Submission - Public Consultation on the redesign of the Energy Efficiency Obligation Scheme

April 2021

Calor Gas

A champion for change in rural Ireland

Introduction

Calor welcomes the opportunity to respond to the Department of the Environment, Climate and Communications' public consultation on the redesign of the Energy Efficiency Obligation Scheme.

Calor supports the principle of energy efficiency first, and has engaged proactively with the 2014-2020 scheme, having delivered energy saving measures for our rural consumers. Calor supports the deployment of highly efficient boilers and hybrid heating systems. We are keen to continue to support our rural household and business customers further along the energy efficiency and decarbonisation journey. Our sector's Vision 2040 document reflects our commitment to net zero.

Calor, however, seeks urgent engagement with DECC on the concerns raised in the enclosed response in relation to the proposed redesign of the EEOS scheme.

The proposals made by DECC for the 2021-2030 EEOS remove our ability to deliver for our rural consumers, by removing LPG and BioLPG heating system eligibility – both standalone efficient boilers and hybrid systems. This is despite a very significant increase in the size of the obligation placed on the LPG industry, partly because of the shift from primary to final energy calculation – which lowers the obligation placed on the electricity industry. This will increase costs for rural consumers.

While the current proposals will increase costs for our rural consumers, the removal of our ability to deliver, and the nature of the rural building stock, means that we anticipate a preference for cheaper urban delivery. In short, we anticipate that rural consumers will be asked to pay for a scheme which will potentially not benefit off-grid communities and businesses.

With the increased burden and effectively the subsidisation of the electricity market and urban consumers, rural consumers are being put at a distinct disadvantage. Energy costs will increase and affordable energy efficiency measures like the upgrade to highly efficient future-ready gas boilers - that are suitable for homes and businesses located beyond the natural gas grid - have been removed.

Our sector will effectively be forced to promote expensive 'deep retrofit' solutions to older rural homes with the resulting disconnect with our consumer base on the role of lower carbon gas and renewable gas to heat and fuel homes and businesses.

For these reasons, we support our sector's call on DECC to increase the free allowance for suppliers of rural fuels and to reverse the proposal to remove our sector's ability to meet our obligation.

We call on DECC to extend the energy efficiency measure eligibility to include hybrid heat pumps, hybrid solar thermal heating systems and LPG/BioLPG boilers. This would provide consumers with an additional heat decarbonisation option which may suit their preferences, circumstance and/or property type, allowing the LPG industry to better contribute to delivering the objectives of the scheme.

Initial modelling and analysis carried out by Liquid Gas Ireland on our potential obligation cost impact, indicates a 10-12 €cent/kWh fuel price increase across LPG consumers. For a typical rural household (16 MWh annual energy demand) this equates to an increase of 290% per year, compared to the respective increase in fuel bills for urban customers.

About Calor Ireland

Calor supplies and distributes LPG (Liquefied Petroleum Gas) and BioLPG in Ireland, allowing homes and businesses, located off the natural gas network, to avail of the benefits of lower carbon and renewable gas. Calor launched Liquefied Natural Gas (LNG) for the commercial and industrial sectors in 2020.

Calor employs 284 staff in 6 sites located throughout the island of Ireland serving circa 50,000 bulk customers across residential and industrial commercial sectors. Additionally, we serve c. 400,000-cylinder users and other customers, north and south.

Calor is a part of the SHV Energy Group, the world's largest distributor of LPG. SHV Energy operates in more than 20 countries – in Europe, under brands such as Primagaz, Calor Gas, Liquigas, Gaspol and Ipragaz. SHV is proud to serve 30 million customers across three continents. SHV firmly believes that its energy can create clean air and dramatically reduce carbon impact and is committed to working sustainably with communities, stakeholders and policymakers to advance energy, together.

About LPG and BioLPG

LPG has been a key part of Ireland's energy mix for almost a century. Going forward, we believe LPG and BioLPG can support the Irish Government's commitment to transition to a low-carbon economy and fulfil its binding obligations under the 2015 Paris Agreement on climate change.

As natural gas network penetration in Ireland is relatively low (39% of households, (Ervia, 2018)), the full potential of lower-carbon gaseous fuels like LPG needs to be further exploited. Over 40% of households in Ireland rely on oil to heat their homes. This share varies significantly by region, with roughly 26% of households located in towns using oil for central heating compared to 65% in rural areas (CSO, 2016; SEAI, 2019).

