
**Response to Consultation by
the Department of the Environment,
Climate and Communications**

**Consultation on the redesign of Ireland's
Energy Efficiency Obligation Scheme**



30th April 2021

Introduction

Bord na Móna (BnM) welcomes the opportunity to respond to this consultation which could have far reaching and perhaps unintended implications towards achieving Ireland's Decarbonisation Policy targets. BnM, in alignment with the EAI recognises that best outcomes will come from having more of a focus on efficient decarbonisation outcomes. BnM believes the EEOS has been successful in achieving energy savings it was originally designed for, but there is a large concern in how the 2030 targets will be met. We believe that in making the EEOS a successful scheme it needs to be shared across all businesses, industries and society in an efficient and equitable manner.

Summary

Obligated Parties

- We agree that the EEOS should cover entities across all the main energy markets.
- We believe the scheme needs to be flexible to be able to react to changes in the future.

The 2021-30 EEOS Target

- We do not agree with that 60% of Ireland's Article 7 obligation for 2021-30 should be met by the Obligation Scheme, especially now that savings are to be met in final energy.
- We believe that a continuation of the previous 50:50 split is fairer.
- Additional Alternative Measures should be looked at.
- We welcome the inclusion of Transport suppliers in delivery of the EEOS

EEOS Delivery Sub-targets

- BnM does not agree with the proposal in relation to sub-targets.
- The transport portion of the EEOS target needs to be disaggregated and subject to sub-targets as is the non-transport element to ensure fairness across all Obligated Parties.
- Transport sector needs to fairly share the burden in relation to the sub- targets.

Delivery Requirements

- Obligated Parties should have a choice between obtaining credits under the deemed credits table and the proposed BER model.
- Flexibility is needed in how EEOS credits will be delivered in the new EEOS.
- We are not supportive of narrowing the definition of 'energy poverty' within EEOS.
- We cannot support a definition of energy poverty that is restricted to those living in properties with a BER rating of E1 or worse.

Nature of Targets and Compliance

- There should be a choice between cumulative targets or additive targets.
- Overachievement of targets should be rewarded by allowing a carry-over of credits to the following year.
- We would ask for transparency on how penalties are set by the SEAI.

New Scheme Opportunities and Cost Information

- We think there should be a review carried out in 2023
- Reporting of costs should only happen if it reduces the cost of compliance for the scheme.

Section 3: Obligated Parties

Question 3.1

BnM agrees with the proposal that the EEOS should cover entities across all the main energy markets. We would hope that there needs to be a full capture of any solid fuel supplier/s that are over the threshold to be obligated.

Question 3.2 (b)

BnM agrees with the proposal to obligate the solid fuel companies operating in Ireland. However, we would hope that when our competitors become obligated if they reach the threshold - we would expect that part of our target would transfer the new party if we are supplying them with fuel products.

Question 3.3

BnM agrees with the proposal to set the obligation threshold in terms of annual final energy sales volume (GWh) but it should be continually revised if there are new market entrants.

Question 3.4

We 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 structure.

Question 3.5

In relation to the target setting approach for obligated parties, BnM wants to highlight that the market will change throughout the lifetime of the scheme. We would hope that the scheme will remain flexible and nimble so as to be able to react to market changes and the transformation BnM is currently going through.

Section 4: The 2021-30 EEOS Target**Question 4.1**

BnM does not agree with the proposal that 60% of Ireland's Article 7 obligation for 2021-30, should be met by the Obligation Scheme, especially now that savings are to be met in final energy.

BnM believes the previous 50:50 split is fairer and that there is no strong basis in the ECA report for giving the EEOS 60% and Alternative Measures 40%. To keep the current split would give both obligated suppliers and our partners continuity in the approach to delivering savings through our mature delivery model. With the switch from primary to final energy this has added additional adjustments to our delivery approach which we see in having a negative impact in how we generate credits.

