

Public Hearing for Shannon LNG Pipeline Connection.

Brandon Hotel, Tralee, Co. Kerry.
26th May 2009 .

Chairman: “I have been appointed by the Commission for Energy Regulation to conduct this public hearing, which relates to the proposed Shannon LNG Gas Pipeline. This is an informal hearing which does not have any statutory basis. The hearing will be confined to issues relating directly to the pipeline itself.

Just a few points before we proceed:

We will continue working until one o clock as people have been advised already in some cases. We will adjourn for lunch between one and two. Resuming after lunch until 5 o clock if that is necessary.”

“Now, the proceedings are being recorded. On my left hand side there is somebody here who is working the amplification system and the recording but it will require people to give their names individually each time they speak, so please be aware of that. It’s not an easy thing to do but if there’s a change in the situation I will advise.”

“Could I request that anyone who has a mobile phone to turn them off please?”

“Now on the question of procedure I am going to request Shannon LNG to present their proposals in relation to the pipeline and their consent application. Parties opposite will get an opportunity to question the individuals from Shannon LNG or their engineering company and then following this the parties opposite will have an opportunity of picking their case in the same way. Again, if any questions arise from Shannon LNG, or from their engineers then that will be acceptable of course.

And finally I will invite the resident’s association and others to make a final submission, ending with Shannon LNG with their final submission, if they wish to do that. What I’m going to do initially is take the names of the parties, and again to remind you that when speaking, if you wouldn’t mind giving your name. So I’ll start off with Shannon LNG please if I may.

Who is going to introduce the party?”

Michael Biggana: “Chairman, my name is Michael Biggana, and Sam Ibrahim will be our second speaker.”

Chairman: “And what is your position Mr. Biggana?”

MB: “I am head of HR and Corporate Affairs with Shannon LNG.”

Chairman: “And your colleague, Mr Ibrahim, what is his position?”

Sami Ibrahim: “I am vice president of Business Development with LNG and the Project Manager of the Shannon LNG Project.”

Chairman: “That’s good, are there any other speakers from your group?”

MB: “Not initially, Chairman.”

Chairman: “It would be helpful for the hearing if we could get the entire submission on one side, otherwise we will be to-ing and fro-ing, which is not a good way of doing business.”

MB: “This will be our entire submission, Chairman.”

Chairman: “That will be your submission from both of you?”

MB: Yes.

Chairman: “Now, Killcolgan Resident’s Association, are they represented?”

Tim Mahony: “Yes, my name is Tim Mahoney, and I am the Chairman of Kilcolgan Resident’s Association.”

Chairman: “And we will move on to the group opposite here.”

Johnny MacElligott: “Johnny MacElligott, representing Safety Before LNG.”

Caitriona Griffin: “Caitriona Griffin, member of Kilcolgan Resident’s Association.”

Thomas O’Donovan: “Thomas O’Donovan, supporter of Safety Before LNG.”

Elizabeth Muldowney: “Elizabeth Muldowney, National Energy Officer with An Taisce.”

Raymond O’Mahony: “Raymond O’Mahony, Kilcolgan Resident’s Association.”

Joan Murphy: “Joan Murphy, Chairperson of Tarbert Resident’s Association, supporting the LNG project.”

John Fox: “John Fox, PRO Tarbert.”

Noel Lynch: “Noel Lynch, Chairman of Ballylongford Enterprise Association, supporting the LNG project.”

Shannon LNG:

“Good morning Mr Chairman, my name is Michael Biggana, I am head of Human Resources and Corporate Affairs with Shannon LNG. The Shannon Pipeline will connect the permitted LNG terminal with the existing National Gas Grid, and this can be clearly seen on Figure One, on page 2 of my submission. By way of background Mr Chairman, An Bord Pleanala granted planning permission for the proposed LNG terminal on the 28th of March 2008. And An Bord Pleanala also granted permission for the Shannon Pipeline on the 17th of February 2009. At that time An Bord Pleanala also granted a number of compulsory acquisition orders for the permanent waylay for the pipeline. None of the compulsory acquisition orders arose from a landowner objection to the pipeline waylay. The Shannon Pipeline will serve as an alternative import route for supplying natural gas to customers throughout the island of Ireland and in line with European and Irish legislation, Shannon LNG will offer third party access to potential users of the Shannon Pipeline. The framework for third party access and connections to the Pipeline will be approved by the Commission for Energy Regulation, that’s the organisation that proved under statute for this purpose. In terms of our profile, Chairman if I may, Shannon LNG was established in 2003, to promote the development of natural gas imports to Ireland. Shannon LNG has a seemingly highly experienced Project Development team to design the Shannon Pipeline. Shannon LNG is a wholly owned Irish subsidiary of SLNG which is a joint venture of H.E.S. Corporation Poten and Partners. H.E.S. Corporation is a global integrated energy company, headquartered in New York, with operations in 20 countries around the world. H.E.S. is engaged in the exploration for, and the development, production, purchase, transportation and sale of crude oil and natural gas. Copies of the H.E.S. Corporation annual report for 2008, 2007 and 2006 and the latest H.E.S Corporate sustainability report are available on the website and in hard copy here at the hearing on the table in front of me. H.E.S. Corporation confirms in this corporate sustainability report that we are committed to meeting the high standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment, and creating a long-lasting, positive impact on the communities in which we do business.

Poten and Partners provide brokerage consulting and project development services related to trading and transportation of crude oil, petroleum products, natural gas, liquified gas, LPG (Liquified Petroleum Gas) and other commodities.

On the question of the need for the project, the need for the Shannon LNG terminal and pipeline has been accepted through the planning approvals granted by An Bord

Pleanala, referred to above.

And an overview of the Shannon Pipeline, Mr Chairman: The Shannon Pipeline will connect the LNG terminal to the National Gas Grid, west of Foynes, as shown in Figure One. The Pipeline will have a total length of approximately 26 kilometres. My colleague, Sami Ibrahim, will describe the Pipeline design in his statement. There are 72 landowners on the route of the Pipeline. There was no objection from any landowner, and Shannon LNG required waylay consent from 71 landowners. An Bord Pleanala granted a compulsory acquisition order in the remaining case, and in a number of cases where there were imperfections in title. The land for the above-ground installation at Foynes, to connect the Shannon Pipeline and the Natural Gas Grid has been acquired by Shannon LNG.”

MB: “The benefits to Ireland from the Shannon Pipeline:

1. The Pipeline can provide Ireland with direct access to multiple and diverse sources of gas from around the world, and will confirm significant security and diversity of supply benefits to consumers on the island of Ireland. The Pipeline will provide a new supply point to Bord Gais’ transmission network. The Pipeline will connect the Natural Gas Grid to Co. Kerry for the first time, thereby improving the prospect of supplying gas to towns and customers in Kerry. And finally the Pipeline construction will generate approximately 200 jobs for the most of a year. In conclusion, Chairman, I would say that we are pleased to be afforded the opportunity by the CER to provide an overview of our consent application, and my colleague, Sami Ibrahim will demonstrate to you in his statement that Shannon LNG has met the CER’s criteria for consent to construct the Shannon Pipeline. Thank you Mr Chairman.”

Sami Ibrahim: “Good morning Mr Chairman, members of the Commission, ladies and gentlemen. My name is Sami Ibrahim and I am Vice President of business development for Hes LNG and the project manager for Shannon LNG. The CER has invited the interest of parties, including Shannon LNG as a developer, to make known to the CER any views on the Section 39A application on the considerations that should be taken into account and on conditions that should apply. Shannon LNG has made its views known to the CER in the documentation submitted and I will summarize those views in the following statement:

“Shannon LNG’s submission to the CER are in accordance with the statutory criteria for Section 39A application. The purpose of my statement is to assist the hearing, while providing an outline of the proposed development on the Section 39A application which Shannon LNG has completed in accordance with the CER’s requirements. Should further queries arise that require a technical or other review, we suggest that the query be clarified and we will reply in writing to the CER.”

The Project Overview:

The Shannon Pipeline will extend the Irish National Gas Grid west from Foynes to Rellihane in Co. Kerry, refer to Figure One and some of these posters. The Pipeline will be 750 millimetres nominal diameter and have a total length of about 26 kilometres. The design capacity of the Pipeline is approximately 1 billion cubic feet per day. The location of the Shannon Pipeline in relation to the National Gas Grid is shown above in Figure One and in more detail in Figure Two below. An Above Ground Installation (AGI) will be built at each end of the Shannon Pipeline. The AGI in Foynes is located where the proposed Pipeline will connect to the National Gas Network which is owned by Bord Gais Eireann. A photograph of the location of the proposed Foynes AGI is shown below in Figure Three. The Foynes AGI is designed to accommodate the two-way flow of natural gas. That is, it will be possible to pipe natural gas from North Kerry into the National Gas Grid and it will be possible for natural gas to flow from the National Gas Grid into North Kerry. The EGI at Rellihane is located at the site of the permitted LNG terminal and it is designed to accommodate the flow of natural gas from the Shannon LNG terminal. The Shannon Pipeline is designed and will be installed in accordance with the Irish standard known as IS328. The Commission for Energy Regulation (CER) is responsible for the regulation of the safety of natural gas pipelines under the Energy Miscellaneous Provisions Act 2006. The CER has put in place a comprehensive framework covering the safety of the design construction and operational phases of gas pipelines. Shannon LNG will comply fully with the aspects of the CER's safety requirements. Shannon LNG commissioned environmental resource management ERM to prepare a safety risk assessment on the proposed Pipeline, to ensure the safe design of the Pipeline. This risk assessment was submitted to the Commission for Energy Regulation as part of the Section 39A approval process.

The Shannon pipeline Section 39A application:

The CER has published consultation on the guidelines for the construction of gas

pipelines in Ireland, August 2002. In consultation with the CER, Shannon LNG has followed these guidelines. Pursue onto Section 26, 1A of the Gas Act, 1976, as inserted by Section 23 of the Gas Interim Regulation Act 2002, Shannon LNG Ltd submitted an application to the CER in January 2007 to demonstrate its bonafides intentions to construct the Shannon Pipeline. The CER certified on 23rd February 2007 that Shannon LNG had demonstrated a bonafide intention to apply for consent to construct the Shannon Pipeline. Shannon LNG Ltd submitted an application under 39A of the Gas Act 1976 as amended for consent to construct the Shannon Pipeline on September 5th 2008.

The application included the following documentation:

- Cover Letter
- Notification of application to Commission for Energy Regulation for consent under Section 39A of the Gas Act 1976 as amended.
- Application plans and drawings
- Schedule for application
- Consultations, including public
- Bonafides certificates from Commission for Energy Regulation
- Project Programme
- The Shannon Pipeline design report
- The Shannon Pipeline Environmental Impact Statement

Copies of the Section 39A application were issued to the following prescribed bodies on the 12th and the 15th of September 2008:

- Minister for Communications, Energy and Natural Resources
- Minister for the Environment, Heritage and Local Government
- Development Applications Unit of the Department of the Environment and Heritage
- Minister for Community, Rural and Gaeltacht
- Limerick County Council
- An Bord Pleanala
- Shannon Regional Fisheries Bord
- An Comhairle Ealain
- The Heritage Council
- An Taisce
- National Road Authority
- Health and Safety Authority
- Commissioner for Public Works

During the relevant period, the application documentation was available for inspection of purchase at the offices of Commission for Energy Regulations, the CER, An Bord Pleanala, Shannon LNG Listowel office, Limerick County Council, Kerry County Council and was available for inspection at Listowel Garda Station and Askeaton Garda Station.

Newspaper notices were published in the following newspapers:

- Irish Examiner – 17th September 2008
- Kerryman – 17th September 2008
- Kerry's Eye – 18th September 2008
- Limerick Leader – 17th September 2008

In addition Shannon LNG submitted an independent quantitative risk assessment QRA4 of the proposed Shannon Pipeline on 25th November 2008.

Criteria for determining Section 39A consent:

41 – The criteria for issuing Section 39A consents are set out in the Gas Interim Regulation Act 2002 and Criteria for Determination of Consents Regulation 2002.

The criteria and details of how Shannon LNG has achieved this criteria are as follows:

- A. If it grants consent, no activity carried out under it will adversely effect the safety and security of the National Gas System. Shannon LNG is committed to ensuring the safety and security of the National Gas System by ensuring the safety of the Shannon Pipeline infrastructure and ensuring the security of supply of gas to the gas system. The proposed Shannon Pipeline is similar to all other gas transformation pipelines which have been built in Ireland. From a technical point of view, there will be no significant difference between the Shannon Pipeline and other transformation pipelines which have been built, and all of which operate safely all over Ireland. The Shannon Pipeline will be designed, constructed, tested, commissioned, and operated in accordance with exactly the same code of practice. The Irish standards IS328 2003 code of practice for gas transformation pipelines and pipeline installations which is applicable to the National Gas Grid. In connecting to the Bord Gais System at Foynes, Shannon LNG will comply with their code of operations requirements in that respect. The commissioning maintenance and operations of the Pipeline will be subject to oversight by the Commission for Energy Regulation. In accordance with the CER's detailed requirements, which again is consistent with the position applicable to the Irish Gas Transformation Network. In addition, the Shannon Pipeline project will significantly increase Ireland's security of energy supply, meaning both security of gas supply and security of electricity generation. Natural gas entering the Pipeline from the LNG terminal will be able to be secured from a diverse world-wide range of countries and suppliers. The proposed Pipeline will enhance security of supply and ensure a diversity of energy supply to compete with oil or coal in a sustainable manner. Natural gas entering the Shannon Pipeline from the LNG terminal will provide increased security and diversity of supply to Ireland, both from potential short-term interruptions such as failure of the UK to supply Ireland or a longer term shortage of supplies due to, for example, an interruption of Russian gas supplies to Europe.

