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INOGATE Study Tour

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Presentation Overview

- Introduction to Irish Energy Policy
- Progress to date and challenges
- Framework 2030
- The Energy Policy Paper
- Ocean Energy
- Draft Bioenergy Plan
- The Renewable Heat Incentive (RHI)

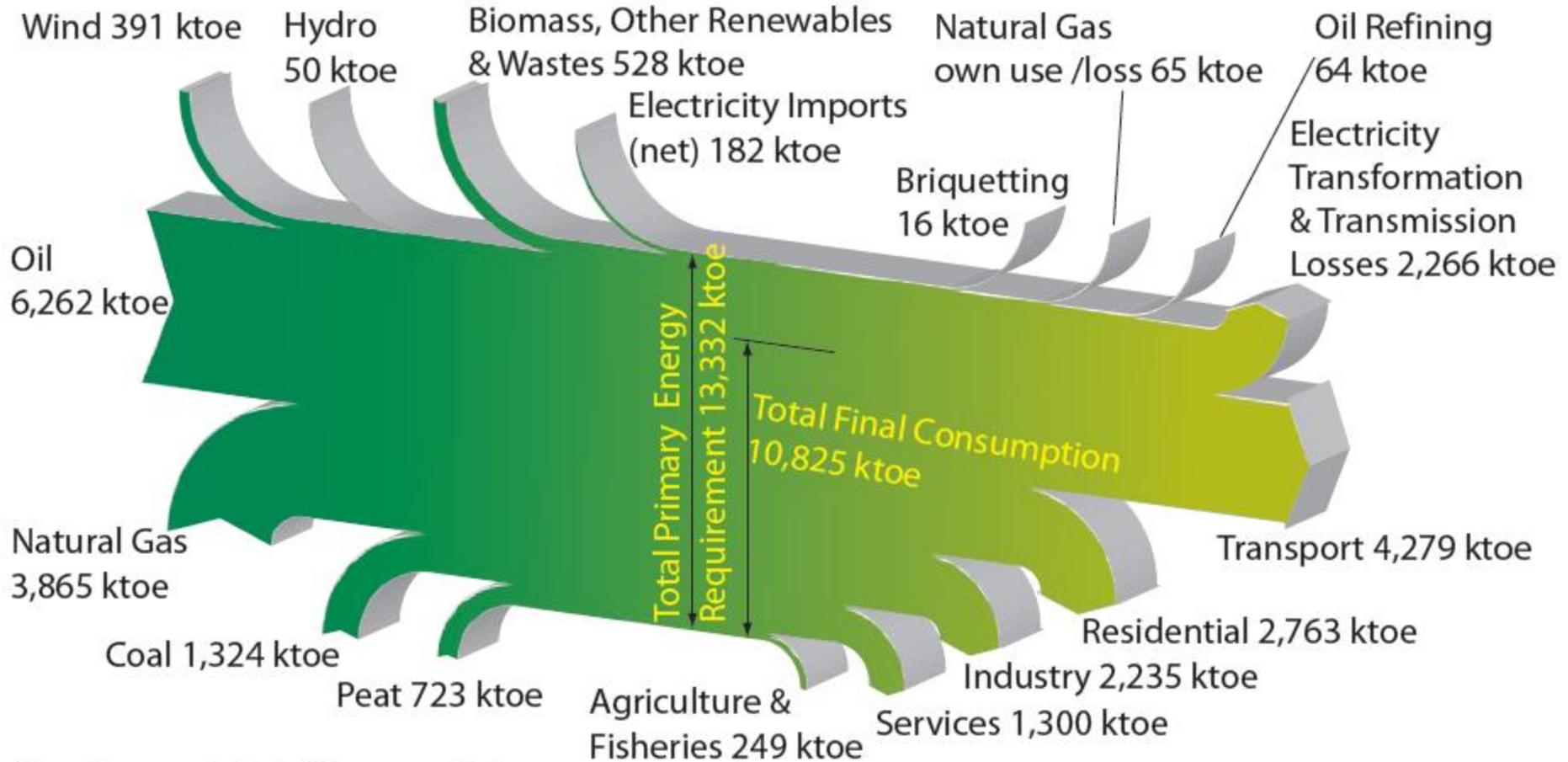


Introduction to Energy Policy

- **Energy policy is shaped by three key pillars**
 - Security of energy supply
 - Competitiveness
 - Sustainability/Environmental Responsibility
- **Energy policy is a servant to wider social and economic policy**
 - Delivery of safe, secure, efficient and economic energy services
 - Promote innovation and entrepreneurship
 - Improve economic competitiveness and quality of life
- **Three principle aspects:**
 - Electricity
 - Heat
 - Transport



