Analysis: Energy insecurity and our fracking future

The Irish Academy of Engineering has said the government's report on Ireland's energy security is "seriously flawed".

Image: Shutterstock/Leonardo da

"UNSUITABLE", "SERIOUSLY FLAWED" and "entirely unrealistic" are just some of the words that have been used by the Irish Academy of Engineering to describe the government's energy security report to ensure that the country will have enough electricity and gas to meet its needs in the coming years.

As the country faces into what has been forecast to be one of the most difficult winters in years, the cost of energy remains high, and while the government announced a number of energy supports in Budget 2023, including the Temporary Business Energy Support Scheme and €600-worth of credits to reduce energy bills, many are concerned that this will not be enough to keep the lights on having endured months of price hikes from providers.
Last month, the Minister for the Environment Eamon Ryan published the Security of Energy Supply of Ireland's Electricity and Natural Gas Systems report. Compiled by consultancy firm CEPA, the technical report looked at ways to secure Ireland's energy supply between now and 2030.

Among the options listed to secure our energy supply into the future was a "floating" liquefied natural gas terminal that would serve as a back-up facility, but the report recommended against three other LNG terminal possibilities.

A public consultation period for submissions on the report from stakeholders was launched after it was published. It ends this week.
However, the first submission won't make for happy reading for the Environment Minister. The Irish Academy of Engineering (IAE) described many of its proposals as unrealistic and flawed in a response published yesterday.

The IAE said that "by 2030, the Corrib field is likely to be fully depleted", which would leave Ireland solely dependent on fuel imports needed to generate electricity being delivered via a pipeline from Moffat in Scotland.

The IAE also said that any interruption to the supply from Scotland could shut down the country's gas network, "and possibly much of the Irish economy", in just 20 minutes.

> The proposals in the report to reduce this risk are technically flawed and unrealistic in their assumptions around the commercialisation of new technology.

The report also dismissed suggestions from the Government that hydrogen produced from offshore wind could be a realistic solution to the country's energy security needs.

"Green hydrogen technology will hopefully play a role in decarbonising energy consumption both in Ireland and worldwide. Despite the optimism in the report, this technology is not remotely close to commercial development and is highly unlikely to be available at large commercial scale before 2035," it stated.

While not as heavy a polluter as oil or coal, gas is a fossil fuel that contributes to pushing global temperatures upwards, creating the climate crisis that is already having significant consequences in parts of the world and will grow worse if left unchecked.

On that basis, many experts, politicians and activists argue that it should be moved away from as quickly as possible in favour of renewable energy sources.
The Government is largely opposed to LNG based on the concern that it would allow for the importation of fracked gas, something that was outlined in the Programme for Government.

The three coalition parties said it would not "make sense" to develop LNG terminals to import fracked gas.

"As Ireland moves towards carbon neutrality, we do not believe that it make sense to develop LNG gas import terminals importing fracked gas. Accordingly, we shall withdraw the Shannon LNG terminal from the EU Projects of Common Interest list in 2021," the programme states.

"We do not support the importation of fracked gas and shall develop a policy statement to establish that approach."

However, the IAE report states that the lack of an LNG terminal in the medium and long-term "poses a high risk to the reliability of the Irish power system".

It said the idea of a floating LNG terminal as a back-up to store gas is "inadequate for Ireland's needs" as it would only be equivalent to 3.5 days average peak day demand. "Larger onshore storage facilities are essential, to provide even minimal storage requirements."

It said the option of an on-land terminal should have been examined "in an objective manner" and given consideration "as a potential major contributor to the long-term security of Ireland's energy supply".

"It makes absolutely no sense to rule out an Irish land based LNG terminal on the basis of reduced imports of fracked gas," the report states.

It added that a fifth of Europe's gas will be fracked by 2030, so Ireland will consume significant amounts of fracked gas by then whether it has an LNG terminal or not.

By the time the EU fully disengages from Russian supplies it is likely that more than 20% of EU gas will be sourced in the US and most of this will be "fracked". This is not a concern of any EU Government –except Ireland.

"Based on its preliminary reading the Academy is satisfied that the report as published should not be used to underpin any future energy policy development."

Chair of the IAE's energy committee Don Moore said that while report adequately assessed the risk to Irish supplies, its proposals were "simplistic in the extreme" and ignore costs and timing, making it "entirely unsuitable as a basis for further energy planning".

"It is essential for the security of Irish energy supplies that Ireland develops its own LNG import facility as soon as possible," he said.

It's not clear whether the Government would consider building an LNG import facility, but what is clear is that the State's over-dependence on imported energy sources means people here are more exposed to cost increases, as well as supply issues.

A report by the National Competitiveness and Productivity Council, published earlier this year, said Ireland's dependency on imported energy was 71% in 2020, one of the highest levels in the EU and well above the EU average of 57%. It added that the country is "acutely exposed" to cost increases and energy supply challenges as a result.

But as part of reaching its target of net zero emissions by 2050, the Government is working on delivering more renewable energy for the country, which will prove more cost effective in the long-term.

According to a report by energy consultancy Cornwall Insight Ireland, published in the Irish Examiner, the country is set to hit the target of generating 80% of its power from renewables thanks to offshore wind by 2030, which will help to stabilise the market and lower long-term energy prices.

"The commissioning of new, low marginal cost solar and offshore wind power, alongside increased battery storage, are forecast to help lower winter energy prices below the pre-2021 historical average from 2027 onwards, with solar power becoming nearly a fifth of the energy capacity by the middle of the decade," the report states.

While this is certainly positive news, many would be dismayed at the thought that they have to wait another eight years for prices to come down.

In the EU, leaders have endorsed plans in principle for a price cap on gas as it tries to fix the energy market following Russia's invasion of Ukraine eight months ago, which led to a shortage of gas and triggered market instability.

Leaders have been debating the proposed cap for weeks, but some countries, including Germany and the Netherlands, remain sceptical of the proposal and fear that producers could export gas to countries willing to pay higher prices. Ministers are due to meet to discuss the proposal again next month.
Regardless of whether the cap is introduced or not, Europe remains on track for a couple of difficult years, an Oireachtas committee was told last week.

Reported in the Irish Times, Cillian O'Donoghue, director of policy with Eurelectric, told the committee that there is "no easy solution" to the crisis in the short term, and that it is likely to last "at least eighteen months."

Dr Paul Deane, a senior research fellow at the Environmental Research Centre in University College Cork, also told the committee that Ireland is not responding to the crisis with the same "agility" as had been shown in response to the Covid-19 pandemic.

"We have declared a climate emergency in Ireland, there is a war in Europe, and an associated energy crisis, yet the pace of energy infrastructure delivery and action in Ireland is at odds with these emergencies," he said.

This article was featured in Morning Memo, The Journal's daily business and economics newsletter.