



**Response by Energia to Department of the  
Environment, Climate and Communications  
Public Consultation on:**

***The redesign of Ireland's Energy Efficiency Obligation  
Scheme***

**30 April 2021**

## **1 Introduction**

Energia welcomes the opportunity to respond to the consultation on the redesign of Ireland's Energy Efficiency Obligation Scheme. We support Ireland's ambition to reach net-zero emissions by 2050 and welcome the Programme for Government commitment for 2030 to reduce emissions by 51% compared to 2018 levels. Energia also looks forward to engaging further during the planned consultation workshops later in Q2 2021.

Our response is divided into two sections, the first of which contains Energia's response to the overarching policy proposals and scheme designs, the second of which responds directly to the questions posed in the consultation.

## **2 Overall response**

### ***2.1 Role of the EEOS in the context of Ireland's 2030 targets***

Energy Efficiency is key to achieving the ambitious national and European climate targets that have been set between now and 2030. To date, the EEOS has been quite successful at achieving energy savings, however it needs to be recognised that the targets outlined in this consultation represent a significant challenge and a step change in the level of activity to be carried out under EEOS. While Energia welcome the level of ambition proposed, it needs to be emphasized that the EEOS should not be overly relied upon as a means of delivering national policy endeavours on the basis of past success alone. Achieving national energy efficiency targets overall has traditionally proved difficult and it is therefore important that the EEOS is one of many policy levers contributing to the achievement of Ireland's 2030.

The principle of achieving a "just transition" is a cornerstone of Ireland's climate policy and Energia would have concerns about that the continued levying of consumption based charges on gas and electricity customers does not adhere to this principle. Fuel Poverty statistics indicate that while the level of consumption can vary between fuel poor households, the energy efficiency of the buildings that fuel poor households tend to reside in is generally low. Funding climate action targets on the basis of consumption based charges therefore has the potential to be regressive. Changes to how both climate action and efficiency measures are funded needs to be re-considered to prevent a scenario where those who pay most can afford it the least. A move away from consumption based charges and a move towards income or wealth based charges via changes to taxation laws would seem the most appropriate method of funding climate action policy more progressively.

Relatedly, Energia believe it is important that other policy measures, particularly social and fiscal policy are designed to complement the EEOS and fund energy efficiency activities such as tackling fuel poverty. Measures targeted at landlords, that encourage the upgrading of the rental stock and combat the split-incentive problem are likely to be far more effective at alleviating fuel poverty for certain households than measures directed at tenants. Linking a certain percentage of the rate of property tax to BER ratings, similar to how road tax is linked to engine size, should also be considered as a measure to provide price signals to households and raise awareness of BER ratings more generally. The extent to which a BER rating influences the rate of taxation would not have to be high, perhaps a range of -10 to +10% from A to G to encourage a change in behaviour we believe. Community benefit funding from renewable projects is yet another source of potential funding for energy efficiency measures and should be likewise leveraged to encourage local energy efficiency measures in renewable energy communities.

## **2.2 Equity across obligated parties.**

### **2.2.1 Thresholds for Obligated parties**

For electricity and gas suppliers, the cost of participating in the EEOS scheme is directly recovered via the unit rates and standing charges paid by final customers. It is therefore in a supplier's competitive interest to achieve their EEOS targets as efficiently as possible. The resultant competitive pressure not only ensures that the cost of the EEOS is minimised (and thus minimises the cost final customers pay), the presence of such competitive pressure acts to ensure that customers of obligated parties pay broadly an equitable amount toward the EEOS.

Introducing a threshold under which market participants are not obligated to participate in the scheme creates a risk that a disproportionate amount of the cost on the EEOS falls on larger suppliers and by association their customers. Energia have a general concern that the customers least active in the market - who CRU evidence suggests, are more likely to be in vulnerable situations - end up paying a disproportionate amount of policy costs levied via electricity bills. Providing exemptions from the EEOS obligation for smaller parties, especially new market entrants can exacerbate this issue, in that the customers attracted to these suppliers tend to be more active and thus more likely to be in less vulnerable circumstances than the average customer. As the number of small suppliers increases, the existence of an exemption has the effect of concentrating the policy costs of the EEOS over an increasingly smaller pool of inactive customers.

