Submission to the Public Consultation on the new Renewable Electricity Support Scheme in Ireland

INTRODUCTION

We are disappointed with the lack of ambition under the current Government plan. It is our understanding that meeting the commitment we have entered into in the Paris Climate accord will require us to achieve the introduction of a 100% decarbonised energy system by 2050. We understand the scale of the scale and speed of such change is unprecedented but we believe that those countries which delay making this transition will lose out from the benefits that will accrue for those at the forefront of the clean energy, digital and transport revolutions that are taking place.

As a country which is dependent on imported fossil fuels for 90% of our energy needs we should be setting an ambitious renewable target to help reduce our €6 billion per annum fossil fuel import bill. Such a target should be matched by encouraging the rapid electrification of our heat and transport sectors, which would help balance our increasing variable electricity supply. The target for renewable electricity generation should be set at 75% for 2030 rather than the conservative 40% target the Government is setting itself, which would see no net increase in the level of renewables integration.

A higher renewable electricity target is viable given the ongoing reduction in the cost and technological capabilities of maturing renewable power supplies and the necessary removal of all base load coal and peat fired power plants from our generation mix. Furthermore, there is a net benefit to consumers from reduced wholesale prices due to the introduction of renewables.

Ireland should be working with our neighbouring countries to develop the North Seas Offshore grid initiative to assist the balancing of such a large renewable power supply in our generation mix. We can achieve a secure, low cost and clean electricity supply by designing our electricity market around variable renewable power supplies, using the existing fleet of combined Cycle gas fired generators and existing and additional interconnectors with both the UK and France as balancing tools to minimise the cost and insure the stability of our electricity supply.

We would question the assumption that the existing demand patterns for electricity would see a predicted 39% increase in demand between now and 2030. There will be an increase in electricity demand to cater for new markets for electricity in both the transport and heating sectors and incoming data centres. However across all areas of energy use we should see dramatic reductions in the overall levels of energy required to achieve the same levels of energy services being delivered.

We contest the assumption that such higher levels of renewable electricity supply would require the six fold increase in public service obligation that the Department's consultancy paper is presuming. That result was based on a business as usual arrangement regarding grid management and levels of interconnection. Other modelling work suggests a very much lower costs if not a net benefit for up to 75% RES-E penetration.

It is our understanding that the new clean energy package of directives being negotiated by the European institutions at the moment is predicated on a fundamental reform of electricity markets to

support and reduce the cost of such higher levels of renewables integration. The delivery of the first 25% renewable electricity power supply was achieved by inserting such supplies into the existing base load dominated electricity system. The second quarter of the revolution that is needed to get to a 100% decarbonised power system will see the entire market arrangements changed in recognition that market pricing and arrangements will be centred around incentivising a balance between variable power supplies and variable demand for energy services. Prices will no longer be set by the needs of base load power stations looking to meet predicted demand levels but will be paid for the delivery of flexible mechanisms to provide voltage stability and system management services to the grid operator. The final cost of electricity to the consumer will decrease as demand management and efficiency measures are introduced and as the marginal cost of maturing renewable energy technologies continues to fall.

Given that the transition to this new renewable energy supply involves a large up-front capital cost and a near zero marginal price for each unit of power that is supplied the delivery of a competitive and low cost energy system is dependent on reducing the investment certainty, planning and political risk around the initial investment decision.

The Irish state was able to provide such investment certainty over the last ten years in the development of onshore power supplies via the use of a refit support system which was consistent and which reduced the risk uncertainty in the financing of projects. We agree that the next phase of our renewables deployment should involve a more competitive auction process.

We believe that the once exception to this move to a competitive auction process should be in the introduction of a new support mechanism for microgeneration, for certain community owned generation supplies and for new bioenergy combined heat and power technologies which have yet to be launched at scale in Ireland.

Smaller operators in the energy market will not be able to interact in the fluctuating energy market on the same basis as larger energy operators and the advantage that the introduction of a large cadre of new local generators would bring in the development of a sophisticated and flexible distribution level generation tool would justify the costs that would be involved.