BnM also believes that there is potential for additional Alternative Measures should be looked at between now and the start of the scheme.

Question 4.2

BnM welcomes the inclusion of Transport suppliers in delivery of the EEOS however we would like to see the Transport Sales Target and Non-transport Sales Target allocated fairly. In 2019 transport made up 42% of final energy use and this should be reflected in the split between Targets. We would like to see the Transport Sales Target be increased to 42% in line with this. Given the expected increase in electrification of transport we believe it needs to be determined how the electrification of transport will be dealt with as the scheme progresses.

Section 5: EEOS Delivery Sub-targets

Question 5.1

BnM does not believe it is fair or equitable that networked suppliers are subject to sub-targets and non-networked suppliers are not. We would query why transport can deliver energy savings in any sector and we do not believe there has been any justification for not allocating sub-sectoral targets to Transport. Hence, to ensure a level playing field for Obligated Parties, we would like to see the inclusion of sub-targets for the Transport Sales Target as well.

Question 5.2

Delivery to energy poor homes is more expensive for obligated parties and the cost is only going to increase. BnM would push for this increased cost of compliance should be spread across all the Obligated Parties to make a more level playing field for everyone involved. Allocating an energy poverty target to transport fulfils the requirements of the EED that Member States take energy poverty into account when developing measures to meet Article 7 targets.

Question 5.3

BnM recognizes that a ringfenced transport target would substantially increase costs across the whole EEOS thus we would not be in favour of it. We would want transport to play a more active part its own division when it comes to the EEOS.

Question 5.4

BnM would be broadly in favour of the 15% of all EEOS be delivered in the residential sector however we would echo what we've already said - that all Obligated parties, including transport, need to carry equal burden across all the subsector targets in non-residential, residential and energy poverty.

Question 5.5

Again, per our response in Question 5.4 we would want an equal burden share across all subsectors with all obligated parties including transport.

Section 6: Delivery Requirements

Question 6.1

BnM believes there needs to be more choices when it comes to the residential sub-target. The EED does not preclude individual measures and it is important that Ireland's EEOS does not do this either to ensure that consumers are able to access the benefits of the scheme and embark on energy efficiency measures at an appropriate pace. It makes sense that people will go on a journey in retrofitting their homes and that they get can avail of the benefits from obligated parties at the various stages of a project.

Question 6.2

BnM fully supports the energy poverty subsector as part of the EEOS in Ireland and we remain committed to delivering savings in this subsector.

Section 7: Nature of Targets and Compliance

Question 7.1

BnM believes energy providers should be given the choice between cumulative targets or additive targets. If annual additive targets are to come about, obligated parties should be able to carryover excess credits between years of the scheme. This facility is already in place currently and should continue to encourage early action and give suppliers the necessary flexibility to carry out as many measures as possible.

Question 7.2

BnM believes that if the target is not reached for 2021 delivery is be applied over the 2022- 2030 period DECC should consider waiving penalties for not reaching 95% of the target in 2021. This makes absolute sense especially with the current, past and future in obtaining credits due to the COVID-19 pandemic.

Question 7.3

BnM agrees that obligated parties should be allowed to count savings achieved on their behalf by third parties. By having this it allows flexibility which will make for a successful scheme.0

Question 7.5

BnM agrees that a minimum achievement requirement should be put in place. However, both DECC and SEAI most recognise the effect that Coviid-19 has had will and will have into the future as regards the knock effect of the pandemic.

Question 7.7

BnM agrees that obligated parties should be allowed to exchange validated credits bilaterally.

Question 7.9

BnM agrees that obligated parties should be allowed to bilaterally trade all or part of their targets.

Question 7.11

BnM agrees that 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.

Question 7.12

BnM believe's there should be full flexibility to deliver savings at the lowest cost possible.

Question 7.13

BnM would ask for transparency on how penalties are set and for the SEAI to publish data on the cost of their schemes.

