



Stakeholder Report

2021–2022

firmus
energy
transitioning to *net zero* carbon

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Foreword from Chairman

This Stakeholder Report allows us in firmus energy to communicate what we do to serve the community of which we are part. I trust it provides an insight into the customer service, community engagement, innovation and network development that firmus energy is undertaking to meet our customers' energy requirements and help develop and deliver a pathway to carbon net zero. Can I publicly thank my board, executive and employee colleagues for their considerable effort over the last year in successfully dealing with the many challenges we face including the Covid pandemic and steep increases in energy costs.

Global energy prices are soaring as increased demand from the post Covid recovery is outstripping energy supplies which are being restricted mainly due to the Ukrainian conflict. We have seen the cost of natural gas, oil and coal increase significantly from the market low point during the Covid pandemic. Wholesale natural gas costs have increased over four-fold leading to the price of domestic and industrial gas and electricity more than doubling and resulting in major adverse impacts for all our household and business customers.

Throughout the Covid pandemic firmus energy has continued to provide our customers with a full service as well as increase our investment in developing our network. We are now working closely with the Utility Regulator, Government and all other key stakeholders to alleviate the impact of the current high energy costs on our customers, especially those who are vulnerable, including the provision of financial and administrative support for the government's Emergency Fuel Fund, delivered by the Department for Communities.

Our company is very much part of the community we serve and we recognise the hardship caused by increasing energy, food and fuel prices. While we are doing everything we can reasonably do to mitigate the impacts of high energy prices we are also pursuing other longer term solutions such as encouraging energy reduction and sourcing sustainable local supplies of biogas. We recently launched a new campaign called 'Let's Save Energy' supported with a series of adverts, videos and roadshow events to encourage customers to save energy and improve the energy efficiency of their homes. We welcome the efforts being made by our NI Executive and the UK Government to provide financial support, especially to those most in need, and hope to see further measures rolled out in Northern Ireland in the coming months.

Despite our Supply Business incurring financial losses due to high wholesale gas prices (which we didn't fully recover from our customers), I am pleased to report that in 2021 that our overall local investment increased to over £20 million. We further developed our gas network, laying 187 km of new gas mains and bringing gas to over 6,500 new domestic and business customers. We also developed our understanding and capability in sustainable zero carbon alternatives to natural gas such as biomethane and hydrogen.

As well as dealing with the current energy supply crisis, we are acutely aware of the need to reduce our carbon footprint and address the global warming crisis which is increasingly impacting on global weather and ecosystems. To signal our commitment to transition to net zero, we have changed the firmus energy strapline from 'taking natural gas further' to 'transitioning to net zero carbon'. This statement of our strategic intent, conveys our commitment to cutting local carbon emissions across industry, transport and households and supporting Northern Ireland's journey to net zero carbon.

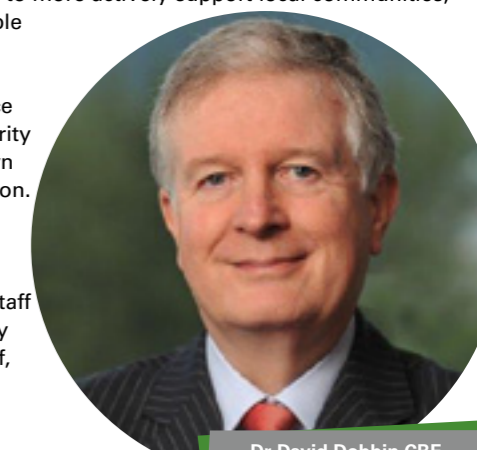
In December 2021, Gordon Lyons, Minister for the Economy, published the much anticipated new Energy Strategy for Northern Ireland, aimed at transitioning homes and businesses to energy sources with lower, or no, carbon emissions. firmus energy is keen to deliver on these ambitious plans recognising that our Ten Town's network is well positioned to harness the benefits of locally produced biomethane and hydrogen, helping our customers reduce their reliance on imported fossil fuels and providing improved price stability.

We have been working closely with the Department for the Economy, Utility Regulator and industry colleagues to carry out the studies and pilot work necessary to replace natural gas with sustainable "green" alternatives such as biomethane and hydrogen. We have helped form the Gas Network Operators Energy Transition Group which has commissioned research from KPMG and QUB to confirm the potential for renewable gases in Northern Ireland. This research has confirmed that it would be possible to meet a significant proportion of the local demand for gas from local biomethane production. We are also working with industry groups such as Hydrogen NI and Hydrogen Ireland to share knowledge on replacing natural gas with a mix of biomethane and hydrogen and initial pilot trials are being developed.

In the short term, switching from oil and coal to natural gas provides an immediate carbon reduction of around 50%. To enable more consumers and businesses to switch to gas from our network, we continue at pace to lay mains and infill pipeline to local neighbourhoods. Gas is now installed in 63,000 premises across our 2,000 km Ten Towns network, with gas immediately available to a further 120,000 homes and businesses. There is clearly significant potential to reduce our carbon footprint by switching from oil and coal to natural gas, even prior to the introduction of renewable gases such as biomethane and hydrogen. In the long term our modern network is being primed to deliver biomethane and hydrogen to homes and businesses without the need for customers to change their current heating systems.

Safety is paramount at firmus energy and I want to commend our engineering and maintenance team, working with our main contractors Kier for continuing to exceed industry standards for safely constructing and maintaining our network.

