

Developing LNG terminals in Ireland



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Liquefied natural gas ('LNG') is natural gas that has been converted to liquid by being cooled to -162°C to remove certain impurities and allow for ease of storage or transport. LNG takes up around 600 times less volume than standard gas. This makes it possible to transport over long distances, without the need for pipelines.

The EU is the biggest importer of natural gas in the world. Domestic production in the EU will continue to decline in coming decades.

LNG accounted for around 14% of gas imports to Europe in 2017. Qatar was the EU's main supplier (41%), followed by Nigeria (19%), Algeria (17%), Peru (7%), Norway (7%), the US (4%) and Trinidad & Tobago (3%).

The top three LNG suppliers to Europe in 2018 remained the same as in 2017. But the Yamal LNG project started operations in December 2017, meaning Russia is now a large supplier. EU imports of LNG from the US have also increased to 2.8 bcm/yr.

The Commission is implementing a strategy to provide access to LNG to all EU members. It sees the import of LNG as essential in achieving its objective of diversifying sources of energy supply from the perspective of security of supply and price competitiveness.

Vulnerability due to increasing import dependency can also be mitigated if the gas system remains flexible and able to respond to fluctuations in supply. The present strategy aims to exploit the potential of LNG and gas storage to make the EU gas system more diverse and flexible, thus contributing to the key Energy Union objective of a secure, resilient and competitive gas supply.

There are 21 large-scale, and two small-scale LNG terminals in the EU.

Ireland particularly has been singled out as needing to diversify its sources of imported gas.

We currently have no LNG terminal. Our dependence on the limited supply from the Corrib terminal leaves the country's gas supply insecure.

Ireland imports approximately 40% of its gas from the UK via the interconnectors.

Brexit

In order to import gas to Ireland, UK shippers have to have a gas shipping licence granted by the Commission for Regulation of Utilities ("CRU"). When the UK leaves the EU, it is possible that the UK's gas shipping licence could be revoked by the CRU. It is granted on the premise that the UK is fully compliant with EU Regulation and therefore their status post-Brexit is unclear.

A revision of Directive 2009/73/EC is currently under proposal. The proposal would allow the Directive to be applied to gas pipelines between the EU and third countries subject to complying with EU rules. If this revision is introduced it would provide clarity on dealing with UK to Ireland interconnectors as a legal basis would be available. Unfortunately, the current lack of such legislation leaves the issue open.

International LNG markets are set for major change, with substantial liquefaction capacity coming on stream in Australia and the United States in the period to 2020 and potential for significant future supply from elsewhere, including the Mediterranean. LNG prices over the next few years are expected to be lower than in the recent past, and EU imports are therefore likely to increase.

Given the geo-political climate, the potential for damage to the interconnectors, and the inability to control price through the interconnectors, it is time that Ireland developed LNG terminals and improve both security of supply and price competitiveness in an increasingly insecure global climate.

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