Concerns that the widespread deployment of local generation supplies might push up the cost of operating the grid for other customers could be reduced by linking the development of such local power supplies with the increased demand for electricity to meet new transport and domestic heating needs.

The Green Party are particularly disappointed to read that the draft scheme doesn't include any support - any payment at all - for electricity from small-scale rooftop solar. We argue that an export price for individual rooftop solar installations, close to the retail price should be introduced. This price could also be introduced in a socially equitable manner through supply and generation cooperatives set up by communities and facilitated by local authorities or local energy agencies. Such community scale solar projects could be aimed to include low-earners and renters who would benefit the most from a reduction in their electricity bills. First access to the grid would be reserved for such projects under a local authority's Local Area Renewable Energy Strategy.

Government policies that prioritize higher levels of local ownership are likely to result in increased economic gains. This should be reflected in increased support for community energy co-operatives, through the introduction of a specific tariff along with other initiatives which give community owned power supplies priority access to the grid. Community groups should not be required to take part in grouping nodes, but go straight to the grid with their own connection. This will avoid communities having to take part in the lengthy, complicated negotiations that developers in groupings must engage in.

A study conducted in Iowa, USA, showed that cooperative wind projects have greater local economic development impacts than developer lead projects. Besides the wider benefits of a just and fair transition to a low carbon economy – community energy also brings with it significant economic and social benefits. It will bring real incomes and employment into areas of rural Ireland which do not have the same levels of economic employment and activity as urban areas. It brings the potential of attracting allied industries which will look to locate to areas where there is a large clean energy supply. The recent decision of Apple to invest in a second data centre in Denmark rather than progressing with their planned project in Athenry shows what will happen if we do not continue to be at the centre of the new clean energy and digital revolution that is taking place.

The Irish Government should heed the call of the citizens assembly to demonstrate real leadership in tackling the climate challenge we face. We have shown in the last decade that we can show real leadership by introducing a large level of variable power on an isolated synchronized grid system. The task now is to build on that success by adding new solar and offshore wind supplies to our onshore wind and hydropower system. We need to start planning for a complete transition so that by 2050 such renewable power supplies provide all our power and energy needs, balanced by the storage of energy in our transport and heating systems and interconnection with our regional neighbours.

This transition is not only now feasible but it is also clearly the clever economic strategy for us to take. By ensuring that the Irish people maintain local ownership of this power supply and grid system we can guarantee the security and prosperity of our people for generations to come.

This transition is as significant as the change our country made under the leadership of Lemass and Whitaker to go from a closed economy to an open economy in the late 1950's. That transition was made possible thanks to the political consensus in the country around the objectives and strategy at that time. The common purpose across all Government agencies allowed policy decisions to be made over an extended period that supported the transition. We need a similar consensus now and a courageous public administration system which is innovative and flexible in creating the conditions for this low carbon Irish economy to thrive.

SUBMISSION LAYOUT

Accessible Information: It is recommended that more effort is made to make information succinct and accessible to ordinary people according to Aarhus principles. Three 100+ page documents accompanied the call for public consultations on the design of the RESS. The only document which had an executive summary was the Renewable Electricity Support Scheme - Public Consultation

The technical and complex nature of the market support systems are not easy for the public to understand. The Department should engage the Advisory group leading the National Dialogue on Climate Change to consider how these choices can be explained to the public in a way which is easier to understand and influence.

Our submission is structured as has been suggested by responding to the Questions put on pages 40-48 of the Department's Public Consultation Document. We look forward to further engagement with the Department

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?

It is clear that such auction systems are helping to reduce the cost of public support for renewable power in a number of European countries. Such auction systems suit maturing wind and solar power technologies and in a sense bring us back to the original AER support schemes which were introduced at the start of the deployment of onshore wind power in Ireland. We would not agree, however, that all capacity available under the new RESS scheme should be allocated via this process.

We need to retain Refit support systems for emerging technologies such as Biomass Combined heat and power plants, anaerobic digestion, geothermal as well as from smaller scale hydro, solar and wind power supplies. While such power supplies are now common-place in other European jurisdictions, they have not been developed to a sufficient scale in Ireland to benefit from the economies of scale that are needed for an auction process to succeed. We also need innovative support mechanisms for new technologies that are not yet at commercial viability such as wave, tidal, high altitude wind technologies. We should continue to invest in grid connection, prototype financing and research and grant funding for such technologies as the long term potential for developing such energy sources is immense.

