

Phoenix Energy Gas Conveyance Licence Extension Proposal

Consultation and Notice under Article 8(4) of the
Gas (Northern Ireland) Order 1996 on Proposed
Extension of Phoenix Energy Gas Conveyance
Licence

25 November 2024



About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland’s electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; Markets; Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Abstract

This notice and consultation set out our proposal to extend the gas conveyance licence held by Phoenix Energy Group Ltd (Phoenix Energy). The proposed licence extension seeks to facilitate the injection of biomethane from three specified sites onto the Phoenix Energy distribution network.

Audience

This document is likely to be of interest to the parties wanting to inject biomethane from the three sites onto the Phoenix Energy network, regulated companies in the energy industry, government, other statutory bodies as well as consumer groups and other organisations with an interest in the energy industry.

Consumer impact

We consider that proposed licence extension will further the decarbonisation of the gas network and help to secure a diverse, viable and environmentally sustainable long-term energy supply, at minimal financial risk to consumers.

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Glossary

AD	Anaerobic Digestion
firmus energy	firmus energy (Distribution) Limited
GDPR	General Data Protection Regulation
GNOs	Gas Network Operators
NI	Northern Ireland
PE	Phoenix Energy Group Ltd
UR	Utility Regulator

Executive Summary

On 13 September 2024 Phoenix Energy Group Ltd (Phoenix Energy) submitted to the Utility Regulator (UR) an application for the extension of its current gas conveyance licence to facilitate the injection of biomethane from three biomethane injection sites:

- United Renewables AD (Anaerobic Digestion) plant, lands 150 metres southwest of 5 Hannahstown Road, Slievenacloy, Lisburn, County Antrim BT28 3TB
- RGWP Ltd AD plant, 91 Bowtown Road, Newtownards, County Down, BT23 8SL
- Rea Hill Farm Ltd AD plant, lands 166 metres north of 10 Rea Hill Road, Newtownabbey County Antrim, BT36 5SF

After review and consideration of the application, we propose to grant the requested licence extension on a non-exclusive basis.

This consultation offers the opportunity for interested parties to make representations or objections in relation to the proposed licence extension.

1. Introduction

Purpose of this Consultation

- 1.1 On 13 September 2024 Phoenix Energy Group Ltd (Phoenix Energy) submitted to the Utility Regulator (UR) an application for the extension of its current gas conveyance licence to facilitate the injection of biomethane from three biomethane injection sites:
- United Renewables AD (Anaerobic Digestion) plant, lands 150 metres southwest of 5 Hannahstown Road, Slievenacloy, Lisburn, County Antrim BT28 3TB
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After review and consideration of the application, we propose to grant: the requested licence extension on a non-exclusive basis.

- 1.2 This consultation offers the opportunity for interested parties to make representations or objections in relation to the proposed licence extension.

Document Structure

- 1.3 This consultation document is structured in a number of chapters as follows:
- *Chapter 1 Introduction* provides an overview over the purpose and structure of this consultation document it also sets out details on how to respond to the consultation as well as equality considerations.
 - *Chapter 2 Assessment of Licence Extension Application* summarises key aspects of the licence extension application; it also sets out our key considerations and conclusion with respect to the licence extension request, including the reasons for our proposal to grant the requested licence extension.
 - *Chapter 3 Next Steps* sets out the indicative timetable for the next steps of the licence extension process.
 - *Annex A* shows the drafting proposal for extending the Phoenix Energy gas conveyance licence.

- *Annex B* represents the notice under Article 8(4) of the Gas (Northern Ireland) Order 1996 of the proposed licence extension.

Responding to this Consultation

- 1.4 The Utility Regulator welcomes industry and stakeholder comments and representations on the proposed extension of the Phoenix Energy licence and the associated proposed licence modifications. Any representations or objections with respect to the proposals may be made on or before 12 noon on 9 January 2025 to:

Veronika Gallagher

Utility Regulator

Queens House

14 Queen Street

Belfast BT1 6ED

Email: Gas_networks_responses@uregni.gov.uk with cc to veronika.gallagher@uregni.gov.uk

- 1.5 The Utility Regulator's preference would be for responses to be submitted by e-mail.
- 1.6 Your response may be made public by the Utility Regulator. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'.
- 1.7 If you want other information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential.
- 1.8 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 and the Data Protection Act 2018).
- 1.9 As stated in the GDPR Privacy Statement for consumers and stakeholders, any personal data contained within your response will be deleted once the matter being consulted on has been concluded though the substance of the

response may be retained.

