

Response Information

Started: 29/04/2021 11:20

Completed: 30/04/2021 09:35

Last Edited: 30/04/2021 09:35

Total Time: 22:14:58.4170000

Is Test: No

IP Address: [REDACTED]

Login Info

User Name: AnonymousRespondent

Invitee:

Response Details

Page 2

1 - Name

[REDACTED]

2 - Company

Stafford Fuels Ltd

3 - Email

[REDACTED]

4 - 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

6 - Question 3.2

Do you agree with our proposal to obligate the following 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;

Yes

8 - b) of the eligible parties in the solid fuel market, all entities, including all distributors and suppliers operating in Ireland;

No

9 - Please provide reasons to support your response.

There is a significant cross border trade in solid fuel with entities from outside the state exporting significant volumes of solid fuel into the market in the Republic of Ireland. The definition at b) above needs to be expanded to encompass such entities. There then needs to be a legal mechanism obliging such entities exporting solid fuel into the Republic of Ireland to register for EEOS and make the same contribution to energy efficiency as ROI based companies. Failure to do this will lead to significant market distortion and will penalise the competitiveness of Irish based companies against entities exporting solid fuel into the ROI.

10 - c) of the eligible parties in the gas and electricity markets, only retail energy supply companies operating in Ireland

Yes

12 - Question 3.3

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

Yes

14 - 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?

No

15 - Please provide reasons to support your response.

Stafford Fuels Ltd understands the imperative to expand the EEOS but it is important that it is done in a fair manner and recognises the unique structure of the solid fuel market.

By its nature the energy market is populated by large network suppliers in the electricity, Oil & Gas sectors. These large network suppliers generally have turnover of several hundred million, a large administration staff, a significant R & D budget (typically in millions €) and R & D staff.

By contrast the solid fuel trade is populated by smaller private companies with turnover between €15 million and €30 million. Many of these will fall into the 400 GWh (represents around €16 million T\O at current average prices) to 600 GWh (€24 million T\O) band. Typically total staff numbers between 25 and 40, with maximum two or three senior executives and maybe five admin staff. The challenge to a Company with these very limited resources to handle the requirements of the EEOS scheme is so much greater when measured against available resources than it is for the typical network supplier. The subsequent administrative burden on such a relatively small business entity could be overwhelming.

It is well accepted that the solid fuel sector supplies the majority of the energy requirements of the fuel poor. Because of the structure of Carbon Tax and the Carbon density of solid fuel the price of

solid fuel is already rising at a faster rate than any other energy source. Given the size of these companies it is inevitable the cost of the EEOS will have to be passed on in some fashion to the end consumer and this has implications for the fuel poor already hit with increasing prices from Carbon Tax and who do not have a readily available alternative fuel within their budget

Stafford Fuels Ltd would support the move to 400 GWh limit only on the basis that the unique problems of scale in the sector is recognised and that a fair (i.e. non market distorting) method is found to ensure directly imported solid fuels are contributing at a similar level.

These problems should be addressed in the following manner –

- a. To recognise the scale issue and the administrative burden for companies between 400 GWh and 600 GWh, these entities should have their obligation (under the standard rules) reduced by 25%.
- b. Sub-sectoral targets - Network suppliers often supply households direct and are well placed to recruit households to home retrofit schemes. The solid fuel sector pre-dominantly supplies coal to merchants, agri & hardware stores, forecourts and shops who then sell the product to the end user and don't have the ability to leverage a relationship with the home owner. In addition the administrative burden in the home retrofit scheme area is significantly greater than the commercial sector. Therefore we propose that companies between 400 GWh and 600 GWh should not have any sub-sectoral targets imposed in relation to home retrofit schemes but should be free to satisfy their obligation from any sector. Given the small size of the companies between 400 GWh and 600 GWh relative to the overall market this should have little impact on the overall achievement in the home retrofit area.
- c. It is vital that solid fuel supplied into the market from outside the state bears the same legal obligation as solid fuel placed on the market by ROI based solid fuel companies.

16 - Question 3.5

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

Yes

17 - Please provide reasons to support your response.

The target setting approach of expecting obligated parties self-declaring their obligation has worked to date mainly because the EEOS was dealing with readily identifiable large entities supplying energy at large scale due to the 600 GWh limit. Bringing this down to 400 GWh brings in a group of smaller more diverse companies who may not be willing to self-declare. This leaves a big gap in implementation. We believe that there needs to be a stronger, legally robust mechanism for identifying obligated parties especially in the solid fuel sector where there is very little proper statistical information collected.

18 - 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?

Yes

20 - 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)?

Yes

22 - 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)?

No

23 - Please provide reasons to support your response.

Sub-sectoral targets - Network suppliers often supply households direct and are well placed to recruit households to home retrofit schemes. The solid fuel sector pre-dominantly supplies coal merchants, agri & hardware stores, forecourts and shops who then sell the product to the end user and thus, the solid fuel sector don't have the ability to leverage a relationship with the home owner. In addition the administrative burden in the home retrofit scheme area is significantly greater than the commercial sector. Therefore we propose that companies between 400 GWh and 600 GWh should not have any sub-sectoral targets imposed in relation to home retrofit schemes but should be free to satisfy their obligation from any sector. Given the small size of the companies between 400 GWh and 600 GWh relative to the overall market this should have little impact on the overall achievement in the home retrofit area.

24 - 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)?

No

25 - Please provide reasons to support your response.

See answer at 5.1 - the negative answer to 5.1 and 5.2 relates to the solid fuel sector only.

26 - 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

28 - 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?

Yes

30 - 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?

Yes

32 - 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?

Yes

Page 3

34 - 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)?

Yes

36 - Question 6.2

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

Yes

38 - 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?

Yes

40 - 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?

Yes

42 - 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

44 - Question 7.4

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

Yes

45 - Once the end goal of achieving energy efficiency savings is clearly met there should be maximum flexibility in how to get there.

46 - 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

48 - Question 7.6

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

No

50 - Question 7.7

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

Yes

52 - Question 7.8

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

No

54 - Question 7.9

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

Yes

56 - Question 7.10

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

No

58 - 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?

Yes

60 - Question 7.12

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

No

61 - Please provide reasons to support your response.

Smaller companies (400 GWh to 600 GWh) will struggle with managing individual company schemes. Schemes at this size will likely be inefficient. Such companies should be allowed buy out 100% of their obligation. They are in effect paying for third parties to do it on their behalf without having to directly go out individually and source third parties to supply credits. It is more efficient if this is done through a central fund.

62 - 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?

Yes

- 63 -** Buy-out prices should be based on actual cost of schemes sourced or directed centrally with a small premium for administration. Buy-out prices should not be penal.

64 - Question 7.14

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

No

66 - Question 7.15

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

No

- 67 -** Please provide reasons to support your response.

Buy-out prices should be based on actual cost of schemes sourced or directed centrally with a small premium for administration. Buy-out prices should not be penal.

68 - 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?

Don't know / No Strong opinion

70 - Question 7.17

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

No

Page 4

72 - 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?

No

74 - Question 8.2

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

Don't know / No Strong opinion

- 75 -** Please provide reasons to support your response.

Five years.

76 - Question 8.3

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

No

- 77 -** Please provide reasons to support your response.

This is an additional administrative burden on top of the administrative burden of the scheme itself.

78 -

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?

Yes

79 - There should only be reporting of total units and total cost per unit on an annual basis.

80 - Question 8.5

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

Don't know / No Strong opinion

82 - Question 8.6

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?

No

84 - Question 9.1

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

Don't know / No Strong opinion

86 - 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?

Don't know / No Strong opinion