- B. The applicant will comply with any code of operations in so far as it is

applicable to the applicant and at the relevant times will have the capability of doing so. As stated above, the Shannon Pipeline will be designed, constructed, tested, commissioned and operated in accordance with the Irish standard IS328,2003 code of practice for gas transformation pipelines and pipeline installations which is applicable on the National Gas Network. Also, as stated above, Shannon LNG will comply with the Code of Operations Requirements in connecting to the Bord Gais system at Foynes. The commissioning, maintenance and operation of the Pipeline will be subject to oversight by the Commission for Energy Regulation in accordance with the CER's detailed requirements, which again is consistent with the position applicable to the National Gas Network. Shannon LNG will comply with the applicable specification for Natural Gas entering the gas network in Ireland as published in the Code of Operations.

- C. The applicant has complied with the requirements of Section 40A as amended by Section 12 1C of the Gas Interim Regulation Act, 2001 of the Gas Act 1976 in relation to the proposed construction of the Pipeline to which the applicant relates. Section 40A as amended by Section 12 1C of the Gas Interim Regulation Act 2001 of the Gas Act 1976 requires an environmental impact statement of the proposed development to be submitted as part of the Section 39A application. Shannon LNG has prepared an EIS for the Shannon Pipeline which was submitted to the CER on the 5th of September 2008 and which complies with the requirements for an EIS under Irish and European law. The EIS was also submitted as part of the direct planning application to An Bord Pleanala in respect of the strategic infrastructure development under Section 182C 1 of the Planning and Development act 2000 as amended. The application was made to An Bord Pleanala on August 14th 2008 and following an oral hearing in Listowel in December 2008, the Bord granted approval for the project on February 17th 2009.
- D. The Pipeline to which the application relates will be constructed and commissioned within a period which the commission shall specify in relation to the application. With a Pipeline of this diameter and size, the normal timescale to complete the construction of the majority of the Pipeline is one Pipeline season, i.e. March to November. Depending on the weather conditions during the construction stage, some reinstatement of lands may be carried out in the following year. Shannon LNG have received a planning approval from An Bord Pleanala which allows the Pipeline to be constructed within a 10 year period from receipt of the planning application on February 17th 2009. Shannon LNG will comply with the planning permission and will also comply with the period for construction and commissioning that is specified by the CER.
- E. The Pipeline to which the application relates will be capable of inter-operating in a secure, safe and efficient manner with the National Gas System. The Shannon Pipeline will connect to the existing National Gas System and as stated above, will be designed to the same code as the existing network, i.e. the

IS328 2003, designing the Pipeline and the associated above ground installations to this code and being subject to oversight by the Commission for Energy Regulation in accordance with the CER's detailed requirements will ensure that the system is capable and will inter-operate in a secure, safe and efficient manner. In connecting to the Bord Gais system at Foynes, Shannon LNG will comply with the Code of Operations requirements in that respect.

- F. The applicant is a fit and proper person to be granted a consent and has the financial capacity and technical skills to carry out the activities to which the application relates and to comply with the consent if granted. In accordance with Section 39A requirements, Shannon LNG applied to the CER for a certificate of bonafides to apply for consent to construct the Shannon Pipeline. This application included details of Shannon LNG's financial capacity and technical ability to carry out the activities to construct the Shannon Pipeline. The CER examined the application and certified that Shannon LNG had demonstrated a bonafide intention to apply for consent to construct the Shannon Pipeline. The certificate of bonafides was issued to Shannon LNG on the 23rd of February 2007. Copies of the H.E.S. Corporation annual reports for 2006, 2007 and 2008 are available to the hearing as well as are copies of the audited report and financial statements for Shannon LNG for the financial year 2007.
- G. The applicant will be capable of paying any levy charged by the Commission. Shannon LNG confirms that it is capable of paying any reasonable levy charged by the Commission.

Item 5 - Design:

5.1 – General criteria and background

5.1.1 – The Shannon Pipeline is being designed in accordance with the Irish Standard IS328 2003 Code of Practice for Gas Transformation Pipelines and Pipeline Installation.

5.1.2 – The Pipeline will be composed of high-strength carbon steel pipe with an external corrosion protection coating and a cathodic protection system. The pipe will be 750 millimetres nominal diameter with wall thicknesses of either 12 and a

half millimetres or 19.1 millimetres. The total length of the proposed Pipeline will be approximately 26 kilometres. The Pipeline between the 2 EGI's will be buried underground for its entire length to a minimum depth of cover of 1.2 metres. The depth of cover will be increased to a minimum of 1.6 metres where the Pipeline will require additional protection such as at road and river crossings. The design pressure of the Pipeline is 98 per gram. This design pressure is adequate to allow the transportation of the full expected volume of gas to the BGE Network at Foynes and the pressure required, considering any future pressure increases on the BGE sector.

5.2 – Above-ground installations/AGI's:

5.2.1 – At either end of the Shannon Pipeline an above-ground installation (AGI) will be constructed at the origin the AGI will be located at the proposed LNG import terminal. It will consist of facilities for the authorisation of the gas and pick launching and receiving facilities for the Pipeline.

5.2.2 – At the terminus at Foynes the AGI will include facilities for the measurement of the volume and composition of gas transported as well as other data points and big launching and receiving facilities. Data from the AGI will be transmitted automatically back to the control centre where it will be monitored on a 24 hour basis. The Foynes AGI will be part of a complex that will also include BGE facilities. BGE's facilities will be designed by BGE and include all the functions that BGE require to accept the gas volumes into their system and to deliver as required, gas into the Shannon Pipeline.

5.3 – Pipeline Capacity Sizing: The diameter of the Shannon Pipeline 750 millimetre nominal diameter has been selected to allow the delivery of up to 1,180,025 standard cubic metres per hour which is equal to 28.3 million cubic metres per day. This is the maximum expected volume of gas that will be delivered to BGE at Foynes.

5.4 – Area Classification:

The IS328 2003 code provides for the classification of pipeline locations as R (Rural), S (Intermediate) and T (Town Centres). Based on the population density, all of the Shannon pipeline is located in an 'R' area.

5.5 – Corrosion Prevention:

5.5.1 – Corrosion prevention will be achieved using the principals set out in IS328 2003. The principal method of corrosion prevention of underground natural gas pipelines incorporates the use of a high performance coating system and the installation of cathodic protection (CP) system. The coating system specified for the pipe is a mill applied 3 part polyethelane system. The field joins where the pipe

sections are welded together will be coated in the field with a system that is compatible with the mill applied coating. An internal coating system, Tupec Hypoxy is also being provided to minimize potential for internal corrosion.

5.5.2 – To protect the piping against any potential defects in the external coating system a cathodic protection (CP) system will be used. A preliminary CP design has been completed and will include an impressed current cathodic protection system. The design is robust and will provide cathodic protection in accordance with the requirements set out in IS328 2003. The operation of the cathodic protection system will be monitored to ensure proper operation and effectiveness over the length of the pipeline.

5.6 – Road and Water Course Crossings:

The code specifies the design of the Pipeline at points where it crosses roads and water courses. There are special requirements for additional depth of cover, wall thickness, weight coating of the pipe to prevent floating and additional protection as required. The Shannon Pipeline crosses 20 roads and 3 named rivers. In each case, the design complies with all the crossing requirements of IS328 2003. Drawings of these crossings are presented in the Shannon Pipeline Section 39A application.

6 – Operations and Maintenance:

6.1 – Organisation.

6.1.1 – Operations, maintenance and support staff will be recruited locally to the extent possible prior to or during construction. Staff will be given extensive training which will include in-house training or experience on a similar operating pipeline. The maintenance operation personnel will be trained in the properties of natural gas, proper operation and maintenance of all equipment, environmental stewardship, work place safety and incident response. After the start of operations, the personnel employed for the operation and maintenance of the Pipeline will be provided ongoing safety operating and maintenance training.

6.2 – Procedures:

The Shannon Pipeline and AGIs will be operated and maintained to meet or exceed all applicable European Union and Irish regulations. A comprehensive set of operations, maintenance, environmental safety and emergency response manuals will be prepared and maintained to reflect best industry practice and applicable legislation. All operations and maintenance personnel will be trained in accordance with the procedures in these manuals.

6.3 – Pipeline Operations and Maintenance:

6.3.1 – The IS328 2003 standard set out engineering operations and maintenance requirements for the safe design, construction, operation and maintenance of pipelines. Its requirements are in line with current best international practice

relating to integrity management of pipelines and it states that the Pipeline is to be regarded as safe if all reasonable steps are taken to protect members of the public and the personnel of the Pipeline constructor and operator from possible hazard.

These steps include:

- Pipeline operation, inspection, surveillance and maintenance.
- Liason with owner/occupiers/tenants/local authorities.
- Surveillance, aerial and ground surveys, marker post maintenance, public awareness programme, pyramid to work operational procedures, monitoring of third party activities, corrosion pipe to soil potentials and transformer rectifier output checks, close internal potential surveys (CIPS), in line inspection (ILI), monitoring for ground movement.

Shannon LNG will comply with all the above requirements.

6.4 – Emergency Procedures and Emergency Response:

In the requirement of IS328, the Shannon Pipeline will prepare an emergency plan detailing the measures and actions to be taken in the event of an incident. This plan will include details of the immediate response to investigate reports of potential damage to the Pipeline and instructions to take appropriate and corrective measures in response to an incident including notification to local officials.

7 – Health and Safety:

7.1.1 – Shannon Pipeline acknowledges and accepts its responsibility for ensuring the health, safety and welfare of its employees, contractors, visitors and members of the public who may be affected by its activities. It is committed to compliance with all applicable Irish health safety and environmental laws and regulations. The main sources of legislation dealing with health and safety in construction work are The Safety, Health and Welfare at Work Act 2005, and the Safety, Health and Welfare at Work Construction Regulations 2006 and the Safety, Health and Welfare at Work General Application Regulation 2007. The Health and Safety Authority (HSA) is the governmental agency responsible for implementation of health and safety regulations in Ireland.

7.1.2 – Shannon Pipeline will implement a health and safety management system, which includes the setting of objectives and targets, measuring progress and reporting results. It will provide appropriate health, safety and environmental training to its employees and contractors, to enable them to meet the required standards of the performance. Audits will be employed to ensure its controls are effective.

7.2 – Pipeline risk assessment:

At the CER's request, Shannon LNG commissioned a quantitative risk assessment

(QRA) on the proposed Pipeline. A QRA prepared by ERM was submitted to the CER for their review and use in evaluating the project. As a result of the conformance to the IS328 2003 standard and the application of road and design routing material selection, the QRA shows that risks to individuals along the Pipeline are within the levels that are broadly acceptable as insignificant.

Conclusion:

In summary, the Shannon Pipeline is designed and will be constructed, operated and maintained in accordance with IS328 2003 and applicable Irish and European Union regulations. I believe that Shannon LNG Ltd in its application to the CER for consent to construct the Shannon Pipeline pursuant to Section 39A has demonstrated that it meets the criteria for issuing a Section 39A consent. We thank the Commission for Energy Regulation for the opportunity to summarise our views on the consent application submitted by Shannon LNG Ltd under Section 39A of the Gas Act 1976.

This ends my statement, Thank you.”

Chairman: “Thank you, Mr. Ibrahim. Have you any further submissions on your side to make to the hearing?”

SI: “No, Mr. Chairman.”

Chairman: “I want to invite Mr. MacElligott, any questions from either of these gentlemen?”

Caitriona Griffin: “A question for Michael Biggana. Shannon LNG is a wholly owned Irish subsidiary of H.E.S. LNG Ltd, as you mentioned on page 3 of 5. I just wanted to clarify, at the moment my understanding is that the shares in Shannon LNG that were previously owned by Paddy Power and his family have been wholly transferred over to H.E.S., is that right?”

Michael Biggana: “The statement that Shannon LNG is a wholly owned subsidiary of H.E.S. LNG is correct, beyond that I can’t comment at this juncture.”

CG: “It says wholly owned Irish subsidiary.”

MB: “Yes it is registered in Ireland.”

CG: “But there are actually no Irish shareholders at the moment, are there? H.E.S. LNG, according to your latest accounts are the only shareholder and they are actually registered in the Camen Islands.”

MB: “That may be correct, but it is an Irish registered company.”

CG: “Ok, second question. On page 3, point 2.2, copies of the H.E.S. Corporation Annual report 2008, 2007 and 2006 are available at hes.com, what about the first quarter of 2009?”

MB: “The information for 2009 is certainly in the public domain, H.E.S. has published the first quarter accounts.”

CG: “It’s on the website, yes? Is it true to say that H.E.S. have recorded a loss of 59 million dollars in the first quarter of 2009?”

MB: “I can’t give you detail on that, Caitriona, even if it is relevant that could certainly be the case. It’s freely available on the record.”

CG: “Well on the accounts here, it says “First quarter highlights – Loss of 59 million dollars compared with net income of 759 million in first quarter of 2008”. That is what’s on the hes.com website. Do you actually have the money to fulfill or go ahead with the project?”

MB: “The company in its statement has already said that it is in a position and it has submitted the necessary evidence to the CER to demonstrate that it is in a position to go ahead with this project.”

CG: “Well at the moment, Shannon LNG looks like an insolvent company. It’s got a lot of liabilities, no assets to speak of so I assume the money in question is coming from H.E.S. LNG which is in the Cayman Islands?”

MB: “Of course Shannon LNG is not in operation and it is being fully funded by H.E.S. LNG.”

CG: “By alone or by equity?”

Nicola Dunleavy (Legal Representative for Shannon LNG): “The way in which the funding has not been determined as of yet.”

CG: “So we don’t know for definite, that’s the bottom line? Point 4.2, the 72 landowners on the route of the pipeline, the CPO’s etc – It is my understanding that in order for the project to go ahead the local road is going to be upgraded as well. Is that right, first?”

MB: “I believe that was a matter in the approval by An Bord Pleanála. It spoke of the local road being upgraded. But that is only related to the terminal, that’s not nothing to do with the pipeline.”

CG: “Well the reason I am just asking that now is because I know that Kerry County Council have posted letters to residents, myself being one, about a CPO to complete the road before the project goes ahead, and that is actually crossing over the pipeline.”

MB: “That is a matter for Kerry County Council, I could not comment on that.”

CG: “Just one question for Mr. Ibrahim: Page 4, Mr Ibrahim, point 2.4, about the above ground installations, are a design to accomodate the two-way flow of natural gas. That is, it will be possible to pipe natural gas from North Kerry into the National Gas Grid, and that it will be possible for natural gas to flow from the National Gas Grid into North Kerry. Is it true to say that before North Kerry could benfit from natural gas, that there would have to be another pipeline?”