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?

Yes we support such an approach. The setting of limits on the size of each auction or the staggering of auction rounds may assist in reducing the final cost to the public by limiting the gap between lower bidders and the clearing auction price.

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?

We agree with the introduction of such a floating feed in premium which provides a cap on any gain a developer might receive should the market price increase above the bid price that the auction system delivers as well as a floor price to insure their future income stream. It should be recognised that over recent years the market price has rarely exceeded such an upper limit thanks in part to the recent fall in the price of gas and also the fact that new renewable power supplies lower the wholesale price of electricity due to the fact that the cost of their fuel supply is zero, leaving them with a very low marginal cost.

The use of such a floor and upper limit price arrangement provides a useful insurance to protect the consumer from any electricity price rises that would come from any potential spike in gas prices and also provides much needed investor certainty for capital intensive investment projects. However It is unclear what exact market price the Department is considering using as it's benchmark for such a premium, given that the new ISEM market arrangements will contain three separate markets for electricity including the day ahead market, the intraday market and the final balancing market price.

There is a real risk that as we move from the transparent and easy to use SEM market system to these more complex balancing market arrangements, we may lose the investor certainty that existed within the current system. We support the introduction of this balancing market as it recognises we are moving from a power system which was characterised by large base load plants meeting projected demand levels, to a new renewables dominated system, where the markets are centered around the need to connect variable power supplies with increasingly variable demand for electricity. We expect to evolve further so that the day ahead is eventually removed and the ability of variable power to set a last hour balancing market price is the key determination in allocating revenues and any support payments.

It will be important for the department to clarify which of the three market prices outlined above, the floating premium will be set against. They should also strive to reduce the uncertainty and cost for variable generators as they adjust their final position in the market compared to their day ahead bid. The new system will require generators to take a much more proactive role in managing this bid process and the Department should insure that such complexity does not disadvantage smaller market operators and that suitable support mechanisms are in place to allow them effectively interact with the market. Indeed, the state aid guidelines permit the smaller projects to have their supports paid against their actual revenue giving them an exemption from balance responsibility.

We do not support the alternative, fixed FIP, Quota or grant systems that have been identified. Renewable power is taking off across the world, because it is cheaper, cleaner, more efficient, ubiquitous and has less centralised ownership than the outdated and inefficient fossil fuel and nuclear power alternatives. We are moving from the initial development phase where new renewable power had to be subsidised to the mass deployment phase where the markets are designed to suit this better power supply and where it takes over the energy system.

We will however have to manage this process by setting out a clear timeline and process for the removal of existing fossil fuel plants from our future generating mix. The projected carbon price from the European Emissions Trading system will not provide a sufficient signal to insure this is done in an orderly manner. Government will have to start by adopting the recommendation of the Citizens Assembly and immediately removing any support for the burning of peat and biomass in large power stations. We must manage the closure of our peat and coal fired power stations in a

process that insures there is a just transition for every worker and local community that is involved. The Green Party will present a Just Transition Bill in the Oireachtas shortly to support such a process.

There is no sustainable scenario where we believe any new fossil fuel power plant could be commissioned on the island of Ireland. A recent study from Oxford University in the Applied Energy Journal shows that all new energy infrastructure from 2018 must be zero carbon to have any hope of keeping global temperatures below 2-1.5 degree celsius as agreed under the Paris Agreement. In the absence of the development of new carbon capture and storage systems, we would then expect to see the systematic shutdown of the existing gas fired power plants as they come to the end of their lifespan. We believe that the triple opportunity we have in developing our massive untapped renewable power supplies, sharing such power with our neighbours and balancing supplies with demands from our transport and heating systems offer us the perfect chance of meeting the energy trilemma that every country seeks to overcome. We can provide a secure, competitive and clean energy supply by going green and switching away from the imported, expensive and polluting fossil fuel alternative.

