



Gas  
Networks  
Ireland

# Gas Networks Ireland's response to the SEM Committee Consultation on Options for Decarbonisation of the existing CRM design

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# 1. Introduction

Gas Networks Ireland welcomes the SEM Committee consultation on options for decarbonisation of the existing Capacity Remuneration Mechanism. Gas Networks Ireland owns, operates and maintains Ireland's national gas network, comprising approximately 15,000 km of pipelines and supplying over 720,000 homes and businesses. The gas network plays a central role in Ireland's energy system by providing secure, flexible and resilient energy supply, and by underpinning electricity system adequacy through the provision of flexible gas-fired generation.

Gas Networks Ireland is progressing the transition of the gas network to net zero through the displacement of natural gas with renewable gases. Biomethane is a leading near-term decarbonisation pathway for gas consumers, including the power sector. It is compatible with existing network assets and end-use equipment, can be transported through the gas network today, and can be used in gas-fired generation with minimal modification. Hydrogen is also an important part of the medium term pathway and is expected to assume a growing role as production, infrastructure and end-use readiness develop. In the Irish context, the scale-up of green hydrogen production is expected to complement the deployment trajectory of offshore wind. Throughout this transition, the gas network will continue to provide critical system balancing and security of supply services as variable renewable electricity generation increases. In parallel, indigenous biomethane can strengthen security of supply by diversifying fuel sources, reducing exposure to imported gas and supporting regional resilience where production and demand are co-located.

In this context, CRM decarbonisation measures should be deliverable within the remaining auction timeframes, recognise the ongoing system value of flexible gas fired generation, and facilitate the use of renewable gases, particularly biomethane, in ways that deliver verifiable emissions reductions. Decarbonisation of capacity should be understood as a progressive transition, with renewable gas volumes scaling over time.

## 2. Green Bonus

**Question 1: Would the Green Bonus create an incentive that market participants can respond to within the timeframe of the remaining auctions under the existing CRM?**

The Green Bonus would be effective where eligibility explicitly recognises the use of biomethane. Ultimately, impact will depend on how closely the criteria align with technologies and fuel options that are already available, are commercially proven, and can be deployed at scale within the timeframe of

the remaining CRM auctions. These criteria are well aligned with biomethane. The Green Bonus should therefore make explicit provision for certified biomethane as a blended or substitute fuel for gas-fired generation.

In practical terms, deployment within the remaining auctions is feasible because biomethane is commercially deployable, transportable via existing gas networks and usable in existing plant with minimal modification. This enables near-term reductions in fossil CO<sub>2</sub> while maintaining flexible and reliable capacity that supports system adequacy. In addition, indigenous biomethane can enhance security of supply by reducing dependence on imported gas and providing a more diversified, regionally sourced fuel base. By explicitly recognising certified biomethane, the Green Bonus can also provide a clearer demand signal, improving revenue certainty for producers and supporting the development of bankable renewable gas projects.

### **Question 2: Where should the CO<sub>2</sub> emissions threshold be set?**

Set the CO<sub>2</sub> threshold at an appropriate and achievable level that recognises verified reductions in fossil CO<sub>2</sub> from fuel switching. Certified biomethane offers a clear, auditable route to evidence lower fossil CO<sub>2</sub> through recognised certification. A lifecycle-consistent approach should be used to reflect both upstream and combustion emissions so that reductions from renewable gas use are measured accurately. The threshold should incentivise measurable shares of biomethane in fuel use, without prescribing technologies or undermining deliverability within the remaining CRM auctions.

### **Question 3: Is one year the appropriate additional contract duration?**

Yes, provided it is tied to verifiable, near-term decarbonisation actions deliverable within the remaining auction windows. A one-year extension gives a clear, timely signal that supports contracting of renewable gas such as biomethane.

### **Question 4: Is the definition of blended hydrogen-readiness appropriate?**

GNI notes the proposal to incentive generator units to be able to facilitate hydrogen blends of up to 30%. In principle, GNI is supportive of a proposal to encourage power plants to be ready to facilitate hydrogen blends that may arise in gas supplies coming from the gas network to the power plant. It is important to note however, that the exact scale (and timing) of potential hydrogen blends on the gas network is uncertain at this point, and is strongly linked to the regime that might be applied in Great Britain, where over 80% of Ireland's gas supplies are sourced. It is unlikely that hydrogen levels in the gas network will achieve a 30% blend in either the near or medium term.

We note the consultation document indicates that *"a 30 vol% blend is being proposed for the purpose of defining blended hydrogen readiness based on the expected potential composition of gas in the natural gas systems in the 2030s"*. The document references three external documents to support this assertion,

but it's not clear if those documents specifically flag the potential for a 30% blend. The most pertinent document here would be the DESNZ Blending consultation document from July 2025, which sought views on the introduction of a 2% hydrogen blend volume. In parallel, the National Hydrogen Strategy for Ireland flagged concerns on user acceptance, maintaining gas quality and impact on end user applications, particularly for higher hydrogen blend levels.

If hydrogen blends do materialise, based on current assessment, it will more likely be low level blends ( $\leq 5\%$ ). Therefore, whilst the combustion equipment at the generator unit may be able to accept up to 30% hydrogen blend rate, this is only likely to materialise where networked gas supplies to the generator unit are supplemented by direct hydrogen injections onsite.

Therefore, the Green Bonus criteria should balance recognition of hydrogen-readiness with clear, near-term pathways for renewable gas use, including biomethane, that are available now. Biomethane can already be injected and used at 100 percent concentration with little or no impact on network operation or end-use equipment, providing a deliverable route to immediate emissions reduction alongside future-proofing for hydrogen.

