

Appendix 1 - Rural Needs Impact Assessment (RNIA) Template

SECTION 1 - Defining the activity subject to Section 1(1) of the Rural Needs Act (NI) 2016

1A. Name of Public Authority.

Department for the Economy (DfE)

1B. Please provide a short title which describes the activity being undertaken by the Public Authority that is subject to Section 1(1) of the Rural Needs Act (NI) 2016.

The Gas (Designation of Pipe-lines) Order (NI) 2022 is a piece of proposed legislation which, in line with existing policy, will designate a new 3km section of gas pipe-line connecting Kilroot Power Station, Carrickfergus (“**EP Kilroot**”) to the existing natural gas network in NI for the purposes of the regulated common transmission tariff which is paid by all gas consumers in NI.

1C. Please indicate which category the activity specified in Section 1B above relates to.

Developing a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Adopting a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Implementing a	Policy <input checked="" type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Revising a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Designing a Public Service	<input type="checkbox"/>		
Delivering a Public Service	<input type="checkbox"/>		

1D. Please provide the official title (if any) of the Policy, Strategy, Plan or Public Service document or initiative relating to the category indicated in Section 1C above.

The Gas (Designation of Pipelines) Order (NI) 2022 represents the outworking of “postalisation” policy, which is described in 1E (below).

1E. Please provide details of the aims and/or objectives of the Policy, Strategy, Plan or Public Service.

“Postalisation” policy supports the economic and efficient development of the natural gas industry in NI by adding the cost of constructing/maintaining gas transmission pipelines to a “postalised” pot which is recovered from all gas consumers in NI (both business and domestic) over an extended period through a regulated common transmission tariff within gas bills.

1F. What definition of 'rural' is the Public Authority using in respect of the Policy, Strategy, Plan or Public Service?

Population Settlements of less than 5,000 (Default definition).

Other Definition (Provide details and the rationale below).

A definition of 'rural' is not applicable.

Details of alternative definition of 'rural' used.

Rationale for using alternative definition of 'rural'.

Reasons why a definition of 'rural' is not applicable.

SECTION 2 - Understanding the impact of the Policy, Strategy, Plan or Public Service

2A. Is the Policy, Strategy, Plan or Public Service likely to impact on people in rural areas?

Yes No If the response is **NO** GO TO Section **2E**.

2B. Please explain how the Policy, Strategy, Plan or Public Service is likely to impact on people in rural areas.

2C. If the Policy, Strategy, Plan or Public Service is likely to impact on people in rural areas differently from people in urban areas, please explain how it is likely to impact on people in rural areas differently.

2D. Please indicate which of the following rural policy areas the Policy, Strategy, Plan or Public Service is likely to primarily impact on.

Rural Businesses	<input type="checkbox"/>
Rural Tourism	<input type="checkbox"/>
Rural Housing	<input type="checkbox"/>
Jobs or Employment in Rural Areas	<input type="checkbox"/>
Education or Training in Rural Areas	<input type="checkbox"/>
Broadband or Mobile Communications in Rural Areas	<input type="checkbox"/>
Transport Services or Infrastructure in Rural Areas	<input type="checkbox"/>
Health or Social Care Services in Rural Areas	<input type="checkbox"/>
Poverty in Rural Areas	<input type="checkbox"/>
Deprivation in Rural Areas	<input type="checkbox"/>
Rural Crime or Community Safety	<input type="checkbox"/>
Rural Development	<input type="checkbox"/>
Agri-Environment	<input type="checkbox"/>
Other (Please state)	<input type="text"/>

If the response to Section 2A was YES GO TO Section 3A.

2E. Please explain why the Policy, Strategy, Plan or Public Service is NOT likely to impact on people in rural areas.

As part of plans to convert EP Kilroot from coal to natural gas, a new gas pipe-line is to be constructed to connect the power station to the existing gas transmission network in NI. To support the economic viability of the project, and in line with established policy for the development of the natural gas industry in NI, DfE plans to designate the new pipe-line for the purposes of the common tariff under Article 59 of the Energy (NI) Order 2003. This allows pipe-line costs to be added to a “postalised” pot and recovered from all NI gas consumers (business and domestic) through a regulated common transmission tariff in gas bills. There is no expected impact on rural areas because (i) most gas consumers reside in urban areas where there are sufficient gas loads to make the provision of gas networks economically viable; and (ii) the new pipe-line is not, in any case, expected to lead to an increase in gas prices for consumers.

SECTION 3 - Identifying the Social and Economic Needs of Persons in Rural Areas

3A. Has the Public Authority taken steps to identify the social and economic needs of people in rural areas that are relevant to the Policy, Strategy, Plan or Public Service?

Yes No If the response is **NO** GO TO Section **3E**.

3B. Please indicate which of the following methods or information sources were used by the Public Authority to identify the social and economic needs of people in rural areas.