I am also pleased to say that with Covid-19 restrictions relaxing, staff have been able to more actively support local communities, schools and charitable causes such as our 2021 charity of the year – Air Ambulance NI and our 2022 charity of the year, the Down Syndrome Association. As a responsible community-centred business it is important that our staff have the opportunity to take ownership of, and shape, how our business helps and supports local initiatives.



Dr David Dobbin CBE, Chairman

Introduction



Niall Martindale,
Chief Executive Officer

Having been appointed to the role of Interim Managing Director in January 2022, the last six months have been quite the baptism of fire. I am tremendously proud of how the team at firmus energy has stepped up to the significant challenges of the last number of years, demonstrating remarkable resilience and commitment to the continued growth and success of our business and a dedication to ensuring we deliver the highest levels of service to our customers. More than ever, our company values have been cornerstones of strength in how we conduct our business, with empathy, clarity, integrity and teamwork.

Despite the lingering challenges of Covid-19, 2021 saw our Distribution business deliver the greatest length of mains pipeline ever laid and the highest number of customers connecting to our network in a single year.

However, 2021 also witnessed a steady and relentless increase in gas commodity prices across global wholesale markets. As global economies began to emerge from the pandemic, a suite of global factors supported rising prices, such as strong Asian LNG demand, low European gas storage, low European wind, and even hydropower issues in Brazil. From October 2021, these issues have been exacerbated by Russia's behaviour towards Ukraine, which were then compounded with their invasion of Ukraine on 24th February 2022 and led to some of the sharpest increases in wholesale gas prices we have ever seen.

Regrettably, we have had to pass these commodity increases onto our customers through a number of tariff increases since our last stakeholder report. Over this same period of time, we have seen the collapse of almost 30 supply companies in GB and I take great pride in our ability to have navigated such commercially challenging times. We are strongly positioned to continue to deliver the benefits of natural gas, and soon renewable gas, to our customers throughout Northern Ireland.

We are acutely aware of the challenges and impacts of the current cost of living crisis within the communities we serve. At the beginning of 2022 we worked with the Consumer Council of Northern Ireland and Department for Communities to financially and administratively support the delivery of much needed assistance to customers throughout our network area. We continue to engage with political and community group representatives to explore ways in which we can help customers and communities feeling the impacts of the cost of living crisis.

We are currently engaged with the Utility Regulator on price control reviews for both our Distribution business (GD23) and Supply business (SPC23). These are important projects, during which the Utility Regulator assesses our business plans for the next 6 and 4 years respectively and determines allowances within which we must operate in pursuit of our ambitions. The Utility

Regulator will publish their Final Determinations for GD23 and SPC23 in September 2022.

In December 2021, the Department for the Economy published Northern Ireland's new energy strategy. Having worked closely with industry peers and government representatives during the development of this new energy strategy, we are greatly encouraged and excited to see recognition for the important and continued role of our gas network as Northern Ireland transitions towards a net zero carbon future. Every home converting from home heating oil to natural gas has already reduced its carbon emissions by up to 52%. Carbon emissions will fall exponentially with the introduction of renewable gases being injected, locally, into our network.

The potential for renewable gas to be injected locally into our network is huge. Firmus energy is committed to a sustainable future and supporting a local circular economy. Our sustainability team is pioneering several renewable energy initiatives which will progress the introduction of 'green' gases into our network, including projects to blend green hydrogen into the gas network and upgrade anaerobic digestion plants so that biogases generated can be converted into biomethane making our agri-food, power, heat, and transport sectors more sustainable.

The availability of biomethane produced from anaerobic digestion in Northern Ireland is set to replace the natural gas in our network and without any downstream changes required to our customer's heating systems' or appliances. A recent Centre for Advanced Sustainable Energy (CASE) report from Queens University outlined that 80% of the total natural gas distribution network demand in Northern Ireland could be sourced from biomethane via Anaerobic digesters utilising all current housed livestock manure and underutilised grass silage as feedstock.

We are also part of a working group along with Action Renewables and other gas network operators in which KPMG are preparing a report investigating "supporting a renewable gas sector in Northern Ireland" which will identify support mechanisms required to develop the renewable gas sector.

Furthermore, our modern polyethylene network can already facilitate a blending of up to 20% hydrogen, again, without any downstream changes required to heating systems or appliances.

We are pleased to be working with Mid and East Antrim Borough Council on the potential for developing a hydrogen gas network in Ballymena to support the growing hydrogen economy, centred around local businesses like Translink, NI Water and Wright Bus. Thanks to funding from the Belfast Region City Deal this will include an i4C Innovation and Cleantech Centre to progress the local skills and knowledge base with respect to hydrogen, further supporting growth of the 'green economy'.

Sustainability is core to our strategic ambitions, and since our last stakeholder report we have undertaken a refresh of our brand. Our logo has had an injection of green, and our strap line has transitioned from 'taking natural gas further' to 'transitioning to net zero carbon'. We are embarking upon particularly exciting times within the energy sector. I am anticipating and preparing for rapid changes in the very near term and firmus energy will be at the forefront of this charge. Our new strapline reflects our corporate intent to support Northern Ireland's transition to net zero and recognises the significant contribution to be made by the gas networks in achieving our shared ambitions.



