

# Contents

Financial Highlights	2
Chairman's Statement	3
Aitheasc an Chataoirigh	10
The Board	16
Chief Executive's Review	19
The Executive	30
Proven World Gas Reserves	32
Network Extension	34
Future Supply Options	35
Company Structure	36
<b>Financial Information</b>	
Report of the Board Members	38
Board Members' Responsibility Statement	40
Auditors' Report	41
Statement of Accounting Policies	42
Consolidated Profit and Loss Account	44
Consolidated Balance Sheet	45
Balance Sheet of the Board	46
Consolidated Cash Flow Statement	47
Notes to the Financial Statements	48
<b>Appendices</b>	
Consolidated Value Added Statement	61
Five Year Summary	62
Financial Information on Dublin Gas Operation	63
Prompt Payment of Accounts Act, 1997	66
Financial Statements displayed in Euro's	67



## Financial Highlights

**Turnover** was up 8% at IRE337m, reflecting volume growth in residential and industrial/commercial markets

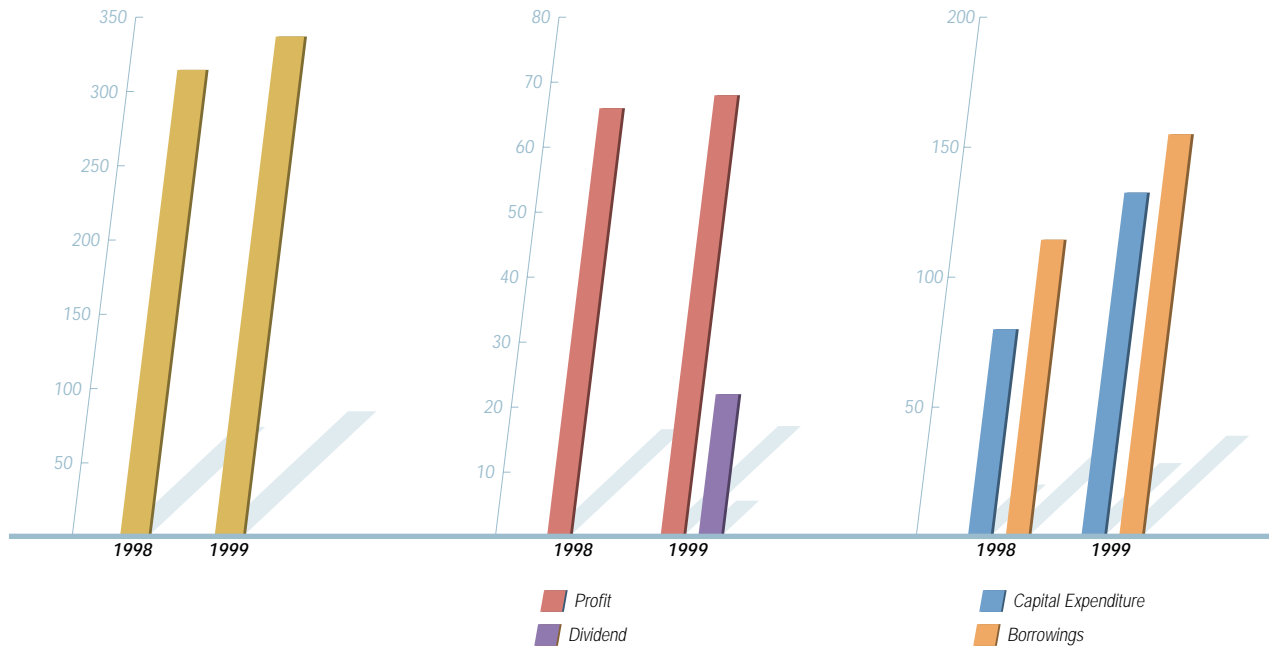
**Profit** before tax and dividend at IRE68m was up IRE2m

**Dividend** of IRE22m was paid to the Exchequer during 1999

**Capital Expenditure** was IRE132m, up IRE52m due to upgrading the capacity of the interconnector and increased spend on expansion of the network

**Borrowings** were up IRE42m to IRE155m, mainly due to the increased capital expenditure

TURNOVER IREm





“

**Our goal of increasing shareholder value will lead to expansion beyond the core business ”**

**This is a challenging and exciting time for all commercial State Boards**

EU law requires the introduction and development of open competition in many markets and natural gas is no exception. In Bord Gáis, we were well aware of this for some considerable time and had planned accordingly. Indeed while we were only required by EU Directive to open the market in August 2000 we in fact voluntarily opened the market to the first tranche of qualified customers in 1995. We welcome competition and we believe it is good for all concerned, provided that the regulatory framework delivers a level playing field for all.

In the new open market, we believe that everybody should have an equal opportunity to develop in the market and that includes the existing indigenous businesses.

The Board and staff of Bord Gáis have created a viable and vibrant national gas industry by developing the great natural resource of the Kinsale Head gas field. A substantial shareholder value has been created for the State.

It is the duty of the Board to develop and increase shareholder value in the interest of the State and the employees, whose efforts over the past 24 years created this increase in value. Our focus must be to continue to develop the company. We will pull out all the stops to find profitable ways to expand the boundaries of our core business. We have restructured our company on a Business Unit model to facilitate this and we will make sure that each new venture continues to create long-term shareholder value.



## Chairman's Statement CONTINUED

In international terms, Bord Gáis is a very small and very young company.

The Board of Bord Gáis has extensively researched industry structure models that will promote competition, while retaining a strong Bord Gáis.

The US provides a clear model for a vibrantly competitive gas market combined with a structure based on integrated industry players. The Board is completely satisfied that it can only expand and develop if it is allowed to retain and build on its current scale. Our track record has demonstrated our willingness to make the pipes available on a regulated basis to all newcomers wishing to supply gas to the Irish energy market on an open competition basis. An integrated structure can be arranged to comply with EU rules and would be similar to the regime adopted in countries such as Denmark and in most States of the USA.

We are entering the most exciting period that the energy business has seen for over a hundred years. As the industry is in the process of liberalisation there will be many opportunities to increase shareholder and customer value.

We believe that given the right environment we will be able to use our extensive experience in energy delivery to continue to play our part in the future for the benefit of our customers, our staff and the national shareholder. What we may lack in scale we will make up for in energy and flexibility.

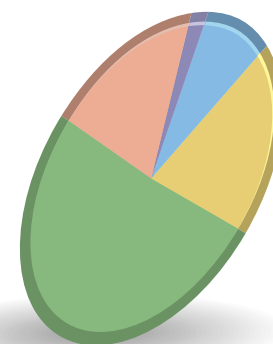
With a profit before tax of IRE68 million and turnover up by 8% on the previous year, 1999 was by any measure a very successful year for Bord Gáis.

Stronger demand in the residential, industrial and commercial sectors offset a downturn in direct sales to the power generation and fertiliser markets, and led to more than IRE2 million in extra profits last year.

The unprecedented growth in the economy is reflecting itself in major buoyancy in the gas market. We are continuing to invest to meet the needs of our current and future customers. During the year, extensions to the natural gas network and the renewal of the transmission and distribution network absorbed most of the IRE132 million capital expenditure in 1999.

**We are satisfied that competition can flourish with an integrated Bord Gáis**

**IRELAND'S PRIMARY ENERGY DEMAND 1999**



Oil 51%	Coal 17%
Other 2%	Peat 10%
Natural Gas 20%	

**1999 was a very successful year for Bord Gáis**





**Long term supply capacity must be provided to meet growing market needs**



**We plan to extend the grid to the Midlands and Western regions**

Borrowings increased by IRE42 million and the debt to equity ratio was 31% at the end of 1999, leaving the organisation well positioned to meet the projected costs of financing the expansion of the transmission and distribution systems over the next few years.

A dividend of IRE22 million was paid to the Exchequer in 1999.

### **Long-term Gas Transmission Capacity**

Bord Gáis is committed to ensuring long-term gas transportation capacity on a cost-competitive basis. Preliminary engineering was completed on a number of potential future supply routes into Ireland and within Ireland during 1999. The Board is now committing considerable resources to advance detailed engineering on:

#### **A pipeline to the west, between Dublin, Galway and Limerick.**

This pipeline is due to be completed by 2002 and will allow for the supply of natural gas for the first time to domestic, commercial and industrial users in at least 12 towns and cities across the country.

It will also serve as a new gas supply route to the Munster area, which will need additional capacity by the end of 2002. The pipeline to the west will also make it possible to supply power generation facilities along the route and provide additional security of supply at an early date. This will facilitate increased power generation capacity using environmentally friendly natural gas.

The proposed pipeline will be a crucial factor in exploiting discoveries off the West Coast.

#### **A second interconnector between Dublin and Scotland.**

Engineering design work has begun on a IRE300 million second interconnector between Ireland and Scotland which will secure national supplies for at least the next 25 years. Together with the current interconnector capacity, which is capable of supplying new electricity generating stations required to meet Ireland's needs up to 2004, the second interconnector will supply sufficient capacity for a further six power stations and facilitate the conversion of some existing stations if required.



## Chairman's Statement CONTINUED

The Board of Bord Gáis has a statutory responsibility to “develop and maintain a system for the supply of Natural Gas which appears to the Board to be requisite in the time being” (Gas Act 1976). Exercising its responsibility under the Act, Bord Gáis is seeking approval from the Department of Public Enterprise to proceed with these projects.

We understand that the Minister must take account not only of normal commercial criteria, but also consider the projects in the context of the emerging regulatory environment for the gas market, as it is open to competition in line with the EU Directive on the internal market for gas.