SI: “The statement as listed here in my statement, is correct, so it tells that the Foynes AGI is designed to accomodate the two-way flow of natural gas and it will be possible to pipe natural gas from North Kerry into the National Gas Grid and it will be possible for natural gas to flow from the National Gas Grid into North Kerry.”

CG: “Yes, but in order for the gas to flow back into North Kerry, would an extra pipeline be needed?”

SI: “The pipe installed will do exactly what is written in 2.4 and that portion is not part of this application.”

CG: “Right, so the question of putting ‘spurt connections’ off that pipeline is not possible in other words?”

SI: “This application is for the Shannon Pipeline as is stated in the document that I read, and specified additional pipelines is outside of the scope of this application.”

CG: “So no in other words. One more question, page 11, 5.4 – Area Classification, the IS code provides for the classification of pipeline locations as R (rural), S (intermediate) and T (town centres), based on population density, all of the Shannon Pipeline is located in an R area. Why do you think that is? Why is there different classifications for the pipeline?”

SI: “These are the IS328 classifications and we stated what the code states here.”

CG: “But in your capacity as an LNG expert, why do you think there are different classifications?”

SI: “This question is outside of this application, and what I have provided, so that question is related to IS328 and its as it is.”

CG: “Ok and I’ve just spotted one more thing, on page 13, point 6.3.1, under the pipelines operations and maintenance section, you’ve got Public Awareness Program. What exactly is that?”

SI: “It is exactly as it says – Public Awareness Program – It will be a program developed within this range of steps and it will be done unknown, when we

develop it with the public.”

CG: “When you say ‘the public’ do you mean the people whose land the Pipeline is on or do you mean the public that live in the area?”

SI: “It includes the public and everyone comes under the public definition.”

CG: “Ok, that’s it, thank you.”

Johnny MacElligott: “Questions first of all for Michael Biggana. Michael there is currently an investigation by the Office of the Director of Corporate Enforcement concerning the accounts submitted by Shannon LNG. Could you explain at what stage we are with that?”

Nicola Dunleavy: “Can we just have a minute on that, please?”

ND: “Mr. Chairman, we are struggling to see the relevance of this question to the Pipeline application.”

JME: “Mr. Chairman, it is actually of every relevance because one of the criteria for determining the licence, which is from the Gas Interim Regulation Act 2002, Criteria for Determination of Consents, Regulations, 2002 – It has to be proved under Article 2F – The applicant must be a fit and proper person to be granted a consent and has the financial capacity and technical skills to carry out the activities to which the application relates, and to comply with the consent, if granted. And Section G, one of the other criteria, is that the applicant will be capable of paying any levy charged by the commission. Now currently it is our contention, and we have had these accounts expertly assessed, and the Office of the Director of Corporate Enforcement has still an open case with Shannon LNG, regarding their accounts and how it became a single member company in which all the shares were transferred to an offshore company called H.E.S. LNG Ltd, and it has to be proved that you have the financial ability to do it, so I am asking you – At what stage is the complaint to the Office of the Director of Corporate Enforcement concerning your accounts, because this is very important.”

ND: “Can I ask for clarification. Mr. McElligott’s group made a written submission to the CER.....”

JME: “No, not to the CER, to the Office of the Director of Corporate Enforcement, and I can read you out the section concerning. By letter dated 12th of May 2009, the Office of the Director of Corporate Enforcement confirmed to us..... I will just read out the relevant section..... “This office is assessing the process by which the reorganisation of this company into a single-member company took place.” See our assessment is that recently - I think many people were aware of it - just to bring it into an Irish context, the National Aquatics Centre in Dublin raised a pretty interesting question, and the question was..... I will just read an article I have downloaded from the internet..... “The National

Aquatics Centre, at a cost of 70 million euros – It has not had a smooth history, the pool leaked, part of the roof blew off, there was a prolonged legal battle over ownership, now the State has to run it. The financial arrangements that surrounded the project, it was bizarre and curious in that the writer found it amazing that a company registered offshore in the British Virgin Islands, with only nominal share capital, could get its hands on such an important public asset. Now I put it to you, if, as our assessment has it at the moment, is that Shannon LNG is insolvent, H.E.S. LNG, which is a company in the Camen Islands, in an offshore tax haven, where all the drug barons and people with dubious reputations store their money, if H.E.S. LNG has only given a loan to Shannon LNG, they have not taken an equity interest. I think, by memory, they only own one thousand euros worth of shares. So they have invested one thousand euros in a project and you don't find that it is going to be like the toll-bridge on the M50, you are building it for free but you are going to control it, and it is going to be controlled by an offshore company in the Camen Islands, so I put it to you.... At what stage is the Office of Director of Corporate Enforcement dealing with this? Do you really have the money?"

MB: "Mr. Chairman, we can't answer for the stage that a statutory body may be at in any investigation. We understand that this issue involved a late filing of a particular form, that's the totality of it, but we can't comment on terms of what stage that is, that's really a matter for the statutory body involved. We do not believe it is relevant to this application. The CER has to make sound decisions in respect of the capability of the applicant."

JME: "Mr. Chairman, these people have legal advice and they say they have spent 15 million euros on the project so far. We don't have any funding, we are looking at this on our own time. They got plenty warning that this oral hearing was taking place. The criteria were extremely specific in 2 pages of the regulations of 2002. They know that it has to deal with both the safety aspects, the strategic aspects and the financial aspects. Now American Newswires in December 2007/2008, reported that H.E.S. Corporation is not going ahead with a project, that they are pulling out, I'm reading that from memory. The information that we are getting back from various sources, is that this project is not going ahead. They need to prove that they have the money to do it. And if H.E.S. Corporation (they have shown their accounts for 2008) but the first quarter of 2009 they made a 59 million dollar loss, and the same company which is trying once other place in the world to build an LNG terminal, in Weaver's Cove, Fall River, USA, they are being refused, they're not going to build it. So we are asking the question really, does H.E.S. Corporation have the money to build it? And that has to be dealt with here in this hearing because this is the only public forum."

ND: "Mr. Chairman, if I may, we would like to strongly refute, and there is no basis for any allegation that Shannon LNG is insolvent. Ernst and Young, the auditors of the company, have audited the most recent reports and financial statements, which are on the table for the hearing, and which of course are publicly available through the companies registration office. Also available, here, are the

H.E.S. Corporation annual reports and we have demonstrated the financial capacity of this applicant to build the pipeline.”

JME: “Mr. Chairman, I would like to ask the lady, who from Ernst and Young signed the audit report?”

ND: “I don’t have that information.”

JME: “You said the accounts are there in front of you. Who signed it? What signature is on it?”

ND: “I’m sorry, we could probably get them from the table Mr. Chairman. I don’t see the relevance of the signature on the accounts.”

JME: “The relevance is extremely important because the auditors never signed or dated the first submission, and only from investigations by the Office of Director of Corporate Enforcement, did they actually send in a signed document, dated Septemeber 12th 2008. However, the statements made by the auditors reflect the same situation of the company of the date September 12th 2008, as it did when those accounts were submitted, when they were not signed.”

ND: “Mr. Martin Regan will take both of those questions.”

MR: “Mr. Chairman, my name is Martin Regan, and I am Commercial Manager of Shannon LNG.”

MR: “Mr. Chairman, I think the question was, the directors report is signed by directors Patrick Power and Gordon Sheer, but it is not dated. The approval date of the financial statements in Point 15 is not entered either. These accounts cannot therefore be reviewed properly, as there is information material to the understanding of the account submitted. Mr. Chairman, I am reading from part of the submission made by the Safety before LNG and Kilcolgan Residents Association to the CER on the 17th October 2008. I am now responding to that question. Ernst and Young, auditors to Shannon LNG Ltd, confirm that they have ordered the companies financial accounts statements for the year ended 31st December 2007 and that they signed and dated their audit report on 18th September 2008, after the Directors of the company signed and dated the financial statements on 10th September 2008. A further question goes on to say: “The auditors report is neither signed nor dated. These accounts cannot therefore be reviewed properly.” Our answer to that is – Please see answer to question 1 above that I have just read into the record. The Companies Amendment Act, 1986, requires that the copies of the accounts and reports which are sectioned to a companies annual return, be certified by the Director and Secretary to be a true copy. The company complied with this requirement. That is our answer to those 2 questions.”

JME: “Ok, I just noticed from looking at your accounts, so, is that there has been

no mention of any foreign currency exposure, and in looking at the accounts from 2006, compared to 2007, you have mentioned in the accounts that you have a loan agreement with H.E.S. LNG. In 2006, that loan agreement said it was 10 million euros, and for the end of 2007 it said it was 30 million euros. Was there a new loan agreement or was it the same loan agreement? Because from my understanding of the accounts it's the same loan agreement."

MR: "Mr. Chairman, again, I think that question was in the submission that Kilcolgan Residents Association made to the Commission for Energy Regulation. The question reads " The accounts state in the notes that the continuation as a going concern, is dependant on, among other factors, obtaining funding from H.E.S. LNG. However no mention has been made of any foreign currency exposure, and the fact that the value of the same loan agreement is 10 million euro for year ended 31 December 2006, where there's 30 million euros the following year. This is a material loan in the context of the accounts. Is this the same loan agreement?" Mr. Chairman, our response to that question is: "The companies Management and Directors considered these issues in preparing and finalising the accounts. In our view, the notes of the accounts adequately deal with this matter, in accordance with the applicable standards. As you have noted, the auditors report, which is unqualified, includes a paragraph of emphasis with respect to the ability of the company to continue as a going concern." That's our answer Mr. Chairman."

JME: "Does that mean that the auditor had concerns about the solvency of the company, in other words? In plain English?"

MR: "We have no further comment on that question, Mr. Chairman."

JME: "It's a direct question. Do you think that the auditor had concerns about the solvency of the company or not?"

MR: "We answered that question."

JME: "Well, I think they do. Right, to move on..... If the accounts are supposed to give true and fair view of the state of the company, and it is important to know, does the company have the money to pay for this or not. First of all we are asking, that there is an option to purchase agreement, and knowing from the Shannon Foynes Port Company navigation assesement, it stated that the company had an option to purchase agreement, conditional on getting planning permission within 2 years and that the option was open for 4 years. Now, up to 2006, you would pay roughly 493,000 euros as part of this option to purchase agreement. You have not yet purchased the land. Up to the 31st of December 2007, you had paid 1.2 million euros to Shannon Development for the land, which incidentally had not yet even got planning permission. And when half a million euros was paid over, up to the end of 2006, the land had not even been re-zoned by Shannon Development, or by Kerry County Council. So my question to you is, there was no mention made of the 740,000 euros creditors in the accounts in 2006, even though they were the

definite known creditor at the time. Now, the accounts up to the end of 2007, they still do not put in how much more you have to pay on the 'Option to Purchase' agreement before you even actually buy the land. So why is this significant sum of money, that you will have to pay for the next 2 years, just to keep the option open to purchase the land. Why is that not mentioned in the accounts because it is a significant amount of money?"

Martin Regan: "Mr. Chairman, can we just clarify that the land in question refers to the LNG terminal which is not part of our Section 39A consent. In addition to that, I would repeat that the company's Management and Directors consider these issues in preparing and finalising the accounts. In our view, the notes to the accounts adequately deal with this matter in accordance with the applicable standards. As you have noted, the auditors report, which is unqualified, includes a paragraph of emphasis with respect to the ability of the company to continue is a going concern. That's our response, Mr. Chairman."

JME: "Right, so could you tell me, just so that the hearing would know if you are financially able to do this project, how much more you will have to pay, I'm not saying the purchase price of the ground for the project, because you can't build the Pipeline without the terminal. So it is relevant to the proceedings, and anyway the regulations already prove that for the criteria for determining the license, how much do you have to pay to keep the option open to purchase the land? And you cannot say it is commercially sensitive, because it is needed to know how much you have to pay and whether you are financially able to do this or not."

MB: "Mr. Chairman, we don't believe that is relevant. We are here today on the question of the Pipeline application. The terminal was a separate project."

Chairman: "So be it."

JME: "They don't believe it is relevant. Ok, so they are refusing information. I'm just pointing out to the CER how can you assess the financial capacity of the company to do the project if they don't even know how much they are going to have to put forward in known costs to date. Ok, I move on."

JME: "It is our view that the 281 acres that you are going to purchase, are worth between €100,000 to €300,000 an acre, because it is now zoned 'Industrial'. Giving the site of value, in our opinion, of somewhere between 28.1 million and 84.3 million euros, this would mean that 30 million Euro alone would not even cover the purchase price of the land. And this information is also material to the accounts, which was not mentioned anywhere. So we are asking you, how much are you going to pay for the land? Will the loan that you are getting from H.E.S. LNG, in your current loan agreement up to 30 million, will that even cover the purchase price of the land?"

Chairman: "Mr. Regan?"

MR: “Just one minute.... Mr. Chairman, we do not believe this question is relevant to the Natural Gas Pipeline, but having said that, the company’s Management and Directors considered these issues in preparing and finalising the accounts. In our view, the notes to the accounts adequately deal with this matter, in accordance with the applicable standards. As you have noted, the auditor’s report, which is unqualified, includes a paragraph of emphasis with respect to the ability of the company to continue as a going concern. Thank you Mr. Chairman.”

JME: “Ok, could you tell me which Directors signed the accounts? What was the name of the person from the company of Ernst and Young, the auditors that signed the account? That gave this, unqualified? You have the accounts in front of you, who signed them?”

ND: “We don’t believe that is relevant, and we don’t have a precise name.”

JME: “So you are basing your submission to get a pipeline, which is in the strategic national interest, a private company, registered in an offshore tax haven, or owned by H.E.S. LNG, who are in an offshore tax haven, and you won’t even tell me who signed the Irish part of the accounts. Which auditor signed off on it?”

ND: “They were signed by Ernst and Young”

JME: “Alright, who is Ernst and Young? Do you know him? It is very relevant actually, Mr. Chairman, because it is signed ‘Ernst and Young’, I mean who signed it? Which auditor?”

