



Stakeholder Report

2020-2021

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Foreword from Chairman

The last 12 months have been a turbulent time for many but thankfully since the first stakeholder report last year we have seen the approval of multiple vaccinations and Northern Ireland has managed to deliver its vaccination programme to the most vulnerable citizens with great success.

I am immensely proud of the way in which the firmus energy team has continued to adapt throughout the pandemic. The engineering and maintenance teams have continued to develop and maintain the network as we progress towards the end of the GD17 price control and the customer service, energy advisors and billing teams helped the company achieve top place in the *Which?* annual survey of Northern Ireland gas and electricity suppliers.

The company is on track to meet its GD17 commitments to achieve 65,000 connections by the end of 2022 and with the mains network already laid outside 160,000 connectable properties firmus energy is on target to deliver 110,000 connections by the end of 2030.

Publication of this report follows just after the firmus energy team submitted its ambitious GD23 price control business plans (planning to invest a further £136m from 2023 to 2028) to the Utility Regulator and we are hopeful that once the Final Determination is made it will put firmus energy in the enviable position of being able to maximise the reach and benefits of its existing natural gas network by continuing to connect new homes and business to the network.

With less than a year left in the current Assembly mandate there has been a flurry of activity to progress the Energy Strategy, Climate Change legislation and other sustainability and environmental projects. firmus energy and indeed the rest of the local natural gas industry has been actively engaging in this process and I am pleased to see recognition in the recent Energy Strategy Consultation that Northern Ireland has the potential to be a world leader in hydrogen technology.

The UK Committee on Climate Change has also recognised that the nature of the agri-food sector in Northern Ireland presents an opportunity to generate renewable gas from anaerobic digestion.

firmus energy already provides certified renewable gas to contracted customers, and the Utility Regulator is working at pace to accept renewable gas being injected into the network. Whilst the UK Government is exploring plans to virtually reverse flow renewable gas from Northern Ireland to GB customers wanting certified natural gas, it is important that once renewable gas is injected into the system tariffs can quickly be introduced for the benefit of smaller industrial and commercial customers and households.

Failure to do so will have a negative impact on Northern Ireland PLC being able to benefit from indigenous gas to decarbonise manufacturing, transport, and office buildings. firmus energy will do all it can to assist the Utility Regulator to achieve local renewable gas tariffs in the future.

With an ever-increasing focus on decarbonisation and the potential to pass the first legally binding climate targets for Northern Ireland, the energy industry will soon go through the most significant change it has seen in a lifetime, this is particularly true for natural gas.

With continued network growth in the pipeline and the potential to completely transform where we source our gas from, it is an exciting time for anyone starting out on their career at firmus energy, whether it be in regulation, pricing, IT or engineering they all have a part to play in delivering a net zero carbon future for Northern Ireland.

I am grateful to both the firmus energy board and the senior management team, headed by Managing Director Michael Scott, for their support since I joined the Board in January 2020.

I would also like to thank industry colleagues, the Utility Regulator, Executive Departments, and our suppliers for their continued co-operation and support this year. We need to continue working together to set the right policy, legislative and financial framework if we are to continue delivering an efficient, cost-effective and secure gas supply as part of a sustainable future.

This Stakeholder Report offers us the opportunity to recognise the positive role firmus energy is playing in local communities, celebrate successes from the last year, and take stock of the significant challenges and opportunities that lie ahead.

I hope you find it informative and useful and please do not hesitate to get in touch with the firmus energy team if you would like to discuss natural gas or decarbonisation opportunities further.



**Dr David
Dobbin CBE,**
Chairman

Introduction



Michael Scott,
Managing
Director

I'm pleased to say that construction activities have accelerated at a pace since our first stakeholder report in September 2020. Since then, our engineers and contractors have successfully laid almost 200km of additional pipeline and Gas Safe registered installers have connected a further 6,000 customers to our natural gas network.

I have personally thanked our teams at internal meetings, but I would also like to put on record my gratitude for how our staff, managers and senior management team have worked together to ensure business continuity throughout the pandemic and to our Board for the strategic advice they have offered from their own areas of expertise.

As part of our response to the pandemic we formed a 'Covid Response Committee' which has helped develop, implement, and review all relevant plans and policies. This group continues to meet to review the latest NI Executive updates as and when they are announced.

Since returning to the office on a phased basis, our teams have operated on a rota system and whilst that schedule has been more rigid to limit social contact between staff in these uncertain times, we are conscious that the way we work is changing and a review of our own approach to hybrid working has developed.

We have had positive engagement with the Department for the Economy (DfE) on the upcoming energy strategy and recently met with the Minister for Agriculture, Environment

firmus energy is owned by Equitix, a leading investor, developer and long-term fund manager of core infrastructure and energy-efficiency assets in the UK and Europe with over £6bn of assets under management.

and Rural Affairs to outline the significant benefits that the natural gas network can play in Northern Ireland's transition to net zero.