Energy Flow – Overall 2013

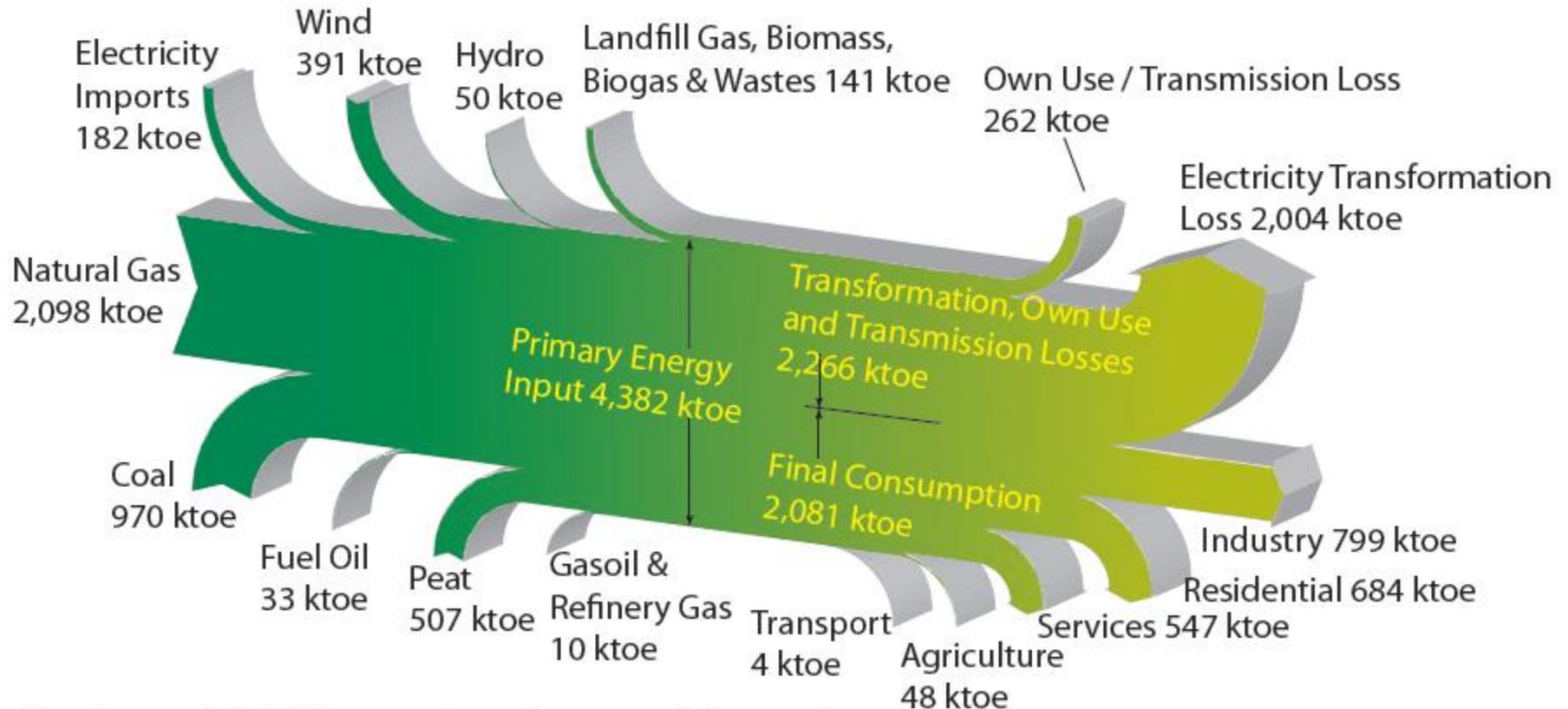


Note: Some statistical differences exist between inputs and outputs



SEAI- Energy in Ireland

Energy Flow – Electricity Generation 2013



Note: Some statistical differences and rounding errors exist between inputs and outputs



2020

- The climate and energy package is a set of binding legislation which aims to ensure the European Union meets its ambitious climate and energy targets for 2020.
- These targets, known as the "20-20-20" targets, set three key objectives for 2020:
 - A 20% reduction in EU greenhouse gas emissions from 1990 levels;
 - Raising the share of EU energy consumption produced from renewable resources to 20%;
 - A 20% improvement in the EU's energy efficiency.
- Four main instruments for its achievement
 - Renewable targets at Member State level
 - Reform of the EU – Emissions Trading Scheme
 - Emissions targets at Member State level
 - Legal framework for carbon capture and storage



