SOLID FUEL TRADE GROUP
Warming Ireland's Homes

Solid Fuel Trade Group Response to Questions in Consultation on the Development of a new Solid Fuel Regulation for Ireland
March 2021

The Solid Fuel Trade Group (SFTG) represents a number of leading suppliers to the residential solid fuel market in Ireland. In addition to responding to the specific questions raised in the Consultation document SFTG have made a detailed submission.

1. **Are you in favour of a national regulation on solid fuels, and if so, why?**

Yes. There is already a very comprehensive set of regulations on solid fuels. They need to be enforced.

- Air Pollution Act, 1987 (Marketing, Sale and Distribution of Fuels) Regulations, 1990 (S.I. No. 123 of 1990).
- Air Pollution Act, 1987 (Marketing, Sale and Distribution of Fuels) Regulations, 1998.
- Air Pollution Act (Marketing, Sale, Distribution and Burning of Specified Fuels) Regulations 2012.
- Air Pollution Act (Marketing, Sale and Distribution of Specified Fuel Regulations 2020)
- SWiFT 7 assessments - designed to safeguard and enhance air quality and the environment. The standard supports the requirements set out in under the Air Pollution Act 1987 (as amended by S.I. 326 of 2012 Air Pollution Act (Marketing, sale, Distribution and Burning of Specified Fuel) Regulations 2012).

2. **What solid fuels should be subject to regulation and why?**

Any change to existing regulations should include regulation on the sale and marketing of all solid fuels residential heating purposes including unseasoned wood and sod turf.

3. **What standards or specifications should/could be applied to each type of solid fuel?**

Enforcement of existing regulations and the introduction of moisture limits on commercially traded wood and turf.

4. **What do you believe are the most appropriate, implementable and enforceable regulatory approaches for each type of solid fuel?**

Manufactured ovoids – the Air Pollution Act (Marketing, Sale, Distribution and Burning of Specified Fuels) Regulations 2012 (as amended) established a maximum sulphur level of 2% by weight on a dry ash-free basis for all solid fuels burned for domestic heating purposes in the

Republic of Ireland, including manufactured ovoids. This level applies throughout the Republic of Ireland. There is no legal market in the Republic of Ireland for solid fuel with a sulphur content in excess of 2% for domestic heating purposes.

A similar sulphur limit of 2% applies across Northern Ireland under the Sulphur Content of Solid Fuel Regulations (Northern Ireland) 1998 and is soon expected to apply to England.

Manufacturers of these products in both Ireland and the UK should be directly engaged with to remind them of the above to ensure that illegal products are not delivered to customers on the island.

Bituminous coal – existing regulations have had the effect of reducing the amount of bituminous coal used for domestic heating purposes by more than 90% and as such are adequate.

Wood and Turf products – moisture limits of less than 30% should be imposed on the sale and marketing of wood and turf products by September 2021.

5. **How can a transition to less polluting fuels and more efficient heating systems be supported? (Building upon the measures already set out in the Climate Action Plan)**

Investment in residential retrofit must be targeted at those households most in need.

Specific financial support for the upgrade of stoves for households.

6. **What do you think is an appropriate timeframe for the implementation of a national regulation of solid fuel?**

As stated in Q1 above there is already a comprehensive set of regulations. Enforcement is required. Any change to existing regulations should include regulation on the sale and marketing of unseasoned wood and sod turf.

7. **What timeframe should be applied to the inclusion of new solid fuels into legislation to allow for the necessary transition, including the phase out of existing stocks?**

The timeframe to address new solid fuels (unseasoned wood and sod turf) should be brought in without delay.

8. **Should suppliers and retailers be given a transition period to use up existing stocks of solid fuels not meeting emission standards and, if so, how long?**

Yes. Should there be any changes to the existing emission standards then the question of a satisfactory transition period will need to be agreed at that point.

9. Are there particular challenges in terms of the enforcement of regulations applying to solid fuel burning, and how might these be best addressed?