In the last year firmus energy has also been engaging with Councils, MLAs and stakeholders to outline how our natural gas network is helping to decarbonise homes and businesses in their area, and the need to continue growing the network and connect new customers.

firmus energy places great importance on environmental sustainability and in the last 12 months we have created our own sustainability team, giving our engineering director overall responsibility and created a Sustainability Committee to develop business plans for biomethane injection, Hydrogen and Compressed Natural Gas (CNG) refuelling stations to decarbonise logistics and transport industry.

Our sustainability team are also involved in several projects which are taking forward the potential to inject hydrogen into the network produced from untapped renewable sources such as wind and solar.

I am encouraged by the progress being made by the Utility Regulator to progress biomethane injection "rules" by April 2022 which will further accelerate our transition to a lower carbon future by repurposing food and agriculture waste.

Northern Ireland can become a leader in hydrogen technology, and we could eventually have a natural gas network which carries hydrogen - removing carbon from the network entirely.

This makes the natural gas network a ready-made decarbonisation solution and although the molecular make-up of the gas flowing through the network will change, it will still perform the same function for customers, with the added benefit of being an even cleaner and more environmentally friendly product.

As well as improving our carbon footprint significantly, injecting indigenous renewable gas into the Northern Ireland gas network has the potential to eliminate importation costs, improve security of supply and improve employment and investment opportunities in the local economy.

As firmus energy enters the final year of our GD17 distribution price control, the world has changed significantly since the start of the price control period in 2017. Not only has the way we work been completely transformed, but there is now a greater awareness amongst business and domestic customers of the need to change behaviours to tackle climate change.

We have recently submitted our GD23 business plan which is committed to delivering value for money whilst investing over £136m between 2023 and 2028. Subject to regulatory approval GD23 will see us increase our customer base by 55%, save an additional 1.7m tonnes of CO₂ and reduce our network tariffs by 11% compared to the previous price control. We remain committed to protecting our most vulnerable customers.



Pictured L-R: Senior Management Team (SMT); Niall Martindale, Denise Curran, Michael Scott, Paul Stanfield and Eric Cosgrove.

And while we've been encouraged by the number of owner occupier households connecting to the network, if we are to achieve a just transition to a more sustainable future, support mechanisms are going to be essential for social homes and other rental properties getting connected for the first time.

In addition to working strategically with other large customers I am proud to say we have secured supply agreements with the Department of Finance (DoF) to supply its entire portfolio, including local colleges, AFBI, Libraries NI and the Northern Ireland Assembly, and with the Northern Ireland Health and social Care Trusts to supply all its sites including hospitals and ambulance depots.

Critical to securing those contracts was our ability to offer flexible purchasing products and support them in developing and delivering on their net carbon zero ambitions through energy efficiency and the ability to buy certified renewable gas.

I hope you find this Stakeholder Report informative and look forward to writing to you next year with further updates on our community engagement, staff development, consumer initiatives, sustainability programmes as well as the GD23 price control.



*Chantal Hemphill,
Health & Safety Manager*

firmus energy Purpose, Mission, Vision and Values

Purpose

To optimise return from our investment in the gas network and other technologies in order to facilitate transition to net zero carbon.

Vision

To become the gas provider of choice in the Northern Ireland energy market, remove oil dependency, decarbonise and be a key energy influencer (for the consumer, business, utility regulator, government and other stakeholders).

Mission

To deliver social and shareholder value, by being energy and environmentally market-led, profitable, innovative, efficient, sustainable and socially responsible in light of transition to a zero carbon economy.

Values

- Clarity
- Empathy
- Integrity
- Teamwork



Stakeholders

To deliver on its vision and objectives, firmus energy needs to work effectively with a range of consumer, business, community, industry, and government stakeholders. These include:



Staff

We strive to be an employer that our people enjoy and value working for. Part of achieving this is ensuring our staff have an opportunity to develop their skills and capacity. To this end we have delivered several training and engagement opportunities throughout 2020/2021 including mental health and wellbeing training, diversity and inclusion training and we have supported several staff through role specific qualifications.



re-energising
PROJECT

Re-energising project

firmus energy recently introduced its re-energising project to give staff a clearer understanding of the vertical and horizontal career opportunities available to them within firmus energy, to communicate employee training programmes and to distribute staff surveys which allow employees to feed into the future purpose, vision, and mission of the organisation.

This project has been particularly helpful for improving staff retention, informing current and future recruitment marketing, and helping to shape our onboarding process for new staff.

Consultation, engagement, and workshops with and between firmus energy teams all form part of this project, allowing for meaningful discussions and tangible outcomes.



Consumers

firmus energy's Ten Towns published tariffs are regulated by the Utility Regulator in consultation with the Department for the Economy (DfE) and Consumer Council for Northern Ireland (CCNI). The Greater Belfast tariff remains competitive with the regulated SSE Airtricity tariff.

Fuel poverty is a real concern in many Northern Ireland households and firmus energy is the only UK energy company to have all staff qualified to City & Guilds standard in Energy Awareness. This means energy efficiency knowledge doesn't just sit with our Energy Advisors engaging with customers daily, but is understood by all employees and functions across our business.

