

## Niamh Hamill

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**From:** info <info@nbco.gov.ie>  
**Sent:** Monday 27 September 2021 12:18  
**To:** Renewable Heat  
**Subject:** National Building Control and Market Surveillance Office Consultation on Renewable Heat Obligation  
**Attachments:** Consultation on the Introduction of a Renewable Heat Obligation.pdf

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Dear Business Energy & Gas Policy Team,

Please find below responses from the National Building Control and Market Surveillance Office to the questions contained within the Consultation on the Introduction of a Renewable Heat Obligation 2021:

### Background

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

Yes

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

N/A

### 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

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?

Electricity: Yes, if supplier meets or exceeds its obligation under the 2020 Renewable Energy Target of 40%.

Renewable/waste district heating: Yes

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

### 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, given that the total market is approximately 50,000 GWh, it would be important to ensure that companies do not split up these businesses to circumvent the obligation limit.

### Obligation Rate

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

No. Given the track record of Ireland on meeting targets the earlier the obligation is imposed the better the chances of achieving the targets by the end of the decade.

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

No. Given the climate emergency we would think a 1% target would send a stronger message to the sector

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?

Given the climate emergency we would think the 10% target would be the ambition

### **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?

No see, Q8 above.

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?

No, if suppliers are not meeting their obligations there should face real consequences rather than paying more pro-active suppliers going above/beyond the targets of the obligation, especially if the target level of the obligations remains at 3%.

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

No.

### **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?

We believe that for any target for the Renewable Heat Obligation the choice of energy source may be affected by wider government policies.

Given the general government policy to ban gas boilers from new dwellings, electricity will become the major source of heating fuel and if government policy extends to retrofitting then legacy domestic fuel boilers will be phased out over the coming couple of decades

Centralised CHP schemes may be an option for new larger developments/standalone buildings (apartments blocks, University campuses, Hospitals), but in the case of retrofitting in existing cities and towns it would require considerable infrastructural investment.

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

We believe that there will be a strong swing to electricity provide energy for heat and that a concentration on expanding renewal fuels/resources for use in electricity supply should be strongly examined.

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

Option B, we find the idea the customer that wants to be supplied with greener fuels are penalised slightly perverse.

### **Estimated Costs for Consumers**

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

Given the movement in the cost of fuel prices this autumn (2021) the exercise in estimating cost seems redundant.

Q20: Are these costs reasonable to impose on consumers?

If the obligation increases the percentage of renewable fuels used for heat, then the costs increases are merited, but I refer to issue of costs to question 19 above.

### Penalties

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

Yes in Principle.

### Energy Poverty

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

Yes, any regulation or obligation that effects a commercial operator will affect all their customers, Government policy should take account of any intrinsic change in the cost fuel due to regulations or obligations and consider actual cost to the consumer(in particular the more vulnerable in society i.e. the elderly, single mothers and children) when setting out energy poverty safeguards.

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

Pro-active Government Policy.

### Supporting new green fuels

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

Considering the advantages that Hydrogen has over other renewable fuels we think it is correct to give it additional support.

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?

Given that Transport is one of the best performing sectors in regard to Renewable Energy Targets without the wide use of Hydrogen there may be a small consequence, but if Government policy wishes to promote green hydrogen for transport sector a separate policy should be enacted in concert with the obligation.

Yours Sincerely,

[Redacted Signature]

On Behalf Of

Mairéad Phelan

Head of National Building Control and Market Surveillance Office



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