

Submission on the Consultation on the Introduction of a Renewable Heat Obligation 2021
On behalf of Boston Scientific Galway, Facilities Department

“The Renewable Heat Obligation would place an obligation on the suppliers of fuel that is to be used for heating to ensure a certain proportion of that fuel is renewable.

The obligation will cover suppliers of all fuels supplied in the heat sector (including oil, liquid petroleum gas (LPG), natural gas, coal and peat).”

Q1: Do you think that a Renewable Heat Obligation is an appropriate measure to introduce?

- *Yes, we think it is an appropriate measure to introduce in order to decarbonise heating.*

Q2: If not, what alternative measures would you consider appropriate to increase the use of renewable energy in the heat sector?

- *Alternatives could include planning or legal measure on domestic and business community.*
- *Grants and other incentives could be put in place to encourage the use of heat recovery systems for waste heat from industry for reuse in other processes or for district heating.*
- *Additional taxation specifically targeting non-renewable source fuels with exemptions for renewable fuels.*

Q3: Do you agree that the obligation should apply to all non-renewable fossil fuels used for heating as set out above?

- *Yes. Obligations scheme does not consider cost to transfer to renewable fuels. Many users may not be able to afford to transfer to renewable fuels.*

Q4: It is intended that electricity used for heating purposes and renewable/waste district heating systems would be exempt from this obligation, do you agree with this approach?

- *Yes. In particular if buying from a 100% renewable electricity from supplier.*

Q5: Do you agree that the portion of fossil fuel input used in CHP plants to generate heat would be considered to be part of the obligation?

- *Yes. While CHP is an efficient use of fossil fuels, carbon is still generated. Should be considered part of the obligation.*
- *Incentives and grants to make necessary changes to CHP plants to run on renewable fuel or green hydrogen gas should be considered.*

Q6: Are energy suppliers the most appropriate bodies to become the obligated parties in the heat sector?

- *Yes. As the suppliers are in the best position to act on the obligation by transitioning away from fossil fuels to renewable sources.*

Q7: Is the 400 GWh of energy supplied an appropriate level for a supplier to become obligated?

- *More information needed. Assuming 400 GWh is a representative example for heat energy supplier, then yes.*
- *Most suppliers should be obligated, and protections should be put in place in order to stop larger suppliers from subdividing their business in order to become exempt from obligations.*

Q8: Do you agree with the 2023 start date for the obligation?

- *Yes. Obligation should begin as soon as possible in order to help meet renewable heating targets for 2030 and beyond.*

Q9: In terms of the obligation rate, do you agree with the proposed initial level of obligation of 0.5%?

- *Yes, to begin with. However, the rate should be increased overtime.*

Q10: In terms of ambition for a 2030 target, what level of ambition do you think is appropriate? 3% minimum, 5% medium ambition, 10% higher ambition or other?

- *10% and higher. Higher ambition is needed in order to drive change to meet 2030 targets on decarbonisation.*

Q11: Do you agree with the first obligation period being multiple years 2023-2025 to give the industry time to develop supply lines?

- *Yes. An initial grace period is appropriate in order to give suppliers time to adjust their supply chains.*

Q12: Once the first period 2023-2025 expires, do you agree with the obligation then becoming an annual obligation?

- *Yes.*

Q13: Do you agree with suppliers being able to trade credits in order to meet their obligation?

- *Yes.*
- *Potential for a reduced rate of penalty when using credits to meet obligations.*

Q14: Do you agree with allowing 10% carry over of renewable credits to be used in the following year's obligation?

- *Yes. Provided the surplus is not previously traded as a credit.*

Q15: What are the sustainable energy sources likely to meet the Renewable Heat Obligation at an obligation rate of (i) 3%, (ii) 5%, (iii) 10% by 2030?

- *Carbon Neutral Synthetic fuels, Biofuels, Green Hydrogen and Renewable Electricity will all be needed in order to meet targets for 2030 and beyond.*

Q16: Will there be enough sustainable indigenous supply to meet this demand?

- *It is unlikely that there will be enough indigenous renewable fuel sources to meet demand.*

Q17: Do you agree that for renewable fuel delivered directly to a consumer that this will be the point of supply?

- *Yes.*

“Where renewable energy is supplied indirectly to a consumer (e.g. injected into the natural gas grid), there are two options as to how this could be treated. These are as follows:

- Option A: Renewable energy is traced to the end consumer. For renewable gas, this would work similar to other fuels with individual customers being supplied the gas (verified by a certification system). This would allow consumers who value the ‘greenness’ more to pay slightly more and thus reduce the cost for other consumers. However, it could lead to some gas consumers funding the obligation but being credited with no ‘greenness’.
- Option B: Renewable energy is equally proportioned to all of the supplier’s consumers. For a supplier of natural gas, the same proportion of renewable gas would be deemed to be supplied to its consumers in the heat sector.”

Q18: Which option do you think should be applied for renewable energy that is indirectly supplied (e.g. via the natural gas grid)?

- *Option B.*

Q19: Do you think the costs set out above are reflective of likely costs?

- *Yes.*

Q20: Are these costs reasonable to impose on consumers?

- *Ideally more of the burden should be taken by suppliers in transition to renewable fuels. Inevitable that costs will be passed on to consumers.*

Q21: Do you agree with the intended position in relation to penalties for non-compliance?

- *Yes. Penalties should be higher than cost of purchase.*

Q22: Do you think the proposed obligation poses a significant risk to increased energy poverty?

- *Yes. Obligation will inevitably increase costs that will be passed onto consumers increasing bills.*

Q23: How best could the impacts on energy poverty be minimised?

- *Tax breaks, allowances and grants for those at risk.*
- *Grants for conversion to efficient sources of heating such as heat pumps and insulation.*
- *Allowance for fuels.*

Q24: Do you agree with the outlined approach for additional support for green hydrogen?

- *Yes. This and other incentives to increase green hydrogen production should be encouraged.*

Q25: Do you think that offering multiple credits for green hydrogen in the heat sector might have unintended consequences for supply in other sectors such as transport?

- *Yes. Green hydrogen is currently in limited supply, therefore offering incentive for its use in one sector such as renewable heating and not others such as transport and electricity storage may cause an imbalance, with the heating sector hoarding the supply at the expense of others.*