Bord Gáis also notes the plans of others to construct new pipelines in Ireland. We are satisfied that our current plans represent the most economical supply option and we are confident of our ability to compete successfully with new market entrants.

### **Market Liberalisation**

Since 1995, industrial customers with consumption in excess of 25 million cubic metres per annum have been entitled to buy supplies of gas from independent suppliers. This has effectively opened 80% of the Irish natural gas market to Third-Party Access (TPA) competition.

Bord Gáis has developed a new gas transmission services business whereby third parties can ship their own gas supplies through the transmission network. This greatly facilitates the introduction of competition in line with EU requirements and in advance of the transposition of the EU Directive into Irish Law. The Transmission Business Unit operates independently and provides the same services to other suppliers that it provides to Bord Gáis businesses.

The Directive imposes an obligation on Member States to open 20% of gas markets immediately, rising to 28% after five years and 33% after 10 years. Already some large customers are availing of Third-Party Access.

**We have been proactive in opening the Irish gas market to other suppliers**



**Many driving forces are changing the competitive landscape**

**Liberalised utility markets will open up many opportunities**





We are developing a large CHP project with an international partner



Pressures for deregulation and open competition are laying the foundations for new utility markets around the globe. The driving force shaping the structure and nature of new markets is coming from outside the traditional utility sector. Consumer, competitive, environmental and technological changes are combining to redefine utility retailing and service markets. The international trend is towards a convergence of previously distinct industry sectors and creating new market space and definitions of customer value.

The energy sector is entering a new era. While liberalisation has created new competitive pressures, it has also created opportunities in other sectors. For example, our Customer Products Business Unit is charged with developing a range of products and services to extend our product market and customer base.

The development of an e-commerce strategy is recognised as vital in developing our competitive capability to service existing and new product customers. To this end Bord Gáis is developing internet-enabled systems and will offer services over the web in the near future.

## Diversification

### Large Power Generation

In January 2000, Bord Gáis, in partnership with ATCO Power and Aughinish Alumina, announced an agreement to develop a 250 MW Combined Heat and Power plant at the Aughinish Alumina site on the Shannon Estuary in Co. Limerick.

The joint venture partners are ideally compatible as Aughinish has an ideal site and a large steam and electricity requirement, while Bord Gáis has wide experience of the energy needs of Irish customers and ATCO has world-wide experience in developing, constructing and managing power plants.

The use of natural gas in place of heavy fuel oil to generate power and steam has significant environmental advantages. It is estimated that the proposed Aughinish project will reduce national greenhouse gas emissions by one per cent, thus making a significant contribution to Ireland's Kyoto Protocol commitments.



## Chairman's Statement CONTINUED

### The Environment

Natural Gas is the most environmentally friendly fossil fuel, its use contributing to the lowering of greenhouse gas emissions. Strict targets for these emissions have been agreed internationally under the Kyoto Protocol and the use of natural gas is critical for Ireland in meeting these international obligations.

Bord Gáis is committed to ensuring the most efficient use of natural gas through sales of heating systems to domestic customers and through Combined Heat & Power technology to industry.

### Bord Gáis in the Community

Bord Gáis continues to make a huge contribution to the community through its sponsorship of a variety of initiatives at both local and national level. Bord Gáis also enjoys a long association with the arts and continues to support Irish and International theatre and music. Through its on-going support of the Millennium Urban Forest Campaign it has exceeded its target of planting over 50,000 trees in the greater Dublin area. Comprehensive educational projects have been developed by Bord Gáis including the Energy In Motion Roadshow, an educational multimedia exhibition incorporating user-friendly audio-visuals and interactive displays. A variety of environmentally based educational tools have also been developed for both national and secondary schools throughout the country.

### Department of Public Enterprise

I would like to thank the Minister for Public Enterprise, Deputy Mary O'Rourke, and her Officials for their help during the year. I would also like to thank the Minister for State, Deputy Joe Jacob, to whom the natural gas function has been delegated. We are indebted both to himself and his excellent staff for their help and assistance at all times during the year while fully understanding that the Minister and his Department, must have regard to the emerging regulatory environment for the gas market, in line with the EU Directive.



Growth in the use of natural gas is critical to Ireland meeting its international obligations under the Kyoto Protocol





**Professional staff  
ready to meet the  
challenges of the future**



**Staff**

In the competitive market which lies ahead of Bord Gáis the success of the company will no doubt depend on the calibre and commitment of the staff. Our staff has done an excellent job in developing an active and viable market in this country. In Bord Gáis our focus regarding our staff is to create an environment where good people want to work, where they enjoy what they do and where they have opportunities to grow personally and professionally. I believe that our unique training programme has enabled our staff to develop into the excellent professional team we have today. I want to thank them for what they have achieved in the past years, particularly during 1999 and I have no doubt that they are quite capable of meeting the challenges and competition that lie ahead. This is due in particular to the dedication and commitment of our Chief Executive, Mr. Philip Cronin who will be retiring in July this year after 20 years service with Bord Gáis and as Chief Executive since 1991.

Finally, I want to pay a very well deserved tribute to all my fellow Board Members for their work and commitment during a year of great change when many strategic issues had to be examined in a difficult environment. I am certain that the company is focused to meet the changes of the future and will continue to expand the business to increase shareholder value and retain customer loyalty.

**Dr. Michael N. Conlon**

23/3/2000



## Aitheasc an Chataoirligh

Faoi dhli an AE ní mór iomaíocht oscailte i gcuid mhaith margái a thabhairt isteach agus a fhorbairt agus ní haon eisceacht é an gás nádúrtha. I mBord Gáis, thuigeamar é sin go maith le tamall fada agus bhí pleananna déanta againn dá réir. Gan dabht, cé nach raibh iallach orainn faoi Threoir an AE ach an margadh a oscailt i Lúnasa 2000 d'osclaiomar an margadh as ár stuaim féin don chéad chuid de na custaiméirí incháilithe sa bhliain 1995. Fáiltimid roimh an iomaíocht agus creidimid gur rud maith é do gach duine lena mbaineann sí, fad a sholáthraíonn an fhrámaíocht rialúcháin cothrom na Féinne do gach duine.

Sa mhargadh oscailte nua, creidimid gur chóir go mbeadh deis chomhionann ag gach duine chun forbairt sa mhargadh agus áirítear ansin na gnólachtaí dúchasacha atá cheana féin ann.

Tá tionscal inmharthana agus beoga cruthaithe ag Bord agus foireann Bhord Gáis trí acmhainn mhór nádúrtha Pháirc Gáis Chionn tSáile a fhorbairt. Tá luach mór scairshealbhóra cruthaithe don Stát.

Tá sé mar dhualgas ar an mBord luach scairshealbhóra a mhéadú chun leas an Stáit agus na bhfostaithe, a bhfuil an méadú seo sa luach cruthaithe ag a n-iarrachtaí le ceithre bliana is fiche anuas. Ní mór forbairt leanúnach na Cuideachta a bheith mar fhócas againn. Déanfaimid ár seacht ndícheall chun teacht ar bhealaí brabúsacha chun teorainneacha ár gcroíghnó a fhairsingiú. Tá athstruchtúrú déanta ar an gCuideachta againn ar shamhail Aonaid Ghnó chun na críche sin agus déanfaimid deimhin de go leanfaidh gach fiontar nua de luach scairshealbhóra fadtéarma a chruthú.

I dtéarmaí idirnáisiúnta, is cuideachta an-bheag agus an-óg é Bord Gáis.

Tá taighde fairsing déanta ag bord Bhord Gáis ar shamhlacha struchtúir tionscail a chuirfidh iomaíocht chun cinn, agus a choinneoidh Bord Gáis láidir.

Soláthraíonn SAM samhail shoiléir do mhargadh iomaíochta beoga gáis in éineacht le struchtúr bunaithe ar thionsclaithe comhtháite. Tá an Bord iomlán sásta nach féidir leis fairsingiú agus forbairt mura dtugtar an deis dó a scála reatha a choinneáil agus tógáil air. Taispeánann ár dteist go dtí seo a thollteanaí atáimid na piobáin a chur ar fáil ar bhonn rialaithe do gach núosach ar mian leis gás a sholáthar do mhargadh fuinnimh na hÉireann ar bhonn iomaíochta oscailte. Is féidir struchtúr comhtháite a shocrú chun déanamh de réir rialacha an AE agus a bheadh comhchosúil leis an gcóras atá i bhfeidhm sa Danmhairg agus sa chuid is mó Stát i SAM.

**Is ré dhúshlánach agus chorraitheach í seo do gach Bord Stáit tráchtála**

**Lenár spriocanna chun luach scairshealbhóra a mhéadú tarlóidh fairsingiú thar an gcroíghnó**

**Táimid sásta go mbláthóidh an iomaíocht le Bord Gáis comhtháite**



## Ba bhliain an-rathúil í 1999 do Bhord Gáis

## Táimid ag infheistiú chun freastal ar riachtanais an gheilleagair fhásmhair

Táimid ag dul isteach sa ré is corraithí dá bhfuil feicthe ag gnó an fhuinnimh le breis is céad bliain anuas. Agus an tionscal sa phróiseas léirscaoilte beidh cuid mhaith deiseanna ann chun luach scairshealbhóra agus custaiméara a mhéadú.

Agus an t-atmaisféar ceart ann creidimid go mbeimid in ann ár dtaithí fhairsing ar an seachadadh fuinnimh a úsáid chun ár gcuid féin a dhéanamh sa todhchaí chun tairbhe ár gcustaiméirí, ár bhfoirne agus an scairshealbhóra náisiúnta. Is le fuinneamh agus solúbthacht a chúiteoidimid ár n-easpa scála.