- 1.10 Copies of all documents will be made available in large print, Braille, audio cassette and a variety of relevant minority languages if required. Please contact Veronika Gallagher on 028 9031 6641 or email Gas_networks_responses@uregni.gov.uk with cc to veronika.gallagher@uregni.gov.uk to request this.

Equality Considerations

- 1.11 As a public authority, the Utility Regulator has a number of obligations arising from Section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:
- a) persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - b) men and women generally;
 - c) persons with disability and persons without; and
 - d) persons with dependants and persons without.
- 1.12 The Utility Regulator must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.
- 1.13 In the development of its policies the Utility Regulator also has a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and individuals residing in rural areas. Some of the above equality categories will therefore overlap with these vulnerable groupings.
- 1.14 In order to assist with equality screening of the proposals contained within this consultation paper, the Utility Regulator requests that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to the implementation of any of the proposals. Furthermore, the Utility Regulator welcomes any comments which respondents might have in relation to the overall equality impact of the proposals.

2. Assessment of Licence Extension Application

Licence Extension Application

- 2.1 On 13 September 2024 Phoenix Energy applied for the extension of its current gas conveyance licence to facilitate the injection of biomethane from three biomethane injection sites:
- United Renewables AD plant, lands 150 metres southwest of 5 Hannahstown Road, Slievenacloy, Lisburn, County Antrim BT28 3TB
 - RGWP Ltd AD plant, 91 Bowtown Road, Newtownards, County Down, BT23 8SL
 - Rea Hill Farm Ltd AD plant, lands 166 metres north of 10 Rea Hill Road, Newtownabbey County Antrim, BT36 5SF
- 2.2 Maps showing the proposed extension area for each of the three sites are included as *Appendices 1 to 3* to notice published as Annex B to this document.
- 2.3 Phoenix Energy did not seek exclusivity to convey gas in the extended Licensed Area.
- 2.4 We consider that the application made by Phoenix Energy has been made in the prescribed manner and that the appropriate fee has been submitted.

Key Considerations

- 2.5 When assessing the application for extension of the Phoenix Energy gas conveyance licence, we need to do so in line with our statutory duties.
- 2.6 The Utility Regulator's principal objective in carrying out the duties associated with our gas functions, as set out in Article 14 of the Energy (Northern Ireland) Order, is "*to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland, and to do so in a way that is consistent with the fulfilment by the Authority, of the designated regulatory gas objectives*". We must do so by having regard to a number of matters, as set out more fully in Article 14 of the Energy (Northern Ireland) Order 2003.
- 2.7 The designated regulatory gas objectives are defined in Article (2) of the Energy (Northern Ireland) Order 2003 and include:

- “helping to achieve, in the most cost-effective way, [...] the integration of large and small scale production of gas from renewable energy sources and distributed production in both transmission and distribution networks”; and
 - “facilitating access to the network for new production capacity, in particular removing barriers that could prevent access for new market entrants and of gas from renewable energy sources”.
- 2.8 Under the Energy (Northern Ireland) Order 2003, sub-ordinate to its principal objective, UR is also required to carry out its gas functions “*in the manner which it considers is best calculated [...] to secure a diverse, viable and environmentally sustainable long-term energy supply*”.
- 2.9 Phoenix Energy has applied for the extension of its Licensed Area so as to permit to convey gas to/from three biomethane injection sites located outside of its current Licensed Area. Biomethane is a purified version of biogas, produced from the breakdown of organic matter. It is also known as “renewable natural gas”. The Northern Ireland (NI) Gas Network Operators (GNOs) have jointly developed a pathway to decarbonise the gas network, and biomethane injection is envisaged to be an important element of this.¹ There also is already precedent of biomethane injection onto the NI gas network, with the first injection site having become operational in November 2023. Thus, we consider the Phoenix Energy licence extension application to be well-aligned with the GNOs’ envisaged decarbonisation pathway, and with our own statutory duties and objectives as set out in paragraphs 2.7 and 2.8 above.
- 2.10 We note that in Northern Ireland, the “producer-pays principle” applies in relation to connections for biomethane injection, i.e. the party seeking such a connection has to bear all associated connection-related and ongoing costs. Thus, no capital costs to be underwritten by consumers have been requested in the licence extension application. It is anticipated that any operational cost would be minimal. We do not see the need in this circumstance to undertake an economic appraisal. The financial risk for consumers is considered to be minimal.
- 2.11 Pursuant to its licence extension application, Phoenix Energy at this stage only envisages to connect the three biomethane injection sites to its network; we therefore see no need for a related annual development plan. Connection to the gas network of any other premises located in the extended licensed area could be requested under the terms of the Phoenix Energy connection