Pictured: Niall Martindale, Chief Executive Officer, firmus energy

As I mentioned at the beginning of my introduction, our business is underpinned by our values and we take great pride in the culture at firmus energy. While navigating our recent challenges we have continued to demonstrate our commitment to corporate responsibility and exceptional customer service. Since our last stakeholder report we have been reaccruited CORE Silver by Business in the Community and shortlisted for Business in the Community's Responsible Business of the Year award 2022. We have also been undertaking specialised training for our customer facing teams, including dementia training, autism training and refreshing our JAM Card (Just A Minute Card) awareness training with the NOW Group. Later in 2022 we will be undertaking reaccruitation of our Gold status for Investors in People.

In taking on this role I am grateful for the support I have received from the Board of firmus energy, our shareholders Equitix, my colleagues and our stakeholders for their invaluable support.

I look forward to continuing to work with each and every one of you and look forward to providing you with an update on our sustained growth, our contribution towards Northern Ireland's sustainable future and many more achievements supporting the continued success of our business, in another year from now.



Pictured L-R: Denise Curran, Finance Director, Paul Stanfield, Director of Sales, Marketing and Customer Services and Eric Cosgrove Director of Engineering and Sustainability

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 the 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 the transition to a zero carbon economy.

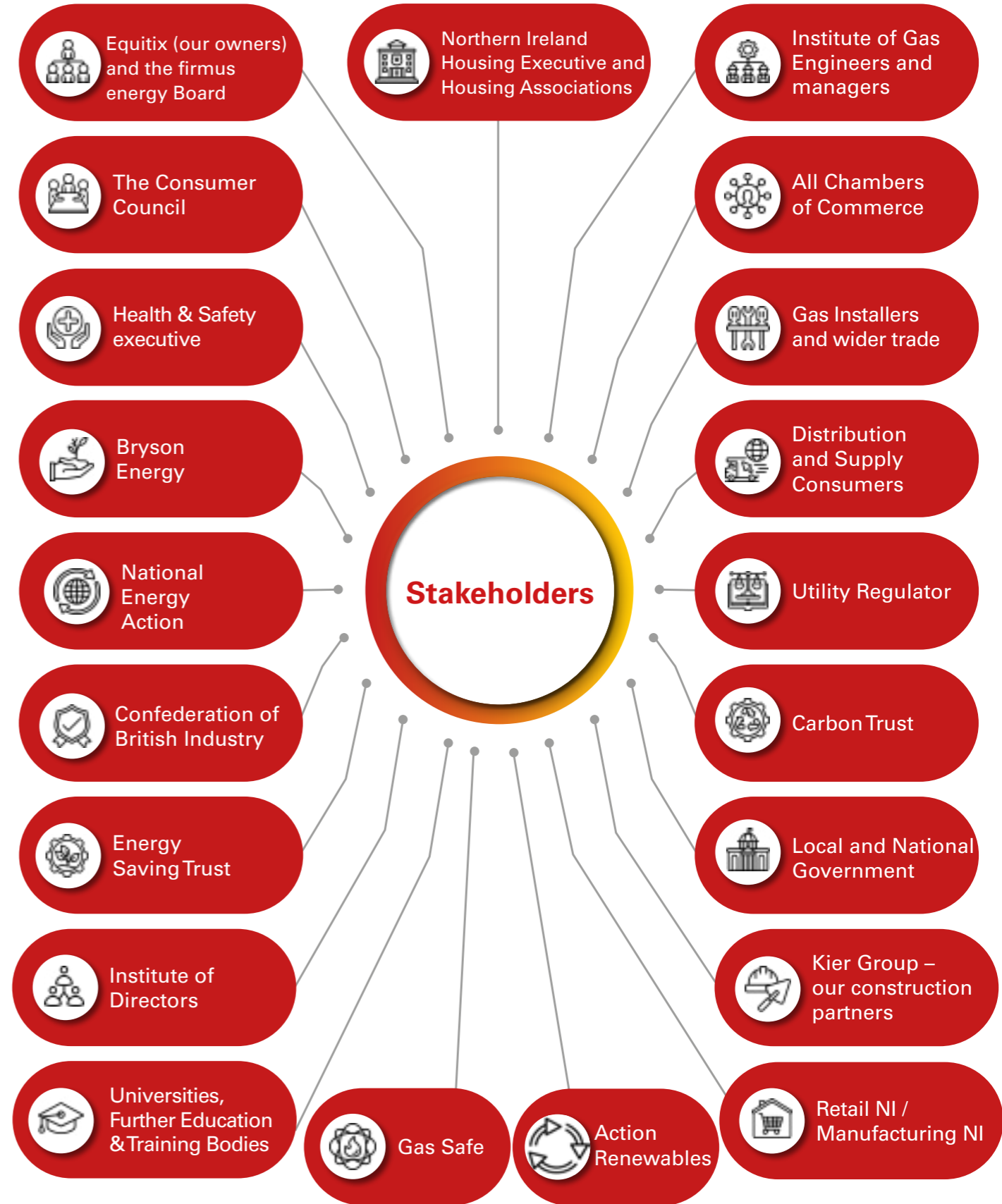
Values

- Clarity
- Empathy
- Integrity
- Teamwork



Stakeholders

firmus energy works with a wide range of consumer, business, community, industry and government stakeholders to deliver against its organisational objectives. These include:



Staff

firmus energy is working towards being an Employer of Choice, both for the benefit of its people, and the organisation. We offer a fantastic work culture and environment that allows our people to make a positive impact through the work that they do. This means we can attract the best employees.

We are an Investors in People Gold accredited organisation which means we are recognised as a company that focuses heavily in its workplace culture specifically in areas around employee engagement, communication, organisational culture and work practices.