While LPG already offers significant reductions in carbon and air pollutant emissions, BioLPG is the future, providing up to 90% certified carbon emission savings compared to conventional LPG.

Already available on the market today, BioLPG allows off-grid homes and businesses to significantly reduce their carbon footprint without expensive retrofitting or changes to heating systems.

BioLPG is certified as renewable by the EU and Irish Government and is exempt from carbon tax, meaning it is a great investment for the future. As BioLPG is a 'drop-in' fuel, LPG infrastructure is already prepared for the future, so no new equipment is required.

For customers in rural off-grid homes and businesses, this is an easy and affordable switch to make, and the environmental benefits are immediate.

About LNG

Liquefied Natural Gas (LNG) is natural gas which has been cooled to a cryogenic level, allowing it to be easily transported via road or ship in specially designed transport containers. This means it does not need a pipeline infrastructure to be in place. LNG is most commonly used by very large businesses and in heavy goods transport. LNG is cheaper than LPG and other fuel sources, making it an attractive option for large energy users. It is also a low carbon fuel source.

LNG meets the objectives of Ireland's climate and energy policy by offering a low carbon alternative for large energy users unable to use the National Gas Grid for location or capacity reasons.

Switching an oil user to LNG will have a substantial impact on emissions. LNG also offers the opportunity to crack the highly challenging issue of transport emissions.

Calor LNG will be shipped, through a number of routes, from continental Europe. As one of Europe's leading energy companies, SHV has an established network of LNG supply points. This additional supply can enhance Ireland's energy security.

The adoption of LNG as a low carbon fuel opens the possibility to utilise renewable BioLNG in the future. BioLNG is biomethane which is liquefied in the same process as LNG, it emits negligible NOx or particulate matters when burned and reduces CO2 by up to 90%. Once LNG is established in Ireland, the transition will be seamless.

Consultation response

Section 3: Obligated Parties

Question 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?

We do not agree with the proposal in its current form and call for either a removal of the obligation for the providers of rural fuels such as LPG companies, or an increased free allowance for the following reasons:

1. Obligation will place additional costs on rural consumers

Based on the proposals in the consultation document, we anticipate that the scheme will increase fuel prices for rural customers, without delivering additional benefits in the form of energy efficiency measure deployment.

Indeed, we feel that our sector will be forced to pass on higher fuel costs to rural consumers without being able to support households and businesses on their energy efficiency journey – as we are concerned that LPG and BioLPG boilers and hybrid heat pumps will be ineligible for energy credits. To simulate the impact on rural consumers of LPG, our sector has developed an ***indicative*** scenario where 2 LPG companies are obligated under the scheme based on the following assumptions:

- Final energy consumption of LPG is equivalent to ~2078 GWh/year based on Ireland's Energy Balance data for 2019.
- This compares to a non-transport final energy consumption of ~83,578 GWh per year – as of 2019.
- We have assumed that final energy sales are approximately equivalent to final energy consumption for the purpose of this exercise.

Our sectoral analysis suggests that rural consumer energy prices will rise because of the proposal – **if the ECA average delivery costs prove to be correct in practice**. See the table below.

However, we do not think that the ECA report highlights the reality for rural delivery, where properties are larger on average, and more geographically disperse. In practice, evidence from the UK scheme suggests that these properties are less likely to receive energy efficiency measures under the scheme – as explored in the next section of our response.

Energy credit costs under proposals	**ECA *averaged* estimate**	**Unit**	**Source**
Average non-residential cost of energy credit	0.058	€/kWh	ECA Study Table 4
Average residential cost of energy credit	0.17	€/kWh	ECA Study Table 19
Average energy poor cost of energy credit	0.74	€/kWh	ECA Study Table 24

2. Incentives of the scheme favour urban over rural communities

The proposal, whilst positive in its vision for increasing energy efficiency, fails to take into consideration the added burden placed on rural customers, and in turn, the obligated parties who serve them. Furthermore, the lack of additional sub-obligations towards rural households will inevitably result in a clear preference for measures focused in urban areas, due to their lower average cost – as seen in similar schemes (e.g. ECO in the UK (BEIS, 2021)).