Le brabús roimh cháin ag IRE68 milliún agus láimhdeachas ardaíthe 8% ar an mbliain roimhe, ba bhliain an-rathúil í 1999 do Bhord Gáis.

Le héileamh níos láidre sna hearnálacha cónaithe, tionsclaíocha agus tráchtála tháinig cor chun donais i ndíolacháin dhíreacha leis na margai giniúna cumhachta agus leasacháin, agus bhí breis is IRE2 mhilliún de bhrabúis bhreise an bhliain seo caite ann mar thoradh air.

Tá an fás gan réamhshampla sa gheilleagar á léiriú féin sa bhuacacht mhór sa mhargadh gáis. Táimid ag leanúint den infheistiú chun freastal ar riachtanais ár gcustaiméirí reatha agus ár gcustaiméirí amach anseo. Le linn na bliana, gabhadh formhór an chaiteachais chaipitil de IRE132 mhilliún i 1999 i bhfairsingithe ar an líonra gáis nádúrtha agus in athnuachan an líonra tarchuir agus dáilte.

Mhéadaigh iasachtaí IRE42 mhilliún agus 31% a bhí an cóimheas fiachais/cothromais ag deireadh 1999, rud a d'fhág an eagraíocht i ndea-shuíomh chun na costais réamh-mheasta do mhaoiniú an fhairsingithe ar na córais tarchuir agus dáilte sna blianta beaga romhainn a ghlanadh.

Íocadh díbhinn de IRE22 mhilliún leis an Státchiste i 1999.

### **An Cumas Tarchuir Gháis san Fhadtéarma**

Tá Bord Gáis tugtha do chumas iompair gháis san fhadtéarma a chinntiú ar bhonn iomaíochais chostais. Rinneadh an réamh-innealtóireacht ar roinnt bealaí soláthair féideartha don todhchaí go hÉirinn agus laistigh d'Éirinn a chríochnú le linn 1999. Tá an bord ag soláthar acmhainní móra anois chun innealtóireacht mhionsonraithe a chur chun cinn ar:

### **Píblíne chuig an iarthar, idir Baile Átha Cliath, Gaillimh agus Luimneach.**

Tá an píblíne seo le críochnú faoin mbliain 2002 agus tabharfar an deis léi gás nádúrtha a sholáthar den chéad uair d'úsáideoirí tí, tráchtála agus tionsclaíocha agus do 12 bhaile agus chathair ar a laghad ar fud na tíre.



## Aitheasc an Chataoirligh

Feidhmeoidh sí chomh maith mar bhealach nua soláthair gháis do limistéar na Mumhan, a mbeidh gá aige le hacmhainn bhreise faoi dheireadh 2002. Leis an bpipline chuig an iarthar beifear in ann chomh maith soláthar a thabhairt do shaoráidí giniúna cumhachta feadh an bhealaigh agus soláthrófar slándáil bhreise soláthair go luath. Éascóidh sé sin cumas giniúna cumhachta méadaithe ag baint úsáide as gás nádúrtha atá neamhdhiobhálach don timpeallacht.

Géarfachtóir a bheidh sa Phríomhlíonra Fáinneach beartaithe maidir le leas a bhaint as fionnachtana amach ó chósta an Iarthair.

### **Idirnascaire eile idir Baile Átha Cliath agus Albain.**

Tá obair dearthóireachta innealtóireachta tosaithe ar idirnascaire eile idir Éire agus Albain a chosnóidh IRE300 milliún agus a dhaingneoidh soláthairtí náisiúnta go ceann 25 bliana eile ar a laghad. In éineacht le cumas an idirnascaire reatha, a bhfuil an cumas aige soláthar do na stáisiúin nua giniúna leictreachais chun freastal ar riachtanais na hÉireann go dtí an bhliain 2004, soláthróidh an dara hidirnascaire dóthain cumais le haghaidh sé stáisiún cumhachta breise agus éascóidh sé athrú roinnt stáisiún reatha más gá.

Tá freagracht reachtúil ar bhord Bhord Gáis as "córas a fhorbairt agus a chothabháil don soláthar Gáis Nádúrtha a measann an Bord é a bheith riachtanach don am i láthair" (An tAcht Gáis 1976). Agus a fhreagracht á fheidhmiú aige faoin Acht, tá Bord Gáis ag lorg faomhadh ón Roinn Fiontar Poiblí chun dul ar aghaidh leis na tionscadail seo.

Tuigimid nach mór don Aire ní hamháin gnáthchritéir tráchtála a chur san áireamh, ach na tionscadail a mheas chomh maith i gcomhthéacs na timpeallachta rialúcháin atá ag teacht chun cinn don mhargadh gáis, mar go bhfuil sé oscailte don iomaíocht de réir na Teorach ón AE ar an margadh inmheánach le haghaidh gáis.

Tugann Bord Gáis dá aire chomh maith pleananna dreamanna eile maidir le piblinte nua a chruthú in Éirinn. Táimid sásta go dtugann ár bpleananna reatha an rogha soláthair is coigiltí agus táimid muiníneach as ár gcumas dul san iomaíocht go rathúil le hiontrálaithe nua sa mhargadh.

### **Léirscaoileadh Margaidh**

Ó 1995 i leith, tá custaiméirí tionsclaíocha le tomhaltas de bhreis is 25 mhilliún méadar ciúbach in aghaidh na bliana i dteideal soláthairtí gáis a cheannach ó sholáthróirí neamhspleácha. Tá sé seo i ndiaidh 80% de mhargadh gáis náisiúnta na hÉireann a oscailt d'iomaíocht Rochtana Tríú Páirtí (RTP).

Tá gnó nua seirbhísí tarchuir gháis forbartha ag Bord Gáis inar féidir le tríú páirtithe a soláthairtí gáis féin a sheoladh tríd an líonra tarchuir. Éascaíonn sé seo go mór tabhairt

**Tá sé i gceist againn an eangach a fhairsingiú go réigiún Lár na Tíre agus réigiún an Iarthair**

**Ní mór cumas soláthair san fhadtéarma a sholáthar chun freastal ar riachtanais fhásmhara an mhargaidh**



**Táimid i ndiaidh a  
bheith  
réamhghníomhach in  
oscailt mhargadh gáis  
na hÉireann do  
sholáthróirí eile**

**Tá an tírdhreach  
iomaíochta á athrú ag  
cuid mhaith fórsaí  
tiomána**

**Tabjarfar cuid mhaith  
deiseanna leis na  
margaí airgiúlachta  
léirscaoilte**

isteach na hiomaíochta de réir riachtanais an AE sula dtugtar Treoir an AE isteach i reachtaíocht na hÉireann. Feidhmíonn an tAonad Gnó Tarchuir go neamhspleách agus soláthraíonn sé na seirbhísí céanna do sholáthróirí eile is a sholáthraíonn sé do ghnólachtaí Bhord Gáis.

Cuireann an Treoir iallach ar Bhallstáit 20% de na margaí gáis a oscailt láithreach, ag ardú go 28% i ndiaidh cúig bliana agus 33% i ndiaidh deich mbliana. Tá roinnt custaiméirí móra ag baint úsáide as Rochtain Tríú Páirtí cheana féin.

Tá brúnna le haghaidh an dírialaithe agus na hiomaíochta oscailte ag leagan na mbunchloch do mhargaí airgiúlachtaí nua ar fud an domhain. Tá an fórsa tiomána atá ag múnú struchtúr agus cineál na margaí nua ag teacht ón taobh amuigh den earnáil airgiúlachta thraidisiúnta. Tá athruithe tomhaltóra, iomaíochta, timpeallachta agus teicneolaíochta ag cónascadh chun margaí miondíola agus seirbhíse airgiúlachta a athshainmhíniú. Tá an treocht idirnáisiúnta ag dul i dtreo chomhchruinniú sainearnálacha tionscail a bhí, agus ag cruthú spás margaidh nua agus sainmhíne nua den luach custaiméara.

Tá an earnáil fuinnimh ag iontráil ré nua. Cé go bhfuil brúnna nua iomaíochta cruthaithe ag an léirscaoileadh, tá deiseanna in earnálacha eile cruthaithe aige chomh maith. Mar shampla, tá sé mar chúram ar ár nAonad Gnó Táirgí Custaiméara réimse táirgí agus seirbhísí a fhorbairt chun ár margadh táirgí agus bunachar custaiméara a fhairsingiú.

Aithnítear forbairt straitéis ríomhthráchtála mar chomhpháirt fhíor-riachtanach chun ár gcumas iomaíochta a fhorbairt chun freastal ar chustaiméirí reatha agus custaiméirí táirgí nua. Chun na críche sin, tá córais idirlíonchumasaithe á bhforbairt ag Bord Gáis agus soláthroidh sé seirbhísí thar an idirlíon go luath amach anseo.

## **Éagsúlú**

### **Giniúint Cumhachta Mhóir**

In Eanáir 2000, d'fhógair Bord Gáis, i gcomhpháirtíocht le ATCO Power agus Aughinish Alumina, comhaontú chun stáisiún cumhachta is teasa in éineacht (CTÉ) a fhorbairt ag láithreán Aughinish Alumina ar Inbhear na Sionainne i gCo. Luimnigh.