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?

We would agree with the introduction of such a cap and would again propose the staggering of auctions to allow for the review of results and consideration of whether such a cap was distorting or impeding the development of new developments.

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?

No, we believe that the auction process should be differentiated between different technologies to allow us meet a number of different public policy objectives.

Our first priority would be to support the development of community and rooftop solar projects via the introduction of a guaranteed price for the exporting of additional power supplies above the own use demands for such domestic, farming and businesses that invest in such generation. Such power supplies will have good balancing characteristics with our existing variable wind power. It will enable, support and encourage people to use land and space efficiently and brings benefits which may not be included in a bald economic analysis. Supporting highly-visible rooftop solar, though more expensive in the short term, will also serve a public service/education function of engaging schools, public buildings and businesses in the transition

We should also then introduce auctions for solar in the field, offshore wind and community owned onshore wind power supplies. We believe that the development of each of these power supplies

brings strategic benefits which can be delivered with greater certainty by a differentiated auction process.

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?

We believe that Grants and direct funding for prototype devices may be more appropriate for more experimental technologies such as wave, tidal or new wind devices.

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

We would agree with such an approach given the differentiated auction process we have proposed above and also the other measures to support community ownership which we have set out below.

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

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

The current proposed (2018-2025) RESS proposes to exclude citizens individually from the electricity market, even though the same citizens will be charged via their electricity bills for support for other larger electrical energy suppliers.

The Green Party would largely agree with the recommendation made by the Citizen's Assembly on November 5th 2017 which states: *"The State should enable, through legislation, the selling back into the grid of electricity from micro-generation by private citizens (for example energy from solar panels or wind turbines on people's homes or land) at a price which is at least equivalent to the wholesale price."*

We believe that the guaranteed price should only apply to exports of power once the domestic or business needs of the generator have been met. This should promote efficient use of energy in those homes and avoid the scandal that emerged in Northern Ireland where a renewable heat incentive scheme supported wasteful and expensive generation.

We believe that such a export price should be set closer to the retail rather than the wholesale rate. The risk that the development of such own generation power supplies might undermine the viability of the local distribution grid can be removed by the proactive roll out of policies to support the use

of electricity in new transport and heating applications so that the efficient use of that grid is maintained.

The concern that such support for microgeneration might disadvantage those householders or communities that cannot afford the upfront capital cost can be addressed through a variety of Government initiatives to support the financing of such rooftop solar systems in local authority housing, public buildings, and in new community co-operative initiatives.

Such community scale solar projects could be aimed to include low-earners and renters who would benefit the most from a reduction in their electricity bills. These cooperatives could be set up by communities and facilitated by their local authority. First access to the grid would be reserved for such projects under a local authority's Local Area Renewable Energy Strategy. Local people can then buy shares in the local cooperative - or be supported by the local credit union/post office to buy such shares. We favour the introduction of co-operatives along the line of the Ecopower model in Belgium where the co-operative acts as a innovative supply company as well as investing in new power generation.

Local authorities could also set up cooperatives to buy rooftop solar panels and sell that energy to the grid through a supply company (see the required legislation to facilitate such small to medium companies below). Local people, particularly renters, can buy shares in the scheme or be facilitated to do so by post office/credit union loans backed by the Government/local authority.

Grants for part of the upfront cost of a residential solar array for those on low incomes could also be established. We could also incentivise the construction of community or local authority solar facilities that act as "virtual" solar roof panels for those on low-incomes who cannot install directly on their own roofs by reserving programme funds for community projects that leave savings with families.

Other Required Support for Micro-generation - Retail/Aggregator Intermediaries:

The Department states that "*micro-generation could compete in the main RESS mechanism through intermediaries, such as retail companies or aggregators"*. Because of Ireland's unique single electricity market (SEM) generators on both sides of the border feed their electricity into a central pool, from which retail companies can purchase electricity to be sold to their customers. As a result, microgeneration facilitated through such entities can encourage competition for cheaper electricity prices.