The analysis provided by the ECA quotes an investment cost for the installation of cavity wall insulation (for a house), at €384 - 15,079. This upper value is unreasonably high, and far exceeds anything found in relevant literature. Additionally, the lack of delineation between house and apartment costs (See ECA Figure 9) serves to obfuscate far higher real-world costs in rural settings.

Using reasonable estimated figures for comparisons between urban and rural costs, a clear disparity appears:

	Urban	**Rural**
Comparable Measures	Cavity Wall	External Wall
Typical Cost (€) - Lower Bound	500	12,000
Typical Cost (€) - Upper Bound	1,500	22,000
Energy Credit Valuation (kWh/yr)	2960	5370
Cost Per Credit (€) - Lower Bound	0.338	2.23
Cost Per Credit (€) - Upper Bound	0.507	4.10

Table 3.1.2: *Comparison of differing costs between rural and urban retrofit measures. (ECA, 2020; Energy Saving Trust, 2021; consultant estimates).*

Due to the tendency of rural homes to be older, (25% were built prior to 1960), external or internal wall insulation is more likely be the primary method for obligated parties. Additionally, the lack of apartments in these areas further increases costs.

Prior evidence for this urban preference can be seen in the recent UK Energy Company Obligation (ECO) scheme, with the results detailed in the table below:

	Urban	**Rural**
Number of Properties (Millions)	18.8	4.10
Works Carried Out (Millions)	2.27	0.363
Homes in Receipt of Work (%)	12.0	8.85

Table 3.1.3: *Comparison of works carried out between rural and urban areas. (BEIS, 2021).*

Even with rural sub obligations, there was still a clear preference for works carried out in urban areas. Under the current proposal this will be even starker. Taking archetype 6 from the ECA study, which is most representative of larger rural homes, the following table demonstrates the cost of delivery per energy credit in this instance, including ancillary costs – emitter upgrades and heat pump fittings (BEIS, 2020 converted) – which will be commonplace in traditional rural houses.

Measure	Cost Estimate (€)	Savings (kWh/yr)
External Wall Insulation	12,600	5,900
Attic Insulation	1,500	1,300
Improved Glazing	12,000	700
Air Source Heat Pump	8,500	11,900
Heating Controls	1,000	1,500
Ancillary Costs	2,070	N/A
Summation	37,670	21,300
Cost Per Credit	1.77	

Table 3.1.4: *Cost per energy credit analysis for deep-retrofit measures. (ECA, 2020; Energy Saving Trust, 2021; and consultant estimates).*

Inputting this cost per credit into our obligation cost model indicates a 10-12 €cent/kWh fuel price increase across LPG consumers. For a typical rural household (16 MWh annual energy demand) this equates to a potential increase of 290% per year, compared to the respective increase in fuel bills for urban customers.

Energy credit costs under proposals	**ECA *averaged* estimate**	***Rural* estimate**	**Unit**	**Source**
Average non-residential cost of energy credit	0.058	0.058	€/kWh	ECA - Table 4
Average residential cost of energy credit	0.17	1.67	€/kWh	ECA Table 19 and Gemserv estimate
Average energy poor cost of energy credit	0.74	1.67	€/kWh	ECA Table 24 and Gemserv estimate

In summary, it is significantly more costly for an obligated party to achieve its energy savings by servicing rural households. For this reason, we think that it is unlikely that properties in rural areas will see substantial benefit from the EEOS, and instead anticipate a transfer of funds from rural households to support installation of energy efficiency measures in urban homes.

Furthermore, as explored in the next section of our response, the EEOS proposals remove the LPG industry's ability to provide solutions. The industry currently offers consumers highly efficient condensing boilers which can operate on both conventional LPG, and BioLPG (including blends), therefore offering a future proofed solution. Additionally, the LPG industry supports the deployment of hybrid heating systems, and acts as a flexible back-up to solar thermal and heat pump systems.

3. Removal of ability to achieve obligation using industry's solutions – LPG and BioLPG

The EEOS proposal removes the ability of the LPG industry to offer economically viable solutions to rural domestic and non-domestic consumers. In particular, Calor urges DECC to maintain eligibility for Band A high efficiency (>90%) boilers which can still deliver significant emission reductions and play a part in the upcoming energy transition.

