



**Electric Ireland Response:
Biofuels Obligation Scheme Consultation**

15th November 2019

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Respondent’s Details

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Introduction

Consultation Questions

Biofuel Obligation

4.8 Heat Sector

Question 16:

The Biofuels Obligation Scheme is currently limited to the transport sector. In the heating sector, there is a high use of fossil fuels, including oil and natural gas, which could potentially be blended with renewable fuels to reduce emissions in the heat sector.

Responses to the previous consultation of the Biofuels Obligation Scheme highlighted a number of technical challenges to using bioliquids in the heat sector (e.g. a large amount of oil used in the heat sector is stored in tanks outside homes and businesses over long periods of time which may cause issues).

Notwithstanding the input received to date, the introduction of such fuels in the heat sector can bring significant decarbonisation benefits and therefore continues to be kept under consideration.

(a) What is your opinion on the potential for an obligation scheme (similar to the Biofuels Obligation Scheme) in the heat sector?

There are many ways to increase renewable heating and any scheme must allow the least cost and most efficient to come forward;

- Electricity can play a significant role in renewable heat with a range of technologies available. Renewable electricity will be available in abundance in the next decade as Ireland moves towards 70% renewable electricity. There will be significant opportunities for flexible demand to compliment the 70% and so it will likely be one of

the cheapest ways for Ireland to decarbonise heat (as supported by the McKinsey analysis in the CAP).

- The greening of fossil fuels is very expensive and bioenergy resources are not available at scale to replace the underlying fossil fuel. Therefore, it should not be presumed that any obligation scheme would operate in a manner that merely substitutes fossil fuels with bio-derived products. Of course, the scheme should allow suppliers meet their obligation through bioenergy.
- Biofuels are scarce and terribly expensive and if any scheme is to be implemented it needs to be more expansive so as to promote innovative solutions to decarbonise heat at least cost.
- Obligated parties should be able to meet their obligations in areas outside their own customer base. For example, gas suppliers should be able to meet any obligations through measures delivered at oil or solid fuel heated houses.

Electric Ireland would not support an extension of the biofuels obligation to heat as outlined in the consultation paper. This is because the implementation appears to be too narrow and seems to envisage a straight dilution of fuels with bio-substitutes. This would mean that suppliers like Electric Ireland would have to get biomethane certs for gas we supply to our customers whereas there are cheaper and more efficient ways to increase renewable heat penetration. Any extension of the obligation should of course allow the use of biofuels and biogases to fulfil the obligation but in general these are very scarce resources and should be used in sectors where lower cost solutions cannot be accommodated.

In conclusion, Electric Ireland understands that a range of measures must be considered such is the scale of challenge to decarbonise heating. To this end, an obligation scheme for renewable heating may well be appropriate once its appropriately scoped and designed. This appropriate design is key however and we believe this would warrant a dedicated consultation likely commenced through a series of stakeholder workshops. Electric Ireland stands ready to participate in such a process.

(b) What do you see as the technical barriers to introducing such a scheme?

(c) If a heat obligation scheme was to be introduced, what level of obligation (e.g. in percentage or energy terms) would be appropriate?

It is too early to outline what an appropriate level of obligation would be at this time. The setting of the level of any obligation would need to consider a range of factors not least the availability of renewable heat technologies and sources at an acceptable cost.