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28th April 2021

Consultation on the Redesign of Irelands Energy Efficiency Obligation Scheme

Department of the Environment, Climate and Communications

29-31 Adelaide Road

Dublin

Ireland

Re: Public Consultation on the Redesign of Irelands Energy Obligation Scheme

To Whom It May Concern,

Tipperary Energy Agency coordinated 2 workshops in conjunction with 3CEA and Codema. As a group we have reviewed the public consultation paper on the Redesign of Irelands Energy Obligation Scheme issued by Department of the Environment, Climate and Communications (DECC) and welcome the opportunity to provide feedback and responses to the questions posed.

The key areas identified and those that caused significant discussion within the group and where we would request further evaluation and review of the scheme design would be as follows:

- Section 5 – EEOS Delivery Sub-Targets
- Section 6 – Delivery Requirements
- Section 7 – Nature of Targets and Compliance
- Section 8 – New Scheme Opportunities
- Section 9 – Information on Bills

The main points are noted below in the question responses but there are also further questions, contributions, and feedback that we would request to be clarified and taken into consideration within roll out of the scheme.



1. Add as required...

Kind Regards

[Redacted]

[Redacted]

[Redacted]

CEO of Tipperary Energy Agency

[Redacted]

[Redacted]

CEO CODEMA

[Redacted]

[Redacted]

CEO 3cea



Section 3 Obligated Parties:

3.1 Do you agree with our proposal that the EEOS should cover entities across all the main energy markets – electricity, natural gas, liquid fuel and solid fuel?

Yes plus transport (not just heating liquid fuel)

3.2 Do you agree with our proposal to obligate the above types of eligible parties within each market, should they be above a certain size?

Yes

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

Yes

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

Yes

3.5 Do you wish to provide any specific comments in relation to the above target setting approach?

No comment

Section 4: The 2021-30 EEOS Target

4.1 Do you agree with our proposal that 60% of Ireland's Article 7 obligation for 2021-30, equivalent to 36,424 GWh cumulative final energy savings, should be met by an Energy Efficiency Obligation Scheme?



Yes

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

Yes, full agreement, transport has long been the “elephant in the room”. This proportion should put a focus on the Transport sectors responsibilities towards climate action and hopefully incentives sustainable transport initiatives to a certain degree. Transport needs to deliver 40% target in the transport sector. Otherwise, we will have an over stimulated housing retrofit market and lagging transport sector.

Section 5: EEOS Delivery Sub-Targets

5.1 Do you agree with our proposal that a certain proportion of obligated parties energy savings must come from measures delivered in the residential sector (the Residential Delivery Sub Target)?

Yes

5.2 Do you agree with our 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?

Yes, transport related projects should make up 40% of the projected energy savings, albeit through enhanced public transport offerings such as fare incentives, credits toward the roll out of EV infrastructure, reducing city transport use through E cargo bikes, go CAR business supports etc.

5.3 Do you agree that, of these residential savings, a certain proportion must also come from activity in energy poor homes (the Energy Poverty Delivery Sub-target)?

Yes

5.4 Do you agree with our 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?



No we believe that 25% of the EEOS savings should be allocated to residential energy savings as residential energy makes up “almost a quarter of Irelands final energy consumption” as per your consultation paper.

5.5 Do you agree that at least 5% of the EEOS Target (a third 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?

No. 50% of the allocated amount for residential should be allocated to fuel poor. Thus our recommendation is 12.5% for fuel poor and 12.5% for non-fuel poor equating to the aforementioned 25% for residential sub target.

5.6 Taking account of the worked examples in Appendix 4, do you agree with our proposed approach in how the delivery sub-targets are allocated to obligated parties?

Yes, we agree with the logic but the ratios or percentages need to be relooked at and aligned with the baseline final energy consumption cited in the consultation paper... i.e. 40% transport, 25% residential etc.

Section 6: Delivery Requirements

6.1 Do you agree with our proposed requirements for delivery under the Residential Delivery Sub-target (excluding the Energy Poverty Delivery Sub-Target)?

Yes, we do agree that savings from measures should only be eligible under the Residential Delivery Sub-Target (excluding Energy Poverty) where the post works BER reaches a B2 energy rating or better (i.e. < 100 kWh/m²/yr) OR the property is put on a B2 pathway, i.e. energy efficiency measures delivered have moved the property closer to achieving a B2 and there is a technical report outlining the final steps to B2. This is similar to the Energy Passport idea for a house.

For those houses that carry out a deep retrofit, there should be added incentive through the energy credits.

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

No. We don't agree that to be eligible under the Energy Poverty Delivery Sub target, that the property has to have a pre-works BER of an E1 and which is occupied by a person in receipt of a Warmer Homes-eligible welfare payment.

It is unclear why houses with a BER better than E1 would be excluded from the scheme and essentially discriminated against. Most houses in Ireland are D rated. There should be no eligibility criteria that would act as a detriment to fuel poor.