As noted in the Citizen's Assembly presentation from Paul Kenny (TEA): "*In many European countries citizen cooperatives have energy supply companies (heat & electricity), where the goal is to reduce the cost of electricity to their members. We have many water supply cooperatives (group water supplies) that operate on exactly the same manner as these district heat companies."*

Supports required for intermediaries that can operate as group suppliers should include the following:

- **Easing Collateral Requirements:** If you are a supply company you need a collateral account in place. From business and set up costs perspective this collateral requirement is a

challenge. In order to remove the exposure suffered by small-medium supply companies in such instances the Green Party asks that local authorities or a semi-state similar to SEAI provide backing for part of the start-up costs of a collateral account.

- **Introduce legislation allowing for Medium-Size Licensed Energy Suppliers:** Current legal structures surrounding licensed energy suppliers do not facilitate the creation of small, innovative energy suppliers such as the Belgian company Eco-Power. A supplier-lite in Ireland can only have up to 200 customers – which is unviable. If you decide to grow over 200 customers you have to become a large utility, which means incurring significant start-up costs, billing system, IT collateral costs etc. of €20-40,000. This absence of a mid-way option is an anomaly that only exists in Ireland and is a major stumbling block for small communities that want to set up a supply companies.
    - Government must amend the regulatory requirements for community based medium-small suppliers – allowing for the creation of medium-sized energy supply cooperatives.
    - These smaller energy suppliers can buy energy from groups of individuals that will be issued with RE certificates with their RES payment, such as a group in a local authority housing project. This certified RE can be sold on to companies or homes that wish to be RE-powered, such as Microsoft data centres. This can create an income for that community. Local authorities, post offices and credit unions could facilitate loans and engagement.
- **Creation of online information platforms and application sites** where energy prosumers can track their energy use and buy from specific green micro-suppliers as in Sweden, Hungary, Italy and Portugal (where electricity injected into the grid is paid at 90% of an average Iberian spot price to cover integration costs). The Italian self-consumption scheme (Sistema Efficiente di Utenza) which allows the direct sale of electricity to the final residential or commercial consumer.

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).

We are uncertain of the effect this may have on increased costs. It may add to increased complicating factors when bidding.

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?

We would agree with the proposal as per comments above.

What changes if any would you make to this proposal?

Two years may be too short a time frame for periodic auctions when it comes to projects in a grouping. Negotiations need to take place between those in a grouping and the process may need to be lengthened to facilitate this.

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?

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

Long delays in developing support schemes (RESS and REFIT) the lack of policy coherence and stability are a serious issue for developers, financiers and communities. The last REFIT closed in 2015 and developers are now preparing for 5 years without support due to delays. Lack of stability and clear commitments severely impacts on the ability of renewable energy developers, and communities, to set up renewable energy projects. These delays must be tackled by targeting:

- Lack of resourcing at local authority level when it comes to Energy Officers and Planners
- Lack of resourcing within the DCCAE including internal policy experts.
- Conducting a review of grid procedures in comparison to other countries and examining discrepancies. However, such reviews should not contribute to further delays as have been experiences with grid connection modifications leading to projects missing support deadlines.

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. As Marie Donnelly, Former Director of Renewables, Research & Innovation and Energy Efficiency at DG Energy of the European Commission, stated in her presentation to the Citizens Assembly on Climate Change, it must be kept in mind by Government "that to achieve the Irish ambition of 80% reduction in GHG emissions by 2050 means *fully* decarbonising *both* the heating and electricity services by then (as well as half of transport)".

Eirgrid have set out in their 'Tomorrow Energy Scenarios' document published earlier this year how we could set ourselves on such a path. Their 'low carbon living' scenario sets out how we could by 2030 be producing just 27% of today's annual carbon dioxide production from the power generation sector, where renewables would account for 75% of energy demand.

This scenario is absolutely achievable given proper political leadership and direction. It involves deploying technology that is already tried and tested and at a scale that is easily delivered. It beggars belief that the Department is setting out their own low level of ambition which seems to disregard our commitments under the Paris Climate accord and the economic cost to this country should we miss out on the clean energy, digital and transport revolutions that are taking hold across the world.

