

Submission to the Consultation on the Introduction of a Renewable Heat Obligation

GRANT

Grant is one of Irelands oldest and largest manufacturer of residential heating appliances. We manufacture and supply into the Irish residential market through every Builders Merchant products such as Air to Water Heat Pumps, Liquid fuel Boilers, Pellet boilers, Solar Thermal Panels, Direct Hot water Cylinders, Underfloor Heating, Radiators, Heating controls and other ancillary products.

Grant employs up to 360 people at it manufacturing plant in Birr Co. Offaly, 80 people at its UK subsidiary, 5 people in its French subsidiary. It also exports to Denmark, Greece, Cyprus, Finland and New Zealand. Grant has extensive knowledge of the residential heating market and regulations within these export markets.

It is an absolute necessity that Ireland introduces a Renewable Heat Obligation to decarbonise Residential Heat in Ireland. However, it must be affordable to householders and result in minimal disruption and cost to the householder and should be done in the manner of a just transition.

Introduction

Over 680,000 homes in Ireland use liquid fuel to heat their homes, dependency in counties vary with in some counties over 60% of homes are dependent on liquid fuel. Most of the houses are in rural areas and in hard to heat homes.

Liquid fuel has several advantages:

In hard to heat homes where the homeowner cannot afford or is not able due to inconvenience of a deep retrofit, liquid Fuel will provide ample heat at an affordable cost to the homeowner.

Liquid fuel has a very high energy density, all appliances supplied into the Irish market are condensing boilers resulting in 92% plus efficiency. Upgrading from a non-condensing boiler to a condensing boiler will result in improved efficiency of up to 20%

Liquid Fuel is extremely convenient for homeowners as generations have had a reliable appliance with proven technology, a nationwide distribution network of both suppliers of fuel but also the security of local service engineers and installers.

Grant would always advocate a fabric first approach to any household renovation. As this has the immediate effect of reducing home heating bills immediately for the house holder regardless of fuel source. However, when it requires deep renovation the cost of renovation accelerates as does the

disruption to householder also accelerates, up to the point of the homeowner being required to move out to allow wet trades into the house such as plasterers, plumbers, painters, block layers etc.

Where we see some of the 680,000 homes currently heated by liquid fuel suitable for other heating appliance technology such as heat pumps and wood pellet the cost to benefit to a homeowner needs to be scrutinised as opposed to introducing a Biofuel Obligation Scheme for residential heating.

The benefits to the householder and the reduction of emissions are immense and remarkably easily achieved. The cost of upgrading an existing liquid fuel boiler to use HVO biofuel is circa €200 for a relatively new boiler (all current boilers manufactured by Grant are up to 100% HVO biofuel compatible) to circa €500 for older boilers.

This would allow the homeowner to continue a fabric first upgrade in an affordable and convenient manner. Each fabric first measure will reduce the heat load in the house and thus cutting existing bills. With the benefit of a biofuel blend will further reduce emissions. Bearing in mind the unprecedented inflation in building materials and the scarcity of Building Trades and the Governments objective of delivering so many new build homes to satisfy those that are homeless, unable to afford housing and first-time buyers.

The use of a Biofuel obligation as an instrument has been proven with great success with the Biofuel Obligation on Transport.

The same will apply to the Fossil Gas market of residential heating with the introduction of an obligation onto the gas industry.

10 Consultation Questions

10.1 Background

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

Yes. Similar to Biofuel obligation schemes on residential heat been implement in France (1st of January 2022 introduction of F30 biofuel) and other EU states.

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

Air to water Heat Pumps and Wood Pellet but given large capital and installation costs they would require subsidy schemes **funded** to the same level of those offered in France and Britain(RHI/MCS)at the initial start of those schemes to gain any serious traction in Irish retrofit market

10.2 Market Coverage

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

Yes – it should apply to all fossil fuels including kerosene and gas.

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?

No. All sectors should be obligated. To ensure a just transition there should be no exceptions or exclusions to the detriment of other sectors

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?

See answer to Q4

10.3 Obligated Parties and Obligation Threshold

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

Yes

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

Yes

10.4 Obligation Rate

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

Yes, an obligation on Residential heat could start then subject to agreement of Fuel Suppliers.

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

Yes. Subject to continuous engagement with all stakeholders throughout all timelines

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

Other?

We believe 10% HVO ambition is achievable. Through engagement with Fuel Suppliers this ambition could be increased over time.

10.5 Meeting the Obligation

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

Yes. Including the introduction of regulatory and taxation incentives to accelerate the deployment of HVO.

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

Yes. the same way as the Biofuels Obligation Scheme on Transport is operated currently.

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

Yes, Subject to agreement with all stakeholders.

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

Yes

10.6 Sustainability

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?

10% HVO certified by the International Sustainability and Carbon Certification (ISCC) scheme

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

Yes – for example look how much used Cooking oil is exported out of Ireland.

10.7 Traceability

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

Yes.

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

Not applicable.

10.8 Estimated Costs for Consumers

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

To difficult to predict.

Q20: Are these costs reasonable to impose on consumers?

Only reasonable affordable costs should be past onto consumer.

10.9 Penalties

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

Yes..

10.10 Energy Poverty

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

No.

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

By ensuring the cost of the obligation is kept to a minimum.

10.11 Supporting new green fuels

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

Needs greater study.

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?

Needs greater study

10.12 General Input

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