We have also partnered with National Energy Action, Energy Saving Trust, Carbon Trust, and the Utility Regulator to deliver energy efficiency programmes, helping to inform consumer choice and alleviate fuel poverty.

To date, in the private housing sector we have installed over 10,000 new fully controlled High Efficiency Natural Gas heating systems, along with necessary roof space / cavity wall insulation measures to low-income houses via financial grant assistance from the Northern Ireland Sustainable Energy Programme (NISEP), the Department for Communities (DfC) funded Boiler Replacement Scheme (administered by the Northern Ireland Housing Executive, NIHE) and the Affordable Warmth Scheme (administered by both the NIHE and local Councils).

We also understand that no two customers are the same and it is important to have a range of services to meet their differing needs. Customers who have identified as being vulnerable, whether because of their age, disability or through illness, are placed on the firmus energy care register and a package of support is developed for their unique circumstances.

We currently support more than 3,250 customers through this service and special arrangements have included relocating the gas meter and having a pre-agreed password to identify genuine firmus energy employees calling at their door.

Some customers have required specially adapted appliances to make these more accessible or have required a braille or audio format bill, whilst others have designated a carer, relative or friend to have full access to their account.

Which?

Energy Survey Results 2021

In February 2021 firmus energy were ranked number 1 in the annual survey for Customer Service in Northern Ireland with a customer score of 68% by consumer publication 'Which?'.

Results based on an online survey of 8,086 members of the public in September 2020. Customer score is based on satisfaction and likelihood to recommend.

Business

firmus energy is working with the business community across the region, supporting them in understanding what is required in switching to natural gas, and where required, building a business case for conversion. We are also in discussions with several anaerobic digestion companies and potential hydrogen projects to help them start up pilot projects and inject renewable gas into the grid when injection connections become available later next year.

A number of haulage and logistics companies are also liaising with ourselves to install CNG refuelling stations on their premises to decarbonise their transport businesses, and we have entered a strategic partnership with Granville Eco Park to decarbonise our own engineering vehicles with biomethane CNG.

We are helping major energy users to purchase certified renewable natural gas to improve their sustainability credentials.

firmus energy currently supplies natural gas to around 2,500 businesses across Northern Ireland. These customers benefit from support mechanisms firmus energy has in place to assist industrial and commercial customers make informed decisions about their energy usage.

Recent Northern Ireland-wide supply customers include the entire Department for Finance portfolio and the Northern Ireland Health and Social Care Trusts.

Businesses supported by firmus energy are committed to operating a sustainable business through actively managing and reducing their environmental impact. It is vital that businesses are well informed on the benefits natural gas can have on the environment and on operating costs for individual businesses.

We have recently reached an agreement with Crumlin-based agri-food waste processing company Ulster Farm By Products Ltd based outside Crumlin to supply gas directly to them. This will help Ulster Farm to undertake their collection and disposal service to the agri-food industry throughout Northern Ireland in the most carbon efficient manner possible.



Pictured L-R: Gareth Hetherington, Director, University of Ulster Policy Centre, Michael Scott, Managing Director, firmus energy and Denise Curran, Finance Director, firmus energy

Communities and Sponsorship

As a Top 100 Company in Northern Ireland, we are committed to benefiting local communities across the region through a range of initiatives and programmes that meet their needs. We believe that when we invest in an area, we become part of that community and it is our corporate social responsibility to support communities and local residents.

Whilst the pandemic changed our approach to many of these initiatives, with many events and face to face activity postponed, we were able to adapt and divert our focus to key outreach projects that were formed in response to Covid-19.

Community Covid 19 Support - NI Scrubs

A team of local stitchers and volunteers across Northern Ireland came together with firmus energy to help produce and deliver 106,000 hand sewn items including scrubs, masks and gowns to front line workers during the Covid-19 pandemic.

Angeline Murphy, firmus energy's Marketing Manager who was on maternity leave during this period fundraised over £34k for the cause on her Just Giving Page. These funds were used to buy materials for a growing network of seamstresses who formed part of the NI Scrubs group. There were 10 sub-groups across Northern Ireland, joining in the response effort.

Using a donated firmus energy van, firmus energy employee and sewing personality, Angeline Murphy played an integral role in the coordination effort, sourcing, cutting and delivering materials, working with local sub-groups and distributing materials to the growing network and hospitals

Speaking about the impact firmus energy's donation has made Angeline said,

"firmus energy has made a massive impact on NI Scrubs - as the first company to give us the confidence financially and mentally. Their donation allowed us to bulk buy fabric and get it pre-cut with laser cutters in our local aerospace company."

"A total of 800 scrubs have been made with firmus energy's donation for delivery across Northern Ireland. On top of the £5,000, firmus also donated a van to use to deliver scrub pre-cuts to sub-groups and hospitals. We are so grateful to firmus energy and other industry colleagues who have really got behind this important cause."

Morning Star House

The mission of the Morning Star House, based in Belfast City Centre, is to support the homeless through provision of temporary accommodation, assistance, and capacity building towards the betterment of the individual.

