

RESS Consultation
Electricity Policy Division
DCCAE
29-31 Adelaide Road
Dublin
D02 X285
09/11/2017

RE: Renewable Electricity Support Scheme – Design Consultation

By electronic submission to RESS@dccae.gov.ie

Dear Sir or Madam,

Energy Cork welcomes the opportunity to contribute to the final public consultation on the development of a new Renewable Electricity Support Scheme (RESS) for Ireland.

A clearly defined, accessible, predictable and sufficiently attractive RESS is essential to encourage the further growth in deployment, technological diversification, and geographic and community spread of renewable electricity generation. The renewable electricity industry has delivered substantial progress towards European targets in the last decade – it has led where renewable heat and transport must follow. A well designed and resourced RESS deployed now, should accelerate the penetration of renewable electricity in Ireland and diversify the portfolio of renewable energy sources.

Energy Cork is an industry-driven cluster, with over 85 members who employ approx 4,000 people, pursuing coordinated actions to strengthen enterprise and employment within the energy sector in the Cork Region. The initiative is supported by Cork City Council and Cork County Council through their respective Economic Development Funds.

Energy Cork was initially conceived by Cork Chamber with a view to building on the unique opportunities for the region to secure competitive advantage in the energy sector.

Energy Cork and its members are committed to fostering an energy industry in Ireland, and particularly in Cork, that places sustainability and environmental protection at the forefront of everything that we do. Indeed, Energy Cork sees environmental challenges, in particular the mitigation of and adaption to climate change, as opportunities for innovation and economic growth rather than barriers to growth.

One of the key roles of Energy Cork, as the energy sector cluster for the Cork region, is to promote Cork's position as the ideal place to do business in the energy sector. Energy Cork actively promotes sustainable generation and use of energy. In January 2016 Energy Cork ran Ireland's first (and so far largest) conference focussed on the potential of Solar PV to contribute to the achievement of our

sustainable energy goals. *Ireland's Solar Energy Future*¹, held in January 2016 was attended by over 350 delegates in Cork, and highlighted many of the technical financial and policy barriers, as well as solutions, to the roll out of solar renewable energy. Energy Cork believes that the optimum sustainable energy mix for Ireland, in the medium term, includes both conventional and renewable energy.

To facilitate the review of this submission we have structured it to answer the questions posed in the consultation.

RESS Detailed Design

Q1a. The emerging policy includes a measure whereby all capacity available under the new RESS (with the exception of small scale developments) should be allocated through a competitive bidding process via auctions. Do the respondents agree with the competitive auction based approach? If not, what alternative model would you propose and why?

Yes. Would recommend a competitive auction based approach

Q1b. Do respondents agree with the use of Uniform-Price cost of support for RES-E projects in the main RESS capacity auctions, as a mechanism to keep costs to the consumer to a minimum?

No. The RESS support should be technology specific. Applying a uniform-price approach would result in no diversity of RE supply, with currently cheaper RE technologies (e.g. onshore wind) receiving RESS support to the exclusion of other RE technologies which would diversify Ireland's RE supply.

One approach may be to apply a scalar to each specific technology, with the scalar being reviewed either annually or for each new auction. The scalar review would account for reducing costs of technology to protect the consumer (e.g. solar and offshore wind prices are reducing at a faster rate than onshore wind – the reducing scalars should reflect this).

Q2. The analysis suggest that a Floating Feed in Premium (FIP) is the primary financial support mechanism for the main RESS, as evidence indicates this is the most cost effective approach. Do you agree with this proposal versus the other mechanisms identified?

The Floating Feed in Premium (FIP) mechanism should be designed to encourage diversity of supply (technology and scale), as well as facilitating and encouraging community/farm-based developments.

Q3. What are respondents views on a proposed price cap (maximum €/MWh) within the uniform price proposal? What alternative approach would you propose and why?