Chairman: “Is there a problem about disclosing the signature? Or you don’t have it, is that it?”

ND: “We don’t have the copy of the signed, as Mr. Regan mentioned, they were signed on the 18th of September.”

JME: “He has the accounts in front of him, Chairman.”

Chairman: “Oh well, that’s a different story, if they don’t have a copy.”

JME: “They do, because they just said that they had the accounts, and it is written in the accounts.”

ND: “Oh we have the audited councillor available from the company’s registration office here.”

JME: “Yes, and who signed that, on those accounts? Whose signature is on it?”

ND: “We have already answered that question.”

JME: “There is no signature, it’s only a dud signature, as far as I’m concerned. It just says ‘Ernst and Young’. Ernst and Young is not a person.”

Chairman: “Is that the wrong question to ask, then? You are saying that there isn’t a signature on the document, is that it?”

JME: “I am questioning why the auditors would refuse to sign off on the accounts initially.”

Chairman: “But you are suggesting that it wasn’t signed.”

JME: “I am suggesting, I don’t know who signed it because I don’t know anybody called ‘Ernst and Young’. Or ‘Ernst Young’.”

Chairman: “You know who Ernst and Young are, surely?”

JME: “But no person has taken responsibility for those accounts. It has a signature on it, called ‘Ernst and Young’. And if somebody is to sign off on the accounts, they should put down a name, e.g. ‘PP Ernst and Young’. So, going back to the initial question, do you think that without giving me the money, because you don’t want to give that out, I understand that. Do you think the current 30 million Euro loan that you have from the offshore company, H.E.S. LNG, will actually pay for the purchase price of the land?”

ND: “Mr. Chairman, we have answered this question 3 times already, we don’t propose to answer it again.”

JME: “So I will just point out to the CER..... How can the criteria that are used to pay, to determine whether a private company should get permission to build a pipeline when they won’t even prove in a public oral hearing, or state how much their actually putting forward for the pipeline, and whether they can have the funds to do it. This is the whole basis of this. They have spent 15 million, they are a big company, so they say, and they don’t have the ability to say that. You can force them to say that, you can get that information if you want it.”

JME: “I have a question for Sami Ibrahim, which is..... The QRA for the Pipeline, was done by ERM, is that correct?”

SI: “Mr. Chairman, that is correct.”

JME: “Ok, is Shannon LNG presenting ERM as experts on gas pipelines and pipelines connecting to LNG terminals, and Above Ground Installations?”

SI: “Mr. Chairman, ERM is a reputable company in the QRA and we present the report as we have submitted to the CER in November of 2008, as I have stated in my statement.”

JME: “Is it not true that ERM is mainly and environmental consultancy, not dealing with risk assessments for gas systems?”

SI: “Mr. Chairman, ERM is a specialist company in performing and a specialist unit of ERM has developed and produced that report as stated in our submittal to the CER, in November of 2008.”

JME: “Ok, just to point out to the CER, it is our position that we do not believe that ERM is a relevant expert for this QRA. We have professionals who are also not convinced that they (ERM) are experts. We will look at their submission detail from this Board of Hearing, including whether the experts put forward by the developer, are actually experts. I just want to point out, to both Shannon LNG and to the CER, that if a court thinks that a decision has been made incorrectly, it can be overturned. If the court considers that the CER has not assessed the application properly, then the applicant will not get the benefit of the doubt it is assuming here. Let’s be very clear, Mr. Chairman, the Shannon LNG have put forward a QRA, and the CER already admitted at the oral hearing in Listowel, that it did not have the relevant LNG expertise. So we are both questioning the experts put forward by Shannon LNG, and the ability of the CER to assess this application adequately.”

JME: “Right, I must move on to another question..... Going through the criteria, the criteria state..... ‘In Section 2C of the criteria, which are the regulations under the Gas Regulation Act 2002, criteria for determination of consents.’ And 2C says that ‘It must be ensured that the applicant has complied with the requirements of Section 40A, as amended by Section 12 1C of the Gas Interim Regulation Act 2001 of the Gas Act 1976, in relation to the proposed construction of the Pipeline, to which the application relates.’ Now when you go into Article 41C, this states actually, it’s not stated in those regulations, but it states in 41C exactly, that ‘An environmental impact statement shall contain the information for the time being, specified under Article 25 of the European Community’s Environmental Impact Assessment Regulations, 1989, or under any provision amending or replacing the said Article 25.’ So then we move down to Article 25, and Article 25 states that an EIS for the purpose of these regulations or any enactment as amended or as adapted by these regulations, shall contain the information specified in Paragraph 2 of the second schedule. We move down to the second schedule, Article 2. It says that the specified information the EIS (Environmental Impact Statement) must contain, in 2C it says ‘A description of the likely significant events, the significant effects, direct and indirect, on the environment of the development, explained by reference to its possible impact on water, among other things.

Mr. Ibrahim, for this project has there been any marine risk assessment undertaken, as part of the EIS?”

MR: “Mr. Chairman, Shannon LNG response to that question is:
‘The Environmental Impact Statement submitted with the Section 39A application for the Shannon Pipeline complies fully with the requirements of Section 40A of the Gas Act, as amended, and of the European Communities Environmental Impact

Assessment Regulations, 1989. The issues mentioned in the above submission by the Safety Before LNG regarding a marine QRA, the LNG Terminal and a Strategic Environmental Assessment are not relevant considerations in the EIS for the Pipeline. The Commission for Energy Regulation is a competent authority for the regulation of the safety of natural gas pipelines, under the Energy Miscellaneous Provisions Act 2006. The Health and Safety Authority is not the competent authority. By way of information it should be noted that the QRA for the LNG terminal, which was assessed by the HSA, included risks associated with the Shannon Pipeline. The Pipeline corridor, and the location of the AGI, within the terminal site, were known at the time of preparation of the terminal QRA. This pipeline corridor was used in the LNG terminal QRA. The final location of the Shannon Pipeline is within the corridor used in the QRA for the terminal. That's our response, Mr. Chairman."

JME: "There are several points that the speaker arose there. First of all, these EIS regulations are based on the EIA Directive, and the EIA Directive specifically prohibits project splitting. To have a pipeline, you need an LNG terminal, and to have a pipeline connecting to an LNG terminal, you need an LNG terminal. So this is part of the one project, that's the first point, under the EIA Directive. The second point is that on the oral hearing into the Pipeline, the developer referenced continuously both the QRA for the Pipeline and for the terminal, which means he can't cherry-pick and choose which parts of the QRA for the terminal he could use if he can then turn around to me and say I can't mention the QRA for the terminal when you are talking about the Pipeline because the Pipeline and Above Ground Installation were also referenced in the QRA for the LNG terminal. Thirdly, the criteria for determining whether the commission will give a licence is also based on whether or not a correct EIS was prepared. And we have continuously, since November 2007, asked for a marine LNG risk assessment and an assessment of the consequences of an LNG spill on water, which will have a direct impact on the environment and safety as well. So, I only asked a specific question, I didn't ask them for their opinion, did they or did they not do a marine risk assessment and an assessment of an LNG spill on water, that's a yes or no answer."

ND: "If I may answer that one..... The preparation of a marine risk assessment of an LNG spill on water is not relevant to the Shannon Pipeline Section 39A application, because this application is for a cross-country, natural gas pipeline between Ralipane and Foynes. Mr Mac Elligott refers to the fact that he has raised this before, and indeed the issue of a marine QRA was raised in 2 sets of judicial review proceedings of the planning application of the terminal, namely 'O'Mahony v An Bord Pleanala 2008 – 598' and 'Friends of the Irish Environment v An Bord Pleanala 2008 – 597'. The judicial review cases were withdrawn by Mr. O'Mahony, and the Friends of the Irish Environment on the 17th of October 2008. In the High Court, Mr. Justice MacMennamen dismissed the claims which included the marine risk assessment claim as, and I am quoting.....'Misconceived from the beginning. I do not think that the facts which were stated to give rise to the action were fully portrayed. These cases are therefore at an end and the planning permission for the terminal remains valid and the issues which arose with those judicial reviews are now ruled out."

JME: "The High Court action was very specific on whether the HSA gave advice to

An Bord Pleanála. The High Court action was dealing with the idea that a one-page statement saying that they did not advise against, was adequate information, or actual advice. So Miss Dunleavy made a mis-statement there when she said the judge commenting on the marine risk assessment was not about the marine risk assessment, it was about whether the HSA gave any advice at all. That's the first point.

Now the second point is..... It has never yet been challenged – the marine risk assessment – in the High Court, and the fact that as a safety issue it has not yet been undertaken and this has not yet been challenged in the High Court.

The third point is that a recent policy document by the CER on the 21st of May, it was dealing with the recent 2006 Energy Act, and it was putting the Energy Act into a policy statement, the CER, and the CER reference is CER 09/082. The CER was trying to..... I will just read one of the statements when the Commission for Energy Regulation was dealing with LPG – Liquefied Petroleum Gas. The commission has stated that it seeks to ensure that its interface with other enforcement agencies, notably the Health and Safety Authority (HSA), is robust, and that there is a clear demarcation of the areas of safety responsibility of these parties, wherever possible. Therefore, the commencement of the 2006 Act should avoid overlapping enforcement responsibilities, and should simply seek to address any enforcement gaps which are not currently provided for in legislation. Now this document is very interesting, because it is an admission by the CER that there is an enforcement gap, a regulatory gap, between 'Where does the responsibility of the HSA stop, and where does the responsibility of the Commission for Energy Regulation begin?' We have consistently said that nobody was looking at certain aspects of this project. It was falling between the gaps. We are also saying that we are willing to challenge this in the future, in the court, but what we are saying for the Liquefied Natural Gas Terminal, that nobody has yet assessed the full safety aspects of this project. The CER has admitted that it does not have any head energy expertise, and on that policy document, it deals with the shipping of LPG – Liquefied Petroleum Gas – into companies like Calor Gas in the Cork Harbour. It says the authority that deals with the maritime safety, are the Gardai. However, there is nobody assessing at a planning stage, who deals with the safety assessment of that project. So we are asking the CER, and also saying to Shannon LNG, nobody has assessed the full safety aspects of this project. You can decide that an LNG terminal is not relevant, or a maritime safety assessment is not relevant to this submission. However, I put it to you very simply, if there is no energy terminal, there is no energy pipeline.

Another question for Sami Ibrahim –”

Chairman – “Miss Dunleavy, do you or your party want to respond to those comments?”

MB: “Just on a minor point of clarification, if I may Mr. Chairman, there is no LNG Pipeline, it's a Natural Gas Pipeline. Just in clarification, but on the questions of the Jurisdiction of various Bodies and so on, that is not a matter for us.”

JME: “I'll just say one thing, the developments – some of the local associations keep saying ‘Oh there's thousands of kilometres of Natural Gas Pipelines in Ireland, this is the first Natural Gas Pipeline connecting to an LNG Terminal, and included in this

application for the pipeline there is an Above Ground Installation that connects to an LNG terminal. So it is slightly different to a typical Natural Gas Pipeline.”

JME: “Just a question either to Michael Biggana and Sami Ibrahim – ‘Does the LNG terminal and LNG pipeline have full development consent?’”

MB: “Could you clarify the question please Mr. MacElligott, because there is no LNG Pipeline?”

JME: “The Pipeline associated with the LNG terminal.”

SI: “Just say the question again.”

JME: “Ok, under the EIA Directive, relevant consent is broken into 2 parts. The first part is planning permission from An Bord Pleanala and the second part is the whole pollution aspect of the whole project, of both the Pipeline and the LNG Terminal, has to be determined by the Environmental Protection Agency. Now the European Courts have actually accepted that in Ireland, planning permission can be assessed by 2 different agencies for the same project. Responsibilities can be divided up between the EPA and An Bord Pleanala, but you have got planning permission, the part of it from An Bord Pleanala, but development consent, as defined by the EIA Directive, you do not have it completely because you have not yet obtained any pollution assessments whatsoever from the EPA, is that correct?”

ND: “Mr. Chairman, this is not relevant to the Section 39A application.”

JME: “Mr. Chairman it is very relevant because they have stated that they have full planning permission, but in actual fact they do not have full planning permission, there is a whole series of an EPA oral hearing yet to go ahead. They brought it up first that they have full planning permission. They do not have full development consent, I just wanted to point out to the CER that Shannon LNG does not have full development consent yet and they are already applying for a licence and they expect the CER to get them a licence, for which the project has not yet even been assessed completely. Is that not correct?”

Chairman: “You obviously have different views about that and that is where it remains.”

JME: “The Safety Aspects of the Project of the Pipeline – In May 2009, there was an Energy Conference in Tarbert and the CEO Carlos Tembori of Endessa, said that the pipeline that he proposes, from the Tarbert Power Station, to Foynes, will pass by the exact same route as the LNG Pipeline. Now I ask you, have you assessed the interaction between your Pipeline and Endessa’s Pipeline?”

MB: “Chairman, we are not aware of any specific proposal but I think it is important to appreciate that in our statement we recognise that, in line with Irish and European Legislation, Shannon LNG will offer third party access to potential users of the

Shannon Pipeline. The framework for third party access and connection to the Pipeline will be approved by the CER, the organisation approved under statute for that purpose”

JME: “The compulsory acquisition orders that Shannon LNG have had signed by the landowners, that gives you full rights over that land, so you basically control all that land for 50 metres either side, generally, of that Pipeline, so you, a Private Company, own full rights of that land, is that correct?”

MB: “The agreement with the landowners involves a waylay, which is for the Gas Pipeline. It’s a defined distance, it’s a defined width.”

JME: “Ok, because Endessa want to build a Pipeline at the Energy Conference a few weeks ago in Tarbet, they said they will build their Pipeline from their Power Station, on the same route. I just want you to confirm, you have had no discussions whatsoever with Endessa about this Pipeline route, is that correct?”

MB: “Chairman, I don’t believe this is relevant. We have a waylays with the landowners for our Pipeline, that is what has been approved and that is what we are seeking CER approval for here today.”

JME: “I am asking, have you had any communication with Endessa, on their possible Pipeline route, it’s a yes or no answer.”