Progress to date

- In 2013 the cost of imports to Ireland was approximately €6.5 billion.
 - It is estimated that renewable energy in electricity generation avoided between €250 million and €280 million in 2012 in fossil fuel imports
- **Progress against 2020 renewables target: end 2014**
 - 16% of energy from renewables sources: 8.6%
 - 40% of electricity demand from RES: 22.6%
 - 10% of transport demand from RES : 5.2 (3.1)%
 - 12% of heat demand from RES : 6.7%



Progress to date

- Energy Efficiency will be critical to achieving RES and emissions targets
- Need 31,925GWh by 2020
- Achieved 14,764GWh (46%) by 2013



2020 Challenges (RES)

Delivery of renewable heat

- Nature and structure of the sector(s)
- Gap to target
- Population settlement patterns

Renewable Energy in Transport

- Availability of biofuels
- Fuel Quality Directive blending limits
- Awareness of wider policy issues:
 - Food versus Fuel
 - ILUC
- Lack of/ early stage of development of alternative technologies
- Population settlement patterns



2020 Challenges

Delivery of renewable generation and grid development

- Maintaining generation build rate – a challenging financial environment for developers
- Maintaining grid build rate – a 21st century grid is central to our renewable ambitions
- System operation – challenges to operating the system with a different generation portfolio including renewables

Social Acceptance of infrastructure development

- Acceptance of energy infrastructure projects has dis-improved in recent years
- Need for a mature national discussion on energy
- International context - Denmark appears to have achieved near consensus on energy generation and distribution



Social Acceptance

- The 2012 *Government Policy Statement on the Strategic Importance of Transmission and Other Energy Infrastructure*
 - recognises that public and community acceptance are key to the timely development of strategic infrastructure. It emphasises early consultation and engagement with local communities, and building community gain considerations into energy infrastructure planning and budgeting.
- The *Green Paper on Energy Policy in Ireland*, recognised building societal acceptance as one of several challenges in further deploying renewable energy.
- The Renewable Electricity Policy and Development Framework will set out policy in relation to community engagement.



Renewable Electricity Policy and Development Framework

- The goal of the Renewable Electricity Policy and Development Framework is to optimise the opportunities in Ireland for renewable electricity generation development on land at significant scale, to serve the All Ireland Single Electricity Market.
- A draft SEA Scoping Report setting out the broad scope of the proposed Environmental Report regarding the Renewable Electricity Policy and Development Framework is currently being finalised and will be put out for public consultation in 2015.
- This is to be underpinned by a Strategic Environmental Assessment and an Appropriate Assessment and focusing on requirements out to 2030



Framework 2030

- EU leaders reached agreement on a new Climate and Energy Policy Framework for 2030 at the October European Council meeting in Brussels
- The agreement commits the EU to:
 - reducing greenhouse gas emissions by 40% by the year 2030, compared with 1990 levels
 - a target of at least 27% for renewable energy and energy savings by 2030
- Ireland supports the EU level ambition and is fully engaged in deciding on an ambitious contribution from Ireland that is technically feasible, cost-effective, achievable and fair



Forthcoming Energy Policy Statement – autumn 2015

- **Green Paper on Energy published in May 2014**
- **Why?**
 - The three pillars
 - Within International (UN) and European Contexts
 - What can Ireland add? What extra can we bring? How can we lead?
 - Are there economic opportunities for Ireland?
 - Wider context of the economic and social recovery underway
- **Six priority areas**
 - Priority 1: Empowering Energy Citizens
 - Priority 2: Markets and Regulation
 - Priority 3: Planning and Implementing Essential Energy Infrastructure
 - Priority 4: Ensuring a Balanced and Secure Energy Mix
 - Priority 5: Putting the Energy System on a Sustainable Pathway
 - Priority 6: Driving Economic Opportunity



Forthcoming Energy Policy Paper

- **Consultation / Engagement Process**
 - Public consultation – over 1,200 responses received
 - Public Seminars – 12 held in total
 - 8 held in Dublin
 - 4 regional seminars - Westmeath, Sligo, Cork, Wexford
 - Final Public Consultation
- **Publication of the energy policy paper in autumn**
 - Definitive Energy Policy Statement out to 2030
 - Sustainability, Security, Competitiveness – clear statements
 - Ireland's specific circumstances
 - A policy fit for present and future purposes



Putting the Energy System on a Sustainable Pathway

Electricity, Heat and Transport

- What measures are needed to upscale the use of renewable energy across the sectors and where most beneficial

Energy Efficiency

- How to enable a radical improvement in energy efficiency and the local jobs dividend it brings?