The charity provides safe accommodation and support to homeless men in accordance with the ethos of Christian belief and practice, and aims to achieve a broader range of opportunities to assist rough sleepers and other vulnerable homeless men to facilitate independent living.

firmus energy's donation will go towards the running and funding of this much needed resource.

Ballymena Football League - Sponsorship

firmus energy is committed to supporting grass roots sport and the young people who participate. We have sponsored the Saturday Morning League in Ballymena since 2014 and continue to sponsor the league.

For the 2021 / 2022 season, to celebrate the leagues return following Covid-19 restrictions we have presented the league with 50 new branded footballs.



East Belfast Mission

firmus energy's donation will go towards the build of an independent unit to support high functioning adults who have lost their home or are homeless. The unit will serve as an extension of the Hosford Centre in East Belfast where many of those in need are currently housed whilst they await independent housing. It is estimated that it can take up to 24 months to get these individuals through the system and into their own homes.

The commissioning of the new building will facilitate those being supported to remain in employment, have a peaceful place to rest within their own self-contained

apartment and most importantly of all the facility will free up space within the current Hosford centre so that the East Belfast Mission can continue to support as many vulnerable members of the community as possible. It is thought that the new unit will dramatically reduce the time spent on housing waiting lists by 18 months.

£10 million project build will commence in 2022 with the aim of being in service by 2023



Air Ambulance NI

firmus energy donated £10K to Air Ambulance NI as their Charity Partner for 2020. In what was a difficult year for fundraising activity due to Covid-19, the firmus energy team developed a range of creative initiatives to raise much needed funds in the absence of traditional fundraising activities.

The partnership was extended for the period of 2021. To date, since its launch in July 2017, Air Ambulance NI has been called out to over 1943 incidents, providing vital lifesaving support to individuals and their families across NI.



Mid-Antrim Animal Sanctuary

firmus energy donated 4 laptops and 2 desktop PC's to Mid-Antrim Animal Sanctuary in a quest to support their business operations.

In what was a difficult year for the sanctuary due to restrictions on their typical fundraising activity due to Covid-19, the firmus energy team were able to restore vital IT equipment which was then donated to the sanctuary where it will be used to support their rehoming centre as well as finance and fundraising departments.

The Mid-Antrim Animal Sanctuary recently celebrated 25 years of service, during which time it's estimated they have cared for, adopted and rehomed over 20,000 animals across Northern Ireland.

Southern Hospice

firmus energy provided 200 reusable face covers to all 100 staff to help them stay safe and comply with Covid-19 regulations.

As part of its commitment to supporting local communities, firmus energy partnered with volunteer stitchers, to make the face covers, and then donated £800 to the Southern Area Hospice in recognition of the great work it is doing to safeguard its patients.

Angeline Murphy, well known NI Stitcher and firmus energy employee lead volunteer seamstresses together with firmus energy to raise much-needed funds for Southern Area Hospice. Angeline was also the founder of NI Big Community Sew which saw over 40,000 face coverings made for the vulnerable and raised over £34,000 for NI

Scrubs which stitched up scrubs for the NHS through the lockdown.

Speaking about the initiative, Energy Advisor, firmus energy, George Lightbody, said:

“Like many other employees, our staff have had to adapt their working practices in recent months through lockdown, and now restrictions have been eased they are quickly adapting again.”

Welcoming the donation James McCaffrey, Fundraising Officer, Southern Area Hospice, said:

“Fundraising has been especially difficult since March 2020 with all our events postponed or cancelled so we are grateful for the support of companies like firmus energy which will go a long way to help with the continuation of palliative care services for our patients.”



Pictured L-R: George Lightbody, firmus energy, Energy Advisor, Angeline Murphy, firmus energy, Marketing Manager and James McCaffrey, Southern Area Hospice

Ignite

firmus energy is delighted to have been able to make a significant contribution to the “Donated Devices” project that is being run by Ignite IT in conjunction with Business In the Community NI. The project which aims to provide computers to the families in Northern Ireland who do not have a computer of their own. firmus energy donated a total of 71 units including 30 laptops which will be refurbished and delivered to those schools across NI. The schools then distribute the computers to families they have identified within their school.

Speaking of the initiative Ken Callaghan, Managing Director of Ignite IT shared “We were pleased to receive laptop and desktop computers from firmus energy and we have already completed the refurbishment of the laptops which will be going to Ballymena Academy and Tildarg Primary School in Ballyclare ready for use in the new school term.”

Chris Totten IT Manager at firmus energy said “Throughout the Coronavirus pandemic it was widely reported that children across Northern Ireland had been missing vital education and the opportunity to realise their full potential as a consequence of Covid-19. We really believe that through teamwork with Ignite our donation can provide children and their families a lifeline. We look

forward to growing the relationship with Ignite for years to come.”



