

Renewable Heat Obligation,
Business Energy & Gas Policy Team,
Department of the Environment, Climate and Communications,
29-31 Adelaide Road,
Dublin,
D02 X285

Submitted by email to: RenewableHeat@decc.gov.ie
Submitted on: 29th October 2021

Re: Fingleton White's Response to the consultation on the Introduction of a Renewable Heat Obligation

Fingleton White welcomes the opportunity to comment on this public consultation.

Fingleton White provides multidiscipline engineering services for the energy industry throughout Ireland and the UK. It operates across multiple sectors including gas, bioenergy, hydro, solar, CHP, industrial heat, oil and water industry.

1. Do you think that a Renewable Heat Obligation is an appropriate measure to introduce?

Yes.

It is important that it supports the development of a local renewable heating fuel supply industry

Funding the RHO based on consumption, seems equitable and appropriate. The support for renewable electricity via the PSO should consider this approach.

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

No response

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

We agree, however the exemption of waste heat and renewable heat in district heating schemes, and the proposed treatment of CHP, which uses waste heat from electricity generation appears to be inconsistent and may unfairly disadvantage CHP plants, with the potential to have the unexpected consequence of shutting down low carbon CHP generators, increasing overall emissions.

4. 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 we agree that renewable/waste district heating systems should be exempt from this obligation, this must include the waste heat from electricity generation in a CHP plant used to provide heat.

5. 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?

The fuel that is used for electricity generation, should not be part of the obligation and the waste heat utilised from this process should also be exempt from this obligation.

A method to quantify this fuel already exists through the CRU High Efficiency CHP (HE CHP) certification process. This fuel should not be included in the obligation. Any additional fuel used in the CHP plant to generate heat, such as supplementary firing, should be part of the obligation.

6. Are energy suppliers the most appropriate bodies to become the obligated parties in the heat sector?

No Response.

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

Yes, provided the selling on of fuels to sub suppliers is captured. Home heating oil suppliers tend to be small and dispersed, however, and most would fall below this threshold, but this should not exempt home heating oil distributors.

8. Do you agree with the 2023 start date for the obligation?

While it will be difficult to get new sources of renewable heat online by 2023, given the scale of the need for renewable heat to mitigate climate change, this date cannot be pushed back and it is imperative to implement the RHO as soon as possible. Clarity for renewable heat developers with a decision on this consultation and follow through in a short period of time is required to meet the 2023 introduction.

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

Yes.

10. 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
Other?

3%. There is a very significant mobilisation required to meet this target and higher targets would be unrealistic without very substantial technological breakthroughs.

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

Yes. This will be necessary to enable renewable heat sources to develop.

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

Yes.

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

Yes.

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

Yes.

15. 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?

The most likely renewable heat source to meet the 3% target is biomethane injected into the gas grid. This could also be used to decarbonise transport through use of CNG vehicles using biomethane.

Beyond 3% the feedstocks to produce biomethane would need further development. Hydrogen is a potential solution.

16. Will there be enough sustainable indigenous supply to meet this demand?

No response.

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

If the renewable fuel is supplied directly to the consumer by a sub threshold supplier, it would be appropriate to facilitate the sale of this renewable heat certificate to an obligated supplier.

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

Option A would allow consumers to decide to pay a premium for renewable heat and could reduce costs over all for others. This would be preferential.

19. Do you think the costs set out above are reflective of likely costs?

For many households the heat demand is much higher than 11,000 kWh. Particularly older houses built before the tighter building regulations were introduced and dependent on occupancy of those homes. While the % increase has been shown for businesses would seem correct, it is more appropriate for households to look at percentage increases as well, rather than a total € figure increase.

20. Are these costs reasonable to impose on consumers?

No response.

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

Yes. The graph based on 11,000 kWh maybe misleading for general consumers that don't understand the unit. It would be more appropriate to discuss percentages of heating bills.

22. Do you think the proposed obligation poses a significant risk to increased energy poverty?

Increasing costs for consumers will risk increased energy poverty.

23. How best could the impacts on energy poverty be minimised?

Improving housing stock to reduce energy consumption is key to reducing this risk. Cooperation and planning for the introduction with the department of social protection is also required to minimise this.

24. Do you agree with the outlined approach for additional support for green hydrogen?

Green Hydrogen production will need support and the outlined proposal appears to be a straightforward approach.

25. 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?

No response.

It is important that early movers, those that have already developed renewable heat solutions and are currently in operation, are not disadvantaged by the introduction of a new scheme. If the RHO scheme introduced has the effect of pushing up biomass prices generally, biomass plant operators will be penalised, if they cannot sell the RHO certificates associated with their existing plant. This needs to be considered in the rules for this support scheme. The support scheme should not encourage the building of new plants, at the expense of closing existing plants.

Another area for consideration is the value of existing waste streams. If a waste stream at present is a cost and this waste stream turns into a revenue stream because of the RHO, this represents an increase in the price to be paid by consumers for renewable heat and a windfall for the holder of the waste stream. This should be minimised.

We trust that the Department will take the above responses into consideration when introducing a renewable heat obligation scheme and we would welcome the opportunity to discuss the benefits of low carbon gas fired CHP with you at your convenience.

Best Regards,



Kevin Fortune