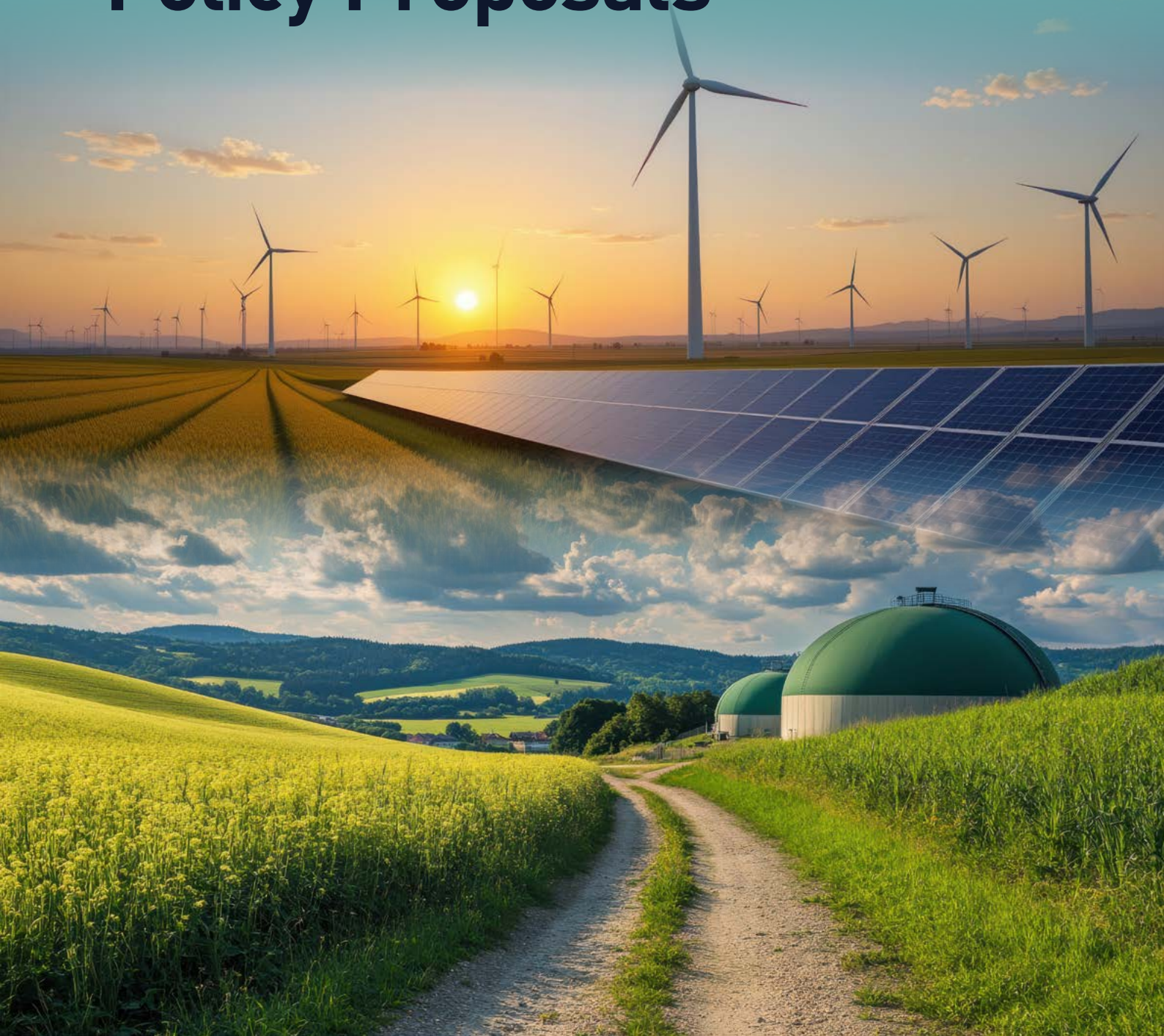
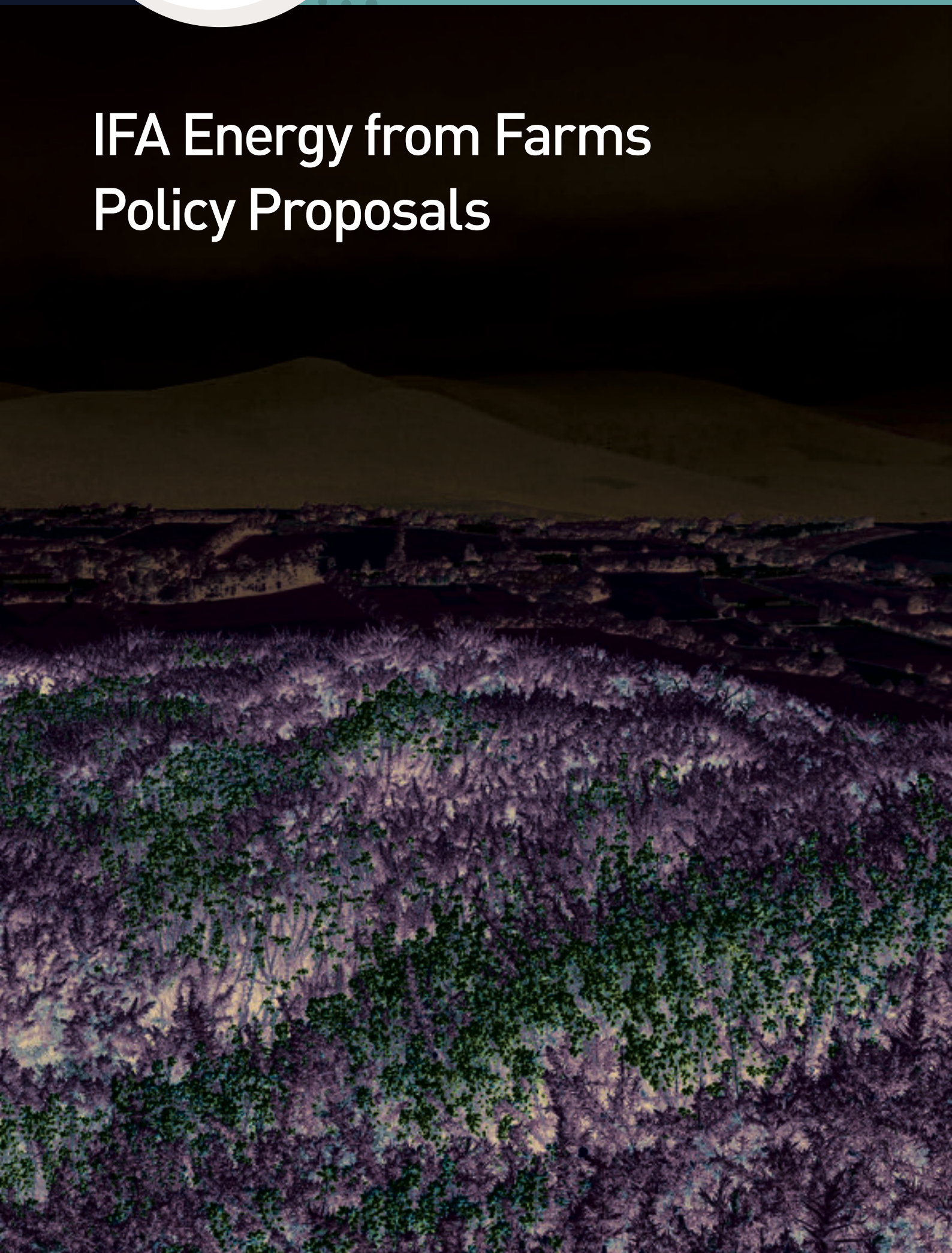
Feirmeoirí Aontaithe na hÉireann
The Irish Farmers' Association