Ken Callaghan, Managing Director, Ignite IT



Pictured L-R Ally Campbell, Jane Leatham, Lorna Leese and Neil Gallagher representing firmus energy Charity & CSR Committee

Government Relations

The UK Committee on Climate Change recommended in December 2020 that Northern Ireland set its first climate change targets to help the UK meet its target of net zero by 2050 and the previous Economy Minister committed to delivering at least 70% of electricity from renewable sources by 2030 and that her Department was already exploring and supporting a range of projects that will showcase our potential to develop cutting-edge hydrogen technology.

firmus energy has already been engaging with stakeholders on the role it will play in a net zero future and the importance of continued oil to gas conversion and further network growth to maximise the potential of the existing Ten Towns natural gas network.

A Private Member's Bill seeking to set Northern Ireland's first legally binding net zero target for 2045 is currently going through the Northern Ireland Assembly, whilst the Minister for Agriculture, Environment and Rural Affairs has indicated he will bring forward his own legislation, in line with New Decade New Approach.

As well as preparing a company response to the various consultations on the Energy Strategy and Climate Change legislation, meetings have also taken place with the Minister for the Economy and the Minister for Agriculture, Environment and Rural Affairs, Departmental officials, party economy spokespersons and local elected representatives to disseminate firmus energy's key

messages on addressing climate change. Carbon zero workshops have also been delivered to seven of the eight Councils included in the Ten Towns network areas.

firmus energy is also an active member of the Gas Industry Stakeholders Group and have commissioned a report on Northern Ireland's pathway to net zero which will be presented to the Northern Ireland Executive. firmus energy is a member of other bodies which can advocate on our behalf including NI Chamber, Business in the Community, IOD, Women in Business and Hydrogen Ireland.

firmus energy most recently partnered with Business in the Community to develop the COP26 NI Business Hub, a one-stop-shop where NI businesses can access events listings, resources and information to inspire and inform businesses to take action on the climate crisis, and be fully involved in the run up to, and during, COP26. Eric Cosgrove, Director of Engineering and Sustainability for firmus energy said: "Sustainability is a strategic priority within firmus energy and our modern, natural gas network is a ready-made decarbonisation solution which will help 'green our heat' in Northern Ireland by 2050.

Engagement has been ongoing with sector and industry stakeholders to provide an update on firmus energy's consultation responses and share messaging on its three phased approach to helping Northern Ireland deliver net zero carbon by 2050.

Pictured L-R: Eric Cosgrove, firmus energy, Director of Engineering And Sustainability, BITCNI youth representatives and Lisa McIlvenna, BITC NI, Deputy Managing Director



Kier Utilities

Kier Utilities, a leading provider of construction and infrastructure services is a key partner of firmus energy, providing natural gas distribution infrastructure services in Northern Ireland. This support includes main and service laying, meter installs and 24/7 call out service for emergency gas maintenance.

We have a responsibility to work with our partners to work towards achieving a greener economy, which includes a greener supply chain. Working with Kier Utilities, firmus energy is making continuous improvement to reducing waste and leaving a smaller carbon footprint throughout our daily operations.

Our activities as a Gas Network Operator have the potential to deplete available natural resources, particularly in the construction phase of our operations.

In Northern Ireland, generally, most of the excavated material is replaced with fresh quarried material before the top surface is restored with bituminous material. To minimise the number of materials being excavated, firmus energy and our appointed contractor, Kier Utilities, strive to maximise the use of trenchless technology, with mains being installed using directional drilling techniques wherever possible, and pneumatic moling of small diameter service pipes used to connect customers to our network. These methods will continue to be employed to support our ambitious connections targets throughout GD23, in the most environmentally responsible manner.

In 2017, firmus energy and Kier Utilities established a relationship with Craigavon based company, Recon Waste Management, who receive excavated material which is

then recycled for re-use in the wider construction industry. This has resulted in reducing our average annual waste to landfill by over a third since the start of GD17, this accounts for approximately 30,000 tonnes of all excavated material from landfill since the beginning of GD17 (i.e., since 2017), with a current objective for GD23 to increase this through investigating additional geographic locations where such facilities might also be made available to our operations.

firmus energy and Kier Utilities have been successfully working together since 2005 and amongst some of the highlights during this time includes the delivery of the £3 million River Foyle Crossing which was the largest project to be undertaken on the island of Ireland.

firmus energy's core values align with Kier's corporate vision and working together we are reducing the environmental impact of our daily operations. Working collaboratively, we are putting sustainability at the heart of what we do and making a real difference in our aim to achieve net zero carbon by 2050

Cormac O'Donnell, Operations Director – Kier Group



Pictured L-R: Cormac O'Donnell, Operations Director, Kier Group, Chantal Hemphill, Health And Safety Manager, firmus energy, Eric Cosgrove, Director of Engineering And Sustainability, firmus energy

Safety

firmus energy is committed to operating our network in line with all legal obligations (including industry specific legislation and industry recommendations such as the Institution of Gas Engineers and Managers (IGEM) Standards) and in accordance with the firmus energy Distribution Safety Case, which has been accepted by HSENI. Our Safety Case is a legal requirement under the Gas Safety Management Regulations Northern Ireland 1997.

HSENI New Build Campaign

firmus energy has been working alongside HSENI and the other Gas Network Operators in Northern Ireland to produce a series of short videos to help keep New Build Construction sites safe by reducing the amount of gas network damages that occur on them.