We recognise the Department's concern that reducing this threshold exposes smaller suppliers to additional costs, however the fact that it is possible to purchase credits from other suppliers reduces the potential for any set up/sunk costs associated with becoming an obligated EEOS party. Small suppliers also have the option of engaging a third party to manage the scheme on their behalf (e.g., REIL for IPIA).

### **2.2.2 Need for periodic reviews to accurately calculate obligation levels**

The move to final energy reinforces the need to ensure that targets applied to individual parties accurately reflect their market share/supplied volumes on an ongoing (multi-year) basis. In a competitive market such as retail gas and electricity - where much change is anticipated in the next 10 years due to the arrival of new products and services - it does not seem appropriate to calculate multi-year obligation targets on the basis of a single year's market share. In fact, failing to review obligation levels for individual participants has the potential to create distortions in the level of competition within the market. This is a particularly relevant concern in relation to the past two years where COVID restrictions has had a sizeable impact on consumption patterns.

Periodic reviews every 2-3 years seem the most appropriate means of ensuring that the targets applied to individual obligated parties reflect their current market share. Energia would however be open to alternative proposals, such as perhaps reviews triggered by a set threshold increase or decrease of an individual parties supplied volume.

### **2.2.3 Sub-targets for the Transport Sector**

Energia strongly disagrees with the proposal not to apply sub-targets to the transport sector obligated parties on the grounds that we do not believe it is fair or equitable. We do not believe sufficient justification has been demonstrated as to why the transport portion of the EEOS

target has not been disaggregated and subject to the same sub-targets as the non-transport sector. The effect of the transport sector not having an obligation also serves to increase the size of the obligation energy suppliers have in relation to achieving fuel poverty and residential targets, this seems particularly inappropriate given that the transport sector obligated parties raise the cost of funding the EEOS by a market wide levy and consequently do not face the same level of competitive pressure with regard to the efficiency of meeting their targets as non-transport sector obligated parties.

It is important to recognise also that as the number of electric vehicles increases, this will engender a transfer of supplied volumes from the transport sector to the electricity sector. Careful consideration is needed to prevent a scenario whereby electricity suppliers are unduly burdened with additional obligations, especially given that electrification of vehicles represents a greater carbon saving than continuing to have combustion vehicles on the road.

## **3 Response to Specific Consultation Questions**

### **3.1 Section 3**

#### **3.1.1 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?*

Yes, Energia are firmly of the opinion that all energy suppliers across the main energy markets play an important role in achieving the 2030 energy efficiency targets. By including all suppliers, this ensures equity in each market segment.

#### **3.1.2 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?*

Energia believe that all parties have a role to play and, while the scheme should not represent a barrier to entry, obligating parties above a certain size only, can lead to an instance where many “micro retailers” enter the market operating under the required threshold. As per our comments in both sections 2.1 and 2.2.1 Energia would have concerns about the potential for thresholds to distort the equality of how the cost of energy efficiency is recovered from final customers. Micro-suppliers that fall under the threshold for participation, will not levy the cost of completing measures under the EEOS on their customers. Customers of fully obligated parties must therefore contribute a greater proportion towards the funding of the scheme, as they are effectively subsidising customers of non-obligated parties.

Energia agrees with the proposal to obligate the retail energy supply companies operating in the electricity and gas market in Ireland. However, given the inclusion of transport, there are

DSOs (e.g., GNI) who may supply sizeable amounts of CNG to the market. It may be appropriate to consider whether these entities should be obligated specifically for the CNG supplied to the market.

### **3.1.3 Question 3.3**

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

Energia had previously been of the opinion that a transition phase was needed to move from Primary Energy Equivalent to Final Energy. We are still in favour of this transition phase but appreciate that targets must be set in accordance with the directive. However, we must stress that the scale of the target needs to be kept front and foremost as it will now be harder to achieve commercial energy savings at scale due to the treatment of thermal and electrical kWh being considered equal, whereas previously an electrical kWh was worth 2.5 thermal kWh. This has the effect of increasing the number of projects that an energy supplier must achieve if the quantum of their target is broadly similar in FE to their previous PEE target.

### **3.1.4 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?*

We do not agree with the principle of a free allowance unless it is applied to all suppliers in the scheme. It is our view that the free allowance adds a degree of complexity to the management of the scheme, and in the interest of simplicity, we believe that free allowance should be a maximum of 200GWh, in line with our comments in section 2.2.1. This will ensure an element of equity in bringing as many suppliers as possible into the scheme.