The approach in the consultation document mirrors the reported approach that the Government has taken in the current negotiations around the new clean energy package in Brussels where we have proposed amendments to the new directives which delete the requirement for long term planning

and remove obligations on countries to be more progressive in the transition that needs to take place.

Q11. 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.

We agree that the two schemes should be kept separate but warn that the delay in introducing a suitable renewable heat incentive scheme has already done real damage to the fledgling industry here and would argue that the two schemes should be opened with no further delay. The Department needs to be careful about the cumulation of aid in this area, but also the cross-subsidisation of bids.

Community Energy Policy

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)?

Wind-farm developments onshore and offshore: 0.5MW

Solar and biomass: self-generation level

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?

The minimum share that should be offered to the community is 30%. This share should also be introduced on a legislative basis as part of the Planning and Development Act and accompanying Regulations. This will encourage public trust in the scheme as it is introduced as mandatory as part of planning permission.

The maximum that one individual should be able to purchase is €10,000.

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.

The initial offer should be made to community person within 5km of a project. Further details are outlined in our answer to Q12e below.

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

Additional financial supports may be necessary, as described below in our answer to Q12e.

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

The Green Party agree with the recommendations made by the Citizen's Assembly on November 5th 2017 which state that: "The State should act to ensure the greatest possible levels of community ownership in all future renewable energy projects by encouraging communities to develop their own projects and by requiring that developer-led projects make share offers to communities to encourage greater local involvement and ownership."

The Green Party believe that "community dividend" in the Wind Energy Development Guidelines should be specified as the implementation of a mandatory Danish-style 'option to purchase' scheme which places an obligation on developers to offer investment shares in up to 30% of a renewable energy development's equity share, to the local community within a predetermined radius. Research has shown that this is the most acceptable format for such a "community dividend".

The Green Party's *Community Energy (Co-Ownership) Bill 2017* amends the *Planning and Development Act 2000* to give a local community the option to purchase approximately 30% of project equity.

This requirement would be applicable to renewable energy development above thresholds, which would be determined by the Minister for Housing, Planning and Local Government.

There is international evidence to show that such a community dividend scheme, does not place an excessive burden on RE developers as they will gain local investors and extra funding for their RE projects.

We recommend that the Planning and Development Regulations be amended with the following section inserted after Regulation 22A:

> "**Additional Information in relation to a provision of Co-ownership in Renewable Energy for Local Communities to be submitted with application**
>
> *22B. (1) In the case of an application for permission for the development of renewable energy [Class x], a planning authority may require the applicant to submit the following in order to comply with a condition under section 48A requiring the reservation or allocation of a 30% financial share in the project equity of a development for the local community, any remainder of the 30% will be taken up by the local authority in trust for the local community by way of a cooperative, in the proposed development:*
>
> *i. Windfarm developments over 0.5 megawatts**
> *ii. Solar developments above (self-generation level)**
> *iii. Offshore wind**

[specific detailed information that would be required to evaluate compliance with amended guidelines and such plans and such other particulars as are necessary to identify the nature of the community benefit proposed]*

Envisaged S.28 Guidelines - Community Investment Model

We recommend that, under Section 28, the Minister should amend the current Wind Energy Development Guidelines and create new Ministerial Guidance in relation to Renewable Energy (Community Co-Ownership) with input from stakeholders to create the following community investment model to accompany the mandatory offer of shares within the Community Energy (Co-ownership) Bill 2017 for local people to allow them to invest in local projects:

- The Guidelines will focus on benefiting people in close proximity to renewable energy developments, with an option to roll-out to a wider radius if uptake is poor. There will be specification of the exact range required.
- The Guidelines will outline how developers can give the community the option to purchase approximately 30% of project equity.
- The share in project equity will be managed and distributed through a model of a community co-operative as a co-investor in the main project. This co-operative works as follows:
    - The shares accepted by members of the local community will be sold back to the co-op;
    - Members of the co-operative will not be able to sell within the initial years of the project in order to ensure community interest is protected and not bought out.
    - The co-operative will be open to new local entrants;
    - The co-operative will operate alongside a post office/ credit union scheme for local persons of limited means so they can buy shares (dividend repays loan, before share passes on to the co-op member).
    - Potential of tax break on investment or income for local shareholders, or a preferential electricity supply arrangement.