IFA

IFA Energy from Farms Policy Proposals



IFA Energy from Farms Policy Proposals



1. Introduction

The IFA Energy from Farms Project Team was set up in 2024 to propose policy in relation to energy and other valorisation opportunities from renewable sources and other technologies including wind, solar, anaerobic digestion, biomass and other possible sources. The project teams includes a blend of independent experts in the field and farmers with a vested interest in renewable energy.

Under the Climate Action Plan1, Ireland has committed to ambitious renewable energy targets, including the production of 5.7 TWh of biomethane by 2030 through Anaerobic Digestion (AD), alongside a major expansion of small-scale renewable electricity and renewable heat generation on farms. These targets present a real opportunity for the farming sector to be at the forefront of the expansion of renewable energy generation in Ireland.

Farmers are well positioned to play a central role in delivering on these objectives, but current schemes and supports are completely unfit for purpose. High capital costs, poor rural grid infrastructure, restrictive tariffs and planning systems are holding back progress and making it extremely difficult for farmers to advance renewable energy projects. The IFA Energy from Farms Project Team has developed a comprehensive set of practical proposals to address the barriers farmers face and unlock the full potential of farm-scale renewable energy, across biomethane, wind, solar and renewable heat. These proposals focus on making schemes workable for farmers, ensuring fair supports, and investing in the infrastructure needed to make farm-based renewable energy a success.

2. Measures implementing Ireland's Biomethane Strategy

Ireland's Biomethane Strategy forms a key part of the national climate plan, with an ambition to produce up to 5.7 TWh of biomethane annually by 2030, primarily through Anaerobic Digestion (AD). This represents a significant opportunity for farmers to become renewable energy producers and contributors to national decarbonisation goals. However, realising this potential requires targeted supports, tailored incentives, and removal of existing barriers.

The current focus of the biomethane strategy is the development of large scale biomethane production facilities. It must be acknowledged that there is a role for all scales of biomethane production in Ireland, from small farm-scale to medium to large scale. The financial support framework, regulatory requirements, licensing/permitting requirements, and feedstock supply often differ depending on the scale of production.

For context, biogas is a raw gas made from organic materials, it is mainly used on-site for heat and power and cannot be injected into the gas grid. Biomethane is purified biogas, making it suitable for use in the gas grid or as a transport fuel.

In order to develop a biogas/biomethane sector in Ireland that is fit for purpose and is of benefit to all stakeholder, the following principals should be adhered to:

Everyone along the supply chain should benefit and receive a fair return from the sector; from the supplier of agriculture-based feedstock to the biogas producer.

- The biogas industry should be viewed as a complementary sector rather than competing with mainstream productive agriculture and food production.
- Biogas plants should be geographically and strategically spread around the whole country with state policy designed to support this
- Biogas delivers more than just renewable energy. Any cost benefit analysis should incorporate the additional benefits biogas gas delivers such as enhanced nutrient recycling, which, when fully factored in, reduce the overall cost significantly.
- Maximum clarity should be provided around the planning process for biogas developments to minimise any disconnect that may exist between a local authority climate change / renewable energy policy and the concerns of the general public.
- The national resource that is the national gas grid should be utilised more through increasing the amount of biogas injected into the gas network.

For context, we have divided biomethane/biogas support proposals into two separate types:

1. Farm Based Biogas/Animal By-Products (ABP) Type 9 plants - farmer owned and operated model utilising the farmer's own feedstuff. The energy produced offsets on-farm energy demands with the potential for surplus energy to be exported if excess is produced. No pasteurisation is required as there is no import of animal byproducts. The plant complements the existing farm enterprise.
2. Medium/Large scale Biogas plants – taking in a wide range of external feedstock. A Co-operative structure is preferred with farmer equity, selling the energy through an external grid or network.

Both these options are examined in more detail overleaf.

2.1 Farmer-Owned & Operated / ABP Type 9 Biogas Plant

In order to promote these types of plants, the introduction of a minimum 50% capital grant is required to enable the development of farm scale (under 80/100kw) and farmer-owned & operated Anaerobic Digestion (AD) plants. The current 20% grant rate provided through the biomethane strategy is not viable for this scale of production.

The recently completed Irish Bioenergy Association (IrBEA) Small Biogas Demonstration Project completed with funding from DAFM through European Innovation Partnership (EIP) funding (https://irbea.org/farmbiogas/) demonstrated the technical and economic viability of small farm-scale biogas production with 50% grant aid for capital investment. The biogas produced from this plant is supplied to a Combined Heat and Power plant (CHP) to produce electricity and heat. The electricity produced will offset any on-farm electricity demand while the heat will offset any on-farm fossil fuel heating bill and can also be used to heat the biogas plant to optimise the biogas output. This level of support is necessary to make on-farm biogas production financially viable for individual farmers.