Furthermore, BioLPG is supported as a transport fuel under the Biofuel Obligation Scheme and is currently delivering substantial reductions against the fossil fuel baseline – see Figure 3.1.1 below. We also believe that DECC should support the inclusion of LPG and BioLPG boilers. Without this, Calor and the LPG industry has no incentive to invest in the decarbonisation of its energy offering. Instead, Calor will be forced to purchase energy credits to meet its obligations.

Calor would also like to raise the issue of economies of scale in compliance with the scheme. Currently, most of these credits would be generated by larger Obligated Parties, with the purchase of credits essentially representing a financial transfer from the smaller Obligated Parties. Additionally, with regards to the LPG industry, it will ultimately result in a lack of engagement with our core customer base – primarily those in rural settings.

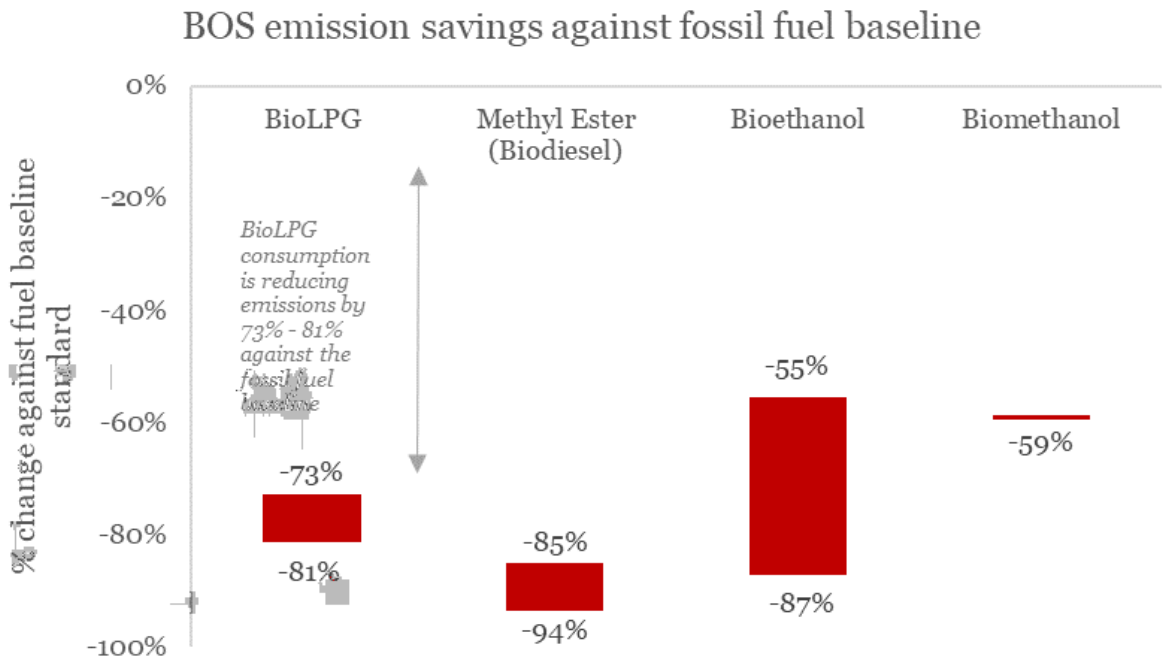

Figure 3.1.1: *Emission savings delivered by BioLPG and other biofuels under the Biofuel Obligation Scheme. (NORA, 2019).*

In summary, we call on DECC to either remove the obligation for rural fuel suppliers or increase the free allowance to reflect the likely under-delivery of EEOS measures in rural areas.

Question 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, that is:

a) of the eligible parties in the liquid fuel market, only the liquid fuel importers operating in Ireland.
b) of the eligible parties in the solid fuel market, all entities, including all distributors and suppliers operating in Ireland.
c) of the eligible parties in the electricity and natural gas markets, only the retail energy supply companies operating in Ireland?

No comment.

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

Calor does not support the proposal in its current form.

Primary energy is a true reflection of the energy and carbon impact to generate a kWh of energy and is the metric adopted by the SEAI in its analysis and reporting of Ireland's energy consumption.

The final energy metric excludes the primary energy source and associated carbon emissions generated. Using final energy will provide electricity providers with an unfair advantage by excluding the primary energy source and relevant carbon emissions.

When using renewable biofuels in gas or liquid form, the full supply chain or life cycle analysis is accounted for, equivalent to the principle of primary energy. A clear and consistent approach across fossil and renewable fuels is recommended.