Tá na comhpháirtithe comhfhiontair comhoiriúnach go hidéalach mar tá láithreán idéalach agus riachtanas mór gaile agus leictreachais ag Aughinish Alumina, tá taithí leathan ag Bord Gáis ar riachtanais fhuinnimh chustaiméirí na hÉireann agus tá taithí dhomhanda ag ATCO ar stáisiún chumhachta a fhorbarit, a thógáil agus a rialú.



## Aitheasc an Chataoirligh

Tá buntáistí móra timpeallachta ag an úsáid a bhaintear as gás nádúrtha in áit ola breosla troime chun cumhacht a ghiniúint. Meastar go laghdóidh an tionscadal atá beartaithe ag Eachinis astuithe náisiúnta gáis ceaptha teasa aon faoin gcéad, cion mór do cheangaltais na hÉireann faoi Phrótacal Kyoto.

### An Timpeallacht

Tá Gás Nádúrtha ar an mbreosla iontaiseach is neamhdhíobhálaí don timpeallacht dá bhfuil ann, cuireann a úsáid le hisliú na n-astuithe gáis ceaptha teasa. Tá spriocanna dochta do na hastuithe seo comhaontaithe go hidirnáisiúnta faoi Phrótacal Kyoto agus tá úsáid an gháis nádúrtha fíorthábhachtach d'Éirinn chun na hoibleagáidí idirnáisiúnta sin a chomhlíonadh.

Tá Bord Gáis tugtha don úsáid is éifeachtaí a bhaintear as gás nádúrtha a chinntiú trí chórais teasa a dhiol le custaiméirí tí agus trí theicneolaíocht Cumhachta is Teasa in Éineacht a dhiol le tionscail.

### Bord Gáis sa Phobal

Leanann Bord Gáis de chion ollmhór a dhéanamh don phobal trí urraíocht a dhéanamh ar an iliomad tionscnamh ag leibhéal áitiúil agus náisiúnta araon. Tá caidreamh ag Bord Gáis leis na healaíona le fada agus leanann sé de thacaíocht a thabhairt do dhrámaíocht agus ceol na hÉireann agus Idirnáisiúnta. Trinár dtacaíocht leanúnach d'Fheachtas Foraoise Uirbí na Milaoise tá an sprioc a bhí againn sáraithe le breis is 50,000 crann plandaithe i mórcheantar Bhaile Átha Cliath. Tá tionscadail chuimsitheacha oideachais forbartha ag Bord Gáis lena n-áirítear an Seó Bóthair 'Fuinneamh sa Siúl', taispeántas ilmheánach oideachais a n-áirítear ábhair chairdiúla closamhairc agus taispeántais idirghníomhacha ann. Tá an iliomad uirlisí oideachais timpeallachtbhunaithe forbartha chomh maith le haghaidh scoileanna náisiúnta agus dara leibhéal ar fud na tíre.

### An Roinn Fiontar Poiblí

Ba mhaith liom buíochas a ghabháil leis an Aire Fuinnimh, an Teachta Mary O'Rourke, agus lena hOifigigh as an gcúnamh a thug siad i rith na bliana. Ba mhaith liom buíochas ar leith a ghabháil leis an Aire Stáit, an Teachta Joe Jacob, a bhfuil údarás fheidhm an gháis nádúrtha tugtha dó. Táimid faoi chomaoin aige féin agus ag a fhoireann shármhaith mar gheall ar a gcabhair agus cúnamh le linn na bliana ar fad, cé go dtuigimid go hiomlán nach mór don Aire agus dá Roinn cuimhneamh ar an timpeallacht rialúcháin atá ag teacht chun cinn don mhargadh gáis, de réir na Treorach ón AE.

**Tá tionscadal mór CTÉ á fhorbairt againn le comhpháirtí idirnáisiúnta**

**Tá fás san úsáid a bhaintear as gás nádúrtha fíorthábhachtach d'Éirinn chun na hoibleagáidí idirnáisiúnta faoi Phrótacal Kyoto a chomhlíonadh**



**Foireann ghairmiúil  
ullamh le haghaidh a  
thabhairt ar na  
dúshláin amach anseo**

### **An Fhoireann**

Sa mhargadh iomaíochta roimh Bhord Gáis nil aon dabht ach go mbraithfidh rath na cuideachta ar mhianach agus gealltanais na foirne. Tá sárobair déanta ag ár bhfoireann chun margadh gníomhach agus inmharthana a fhorbairt sa tír seo. Is é an fócas atá againn i mBord Gáis maidir lenár bhfoireann ná atmaisféar a chruthú a dteastaíonn ó dhaoine obair a dhéanamh ann, áit a mbaineann siad taitneamh as an méid a dhéanann siad agus áit a bhfaigheann siad deiseanna chun fás go pearsanta agus go gairmiúil. Creidim go bhfuil ár gclár uathúil oiliúna i ndiaidh an cumas a thabhairt dár bhfoireann forbairt agus gurb é sin is cúis leis an bhfoireann ghairmiúil iontach atá againn inniu. Ba mhaith liom buíochas a ghabháil leo as a bhfuil bainte amach acu le blianta anuas, go háirithe le linn 1999 agus nil aon amhras orm ach go bhfuil an cumas acu déileáil le dúshláin na hiomaíochta rompu. Tá creidiúint ar leith as sin ag dul chuig ár bhPríomhfheidhmeannach, Philip Cronin, a bheidh ag éirí as a phost in lúil na bliana seo i ndiaidh dó 20 bliain de sheirbhís a thabhairt do Bhord Gáis agus atá ina Phríomhfheidhmeannaigh air ó 1991 i leith.

Ar deireadh, ba mhaith liom onóir a thabhairt do mo chomhbhaill ar an mBord as a n-obair agus a ngealltanais le linn bliana inar tharla mórathruithe nuair a bhí gá le cuid mhaith ceisteanna straitéiseacha a scrúdú in atmaisféar deacair. Táim cinnte go bhfuil an cuideachta dírithe anois chun aghaidh a thabhairt ar athruithe na toadhchái agus go leanfar den ghnó a fhairsingiú chun luach scairshealbhóra a mhéadú agus dilseacht custaiméara a choinneáil.



**Dr. Michael N. Conlon**  
23/3/2000



## The Board

### Board Meeting Attendances

Michael N Conlon, CHAIRMAN	13/13 (p)
Philip Cronin, CHIEF EXECUTIVE	13/13 (p)
Greg Casey	10/13 (p)
Jim Corr	12/13 (p)
Tom Donlon	13/13 (p)
Tony Kenna	12/13 (p)
Mícheál Ó Faoláin	12/13 (p)
Colm Purcell	12/13 (p)
Jo Walsh	10/13 (p)

(p) refers to the number of meetings it was possible to attend relative to the dates of appointment/expiry dates of appointment.

### Board Committees

Audit Committee  
Remuneration Committee  
Human Resources Committee  
Budget Committee  
Strategic Planning Committee  
Regulatory / Legislation Committee  
Customer Service Committee  
Marketing / Public Relations Committee



**Michael N Conlon** CHAIRMAN

Dr. Michael Conlon was first appointed Chairman of Bord Gáis Éireann in November 1989 and was subsequently reappointed in 1994 and 1999. Dr. Conlon is a former Chief Executive of the Trustee Savings Bank and former Cork County Manager.



**Greg Casey**

Greg Casey was appointed to the Board in March 1996. Mr. Casey is a practising solicitor based in West Cork.



**Mícheál Ó Faoláin**

Mícheál O'Faoláin was appointed to the Board in February 1998. Mr. O'Faoláin is a Secondary School Teacher in Athlone and is a former Director of FAS International Consulting Ltd. Mr. O'Faoláin is the Chairman of the Marketing & Public Relations Committee.







### **Tom Donlon**

Tom Donlon was appointed to the Board in November 1994 and was subsequently reappointed in February 1998. Mr Donlon is a former Chairman of the National Standards Authority of Ireland and is now retired from a Senior Sales position in Weetabix Ltd. Mr. Donlon is Chairman of the Audit Committee.



### **Jo Walsh**

Jo Walsh was appointed to the Board in October 1993 and was subsequently reappointed in March 1997. Ms. Walsh is Chairperson of the Human Resources Committee. Ms. Walsh is an IT Specialist and works with Dell Computers Ltd.



### **Jim Corr**

Jim Corr was appointed to the Board in March 1997. Mr Corr is a former School Principal, former Lord Mayor of Cork City and is currently an Alderman of Cork Corporation. Mr Corr is Chairman of the Regulatory / Legislation Committee.



### **Colm Purcell**

Colm Purcell was appointed to the Board in May 1997. Mr. Purcell is a Town Commissioner in Leixlip and is a Training Facilitator. He is also Chairman of the Customer Service Committee.



### **Tony Kenna**

Tony Kenna was appointed to the Board in July 1998. Mr. Kenna is Chairman of the Budget Committee and is a Director of a number of companies.



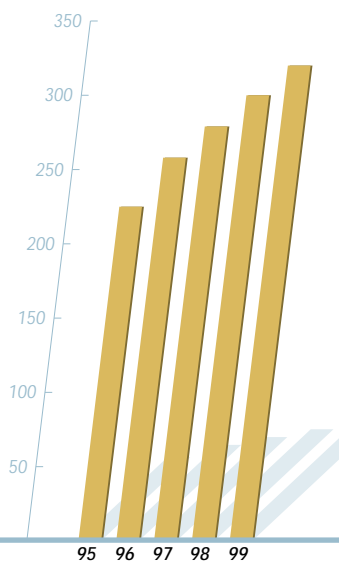
### **Philip Cronin, CHIEF EXECUTIVE**

Philip Cronin, appointed to the Board in March 1996, has been Chief Executive of Bord Gáis Éireann since 1991 and is due to retire in July 2000. Mr. Cronin was previously Secretary of Bord Gáis and prior to that he held a number of senior positions in Local Government.