This scale of production will not be feasible for all farmers but will be a very suitable investment for many farmers where the farming system, slurry availability, energy demand and other technical and practical considerations compliment a biogas plant. The plants developed on farms will be ABP type 9 plants where there is no import of animal by-product materials onto the farm resulting in no requirement for pasteurisation. The main feedstuffs used in a farm-scale biogas plant would be slurry, farmyard manure, waste silage and potential surplus silage available on the farm.

IFA Propose:

- **The introduction of a minimum 50% capital grant for the development of farmer owned and operated farm scale biogas plants with finance to be provided through the Infrastructure, Climate and Nature Fund (ICNF)**

2.2 Medium/Large Scale Biogas/ Biomethane Developments

Medium/Large scale biogas/biomethane plants – taking in a wide range of external feedstock. These may operate under a co-operative structure allowing farmer equity investment. Energy generated from these plants is exported onto an external grid or network. In addition to equity there is a potential role for farmers to supply feedstuff for utilisation in these facilities where a small farm scale biogas plant is not economically or technical feasible on their farms. These medium to large scale facilities would process thousands of tonnes of feedstock per year. As technology develops, it is envisaged that the collection of raw biogas may become an option, giving farmers the option to build plants which will be industrial scale but without the cost of upgrading facilities.

To mobilise this scale of biogas / biomethane production the following is required:

- Immediate introduction of Renewable Heat Obligation (RHO), which obligates fossil fuel suppliers to ensure that they include a minimum percentage of renewable energy in their fuel mix, will be essential to ensure a sustainable market and drive demand for biomethane. However, despite multiple Government promises to prioritise its introduction, it has been confirmed that the RHO will now be delayed beyond January 1st, 2026, with no introductory date set. In addition, no details on how indigenous biomethane will be protected from imports from other countries and indeed other fuel sources has been disclosed. The approach in other member states with nascent biomethane sectors has been to introduce feed-in tariffs for the early pioneer projects, and once reliable supply chains and market off-take opportunities were created, more nuanced approaches were considered. Denmark is a case in point, a feed-in tariff kick-started their industry. As recently as 2015, biomethane's share of the Danish national grid went from 1% to over 40% today.
- A 15-year feed-in tariff graduated depending on impact ambition should be introduced for early adopter/pioneer projects.
- The introduction of an RHO in isolation will not be sufficient to ensure the financial viability of AD plants. In addition to an RHO, the State should also introduce a grant-aid scheme and/or a feed-in tariff framework to ensure the medium-term viability of these projects.
- Large scale developers must engage with farmers and equitable contracts/agreements put in place to supply feedstock. Establish a fair, equitable and independent pricing mechanism with independent oversight (e.g. Teagasc) to ensure a sustainable feedstock price for farmers who wish to supply AD plants.
- Biomethane production should complement rather than compete with agriculture and food production. Ireland is a renowned food producing country and an Irish biogas industry would act as a complementary industry to food production rather than a competitor. There is significant scope for increase in grass production in many parts of the country. Grass production can also be increased by using AD digestate on this land in a circular economy system and improved soil fertility on farms while not competing with existing grass supplies. The potential for biogas feedstock production offers significant potential for less intensive farmers to improve their overall farm profitability and complement their existing enterprise.
- The biomethane industry can assist farmers during periods of fodder shortage by acting as a reserve and buffer for grass silage feedstock as it can have a 12-to-18-month reserve of silage feedstock on hand at any one time. In times of a short-term fodder shortage, part of this reserve may be re-sold back to farmers at cost price to assist in times of a fodder shortage with the biogas facility reserve regenerated by farmers once the crisis has passed.

- The spreading of digestate back on land that has produced grass for biogas production offers the potential for a circular economy system. Subject to the implementation of a framework to support the adoption of ReNure, digestate produced can substitute for inorganic fertiliser thus further improving the emissions reduction potential a biogas industry has for the agriculture sector.
- The biomethane sustainability charter under development by DECC needs to reference economic and social sustainability considerations as well as environmental. It should not amount to a series of controls and measures to solely add costs and burdens. Instead, it should be a mechanism to unlock value whilst achieving sustainability objectives across all three parameters – environmental, social and economic. The charter and its requirements must be consistent with the current rules and regulations that farmers comply with. A situation must not arise where the biomethane sustainability charters imposed additional restrictions compared to those already in place. This would lead to confusion, unnecessary administrative burden and risk the development of the biomethane sector.