We invest and develop our people using a variety of training and engagement opportunities including mental health support, resilience and wellbeing training, diversity and inclusion training, City & Guilds Energy Awareness training, JAM training and encouraging role-specific qualifications.

firmus energy's Re-energising Project, launched last year, provides an anchor for the company's ambitions to become an Employer of Choice and focuses on four key pillars - Alignment of Organisational Purpose, Career Pathways, Leadership Climate and Employer Branding.

The project has a dedicated project team of 12, who develop skills such as problem solving, creative thinking, leadership, communication, facilitation/ presentation skills and influencing and negotiation skills.

One of the key pillars within the Re-energising Project is Careers Pathways which creates career progression opportunities within the Customer Services and Billing departments.

The Leadership Climate pillar creates a blueprint for a firmus leader and leadership climate and a bespoke leadership solution for our existing senior management team and wider management team.

Aside from our Re-energising Project, a number of other critical projects are being progressed across the business which offer opportunities for staff growth and development.



Pictured: Mark Stevenson, firmus energy

Consumers

Our consumers are at the core of everything we do each day. Throughout the ongoing cost of living crisis, and previously COVID19, the company adapted to meet consumer needs by providing clear communication channels and providing updates in real time.

Our large industrial and commercial consumers receive daily gas reports enabling them to assess the market situation and make individual future gas purchasing decisions, assisted by our experienced team of account managers. Gas prices for Residential and Small Medium Enterprises (SME) are set via published tariffs. Firmus energy's Ten Town tariffs are regulated by the Utility Regulator in consultation with the Department for the Economy (DfE) and the Consumer Council for Northern Ireland (CCNI). The Greater Belfast tariffs compete with the regulated SSE Airtricity tariffs.

Energy markets remain at very high levels having been adversely affected by the war in Ukraine and other factors. Increases in the cost of home heating oil, coal, electricity and wholesale gas commodity costs have continued to rise through 2022. Regrettably the sheer scale of the increased costs involved means we've had no alternative but to pass these increases on to our customers.

firmus energy is committed to reducing tariffs for all customers as soon as the market crisis subsides and market factors allows us to do so.

We have been actively providing financial and administrative support for the Government's Emergency Fuel Fund and have upgraded old heating systems, controls and insulation to over 600 low income private homes via government financial grant programmes over the past year. Saving energy within the home has never been so important and when communicating tariff reviews we have taken the opportunity to provide energy saving tips and useful information to customers who may have difficulty paying for their energy.

'Let's Save Energy' is our lead marketing message and this has been bolstered by a series of videos on our website, leaflet drops, roadshows, exhibitions and Out of Home Advertising.

With all staff qualified to City and Guilds standard in energy awareness they are very well placed to impart their energy efficiency knowledge to the many consumers we interact with each day via our locally manned 24 hour customer service telephone line. Firmus energy is proud to be the only UK energy company to have all staff qualified.

Well over 3000 vulnerable consumers have been identified because of their age, disability or through illness and are now registered on our 'firmuscare scheme' and receive a package of support developed for their unique circumstances.

Firmus energy has recently been named the largest gas supply company in NI, by consumption. This is something we're very proud of and is testament of how we listen to our customers and continue to provide a high level of service.

Every consumer that converts from oil to gas, fits controls and upgrades their insulation can be assured that they will save energy and reduce carbon emissions by 52%.



Business

firmus energy is committed to responsible business. The gas industry has a pivotal role to play to deliver clean energy in the future. The company engages at the highest levels of government and has created a pathway to net zero carbon by repurposing existing infrastructure and identifying projects that will allow it to achieve this vision.

We work hand to hand with Northern Ireland's business community providing leadership and advice to guide business owners through this pathway encouraging them to switch from heavy carbon fuels to natural gas and increase connections to our network. Where required we build business cases for conversion.

Expansion of our gas network continues at pace to support decarbonisation. Investments from current clients like the Bushmills Distillery, alongside others, are helping us achieve our long term ambitions.

Indeed, for the past 18 months firmus energy has worked closely with the Utility Regulator and other stakeholders to agree a set of business rules that will enable the injection of renewable gases into our network within the next 12-24 months.

We are also working with potential industrial scale Anaerobic Digestion plant operators to facilitate the injection of biomethane produced from agricultural and organic food waste into our network. This is the first major step in the journey to decarbonise our network and deliver sustainable carbon neutral energy for business customers.

firmus energy currently supplies natural gas to around 6,200 businesses across three gas distribution networks. As the largest gas supplier in Northern Ireland the company is able to offer tailored energy solutions to meet exact customer requirements.

Our tailored approach includes flexible purchasing arrangements with options for carbon offsetting and renewable gas. This enables businesses to better manage financial budgets and improve their own environmental credentials.

As Northern Ireland begins the transition to net zero carbon we will continue to work with our customers and stakeholders, many of whom have already committed to operating sustainable businesses, to help them understand the critical role natural gas infrastructure has to play to cut carbon emissions in industry, transport and agricultural sectors.



Pictured L-R: David McKee, Granville Eco Park; Neill Gallagher, firmus energy and Timothy Hamill, Granville Eco Park



Pictured L-R: Ryan O'Neill, Ciara Magill, George Lightbody, Jemma McKee, Damien Dineen

Communities and Sponsorship

firmus energy is committed to supporting local communities. This is engrained across our business and forms the lynch pin of our pledge to provide corporate social responsible excellence as we strive to deliver a cleaner, greener future for Northern Ireland.