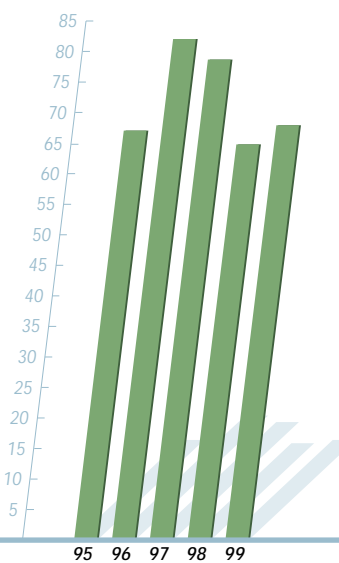


**TURNOVER IR€m**

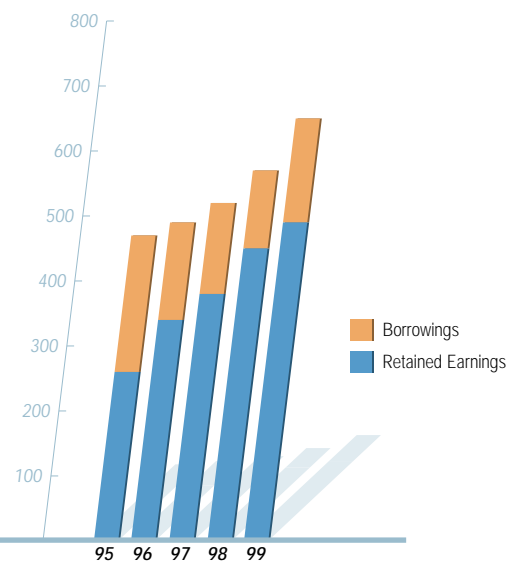


**PROFIT IR€m**

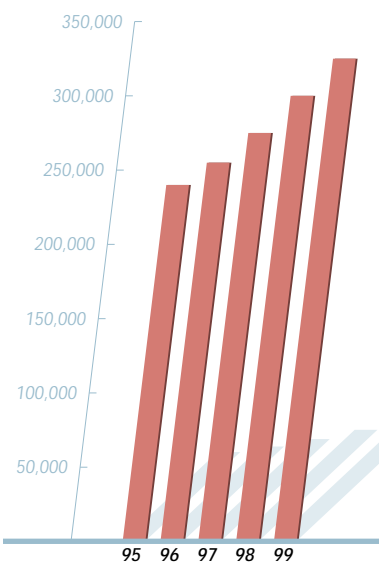
Before Tax and Dividend



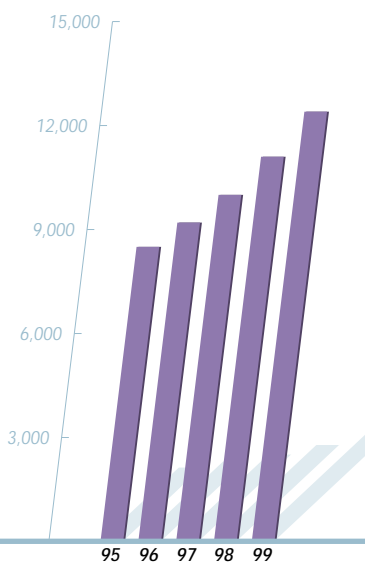
**CAPITAL STRUCTURE IR€m**



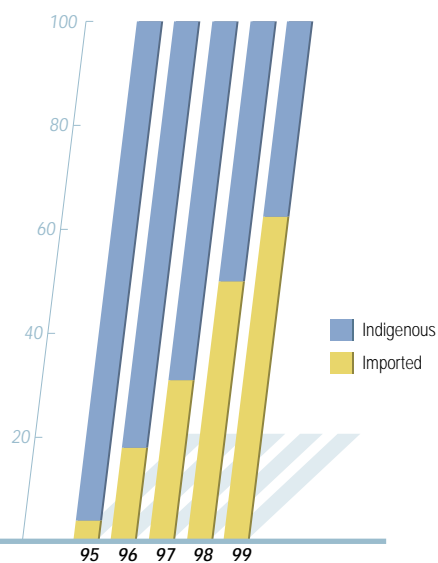
**RESIDENTIAL CUSTOMERS**



**INDUSTRIAL/COMMERCIAL CUSTOMERS**



**SOURCES OF GAS %**





“

**1999 was a buoyant year for sales**

”

### **Gas Sales Performance Review 1999**

Turnover grew by 8% overall last year, reflecting the significant growth in the residential, industrial and commercial sectors.

#### **Residential Sales**

An increase of 25,000 residential customers in 1999 brings to more than 327,000 the number of homes using natural gas as their primary energy fuel now. Total sales volume for this market grew by 14% last year and by 62% over the last five years.

Following recent network extensions, natural gas is now within economic reach of some 550,000 homes in Ireland.

#### **Industrial & Commercial Sales**

The industrial and commercial customer base increased by 10% over the previous year contributing to a sales revenue growth of 7% in this sector. Over the past five years industrial and commercial sales volumes have increased by 28%. Growth in this sector is driven by continued expansion of the network, the strength of the economy and the installation of energy efficient Combined Heat and Power (CHP) by large customers.



## Chief Executive's Review CONTINUED

### Gas Prices

Industrial customers in Ireland enjoy some of the lowest gas prices in Europe, a fact borne out by the July 1999 Eurostat study of European Natural Gas prices and also reflected in the National Competitiveness Council Annual Report.

In spite of continuing rises in the cost of gas to Bord Gáis, the price to consumers on published tariffs in the residential, industrial and commercial sectors remained static in 1999 - honouring our commitment of no changes in these tariffs until at least 2002. Residential natural gas prices have not risen since the mid-1980s.

### Central Heating and Appliance Sales

Sales in the central heating, retailing and appliance installation sectors, at 58,000 units, were up 4% in 1999.

Sales of central heating and appliances were supported throughout the year by effective marketing and customer incentive programmes.

### Quality Service Delivery

Much work was done in 1999 to ensure that the increasing number of Bord Gáis business partners are suitably trained and appropriately certified. The training programme mainly involves central heating installers, appliance service agents and distribution contractors, as well as in-house fitters, leading hands and governormen.

Bord Gáis, the Department of Public Enterprise and other interests are examining the current safety assurance procedures with a view to enhancing further the safety of existing and new installations in customers' premises, downstream of the supply point.

### Customer Focus

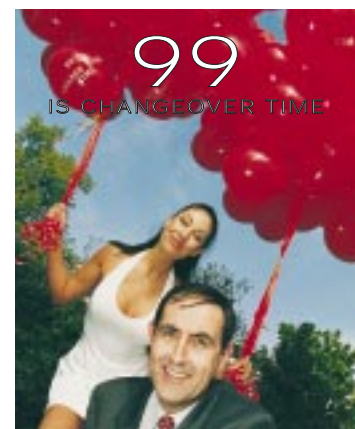
Our focus on final customers continues to be enhanced. The new Customer Products Business Unit has been set up to manage the buying and selling of energy products, the development of new non-gas products and services and the provision of customer service support to the growing Bord Gáis customer base.

To achieve these service improvements, Bord Gáis has embarked on a major business systems and process development programme. This will position Bord Gáis to provide customers with the highest level of customer service. The programme will also encompass customer interactive web capabilities to support internet-based services.

**Gas is now within reach of 550,000 homes**



**We continue our commitment to keep prices down and pass on the best value to customers**



**Quality remains a key priority**





“ Last year we invested over IRE70 million on expanding the transmission pipeline infrastructure and a number of projects are in progress to ensure the future of gas supply ”

John Walsh Project Engineer - Transmission



### Network Development

#### Distribution Pipelines

During 1999, the Distribution Business Unit added over 500 kilometres to the distribution network bringing the total network length to 7,000 kilometres and adding several new towns to the network. These towns included Navan, Athy, Stradbally, Kilcoole, Passage West, Parteen, Newtownmountkennedy, Kilmoney, Duleek, Trim, Portlaoise, Clogherhead, Blessington, Newport and Ard na Crusha.

Sales campaigns, supported by local business partners, are underway to increase awareness of natural gas in these towns and to connect new customers. Retail outlets in Dundalk, Navan and Portlaoise were opened last year in response to the growth in our customer base.

Planning is well advanced to bring natural gas to the following towns in 2000; Wicklow, Arklow, Tramore, Patrickswell, Adare, Shannon, Sixmilebridge, Cratloe and Bunratty.

This network development programme is being driven largely by extensive new house construction activity and is expected to continue for some time.

#### Transmission Pipelines

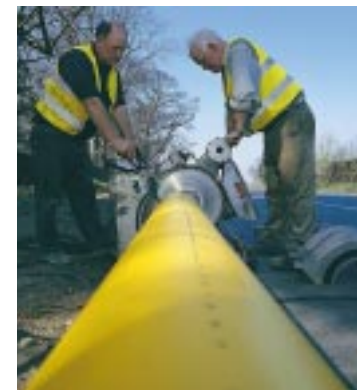
Last year was a landmark year for transmission pipe construction, (i.e. high pressure steel pipes) for the Transmission Business Unit.

A major compressor station is being constructed in south-west Scotland on behalf of the Bord Gáis subsidiary BGE (UK) Ltd to increase the deliveries of gas to Ireland by 50%.