¹ [Firmus energy / GNI \(UK\) / Mutual Energy / Phoenix Natural Gas / SGN Natural Gas: N Gas Network Pathway to Net Zero.](#)

policy.

- 2.12 We also note that the Rea Hill Farm Ltd AD plant is in the Licensed Area of firmus energy (Distribution) Limited (firmus energy). However, the nearest gas distribution main suitable for biomethane injection is in the existing Phoenix Energy Licensed Area, and a connection to this is deemed to be more technically and financially effective. Firmus energy and Phoenix Energy confirmed that they jointly agree that Phoenix Energy will progress the connection to its network and apply for the required extension of its Licensed Area.
- 2.13 If the licence extension was to be granted, there would be an overlap between the extension area and the firmus energy Licensed Area, i.e. there would be a shared licensed area. Also, due to the relative proximity of the United Renewables AD plant to the firmus energy Licensed Area, there is potential for additional shared licensed areas to develop should either Phoenix Energy or firmus energy request a further licence extension in the vicinity in the future. We note that there is already regulatory precedent of other shared licensed areas between firmus energy and Phoenix Energy.²

Conclusion and Reasons for Licence Extension Proposal

- 2.14 The reason given by Phoenix Energy for the requested licence extension is that it will facilitate the injection of biomethane from three biomethane injection sites located outside the current Phoenix Energy Licensed Area.
- 2.15 We are of the view that granting the requested licence extension would facilitate the injection of biomethane into the NI gas network and that – given the location of the sites and the existing gas networks – injection from each of these three sites into the Phoenix Energy network is the optimal solution for this.
- 2.16 The proposed licence extension will thus help to further the decarbonisation of the gas network and secure a diverse, viable and environmentally sustainable long-term energy supply, at minimal financial risk to consumers.
- 2.17 Based on the key considerations outlined above, we are of the view that granting the requested licence extension would be an appropriate course of action for us to take as such grant is in keeping with our principal statutory objective in that it promotes the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland in a way that is consistent with the fulfilment of the designated regulatory gas

² See [Utility Regulator: Licence Modifications Pursuant to the GD23 Final Determination and other Regulatory Decisions, Decision Paper, 22 February 2023](#), paragraphs 3.18 and 3.19.

objectives.

- 2.18 The drafting proposal for extending the Phoenix Energy gas conveyance licence is set out in Annex A to this document.

3. Next Steps

- 3.1 This paper represents the Utility Regulator’s proposals to grant the requested licence extension for the Phoenix Energy gas conveyance licence on a non-exclusive basis.
- 3.2 Table 1 summarises the next steps and associated timelines for the consultation and decision process. We note that the timelines are indicative at this stage and may be subject to change.
- 3.3 Once we have considered any responses to this consultation, we will issue our notice of decision.

Next Steps	Proposed Date
Consultation and notice on proposed extension of Phoenix Energy Licence and associated Licence Modifications published	25 November 2024
Statutory consultation closes	9 January 2025
Notice of decision on proposed extension of Phoenix Energy Licence and associated Licence Modifications published	February 2025

Table 1: Indicative timelines for next steps

Annexes

Table 2 below provides an overview over the annexes to this consultation document.

Annex A shows the drafting proposal for extending the Phoenix Energy gas conveyance licence as tracked changes against the current licence.

Annex B represents the notice under Article 8(4) of the Gas (Northern Ireland) Order 1996 of the proposed licence extension.

Annex Number	Annex Name
Annex A	Drafting proposal for extending the Phoenix Energy gas conveyance licence
Annex B	Notice under Article 8(4) of the Gas (Northern Ireland) Order 1996

Table 2: Overview over Annexes