## 3. Green Scalar

### **Question 5: Would the Green Scalar create an incentive that market participants could respond to within the timeframe of the remaining auctions?**

A Green Scalar provides a flexible and effective incentive within the remaining CRM auctions. By linking capacity remuneration to emissions intensity, it can directly reward progressive reductions in fossil CO<sub>2</sub> achieved through increasing use of renewable gases, particularly biomethane, in gas-fired generation. In doing so, it can also provide greater revenue certainty for renewable gas producers by creating a clearer and more predictable demand signal, supporting the development of bankable biomethane projects and strengthening the wider renewable gas supply chain.

### **Question 6: What are the appropriate CO<sub>2</sub> emissions thresholds?**

Set thresholds at an appropriate and achievable level that recognises verifiable reductions in fossil CO<sub>2</sub> from fuel switching. Where renewable gases are used, a lifecycle-consistent approach is required to measure emissions intensity correctly, since stack emissions alone do not reflect displacement of fossil gas. In this context, certified biomethane delivered via the gas network provides an auditable route to evidence renewable gas use through recognised certification. Thresholds should therefore incentivise measurable shares of renewable gas in fuel use, with clear, proportionate verification.

### **Question 7: Should the Green Scalar be continuous or stepwise?**

In the near term, a stepwise Green Scalar provides both simplicity and regulatory certainty, while acknowledging the projected increase in renewable gas use in gas-fired electricity generation. This approach aligns with the progressive scaling of biomethane supply, making a transition from lower to higher volumes the most practical and achievable choice. As frameworks for emissions monitoring and verification mature and stakeholders gain experience with emissions-based incentives, future CRM auctions may offer opportunities to progressively increase scale.

## **4. Questions relevant to both the Green Bonus and Green Scalar**

### **Question 8: Which option is likely to be more effective?**

Both the Green Bonus and the Green Scalar have a role to play within the timeframe of the remaining CRM auctions. The Green Bonus can provide a clear and simple signal where eligibility criteria align with readily deployable solutions, while the Green Scalar offers additional flexibility by rewarding incremental reductions in emissions intensity.

Within this timeframe, the Green Scalar may provide broader scope for participation, as its flexibility allows market participants to respond using available fuels, for example, biomethane. However, a Green Bonus that explicitly recognises renewable gas use could also be effective in supporting early action and signalling longer-term policy direction. When taken together, both mechanisms can contribute to encouraging decarbonisation while maintaining security of supply. Crucially, design parameters for both measures should preserve and fairly remunerate the flexible capacity needed to safeguard security of supply as renewable penetration increases.

### **Question 9: What technologies could be expected to benefit, and what are the associated scale and timeframes?**

Technologies most likely to benefit include:

- Existing and new gas-fired generation utilising certified biomethane blends or full biomethane supply.
- High-efficiency gas-fired plant capable of operating flexibly in support of the electricity system, with the option to incorporate biomethane immediately.

These options typically involve incremental investment rather than full plant replacement and can be

delivered within the remaining CRM auction timeframes.

### **Question 10: Expected commercial running pattern and flexibility**

Gas-fired generation using renewable gases, including biomethane, is expected to continue operating primarily in a flexible role that supports the system when needed. These units provide fast start capability, low minimum load and rapid ramping as renewable electricity penetration increases, while renewable gas use reduces fossil emissions from this essential flexible capacity.

### **Question 11: Verification process to ensure compliance**

Verification could build on existing gas quality, certification and traceability systems for biomethane and hydrogen, ensuring that claimed emissions reductions are auditable and proportionate. Any additional requirements should minimise administrative burden while maintaining integrity, so that renewable gas uptake is enabled rather than delayed.

## **5. Emissions data publication**

### **Question 12: Do you agree with the proposal to publish carbon emissions data?**

Greater transparency regarding emissions performance of capacity market units is supported, provided commercially sensitive information is protected and data is presented with appropriate context. Publication should allow recognition of renewable gas use and associated verified fossil CO<sub>2</sub> reductions, to ensure incentives operate as intended.

## **6. Decarbonisation declaration from bidders**

### **Question 13: How effective would the proposed declaration be?**

A decarbonisation declaration can reinforce the long-term transition to net zero. Effectiveness will depend on proportionality and on explicit recognition of near-term, scalable solutions such as biomethane alongside longer-term options.

## Question 14: Is the proposed content sufficient?

The proposed content is broadly appropriate. Any additional requirements, such as interim targets or feasibility studies, should remain high-level and flexible, reflecting the evolving nature of renewable gas supply, technology development and policy frameworks.

Greater emphasis on emissions performance within security of supply and system adequacy assessments could also be important in driving further decarbonisation. While current assessments are primarily cost-based, recognising emissions intensity would help identify and reward best-in-class technologies with materially lower CO<sub>2</sub> outcomes, for example high-efficiency CCGT compared with OCGT plant.

Declarations should include clear pathways for biomethane use where applicable.

## 7. Conclusion

Gas Networks Ireland supports the SEM Committee's objective of decarbonising the CRM in a pragmatic and deliverable manner. Measures that recognise and reward the use of renewable gases—particularly biomethane in the near term—can deliver measurable emissions reductions while maintaining security of electricity supply and system flexibility. Hydrogen remains an important element of the longer-term transition. Designing the CRM to enable biomethane now and accommodate hydrogen over time will help deliver durable decarbonisation outcomes aligned with electricity system needs.