Some 111 kilometres of pipelines were built in six different locations throughout the year. These included a 20inch diameter pipeline from Abbotstown to Poolbeg, dedicated to the new ESB power station and included a 30 metre underground pipe crossing of the River Liffey. A 36inch diameter pipeline was constructed from Ballough in north county Dublin to the Mulhuddart area –the largest diameter transmission line ever built in Ireland. This completes the second phase of a 3 phase project from Ballough to Brownsbarn which will facilitate increased flows of gas from the interconnector to the southern part of the country.

Other pipelines were built to locations such as Ballincollig (west of Cork city), Navan and Glanbia's new CHP plant at Ballyragget, with all projects completed on time.

**We continue to grow our business by extending the network to new areas throughout the country**



**We are developing our high pressure system to greatly increase the delivery capability**





“ We are ready to meet the challenges of developing energy markets by providing value added energy products to our customers ”

Aidan O’Sullivan Energy Trading Manager



### Meeting the Future Demand for Natural Gas

#### Gas Supplies

Gas supplies imported through the UK increased to 63% of total supplies last year with the balance coming from the Kinsale Head field. This Kinsale Head field is now in decline and gas supplies from other sources will, in the future, provide a growing proportion of our gas needs.

The cost of gas supplies increased significantly in 1999 because of the strength of sterling and the US\$.

The liberalisation of European natural gas markets, particularly that of the UK, has seen the emergence of new trading arrangements for gas and electricity. The skills of gas Energy Trading are now ready to provide services to customers in the deregulated electricity sector.

#### Third Party Gas Transportation Services

During 1999, Bord Gáis Transmission Business Unit published a Code of Operations setting out the commercial and technical requirements for third-party gas transportation. The development of the Code involved extensive consultation with customers, IBEC and other interested parties over the preceding two years and it provides open, non-discriminatory access to the Board's transmission network. The development of this Code and the associated Standard Transportation Agreement has placed Bord Gáis in the forefront of EU gas companies in the introduction of Third-Party Access.

Bord Gáis Transmission also made a detailed submission to the Department of Public Enterprise on the appropriate transportation tariffs for use of the transmission network in a regulated environment. Bord Gáis supports the Department in its efforts to establish a fair pricing regime permitting access to transmission capacity for large users.

The Transmission Business Unit is operated on an independent basis within Bord Gáis and provides a non-discriminatory service to competitor and Bord Gáis customers alike.

#### New Asset Business

An integral element of our strategy is to develop other asset businesses outside of the core gas business. The New Business Development Asset Unit was charged with this task of leading the diversification into new asset-based developments. Our new asset

**Gas from the North Sea now provides over 63% of Ireland's gas needs**

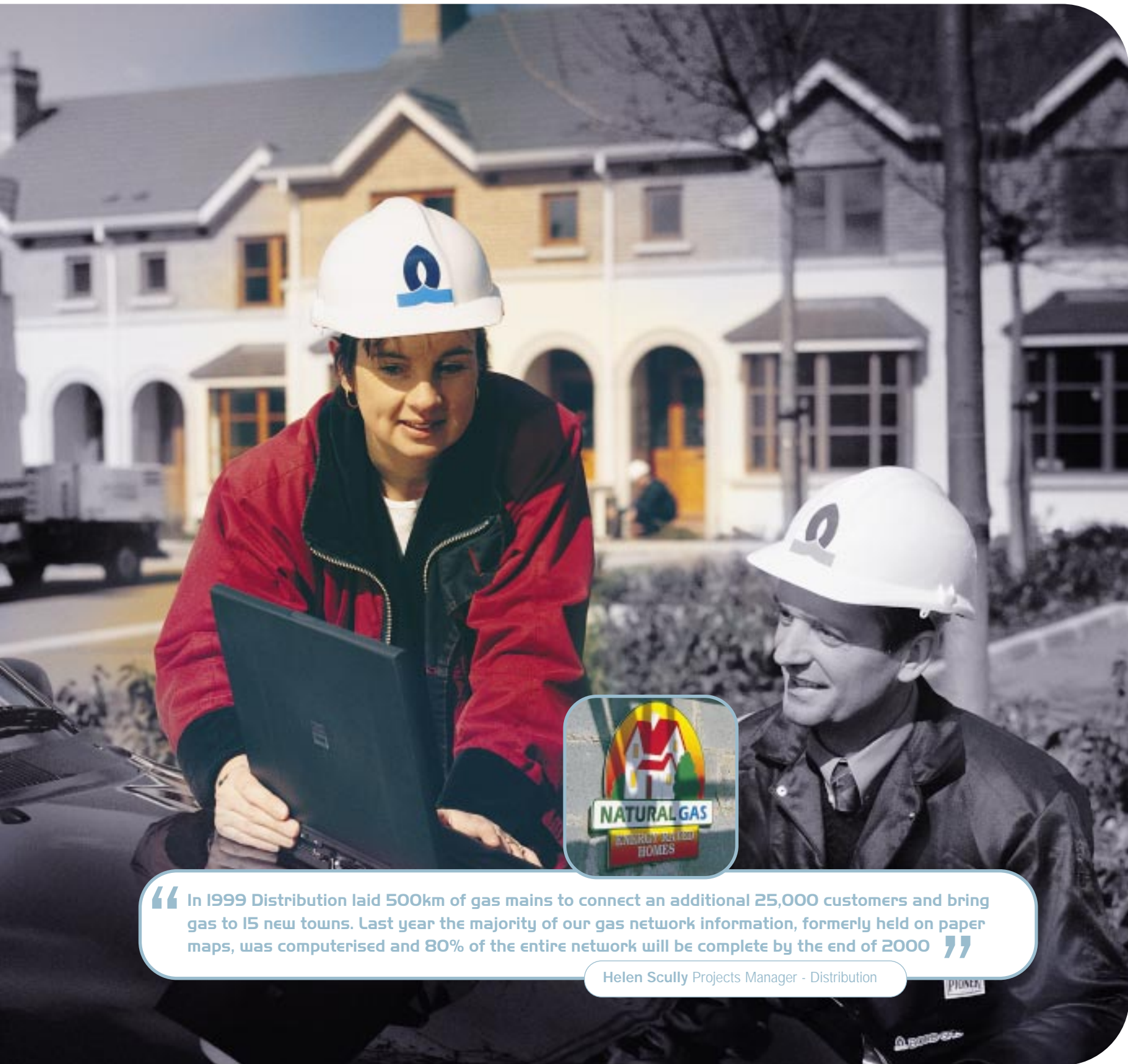


**With our customers and competitors we developed the rules for sharing the transmission system**

**Our strategy is also to build businesses outside of gas**







“ In 1999 Distribution laid 500km of gas mains to connect an additional 25,000 customers and bring gas to 15 new towns. Last year the majority of our gas network information, formerly held on paper maps, was computerised and 80% of the entire network will be complete by the end of 2000 ”

Helen Scully Projects Manager - Distribution



## Chief Executive's Review CONTINUED

investments will be built on our existing skills, competencies and knowledge. An example is our Combined Heat & Power business, which is built on our knowledge of the energy market, customer needs and on our technical capability.

### **Combined Heat and Power (CHP)**

Ireland continues to lag behind the rest of Europe in the utilisation of CHP technologies and there remains a significant untapped market here that Bord Gáis intends to exploit. Bord Gáis has recruited additional engineering staff to develop CHP opportunities and manage existing plants.

This period has also seen the introduction of the new regulatory regime for electricity in Ireland. Bord Gáis staff has actively participated in the ongoing series of consultation processes operated by the new Commission for Electricity Regulation. We wish to influence the regulatory environment so that it provides a regime that is conducive to the growth of the CHP market.

This is an exciting time to be involved in CHP. The technology's potential is increasingly apparent and, with deregulation, is more accessible to potential clients. Bord Gáis has recently signed a long term energy supply contract with Lakeland Dairies and is well advanced in negotiations for a number of new CHP installations.

### **Environment and Renewable Energy**

Bord Gáis, throughout the development of the natural gas sector, has been at the forefront in the maintenance and development of a clean environment and the elimination of carbon dioxide and greenhouse gas emissions.

The reduction of such emissions has become increasingly important in light of Ireland's obligations under the Kyoto Accord. Bord Gáis is continuing to develop its interests across a wide range of renewable energy technologies and energy-efficiency techniques.

### **Building on our Networks Capability**

Our Distribution Business Unit is developing a facility to provide services based on its networks capability, particularly in the development of asset based opportunities. To date, much effort has gone into exploring telecom-type opportunities in Ireland, as well as Public Gas Transport (PGT) opportunities in the UK and gas opportunities in other parts of Europe. This year is likely to see some of these projects come to fruition.



**Natural gas plays a key role in maintaining a clean environment**



**Our networks management capability is opening new business opportunities in Ireland and Abroad**





“ New Business Development Assets -  
changing the way Ireland makes electricity ”

Gerard Harnett Business Development Engineer



## Chief Executive's Review CONTINUED

### Safety

As ever, safety is of paramount importance to Bord Gáis and the high levels of expenditure on cast-iron mains replacement over the past 10 years have paid dividends with reduced levels of leakage, fractures and associated incidents. A replacement/renewal programme of 120 kilometres annually will ensure the elimination of all cast-iron mains in Cork city and between the canals in Dublin by the end of 2003.

Our distribution and transmission systems have been accredited with ISO quality awards, and work is carried out in accordance with these procedures.

### Information Technology

Recognising the importance of IT as a major business enabler, Bord Gáis has prepared a Strategic Information Systems Plan which calls for the complete replacement of our legacy business information systems over the next 18 months. Projects are already well advanced to implement a Geographical Information System and a Gas Management Transportation System, while our Energy Trading System is at design stage.