The series of videos show that with sensible planning, communication, detection of apparatus and adopting safe digging practices, these damages can be avoided.

firmus energy has identified and controlled the risks associated with the safe operation of our network, including:

- the safe flow of gas through our network
- the composition of gas being conveyed
- firmus energy's arrangements for responding to gas related escapes and incidents, and,
- arrangements for managing gas supply emergencies.

We are committed to ensuring the Health, Safety and Welfare of our employees, contractors, visitors, gas customers and members of the public, who could be affected by our operations and activities; this includes the safe construction, operation, maintenance, integrity management and the response to all gas related emergencies occurring on our network. Health and Safety management is a core value of our business. firmus energy's Health and Safety management system is well established, has been externally accredited to ISO 45001, and will underpin delivery of our GD23 Business Plan.

The competency and development of all staff (particularly those with responsibility for the safe operation of the network) is a key focus of annual training and development plans to ensure the safe development and operation of the distribution network.

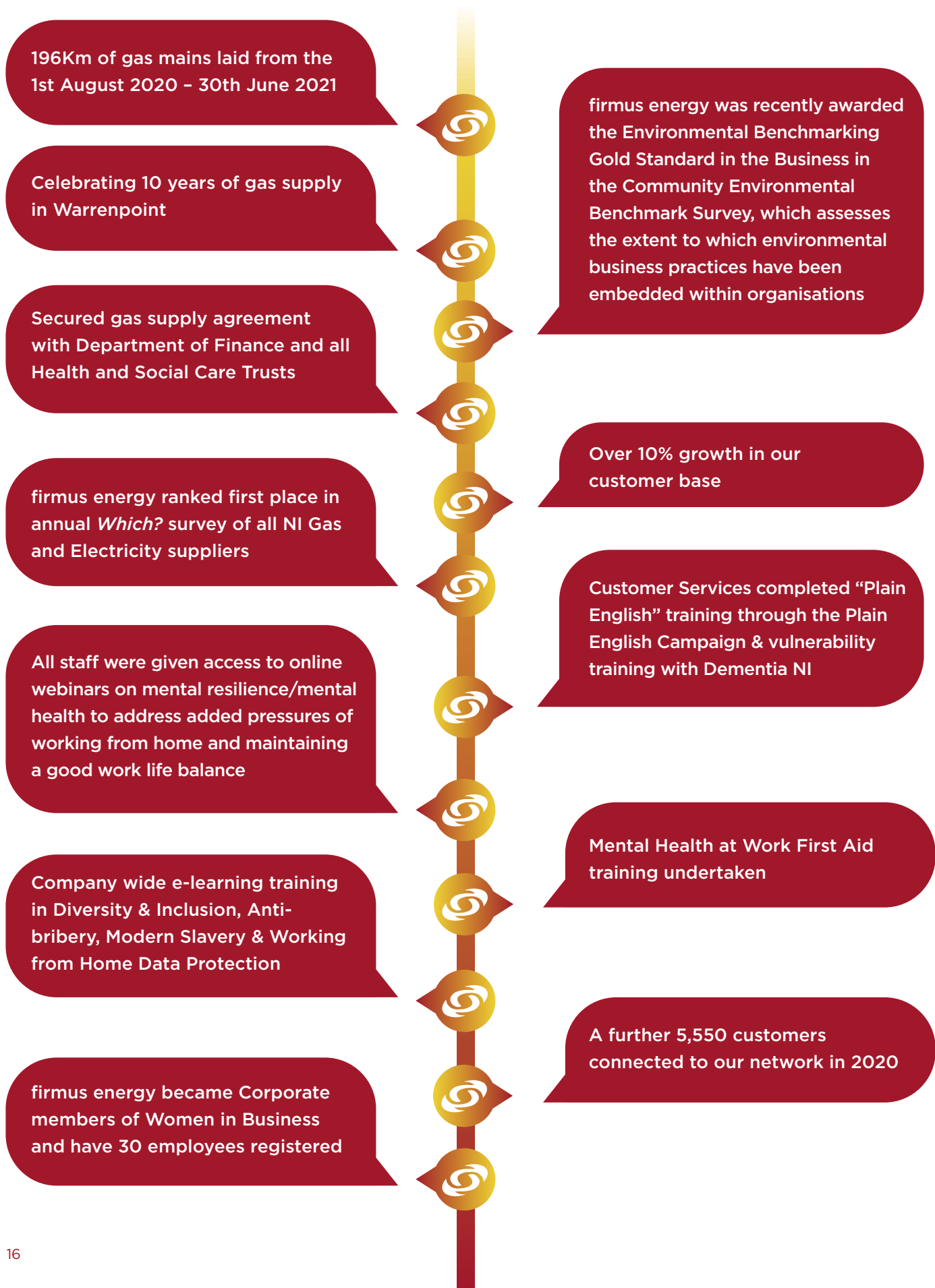
firmus energy achieved an average response time of 37 minutes to all public related escapes (PRE) in 2020, including both controlled and uncontrolled gas escapes¹. Unlike gas network operators in GB, who classify gas escapes in terms of risk, monitor leakage and then plan future repair, we do not defer any gas escapes on the network and respond and repair all PREs as soon as practicable.

