

INTRODUCTION

The [Irish Green Building Council \(IGBC\)](#) welcome the opportunity to provide feedback on the redesign of Ireland's Energy Efficiency Obligation Scheme (EEOS).

The Irish Green Building Council (IGBC) provides leadership for a sustainable built environment. IGBC is a registered charity with nearly 200 corporate [members](#) drawn from all parts of the value chain, from occupiers, design professionals, contractors, suppliers, academics and public authorities and affiliated with a global network of 70 national councils within the [World Green Building Council](#). This allows us to create workable solutions and tools to deliver transformative change towards a sustainable built environment.

To prepare this submission the IGBC organised an online workshop with its members on Friday, 23rd April. The workshop was attended by retrofit companies, engineers, utility providers, as well as construction product manufacturers and distributors. Our comments reflect this discussion.

SUMMARY

- The IGBC supports that a certain proportion of obligated parties' energy savings must come from measures delivered in the residential sector, including in energy poor homes.
- Further clarifications on the methodology to calculate energy savings and credits in the residential sector is needed. The IGBC would welcome an opportunity to contribute to that discussion.
- IGBC welcome the shift from shallow retrofit measures to deeper retrofits (B2 or cost optimal). Schemes whether government funded, or utility funded must operate at the same level of consistency and quality assurance.
- Non-fuel poor residential category: The IGBC is concerned by the second set of measures eligible, and more specifically by the wording, "the property is put on a 'B2 pathway'", as this may lead to shallow retrofits.
 - Obligated parties and homeowners should be incentivised to go as close as possible to B2 (or cost optimal). This could be done through bonus credits for multiple jobs and for reaching B2.
 - The introduction of the advisory report is welcomed as it should improve quality assurance and support homeowners' decision-making. Given the role of the advisory report and its cost, it is recommended to introduce it as part of a wider renovation strategy – possibly with state support or incentives¹.
- Fuel poor homes:
 - The IGBC supports the Department's objective to better target fuel poor households and to reduce fuel poverty. We also acknowledge the need for prioritisation.
 - However, we are concerned that new criteria may be too restrictive. The pre-works BER of an E1 or worse will exclude many people in fuel poverty, especially in the private rental market as landlords may not be willing to/ able to bring properties to a BER B2 or cost-optimal. A better option might be to use incentives and bonus for multiple measures and for reaching B2 – as opposed to mandate

¹ Further information on how a successful Building Renovation Passport could be introduced in Ireland is included in the IGBC's ["Introducing Building Renovation Passports in Ireland - Feasibility Study"](#) (2020).

achieving B2 from an E1 or worse standard. This would require the introduction of a roadmap as for the rest of the residential market.

- Further sub-targets / incentives may be needed to ensure obligated parties go beyond the easiest route of harvesting energy poor credits exclusively through social housing providers and local authorities. This misses a large cohort of those in energy poverty namely those in privately rented accommodation. It is suggested that there be a specific target set for this group and/or specific incentives.
- The division of targets could be broken down further to support energy renovation in parts of the non-residential sector. E.g., many SMEs may need more help to take action.
- Given the scale of the challenge and other issues to be addressed to reach Ireland's renovation targets - E.g., labour and skills shortage in the retrofit industry, complimentary measures are needed to incentivise building professionals and construction workers to enter the industry and upskill.
- It is suggested to remove EV chargers from residential credits to ensure the focus is on energy renovation.
- There is still too little public awareness of how the system works. Greater transparency and awareness around energy credits and the scheme is needed.
- A central, digital database of MPRNs should be introduced to help obligated parties in identifying eligible homes faster.
- The scheme should be reviewed after year 1 and then in line with the requirements for the National renovation strategy (2024 and 2029).
- IGBC welcome the proposal to require obligated parties to report their EEOS cost data to SEAI. This anonymised information should be publicly available. Better data on the cost of energy renovation and on the efficiency of the investment is needed. [The multi-level energy renovation framework](#) developed by the IGBC as part of Build Upon² could be used to capture this data.

CONSULTATION

We set out our responses to the questions below.

Q3.1: Do you agree with that the EEOS should cover entities across all the main energy markets - electricity, natural gas, liquid fuel and solid fuel?

Yes, we support this approach.