The following mechanism by which the model would be achieved would be outlined in Renewable Energy (Community Co-Ownership) Guidelines to be drafted by the Minister under section 28 with input from stakeholders:

- The applicant/developers issues an initial local community investment prospectus to the local community at pre-planning and consultation stage, following the public participation and information principles of the Aarhus Convention.
- A final investment prospectus with 25%-35% of the project will be offered.
- The investment will be held in trust until “financial close” of the development in order to protect local investments from bankruptcy or other failure – the money can’t be withdrawn or utilised until safeguards in place.
- Initial offering to a limited area (to be decided with the input of stakeholders)
- If greater subscribers than required, then all treated equally.
- Maximum value per individual (€10k estimated – with support from above mentioned credit union/post-office loan-dividend repayment scheme)
- If equity not raised, then boundary increases

- Small incremental value of shares (e.g. €250 – again, with support from above mentioned credit union/post-office loan-dividend repayment scheme).
- Third boundary increase to municipal district where very large farms in depopulated areas.
- Any remainder of the 30% will be taken up by the local authority in trust for the local community.

In terms of the eligible area, the proposed model would apply to the stages below:

- Initially open to the electoral division (ED) where the RE infrastructure is located, or any within 2km of any turbine/solar array, alternatively consideration could be give to the use of GIS models to identity qualifying households within pre-determined radius of the development
- If investment not reached, then expanded to any DED touching the original DED's.
- Third level to whole municipal district.

The core supports required to effectively implement this proposal are set out below;

- The identification and set-up of a 'Trusted Intermediary' to apply on national basis. There will be a need to establish a Trusted Intermediary in order to ensure appropriate governance on a national basis. Please see our contribution on this matter below.
- The preparation and publication of draft Section 28 Ministerial Guidance;
- Effective public and stakeholder consultation, including within the process of Environmental Impact Assessment screening and regulatory impact analysis if necessary;
- Legislative supports (if it is considered necessary to place community ownership on a statutory footing); and
- Consideration of economic, infrastructural and financial supports to incentivise the development of RE in Ireland.

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

Yes. Smaller projects should also be made exempt from the Department's requirement to be 'balance responsible'.

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

0.5MW for wind, self-supply for solar.

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

As well as grants and soft loans for development and construction, we would recommend legislative changes and loan guarantees support for retail/aggregator intermediaries that are based around

microgeneration. Please also see our answer to Question 6 above. The Scottish Community And Renewable Energy Scheme (CARES) model is one very good example.

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.

The most pressing issue for community energy is lack of access to the grid. The energy regulator should provide a supportive environment for renewable energy community projects or cooperatives to supply renewable energy directly into the grid and gain the market rate offered to utilities.

Long delays are also an issue. In Germany, connection to the grid must be secured within a two year period. If a supplier does not achieve connection within the two year deadline, they are entitled to compensation for loss of earnings. In some countries, connection is secured within a number of days. In Ireland, it can be several years before grid connection is achieved some have been waiting from 2004 to 2014 for a connection.

- **Priority in case of failed Planning Permissions:** The current unfortunate situation is that many grid connections, for both wind and solar, have already been contracted – locking community energy out of the picture. However there are many private developments that may have received a grid connection, but no planning permission. Access to the grid in these cases should be reserved for community projects.
- **Community Energy Should be Exempt from Grouping:** Community energy should be made exempt from grid groupings due to the great difficulties, costs and negotiation procedures that comes with a grouping. This exemption will also ensure community energy in practice receives first access to the grid. There will be no need to introduce a auction for grid access as well as an auction for RESS.
- **A Reasonable Grid Connection Cost:** In one case a community project was charged €2.9ml for a 4MW solar park. In other countries the cost is €50-40,000.
- **An 18-Month Moratorium Period:** At the beginning of each round of new grid connections, community-led projects at 10-50MW should be granted first access to the local for a 18 month period. This wouldn't cause a substantial delay for big developers as it fits within the time-scales of large developments and grid grouping negotiations.
- **Auction Process:** Priority access to the grid would be reserved for such projects under a local authority's Local Area Renewable Energy Strategy. The State should ensure that community renewable energy co-operatives can access the grid in the RESS auction process that would give extra points to a project depending on how community based it is.
- **Planning Permission comes before Grid Access:** The first step in a development process should be the receipt of planning permission before grid access is granted. Fair and accessible grid access should provided through a planning system that prioritises indigenous energy developments which demonstrate a community or public benefit.

