



**AN BILLE GÁIS (LEASÚ), 1987
GAS (AMENDMENT) BILL, 1987**

EXPLANATORY MEMORANDUM

Bord Gáis Éireann (BGE) was established under the Gas Act, 1976 with powers, *inter alia*, to purchase, transmit, distribute, sell and supply natural gas in Ireland. BGE's role was seen, at that time, as essentially one of a wholesaler of natural gas.

The Government have always recognised the importance of distributing natural gas to premium domestic, commercial and industrial customers. As Dublin has the largest premium market by far in Ireland, a pipeline to bring gas from Kinsale to that market was constructed in 1982 by BGE and considerable expenditures were subsequently incurred on conversion and development activities in the Dublin area. Although sales continued to grow, serious difficulties were encountered by Dublin Gas from 1985 onwards and these resulted in the appointment of a receiver to the company by BGE in April, 1986. The Government subsequently decided that the availability of gas for consumers in Dublin should be maintained and in order to achieve that object the assets of Dublin Gas are now being acquired by BGE. It is intended that the distribution of natural gas in Dublin will now become an integrated part of BGE's operations.

The Gas (Amendment) Bill, 1987 is necessary to ensure that BGE has the appropriate powers to engage in the business of running a public gas utility and to increase the limit on its capital borrowings which was last set by the Gas (Amendment) Act, 1982.

The individual sections of the Bill are as follows:

Section 1 contains definitions.

Section 2 allows the Minister to make orders conferring on BGE functions which correspond to the functions which are now available to Dublin Gas under the Dublin Gas Acts 1866-1909.

Under section 2 the Minister will also have the power to confer functions on BGE relating to safety as the Dublin Gas Acts are not sufficient in this context. BGE may only exercise the functions conferred under section 2 in areas specified by Ministerial order.

Section 2 of the Bill also provides that the Minister may, with the consent of the Minister for Finance, declare that Section 8 (7) of the Gas Act, 1976 shall not apply to the construction of a class of pipelines in a particular area. This provision avoids the necessity of BGE seeking Ministerial approval for laying the large number of small pipes necessary for supplying individual customers.

Section 3 requires the agreement of the Minister for Finance prior

to issuing consent to BGE to construct a pipeline. It also continues existing provisions which require that where the export of natural gas is concerned consent may only be issued following consultation with the Minister for Industry and Commerce.

Section 4 ensures that BGE will be empowered to take over the administration of the existing Dublin Gas Company pension fund in accordance with Section 18 of the 1976 Act.

Section 5 provides for increasing BGE's borrowing powers from the existing level of £80 million to £170 million. This is necessary in order to allow BGE to take over the assets of Dublin Gas Company and to carry out further capital expenditure in Dublin over the next few years so as to improve the gas network.

Section 6 provides that the Board of BGE is to be increased from six to eight members in order to bring a wider range of experience to the work of BGE in its extended role as a gas retailer.

Section 7 empowers Dublin Gas Company to redeem and cancel certain irredeemable debentures prior to the sale of the assets to BGE. The debentures have a charge on the assets of Dublin Gas Company.

*An Roinn Fuinnimh,
Meitheamh, 1987.*