Q3.2: Do you agree to obligate the above types of eligible parties within each market above a certain size, that is: a) In the liquid fuel market, only the liquid fuel importers operating in Ireland; b) In the solid fuel market, all entities, including all distributors and suppliers operating in Ireland; c) In the electricity and natural gas markets, only the retail energy supply companies operating in Ireland?

Yes, this approach seems pragmatic and appropriate.

Q3.3: Do you agree with our proposal to set the obligation threshold in terms of annual final energy sales volume (GWh)?

Yes, the IGBC believes this is the right approach. As Member states must report their overall savings in final energy, it makes sense to set the obligation scheme targets and thresholds in final energy too. Using consistent metrics is critical to ensure alignment, facilitate data collection and allowing for comparisons between various initiatives.

Q3.4: Do you agree with the proposal to set the obligation threshold level at final energy sales of 400 GWh per annum, combined with the introduction of a free allowance?

The IGBC welcomes the new threshold level as this will ensure a higher number of solid fuel distributors and suppliers become obligated parties. Given the success of the scheme to date and with the introduction of the free allowance, this seems balanced and appropriate to us. The IGBC is however unclear if the free allowance will be there for ever or if a sliding scale approach will be taken. If it's about avoiding creating a cliff-edge for smaller organisations, the later may be better.

Q3.5: Do you wish to provide any specific comments in relation to the above target setting approach?

The approach seems balanced and the IGBC does not wish to comment further.

4.1: Do you agree with the proposal that 60% of Ireland's Art. 7 obligation for 2021-30, should be met by an EEOS?

The mixed approach has worked relatively well for the period 2014-2020 and is appropriate. It will also give Ireland some flexibility over the next 10 years period.

But government must ensure that schemes whether SEAI government funded or utility funded are complementary and operate to the same level of consistency and quality assurance.

4.2: Do you agree with the proposal that the EEOS Target should be disaggregated, with a 40% target allocated to all transport energy suppliers and distributors and a 60% target allocated to all non-transport energy suppliers and distributors?

The IGBC believes that the EEOS target should be disaggregated between targets allocated to all transport energy suppliers/distributors and targets allocated to all non-transport energy suppliers/distributors. Transport accounts for approximately 40% of Ireland's Greenhouse Gas Emissions and this move is welcomed.

However, we are unclear as to why the targets are not based on annual final energy sales volume – as it is done for thresholds. Given this is a 9-years' scheme and that the share of transport in both final energy sales volume and CO2 emissions may change, it might make sense to review the targets over the decade – See Q8.2.

5.1: Do you agree with the proposal that a certain proportion of obligated parties' energy savings must come from measures delivered in the residential sector?

Yes. Reaching Ireland's retrofit targets in the residential sector will require a significant increase in the depth and rate of energy renovation. This focus is needed. Further, obligated parties are close to the end-users, have access to them and are hence well positioned to contribute to an increase in energy renovation uptake.

5.2 Do you agree that, of these residential savings, a certain proportion must also come from activity in energy poor homes?

Yes. Up to 28% of households in Ireland could be in energy poverty (DECC, 2016). Energy poor homes will be most impacted by climate change and the transition to a low carbon economy, they also have most to gain in terms of additional benefits of energy saving (health, wellbeing, etc.). If we are to reach our renovation targets, it's key to support those that cannot afford the retrofit. Other sectors should be capable of financing retrofit from their own means provided there are the right combination of financing mechanisms, regulation, tax incentives, and if necessary, grants, those in fuel poverty have no means even with this help. Further, this is also aligned with the EU's Renovation Wave which has a specific emphasis on energy poverty.

5.3: Do you agree with the position not to specifically require that a portion of the EEOS Target must be met by obligated parties through savings from measures in the transport sector?

The IGBC understands this approach was taken in 2014-20 and was rather successful with oil importers supporting energy renovation, including in the fuel poor sector. However, given the transport sector is now fully integrated into the EEOS and that transport is Ireland's second and fastest growing source of carbon emissions, we are unsure if this approach remains fully valid. Requiring that a portion of the EEOS Target is met by obligated parties through savings from measures in the transport sector, could support innovation and may have a greater impact on carbon reduction.

However, we would be extremely concerned if this obligation was focusing exclusively on EVs as suggested in the document. Although possibly more complicated, softer measures that may have even greater carbon reduction impacts should be considered. These could include credits for funding expansion of bike sharing and car sharing schemes (Estimated to remove 11 cars per car provided from city streets according to [UC Berkeley's Transportation Sustainability Research Center](#) Study). It might be worth checking if these alternative options are used as part of EEOS in other EU countries.

