Irish Green Building Council's submission to Public Consultation on a Micro-generation Support Scheme (MSS) in Ireland

Introduction

The Irish Green Building Council (IGBC) provides leadership for a sustainable built environment. IGBC is a registered charity with nearly 200 corporate members drawn from all parts of the value chain, from occupiers, design professionals, contractors, suppliers, academics and public authorities and affiliated with a global network of 70 national councils within the World Green Building Council. This allows us to create workable solutions and tools to deliver transformative change towards a sustainable built environment.

To prepare this submission the IGBC organised a workshop with its members on Friday, 12th February. The workshop was attended by retrofit companies, solar PV installers, engineers, social housing providers, as well as construction product manufacturers and distributors.

Summary

1. The IGBC highly welcome the introduction of a micro-generation support scheme (MSS) in Ireland, as a critical step to engage citizens with our transition to a low carbon society.

2. To be successful, the scheme must be simple and transparent. It is hence recommended to introduce a Clean Export Guarantee (CEG) based on the previous year average Day Ahead Market (DAM) wholesale electricity price.

3. The introduction of the CEG should be combined with an accelerated roll out of smart meters with Import/Export metering capability. Microgeneration owners should have access to these prior to the introduction of the MSS (and not only in 2023/2024 as currently anticipated in the Smart Meter Rollout – Phase 3).

4. To support Ireland's climate ambitions, the installation of microgeneration systems must be encouraged in both existing and new buildings. Consumers need certainty on the CEG and Clean Export Premium to invest and many domestic owners will still require support through grants with initial investment.

5. To ensure the support mechanisms remain appropriate and to provide the certainty the industry's need to forecast and meet demand, it is suggested to review it every 3-4 years.

6. Finally, for the scheme to achieve its full potential, planning restrictions for installing solar panels on the rooftops of homes and businesses must be addressed.

Further comments are set out below as per the different sections.

Q1. Do you agree with the approach to introduce the CEG in order to provide an export payment that reflects the fair market value of the electricity in compliance with the recast Renewable Energy Directive? If not, what alternative model would you propose and why?

Yes. The proposed approach is strongly supported.

Q2. Do you agree that initially the CEG should be a fixed, minimum tariff provided by Suppliers as a pass through cost based on the annual average Day Ahead Market (DAM) wholesale electricity price? If not, what alternative model would you propose and why?

To encourage investment in micro-generation the pricing structure must be easily understood and transparent. It should hence be set for a year. This could be based on the previous year average Day Ahead Market (DAM).

Q3. A common 3.75% discount rate across all sectors assessed was chosen as an input to the viability gap assessment. Do the respondents agree with this approach? If not, what alternative would you propose and why?

The discount rate was agreed as being an acceptable rate.

Q4. The emerging policy includes a measure whereby all Renewables Self-Consumers who install micro-generation technology after 30th June 2020 can access a payment of a fixed, minimum Clean Export Premium tariff for exported electricity determined by the lowest cost technology for each sector. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

The IGBC welcome the introduction of a minimum Clean Export Premium tariff for micro-generation technology installed after 30th June 2021. The current PV target set in the Climate Action Plan is perceived as too low and the introduction of Clean Export Premium tariff is an opportunity to further engage citizens in our transition to a low carbon economy.

Yet, the minimum Clean Export Premium tariff should not replace existing grants for solar PV installation as this would result in greater capital costs to the Microgeneration system owner which may create a barrier to install. Furthermore, the Department must ensure the scheme is equitable and addresses cost burden sharing.

Introducing the Clean Export Guarantee and at the same time introducing the Clean Export Premium to fill the Viability gap based on a discount rate of 3.75% may be an overly complex system for analysing microgeneration projects. An alternative would be to use a simplified Payback Period Calculation. E.g. PV system currently costs €6,000 to install with a grant of €2,000. On site consumption gives reduced bills calculated at €300 a year with an additional €100 a year generated from the export guarantee. Cost of install is €4000. Annual income is €400. Simple payback 10 years.