### **3.1.5 Question 3.5**

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

No, we do not wish to add any further comments regarding this target. However, Energia would like to request that consideration is given to the threshold in future years to ensure that the burden of the target is not spread among a select few suppliers in what is becoming an increasingly competitive industry.

## **3.2 Section 4: The 2021-30 EEOS Target**

### **3.2.1 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, Energia are not in favour of this methodology. When the EEOS commenced in 2014, the target was split 50:50 between EEOS and alternative measures. Energia believe that this should still be the case. The ECA report does not provide a strong basis for the current approach to change either. In 2017, the targets for suppliers were increased due to the failure of the state to adequately deliver on the promised alternative measures. As a result, energy suppliers are now being expected to deliver the majority of the savings with the possibility that the state may increase targets further, at a later date if alternative measures do not deliver the

expected quantum of savings. The COVID pandemic also continues to present challenges. The burden is therefore considerably higher now and we believe a 60:40 split is an onerous allocation.

We would request that a ceiling be placed on the EEOS target. This allows for certainty for suppliers and allows them to build solid pipelines to deliver savings while at the same time providing them with budgetary certainty. The EEOS is a financial burden on suppliers therefore certainty of the long-term view of targets is required. Therefore, targets should remain proportionate.

### **3.2.2 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)?*

Energia welcome the inclusion of transport suppliers in the delivery of the scheme. However, we believe that this target allocation is inequitable. Energia believe the target split should be a minimum 42% allocated to transport and 58% allocated to non-transport suppliers and distributors. SEAI's Energy In Ireland report 2020 states that transport had a 42% share of final energy consumption in 2019, therefore the target should be split in this manner, based on the most up to date figures.

Additionally, in the consultation, it is stated that liquid fuel accounted for almost 60% of total final energy consumption in Ireland in 2019 and three quarters of this equates to transport. As a result, we do not find it equitable that the split is 60:40 non-transport/transport sectors.

## **3.3 Section 5: EEOS Delivery Sub-targets**

### **3.3.1 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)?*

Energia believe that savings should be delivered at a minimum cost to end users. As a result, it makes sense to deliver as many savings as possible in the non-residential sector. There is no requirement under the directive to mandate savings in the residential sector. However, we are cognisant of the fact that the programme for government has committed to delivering large amounts of domestic retrofits between now and 2030.

If measures are to be delivered in the residential sector, it is imperative that the department addresses some key areas that will support an increase in the delivery of retrofits over the next 10 years, such as:

- Addressing the skills and labour shortage to deliver this ambition.
- Streamline the process required to deliver retrofits on a large scale.
- Ensure the fiscal instruments are all in place, namely grants on a multi-annual basis to provide certainty to the industry and allow it to function all year round in a manner similar to the Better Energy Homes Programme.

- More lending institutions need to be engaged to provide finance in this market. Currently only An Post and the Irish League of Credit Unions have launched offerings to deliver these schemes.

As stated in section 2.1, EEOS should be one of many policy levers contributing to the achievement of Ireland's 2030.

### **3.3.2 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)?*

Energia have always stated that retrofitting homes is not the optimum instrument to deliver homeowners from energy poverty. The factors that cause energy poverty should be addressed as a matter of urgency and then examine the retrofit measures that may be required to improve the efficiency of the homes. As stated in section 2.1 alternative mechanisms should be adopted here targeting engagement with stakeholders such as landlords when seeking to alleviate fuel poverty.

Energia appreciate that energy poverty is expected to be addressed as part of the EEOS but it is not specified in the directive that this needs to be in the form of targets mandated on suppliers. However, in light of the fact that the previous scheme from 2014 to 2020 had an energy poverty sub-sectoral target, we appreciate that this will continue into the next scheme for 2022-2030.

### **3.3.3 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?*

Yes, Energia are in favour of this position. Savings through efficiency in the transport sector will predominantly be achieved through technological advances in the industry that are outside the control of scheme participants (e.g., increases in engine efficiencies). Energy suppliers will form an important part of the strategy to decarbonise the transport sector in future years, but decarbonising transport and efficiency are two completely different policy instruments.

Notwithstanding this transport needs to play a more active role in its own sector when it comes to energy efficiency measures, as stated in section 2.2.3 we believe that transport measures sub-target should be allocated.