Overall, we believe that the decision should be reviewed in the near future – See Q8.2.

5.4: Do you agree with the proposal that at least 15% of all EEOS savings, equivalent to 5,464 GWh cumulative final energy savings, must be delivered in the residential sector?

Although this is reduction in percentage from 2014-20, we believe that the change in methodology means that it will remain relatively similar. On this basis, IGBC supports this approach but would welcome further clarifications on the methodology to calculate energy savings and credits. Further, we suggest removing the installation of EV chargers from these credits to ensure the focus is on energy renovation.

5.5: Do you agree that at least 5% of the EEOS Target (1/3 of the Residential Delivery Sub-target), equivalent to 1,821 GWh cumulative final energy savings, must be achieved through measures delivered in energy poor homes?

Although this is reduction in percentage from 2014-20, we believe that the change in methodology means that it will slightly increase. On this basis, IGBC supports this approach.

Further sub-targets / incentives may be needed to ensure obligated parties go beyond the easiest route of harvesting energy poor credits exclusively through social housing providers and local authorities. This misses a large cohort of those in energy poverty namely those in privately rented accommodation. It is suggested that there be a specific target set for this group that would enable landlords to benefit from energy savings measures. This could be set initially as a separate target for private rental accommodation, or through specific incentives.

5.6: Do you agree with the proposed approach in how the delivery sub-targets are allocated to obligated parties?

Generally speaking, the IGBC agree with the proposed approach. But, the division of targets could be broken down further to reflect the different motivations in the non-residential sector. It makes sense to separate large process energy users from other commercial uses who have different motivations and possibly need a different approach. SMEs may need more help to take action. Larger corporate already fall under the Energy auditing requirements of article 8 EED and perhaps should simply be obligated to carry out energy efficiency measures recommended by the audits coupled with incentives.

It would also make sense to add a sub-target on energy poor homes for transport energy suppliers and distributors, as without this, it's unlikely they will target that group.

6.1 Do you agree with the proposed requirements for delivery under the Residential Delivery Sub-target?

IGBC welcome the shift from shallow retrofit measures to deeper retrofits (B2 or cost optimal). Schemes whether government funded, or utility funded must be complementary and must operate at the same level of consistency and quality assurance. We are hence pleased to see this is aligned with the Climate Action Plan and Ireland's Long-Term National Renovation Strategy's (LTRS) targets.

However, the IGBC is concerned by the second set of measures eligible under the Residential Delivery Sub-target: "The property is put on a 'B2 pathway', meaning that the energy efficiency measures delivered have moved the property closer to achieving a B2 energy rating AND a technical B2 achievement plan/ advisory report has been developed and provided for the property following works".

More specifically, the wording "put on a 'B2 pathway'" seems extremely loose and may lead to shallow retrofit. This should be much stronger. Obligated parties and homeowners should be incentivised to go as close as possible to B2 (or cost optimal). This could be done through bonus credits for multiple jobs and for reaching B2. The introduction of the advisory report is highly welcomed. This should improve quality assurance and support homeowners' decision-making. It remains unclear if this will be widely available in early 2022 and how it would be introduced. Given the role of the advisory report and its cost², it is recommended to introduce it as part of a wider renovation strategy – possibly with state support or incentives. Further information on how a successful Building Renovation Passport could be introduced in Ireland is included in the IGBC's "[Introducing Building Renovation Passports in Ireland - Feasibility Study](#)" (2020).

In relation to the specific points raised in the consultation, the IGBC is slightly concerned about disallowing the installation of high efficiency fossil-fuel heating systems in any circumstances. TGD Part L Table 7 Cost Optimal Works activated by Major Renovation also notes gas/oil boiler upgrade as being cost optimal. While we must be careful not to lock-in fossil fuel in buildings, some homes may never be heat pump ready and this money may achieve better carbon savings somewhere else. A better option may be to introduce additional incentives to encourage more ambitious retrofit delivery, and perhaps specific targets (percentage) on heat pump ready homes or heat pumps installed.

Finally, while it might not be doable now, the Department should consider the inclusion of embodied carbon criteria when the scheme is reviewed (See Q8.2) as progress is likely to be made in this area by then.