The Geographical Information System [GIS] is a major initiative to computerise network and customer information now held on paper maps. It is due to be completed by the end of 2000. The result will be a state-of-the-art mapping facility which will include greater potential for enhanced levels of customer service and efficient operations.

New Enterprise Resource Planning [ERP], Customer Relationship Management [CRM] and Enterprise Asset Management [EAM] systems have been selected and a major business transformation programme, supported by the introduction of these new products, begins in the second quarter of 2000. All our new systems will facilitate e-business with our business partners and suppliers and the new systems will also support some exciting e-commerce initiatives which the company is planning to introduce.

### Property

The construction of the new corporate headquarters at Albert Road in Cork began on March 1st, 1999 and it is scheduled for completion by mid-2000.

The sale of the Sir John Rogerson's Quay site to the Dublin Docklands Development Authority was completed during the year.

### Safety remains a key priority



### Information technology will be a key enabler for delivering future customer service



**A comprehensive  
labour agreement was  
signed in April 2000**



**A new training  
initiative has been  
launched**

**Staff**

**R2000 Negotiations**

Following detailed negotiations with staff and Trade Unions, and with the assistance of the Labour Court, a comprehensive agreement dealing with work practices, procedures, rates of pay and conditions of employment, was concluded.

**Training and Development**

A Training Menu was launched throughout the organisation which outlines a broad range of courses that are available to all members of staff.

A Learning Centre - providing staff members with facilities to develop new skills - was launched at the company's headquarters at Little Island and further centres will be opened elsewhere.

These programmes demonstrate the commitment of the Board and senior management to training and development within the organisation.

The policies and procedures of Bord Gáis Éireann provide for promotion and equality of opportunity in employment.

During 2000, Bord Gáis Éireann will continue to consult with staff and Trade Unions on the implementation of measures to ensure the organisation successfully meets the challenges facing the industry in the years ahead.

Bord Gáis is an exciting place to work and our new business projects have injected further energy into an already hard-working and committed workforce.

I would like to compliment and thank all staff for their continued dedication in enhancing the quality of the company's activities and particularly meeting the needs of our customers. The excellent results for the year are in large measure due to their commitment and dedication.

**Philip Cronin**

Chief Executive

23/3/2000



# The Executive



**Philip Cronin**  
Chief Executive



**Ger Breen**  
Head of Transmission



**Gerry Geoghegan**  
Head of Distribution Operations



**Tom Doherty**  
Chief Information Officer





**Paul O'Shaughnessy**  
Head of Business Development / Customer Products



**Gerry Walsh**  
Head of New Business Development / Assets



**Bertie Barry**  
Secretary and Head of Human Resources



**Eamonn Nicholson**  
Head of Finance



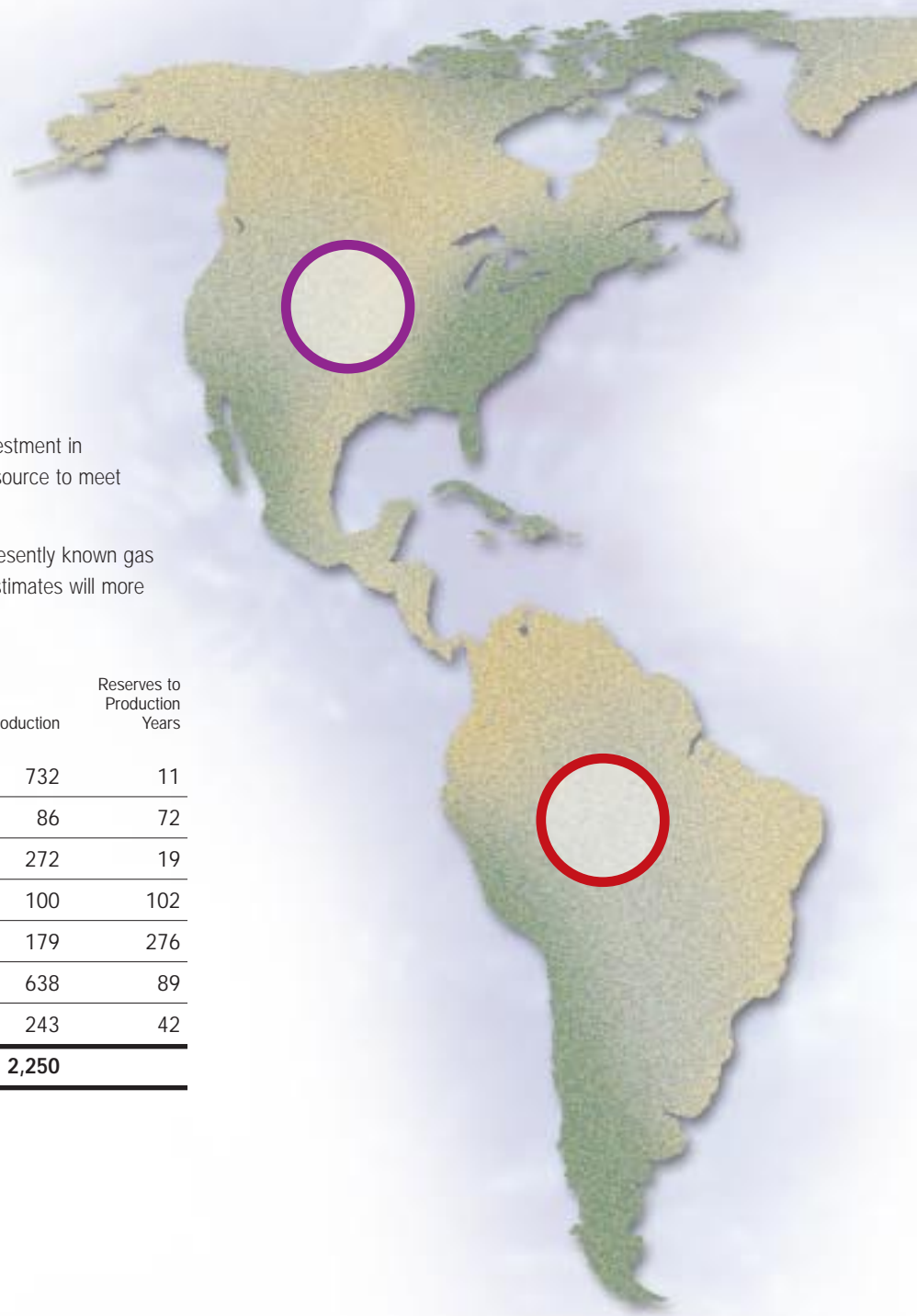
## Proven World Gas Reserves

World reserves of Natural Gas are abundant. Once the required investment in infrastructure is secured, these reserves form a sustainable supply source to meet growing demand.

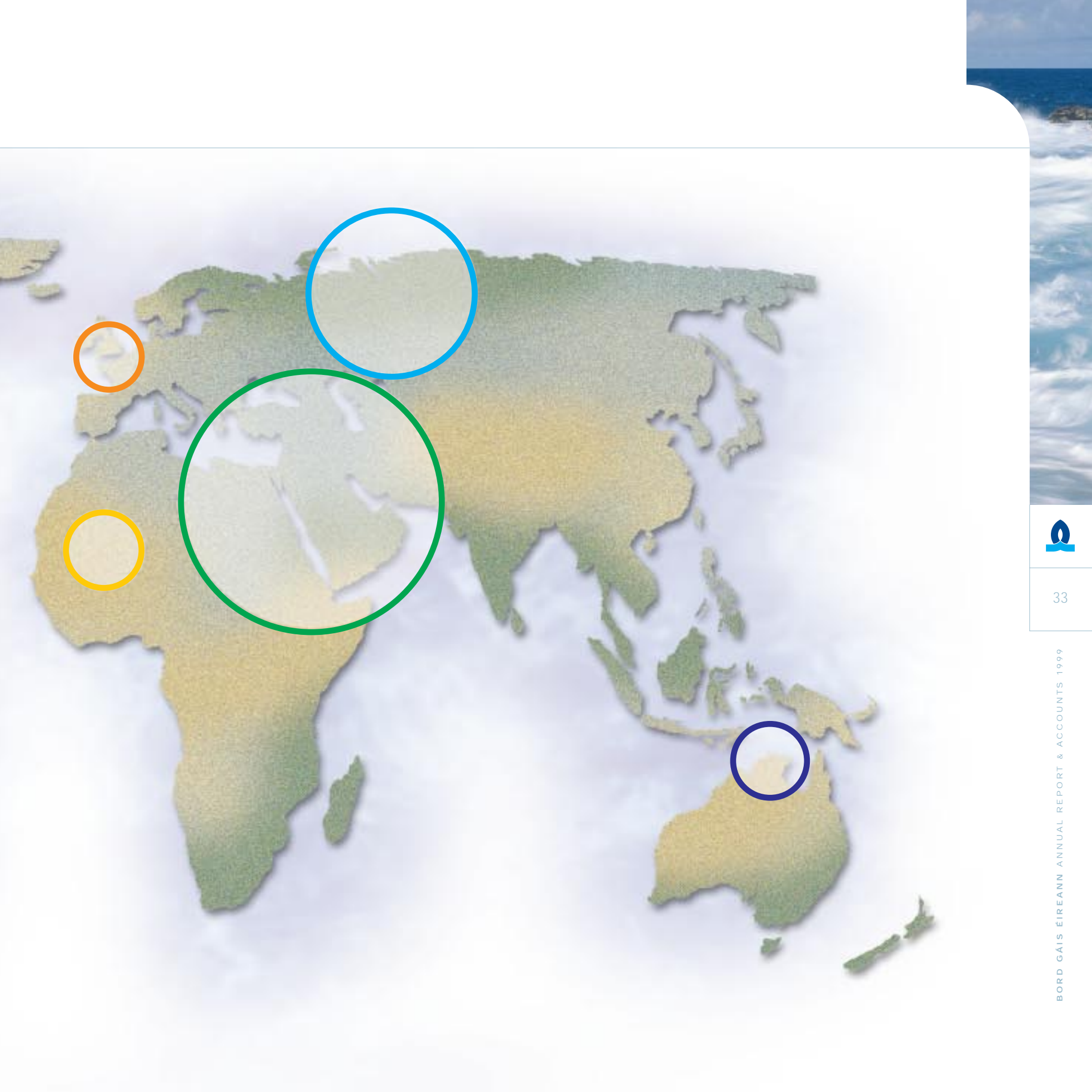
Proven gas reserves have a lifetime reaching beyond 2026. If all presently known gas resources, which prove economically viable, are included, lifetime estimates will more than double (eurogas 1999).