### **3.3.4 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?*

Energia's view to this question has already been outlined in section 3.3.1. Our view is that savings should be delivered in the most economical manner possible.

However, a 15% target in the residential sector would equate to a broadly similar target that was imposed on participants in the 2017-2020 phase of the EEOS (albeit with the deemed measures delivering slightly greater savings than in now the case with the revised deemed calculations).

In the absence of a transport sub-target, we believe the subsector targets in non-residential, residential and energy poverty should be applied equally across all obligated parties under the EEOS, hence they should apply to transport also, as stated in 2.2.3.

### **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?*

Again, Energia's view has been expressed in section 3.3.2. However, a 5% target would again equate to a similar quantum of required savings to the 2017-2020 sub-sectoral target, assuming it is spread out across both transport and non-transport suppliers.

### **3.3.5 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?*

No, Energia do not agree with this approach. We believe it is inequitable that the transport sub-sector can deliver its savings in any sector while the non-transport sector must deliver a portion of their savings in both residential and fuel poor sub-sectors as outlined in section 2.2.3. The sub-sectoral targets should be spread equally among all obligated sectors, not just the non-transport sector.

## **3.4 Section 6: Delivery Requirements**

### **3.4.1 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)?*

Energia understand the importance that is being placed on government's plans to deliver 500,000 retrofits between now and 2030. However, while we appreciate and acknowledge that these targets are ambitious, we believe that greater incentives should be put in place to encourage deeper retrofit delivery e.g. greater grant amounts to support more measures. Also, in order to put the home on a pathway to a B2 rating, an accessible report should be drafted that is easy for the homeowner to understand. An example of this might be the Building Retrofit Passport as suggested by the Irish Green Building Council.

One of the biggest challenges to delivering retrofits in this manner is the delivery of BERs at scale, along with putting homes on a B2 pathway. Innovation should be encouraged to deliver not only BERs at scale and cheaply but also, these reports/passports which will allow homeowners to make informed long-term decisions to support the investment in their properties.

Furthermore, we believe some of the following measure should be incorporated:

- Individual measures should be permitted and the deemed measures table retained for use in both options.
- Additional credits for those who carry out multiple measures should be on offer to encourage those to opt for deeper measures but it should not be mandatory.



- We suggest that the deemed credits table is retained with a 'top up' value of credits being provided for multiple measures (which would better incentivise deeper retrofits in line with CAP).
- Obligated Parties should have a choice between obtaining credits under the deemed credits table and the proposed BER model.

Overall an increased amount of flexibility is needed in how EEOS credits will be delivered from 2022-2030 to better align with current challenges i.e., access to resources and skills, consumer spending appetite and consumer preferences for retrofitting.

### **3.4.2 Question 6.2**

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

Energia would like to express our reservations regarding the changes proposed to carrying out measures in energy poverty homes. By limiting eligibility to homes rated E1 or worse, we run a high risk of effectively abandoning homes that have already had some measures carried out in previous years and are on a pathway to a B2. Access to the scheme is important for consumers and we would suggest fuel poor homes with a BER of C or less be included also.

By determining that the works must raise the home from at least an E1 to B2 in one fell swoop, we are assuming that the authorities carrying out the works have the capital required to enable the works. This seems to be the proposal for the residential sub-sectoral target where it is stated that the home should be put on a pathway to achieving a B2. We would urge that the same approach be adopted for energy poverty homes while at the same time still allow deemed energy credits to be used in parallel to a BER uplift approach.

Irish and EU research in this area suggests that the definition of energy poverty should be expanded to include homes with elderly, special needs, or long-term sick dependents, unemployed and in receipt of lone-parent payments. Expanding the existing definition and enhancing it by also including homes below a certain BER level would be an improvement on the foregoing. In particular, it is important to note that there have been many beneficial projects which have taken place in social housing to assist people who were living in energy poverty that go far beyond shallow measures and we firmly believe that such schemes should continue to exist within EEOS.

Finally, DECC state that the energy poverty definition must be changed, as outlined in the Governance regulation they have a requirement to show how customers are being lifted out of energy poverty. The requirements do not relate to the EED and therefore, it is not necessary for the EEOS to be the vehicle to deliver these new requirements.