The imposition of carbon tax and VAT on solid fuels sold in the Republic of Ireland presents a particular challenge.

Solid fuel tax treatment now varies substantially between the United Kingdom and the ROI market. In the United Kingdom there is no carbon tax, as residential solid fuel was specifically excluded from the chancellors Finance Act in 2000. In Ireland the impact of Carbon Tax is an increase of €3.53 on a 40kg bag of coal and €0.77 on a bale of peat briquettes (from May 21). A further difference occurs with VAT which is levied at 13.5% on solid fuel in ROI, and at 5% in the United Kingdom.

With such a significant difference in tax treatment of solid fuel between the UK and Ireland, there is increasing evidence of operators based in the market, supplying solid fuel that does not comply with the operable tax code.

European Union Single Market constraints preclude the use of any cross-border movement controls in the administration of Solid Fuel Carbon Tax. Therefore, Revenue has no authority to stop vehicles and physically inspect loads of such fuel. Similarly, the transport or possession of solid fuels that originated in Northern Ireland are not, in themselves, Revenue offences and Revenue's officers have no authority to challenge such transportation or possession. It is important to note that liability to Solid Fuel Carbon Tax does not arise on the physical presence of the goods in the State, but on first supply in the State by the supplier who is obliged to register with Revenue, make a return and pay the tax. This return must be made one month after the two-month accounting period provided for in law.

The collection of solid fuel carbon tax is heavily reliant on the regulatory regime covering the marketing, sale, distribution and burning of solid fuels in the State. This regulatory regime is operated by the Department of Environment, Climate and Communications, and is enforced by local authorities.

However given the scale and growth in illicit trade it is clear that there is continued and widespread ignorance and / or deliberate evasion of the rules. Irish consumers order solid fuel online from NI based businesses and courier companies deliver the fuel without charging carbon tax. Some Irish based businesses sell solid fuel to NI based businesses, do not charge carbon tax, the product is collected but never leaves the jurisdiction. SFTG cannot find any evidence of prosecutions in this area and as such rogue operators continue to profit from the price gap created by carbon tax in Ireland.

It is clear, given the amount of non-compliant fuel that reaches households in Ireland that increased resources are required to augment the current activities of the Revenue Commissioners, and the Local Authorities, to ensure that the solid fuel market is uniformly regulated for all suppliers. A dysfunctional market is of no benefit to legitimate suppliers, Government, or the environment.

The issue of untaxed solid fuel is a serious threat to the industry. The Sale of Illicit Goods Bill proposed an approach to tackling the illicit trade in tobacco, alcohol and fuel products. However this Bill did not receive the necessary support. The issue is raised time and again by public and industry representatives but as yet an effective mechanism to curtail this activity

has yet to be found. With rising carbon taxes and higher VAT in Ireland and no equivalent taxes and lower VAT in N Ireland this problem is likely to get worse. Every effort must be made to bring a workable solution to this problem.

Consumers have obviously become very aware of the increasing cost of compliant fuels and have acted as predicted by the economists – they have looked for cheaper alternatives. In many areas sod turf has been the beneficiary with turf now being delivered to households in towns and cities across the country. Theoretically, sod turf is liable to carbon tax but there is no practical way to collect it and Revenue will confirm carbon tax receipted is negligible. It is difficult to get accurate figures for sod turf production and usage but SEAI estimates that the market for sod turf is almost twice as big as the market for peat briquettes and 25% bigger than the market for bituminous coal.

Used in a stove , sod turf emits about 750 grammes of CO2 per kW of emitted heat (depending on moisture content) compared to 405 grammes of CO2 for a smokeless fuel in the same appliance. Therefore, the switch back to turf is driving up both CO2 and smoke emissions. Existing users should be entitled to cut and use turf for themselves but a policy that drives more people to use turf and increase overall emissions from the sector is counterproductive and needs to be changed. Increased emissions from sod turf usage more than offset any reduction in emissions from coal use since the introduction of carbon tax.