MB: “We have had no discussion with them on their Pipeline route.”

Chairman: “Mr. MacElligott, can I just ask you about the pipeline you are referring to – The Endessa one, is that to serve as.....?”

JME: “Well Mr. Chairman, I have to bring up another point to you.....”

Chairman: “I just want to understand what you are talking about..... What kind of Pipeline are we talking about?”

JME: “The Pipeline is that..... Tarbert Island is currently a heavy Fuel/Oil Power Station, 600 Megawatts. It was sold by the ESB to Endessa and Endessa have said – That’s a Spanish utility joint – They said they would convert that to gas. But to convert it to gas, they need a Pipeline route. Now, we have consistently asked – until we were blue in the face – ‘Why don’t you do a Strategic Environmental Assessment, if you are going to create an energy hub on the Shannon Estuary’, before planning permission was ever given. There are different developers trying to do an energy project and there is nobody looking at the overall picture, there is no joined-up thinking, so Endessa want to build a Pipeline route from Tarbert Island to Foynes. After the Energy Conference I was talking to Carlos Tembori and I said to him ‘Where do you plan to put this route?’ and he said ‘We’ll put it in exactly the same place as the Shannon LNG Pipeline.’”

Chairman: “Is the source of their gas to be parted from the National Grid, is that it?”

At Foynes?”

JME: “Yes, from the National Grid – A separate Pipeline.”

Chairman: “Out to Tarbert, to replace the heavy oil burning station?”

JME: “But the problem is, I said to Carlos Tembora that Shannon LNG own that land now, and they have full rights on it, and he said ‘Well it’s a question of timing.’ So first of all, it’s a first come, first served Pipeline route. That’s no problem either, ok? But Shannon LNG for the Pipeline application in Listowel, they consistently said that they could get spurts off this Pipeline. But the safety question I am asking Sami Ibrahim is – ‘Can Endessa build another Pipeline immediately adjacent to your Pipeline?’”

MB: “Chairman I don’t believe this is relevant to us. We have said that our Pipeline is an open-access pipeline. We are delighted for people to come to talk to us in relation to that. Just to clarify, we do not own the land, we have a right of way for the Pipeline, we have a waylay agreement with the landowners.”

JME: “Ok Mr. Chairman, this is very relevant once again to the application because our professional advice has been that you cannot build another Pipeline next to the existing Pipeline because that has safety implications and could damage the existing Pipeline.”

Chairman: “So be it”

JME: “If the CER is supposed to take in..... They have obligations as well on the environment and the safety and protection of people and if they are not taking any joined-up thinking approach to this, and if it is only a ‘first come, first served’ free-for-all developer-led projects, so be it, if that is what you want. But we are just pushing the point that they have not assessed that project.

I have another question for Sami Ibrahim –

In May 2006, Shannon LNG published a brochure, and in the brochure they said – this was given to the public and submitted with their planning applications for the terminals – ‘In the unlikely event that there is a release from a tanker, the LNG will evaporate, that means the liquid will warm up and change back into a gas. This gas would quickly dissipate because it is lighter than air.’

I just want to ask Sami Ibrahim – Is it correct that the gas will dissipate quickly? Or will it go laterally for up to seven and a half miles on the ground? Now which is it?”

MB: “Chairman, if I may respond..... Our view is that those kind of subjects were dealt with at the application for the planning permission for the terminal. We are here today in respect of the application for a Pipeline.”

JME: “Mr. Chairman if you just bear with me, I want to get Sami Ibrahim’s answer to that first, just to know – Is it correct that the gas will dissipate quickly, or will it go laterally for up to seven and a half miles, and then dissipate?”

MB: “Mr. Chairman it is not relevant and we do not intend to go back into the items who are the subject of the newer hearing at other forums”

JME: “Ok, I’ll put it another way..... Under the criteria..... ‘The applicant must be a fit and proper person to be granted a consent and has the financial capacity and technical skills to carry out the activities to which the application relates (Reference - 2F). Now the question I am asking, is based on the idea that if a developer gives a misleading statement, which was contradicted openly on the Primetime Investigate Reports of November 16th 2007, which Professor Cox said was a myth, that he said that an LNG spill will not evaporate rapidly, it will move laterally – which means along the ground – because it’s heavier than air, and it’s minus 160 degrees. It’s 50 per cent heavier than air, it will move laterally along the ground for up to seven and a half miles. Beyond that distance, it has too much oxygen, and will no longer be flammable. So he said in the Primetime Investigate Report that this was a myth. Now our contention is that if the CER has no LNG expertise, and they are not employing any independent experts to assess what the applicant is saying, we have proved that the Shannon LNG have misrepresented or told an untruth, or in plain English – a lie – about what can happen at an LNG spill. Now the odds that a developer who has lied once, if they lie once, that means it is likely they might tell more untruths or give more misleading information. So we are pointing out to the CER that you are not protecting the general public, if you give them the benefit of the doubt because tell a lie once and you will tell it again. So we also question whether they are actual experts that they put forward for the QRA, and we are now convinced that their only expert here – Sami Ibrahim – He would not answer the question because he said it is not relevant. But it is very relevant, we have questioned the financial ability, and now we are questioning what they actually put forward. So that’s what the relevance of that question was.”

Chairman: “Mr Biggana do you want to respond to that?”

MB: “Chairman, only simply to say that we absolutely refute the suggestion that there was ever any untruth told, and we are not going to go in a re-run of the debate that went on the time of the oral hearing for the LNG Terminal. We will suffice to say that there were experts brought by both sides, and there were various topics that can be debated in relation to anything, however we are satisfied with the statements we made. They might be interesting, but they are not relevant to these proceedings.”

Chairman: “It’s coming up to one o clock so we are going to adjourn for lunch. I am going to invite you to be back here promptly at 2 o clock please.”

Conference Adjourns for Lunch

Conference Re-commences

Public Hearing for Shannon LNG Pipeline Connection.

Chairman: “Could everyone please turn off their mobile phones.... And we will continue with the questions. I will invite Mr. MacElligott to continue with his questions.”

Chairman: “Is there anybody else who wants to ask questions of either of these gentlemen?”

Elizabeth Muldowney (Energy Officer with An Taisce): “I have a question for whoever wants to answer it..... What part does global gas price play in your development?”

MB: “Chairman, could I ask for the question to be repeated please?”

EM: “What part does global gas price play in the development?”

MB: “Chairman, we don’t see the relevance of that. It is an interesting topic but what is the relevance?”

EM: “The relevance to my mind, Michael, would be that if the gas price is low, which it is, it’s very low at the moment, that it is not really worth your while going ahead with the development. But as the gas price increases, of course it’s going to be worth your while to go ahead. Also then, you will make profits from this, because the gas prices will be high. So I am just wondering, is that of relevance to the development?”

MB: “I think, Chairman, all these developments are long-term in nature, and they are not influenced by prices at any particular moment in time. They are long-term investment decisions. The topic again today, before us is the Pipeline, Chairman.”

EM: “Ok, could you determine what is short, medium and long term for me?”

MB: “No I couldn’t. You are going into the question mark there of what our investment decisions are based on, etc. All companies have their criteria in terms of investment criteria. I just don’t see the relevance of the question, Chairman, for our Pipeline application, see 39A consent to the CER.”

EM: “Chairman, do you have anything to say on this?”

Chairman: “Well, I am not here adjudicating what goes on. You have the opportunity to ask questions and it is a matter for them to respond or not. And people cannot veer from that.”

EM: “That’s alright, thank you”

Chairman: “I just keep things going. I am the referee, that’s all. Anybody else from your group wish to speak, Mr. MacElligott? This is a question and

answer session.”

Thomas O’Donovan: “I would like to just ask if there is any technical experts over there? What is the percentage of the proposed LNG Pipeline, we have established that there is a higher pressure going through it than the National Grid, so I would like a somewhat rather than insignificant or marginal answer. I would like something more specific. What is the pressure going through this proposed Pipeline?”

MB: “Chairman, Mr. Ibrahim will answer that. Again for clarity, it is a Natural Gas Pipeline, not an LNG Pipeline.”

SI: “Mr. Chairman, the pressure or the design pressure of the Pipeline is 98 bar gauge, as stated in Item Number 5.1.3 of my statement.”

TO’D: “I would just like to ask, is that significantly more than the existing gas pressure that is going through the existing National Grid?”

SI: “I can re-read that statement to you again, and it has the answer to your question..... The Pipeline will be composed of high strength carbon steel pipe and with an external corrosion protection coating and a cathodic protection.....Sorry that is wrong, it’s 5.1.3..... The total length of the proposed Pipeline will be approximately 26 kilometres. The Pipeline between the 2 AGI’s will be buried underground for its entire length, to a minimum depth of cover of 1.2 metres. The depth of cover will be increased to a minimum of 1.6 metres where the Pipeline will be required additional protection, such as at road and river crossings. The design pressure of the Pipeline is 98 bar gauge. This design pressure is adequate to allow the transportation of the full expected volume of gas to the BGE network at Foynes and the pressure required, considering any future pressure, increases on the BGE.”

Chairman: “I think, Mr. Ibrahim, the question may have been what the pressure of the National Gas Grid is, the operating pressure. Is that the case?”

SI: “The operating pressure of the National Gas Grid is what.....”

Chairman: “I think that’s what this gentleman was asking, I may not be right?”

ND: “That’s covered in our EIS application, which forms part of the Section 39A application.”

Chairman: “It’s just, if it were readily available, it would shorten matters.”

ND: “It’s 1.2 of the EIS, and it states that ‘The Pipeline design pressure will be 98 bar gauge, which is the pressure required to deliver gas into the National Gas Network, which has a design pressure of 85.’”

TO'D: “85 as opposed to 98? Ok, could some of the panel over there, just on a general question..... There has been proposed that 40 per cent of our electricity supply would be sourced from renewable sources. That is probably coming on line as a national priority, basically. So how does that equate with building such a huge terminal to supply probably 20 per cent of our energy needs with LNG? How does that equate?”

MB: “Mr. Chairman, if I may..... I think the issue is that we are all in favour of green energy of course, but the need for the Pipeline and the need for the terminal has already been established and confirmed through the Bord Pleanala approvals. Ultimately, if the green energy can solve all problems, then there won't be that need, but in our projections we don't see that need lessening in the foreseeable future.”

TO'D: “Yes, and on that..... Part of the planning permission was that after 40 years, if the LNG terminal was no longer required, that it would be dismantled. So, if sources of energy could take the place of this gas terminal, well we could be stuck with a monstrosity there for 30 or 40 years. This is..... That seems too long under the planning process, in my estimation.”

MB: “Chairman, if I may, in Section 2.2.5 of our EIS submission, there is a paragraph there that says the Irish Government has set a target that 33 per cent of electricity will be produced by renewable energy by 2020, due to the environmental consequences of coal and oil, natural gas will be used to fuel the majority of the remaining power requirements in Ireland up to 2020 and well beyond. The majority of the 33 per cent renewable energy target will be met by electricity produced by wind generators. So we believe that the case is made for the requirement for Natural Gas.”

TO'D: “At such a high capacity, it just seems to me that it's superfluous and surplus to requirements in Ireland, this proposed influx of massive LNG terminals, ships coming up the Channel.”

Chairman: “We have to confine ourselves today to the actual Pipeline and the AGIs, that's outside the remit of that.”

TO'D: “Ok, Mr. Chairman, I appreciate that. In my locality, we are supplied with almost pure drinking water, and in Ireland it's nearly a crying shame that the sources of water are now polluted. And as this Pipeline would be running, practically adjacent to the reservoir in Foynes, it seems to me that it would upset the water table tremendously, and especially..... Now I don't want to get into it too much..... But especially if there was another Pipeline built adjacent to supply the Endessa Power Station in Tarbert.”

Chairman: “Have you got any comments on that, Michael?”

MB: “Yes, Mr. Chairman, and Thomas, we are just looking for the appropriate reference there in our EIS that addresses that concern.”

TO'D: “And on the topic of the EIS, it was totally funded by Shannon LNG, or

H.E.S. LNG, there seems to be very little input from our own statutory bodies, either the HSA or the Environmental Protection Agency..... It seems to be all sourced by..... We are not questioning the integrity of these people that brought in this, but I am surprised that our own Government did not kick in with some sort of an environmental statement or inspection.....”

MB: “Thank you, Thomas, I am glad that you are not questioning our integrity, I think that as a matter of error, that it is up to the applicant to actually produce his statement and it is for the Government bodies to actually vet that statement, I think that is the way the system works.”

TO’D: “So in other words, they are waiting for to rubber stamp what comes in, rather than taking it on themselves, which they are obliged to do, under our own constitution, to protect the life and limb of Ireland’s citizens.”

MB: “I would believe that they do a very thorough and competent job. If I might go back to your ground water question, it is covered in the EIS under Section 12.5 and it says..... ‘Operational Natural Gas Pipelines do not constitute a pollution risk for ground water, but do they pose a threat to ground water from the point of view of quantity or availability of supply. Pipelines can be easily routed around or away from individual supply features..... wells, springs, etc, so there is no question of these features being lost or damaged.”

TO’D: “Well it was my concern that it would be running close to the water tables feeding a reservoir.”

MB: “Thomas, if we may..... In the planning approval from An Bord Pleanala, that is also referred to, the question of the water courses.”

ND: “Yes, the planning permission for the Pipeline requires a detailed construction management plan, prior to the commencement of development. And the plan must make provision for inclusion of all relevant mitigation measures proposed in the Environmental Impact Statement and shall ensure that it’s scope extends to the following parameters:

- Surface water management during construction to prevent run-off from the site onto the public roads, unnatural flooding, and/or the occurrence of any deleterious material in the rivers Glencorbally, White and Glashen Gark, and the tributaries and water courses of their catchments or other waters, including ground water, in accordance with CIRIA technical guidance control of water pollution from linear construction projects, so it has been covered by An Bord Pleanala planning permission.”

TO’D: “That has been covered in theory, yes.”

Chairman: “Just for the record, that’s condition number 11, of the schedule.”