Our engineers are on call 24 hours a day, 365 days a year for any emergencies which may arise across the network area. In 2020, 100% of uncontrolled gas escapes were attended within 1 hour (against a target of 97% set by the Utility Regulator within our Overall Standards of Performance) and 97% of controlled gas escapes attended within 2 hours (against a target of 97% set by the Utility Regulator within our Overall Standards of Performance).



¹ An uncontrolled gas escape is where it cannot be ascertained that the gas escape is controlled, which is when the meter control valve has been turned off and this has stopped the gas escape.

Key Achievements 2020/21



Working Sustainably

In December 2020 firmus energy's Director of Engineering Eric Cosgrove was appointed to the role of Director of Engineering and Sustainability with support from Neil Gallagher who takes on the role of Sustainability Manager.

firmus energy is leading by example and has recently entered into an agreement with Granville Eco Park to use a jointly branded CNG van as part of its engineering fleet and is developing proposals to install its own natural gas refuelling station at our head office in Antrim. Staff and visitors already benefit from the opportunity to charge their electric vehicles at four charging points, and this will increase to 12 by the end of the summer.

To further improve its own carbon footprint, firmus energy uses 100% renewable gas and electricity tariffs at its head office in Antrim with all its electricity needs being met by Energia's Rathsherry Wind Farm in Broughshane.



Biomethane powered van which is in daily use by firmus energy engineering

Environmental Management

firmus energy's Environmental Management system is accredited to ISO 14001. This achievement was attained in 2017 as we embarked upon our GD17 price control period. Our Environmental Management system is audited externally at 6-month intervals against the standard, and ensures we have identified our environmental aspects, have plans in place to minimise adverse impacts upon them, and to ensure we are striving for continual improvement in our ongoing performance.

Staff Sustainability Packs

We are phasing out plastic and paper in the office environment. Staff will shortly be presented with sustainability kits which will include information on how to work more sustainably, a glass water bottle, glass coffee mug and 100% cotton reusable lunch bag.



Pictured L-R: Eric Cosgrove, Director of Engineering And Sustainability and Neil Gallagher, Sustainability Manager, firmus energy

Sustainable and Renewable Gas for the Future

Energy users switching from home heating oil to natural gas reduce their carbon emissions by up to 48%. This is achieved through the introduction of a cleaner carbon fuel and the associated efficiencies of a highly efficient natural gas boiler and controls.

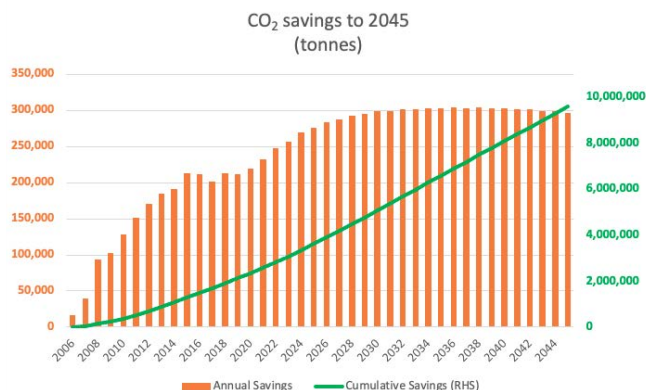
These impressive carbon savings complement lifestyle and convenience benefits and make moving to natural gas a desirable home and business improvement. The natural gas industry recognises the importance of energy efficiency in delivering a low carbon economy as well as the importance of continually educating the public on the role both technical innovation and behavioural change can have on reducing energy use.

By the end of 2022 there will be c.550,000 properties in Northern Ireland with access to natural gas and it is estimated that c.320,000 homes will have taken the opportunity to connect to the gas network.

Maximising the conversion of heating from oil to natural gas has the potential to deliver 1.1m tonnes of CO₂ savings per year by 2022.

With an estimated spend of more than £30m in the next two years, firmus energy is on target to connect over 100,000 customers in its network areas by 2028.

Cumulative CO₂ savings by firmus energy customers, 2005 to 2045



Opportunities will also exist to further improve Northern Ireland's carbon footprint by:

- Facilitating transport fuel change, particularly to CNG for HGVs
- Facilitating biomethane injection into the existing natural gas network
- And facilitating the blending of hydrogen into the existing natural gas network

The environmental benefits of continued gas network connections

The growth of our natural gas network and our plans to have circa 100,000 customers connected to our network by the end of the GD23 period (i.e. 2028), will deliver a significant contribution to Northern Ireland's journey towards net zero carbon energy.

The predominant fuel choice for households in Northern Ireland still remains to be home heating oil (Kerosene), and this market presents the largest opportunity for converting properties, and OO properties, to natural gas.

Typically, a household converting to natural gas (from home heating oil) will reduce their carbon emissions by up to 48%. (This percentage typically increases to over 60% when converting to natural gas from solid fuel). Since the award of our licence in 2005, firmus energy's network development and customer growth has already enabled the displacement of more than 2.3m tonnes of CO₂ from Northern Ireland's environment, as at the end of 2020.