Another beneficiary of current taxation and regulation strategy is wood. Wood usage is increasing rapidly driven by:

- Cost – cheap unseasoned (wet) wood is sold throughout the country with little or no controls.
- Renewable - as unseasoned wood is a renewable fuel, it certainly saves on CO2 emissions but as mentioned above and in Appendix 4 it's emission profile is higher than coal.

From this, it is absolutely clear that a policy that reduces current legitimate and smokeless fuels usage (by making them unaffordable) and drives up usage of turf and unseasoned wood, is going to lead to further deterioration in air quality.

Another effect of carbon tax and poor enforcement of existing product standards has been to create a growing market for environmentally inferior high sulphur ovoids. Sulphur limits in Ireland are 0.7% for bituminous coal and 2.0% for manufactured ovoids. Both SFTG and a number of Local Authorities have evidence of widespread availability of low cost, non-compliant ovoids with sulphur limits as high as 5.0%.

As they are cheap to manufacture, they undercut legitimate low sulphur products and are attractive to consumers regardless of the long term damage to appliances and the environment. A lack of enforcement by local authorities – mainly due to lack of resources - has allowed this market to grow and encouraged new players to get involved many avoiding paying carbon tax and VAT altogether. Control is challenging as there is no way to visually differentiate hi sulphur ovoids from low sulphur ones and, at present, all product testing for legal purposes, has to be done in the UK.

10. Do you have any further proposals to reduce air pollution from residential heating?

Enforcement of existing regulations and support for the Ecodesign Directive when it is introduced in Jan 2022. Many stove manufacturers have already upgraded their appliances to this standard.

Government Policy should aim to incentivise the upgrading of appliances. Stoves can increase the efficiency of fuel use by a factor of three. SEAI produce figures which demonstrate that the efficiency of an open fire averages 25%, whilst the efficiency of stoves averages 65% and can reach 80%, with high efficiency stoves. Solid fuel stoves require a minimum 75% efficiency to meet the requirements of Ecodesign.

The Stove Industry Alliance (SIA) states that independent tests confirm Ecodesign appliances produce 90% less particulate emissions than an open fire and 80% less than a stove that is 10 or more years old. In order to meet Ecodesign, manufacturers must provide evidence, through independent testing, that their stove achieves lower emission across four tests. These four tests assess levels of particulate matter (PM), organic gaseous compounds (OGC), carbon monoxide (CO) and nitrogen oxides (NOx).

There is currently no incentive to upgrade solid fuel appliances, and the benefits of a scheme would be manifold, and include:

1. Benefit to Air Quality, through reduced fuel consumption, and increased efficiency of burning leading to reduced PM2.5, and PAH emissions
2. Reduced CO2 emissions due to greater useable heat output from reduced fuel use.
3. Reduction in Fuel Poverty, as increased fuel use efficiency, reduces the household expenditure required to heat the home

11. What performance standards, certification methods or quality schemes should/could be used to reduce air pollution caused by burning solid fuels?

As noted previously there are existing standards for a range of solid fuels which should be enforced. These regulations should now be extended to include wood and sod turf.

12. Would broadening the application of the 10 gram smoke per hour to all solid fuels be appropriate?

No.

13. Are there any additional or different emission standards which could be applied to the broader range of fuels?

Moisture limits of less than 30% should be imposed on the sale and marketing of wood and turf products by September 2021.

14. Is it appropriate to use moisture content as a standard for the application of regulations to wood and, if so, at what limit should the moisture content be set?

Yes. Moisture limits of less than 30% should be imposed on the sale and marketing of wood and turf products by September 2021.

15. What limit should be set as a cut-off point for the sale of wet wood?

1. • Bags/nets only;
2. • Up to $2m^3$;
3. • All wet wood;
4. • Other- please provide reasons or evidence to support your answer.

The sale and marketing of wood with more than 30% should not be allowed under any circumstances.