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Sent: Thursday 28 October 2021 19:57
To: Renewable Heat <RenewableHeat@decc.gov.ie>
Subject: Consultation on Renewable Heat Obligation
Importance: High

Thank you for providing an opportunity to respond to the proposals on the Renewable Heat Obligation.

The following are our replies to the questions set out in the consultation paper:

Q1 – Yes

Q2 – An Obligation scheme is the simplest form of support

Q3 – Yes

Q4 – Yes

Q5 - Fossil fuelled power generation by CHP should incur a higher level of tariff to discourage its use

Q6 – Yes but it should also be possible to provide for direct supply of renewable fuels to high energy users

Q7 – Yes

Q8 – Yes, it is unlikely that any significant quantity of renewable fuels would be in production before then

Q9 – No, the initial level of 0.5% is not high enough to kickstart the scheme, it should be at least 1.5% to create market demand

Q10 – Given the country's high targets for emissions level reductions the target for renewable heat should be set at no less than 10%. Additionally, the drive to increased electrification should focus attention to the remaining elements of fossil fuelled heat and encourage the transition to renewable fuels.

Q11 – No – if the first period is to extend to 2025 then, as per Q9 above, the initial target should be increased to at least 1.5%

Q12 – Yes

Q13 – Yes but trade in indigenous renewable fuel should be encouraged over and above any imported fuel or certificates

Q14 – Yes but only on a rolling 12 month basis

Q15 – The highest proportion of renewable fuel will be BioMethane produced by Agri AD plants. Numerous studies have demonstrated the potential of Agri AD in Ireland and the widespread benefits which the industry brings to the wider agriculture industry and the environment. Agri AD can be developed and scaled very quickly. The model has been well proven in NI, GB, France, Germany and Italy among others.

Q16 – Yes, with the right level of support to encourage the development of production plants.

Q17 – Yes

Q18 – Option A is optimum in that it allows individual high energy users with greater interest in the environment to secure renewable supply directly

Q19 – Costs of production of BioMethane are complex and dependent on feedstock, scale of plant and final method of supply. We would consider 10c to be unviable and suggest the initial 12c proposed for Agri AD to be low considering the significant increase in construction costs and input costs to agriculture such as diesel and fertiliser which is passed through to feedstock. Rather than working to a set cost, we consider the forces of supply and demand should be available to renewable fuel producers and the return driven by the market.

Q20 – Yes. Consumers are well used to the PSO on renewable electricity and a renewable heat obligation is long overdue.

Q21 – Penalties should be set at a flat multiple of 3x cost to ensure compliance and encourage the expediting of the growth of percentage renewable fuel in the mix.

Q22 – No

Q24 – No. Production of Hydrogen is not likely to be commercially available in the short term and therefore Hydrogen should not benefit from a higher level of incentive. The focus should be on BioMethane as it can be scaled quickly to a meaningful level of production in the very short term.

Q25 – As at Q24, the focus should be on technologies and fuel types which are available soonest.

Generally, Ireland is lagging behind the rest of Europe with only a handful of commercial Anaerobic Digesters operating and most of their renewable gas production being exported to Northern Ireland or used inefficiently in CHP. Agri based AD plants are relatively quick to develop and build but require a level of support to ensure their commercial viability. Many different financial models have been used across NI, GB, France, Italy and Germany to kick start and sustain the Agri AD industry but it is clearly evidenced in Ireland that plants will not be built without investment certainty.

When considering the model and level of support, Government should also consider the wider socio-economic and environmental benefits brought to the rural and agricultural communities. Agri AD can quickly develop on a distributed basis across the country and go some way to meeting a substantial proportion of the renewable heat fuel requirement in a very short time.

Best regards,

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