2.3 Common proposals for both small Farmer-Owned & Operated / ABP Type 9 Biogas Plant and Medium/Large scale Biomethane Developments

- Introduction of renewable energy finance scheme that provides state-supported low-cost finance with partial state credit guarantees for the funding of appropriate renewable energy projects.
- To support more circular based agricultural practices, the restriction that prevents farmers availing of a nitrates derogation from importing digestate from AD plants should be removed in cases where the farmer is already exporting organic matter to AD plants.
- The Nitrates Directive should be revised to reclassify digestate from AD plants as equivalent to inorganic nitrogen thereby not adding to the organic nitrogen load of a farm importing digestate. Furthermore, unprocessed digestate from an AD plant should quality under ReNure as outlined in the 2020 JRC report.
- All digestate from agri feedstock-based AD plants to be allowed to be spread on all organic farmland.

3. Small-Scale Renewable Electricity Support Scheme (SRESS)

SRESS is designed to support renewable electricity projects ranging from 50 kW to 6 MW by offering fixed feed-in tariffs over a 15-year period. While aimed at expanding local, low-carbon energy generation, the current structure of the scheme presents a number of significant barriers for farmers.

Although farmers are eligible under SRESS, they are grouped with SMEs rather than being recognised as a distinct category. As a result, they receive lower tariff rates than community groups, despite facing unique challenges such as site restrictions, weaker rural electricity grid infrastructure, and land-use limitations. The current tariff levels, set at 8c/kWh, are insufficient to ensure viability for technologies like wind, especially when combined with high upfront investment costs.

Additionally, rural electricity grid connection and reinforcement costs are often significantly higher than in urban areas, further reducing the attractiveness of such projects. The requirement to contribute annually to community benefit funds (e.g., €1,750/year for a 1 MW project) adds yet another layer of cost, without corresponding financial support.

The SRESS is currently limited to intermittent generation technologies such as wind and solar. The scheme should be extended to include electricity generated from AD systems with a separate tariff rate for this production which represent the additional cost of production for AD over that of wind and solar.

IFA Propose:

- Establish a dedicated farmer category within SRESS to reflect the distinct constraints faced by the agricultural sector and increase the level of feed-in tariffs to make farm-based projects financially viable and attractive.
- Increase in SRESS fixed tariff rates for wind and solar as they are insufficient to support any meaningful uptake
- Establish a higher SRESS fixed tariff rate for anaerobic digestion and biomass projects reflecting the much higher cost of production for this form of renewable energy
- Simplify the application and approval process, reducing administrative hurdles and making the scheme more accessible to farmers.
- Provide targeted technical support and advisory services to help farmers manage planning, regulatory, and operational aspects of project development.
- Review and adjust the community benefit fund requirement to ensure it is proportionate and does not undermine project viability.

4. Taxation Measures to Support Climate Measures

- Consideration should be given as to whether the Capital Gain Tax (CAT) / Capital Acquisitions Tax (CAT) reliefs for solar panels should also include wind farms, given their increasing role in meeting our renewable energy targets.
- The calculations used to determine the area of land on which solar panels are installed for the purposes of CGT Retirement Relief and CAT Agricultural Relief, should only include the footprint of the structures mounting solar panels, ancillary equipment and service roadways (i.e. areas not capable of being grazed). Advancements in agro-voltaics in countries such as France have led to the development of solar projects whereby cows are grazing under panel due to higher mounting and tracking systems. Therefore, any area capable of being grazed by agricultural livestock either under, around or in-between panels and ancillary equipment should be classified as agricultural land for the above calculations.
- Maintain all existing taxation reliefs and exemptions for farmers involved in AD and any other renewable activities.

5. Planning and Infrastructure Challenges for Renewable Energy in Ireland

For Ireland to fully unlock the potential of renewable energy on farms, significant barriers in planning and infrastructure must be addressed. Current systems are not adequately supporting farmers who wish to invest in or develop renewable projects.