Consultation with Rural Stakeholders	<input type="checkbox"/>	Published Statistics	<input type="checkbox"/>
Consultation with Other Organisations	<input type="checkbox"/>	Research Papers	<input type="checkbox"/>
Surveys or Questionnaires	<input type="checkbox"/>	Other Publications	<input type="checkbox"/>
Other Methods or Information Sources (include details in Question 3C below).			<input type="checkbox"/>

3C. Please provide details of the methods and information sources used to identify the social and economic needs of people in rural areas including relevant dates, names of organisations, titles of publications, website references, details of surveys or consultations undertaken etc.

3D. Please provide details of the social and economic needs of people in rural areas which have been identified by the Public Authority?

If the response to Section 3A was YES GO TO Section 4A.

3E. Please explain why no steps were taken by the Public Authority to identify the social and economic needs of people in rural areas?

As noted at 2E above, plans to designate the new gas transmission pipe-line at EP Kilroot for the purposes of the common tariff are not anticipated to impact on the needs of people in rural areas. This is because (i) most gas consumers reside in urban areas where there are sufficient gas loads to make the provision of gas networks economically viable; and (ii) the new pipe-line is not expected to lead to an increase the regulated common transmission tariff in gas bills. As the common tariff is calculated by the Utility Regulator on the basis of required revenue divided by forecast gas capacity bookings, the additional gas capacity required to meet EP Kilroot's needs following its conversion to natural gas could even have a potential price benefit for gas consumers. However, there is insufficient clarity on forecasts at this stage to be certain.

Natural gas emits some 50 to 60 percent less carbon dioxide (CO₂) when combusted in a new, efficient natural gas-fired power plant compared with emissions from a typical coal fired plant. The environmental benefits of EP Kilroot converting from coal to gas should impact generally on the local population, particularly those living in close proximity to the power station. Without conversion, EP Kilroot would be facing closure by 2024 as its coal-burning technology would not meet environmental standards. Therefore, by enabling EP Kilroot to continue generating electricity, the new gas pipe-line will also provide additional security of electricity supply for Northern Ireland which will benefit the wider population.

Update: DfE invited comments on this Impact Assessment as part of a 6-week public consultation on the Designation Order (closed 23/8/22) and no rural issues were raised.

SECTION 4 - Considering the Social and Economic Needs of Persons in Rural Areas

4A. Please provide details of the issues considered in relation to the social and economic needs of people in rural areas.

The Department has considered the potential impact of designating the new gas pipe-line at EP Kilroot for the purposes of the common tariff on NI gas consumers generally (while recognising that most gas consumers reside in urban areas). The common tariff currently represents around 5% of a household gas bill. It is not anticipated that adding ongoing costs associated with the new pipe-line to the common tariff will result in any increase in gas bills and it may even have a potential price benefit for all gas customers.

The Department notes that the proposed Designation Order will facilitate the conversion of EP Kilroot from a primarily coal-fired power station to natural gas, a less polluting fossil fuel, thus contributing towards lower carbon power generation in NI with general environmental benefits. This is in line with the new NI Energy Strategy, 'Path to Net Zero Energy', which was published in December 2021 and recognises natural gas as a transition fuel in the pathway to achieving net zero carbon emissions by 2050.

SECTION 5 - Influencing the Policy, Strategy, Plan or Public Service

5A. Has the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or delivery of the Public Service, been influenced by the rural needs identified?

Yes No If the response is **NO** GO TO Section **5C**.

5B. Please explain how the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or delivery of the Public Service, has been influenced by the rural needs identified.

If the response to Section **5A** was **YES** GO TO Section **6A**.

5C. Please explain why the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or the delivery of the Public Service, has NOT been influenced by the rural needs identified.

The proposed Designation Order represents the outworking of “postalisation” policy whereby costs associated with constructing and maintaining NI’s gas transmission networks are added to a “postalised” pot, and recovered from all NI gas consumers through a regulated common transmission tariff in their gas bills. This ensures that such costs are shared equally by all gas consumers regardless of their location in NI, although it is recognised that most gas consumers reside in urban areas.

Only ongoing/maintenance costs are to be postalised for the new gas transmission pipe-line at EP Kilroot. It is not anticipated that the pipeline will increase the common tariff, and therefore impact on consumers’ energy bills.

SECTION 6 - Documenting and Recording

6A. Please tick below to confirm that the RNIA Template will be retained by the Public Authority and relevant information on the Section 1 activity compiled in accordance with paragraph 6.7 of the guidance.

I confirm that the RNIA Template will be retained and relevant information compiled.

Rural Needs Impact Assessment undertaken by:	Irene McAllister
Position/Grade:	Deputy Principal
Division/Branch	Gas Policy Branch, Energy Operations Directorate
Signature:	<i>Irene McAllister</i>
Date:	07 June 2022
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Division/Branch:	Head of Energy Operations Directorate
Signature:	
Date:	08 June 2022