Location	Reserves	Share of World Reserves	Production	Reserves to Production Years
North America	8,350	5.7%	732	11
South & Central America	6,210	4.2%	86	72
Europe	5,210	3.6%	272	19
Africa	10,220	7.0%	100	102
Middle East	49,530	33.8%	179	276
Former Soviet Union	56,700	38.8%	638	89
Asia/Australia	10,170	6.9%	243	42
<b>Worldwide</b>	<b>146,390</b>	<b>100%</b>	<b>2,250</b>	

Billion Cubic Metres

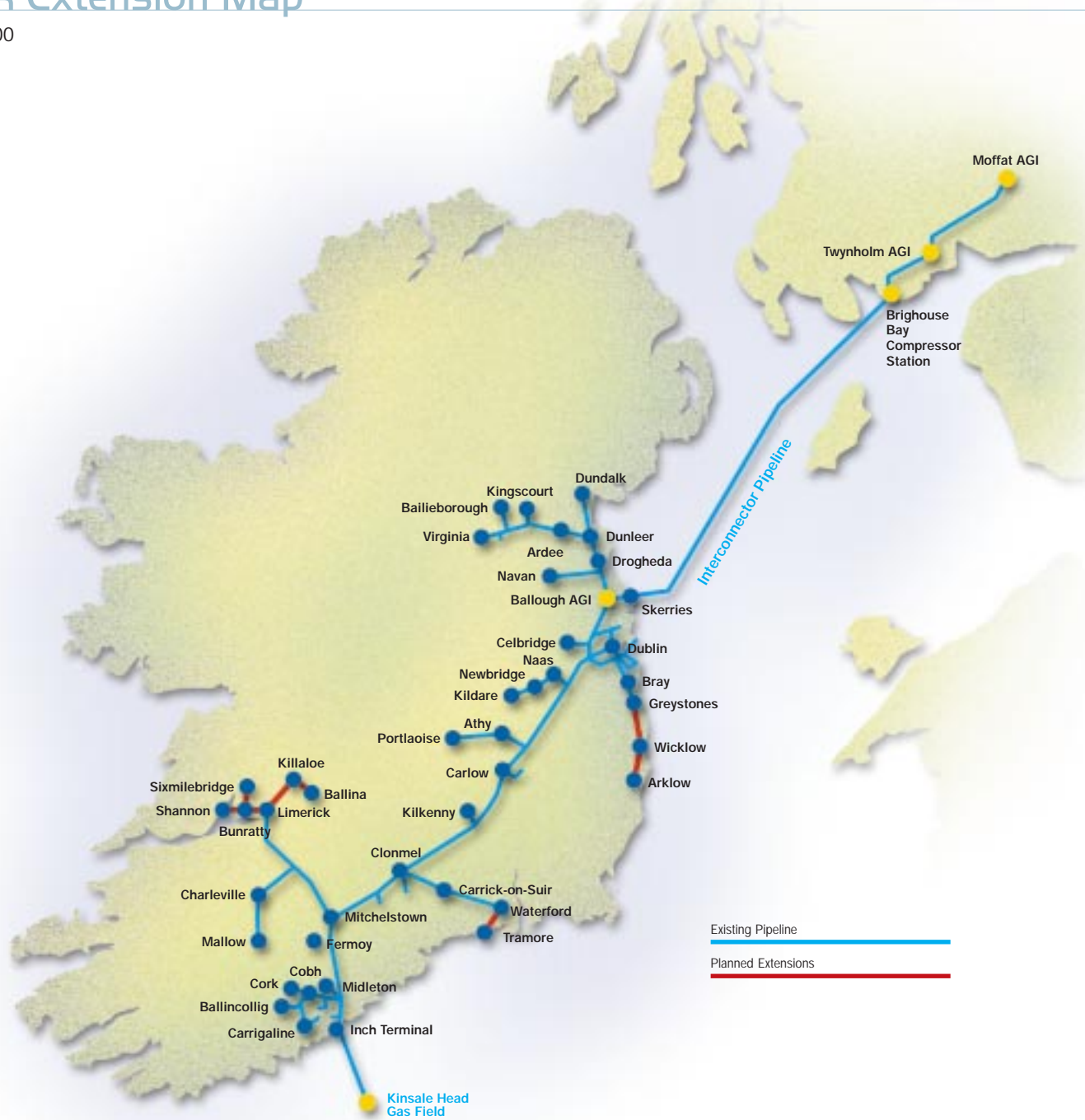




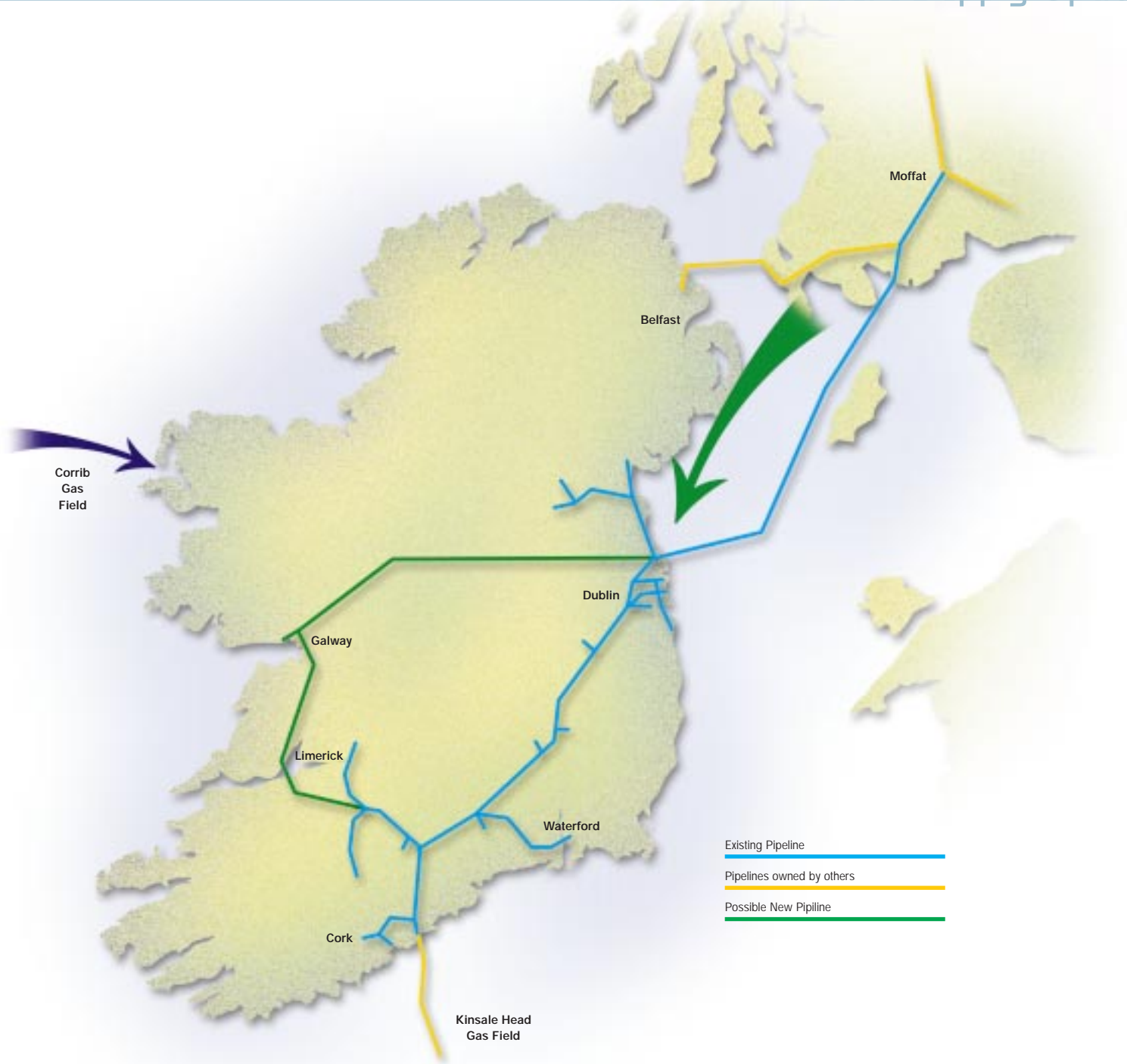


# Network Extension Map

as at 30 May 2000



# Gas 2025 - Future Supply Options



# Company Structure