A complete overhaul of the gas grid is necessary. The current gas network is not designed to accommodate multiple small-scale injection points or to support reverse flows. In addition, for proposed developments, current injection points are limited in scale and functionality, they do not operate 24/7 and cannot accommodate mobile injection systems where the compressor unit can detach from the trailer. This creates logistical inefficiencies and restricts the participation of smaller-scale anaerobic digestion operators, particularly those on farms.

IFA Propose:

- Substantial investment into the national electricity network to ensure the national grid is fit for purpose. With the added complexity of two-way energy travel at more grid connection points in recent and future years, along with increasing demand from Ireland's growing population, required upgrades must be fully funded and implemented, when and where needed. Poor electricity network infrastructure cannot be a barrier for the on-farm renewable energy sector to continue to develop. Strategic investment is essential to ensure farmers are not excluded due to inadequate local grid capacity.
- Applications for connection to the national electricity grid are currently charged a non-refundable payment of €1000. This charge needs to be terminated, and farmers who have paid this fee refunded.
- Streamline current regulations to support the development of AD plants, in particular farm-scale AD plants, with statutory timelines imposed on planning, regulatory and licensing authorities. National guidelines are required so all local authorities can assess possible AD projects under the same criteria.
- A fundamental overhaul of the national gas grid to develop a network that can accommodate multiple small-scale injection points and support reverse gas flows. Current injection points should be operational on a 24-hour basis.
- Clear and consistent planning guidelines - planning requirements for renewable projects can vary widely between counties, creating uncertainty for farmers. Nationally consistent guidelines should be developed to support small-scale and on-farm projects and ensure fair and transparent treatment across all local authorities. – national guidelines – work into above. Where they don't exist develop and where they do, they to be updated.
- A single, farmer-focused point of contact is essential to help navigate the regulatory, financial, and technical requirements for renewable energy development.
- Improving public and political awareness - renewable energy projects can face resistance due to limited community understanding or perceived lack of benefit. Greater transparency, public engagement, and models for shared community gain will help foster support, especially in rural areas where these projects are often located.
- The National Biomethane Strategy set out to develop a communications strategy by Q3 2024. To our knowledge this action has not been carried out and should be acted upon immediately.

6. Targeted Agricultural Modernisation Scheme (TAMS) for Renewable Energy

Current limitations within the scheme restrict farmers' ability to maximise their renewable energy potential.

IFA Propose:

- The current cap on grant aid based on on-farm energy usage should be removed. Many farms with low electricity consumption have large shed space ideal for solar installations. Allowing these farmers to install systems beyond their own usage and export surplus electricity to the grid would transform them into net energy producers and improve the return on renewable investments.
- Farmers who receive grant aid (including TAMS) to support the installation of renewable energy sources should be allowed to sell any surplus electricity generated after domestic/business. This limitation disincentivises larger-scale installations. Farmers should be allowed to export and sell 100% of their surplus electricity, which would significantly improve the commercial feasibility of renewable projects.
- Farmers who generate surplus electricity should be allowed export it onto the national grid via smart meter and permitted to offset any energy exported against energy used with no financial transaction necessary.

7. Support Scheme for Renewable Heat (SSRH)

The SSRH, which is administered by the SEAI is an operational support for biomass and biogas fuelled systems as well as a capital grant for heat pump systems. Currently, over 50% of the heating system supported under the SSRH are in the agricultural sector and fuelled by woody biomass. These are predominately in the poultry, pig, horticulture and mushrooms sectors.

IFA proposes

- The budget for this programme is maintained and enhanced over the next few years
- The SEAI better promotes the scheme to increase the uptake of the SSRH in the agriculture sector
- The biogas operational support under the scheme be reviewed and the tariff rates significantly increased, as their current low rate has resulted in no uptake of the biogas operation support under the SSRH
- The biogas operational support under the SSRH is made available to farmers for heat generation equipment associated with a farm scale biogas plant where capital support has been received separately for the development of the biogas production plant itself.

IFA Head Office
Irish Farm Centre, Bluebell,
Dublin 12, D12 YXW5.
+353 (0)1 450 0266

IFA Brussels Office
61 rue de Trèves, 7th floor,
1040 Brussels, Belgium.
+32 (0)2 230 04 57

www.ifa.ie