IFA submission
to the Department of Communications, Climate Action and Environment's
Public Consultation on the Design of a new Renewable Electricity Support Scheme in Ireland

The Irish Farm Centre
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Introduction

Ireland currently faces the considerable climate and renewables compliance challenges of reducing national greenhouse gas emissions by 20%, while producing 16% of our energy requirements from renewable sources, by 2020.

The delivery of these obligations are not assisted by escalating greenhouse gas emissions from the transport sector, which have increased by 130% since 1990 and an overall increase in national greenhouse gas emissions by 4%. During the same period agriculture's emissions have fallen by 6%, demonstrating a decoupling of growth in the sector from negative impact on the environment.

Farming can and will do more and this public consultation provides an opportunity to put in place a robust stimulus package, which delivers the following:

- Provides a tariff support for farm scale roof-top and micro-energy production.
- Puts communities at the centre of future energy development by:
    - Providing the opportunity to develop and participate in renewable energy projects.
    - Requiring developers to engage with them prior to lodging a planning application, as part of a valid application.

In addition, the responses below to the questions contained in the consultation document provide a path to empowering rural communities to become the *Energy Citizens*, as envisaged in the Government's energy White Paper, by providing a real opportunity for farmers and the wider rural community to displace fossil fuel use and become sustainable renewable energy producers.

Responses to questions raised in the consultation paper

RESS Detailed Design

Q. 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?

IFA response: A competitive bidding process is not suitable for farm-scale, community or farmer led renewable electricity projects because such projects would not have the economies of scale to successfully compete in a competitive bidding process.

Therefore, in order to deliver on the ambition in the consultation document of "promoting economic development, and supporting community and citizen participation in the transition to a low carbon economy" it is essential that farm-scale, community and farmer led renewable electricity projects are not part of the competitive bidding process and instead receive a guaranteed Feed-In Tariff.

The generation Feed-In Tariff should be 17c/kWh, guaranteed for 20 years and linked to CPI. And an increased generation Feed-In Tariff for roof mounted solar projects, farm-scale and community projects should also be introduced.

Q. The analysis suggests 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?

IFA response: The FIP system discriminates against farm-scale, community and farmer led renewable electricity projects. As outlined above, a guaranteed feed-in tariff structure is required for such projects.

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.

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

Q. 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?

IFA response: The consultation paper includes an energy policy objective of "broadening and diversifying the renewable technology mix". This cannot be achieved if there is a continuation of the *least cost* strategy, which has resulted in vast disruption to rural communities and the reliance on a single technology, large scale on-shore wind.

Therefore, IFA does not support the proposal to hold Principal Category technology neutral auctions. Instead the process should include a guaranteed base price for farm-scale, community and farmer led renewable electricity projects, and discriminate in favour of alternative energy sources including solar, hydro and anaerobic digestion.

To deliver on the high level commitment in the consultation document of supporting farm-scale and community projects, a budget of €100m should be ring-fenced from the current PSO levy funds collected. This represents approximately one-fifth of the overall budget.

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.

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

IFA response: The ring-fencing proposed should be extended beyond total capacity of each auction, to include ring fencing at connection point (substation etc) and should also include farm-scale and farmer led projects.

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

IFA response: The development of a micro-generation renewables sector in Ireland will support the rural economy and also provide an opportunity for a wider number of citizens to displace their fossil fuel use. The proposal to exclude micro-generation from the main RESS, without providing any indication of a budget or implementation timeframe for micro-generation, raises serious questions regarding the Government's commitment to farm-scale energy production in Ireland. It will also lead to the continued stagnation of micro-energy production in Ireland, at a time of ever increasing climate and renewable energy obligations.

A clear statement of intent is required, which includes:

- A ring-fenced budget from the PSO levy
- Timeframe for implementation
- Planning and development charges exemption for all farm-scale renewable projects
- Grid connection preference and waivering of connection costs for farm-scale projects

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

IFA response: The grid connection should be linked directly with the lands of the landowner who gave the original permission for the grid connection application to be made. Therefore the speculative trading for financial gain of grid connections between different developers must be prohibited.

