THE IRISH OIL AND GAS SECTOR

POWERING IRELAND’S ENERGY TRANSITION

“A natural gas will be essential for Ireland’s transition to a low-carbon future”
Irish Academy of Engineering

Ireland’s transition to a greener, low carbon economy will mean moving to lower emission fuels. In the course of that transition, we will gradually reduce our dependence on fossil fuels. But, according to the International Energy Agency, there will continue to be an increasing requirement for oil and gas in order to meet our energy needs for decades to come.

DELIVERING ENERGY - ACCESS, SECURITY & SUSTAINABILITY

A vibrant oil and gas sector brings Ireland significant benefits through:

- investment and jobs, especially on the south and west coasts, as well as additional exchequer revenue;
- enhanced security of supply for vital electricity generation, industrial and residential use, particularly in a post-Brexit scenario; and
- environmental benefits by avoiding increased greenhouse gas emissions that arise from the increased importation of gas & oil over long distances from Norway and countries outside Europe including Russia and Qatar.

Attempts to restrict Ireland’s ability to explore and develop its own indigenous resources are misguided, damaging to our national interest and harmful to our environment.
Gas production from Corrib has already started to decline and is expected to cease around 2030. Without new developments, Ireland would then be totally dependent on imports for our gas supply.

Ireland imports gas through an interconnector with Britain. By 2030, Britain will need to import 75% of its gas due to the decline in North Sea production. Britain’s gas imports will then come from Norway, Russia, Qatar and various countries outside Europe.

The gas supply route to Ireland will be longer than at present with a greater risk of supply disruption, price volatility and disruptions caused by political instability.

Post Brexit, Ireland will no longer have a physical gas interconnection with the EU and could find itself isolated from the EU’s internal energy market.

By 2026 if no more Irish oil and gas fields are found and developed, 79% of gas will be imported foreign supplies.
THE ECONOMIC BENEFITS OF AN INDIGENOUS OIL & GAS SECTOR

The oil & gas exploration industry in Ireland currently provides significant employment, particularly in southern/western coastal regions as a result of offshore drilling programmes. During its construction, the Corrib gas project created almost 1,500 jobs. Ports like Cork, Foynes, Fenit and Killybegs, as well as regional airports support offshore exploration efforts through vessel & helicopter activity as well as retail, hospitality and transport services.

For every exploration drilling project undertaken by the Industry, typically 15-20% goes to the local economy. In recent years, exploration wells off the south west coast have contributed between €15 and €20m to the local economy.

The Kinsale and Corrib fields have brought huge benefits to Ireland. Kinsale enabled Ireland to be self-sufficient in gas for over a decade and was instrumental in the development of the national gas network. It also drove growth of the chemical and pharmaceutical industries in Cork Harbour.

In addition to the significant employment created, the Corrib gas field is expected to contribute over €6 billion to Ireland’s GDP over the field’s life-time.

PwC has estimated that a future oil and gas development would contribute:
- €190m per annum to the Irish economy;
- 800 jobs sustained once production commences;
- between €4.5 to €10 billion in corporation tax over the life of a project, depending on the size of the discovery.

The loss of an indigenous oil and gas sector would reduce our international competitiveness. Many of Ireland’s international competitors - UK, Norway, Netherlands, Spain, Portugal, Italy - actively encourage and incentivise offshore exploration.

If Ireland cannot guarantee security of energy supply, it will likely lose out to international competitors for Foreign Direct Investment (FDI). This is especially relevant for Ireland as an open economy and as we compete to attract investment post-Brexit.

“In indigenous supplies of gas benefit the economy more than importing gas”
Gas Networks Ireland

“Gas fired generation will be crucial to safe, secure running of the electricity grid on the island of Ireland for the foreseeable future”
Ibec
Ireland is on a journey to a low-carbon economy by 2050. Further reductions of emissions in Ireland’s electricity supply will require a large increase in renewables and a shift to lower-carbon fuels like natural gas. Natural gas has the lowest carbon emissions of all fossil fuels and is an ideal complement to renewables. Ireland’s dependence on gas will increase when the use of coal and peat for electricity generation ends around 2025/2030. Natural gas will be critical for Ireland’s transition to a low-carbon future and an indigenous supply will be crucial to assist with that transition. This view is supported by the International Energy Agency, the Department of Communications, Climate Action and Environment, the Sustainable Energy Authority of Ireland, Gas Networks Ireland, Ibec and the Irish Academy of Engineers.

Oil and gas exploration and production in Ireland is subject to stringent environmental regulation. This is not the case in some supplier countries we would be relying on for imports, potentially facilitating less environmentally friendly practices.

Norway is an example of a country which has used its indigenous oil and gas sector to create a modern society which is a leader in electric car sales and one of the lowest carbon economies in the world.

In contrast, Ireland, as an island nation, will continue in the coming decades to be heavily dependent on imported energy for home heating, transport and industrial use due to the intermittent nature of our renewables (wind and solar).

There is a compelling case for continuing support for offshore oil and gas exploration. A vibrant sector will grow the Irish economy and jobs, secure our energy supply and help the transition to a greener Ireland.

- 50% of Ireland’s electricity is produced from Natural Gas alongside 98% of transport fuelled by oil with no viable alternative currently available
- By 2030, a 50% increase in the use of Renewables will still only provide 12% of Ireland’s energy needs (up from 8% in 2016)
- The Corrib gas field will supply just 21% of Ireland’s gas requirements by 2026. By 2030 it will be depleted, leaving Ireland with no indigenous gas supply

“We still need investment in new oil and gas”
International Energy Agency