Question 7.15

BnM agrees with the proposal to have a maximum penalty but we strongly disagree with the proposal that in addition to imposing penalties that the obligated party would be required to deliver the shortfall in credits at a later date.

Question 7.16

BnM believes transparency is key and delivery at scale should be considered in terms of determining costs. Both DECC and the SEAI should have the facility to lower the penalty based on mitigating factors.

Question 7.17

BnM believes that past performance should count aswell as where the company is going to in the future with regards to penalties and compliance. BnM is in a transition away from their historical core process of peat harvesting and production of briquettes to a more sustainable green future. The consequences of this are that sales in the solid fuels market will drop over time.

Section 8: New Scheme Opportunities and Cost Information

Question 8.2

BnM along with other Obligated Parties believe there should be a review carried out in 2023 to determine how the scheme performed in 2022. After that, we believe there should be a review every two years.

Question 8.3

BnM's view on the reporting of cost data is that if there is a benefit that helps reduce the cost of compliance we would be in favour of it however if reporting cost data increases the cost of compliance then we would not be in favour.

Question 8.4

The CRU have previously published cost data and we would be happy for them to do this. Again, we wouldn't be in favour of large amounts of time taken up reporting additionally this sort of information.

Question 8.5

BnM believes compliance costs should not be published but have confidentiality on the supplier needs to be kept. This may be difficult to anonymise as costs are associated with the size of the organisation.

Question 8.6

We suggest that an overall blended cent/kWhr for the scheme could be published.

Section 9: Information on Bills

Question 9.1

BnM would align with our EAI partners and suggest that there is not is a case for the provision of additional information on consumers bills.

Question 9.2

BnM would align with our EAI partners and push the responsibility back on to DECC and SEAI to communicate awareness around energy efficiency at a national level.

Conclusion

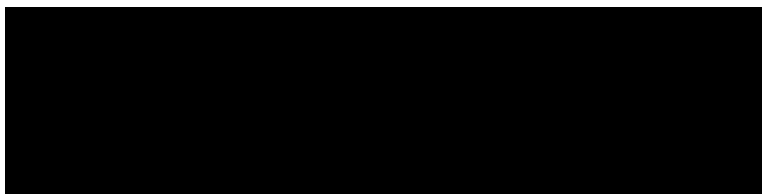
BnM, in alignment with the EAI, welcomes the opportunity to respond to this consultation on the redesign of the Energy Efficiency Obligation Scheme. The EEOS has been a successful scheme partly due to the good collaboration of the DEEC, SEAI and Obligated Parties. Large energy savings have been made throughout the previous year's however significant challenges lie ahead in achieving compliance. We would hope that the EEOS will be nibble and flexible to the probable market challenges that the Obligated Parties will encounter. We recognise that the over-riding requirement here is making both our homes and businesses more energy efficient which ties into BnM's greening strategy as a company.

BnM wants the allocation of targets, especially in the solid fuel sector, to be fair, impartial and equitable so as to have a level playing field with our competitors both from a commercial perspective within the business and from a compliance perspective within the EEOS. We broadly welcome the drop in the threshold in becoming obligated and in turn would expect the new entrants within the solid fuel market to take part of the target that we have been propping up the previous EEOS 2014 - 2020.

Again, we'd look for continuity in the new EEOS and have 50:50 split of Article 7 obligations between Alternative Measures and the EEOS. We welcome the inclusion of a target for Transport Sales but believe the transport sector needs to be subject to sub-targets. DEEC and SEAI need to recognise to current shortage of labour to carry a lot of the work which has been exacerbated the Covid-19 pandemic. Also, we would feel both the DECC and the SEAI need to be play a more significant role in publicising and educating the general public on the EEOS as a whole. We think it is important not to narrowly define energy poverty and fuel poor consumers as it risks excluding many customers in need of support.

We hope that you find these comments of use and submit them for your consideration. We would be pleased of course to discuss any aspect of our responses should you so wish.

For and on behalf of Bord na Móna



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