TO'D: "As I said, sometimes theory can sound very convincing but in actual practice then it can be a little different, as Mr. Chairman would be well aware. I'll just put one final question to find out what kind of insurance is covered from any leaks, any pollution of the grounds, or the water, in case of a leak or whatever. And if there is any indemnity clause in there?"

MB: "Mr. Chairman, in answer to Thomas' question I think the paragraph in Mr. Ibrahim's statement when he talks about health and safety..... States that the Shannon Pipeline acknowledges and accepts its responsibilities for ensuring that the health, safety and welfare of all employees contracted, visitors and members of the public who may be affected by its activities. It is committed to compliance with all applicable Irish Health, Safety and Environmental laws and regulations."

TO'D: "Ok thank you, that probably concludes my questioning for the time being."

Chairman: "Thanks very much. Well then, anybody else? Mr. O'Mahony, is it?"

Raymond O'Mahony: "Basically what I would like to know is, the gas from the terminal to Tarbert, could that be used for domestic use?"

MB: "Can I just clarify, gas from the terminal to....."

RO'M: "To Tarbert, or Foynes, whatever you like. We'll say from the terminal to Tarbert, can that gas be used for domestic use?"

MB: "The same gas can be used for domestic use, but the provision of domestic gas is the responsibility of Bord Gais, and you know, their decisions or otherwise to extend the network, but it's the same gas."

RO'M: "But what I am saying is..... Can that gas be used for domestic use?"

MB: "It could be, yes."

RO'M: "Will it be used for domestic use?"

MB: "That entirely depends on how Bord Gais decides to extend its network, it's not a question that we can answer."

RO'M: "In Tarbert, will it be used for domestic use?"

MB: "That's not part of our plan, it may be part of somebody else's plan."

RO'M: "So basically, what you are saying is..... I live about 30 feet away from probably one of the biggest gas terminals in the world, and I won't be able to use your gas?"

MB: “Hopefully someday you will, Raymond.”

RO’M: “But as it stands, no?”

MB: “That is not part of our plan. Supplying to domestic consumers is not part of our plan.”

RO’M: “So basically, Shannon LNG will not be supplying gas to North Kerry towns either?”

MB: “No, there are no plans for that. The sale of domestic gas in Ireland is through Bord Gais.”

RO’M: “So basically, ye won’t be supplying gas to any North Kerry towns, including Ballylongford, Tarbert, Moyvane, Listowel and Tralee?”

MB: “Not unless it’s coming through Bord Gais’ networks.”

RO’M: “But from LNG’s point of view, no?”

MB: “No.”

RO’M: “Thank you.”

Chairman: “Anything further? No? Well now I am going to invite yourselves, on that side of the house, to make your case, if you so wish? And thereafter, I’ll invite those who indicated support for the project to make their contribution, that is if Shannon LNG have no questions from yourselves. So, Mr. Mac Elligott, would you like to start the ball rolling?”

JME: “Thank you, Mr. Inspector. Mr. Chairman, sorry. I already made a detailed written submission to the CER so you already have a lot of those points that I have already made. So I will not go over those again. This is really an information gathering exercise. And as you said before, you leave it to your discretion to interpret it, either the fact that they answer the questions or that.....”

Chairman: “So you are relying on your previous submissions to the CER, is that what you are saying? In particular I think there is a document..... dated the 17th of October 2008, is that the one?”

JME: “Yes, and I think there was an updated one as well, on.....”

Chairman: “So the CER can rely on that as your contribution to this hearing?”

JME: “Yes, and all the joined appendixes as well. So there is no point in going over

the same ground again. So I just want to touch on some of the issues that I want to bring to your attention here, since the written submission, so people in the public will probably not..... There will be some issues that I won't cover, because they are covered in the written.....”

Chairman: “So you are going to refer to one or two points in your submission?”

JME: “Yes..... Just the main points were the financial issues were pretty important, because as far as we are concerned, Shannon LNG is currently insolvent. I did already point out that H.E.S. LNG is a company that is registered in the Cayman Islands, and it has only invested about a thousand euros in Shannon LNG's share capital. So we think that it's inconceivable that instead of giving loans, or instead of taking an equity share, it actually just gave loans and it is inconceivable that the CER is going to get access to the gas Pipeline, and to the electricity grid through..... They are also proposing to build a gas-powered electricity..... A gas-fired power station adjacent to the LNG terminal. And they have created a company called Ballylongford Electricity Company Ltd. And Mr. Biggana just said there a few moments ago, that they don't plan to supply to the domestic customers, so it will be to industrial use. So we find it inconceivable that they is going to be a lot of capital investment programmes around this LNG terminal, which will only be fed by the gas from the LNG terminal, all to a company which is basically insolvent. And if there is any accident, they can walk away in the morning and lose nothing. And I think the question on insurance was pretty pertinent because it's great to say ‘Our intentions are to do this and that’ But when the accident happens, there is no assurance from our point of view. If this was in the strategic national interest, and if it was a Government project, there is always some comeback, so we are really asking if H.E.S. Corporation itself, would actually underwrite..... This was the whole point about the questions on the financials.....They provide the financial reports of H.E.S. Corporation, but we would like to see the CER creating some kind of water-tight legal financial solution to make it an air-tight financial obligation. And that's up to you, whether you want to do that. We also think the ‘Option to Purchase’ agreement should be..... If it won't be made available to the public, that the CER should actually get the details of the ‘Option to Purchase’ agreement, because they say it is commercially sensitive, which I agree it is commercially sensitive, but maybe the CER..... To get a better picture of the financials, should also look at what really has been agreed with Shannon Development, which is a commercial state company who own the land. Now, as I also said, H.E.S. made losses at the end of the first quarter of 2009, of 59 million. So, we really think that you need some financial experts to look into this issue in greater detail and to communicate also with the office of the Director of Corporate Enforcement, to understand why the shares were transferred from Irish residents to an offshore company. Ok, now I know that the criteria for giving the licence are published in the regulations but we also wish to bring it to the attention of..... As you well know, the CER..... It does have certain obligations under the Electricity Regulation Act, 1999. The Gas Interim Regulation Act 2002, both of which amended the Gas Act of 1976 and it does actually say that in the Gas Interim Regulation Act 2002..... It says the duty of the Minister and the Commission..... That's the Commission for Energy

Regulation..... To carry out their functions..... It shall be their duty to carry out their functions, and exercise the powers confirmed from them under this act in a manner, which, in relation to gas..... This is Article..... Section 9, 3B, ‘In relation to gas, that it does not discriminate unfairly between holders of licences, consents and Bord Gais Eireann, or between applicants for consents or licences.’ Also, in sub-section 4A, ‘It must promote the competition in the generation and supply of electricity, in the supply of Natural Gas, and in the supply of Natural Gas in accordance with this Act.’ It is also an obligation under Section 9, to promote competition in the generation and supply of electricity. So what we are saying is that..... In assessing this licence application, the CER, even though the criteria are very specific in the regulations, there are over-riding obligations as well on the CER to look at the bigger picture. Basically to promote competition, that is not to allow a monopoly to be created, which we believe is being created here. And, under Section 5A, it is supposed to take account of protection of the environment. And, under the Energy Miscellaneous Provisions Act, 2006, which further amended the 1976 Act, other duties of the Commission for Energy Regulation, is to promote..... That’s in Section EB..... To promote the safety of Natural Gas customers, and the public generally as respect to the supply, storage, transmission, distribution and use of Natural Gas. Ok, so we just want to point out that, when you are assessing this licence application, you have other obligations as well, which also are under the Obligations, under Article 40 of the Constitution. Now, the other point – we are not legal experts but this is what we are reading – from a legal point of view, is..... The Gas Interim Regulation Act 2002..... In 12.3 it sets out that certain criteria can be set down for assessing the licence application, but equally, in Article 12.4, it does have an over-riding criteria as well, which must be respected, and that reads ‘Where from the appointed day, the Commission determines that the capacity of existing opposed distribution or transmission pipelines in a particular geographical area, as specified by the Commission, represents adequate provision for reasonable expectation of demand, it may refuse to give its consent under Section 39A1 of the Gas Act, 1976, to the construction of any new distribution or transmission pipeline in that particular area. Now, for us, this article is very important, because it places an obligation on the CER, not only to look at the criteria that are specified in the Regulations of 2002, but equally to look at the overall picture. And so, the CER is obliged, once more, to have a strategic viewpoint on where we are going with this gas pipeline. Now, previously in our submissions, we submitted..... In the oral hearing submissions of the Pipeline..... Which I think I have already forwarded to the CER as well, the transcripts, from the stenographer. We had submissions from Stephen Goldthorpe, an Energy Analyst, who proved that all Ireland’s electricity generation requirements in gas, would have been fulfilled by 38 shiploads of LNG. Now, Shannon LNG want to bring 125 shiploads of LNG each year, into the terminal, which means that some of this LNG sourced Natural Gas is for eventual export. And the second point is..... Having a strategic viewpoint as well, the Endessa problem comes into play, that..... As you know, there is a big problem in the CER with grid connection, and if Shannon LNG want to build a power station, that would be a gas-fired power station, that they would be using the gas from the LNG terminal. It has never been explained how they are going to get that power out onto the main grid, because it is about 3 miles from Tarbert. At the Energy

Conference in Tarbert a couple of weeks ago, the C.E.O. of Endessa, said that they are dropping from 600 megawatts of heavy fuel oil power generation, to 300 megawatts, with gas-fired power. And I have heard rumours that they already have an agreement with the CER, that they are going to get a dedicated grid connection. I can't prove it, but that's what I was told. So, we are asking, is this gas line needed in this geographical area, because if Endessa are already going to use all the grid connection, why have the LNG terminal in this area, if it's not where it's needed? Now, there was a question asked recently, I think in a written reply by Minister Eamon Ryan, on the 10th of February of this year, on a written reply to Michael D Higgins' question 120, and he said that the existing commercial storage facility at Kinsale, has the capacity to hold 198 million cubic metres, licensed for use by Bord Gais Eireann. And he said that this would supply around 50 per cent of residential and SME gas needs for up to 50 days, in the event of a disruption to our gas imports. So, strategically, if this whole project is based on having security of supply, if we already have security of supply at the moment, then they lose their strategic argument, and we also would like the – I think I have submitted it but I'm not too sure – The Government published a policy document, jointly commissioned with the Department of Communications, Energy and Natural Resources, and the Department of Enterprise, Trade and Investment in Northern Ireland, in November 2007. When they were giving planning permission, at the oral hearing, we asked would the Government please give this strategy document, which was the first all-island strategy policy document, would they give that document to An Bord Pleanála, in helping them assess the strategic need for gas, and our answer from the Department of Energy, Communication and Natural Resources, was in the national interest and national security, they could not release that document. But even An Bord Pleanála did not get that document, and the only time they got the document was when it was released to the public, 3 days after planning permission was given, and this is a very important document because, up to that, it was the developers saying 'I said, he said etc' and that document stated very clearly that Great Britain will soon have significantly more surplus supply capacity above expected level of demand from when it was dependant on only North Sea production. It says 'The island of Ireland has a small import requirement in absolute volume terms, compared with Great Britain, and benefits from Britain's increased supply diversity. Because now we have LNG – If they are talking about another supply of gas, apart from the Russian Pipeline, we now, in the last few months, have LNG sourced gas coming in through Millfordhaven LNG terminals, and we are already accessing this LNG sourced natural gas, through the inter-connector. So, what we are saying to the CER, is that, even from the time of when planning permission was given, if you are going to look strategically at this project, really, and assess the real needs for it, and if it is in the strategic national interest, the conditions have already changed. Also, this document did identify other high-potential storage areas, which included the Larne Basin, offshore Celtic Sea, and in the Irish Sea, where there is currently a Norwegian company developing, or in the final stages of getting the final permissions to develop an off-shore Gas LNG sourced storage facility in the Irish Sea, 100 miles from Dublin. So that is already new information as well. So the whole idea is that if they are bringing in gas in the form of LNG – The island of Ireland and Britain – We are already one strategic market. The only problem, really, is that I have to admit, the pipeline – the inter-connector – Does come from the UK, and if that inter-connector gets cut, then there is a problem, if we

don't have other sources. But this policy document also put forward the idea that the Corrib Gas Reserves – Shell want to develop them to get all the gas out in 5 years – but this Government policy document was suggesting that we should flatten the Corrib Gas production, because at the moment we are getting gas. And if the need arises, we can increase the pressure and increase the output rapidly. That would be in the national interest. So we already do have sources of LNG sourced gas, and maybe Elizabeth Muldowney will speak in greater detail, because she is the Energy expert with An Taisce. What we would like you to do also is take this document on board, because of Article 12.4 of the Gas Interim Regulation Act 2002, you have an obligation to look at this strategic viewpoints. Now, there is another idea as well, which we have consistently highlighted. It is, the lack of a strategic environmental assessment. I know I have gone on about this slightly before, but the idea is that we are all trying to get a picture of what the joined-up thinking should be, so if the CER..... They could oblige a strategic environmental assessment to say what are the real energy needs or if we want to create an energy hub on the Shannon Estuary, 'Is this what we really should be doing?', and look at the alternatives. So they said they're under no obligation to do that, and that is currently before the European Parliament Petitions Committee. And the European Commission is currently assessing those things. But once again we are saying, we can't force you to do it, we are just asking..... If you really have the country's interest at heart, you must have some more joined-up thinking and not be afraid to take on a multi-national or an offshore company, or whatever they are. Finally, there is another problem, in North Kerry, people are constantly bringing the debate of the LNG terminal in local terms, now as Raymond found out there, the gas is not for the local area, it's not a local issue, it's a national issue. So we have to look at the Pipeline, in national terms, and I think that the CER cannot make a decision on this Pipeline without looking at what Endessa are planning in Tarbert Island. I have already outlined about the Pipeline problems, when Carlos Temboli said that it is a question of timing, those were the exact words he said. But should the development of Ireland's Energy needs be determined by whichever developer gets there first..... The projects are so big, and to bring it back to just ordinary man's terms..... In America, President Obama is talking about the new 'Green Deal', where he realises that the issues of National Energy are so importantly strategic, that they are talking about the new 'Green Deal'. In Ireland, even with 2 Green Ministers in Government, we are still not looking at a new deal for energy, we are expecting developers – And I don't blame them in any way in the least – But their underlying aim is to maximise their own share value, on their bottom line. But the country's national interests, might not necessarily be determined by developer's profit interest. Now, as for the safety issues, we really think that the CER needs LNG expertise. I know they have gas expertise but they need LNG expertise to independently assess the safety issues. We don't think that they should accept the Shannon LNG's risk assessment as ok, without independently corroborating with its own complete risk assessments. Now people constantly say as well – I know I have said it before – But they constantly say that this is just another gas pipeline. But it is a different pipeline, because it is connecting to an above-ground installation, which is connected to an LNG terminal. I know you probably wanted me to give an update at the end, but really we are just thinking – And I'll say it now – We think that the CER should apply some sort of 'Use it or lose it' condition. We do not want the terminal to

become like the M50 Toll-bridge, where they basically have a monopoly, that's the last thing the CER wants. We also think that the CER should not give a licence until the Endessa Pipeline plans are strategically assessed, parallel to the LNG terminal, to the Ballylongford Power Station that they want to build adjacent to the LNG terminal. The Endessa Pipeline..... Carlos Temboli said it will follow the same route as the pipeline for the LNG terminal, but there were 3 different alternative routes, proposed by Shannon LNG for the pipeline, and they picked the pipeline route that was furthest away from the Power Station. So there is nothing stopping the CER from saying: 'Hold on, if you really want to build a Pipeline, why don't you build it closest to the Power Station?' Just because they got planning permission for it, doesn't mean that you can say you accept that. The investment decision must also be made and declared by H.E.S. Corporation, and we do want an air-tight legal guarantee that H.E.S. Corporation must be liable or Potem and Partners, there must be some sort of air-tight guarantee there."