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

Whilst we are concerned that the proposal currently obliges rural customers to pay for a scheme which will not benefit them, and that we have no ability to independently meet our obligations using LPG technology, we are generally supportive of the decision to lower the threshold and to introduce the free allowance. As analysed in the ECA report, this lowers the scheme cost burden on smaller energy suppliers, which is welcomed by the LPG industry.

But we do not think the free allowance threshold goes far enough for LPG companies.

As described, it does not seem fair to require rural consumers to pay for a scheme which analysis shows will disproportionately burden them.

As a result, **we propose that the free allowance is increased for companies delivering fuel to rural areas to reflect the anticipated under-delivery.**

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

We agree that a pragmatic approach should be taken for the 2021-2030 EEOS, like that of the 2014-2020 scheme, to avoid unnecessary administrative burden and disruption, especially for smaller Obligated Parties.

Section 4: The 2021-30 EEOS Target

Question 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?

No comment

Question 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)?

No comment

Section 5: EEOS Delivery Sub-targets

Question 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)?

Calor agrees with this aspect of the proposal, we are positive about the inclusion of a residential delivery sub-target. However, as mentioned in Section 3, we are concerned about the challenge this will present to rural communities, and we are concerned that the restrictions on delivery will restrict our capacity to offer energy efficiency solutions (see our responses in section 6).

Question 5.2: 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)?

Calor agrees, we believe it is important in delivering equitable progress, and helping to eradicate fuel poverty, and are pleased to see the inclusion of an energy poor homes target.

Question 5.3: 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?

Calor agrees with this position.

Question 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?

Calor agrees with this position. It is important that our industry's consumers – many of which are rural households – benefit from this scheme. The residential sector obligation goes someway to achieving this, but as we have described elsewhere in this response, we are concerned that the residential target will be delivered in urban rather than rural areas.

Question 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?

Calor agrees in principle with this sub-target, but we are again concerned that rural consumers will miss out.

Question 5.6: Taking account of the worked examples provided in Appendix 3, do you agree with our proposed approach in how the delivery sub-targets are allocated to obligated parties?

Calor agrees in principle.

Section 6: Delivery Requirements

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

Under the EEOS proposals, Calor and the LPG sector will be unable to deliver energy efficiency measures – given the industry's specialism in deploying advanced heating systems. Indeed, the industry has supported the installation of highly efficient condensing boilers which can operate on both conventional LPG and BioLPG. This gives these heating systems a decarbonisation pathway which is secured by Liquid Gas Ireland's 2040 Vision for renewable fuels. LPG heating systems are future proofed and future ready – unlike for example heating oil solutions which will require several upgrades to meet higher bio-oil blends.

For the 2021-2030 EEOS, Calor already supports the deployment of highly efficient boilers, either standalone, or used in conjunction with another low carbon heating system – such as solar thermal panels or a heat pump. This hybrid system is a good solution for properties which may not be suitable for a standalone heat pump or solar thermal system – because of physical characteristics of the property, or a high peak heat demand and challenging retrofit pathway.

As seen below, rural properties tend to be towards the lower energy ratings – a worrying fact considering the inevitable lack of works that will be carried out in these areas.