6.2: Do you agree with the proposed requirements for delivery under the Energy Poverty Delivery Sub-target?

IGBC welcome the shift from shallow retrofit measures to deeper retrofits (B2 or cost optimal). Schemes whether government funded, or utility funded must be complementary and must operate at the same level of consistency and quality assurance. We are hence pleased to see this is aligned with the Climate Action Plan and Ireland's Long-Term National Renovation Strategy's (LTRS) targets.

The IGBC supports the Department's objective to better target fuel poor households and to reduce fuel poverty. In line, with the EU's Renovation Wave, we also acknowledge the need for

² The assessors involved in the Building Renovation Passport pilot run by the IGBC in 2020 (with support of SEAI) estimated that developing a passport could cost between €600-€750. This cost may be reduced through full integration of the roadmap with DEAP and projects aggregation – E.g., developing the passports for all houses in a given housing estate simultaneously. [Read more](#).

prioritisation. However, the IGBC is slightly concerned that new criteria may be too restrictive. It also seems to contradict Ireland's Roadmap for social inclusion which "commits to expanding eligibility criteria for energy efficiency schemes to capture more people living in deprivation".

The pre-works BER of an E1 or worse is of specific concern as it may exclude many people in fuel poverty, especially in the private rental market as many landlords may not be willing to/able to bring properties to a BER B2 or cost-optimal. A better option might be to use incentives and bonus for multiple measures and for reaching B2 – as opposed to mandate achieving B2 from an E1 or worse standard. This would require the introduction of a roadmap as for the rest of the residential market. Bonus could also be introduced when E1 or worse properties are upgraded as opposed to excluding fuel poor households living in properties with a better BER. This would allow some prioritisation, without excluding too many households in fuel poverty.

7.1: Do you agree with the proposal to implement annual additive targets up to 2030, which obligated parties will be required to meet every year?

Yes.

7.2: Do you agree that each obligated party's 2021 delivery, rather than their 2021 targets, should be considered in the calculation of targets for the remaining nine years of the obligation period?

Yes, as it seems to be the only way to reach 2030 targets with the programme starting in 2022.

7.3: Do you agree that obligated parties should be allowed to count savings achieved on their behalf by third parties towards their targets?

Yes, this worked well in 2014-20.

7.4: Do you wish to provide any suggestions or comments in relation to this flexibility mechanism?

NA

7.5: Do you agree that a minimum achievement requirement should be put in place, which would mean that if an obligated party achieves at least 95% of its annual additive target, with the exception of the final year of the obligation period, they are deemed compliant?

Yes. It should offer flexibility, while ensuring the target is reached.

Q7.6: Do you wish to provide any suggestions or comments in relation to this flexibility mechanism?

NA

Q7.9: Do you think it could be beneficial to allow obligated parties to bilaterally trade all or part of their targets?

Yes, this has worked well to date. Depending on how credits work in the redesigned version of the EEOS, an energy credit (white certificate) trading platform for quality assured credits may be needed to avoid discrepancies in what is paid for credits. An alternative option might be the introduction of online auctions (similar to the Renewable Electricity Support Scheme – RESS) to increase transparency.

Q7.10: Do you wish to provide any suggestions or comments in relation to this flexibility mechanism?

NA

Q7.11: Do you think there should be a buy-out mechanism in place for the 2021-30 EEOS, which would allow obligated parties to buy out a proportion of their EEOS targets by contributing to an Energy Efficiency National Fund?

The IGBC has currently no opinion on this.

Q7.12: Do you think that the buy-out cap should be set at a maximum of 30% of targets?

If a buy-out mechanism is established, a cap is definitely needed.

Q7.13: Do you wish to make any suggestions on how buy-out prices are set, which would ensure the State is not financially disadvantaged and the relevant requirements of the EED are taken into account?

NA

Q7.14: Do you wish to provide any suggestions or comments in relation to this flexibility mechanism?

NA

Q7.15: Do you agree with all, or part of, our proposed approach to non-compliance and penalties?

The IGBC does not wish to comment on suggested penalties.

Q7.16: In your opinion, how should Penalties for non-compliance be determined, i.e. what factors should be considered as part of any calculation framework?

The IGBC does not wish to comment on suggested penalties.

Q7.17: Do you wish to provide any suggestions or comments in relation to any aspect of this proposal?