Abbreviations Key

ND – Nicola Dunleavy

MB – Michael Biggana

JME – Johnny MacElligott

SI – Sami Ibrahim

MR – Martin Regan

EM – Elizabeth Muldowney

TO'D – Thomas O'Donovan

JME: "We are worried that the CER is rubber-stamping the licensing process, and we would hope that would not be the case. Now, we also figure that it is unacceptable to

be given false or misleading information, and my question earlier, about the Pipeline was that false information has already been given, so the CER should make what they want of that. The CER can also require a marine transport risk assessment, an LNG marine risk assessment. The CER can ask for whatever conditions to impose or not, they could also always say ‘We don’t want to impose, or give you a licence until a marine risk assessment is assessed’ because, on the High Court, the HSA said that they gave advice, but what also came out of that case was that the HSA’s remit stops at the shoreline, they have no remit on the water. That was actually very important to us. We also want to highlight that there is no legal time limit on reviewing decisions made by the CER in this case, and that we will not hesitate to attack them in court if incorrect decisions have been made, and we will decide that at our convenience, because we need time to assess what the CER..... What has been said here today by Shannon LNG. Now, Peter North, one of our experts..... At the oral hearing in Listowel, found that the risk on the LNG Pipeline was up to one thousand times higher, from his calculations, from what was stated by Shannon LNG, but we were not allowed to question him at that oral hearing on those issues, because they said it was a matter for the CER. Now, as noted from the many Tribunals of Enquiry held in Dublin over the years, the odds that Shannon LNG is not telling the truth is higher than the odds that they are telling the whole truth.”

Chairman: “I don’t think you need make allegations of that sort at the hearing, really.”

JME: “Yes I know, but our point was..... When they said that LNG gas would dissipate quickly, this was the whole basis for our submission to An Bord Pleanala..... Was that when they gave out public advertisements, saying that it would dissipate quickly, when in actual fact it would go laterally for up to 7 and a half miles, that was the problem. If they tell a lie once, they tell it again. We also would like the CER to assess Ahinnish Island once more. There were rumours that they were going to move the LNG terminal over there. Now, Ahinnish Island has not seriously been considered either. It’s an industrial site with large amounts of waste pollution. Once more, we say that the strategic argument for LNG being needed in Ireland is rubbish, because we think that we are in Europe, that’s it, and that the LNG here is mainly for export. We also think that the global warming and that climate change arguments against the project are also very strong. There is less damage done with CO2 emissions, if LNG is landed in continental Europe, piped throughout the continent, rather than piping from the periphery view in Ireland. We think that building the Endessa Pipeline after the LNG Pipeline is going to cause a problem, that it will be too dangerous to go back and dig a second pipeline, too close to the Shannon LNG Pipeline. If they are going to dig it further away from the Shannon LNG Pipeline Route, then we want the CER to look at what are the legal implications of ownership of land, from that respect. And finally, we just think that the CER needs to sit down and discuss the project properly, do all the studies properly, and ensure that all that’s necessary is done, that is the best way of doing it, otherwise we will audit your work and prove that you are wrong. We also think that the CER needs to examine alternatives properly. Even preliminary safety studies would have examined alternatives in order to mitigate risk. For example, the LNG sourced gas is now

already being pumped from Millfordhaven in the UK, and the biggest criteria for the CER is to examine whether the project is actually safe, and is absolutely necessary. As I have said, the situation has changed again, and that needs to be dealt with from a strategic viewpoint. That ends my submission.”

Chairman: “Fair enough, yes. What about your colleagues? Do they have anything to submit to the hearing?”

JME: “Maybe Elizabeth Muldowney will speak about the strategic aspects.”

EM: “I will be speaking on behalf of An Taisce. I wonder if I could ask your indulgence, I need to take a break for five minutes please.”

Five minute adjournment

Conference re-commences

Chairman: “May I ask who wants to speak? Tim O’Mahony do you want to speak.....(Chairman asks others if they would like to speak). You may all speak and when this contribution is finished, I will invite Shannon LNG Natural Gas to respond to those.”

EM: “My name is Elizabeth Muldowney, I am An Taisce’s National Energy Officer. I have a Masters in Economic Policy, specific to Energy. My responsibilities in An Taisce are:

A: Communications – With the utilities and all Energy stakeholders.

B: The promotion of Energy courses within the humanities at university level.

C: Research into LNG.

I would just like to say thank you to The Commission for Energy Regulation, to Shannon LNG, to the locals both for and against, for this opportunity to speak. I would like to address mostly the economic side of things, and the situation regarding security of supply and need for the project. From a point of view of need, at a local area, it would be wonderful to have gas for Kerry, since it’s one of the very few counties left in Ireland that doesn’t have Natural Gas. And from a person that lives in another county in Ireland that doesn’t have Natural Gas, believe me, I understand the situation. I am from Dublin, and I’ve had Natural Gas for most of my life, but having moved recently to Leitrim, I do miss that and I respect very much the idea that the locals would have Natural Gas. I also respect the County Council, Shannon Development etc because they all have very good arguments for having this project go ahead. Shannon Development investment, knock-on effects from that, absolutely there would be knock-on effects and they would be very beneficial to the area. The County Council will have other benefits from this particular project as well. However, I believe that it’s not just a local issue, Mr. Chairman, it is a national issue as well, from

the point of view of the National Energy Strategy. I think that's what we really have to address. Health and environmental issues, training, safety..... They have already been addressed and I have absolutely no doubt whatsoever that Shannon LNG and H.E.S. will adhere, strictly, to these because they need to protect their assets. There is no way that they are going to let an accident happen, because they don't want to see their assets go up in smoke. However, from a point of view of gas – Natural Gas – At a global level, I have a lot of reservations. There is a lot of volatility, both in price and in geo-political stabilities in the countries in which the LNG will be sourced. We know that at the moment, gas prices are extremely low, but we also know that gas prices track oil prices, typically. And at the moment, oil prices are increasing. Now, this is the latest graph in the Financial Times, for oil prices from this morning. So that is a months oil pricing, and as you can see, the trend is definitely up. From a point of view of the Middle East, today at twenty-five past five this morning, in fact, there was an article printed in the Financial Times, and it was talking about the Middle East, and the critical gas shortage in the Middle East. The countries of the region, particularly the wealthy Arab Gulf States, have one of the fastest growing rates of energy demand, as populations swell, and the accumulation of 'petrol dollars' during the recent 'oil boom' has driven rapid economic expansion. But they are finding to their costs, that after years of focusing on oil production, too little attention was paid to gas, which is now needed for power generation. My point there is, that really, we have failed as a nation to look at the strategic elements of this, and the impacts of supply and demand from a global level. If demand rises elsewhere in the world, where does little old Ireland stand? I understand that H.E.S. is a big corporation, and that you are involved in the Liquefied Natural Gas market. However, I am looking at it from a point of view of public interest at a national level. Basically we have 70 years of global Natural Gas supply left..... 70 years. That's not just for Ireland, that's for the whole world. Experts agree that Japan, being the largest importer of Liquefied Natural Gas, are building storage terminals at the moment, and that 70 years of Natural Gas will be halved down to 35 years..... 35 years for the rest of the world, excluding Japan. America are now looking at – and this has been produced in the Energy Information booklet in 2008, from the Department of Energy in the United States – America are looking at replacing oil with gas – they are another huge importer of Liquefied Natural Gas. The price of gas is low at the moment, as I have already stated, the price of gas is going to increase. We had one of the heads of the Arab Nations stating that the price of oil, within the next 3 years, could reach \$150 a barrel again. And as I said before, gas prices track oil. I firmly believe that we have to look seriously at our responsibilities, from a point of view of the CER and also a point of view of a nation, and this needs to be done on a strategic level, and not just on a project by project basis. We have a situation, globally, where we have absolutely no knowledge whatsoever of how these prices are going to increase, we have no knowledge whatsoever of geo-political issues, with certainty, and it is this uncertainty Mr. Chairman, that is of great concern, and should be of great concern to us as a nation. We are placing ourselves, by being dependant on gas, and by increasing that dependency on gas, by building Shannon LNG, and from a point of view of electricity supply, more gas-fired terminals. And we are in a very, very precarious position. And from a point of view of uncertainty, I wonder if this is not a very risky place to be putting the nation. Bord Gais Eireann have been mentioned a couple of times here

today. I would like to make a note that they are entering into the renewable energy market, on quite a large scale. I think, given that they are the most experienced people in the gas market in Ireland, that's really saying something. They are obviously trying to make sure that in the future they have a sustainable business. And sustainability is what this is all about. We have to look to the future, and we have to ensure that we have sustainable energy. Now I'll just move back to gas price once more, and this time with relevance to the end-user of the gas. If gas prices are high, as I mentioned earlier on in my question, it really is worthwhile of Shannon LNG to do this project, because they'll make their money back, and fair play to them, you're dead right. If I was in their shoes, I would be trying to get a terminal up and running, and I would be trying to make a profit, too. Actually, maybe at this point I should refer back to the relevance of the price on the Pipeline – The Pipeline is connected to the import terminal, which will take in gas from the global market, and therefore, by association, the price of Natural Gas is very relevant to this Pipeline. The gas that will come through the Pipeline, from Shannon LNG terminal, through the Pipeline and into the National Pipeline, will go to end-users. There are 3 strands of those end-users:

1. Electricity Generators
2. Industry
3. Domestic

The price of the gas, from a global level, will impact on the price of the gas to the end-user. And the CER has an obligation to that end-user, as stated in the CER mission statement. And basically, that mission statement says that the CER are acting in the interests of consumers, to ensure that prices charged are fair and reasonable. All of us here have electricity, we all use it, whatever about gas, we all use electricity, and up to 66 per cent of our electricity is generated from gas. I ask a question generally here, do you think that if the price of gas goes up, and that we are dependant on gas from either Pipeline or imported at Shannon LNG, that we will not pay for that in our electricity bills? Ladies and gentlemen, I am not going to answer that question, you are all intelligent people, I'll leave that up to yourselves. We already have extremely high prices of electricity, and I think that this will put that into a little bit more of a precarious situation, and it's not just gas that we need to be looking at, we need to be looking at our electricity situation as well. I think that we also need to look at the pros and cons of this project, and as I stated at the beginning, there are many. During construction, there will be employment, but that employment is not sustainable, that employment is only for a short period of time during the construction of this project. There will be jobs when the plant is in operation, I'm not too sure how many, but there will be jobs, but there certainly will not be a great number of jobs. I'm open to correction on that. I think that we also have to look at the environment, and we are trying to reduce our carbon emissions, and yes, from a point of view of fossil fuels, gas is the cleanest, but it is still a fossil fuel. And it is still emitting carbon CO₂ into the atmosphere. And at a time when Ireland are incredibly over our emissions targets, is this really the time to introduce more fossil fuel into our market, and our environment?"

Chairman: "Pardon my interrupting you there, perhaps you could focus a little more

on the particular issue we are trying to deal with, which has got to do with the Pipeline, and the AGI's?"

EM: "Ok"

Chairman: "That is a national policy, that issue."

EM: "It is, but do you not think, Mr. Inspector, that the Pipeline is a matter of policy as well, by association?"

Chairman: "It would be better if we could focus a bit more on the gas pipeline."

EM: "Ok, on one hand, as I said, employment during construction. On the other hand, it's short-term employment. On one hand, we have employment in operation – on the other hand we have low levels of ongoing employment. I think that this project, and this Pipeline, is being put forward as contributing to security of electricity supply. However, as I've pointed out already, this security is very, very precarious, if we are put in a position to rely on gas from this Pipeline. And that's all I have to say, today. Thank you very much."

Chairman: "Thank you for that, now I am going to invite those who indicated support for the project, I am going to invite Tim Mahony, please, come up and sit at the microphone."

TM: "Good afternoon, my name is Tim Mahony, I was the Chairman of the Kilcolgan Residents Association, until it was hijacked. And it was hijacked by Mr MacElligott, and I informed him on several occasions that he was not to use Kilcolgan Residents Association, but he still used it, and he still used it today. And this is very upsetting for some people in my area, because now they want jobs. Unfortunately, because there's not abundant employment in the area at the moment, and now most people in Kilcolgan welcome this project. Now, for the first oral hearing, he had a mandate, to carry out that. But when the oral hearing didn't agree with what he wanted, he went on another. Now I have listened to him in Listowel, and I've listened to him today, and a lot of things he has said, is an absolute waste of time. A waste of money, that really could be spent wisely, but the amount of people that are here today, it's a shame that we have to have this other oral hearing, because of him. He also took a High Court action against the oral hearing position. I had to inform him, that if anything went wrong, that he was not to use the KRA, because I could be responsible for the costing of that. So if there's anymore court cases, the KRA is not supposed to be used, unless there's a JAGA meeting, and somebody else throws me out, at the moment I still am Chairperson of the KRA. I welcome the movement now, because of the situation we are in, in this country. The girl here on my left said about gas being cheap. Yesterday I went out and bought a bottle of gas. And what is the price of a bottle of gas? A small bottle of gas?"