Instilling a strong corporate responsibility culture is at the heart of the company. Our network stretches from Newry through to Derry /LDerry and we employ staff who live in these areas who have an interest in improving local community life. They help us identify community projects in need.

By proactively contributing to these important causes we create a positive workplace for our employees while helping to support the people, projects and places that are important to our customers and the society in which we live.

Today, the scale of firmus energy's operations in Northern Ireland is such, that investing in the community requires an element of organisation. A dedicated CSR team ensures we deliver our corporate social responsibility programmes, sponsorships and donations across Northern Ireland. Since 2016 this team has coordinated fundraising of over £73k for local charities through Charity of the Year partnerships.

While the pandemic changed our approach to many of these initiatives, we were able to adapt and divert our focus to key outreach projects that were formed during the Covid-19 pandemic.

Damhead School

firmus energy teamed up with local primary school Damhead, Coleraine and a local 'Be safe, Be well' Men's Shed to deliver a range of environmental initiatives to the area. With a large-scale project underway to extend the Bushmills pipeline firmus energy worked hard to minimise disruption to the local school and during consultation identified an opportunity to enhance the local area. By working with both the local school and Men's Shed the company was able to offer the opportunity for school children to learn new skills and knowledge on sustainability.

Initiatives included an educational talk on sustainability, recycling, installation and provision of planting areas, a potting house and revamping of a Poly tunnel which will be utilised for eco learning activities. firmus energy also worked with the school on a separate initiative called 'Time to Read' a literary programme which aims to bridge the gap in reading skills for children up to the age of ten.



Parkgate Community

Volunteers from firmus energy and its contractor Kier Construction visited Parkgate Village to help a local residents association with a community clean up to prepare this rural village occupied by many elderly people for unpredictable winter weather.

A recent addition to the firmus energy network, the village's street signs and road markings were power washed to improve visibility at junctions and pedestrian crossings, trees were pruned to and over a ton of hazardous underfoot leaves were gathered and disposed of.

Ballymena Saturday Morning League

Over 400 people participate in the Ballymena Saturday Morning league, a football sporting tournament that is at the heart of community life in the wider Ballymena area.

Firmus energy has sponsored the league for 8 years with a total of 3,200 people flourishing through the grass roots sports programme.



Fab 5

The Fab 5 athletics series made a triumphant return in 2022 following the Covid-19 pandemic. The series is a key fixture in the yearly athletics calendar and record numbers of over 1,500 athletes have registered to participate in the 2022 events.

The Fab 5 series plays an important role in increasing participation in athletics in NI, allowing up-and-coming athletes to try new disciplines and compete alongside local stars. The series has seen over 25,000 people participate in events over the past thirty years including a plethora of well-known local sports stars.



Air Ambulance NI

firmus energy donated £23K to Air Ambulance NI signing off a successful two-year partnership with the charity. The charitable partnership was established in 2020 and faced significant fundraising challenges due to the pandemic. firmus energy rose to the challenge diversifying traditional methods of fundraising to explore new avenues with events such as virtual quiz nights, online bingo and gaming tournaments complimenting the mix of long-standing sponsored walks, cycles, and bake-off events.

Air Ambulance NI responds to the worst trauma accidents 24/7, providing lifesaving support to individuals and their families across NI. Since its launch in July 2017 Air Ambulance NI has been called out to over 2,778 incidents.

Down Syndrome Association

The Down Syndrome Association was named firmus energy's 2022 charity of the year following staff election.

The charity, like many others, has suffered throughout the Covid-19 pandemic experiencing reduced fundraising levels.

The partnership has got off to a running start with over £2,500 being raised with a relay team taking on the Belfast city Marathon.

The Down's Syndrome Association is the only charity in NI which supports those with Down Syndrome and their families.

Riverside School

firmus energy with its partner Kier came together to transform a disused patch of ground at the rear of Riverside school in Coleraine into a fully accessible outdoor learning centre. The project has allowed the school to enhance its curriculum to include issues surrounding sustainability and horticulture.

firmus energy and Kier volunteered over 250 hours to deliver the project securing donations from suppliers

worth in the region of £10K. The fully interactive outdoor learning space included the installation of a polytunnel with work benches for children which were adaptable for pupils with specific mobility needs or requiring chair access.

The project is a good example of firmus energy's values of teamwork, clarity, empathy and integrity working in practice.



Pictured L-R: Riverside School pupil with Neil Gallagher, firmus energy and Philip Boyd, Kier Group

Earth Action Day

A team of volunteers from all firmus energy directorates took part in Earth Action day in April 2022, the team visited Praxis in Banbridge where they spent over 40 hours assisting the charity's staff with maintenance and repairs to the building.

Praxis provides bespoke care, support and accommodation to over 850 adults and children across 18 different locations in Northern Ireland. It recently celebrated 15 years in Banbridge but had faced difficulties over the last few years due to restrictions on their typical fundraising activity due to Covid-19.

The firmus energy team weatherproofed outdoor buildings, provided fencing to give secure access to the building and transformed rundown outdoor spaces by planting and creating allotment style growing zones which can now be used for outdoor meetings, workshops and to facilitate the charities educational programmes.



Pictured L-R: Philip Hewitt, Jacqueline Gange, Jemma McKee, Ciaran Brennan and George Lightbody

Government Relations

firmus energy has engaged extensively with the Department of the Economy (DfE's) in relation to the Energy Strategy consultation process.