Price Cap would be best approach

In order to keep costs to the consumer to a minimum, a Principal Category, encompassing all viable technology options leading to the most cost effective projects, is provided for. The outcome of this initial auction will inform the design of future auctions.

Q4a. Do you agree with this approach? What alternatives would you propose to this approach and why?

¹ <http://www.energycork.ie/index.php/portfolio/irelands-solar-energy-future-conference/>

No. The auctions should be technology specific to encourage a variety of RE technologies.

Q4b. Would you support separate technology specific auctions for emerging technologies, at a greater cost to the PSO, and if so what percentage of the overall scheme capacity (MWh) would you allocate to this category?

Yes. The department must take a balanced view on potential fines resulting from Ireland not meeting EU 2020 targets. Although solar PV, for example, may require a higher RESS strike price, it can be deployed much more rapidly than onshore wind and therefore enable Ireland to edge closer to her 2020 targets. The consumer will either have to pay more to support higher RESS prices or will ultimately end up paying for European fines.

Q5. Separate to the Principal Category RESS, a dedicated Community Category volume of renewable capacity (MWh) allocated for community-led renewable projects is envisaged in the preferred approach. The initial proposal is that between 10-20% of the total capacity (of new MWhs) of each auction is ring-fenced for community-led projects.

Do you agree with this proposal?

Yes. 20% of each auction should be ring-fenced for community-led projects.

What changes would you propose to this proposal including reference to the viable level of ambition for community-led projects?

It is important that the RESS approach adopted allows for unused ring-fenced capacity from the community-led sector to be "recycled" into the general, industry capacity i.e. unused capacity in the community sector should not remain unused.

Q6. Do you agree with the proposal to further develop opportunities for micro-generation, outside of the main RESS?

Yes. It is essential that micro-generation – even at the small, domestic level – is supported and made a real option for consumers (prosumers). This must entail an ability to sell/spill electricity to the grid and a straightforward planning approach.

Most consumers (both domestic and commercial) are doing the bare minimum to comply with building regulations and, as a result, are installing 'token' ~1kW PV panels during construction and the grid operators still face the same issues associated with 'spill' onto the grid. If a micro-gen incentive existed then larger systems would inevitably be installed by consumers as the fixed costs remain unchanged. The benefit of even a modest support scheme would outweigh the marginal costs of increasing solar PV capacity in this particular instance.

Respondents are asked for their views on how best to support micro-generation.

Competitive rates for spilling excess power to the grid.

Encouraging battery storage and smart demand management.

Straightforward planning and network access.

Q7. Do you agree with capping the amount of support received by each RES-E project that clears in a RES-E auction? What changes would you make to the proposal to set this cap by the level of support

(€/MWh) determined in the auction and the cleared volume of the project (MWh).

Support should be capped

Q8. Do respondents agree with the proposal to hold periodic auctions e.g. every two years, over the course of the lifetime of the scheme, to take advantage to falling costs and reduce the impact on the electricity consumer?

What changes if any would you make to this proposal?

Yes, there should be periodic auctions. But the period between auctions should be quite short, in order to facilitate financing decisions. There should be a compelling reason to not hold periodic auctions every, say 6 months.

Q9. Do you agree that planning approval, grid connection, bid bonds/penalties and community participation criteria should be met before projects can apply for support under the new RESS?

Yes. Planning approval and firm grid connection offer must be essential prerequisites to obtain support under the new RESS. There should be appropriate penalties (loss of deposits) for projects that successfully apply but are not built within a reasonable timeframe.

What other pre-qualification criteria would you like to see introduced?

Community Projects should be overseen to ensure that they have limited/no overlap and appropriately managed.

Q10. DCCAE welcome the respondents' views on the PSO levy supporting a baseline 40% RES-E. Do you think the PSO should support higher levels of ambition?

Yes. Higher levels of ambition are necessary. At the same time, care should be taken not to stretch consumer goodwill regarding the PSO levy. We note the recent recommendation of the Citizens Assembly to remove subsidies for peat-fired generation. This is welcome and presents an opportunity to decrease the PSO, while at the same time increasing support for higher levels of ambition for renewable electricity.