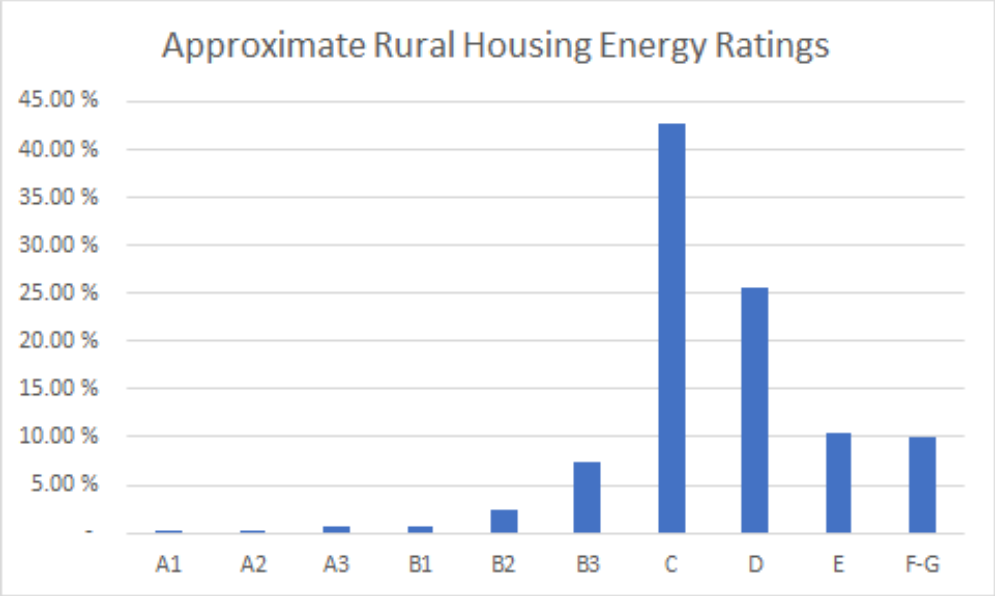

Figure 6.1.1: *Approximate rural housing energy ratings. (CSO, 2021).*

Compare this to the distribution of energy ratings for urban properties:

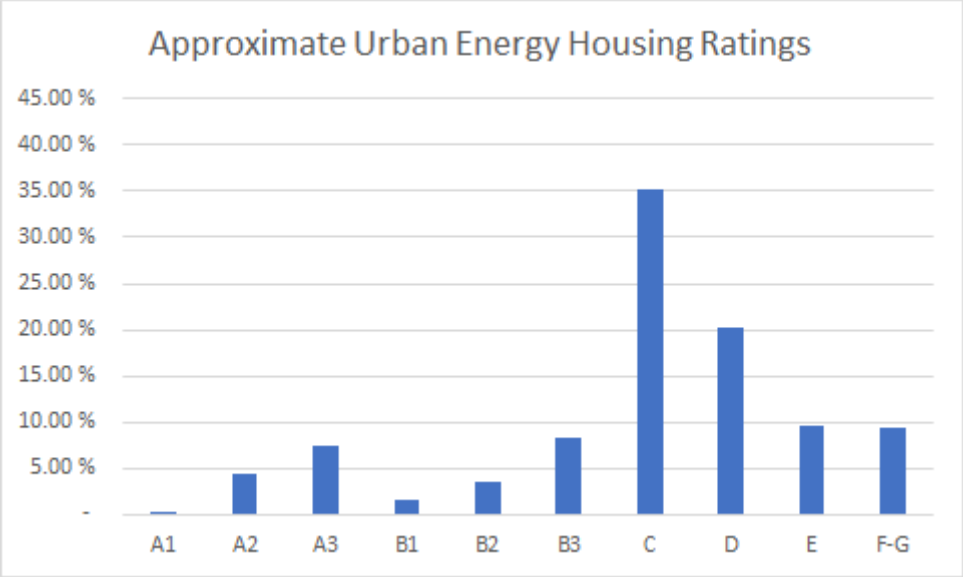

Figure 6.2.2: *Approximate urban housing energy ratings. (CSO, 2021).*

We therefore see a role for hybrid heating systems which are well-suited to operating in some of the poorer performing properties in rural areas.

Additionally, there are substantial benefits of hybrid systems for the wider energy system. Analysis carried out alongside Imperial College (Vivid Economics, 2019) demonstrated that unlike standalone heat pumps, hybrid heat pumps may have no net effect on peak electricity demand and could reduce the marginal system cost for consumers by 45-50% - which results in lower electricity prices and ultimately the cost of decarbonisation.

We call on DECC to extend the energy efficiency measure eligibility to include hybrid heat pumps, hybrid solar thermal heating systems and LPG/BioLPG boilers. This would provide consumers with an additional heat decarbonisation option which may suit their preferences, circumstance and/or property type, allowing the LPG industry to better contribute to delivering the objectives of the scheme.

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

We agree with the principle of reducing energy poverty in Ireland and would request that funding under 'Project Ireland' and carbon tax revenues specifically be allocated to properties located in rural areas.

Section 7: Nature of Targets and Compliance

Question 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?

In their current form, annual targets will be extremely challenging to meet for obligated parties. They reduce our capacity to develop longer term projects which can deliver deeper energy consumption savings over longer periods, particularly for the non-residential sector.

Question 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?

Calor would like to highlight that the COVID-19 pandemic has made it very difficult, and potentially dangerous to conduct installations. The cumulative effect of the energy credit system further compounds the issue.