The DfE's Energy Strategy recognises the important long-term role that Northern Ireland's gas networks have to play in net zero carbon emissions. It particularly recognises the unique nature of the gas networks in Northern Ireland. There are helpful and encouraging references regarding the need to continue to connect customers to the gas grid and the role to be played by our modern gas network.

3 key areas of focus include:

- The phasing out of home heating oil which will be supported by utilising the modern gas infrastructure. The executive will continue to encourage people with access to the gas network to connect to it.
- Maximising the potential use of hydrogen in the gas network. To enable this the executive will review existing legislative provision by 2025. The executive recognises the route to fully decarbonised gas is uncertain and is committed to continuing its engagement with the gas sector to understand viable pathways.
- The executive will work on an all-island basis to develop the infrastructure for alternative fuels such as hydrogen and biomethane for harder to electrify sectors such as HGVs.

The energy strategy supports the policy review required to optimise the present and future potential of Northern Ireland's natural gas infrastructure which, in the period to 2030, will deliver an immediate impact to decarbonisation and energy efficiency by expediting the conversion of

properties from home heating oil and coal to natural gas. In the longer run, the gas network's PE network is extremely robust, in so far as it is suited to the conveyance of renewable gases such as bio-methane and hydrogen.

The UK Committee on Climate Change confirmed its approval in writing to Edwin Poots MLA, Minister of Agriculture, Environment and Rural Affairs following the approval of a new Climate Change Bill by the Northern Ireland Assembly, seeking to set Northern Ireland's first legally binding net zero target for 2050.

Biomethane injection into the natural gas network is an ongoing workstream in conjunction with gas Distribution Network Operators, gas Transmission System Operators, Gas Market Operator Northern Ireland and the Utility Regulator.



Kier Utilities

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

We have a responsibility to work with our partners towards achieving a more sustainable environment and this includes a greener supply chain. Working alongside Kier, firmus energy is making a continuous improvement to reducing waste, re-using waste materials and recycling those we cannot re-purpose with the overall aim of reducing the carbon footprint of 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, most excavated material is replaced with fresh quarried material before a top surface is restored with bituminous material. To minimise the number of materials being excavated, firmus energy and Kier Utilities maximise the use of trenchless technology, with mains being installed using directional drilling techniques wherever possible. Similarly, pneumatic muling of small diameter service pipes is used to connect customers to our network with minimum virgin materials used. These methods will continue to be employed to support our ambitious connection targets throughout GD23 in the most environmentally responsible manner.

In 2017, firmus energy and Kier Utilities established a working relationship with Craigavon based company, Recon Waste Management. Recon receives excavated material and recycles it for re-use in the wider construction industry. This initiative has reduced our average annual volumes of waste sent to landfill

significantly since we began 2017. In 2021 we diverted just over 50% of our waste going to landfill. An environmental objective during GD23 is to increase our waste diversion figure even further through sourcing additional waste repurposing facilities in other geographical areas of our Distribution Network.

Further sustainability initiatives planned for trial include the re-use of excavated material after stabilising it with an additive. This diverts materials from landfill and also reduces the use of virgin aggregates. We hope to commence trials early in the GD23 price control period. Kier Utilities are phasing operational logistics and transport to net zero by 2030.

firmus energy and Kier Utilities have been successfully working together since 2005 and have achieved a number of high profile successes including the delivery of a £3 million River Foyle Crossing which was the largest project of its kind to be undertaken on the island of Ireland.

Cormac O'Donnell,
Operations Director – Kier Group



Safety

firmus energy is committed to operating its network safely and in line with all legal obligations 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.

firmus energy, as the DNO, 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 48 minutes to all public related escapes (PRE) in 2021, including both controlled and uncontrolled gas escapes.

A controlled gas escape is defined as an escape that has been stopped by turning off the meter emergency control valve and confirming that the smell of gas has dissipated.

An uncontrolled gas escape is defined as an escape where it cannot be ascertained that the gas escape is controlled.

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 2021, 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).

HSENI New Build Campaign

In 2021 firmus energy worked alongside HSENI and the other Gas Network Operators in Northern Ireland to produce a series of short videos to reduce the number of gas damages specifically on New Build construction sites.

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



Key Achievements 2021/2022

firmus energy is ranked 71 in Northern Ireland's Top 100 companies by Belfast Telegraph

firmus energy successfully tenders for NISEP funding for 2022/2023 securing in excess of £620K

Company also participates in government's emergency fuel payment scheme which supports customers ringfencing c£300k for payment

firmus energy successfully submits not one but two price control business plans to the Utility Regulator during 2021 and 2022. Both GD23 and SPC23 are due to take effect from 2023

Company rebrands from its iconic 'taking natural gas further' strapline to a new 'transitioning to net zero carbon' strap demonstrating the critical role it will play to cut carbon emissions in Northern Ireland

firmus energy achieves Platinum in BITC's Environmental Benchmarking Survey

firmus energy launches Northern Ireland's first Gamma cloud contact centre to enable its team to work effectively from home while ensuring excellent quality standards

firmus energy awarded Silver CORE accreditation by BITC which sets the standard for responsible business

The Centre for Advanced Sustainable Energy (CASE) report highlights the potential for up to 80% of Natural Gas used in NI being replaced by Biomethane produced from sustainable resources, primarily waste from cattle, pig and poultry. This could be injected into firmus energy's network either at the producer's site or at a series of injection hubs accessible to any producer with Biomethane meeting specific standards

firmus energy plays leading role in NI energy forum leading NI's ambition to achieve net zero carbon

firmus energy supports the Department for Communities Energy Payment Support Scheme which ringfences £55m for vulnerable people struggling to meet rising energy costs due to the global fuel crisis

Achieving engineering efficiencies with contractor Kier and key stakeholders, firmus energy delivers an extra 15k of mains pipework to connect the new Bushmills distillery ahead of schedule to the network

firmus energy named Northern Ireland largest natural gas supplier by consumption

Company is named a finalist in the BITC's NI Responsible Company of the Year. The awards recognise companies that demonstrate positive impacts across people, planet and places

Working Sustainably

Corporate responsibility and sustainability are at the core of firmus energy's company strategy and organisational goals. The company's efforts go well beyond its immediate geographical area and have wider connotations as an enabler to achieve global climate ambitions in a sustainable way.