## **3.5 Section 7: Nature of Targets and Compliance**

### **3.5.1 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?*

Energia see the benefit of an annual additive target and how it can prevent suppliers falling behind their cumulative target as each year progresses. However, we would urge that over-delivery in early years is rewarded in some way given that the 2030 targets are cumulative in nature.

### **3.5.2 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?*

It is important that energy suppliers are not disproportionately affected in 2022 when the targets are calculated. If we do not have clarity regarding what individual targets may be for 2022, suppliers may end up with a harder target to achieve if any sort of subsequent shortfall exists between achievement of the 2021 target and when the 2022 target is set. Difficulties in obtaining credits due to the COVID pandemic should also be taken into consideration. However, we would request that flexibility is applied to how subsequent targets are derived, to ensure that suppliers are not disproportionately disadvantaged.

### **3.5.3 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?*

Yes, Energia have delivered savings previously through third parties and it is an important aspect of the scheme. Suppliers should be free to use this delivery method once they have tight governance over their third parties and appropriate quality controls in place to ensure the necessary quality of energy credits is achieved.

### **3.5.4 Question 7.4**

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

Energia believes there is a need to ensure that this flexibility does not lead to difficulties in suppliers making up any deficit in the final year of the scheme and due consideration is needed to ensure this does not happen. In the example given in the consultation paper, a supplier may need to make up a large deficit in the final year. We would welcome further engagement with DECC and SEAI regarding how to overcome this.

### **3.5.5 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?*

Yes, we welcome this. This ensures continuity for the scheme from 2014-2020.

### **3.5.6 Question 7.6**

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

Flexibility is welcomed but it should be bilateral, in other words if an energy supplier overachieves in the first few years, they should be rewarded with a smaller target in later years. While we appreciate that DECC do not wish all suppliers to grossly overachieve in the first few years, therefore hitting the cumulative target very quickly (however this is extremely unlikely to happen due to the change from PEE to FE). Suppliers need to find new ways to deliver savings, and this will take time to realise.

However, we would welcome a mechanism whereby suppliers could overachieve in early years and reap the benefit of this as the scheme progresses.

### **3.5.7 Question 7.7**

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

Yes, we are in favour of this. Obligated parties should be allowed to exchange validated credits bilaterally. This mechanism allows parties to deliver savings in the sectors in which they have expertise.

### **3.5.8 Question 7.8**

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

Exchanging credits has had considerable benefits for obligated parties in the scheme from 2014 to 2020 and has allowed parties to achieve their annual targets while at the same time also trading any surpluses with other parties. This has ensured continuity for some parties' programmes and schemes, while at the same time allowing other parties develop their own delivery mechanisms.

### **3.5.9 Question 7.9**

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

Yes, we believe that this form of flexibility allows obligated parties to specialise in their fields of expertise if they wish, while allowing other parties deliver savings in their fields. As long as the overall target of savings is delivered to the State each year, parties should be free to deliver using whichever mechanisms work best for them.

### **3.5.10 Question 7.10**

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

No, we have no further comments to make about this.

### **3.5.11 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?*

Energia understand that the buy-out mechanism was in place for the previous obligation scheme. However, as all suppliers engaged progressively with the scheme, we do not see why the buy-out should not be extended to 100% of the scheme going forward.

### **3.5.12 Question 7.12**

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

As per section 3.5.11, we do not see why a cap should be placed on the buy-out. The buy-out price itself was prohibitive enough to ensure suppliers engaged with customers.

### **3.5.13 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?*

Any setting of buy-out prices should be transparent. Buyout prices for the scheme for 2014-2020 were based on prices at the start of the scheme for SEAI to deliver measures in the sub-sectors. Energia would request that this exercise is carried out again to determine the price of delivering measures in 2021. As part of this exercise, it would also be useful to gain an understanding of the methodology behind calculation of the SEAI buyout prices.

### **3.5.14 Question 7.14**

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

We have no further comments to make regarding this flexibility mechanism.

### **3.5.15 Question 7.15**

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

Energia believe that the buy-out mechanism itself is a deterrent to non-compliance. We do not see the need for a higher penalty cost. The penalty cost merely adds to liabilities that appear on energy supplier balance sheets. This can have detrimental effects on the financial position of energy companies when such a mechanism is not required in the first place.

### **3.5.16 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?*

Energia do not believe that a step increase in the buyout should be imposed when the buyout cost is prohibitive enough to ensure compliance in the scheme.