NA

Q8.1: Do you wish to raise any issues or make any suggestions on improvements that could potentially be made, in relation to the redesigned EEOS, beyond those discussed in this document?

Given the scale of the challenge and other issues to be addressed to reach Ireland's renovation targets - E.g., labour and skills shortage in the retrofit industry, complimentary measures are needed to incentivise building professionals and construction workers to enter the industry and upskill. Further, credits must operate to the same standard of quality assurance (including in relation to skills) as SEAI government funded programmes³.

³ See IGBC and LIT's recommendations on "[Developing a register of building professionals & construction workers who have upskilled in energy renovation](#)". This is further researched as part of the [H2020 BusLeague project](#).

The division of targets could be broken down further. More specifically, it may make sense to introduce specific retrofit targets for parts of the non-residential sector. E.g., SMEs may need more help to take action.

There is still too little public awareness of how the system works. Greater transparency and awareness around energy credits and the scheme is needed. For instance, energy credits must be passed on to homeowners, who must be made aware of it. Further, energy credit delivery meetings between retrofit industry organisations, SEAI, obligated parties, third parties and DECC on delivery of targets should take place on a regular basis to improve transparency on progress.

Finally, a central, digital database of MPRNs would help obligated parties in identifying eligible homes faster.

Q8.2: In your opinion, how often should the scheme be reviewed, e.g., after three years; after four years; after five years?

The scheme should be reviewed in line with the requirements for the National renovation strategy (2024 and 2029). However, given the significant changes introduced in the 2021-2030 period, it is suggested to review it first after one year.

Q8.3: Do you agree with our proposal to require obligated parties to report their EEOs cost data to SEAI?

Yes. Given the scale of the retrofit programme, better data on the cost of energy renovation and on the efficiency of the investment is critical. This is also in line with the European Court of Auditors' 2020 Report which highlights the need for Ireland to focus more on cost-effective measures.

Q8.4: Do you wish to make any suggestions on how such data is reported, e.g. the level of detail, format and frequency of reporting?

As part of the H2020 Build Upon² project, the IGBC has developed a multi-level energy renovation framework to better capture the impact of energy renovation at local level and how it feeds into national targets⁴. Based on this work, we believe the energy savings (Environmental Indicator 3), total investment (Economic Indicator 1) and cost-effectiveness of the investment (Eco 2) should be reported on, on an annual basis. [Read more about the Framework here.](#)

Q8.5: Do you agree that cost data should be published, provided all commercial confidentiality concerns are addressed?

Yes, publishing better quality data on energy renovation programmes and other actions to reduce CO2 emissions is critical to better engage citizens in the transition to a low carbon economy.

Q8.6: Do you wish to make any suggestions on how such data is published, e.g. the level of detail, format and frequency of publishing?

The anonymised data should be publicly available and published on an annual basis. In the interest of consistency on how retrofit programmes are reported on, it is recommended to use the [Build Upon² Framework](#). The IGBC would be delighted to meet with the Department to provide more information about the Framework and how it could be used.

⁴ In Ireland, the Framework is currently being piloted by Dublin City Council. A final version of it will be launched in Autumn 2021. [Read more.](#)

Q9.1: Do you think there is a case for the provision of additional information to all consumers, via bills or otherwise, on their consumption and/or on potential energy savings?

Yes, this information is critical to better engage with citizens in our transition to a low carbon economy.

Q9.2: How could the provision of such information be implemented cost effectively and in a way that benefits all consumers, whether on bills or otherwise?

While providing information on bills may not be the best option – people often associate negative feelings to them, this information could be provided through a real-time data portal or an App. In particular, it could include infographics on how one household's energy use compares with similar dwellings in the area in monthly electricity / gas bills.

Likewise, it might be useful to provide every dwelling with a notional BER or an indicative rating (based on the type of building, floor area and the year of construction) as it has been done in the Netherlands.

To make it easier for homeowners to act and to increase appetite for energy renovation, it is suggested to include a link to an online wizard /one-stop-shop from the app, portal or indicative energy rating. The platform could provide homeowners with information on the first steps to take to renovate their home, a list of questions to ask to contractors, clear information support available and on when they need to contact a building professional, as well as a link to a register of Energy Renovation Advisors. The IGBC has developed a comprehensive customer's journey for a one-stop-shop as part of the [H2020 Turnkey Retrofit programme](#) and would be delighted to provide more information on it to the Department.