Q11. Do respondents agree with this approach? (That high efficiency CHP be included)

Yes

What are respondents' views on an alternative approach whereby renewable energy CHP plants receive support from the RESS or the proposed RHI but not both, and that the project promoter should decide which support scheme best suits the proposed development.

A single development should definitely not receive support from both RESS and RHI. There already exists some consumer resentment towards the PSO and care must be taken not to over-subsidise. Of course, lessons must be learnt from the 'cash-for-ash' scandal in NI.

Q12a. What should the minimum size of project be, below which a community investment offer does not need to be made (e.g. 100kW, 500kW, 1MW)?

500kW. This may depend on the ration between on-site electricity and development size (MW). Community investment offers should not be required where the primary aim of the development is to offset on-site demand.

Q12b. What minimum share should be offered to the community for investment (e.g. 20%) and should there be a maximum amount any one individual can purchase?

20%

There should be a maximum amount one individual can purchase – as a true community involvement is desirable (not a handful of investors)

Q12c. What is the appropriate distance from the project for the initial offer (e.g. 5km)? Views are welcome on subsequent offers to DED then neighbouring DEDs etc.

Given the remoteness of most renewable projects 10km is more sensible. Care should be exercised in considering an extension into neighbouring DEDs as this may remove/dilute the community aspect.

Q12d. What are respondents' views on whether additional financial supports are necessary in order to enable mandatory investment opportunities for citizens and communities?

Government may need to underwrite community member's investments to establish trust/track-record of successful community projects.

In addition, some pilot community projects may be required to "prove the concept" and demonstrate the achievability of such projects.

Q12e. Other comments on the mandatory investment offer requirement are welcome.

Q13a. Do you agree with the emerging proposal that a Floating FIP is made available for smaller community projects?

Q13b. What should the minimum size project be below which the FIP will not be available?

The reasoning for defining "smaller community projects" as <6MW for wind and <1MW for other technologies should be explained.

Q14a. Do you agree with the emerging proposal to support community-led projects with grants and soft loans through various stages of a projects development?

Yes

Q14b. What size of loans for development and construction would you consider to be appropriate to support?

Any other comments on the proposed use of grants and soft loans?

Appropriately qualified consultants should be appointed prior to communities receiving grants/soft

loans as a renewable project development is no small undertaking and there is a significant risk in unqualified individuals from the community leading on tasks that are beyond their capability. Consultants must be empowered and directed to act in the best interests of the community development.

Q15. In respect of Grid Access, DCCAE and SEAI are keen to receive feedback on the policy proposal to facilitate grid access for community-led renewable electricity projects.

Q16. DCCAE and SEAI welcome feedback on the role of the proposed Trusted Intermediary.

The Trusted Intermediary should have a local presence (be accessible) and be well supported and resourced by DCCAE to fulfil their mandate. Local development agencies could fulfil this role very well.

Q17. DCCAE and SEAI welcome feedback on the proposed Framework for Trusted Advisors.

Q18a. Do you agree with the proposal that community benefit payment be based on best practice principles?

Yes

Q18b. Do you agree with the proposed €2/MWh level of community benefit?

Do you have any other comments on the proposed community benefit good practice principles?

Q19. What are your views on the definition of 'community renewable electricity projects', 'community-led community projects' and 'developer-led community projects'?


Community projects supported under the new RESS scheme should be genuine community endeavours. This requires a diverse, local shareholder base and genuine community involvement in decision making. Projects should be audited to ensure that genuine community involvement is present.

Q20. What are your views on proposing additional financial measures to enable citizens to invest in projects (e.g. tax incentives, green bonds etc.)

Tax allowances for community investors would be appropriate

If you would like any further information on anything contained in this submission, please do not hesitate to contact us.

Yours sincerely,



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Energy Cork