As we continue to grow connections to our network throughout the GD23 period, and beyond, we will have displaced almost 10m tonnes of CO₂ from Northern Ireland's atmosphere by the end of 2045, as illustrated below.



firmus energy is already involved in trials for the latter two and is confident that there will be positive results to announce soon.

The natural gas network in Northern Ireland has been constructed using polyethylene (PE) pipes making the industry uniquely placed to accept other gases without having to make any significant changes to upgrade our network.

Biomethane Injection

There is currently no market in Northern Ireland for biomethane, apart from NIROC-accredited satellite Combined Heat and Power (CHP) units serviced/ partially serviced via a virtual pipeline. A number of these units are also connected to the gas distribution systems.

Future investment into AD production and injection into the gas networks in Northern Ireland will be dependent on producers being able to access Great Britain/Northern Ireland incentives i.e. NIROC, RTFC and perhaps a future sustainability incentive.

Our sizeable agri-foods industry also presents a further opportunity to utilise agriculture, retail, and hospitality waste in anaerobic digesters to produce biomethane. Generating renewable gas locally will have a range of benefits for the environment and our customers.

In addition to injecting biomethane into the natural gas network to heat homes, businesses and generate electricity, the byproduct of the process can be used as bio fertilizer and applied onto fields, closing the loop on a circular economy to help decarbonize industries and reduce the need for farms to buy in additional nutrients to grow crops.

Providing a sustainable energy supply which is clean and affordable will be critical to sustaining jobs and industry in Northern Ireland and prevent jobs in manufacturing and food production being relocated elsewhere.

Our sustainability team are involved in several projects which are taking forward the potential to inject hydrogen into the network produced from untapped renewable sources such as wind and solar.

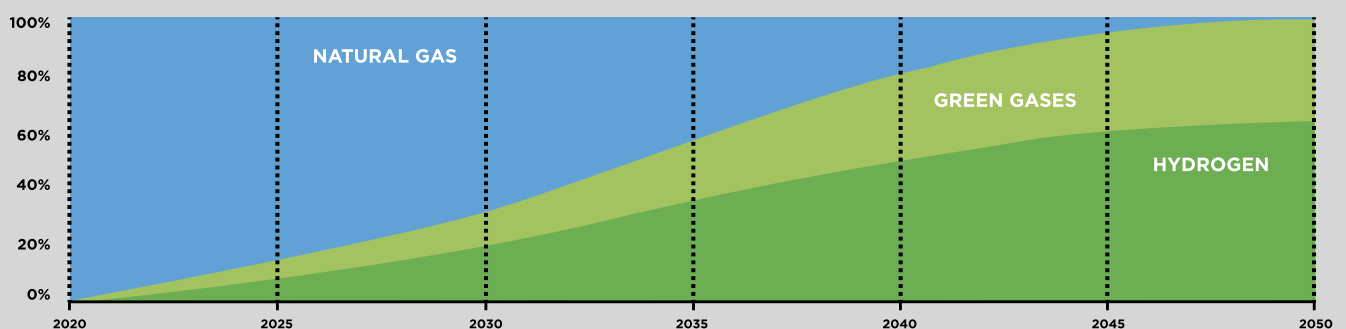
Northern Ireland can become a leader in hydrogen technology, and we could eventually have a natural gas network which carries 100% hydrogen – removing carbon from the network entirely.

This makes the natural gas network a ready-made decarbonization solution and although the molecular make-up of the gas flowing through the network will change, it will still perform the same function for customers, with the added benefit of being an even cleaner and more environmentally friendly product.

Below is an industry projected pathway to net zero, for this to be achieved there needs to be appropriate policy, legislative and support mechanisms in place to encourage uptake.

NI Network Gas + Hydrogen Projected Profile 2020-2050

(DfE High Gasification Scenario)



NOTES

1. This document outlines the Northern Ireland Gas Network Operators initial pathway to a decarbonised gas network by 2050 and was developed prior to the completion of the proposed consultant led research, modelling and analysis. As a result, this initial pathway is subject to change once the supporting research, modelling and analysis has been completed.
2. The graph setting out the expected NI Network Gas + Hydrogen Profile 2018-2050 uses data supplied by the Department for the Economy's High Gasification Scenario. The graph represents the expected percentage split per gas used to meet the combined demand of the Residences, Services, Industry and Transport Sectors. It does not include demand for power generation.
3. Projected natural gas connections are based on an accelerated connection rate which reflects a desire for greater ambition. Specific enabling policies and/or changes to the regulatory framework will be required to realise this ambition and derive the immediate carbon reduction benefits of achieving it.

Since 2005, firmus energy has been responsible for installing and maintaining over 1,700km of pipeline across 35 cities, towns and villages in Northern Ireland. Based in Antrim, firmus energy has connected over 50,000 customers in its Ten Towns network area (outside greater Belfast) and supplies over 108,000 domestic and industrial customers with natural gas across Northern Ireland.



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