Fuel poverty as defined is a ratio of disposable income to fuel costs. Varying from 10% to 15% of disposable income spent on fuel. Refer to the Cambridge Dictionary Definition ¹

Meaning of **fuel poverty** in English



fuel poverty

noun [U]

US  /ˌfjuəl ˈpɑːvə.ti/ UK  /ˌfjuəl ˈpɒv.ə.ti/



UK

the condition of having too little money to be able to keep your home warm:

It hinders fuel poor pathway to B2 forcing the disadvantaged home to deeper retrofit without the funding means in the private sector and makes the 2030 target of 500,000 homes to B2 more difficult by excluding D3-B3 units from the programme.

The value for money argument to target E1 or worse units sends a very specific message to the residential sector that if your home is in the D3 – B3, then you won't get value for money to retrofit!

Section 7: Nature of Targets and Compliance

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

Yes

¹ <https://dictionary.cambridge.org/us/dictionary/english/fuel-poverty>



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

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, but not exclusively. See answer 7.4 below.

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

Partnerships should be with for example deep retrofit one-stop shops, energy service providers, project facilitators, trusted intermediaries and consultants that have certain minimum standards regarding independence and quality of delivery etc.

7.5 Do you agree that a minimum achievement requirement should be put in place which would mean that is 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?

No, the obligated parties should meet the target without exception.

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

No.

7.7 Do you agree that obligated parties should be allowed to exchange validated credits bilaterally?

Yes

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



No

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

No

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

No

7.11 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?

No. We would prefer to see this EEOS being used as a result of project delivery not to stimulate more investment. There is a danger that if used in this manner, the budget already allocated to the Energy Efficiency National Fund would be redirected elsewhere or unspent. I think this EEOS scheme is best allocated as originally intended and aligned to actual projects completed and verified for energy savings.

However, what would be extremely interesting would be to be able to allocate some of the EEOS buy-out mechanism to fund tax credits incentives similar to the Home Renovation Scheme where homeowners can claim back the VAT of 13.5% on energy retrofits they complete in their home. It is felt that there is little on offer to the middle bracket PAYE earner who cannot afford a Deep Retrofit of their home with current grants and EOS schemes. It is acknowledged that this incentive would discriminate against fuel-poor but this category could be looked after by other means through higher % of savings attributable and added incentives for fuel poor.

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

No. If there is going to be a buy-out and this is not what we want to see, the maximum should be in the single digits. The purpose of this scheme is a stimulus for getting projects done. It does not need to be a stimulus for further investment. This already has budget allocation.

If buy out mechanism were to fund a tax relief scheme than 30% would be a welcome contribution as outlined in 7.11.



7.13 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?

No.

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

No

7.15 Do you agree with all, or part of, our proposed approach to non-compliance and penalties?

No comment

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

No comment

7.17 Do you wish to provide any suggestions or comments in relation to any aspect of this proposal?

No.

Section 8: New Scheme Opportunities and Cost Information

8.1 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?

Regarding the EEOS scheme, there should be full transparency on the value of the credits associated with an individual's energy upgrades albeit residential deep retrofit or commercial energy savings. A portal could be set up on each Energy Obligated Party's website that makes the value of this credit transparent i.e. an online calculator or similar. This would help with the PR of the scheme and also incentivise the energy retrofit market.



Regarding deemed credits for the residential scheme, a similar deemed credit approach should be applied to the non-residential market. This would simplify the scheme.

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

At 5 years, there should be an interim report. The use of third-party independent accounting and M&V should also be considered mandatory to maintain the same standard across each Obligated Party.

8.3 Do you agree with our proposal to require obligated parties to report their EEOS cost data to SEAI?

Yes

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

Interim report should be made public. Information at a sub-target level i.e. transport, residential, non-residential... For example, if transport targets not being met, can re-align focus in this area.

8.5 Do you agree that cost data should be published, provided all commercial confidentiality concerns are addressed.

Yes

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

No. of energy credits under each category, €/kWh cost of each credit, annual report.

Section 9: Information on Bills



9.1 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, there should be consumption versus national average indicators but also local average indicators if possible. There should also be a % split between cost of standing charges / overhead costs and cost of consumption. There should be simple switch off tips (behavioural change). Electricity bills and the data they demonstrate, should be standardized across all the Electricity Supply companies. This should be Plain English.

Regarding the EEOS credit though, there should be full transparency on the value of the credits associated with an individuals energy upgrades albeit residential deep retrofit or commercial energy savings. A portal could be set up on each Energy Obligated Party's website that makes the value of this credit transparent. This would help with the PR of the scheme and also incentivise the energy retrofit market as suggested in 8.1.

There should be a national advertising campaign on energy retrofit highlighting the EEOS' central role in it. (Some one stop shops are already referencing it indirectly in their national advertising campaigns.

9.2 How could the provision of such information be implemented cost effectively in a way that benefits all consumers, where on bills or otherwise?

Answered in 9.1 above.