The gas industry has a critical role to play to cut carbon emissions in industry, transport and households. With this goal firmly in the company's sights, firmus energy reorganised itself in 2019 appointing a Director of Sustainability and building out this team. This team is charged with leading the company's adoption of new technologies to maximise environmental benefits realised by introducing renewable gas into the company's natural gas network which will facilitate the clean energy of tomorrow and the continued use of the £1 billion pipeline network constructed in Northern Ireland.

Our local gas networks are among the most modern in the world and their because they are constructed of almost 100% Polyethylene pipework they are entirely compatible with these new fuels. With the emergence of Biomethane and Hydrogen firmus energy's gas network can be viewed as a key piece of green infrastructure for the future of Northern Ireland.

Sustainability and securing the future of our gas networks has been a priority for firmus energy over the past eighteen months and we have been involved in widespread engagement locally and further afield to maintain a keen watch on the rapid developments during what has become an increasingly challenging time for the energy industry.

Northern Ireland Energy Strategy

The NI Energy Strategy was published in December 2021. It was set against the backdrop of the ongoing energy price rises currently impacting every household and business in Northern Ireland.

The strategy demonstrates a clear appetite for reducing our dependence on fossil fuels, leading to less price volatility and making sure local money spent on energy stays in the local economy, which will help create wealth and jobs.

Energy Minister, Gordon Lyons said 'the path to net zero energy sets out a path to 2030 that will mobilise the skills, technologies and behaviours needed to take us towards net zero carbon and affordable energy by 2050.'

The Path to Net Zero Energy sets three key targets:

- **Energy efficiency:** deliver energy savings of 25% from buildings and industry by 2030;
- **Renewables:** meet at least 70% of electricity consumption from a diverse mix of renewable sources by 2030; and
- **Green economy:** double the size of our low carbon and renewable energy economy to a turnover of more than £2billion by 2030.



Business in the Community COP26 Round Table Event

firmus energy was asked to join BITC's post-COP26 round table event which included an opening and closing address from the Agriculture Minister, Edwin Poots, as well as input from NIHE, Translink and River Ridge. It is hoped the event promoted local knowledge of firmus energy's ambitions for decarbonisation and also highlighted a number of initiatives that would be achievable in a relatively short timescale to get Northern Ireland started on the route to decarbonisation.



CASE Study - Biomethane

A study by Queens University Belfast and supported by the Centre for Advanced Sustainable Energy (CASE) was published in early May 2022 and has highlighted the great potential for Biomethane in Northern Ireland. The report estimates that there is potentially over 6000GWh worth of renewable energy potential which could be realised through repurposing livestock manure and grass silage as a feedstock in the Anaerobic Digestion process.

This could result in a reduction of approximately 845,000 tonnes of Carbon Dioxide and if this was refined to Biomethane it could satisfy up to 80% of the current demand for natural gas in Northern Ireland. The process of upgrading and odourising Biomethane for gas network distribution is already widespread throughout Great Britain and, to a lesser extent, in the Republic of Ireland. Grid entry facilities could be installed either at an Anaerobic Digestion plant or at centralised injection hub facilities where connection to firmus energy's existing networks would be relatively straightforward from a technical perspective. With the correct support mechanisms in place, the injection of Biomethane could begin on firmus energy's networks within the next twelve months. This would set us on track to reducing our reliance on imported fossil fuels, starting the switch to renewable fuels and the larger journey towards the government's ambitious target of net zero by 2050.

Further benefits of the diversion of slurry and manure to use in AD will include the reduction of Phosphorus run-off into watercourses and a reduction of odour on and near farms caused through slurry and manure spreading. The by-product digestate mix provides a very useful organic fertiliser which can be passed back to the farmers offsetting their 'loss' of the manure or slurry in the first place.

Firmus energy is continuing to liaise with prospective producers and suppliers, and a long running project to ascertain the viability of grid injection, sponsored by the Utility Regulator, is drawing to a close. This will see the final framework for connections agreed and published. It's our hope that Biomethane injection into our networks will start within the next twelve-month period.

Hydrogen NI

Firmus energy joined the Hydrogen NI group in summer 2021. Hydrogen NI is a facilitator aimed at educating and providing information to stakeholders on the potential that exists for the production, distribution and use of Hydrogen within Northern Ireland. Since then we have engaged with local assembly members and relevant assembly committees as well as met with each of the major local parties ahead of assembly elections. Direct political engagement is set to recommence when the new Executive and committees are in place in Autumn 2022. The consultations with local political parties, combined with the current energy crisis has been exasperated by the ongoing conflict in Ukraine. This has resulted in an increased commitment by all parties to net zero goals with a move away from reliance on imported fuels being high up their list of proposed policies in manifesto's.