Q5. The proposed Clean Export Premium tariff for exported electricity will be offered for a maximum duration of 15 years for all technologies. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

Yes, 15 years of CEP at the correct level of Premium will provide a good level of security for system owners.

Q6. The high-level design includes a measure whereby a Clean Export Premium tariff for exported electricity will be capped by exported volume related to the installation size in order to prevent over-remuneration. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

Yes, for domestic buildings, but the current cap is too restrictive and it is unclear why the 30% cap is suggested. As per figure 2.2 of the Ricardo report, the CEP should be limited to 50%.

For non-domestic buildings which may have low demand of energy (e.g., farms or schools for part of the year), the CEP should not be capped as this is likely to discourage PV installation.

Q7. The high-level design proposed 4 eligible renewable technologies listed above. Do the respondents agree with this proposal? If not, what alternative would you propose and why?

Yes, the IGBC agree with the proposal, but this would need to be review on a regular basis as new technologies may provide additional options in the future.

The conditions of the scheme should consider solutions for micro renewable CHP that produce local pollution and these options should not be eligible for funding within cities

Q8. There is a range of renewable technology that can be deployed in domestic and SME premises and can facilitate high levels of renewable electricity self-consumption. The definition of micro-generation is therefore proposed to be "micro-generation technologies including micro-solar PV, micro-hydro, micro-wind and micro-renewable CHP with a maximum electrical output of 50kW". Do the respondents agree with this proposal? If not, what alternative would you propose and why?

This is agreed but it is noted that additional assistance is required for microgeneration schemes between 50kW and 500kW which is likely to align with Principle 2 of the Micro Generation Support Scheme Policies*.

** Support the concept of community empowerment and participation set out in the Climate Action Plan.*

Q9. Applicants will be required to have an export connection from the Distribution System Operator. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

The introduction of any payment mechanism will need to be aligned with a quicker rollout of the Smart Meters to ensure the meters are installed to measure import and export. To ensure the MSS is a success, microgen owners should have immediate access to smart meters that can measure import and export. The export connection for the DSO needs to be streamlined within this process.

Q10. The CEP will be available to existing buildings only. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

No, the CEP should be available to both new and existing buildings, as all new microgeneration installations should be encouraged.

Q11. Occupied buildings will need to achieve a minimum post-works BER C rating. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

Building owners should be encouraged to take several actions at a time to improve the energy performance of a building. However, a minimum BER C post works will create additional barriers to the roll out of microgeneration systems in particular on Non-Domestic properties such as schools and community halls. As the scheme must be simple to understand and operate, a minimum post-works BER C rating should not be required.

Q12. The minimum BER rating for the MSS will be increased over time to align with other Government energy efficiency retrofit programmes. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

No, a minimum BER C post works will create additional barriers to the roll out of microgeneration systems in particular on Non-Domestic properties such as schools and community halls. As the scheme must be simple to understand and operate, a minimum post-works BER C rating should not be required.

Q13. Community groups must conform to the definition of a Renewable Energy Community and be registered with SEAI. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

The benefit of registering with SEAI as a Renewable Energy Community for a Microgeneration system is unclear and could create an additional level of complexity. However, this may be a benefit when looking at bigger schemes, i.e., in the 50kW to 500kW system size.

Q14. The emerging policy proposes that Suppliers recover the costs of the Premium support through the PSO. DECC welcome the respondents' views on the funding mechanism supporting micro-generation. Do you think the PSO should support micro-generation or should this be through Suppliers retail rates or other mechanism?

The PSO should be the mechanism to recover the costs of the Premium Support whether this is provided in the form of Clean Export Premium or a Microgeneration Installation Grant. However, the level of Premium Support should be optimised to align with the Microgeneration policy 3: "Ensure any support scheme is equitable and addresses cost burden sharing."

Q14. DECC welcomes the respondent's views on how to manage the scheme costs and the frequency of changes in the support arrangements.

To ensure the support mechanisms remain appropriate and to provide the certainty the industry's need to forecast and meet demand, it is suggested to review it every 3-4 years.