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

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

The Green Party welcome the recommendation for the establishment of intermediary bodies and trusted advisors for the provision of advice, administration and support. However, this should not serve as an excuse for Government to reduce investment in Energy Officers at local authority level who serve a complementary role and whose numbers should be increased and better resourced to achieve Covenant of Mayors targets.

As stated by Paul Kenny (TEA) in his presentation to the Citizen's Assembly: "In Tipperary, Energy cooperatives are supplying energy, retrofitting homes and planning renewable energy infrastructure. They are driven by supporting local jobs, reduction in energy poverty and rural development. One clear catalyst in Tipperary is the support of the Local Development Companies, Local Authority and the local energy agency. This triple-line support is rare in Ireland with only a handful of local energy agencies (originally 16) surviving the economic downturn of the last 10 years."

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

Government needs to encourage also, the roll out of an integrated, consistent inclusion of community energy as part of all renewables development as in other EU states. Marie Donnelly, outlined the following best practice examples from other EU countries in her presentation to the Citizens Assembly on Climate Change:

- A regular and consistent roll out of renewables has operated - Germany (39% renewables in electricity);
- citizen and community participation has been the hallmark - Denmark (31% renewables)
- municipalities have coordinated renewable heating and electricity locally in Austria (34% renewables);
- a 'one stop shop' in Finland coordinates all procedures ensuring consistency and timely administrative processes (35% renewables);
- empowerment of citizens to be prosumers is central to policy in Portugal (28% renewables).

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

We support a suite of measures to support community energy. A flat €2/MWh (2017) community benefit payment paid by all RES-e to the local area is welcome. This obligation, however, should cease with the ending of RESS or REFIT supports. This will ensure that fossil fuel developments do not have a commercial advantage over RE. In this context commercial rates for RE should also be fixed, especially for wind to ensure consistency when applying for finance and other supports. This is also a good system for including people from poorer communities who could not have the time, understanding or resources to invest in a project.

For that reason, the RESS process should in the main prioritise developments with a community benefit over those that do not in a technology-neutral competitive auction process for RESS.

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-led projects do not happen in a vacuum. The state cannot be agnostic on these definitions. There is clear evidence that community-led projects have the capacity to provide a deeper social multiplier to the wider society. The state needs to commit to community-led being part of IReland's energy solution, not just soft-touch engagement, and consultation. This commitment needs to take to form of a supported and appropriately resourced developmental environment. It is a space that has many points of overlap with strategies of social entrepreneurship and community development. Our cooperative legislation urgently needs to be updated, to allow such democratic, special purpose vehicles to fulfil the type of role that they have done in Denmark or Germany. This includes introducing legislation to allow for asset locks. These prevent management capture and buyout. SEAI's SEC programme needs to become an properly resourced Community Energy Support Unit, offering a broader suite of in-house support skills .

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

Green bonds are useful and could help get projects get developed but are very far from the real returns possible.

- In a RE project part-owned by the community the post 10 year period, and subsequent re-powering of a project will be potential to make significant returns on equity. This wouldn't be the case with a green bond.
- The lack of local "ownership" where the project is actually owned would be missed, and the "I own (part of) those turbines" effect would also be missed.
- Real equity investment also allow for larger returns for the community in the long term.
- Options could be developed to allow state investment funds to take real equity stakes in a project - funded by urban communities in rural or offshore wind farms) and return to individuals based on the number of years x Euro invested etc. More options should also be developed to make it easy for workplaces to invest their pension funds in a particular wind farm. The knock-on benefit of this is that pension fund investment in property often inflates rents and house prices, causing damage to society, but pension investment in RE can benefit the economy, the planet and help the state avoid significant fines.