### **3.5.17 Question 7.17**

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

The principles of fairness and proportionality should be applied when considering penalties.

## **3.6 Section 8: New Scheme Opportunities and Cost Information**

### **3.6.1 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?*

As outlined in section 2.1 energy efficiency is key to achieving the ambitious national and European climate targets that have been set between now and 2030. While the EEOS is an important mechanism, it must be emphasized that the EEOS should not be overly relied upon to achieving national energy efficiency targets or the 500,000 home upgrades to BER2. The EEOS should be one of many policy levers contributing to the achievement of Ireland's 2030.

### **3.6.2 Question 8.2**

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

The scheme should initially be reviewed in 2023 in line with the Climate Action Plan and any other EU legislative requirements, following this it should be then reviewed every two years. The energy industry is undergoing a transformative process where both transport and heat are becoming increasingly important.

### **3.6.3 Question 8.3**

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

Energia urge caution with how costs are reported to SEAI. We are cognisant of the fact that this was previously attempted in the last phase of the scheme with mixed results. Transparency around costs could result in setting a price benchmark where all parties converge thereby undermining competition. We do not believe that cost information is needed to allow new entrants to enter the market. The Obligation Scheme has helped created a buoyant energy services market and supply chain to date. Further clarification and information on the basis for collecting these costs would be of benefit.

### **3.6.4 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?*

Any publication of costs should only be reported annually. Energia would suggest that only the cost of credits is reported i.e. the cost per kWh each supplier accrues in each of their sub-sectors. We do not believe that there is a need to report detailed costs.

### **3.6.5 Question 8.5**

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

Energia would like further engagement with DECC to understand why there is a need to publish this cost information. Greater clarification around this should be provided to obligated parties. If DECC wish to proceed with this initiative, we would only support the publication of a high level blended average cost in €/GWh. This would combine the costs for all three sub-sectoral targets.

### **3.6.6 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?*

Energia are of the opinion that cost reporting should be kept at a high-level. Granular cost information could result in competition being undermined. Therefore, only the overall blended cost of energy credits should be published on an annual basis. All other costs, particularly on a supplier by supplier basis should be anonymised and considered highly confidential.

## **3.7 Section 9: Information on Bills**

### **3.7.1 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?*

Energia do not believe this is a suitable method for providing information to customers regarding energy savings. Suppliers are already required to provide a significant volume of information via customers energy bills, and there is little evidence to support the efficacy of communicating in this manner. The CRU's own survey further indicates that the consumer preference is for no further detail to be provided on Energy Bills<sup>1</sup>. The same survey found that only 12% of electricity customers viewed the information on bodies that can help in electrical emergencies or regulation disputes, information which is far more essential and typically located beside the existing energy efficiency information.

Energia wish also to point out that a new requirement to provide additional consumption information to customers with smart meters installed was introduced via a recent update to the supplier handbook. Overloading the electricity bill with both detailed consumption information and energy efficiency information, increases the risk that customers will disregard their bills altogether. Interaction with customers is now managed through a host of different online information channels and there is a growing likelihood that energy bills will be replaced by online applications. Energia believe it would therefore be more appropriate for the SEAI and DECC to explore ways to increase customer awareness of energy efficiency through alternative channels such as social media campaigns, advertising campaigns etc. The added benefit of online channels is that it offers greater insight into the extent to which recipients engage with and understand the information they are being provided.

### **3.7.2 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?*

The market should be left to determine how best to communicate such messaging to their customer bases. Each supplier may have distinct cohorts of customers that are best served through different communication channels. This will lead to innovative methods of communication being developed as the scheme progresses. However, Energia sees SEAI as playing a crucial role in helping all parties to develop consistent messaging relating to energy efficiency and ensuring this messaging is effective and targeted. As mentioned in our response in section 3.4.1, an accessible report should be drafted that is easy for the homeowner to understand in relation to the benefits associated with retrofit and upgrade. An example of this might be the Building Retrofit Passport suggested by the Irish Green Building Council. There is also an opportunity to heighten customer awareness through multi-channel media campaigns.

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<sup>1</sup> 2021 CRU Residential Consumer survey, asked whether Electricity and Gas customer wished to see more detail on their bills, 52% and 50% of electricity and gas customers stated they did not, while only 36% and 31% suggested they would prefer more information, respectively.