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

Calor agrees strongly with this aspect of the proposal. Third parties have played an important role in helping the energy industry deliver EEOS obligations and have developed important specialisms and expertise which will lower the total cost of deploying energy efficiency measures.

We would however highlight that some third parties have used tendered off energy credit delivery to the highest bidder. Third parties should be encouraged to enter the market in increased numbers to boost competition and drive down delivery costs. Additional flexibility can also help obligated parties deliver the scheme at lowest cost for the consumer.

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

We believe this mechanism is vital for allowing economically efficient uptake of energy saving works.

Question 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?

Whilst we agree that there must be accountability to the targets, we argue that these narrow requirements harm the cost-effectiveness of the scheme. As described in previous answers, designing a scheme that is flexible to a variety of technologies, and solutions – including multi-year energy efficiency projects – opens delivery up to an increased number of solutions. This competition for solutions lowers total scheme costs and the cost to the consumer.

Instead, the 95% minimum achievement requirement is too restrictive and should instead be relaxed to enable the delivery of a wider variety of energy efficiency projects and solutions.

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

As highlighted previously in our response, the COVID-19 pandemic severely impacts the ability to generate and meet energy efficiency savings in the immediacy. Furthermore, it has also highlighted future unpredictability. CALOR would like to point out that the current 95% target leaves little room for manoeuvre in the event of future disruption to industry.

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

Calor agrees with the principle of allowing credits to be exchanged between obligated parties. As described in our responses in section 7, we advocate opening the market for delivery of energy credits to third parties and also allowing the trading of credits between obligated parties to deliver a deep and more liquid marketplace for energy efficiency measure delivery. This will allow organisations who are able to deliver energy efficiency measures most cost effectively to benefit from trade and will lower the cost of the scheme for consumers.

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

However, as discussed in section 3, we anticipate that the current scheme setup will likely facilitate a transfer of energy efficiency funding from rural consumers to benefit urban homes. Additionally, Calor believes that this mechanism should not stand as substitute for the ability of companies in the LPG sector to generate their own energy credits.

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

Calor agrees with this proposal and sees the ability to trade credits as being an important part of the functioning of a cost-effective scheme.

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

No comment.

Question 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?

Calor agrees on the basis that the funds are used effectively to create future energy efficiency savings by the EENF.

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

Calor believes that the 30% cap seems relatively arbitrary and again imposes further restriction upon companies. There should be flexibility particularly given the current and lasting effects of the COVID-19 pandemic. The scheme should promote flexibility, such that obligated parties have the means to fulfil their commitments.

Given the inclusion of several new scheme sub-obligations, restrictions on delivery, the continued impact of COVID-19 and changes to eligible measures, Calor argues that the buy-out cap should be increased to allow for greater delivery flexibility.

Question 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 comment.

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

No comment.

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

Calor is in partial agreement with the proposed approach.

Question 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?

We would like to raise concerns surrounding the difficulty in compliance with the proposal in its current form.

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

The current proposal of a rigid annual set of targets disincentivises riskier, potentially longer-term solutions to energy saving, regardless of the potentially greater savings.

Section 8: New Scheme Opportunities and Cost Information

Question 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?

Calor would like to repeat the issues highlighted in section 3.1 and reiterate that the proposal fails to consider the nuances of the LPG industry, in particular its primarily rural customer base, and the potential of renewable Bio-LPG.

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

Calor believes that regularly revisiting the scheme and its performance would be best and suggest a two-year review period.

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

Calor disagrees strongly, as discussed below.

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

Calor would like to point out that EEOS cost data is sensitive and has not been required during the prior period. The reporting of this data poses additional risk, and administrative burden to the industry.

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

Calor is strongly opposed to the publishing of cost data.

Question 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?

Calor believes that any publishing of commercial data for energy credit costs could result in price discrimination by third parties working to deliver these measures. This will again cause prices to rise for the end-user.

Section 9: Information on Bills

Question 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?

Calor agrees that this additional information could prompt behavioural change in consumers, and lead to further progress being made towards reducing final energy consumption.

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

No comment.

Contact Details

For further information or enquiries relating to this submission, please contact:

[redacted]

Public Affairs and Sustainability Manager

Calor Gas

Longmile Road

Dublin 12

[redacted]

To find out more about Calor, please visit
www.calorgas.ie


CALOR
BioLPG