The proposal to universally impose bid bonds or penalties should be reviewed, as it would be a disproportionate cost burden for certain projects. For farm-scale, community and farmer led renewable electricity projects, the proposal for bid bonds and penalties should be removed as this requirement alone may lead to the failure to successfully deliver such projects.

Q. 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?

IFA response: The PSO should support a higher level of ambition in broadening and diversifying the renewable technology mix and in supporting community and citizen participation, as well as increasing the production of energy from renewable sources.

One fifth of the PSO levy should be ring fenced for farm-scale, roof-mounted and micro projects.

Q. It is proposed that highly efficient CHP plants may be able to avail of financial support under a RESS for electricity generated (through technology neutral competitive auction process described) and under a renewable heat incentive (RHI) for the heat produced. Under this approach, issues related to the accumulation of aid (in order to exclude overcompensation) would need to be addressed.

Do respondents agree with this approach?
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.

IFA response: Renewable energy generators should be able to avail of the RHI and the RESS. A single application process should be developed to allow both applications to be made simultaneously. This single application process will also ensure that issues such as the accumulation of aid are addressed.

Community Policy Detailed Design

Q. 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?

IFA response: The paper accompanying this public consultation states that "providing pathways for increased community participation will be a cornerstone of the new scheme." To deliver on this in any meaningful way, at least 25% of a renewable project should be offered to the community.

Q 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.

IFA response: The proposed initial offering should be to neighbouring properties in a 20km radius, reflecting the disperse population in rural areas, as well as the visual and other impacts in the locality. Then the offering should be extended and ultimately offered throughout the county, until best endeavors are demonstrated by the developer, that all efforts were made to fill the 25% offering.

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

IFA response: Community participation in renewable energy production must be at the centre of future Government policy. To achieve this IFA proposes an additional generation Feed-In Tariff of 2.5c/kWh, in addition to the standard generation Feed-In Tariff.

For farm-scale, community and farmer led projects, grid access and electricity infrastructure costs should be waivered and grid access should be ring-fenced.

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

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

IFA response: The proposal to discriminate in favour of smaller community wind projects by classifying them as <6MW while classifying smaller solar projects as <1MW must be reviewed and explained. All such projects should be set at <6MW.

The uncertainties associated with a Floating FIP model will negate against successfully delivering farm-scale, farmer led and community based renewable projects.

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

Any other comments?

IFA response:

The provision of grants and soft loans for community-led projects will be beneficial in offsetting costs, particularly in the early stages of projects. However, this must be complemented by the introduction of a robust Feed-In Tariff structure, which includes an increased tariff for such community projects and roof-mounted solar projects.

There would also be an on-going requirement for the terms and cost of the soft loans to be monitored, to ensure the over-all project financing costs remain competitive.

The terms of existing investment mechanisms, such as the Employment and Investment Incentive Scheme, should be tailored to accommodate the inclusion of investments for farm-scale and community projects.

Q. 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.

IFA response: The facilitation of *cost neutral* preferential Grid Access is essential for farm-scale, farmer led and community based renewable projects to develop. This means the transfer of such costs to the State and would represent a sincere attempt by the State to increase community participation. To avoid queues and backlogs at nodes and substations, only projects with planning permission should receive this cost neutral preferential Grid Access.

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

IFA response: The Trusted Advisor will play the most important role in marketing, explaining and delivering the proposed 25% community participation in renewable projects. Therefore, they must be of and from the communities. This would indicate that collaboration with institutions such as the Post Office or Credit Union network, which already sells financial service and insurance products, should be considered.

The role of the Trusted Advisor in distributing community benefit funds should also be considered.

When communities are exploring renewable opportunities a trusted Intermediary should also be appointed, from within the community to co-ordinate discussions with agencies and development companies.

Q. 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?

IFA response: A requirement for an annual community contribution during the duration of large scale renewable projects should be mandatory and legislated for. This contribution should be the greater of 1.5% of turnover or €2/MWh. This annual contribution should be used to support rural regeneration, working closely with initiatives such as the LEADER programme.