The Potential for Green Hydrogen

Approximately 40% of Northern Ireland's electricity is produced from renewables, mostly wind, through turbines erected throughout the region. As there is an overabundance of wind available in NI, it is unfortunate that these assets are curtailed or disconnected during times of low electricity demand. Production of Hydrogen, which can be described as a form of energy storage, could be carried out using an Electrolysis process, splitting water into Hydrogen and Oxygen which would absorb this unused and free, wind powered energy. The Hydrogen produced could then be stored and used as a blended constituent in existing gas networks at concentrations of up to 20% without causing any major change to existing infrastructure both at a gas network and end-user level.

Ballymena Clean Zone Project

firmus energy has signed up as a stakeholder in the Mid & East Antrim council project based around the former St Patrick's Barracks site in Ballymena. The ambition is to develop Ballymena as 'NI's premier Hydrogen/Zero Emission Town' and develop a cleantech training centre providing

- Hydrogen training academy (possibly to include Electrolyser units as demonstrators)
- Power systems training
- Renewables / Off-shore renewables training
- Demonstration of Hydrogen as a future fuel for road transport, incorporating input from local manufacturer Wrightbus.

Firmus energy will play a key role in the project with its pipeline construction and operational expertise and is excited to be at the forefront of a project that has the potential to lead the decarbonisation of local energy industry.

The company is keen to implement trial projects on a local basis to test blends of hydrogen to see what can be achieved. Some may appear to be similar to pilot projects taking place in Great Britain however we are fully supportive of any proposal to set up a forum in NI where technical aspects of a hydrogen development project can be interrogated and information shared which will fast track decarbonisation.



Company Solidifies Commitment to Diversity and Inclusion

firmus energy has declared its commitment to diversity and inclusion in the workplace by becoming a Diversity Mark Charter signatory. As part of the company's commitment a range of structural and cultural changes to further advance diversity and inclusion will take place over the next year.

This includes implementing a strategy and action plan, setting internal targets for reaching gender diversity, ensuring Equality, Diversity and Inclusion are a standing agenda item at board meetings and incorporating responsibility for Diversity and Inclusion at all management levels in the organisation.



Environmental Management

2021 saw firmus energy make a public commitment to reducing our Scope 1 and 2 GHG emissions by 30% by 2030 by signing the BITC Climate Action pledge.

By signing the Climate Action Pledge, and setting and striving to achieve ambitious GHG reduction targets, Northern Ireland organisations can demonstrate willingness to collaborate to address this critical issue, as part of their race to net zero.

firmus energy emissions are made up of the following elements

Scope 1 – Direct emission from natural gas used to heat our buildings and fuel for vehicles used.

Scope 2 – Indirect emission from purchased electricity.

As a Gas Distribution Network Operator, we also measure and report on emissions associated with Distribution Network Shrinkage. Network Shrinkage is defined as gas lost from the Network and represents the difference in volumes between the gas entering the Distribution Network and the gas used by end users (as recorded by the metering equipment). "Northern Ireland Shrinkage Methodology -December 2017"

Improvements in emissions (Scope 2) of 17% have been achieved in 2021 through the purchase of green electricity.

Company Named Finalist in Responsible Business Awards

In 2022 firmus energy was selected as a finalist in Business in the Community's prestigious Responsible Business Awards - Company of the Year category.

The awards recognise companies in that demonstrate positive impacts across people, planet and places and which are innovative in their approach to doing business responsibly. They are a leading celebration of responsible business excellence.

The eventual winners will be selected by a senior judging panel before being announced at an awards ceremony in September later this year.



Pictured L-R: Niall Martindale and Eric Cosgrove, firmus energy

Firmus energy picks up raft of accreditations and awards

Business in the Community is widely known as the leading organisation which sets the benchmark for responsible working practices. Firmus energy picked up a raft of accreditations during 2021/2022 including achieving platinum in its Environmental Benchmarking survey.

This survey ranks organisations against 113 leading Northern Ireland organisations (including utility sector peers) and is based on environmental management and performance in key areas. Receiving the award is testament to all employees and contractors commitment to sustainability and continuous improvement.

The company was also shortlisted within the Environmental Leadership category in the wider BITC Responsible Business Awards. The submission was based on firmus energy's waste diversion strategy which reduces and divert waste to landfill through both design and waste repurposing.

Wider local industry developments

A number of recent developments have kickstarted the net zero journey for Northern Ireland. Funding from the Department for Business, Energy & Industrial Strategy (BEIS) for the Ballylumford Power-to-X project in Larne was recently announced. This funding will explore the use of Green hydrogen, produced by electrolyzers, stored in underground salt caverns, to displace natural gas in fuel blending trials at Ballylumford Power Station. It is significant for the power generation sector and could pave the way for future large-scale electrolyser deployments connected to offshore windfarms with storage being a critical issue for PLC's in Northern Ireland.



Since 2005, firmus energy has been responsible for installing and maintaining over 2,000km of pipeline across 35 cities, towns and villages in Northern Ireland. Based in Antrim, firmus energy has connected over 61,000 customers in its Ten Towns network area (outside greater Belfast) and supplies over 111,000 domestic and industrial customers with natural gas across Northern Ireland.



Niall Martindale
Chief Executive Officer



Denise Curran
Finance Director



Eric Cosgrove
Director of Engineering
& Sustainability



Paul Stanfield
Director of Sales, Marketing
& Customer Services

**Together we will transition
towards net zero carbon future**

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