

**Wholesale Electricity and Gas Policy Division
Department of the Environment, Climate and Communications
29-31 Adelaide Road
Dublin 2
D02 X285
Ireland**

27 October 2022

Dear Sir/Madam,

RE: Review of the security of energy supply of Ireland’s electricity and natural gas systems consultation

This submission is in response to the above consultation document, published on 19 September 2022.

In particular, we want to address the questions posed under section 9. Of the report relating to Mitigation Options and Policy Measures.

We have no comments on the risk scenarios presented, other than to note that the scope of the review did not include oil supply, which we feel is a serious omission and should be included in future reviews.

By way of background, Lansdowne Oil & Gas plc. (“Lansdowne”), is a public company listed on the London Stock Exchange, in the Alternative Investment Market (AIM), since 2006. Lansdowne has been active in oil and gas exploration and appraisal activities offshore Ireland since that time and has participated in extensive seismic acquisition and drilling activities, investing around €40 million.

Lansdowne held a 20% interest in Standard Exploration Licence (“SEL”) 1/11 which contains the Barryroe Field and for which an application for a successor authorisation, a Lease Undertaking, was submitted in April 2021. This remains under consideration at the Department of the Environment, Climate and Communications (“DECC”).

Lansdowne also hold a 9% interest in the Helvick Field Lease Undertaking, for which an application for an extension period has been submitted and this also remains under consideration at DECC.

We welcome the publication of the consultation document, as energy security is of great and increasing concern.

As noted in the introduction to the document, “Energy is an essential part of life and a basic human need. As a society, having a continuous and stable supply of energy is extremely important. The International Energy Agency (“IEA”) defines energy security as the “uninterrupted availability of energy sources at an affordable price”.

The introduction goes on to state: “Energy import dependency is a simple and widely used indicator of a country’s energy security, with indigenous sources of energy being considered as more secure than imported energy. Ireland is one of the most energy import dependent countries in the EU with oil making up the largest share of energy imports i.e 100% of oil and 71% of natural gas was imported in 2021. Ireland’s dependency on gas imports is increasing as our supply of indigenous gas from the Corrib Field declines.”

Furthermore, the introduction to the report goes on to state that: “As we decarbonise our energy system, demand for electricity will increase and our demand for natural gas will decrease. However, as we transition away from other fossil fuels, the dependence of the electricity system on natural gas (particularly at times of low wind) and the peak demand for natural gas are both expected to increase.”

In the CEPA Report of 16 September 2022, under 1.1 Context there is a statement included: “Ireland’s indigenous natural gas production has ceased at the Kinsale Field and is expected to decline at Corrib over the next decade. However, since gas will be needed as the principal source of non-variable electricity generation, and exploration of new fields will not be allowed, Ireland’s dependency on gas imports from GB will significantly increase.”

Given these statements we find it extraordinary that “Additional gas reserves from existing exploration licences” included under Annex A to the CEPA Report, the long list of gas mitigation options, was not short-listed for further consideration.

The rationale for this was given as:

- Additional domestic production of natural gas above forecasted demand could result in Ireland being locked into a high-gas energy market
- There is an unknown volume of potential additional natural gas discoveries which may not be sufficient to provide substantial levels of mitigation

These two statements appear incompatible. On the one hand there is a concern there may be too much natural gas and on the other hand too little. Another outcome could be that there is just the right amount! It is indisputable that there are undeveloped discovered hydrocarbons in Irish offshore waters. Development of these discovered resources will provide additional energy security. If there are excess resources the market will price such resources appropriately and if alternative, lower carbon, sources of energy are available these discovered resources will remain unexploited.

This mitigation option appears to have been dismissed out of hand, without any consultation with the holders of the existing exploration licences. Lansdowne was certainly not contacted as part of the review process and we are not aware of any other licencees being contacted.

The Barryroe Field contains substantial quantities of both oil and gas, as outlined in independently produced Competent Person Reports – RPS Energy Consultants Limited (“RPS”) 2009, 2011 addressing the Middle Wealden,, Netherland Sewell and Associates Inc. (“NSAI”) 2013 Report on Barryroe full field Basal Wealden A Sand and RPS 2022 addressing a Phase 1 Development of the Basal Wealden A Sand reservoir.

All this work has been shared with DECC and the highlights are available on our website.

The most pertinent conclusion regarding gas is that there is 207 Billion Cubic Feet (BCF) of solution gas in the 2C case, recoverable along with the oil from the Basal Wealden A Sand reservoir (NSAI 2013)

In addition to this, the overlying Basal Wealden C Sand was fully gas bearing in the 48/24-10z well. This sand has been estimated by the operator, Barryroe Offshore Energy, to contain an additional 400BCF Gas Initially in Place (GIIP).

We believe it is a grave oversight not to have considered the combined potential for c.500 BCF of gas recoverable from Barryroe under the gas mitigation measures.

Furthermore, the precise split between oil and gas in the Barryroe Field remains uncertain and it has been remarked on before that Barryroe may turn out to be primarily a gas field and so have the potential to make a much more material

contribution to gas supply and energy security. An appraisal well is required to answer this question and detailed planning for this has been undertaken, including a new site survey completed in November 2021.

Given the concern about overall energy supply and specifically gas supply, we believe it is imperative that this appraisal well be advanced as quickly as possible, but no further progress can be made until an award of a Lease Undertaking for Barryroe, which remains under consideration at DECC.

The gas supply mitigation options that were taken forward for further work included a Gas Storage Facility and a Floating LNG Terminal and we have comments on both of these options.

Gas Storage

Regarding the Gas Storage Facility, this is assumed to be a strategic asset and not a commercial operation. It is noted that there was previously a gas storage facility at the Kinsale gas field (South West Kinsale) and that this could be reinstated, "but this would require major infrastructure investment and a very large investment in gas stocks to bring gas to a minimum level (known as cushion gas)."

We believe that the Barryroe Field offers a number of options to assist in gas storage and this should have been considered in the review. For example, should the gas bearing Basal Wealden C Sand prove to be a separate reservoir from the oil-bearing A Sand, the C Sand could act as a Gas Storage reservoir. The C sand demonstrated high deliverability on test, which is a fundamental requirement of any gas storage facility. Another option would be that Barryroe gas could be produced and used to replenish the South West Kinsale reservoir, allowing that to return to use as a gas storage facility.

Floating LNG Terminal

We can readily understand the focus on a Floating LNG Terminal as a gas mitigation option, as many other European Countries are pursuing this option.

The only observation we make is that it is well established that LNG operations are more carbon intensive than conventional offshore gas fields with associated pipeline infrastructure and it thus appears contradictory to pursue such an option when there are conventional gas resources available on the Irish Continental Shelf.

In conclusion, whilst we welcome the report on the review of energy security and the stated intention to conduct such reviews at regular intervals in the future, we were surprised that the potential of discovered resources on the Irish Continental Shelf was not considered in the report and that there was no engagement with the licencees. We also believe that any future reviews must address oil supply, as this continues to hold the largest share of primary energy usage in Ireland being 45% (SEAI 2020).

We look forward to engaging further with DECC on this critical matter.

Yours sincerely,