EM: "Sir I don't know but that's different gas, that's not Natural Gas."

TM: “Well it’s the same thing, it’s €39 for a small bottle of gas.”

EM: “Sir it’s different gas.”

TM: “I appreciate that but gas is gas, right, so that is all I’ve got to say. Thank you very much.”

Chairman: “Thanks for that, Mr. Mahony. Mr. Lynch, are you going to speak?”

Noel Lynch: “On behalf of the Ballylongford Enterprise Association, we support this project. We believe that it would be good for our area. Unlike previous speakers, we believe that, even though the amount of jobs might be small starting off, we believe that it will lead to more industry and more employment coming to our area. This is strictly for the Pipeline, and we believe that the Pipeline – there is a pipeline already running for thousands of kilometres around the country, through the cities of Dublin and Cork, and there are no issues with it. The other thing I would like to raise is that this morning we were listening to Shannon LNG being questioned as to their finances, their legality, their transparency. I would now like to ask where does Johnny MacElligott come from or who does he represent as the Chairman of the Kilcolgan Residents Association? The KRA has stated that they are not involved in this and they are not party to any objection to this project. I would like to know if Johnny MacElligott can be as transparent as Shannon LNG in stating who his legal advice is – If he could state who that is – who his accountancy advice is, so that we would know that what he is saying comes from a reputable authority. We know who the legal and audit experts are for LNG now, so we’d like to know the same from Mr. Mac Elligott. Finally, I would like to concur with Tim Mahony, in saying that the whole area of North Kerry and West Limerick are looking forward to this project coming. In an economy and in a location where you have no jobs, one job is very, very welcome. Thank you Mr.Chairman.”

Chairman: “Now, who else would like to come up? Miss Murphy would you like to come up? Thank you.”

Joan Murphy: “Thank you Mr. Chairman. I am Chairperson of Tarbert Development Association. For the past 50 years, Tarbert Development Association have been actively working to promote the Shannon Estuary as an industrial area. And, in spite of many fall stones, this has been the first tangible project that has been proposed for the area. Because the terminal was given planning permission by An Bord Pleanala, which specified that the gas can only be sent from the plant by pipeline, the planning permission for the Pipeline was sought and got. This hearing, I believe, was in relation to just the safety aspect, in spite of that fact, several other issues have been brought into this room here today. And I would have no apologies to Mr. Mac Elligott or anybody else, to say our main focus is in fact jobs for the area as other speakers have said. I know it’s a national issue as well, the cost of gas and the price of fuels, if they go up, if electricity will have to be produced, whether it’s by gas or oil, or falling water, or wind. I noticed in my last electricity bill, 11 per cent of the energy that I used, was in fact wind energy, so we’re a long way from the 40 per cent. We would

all look forward to the day when our energy is green energy, but for the time being, we have to use the energy sources that are available to us, and gas is one of those. Thank you very much Mr. Inspector.”

EM: “Inspector, am I allowed to ask questions of the people who are making statements?”

Chairman: “No not really, no.”

EM: “Oh, ok.”

Chairman: “Let me just finish. Mr. Fox please?”

John Fox: “John Fox, Mr. Inspector. I want to address a couple of things that were raised this morning. In particular a pipeline was raised, about it being a two-way flow and the capacity of the line. Now bear in mind, I am with Tarbert Development Association, and we support this. We have stood by this thing, from the word go. We had questions, we had issues, and they have been addressed, as far as we’re concerned. But in relation to the Pipeline, my understanding from what was said this morning, is that gas would be able to flow up from the National Grid and to the National Grid, from the LNG project. And there should be no ambiguity about that. The other point was that the capacity of the line is geared so as to take into account, changes that may take place, in demand for gas on the system, and it can handle that. As I understand it, I think the figures can handle 30 per cent of the national demand for gas at any moment in time. If that’s the case, there is no need, in my opinion, for a second pipeline, because a spur-off to Endessa or to Listowel, or to wherever it is required, can be met by the one pipeline. I think that was just muddying the waters by throwing in the issue of a second pipeline. I think that’s all that was happening, in that particular case there. I also heard this morning – and I stand to be corrected on this – that Shannon LNG said that they are subject to conditions that might be imposed by the CER. In relation to when the start date for building it, because the start date is critical, because at the moment it looks like Shannon LNG do not require the Pipeline until 2014. Whereas, as I understand it, Endessa will require a gas supply in 2011/2012. So I would like to clear that up as well, and that will be borne in mind by the CER. The other thing I would like to say is, there was great emphasis put this morning on questioning Ernst and Young, and the accounts, and who they were and what they were and who signed what. This Pipeline is vital for this development, not only the Gas Plant and Endessa, but it’s also vital for the development of North Kerry. And I’d like to see the KRA telling us who they are and who they represent. Because they have changed from being the ‘Kilcolgan Residents’, to ‘The Safety before LNG’, and now the latest thing they are, the ‘Safety before LNG Alliance’, Alliance of who? Malibu? New Zealand? Wales? What about local North Kerry and West Limerick? One thing I do agree with Mr. MacElligott on – and I will finish on this – he made reference this morning to somebody giving false information or misleading information, and I think in fact he used the word ‘lie’ and he referenced it this way; He said that if someone is capable of telling a lie once, they are capable of doing it a second time. I would suggest, respectful to Mr. MacElligott, that anybody who tells a lie about where

they live, where their place of residence is, is also capable of telling other lies. We need this, we urgently need this, there is huge unemployment in North Kerry, and the people out in North Kerry – The politicians of all shades and colour – be they national or local, and be they European with the exception of one, support this project, as do we. Thank you Mr. Chairman.”

Chairman: “Thank you for that. Now is there anybody else who wants to make a contribution? Mr. Finnuane?”

Michael Finnuane: “Michael Finnuane, Ballylongford Enterprise. I would like to welcome the LNG terminal and pipeline to North Kerry, on behalf of Ballylongford Enterprise as well, because land-back has been put together for the last 50 years, and we have had – In the 1970’s we had a smelter muted – a zinc smelter – then that went, and then we had an oil refinery, with John Lance and Greg Bilnare, (**Please note – unsure of accuracy of those two names – Speaker quite hard to understand.**) that were buying up more land to build this refinery, and we had big ships to be built there, pleasure ships and small ships, and all kinds. But the first company that came and put their money where their mouth is was Shannon LNG, with the help of Alcann Development, and they have not been in that place for the last 30 years. I find it’s very positive for the region and the Pipeline is a necessity to supply Tarbert Island with gas, and to keep the life-blood of North Kerry going. Tarbert Island was the first industry we ever saw there in 1968, and it kept a lot of people out of the emigrant ships. They all got jobs there and then that was followed by Alcann, and the whole industry boomed as it went along, Foynes Port, Moneypoint, and this is another step in the right direction. As our previous speaker said there, I would like to ask Mr. Mac Elligott, what has he done to bring any industry into the estuary? He has done nothing positive, only all negative, since he started this campaign, 2 and a half years ago. If he put the effort into drawing some industry into the estuary as he did to hunt it out of it, we might be a lot better off. If he looked at things from a local perspective, and being a citizen of the State of Ireland, and put the people first, and the job creation in the locality. He is talking about another High Court challenge now again to this, but I wonder would he put his name to this High Court challenge – which he didn’t do with the last one in November, to stop the terminal – so if he is going forward he can put down his name and have the courage of his convictions, when it comes to the corps. Thank you.”

Chairman: “Thank you. I am just going to ask Shannon LNG – do they wish to ask any questions of Mr MacElligott and his party, or would you like an opportunity just to sum up at the end?”

MB: “Mr. Chairman we would like the opportunity just to sum up, but we would like an adjournment for about 15 minutes, if we may, before making that summary.”

Chairman: “Yes we can, but before doing that I am going to ask Mr. MacElligott if wants to sum up? Or is he finished?”

JME: “I am finished.”

Chairman: “Alright, this would be an appropriate time then to.....”

Michael Mac Elligott: “My name is Michael Mac Elligott, and this hearing was very well advertised, and I believe it is about the safety of the Pipeline. There isn’t one person here from Foynes to Tarbert, that live along that Pipeline, objecting to it. So if safety was such a concern, why aren’t they here? Now I live in the parish of Glen, and the Pipeline passes right at the base of my house, just at the bottom of the property, and I’m satisfied – I have been at all the hearings that LNG have done everything to make sure that we’re getting a safe terminal and a safe pipeline. So I agree with John Fox, Joan and Noel Lynch and everyone that spoke. Jobs are desperately needed for North Kerry and West Limerick. I mean if you came to Tarbert or Ballylongford or Glen tomorrow morning, or tomorrow evening – Traffic has just stopped, there is no work there – this young lady here is saying that there will only be jobs for a certain amount of people at the end of it. But Noel Lynch is right, anybody would take your right arm off if you give them a job tomorrow morning, not a mind 200 jobs on the Pipeline, or 400 jobs during the construction for 4 years. And that is what we need in Tarbert – We need jobs, and Michael Finnucane is right – The objectors have brought no jobs, they have brought no ideas to the table, they have just brought criticism from day one, and to be honest, the people in Glen, in Tarbert, in Ballylongford, in Moyvane, in Asdee – are absolutely sick of it – we want the objections to stop, and we want to see the LNG Plant and construction going ahead. That’s all I have to say, thank you.”

Chairman: “Thank you Mr. Mac Elligott. Now I am going to have that 15 minute adjournment requested by Shannon LNG, and let’s get back here at a quarter to 4 please, for a closing statement from LNG.”

Chairman: “I am going to invite Mr. Gunn to sum up for his Shannon Gas company. This will complete the hearing on Mr. Gunn’s closing statement.”

Michael Gunn: “Thank you, Mr. Chairman. Chairman, Shannon LNG appreciates the opportunity to participate in this oral hearing today, with the CER. Shannon LNG has made its views known to the CER in the documentation submitted. And Shannon LNG’s submissions to the CER are in accordance with the statutory criteria for a Section 39A application. The key point is that the Shannon Pipeline is designed, will be installed in accordance with the Irish standard known as IS328. As stated earlier, the history of this application is that – pursue onto Section 26.1A of the Gas Act 1976, as inserted by Section 23 of the Gas Interim Regulations Act 2002 – Shannon LNG submitted an application to the CER in January 2007, to demonstrate this bonafide intention to apply for consent to construct the Shannon Pipeline. The CER certified on the 23rd of February 2007, that Shannon LNG had demonstrated the bonafide intention to apply for consent to construct the Shannon Pipeline. Shannon LNG submitted an application under Section 39A of the Gas Act, 1976, as amended, for consent to construct the Shannon Pipeline, on the 5th of September 2008. Shannon LNG submitted an independent quantitative risk analysis of the proposed Shannon Pipeline on the 28th of November. This risk assessment was undertaken by a competent,

qualified risk management company, ERL. The criteria for issuing Section 39A consents are set out in the Gas Interim Regulations Act, 2002 – Criteria for Determination of Consents/Regulations 2002. Shannon LNG believes that it has demonstrated that we have met these as outlined in the statement provided by Sami Ibrahim today. In response to some of the issues raised, as stated earlier, Ernst and Young – a world renowned accounting and auditing firm, and auditors to Shannon LNG Ltd – confirmed that they have audited the company’s financial statements for year ending 31st December 2007, and that they have signed and dated their audit record on the 18th of September, 2008, after the Directors of the company signed and dated the financial statement, on the 10th September, 2008. Shannon LNG’s Management and Directors considered the issues raised by the Safety before LNG, in preparing and finalising the accounts. In our view, the notes of the accounts adequately deal with the matters in accordance with the applicable standards. The auditor’s report, which is unqualified, includes a paragraph of emphasis with respect to the ability of the company to continue as a going concern. We must again refute any allegation of insolvency, which has no foundation. In reference to the proposed Endessa Power Station, our Managing Director, Paddy Power, stated in the planning oral hearing, that we would welcome the opportunity to connect Power Stations such as Tarbert to the Shannon Pipeline. If some time in the future, such an application is made to us, and approved by the CER, technically this can be facilitated by connection from the Shannon Pipeline. We consider that it is not appropriate to condition or delay the consent for the Pipeline upon future unknown pipeline proposals, as was suggested earlier. In the future we would hope that Bord Gais Eireann and the CER might assess the feasibility of distributing Natural Gas to towns in the region from the Shannon Pipeline, but it would be premature at this stage to speculate on where any connections might be located along the route of the Pipeline. In summary then, Chairman.....

The Shannon Pipeline has been designed, will be constructed, operated and maintained in accordance with IS328, 2003, and applicable Irish and European Union Regulations. I believe that Shannon LNG, in its application to the CER, for consent to construct the Shannon Pipeline, pursue onto Section 39A, has demonstrated that it meets the criteria for issuing a 39A consent. I should say Chairman, that we have been heartened by the expressions of support given here today. Now we thank the CER for the opportunity to summarise our views on the consent application submitted by Shannon LNG under Section 39A. This completes our closing statement Chairman, thank you.”

Chairman: “Thank you Mr. Gunn. Now I propose to close this hearing, and I am just doing so right now. Thank you very much for participating, and for your cooperation during the hearing.”

Abbreviations Key:

Please Note: MB – Michael Biggana – Name sounds different on other 2 discs – Possible name Michael Gunn? Initials may be ‘MG’ as opposed to ‘MB’?

JME – Johnny MacElligott

EM – Elizabeth Muldowney

Tim Mahony

Noel Lynch

Joan Murphy

John Fox

Michael Finnucane

Michael MacElligott