategic government plan is needed to diversify Ireland's gas supply. This strategic plan should include appropriate fiscal, licensing and legislative frameworks to facilitate the development of new sources of gas supply and encourage investment. The plan needs to factor in a lead-time of five to ten years for large energy infrastructure developments in Ireland.

However, it should be noted that there have been a number of important developments since both of these studies were published. These include,

- a new target of 70% for the level of electricity generated from renewable sources by 2030 has been set;
- clarity that the UK will leave the internal energy market and the full spectrum of EU energy law will no longer apply to the UK;
- the planned closure of two of the three peat-fired power stations and the significant reduction in generation of electricity from coal increasing the reliance of the electricity supply in Ireland on natural gas in the near term; and
- a reduction in the number of active petroleum exploration licences and the commitment in the Programme for Government to end the issuing of new licences for the exploration and extraction of gas, which in turn means a significant reduction in the likelihood of additional indigenous production of natural gas.

In light of the above, it is considered that these previous studies are no longer considered to be fully representative of the key risks to security of supply in natural gas and electricity systems. In response, the Department of the Environment, Climate Actions and Communications has therefore commissioned a further study on the Security of Energy Supply of Ireland's Electricity and Natural Gas

Systems. This newly commissioned study is expected to be published in Q2 2022 and will include extensive stakeholder consultation and the preparation of a technical analysis to inform a full strategic review.

It is hoped that the Ram Head Gas Storage Project will be included in the consultation process of this review during 2021. In this regard, and with respect to the above points it is submitted that the proposed KEL Consent Application No.3 should acknowledge the Ram Head Gas Storage Project that would make use of the existing 24" pipeline and associated AGI connected to the GNI entry point at the onshore Inch Terminal.

Deferral and Phased Decommissioning

Predator Oil and Gas Holdings Plc contends that the 24" export pipeline could be left in a state of interim decommissioning (i.e. as is, filled with inhibited seawater) until such time as access to the pipeline and Inch Onshore Terminal is established by the Ram Head Gas Storage project.

UK Government guidance on decommissioning pipelines is outlined in Offshore Oil and Gas Decommissioning Guidance Notes November 2018, published by the Department for Business, Energy and Industrial Strategy. These Guidance Notes include the following provisions:

- Sections 5.18 to 5.23 (see extract below) recognise that decommissioning can be deferred stating that "disused facilities including pipelines may represent important UKCS infrastructure and provide the means for the further development of hydrocarbon reserves, or the storage of carbon dioxide or hydrocarbon gas. Where a specific opportunity has been identified deferral of decommissioning can be considered".
- Sections 10.23 to 10.27 (see extract below) address the situation where a pipeline reaches the end of its operational life substantially in advance of the other facilities in the field. In this case decommissioning of the pipeline is deferred, and the pipeline is considered to form part of an "Interim Pipeline Regime".

Predator Oil and Gas Holdings Plc understands that decommissioning of the Kinsale Field is taking place because of the cessation of production, but the 24" gas export pipeline has not necessarily reached the end of its operational life. Industry best practice makes provision for the deferral of decommissioning if reuse is an option, and furthermore the concept of "interim decommissioning" is acknowledged and allowed for in international decommissioning guidance documents.

CONCLUDING REMARKS

This submission has set out the rationale that Predator Oil and Gas Holdings Plc would like to highlight in support of a concept Ram Head Gas Storage making use of the existing 24" pipeline connected to the GNI entry point at the onshore Inch Terminal. It is submitted that the proposed KEL Consent Application No.3 should acknowledge the potential alternative use of the existing 24" pipeline and the onshore Inch Terminal by the Ram Head Gas Storage Project and modify the decommissioning plan accordingly.

We request that the following be inserted in the second paragraph of Section 3.3 of the KEL Consent Application 3:

"Five potential re-uses have been considered at a high level. These are hydrocarbon production, carbon capture and storage (CCS), Floating LNG Storage and Regasification, offshore gas storage, and offshore wind energy production".

Section 3.3 of the EIAR should include reference to the Ram Head Gas Storage Project.

KEL EIAR Addendum No.2 of 30th September 2021 should acknowledge that an alternative re-use and operator has been identified for the existing 24" pipeline and the onshore Inch Terminal by the Ram Head Gas Storage Project.

The failure by KEL and DECC to recognise Predator Oil and Gas Holdings Plc. as a stakeholder in the decommissioning consultation process potentially represents, in legal terms, an attempt at constructive termination of parts of its long-established business in Ireland. In the interests of absolute transparency, please indicate why Predator Oil and Gas Holdings Plc. was not identified as a stakeholder during the decommissioning consultation process and why the Ram Head Gas Storage option for the use of the Kinsale pipeline was not considered. Predator regards this as a very grave matter deserving your full attention as no legislation existed at the time of the decommissioning submissions that prevented re-use of the Kinsale facilities. Indeed, quite the opposite, the 2007 Offshore Licensing Terms and Conditions, which are still in force, specifically provide circumstances where the facilities could be used by third parties.

We trust that the rationale as outlined in this submission is both understood and justified but should you have any queries, please do not hesitate to revert to the undersigned.

Yours faithfully


SLR Consulting Ireland

REFERENCES

Gas Networks Ireland EIRGRID. (2008). *Long Term Resilience Study*.

International Energy Agency. (2019). *Energy Policies of IEA Countries - Ireland 2019 Review*.

Irish Academy of Engineering. . (2018). *Natural gas - essential for Ireland's future energy security* .