Grid

- Sustainable development of the grid
- Technologies for smart grids and grid deployment

Diversity of Renewable Supply

- Community Energy
- Micro-generation
- Balanced Mix – existing and emerging



Community Energy

- Several models exist in other EU States – range from community benefit to community ownership
- A number of barriers have been highlighted and are being considered in the energy policy paper process including but not limited to:
 - ensuring that community members have adequate information in order to build the capacity required to be engaged in energy projects,
 - enabling access to finance and the electricity grid to progress projects
 - the platform for communities to avail of payment for electricity such as the ability to participate in power purchase agreements.





New support scheme for electricity

- Applications to existing support schemes close at the end 2015
- Policy context and requirements of the target market continue to emerge. Regulatory certainty is needed to provide the platform for promoters to continue to access funding and progress projects
- New electricity support scheme to be available from 2016 onwards
- Subject to EU EEAG State Aid Guidelines published in 2014
- Initial public consultation in the coming weeks

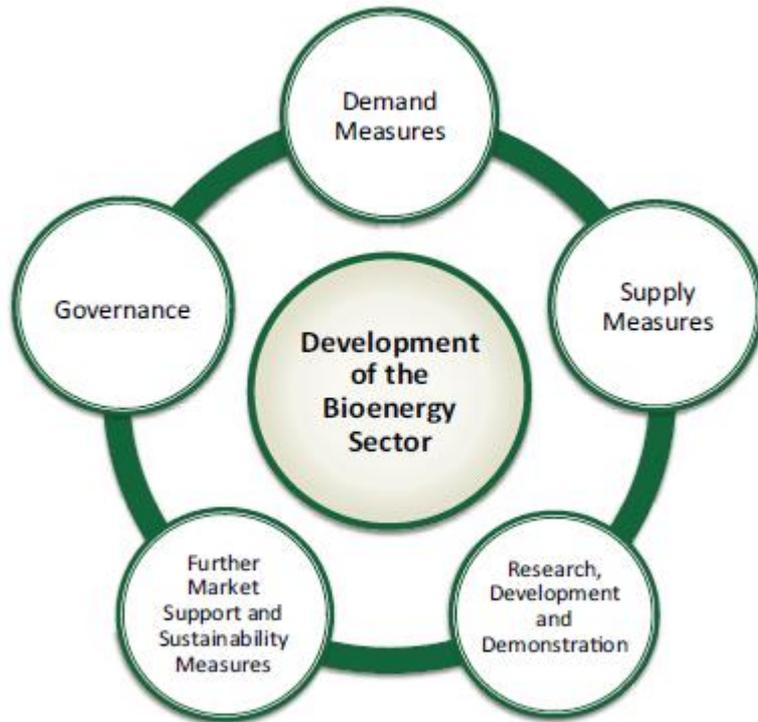


Draft Bioenergy Plan

- Draft Bioenergy Plan published - October 2014
- Three high level goals, of equal importance, based on the concept of sustainable development have been identified:
 - To harness the market opportunities presented by bioenergy in order to achieve economic development, growth and jobs
 - To increase awareness of the value, opportunities and societal benefits of developing bioenergy
 - To ensure that bioenergy developments do not adversely impact the environment and its living and non-living resources
- SEA / AA to be undertaken – RFT closed and selecting consultant
- Public Consultation to play important role



Draft Bioenergy Plan



Steering Group and Four Working Groups established:

WG 1 – Demand

WG 2 – Transport

WG 3 – Supply

WG 4 – Research and Development



Bioenergy - Supports to date

- REFIT 3 - 310MW of renewable electricity capacity
 - Application deadline 31 December 2015
- Biofuels Obligation – consulting shortly on increasing the obligation rate
- Taxation – e.g. ACA, EII, Carbon Tax,
- Regulations – e.g. Part L
- Analysis by the Sustainable Energy Authority of Ireland (SEAI) suggests that in the absence of further measures:
 - Potential shortfall of 2 to 4 percentage points in RES-H.
 - Represents 1 to 2 percentage points in terms of the overall renewable energy target.



Renewable Heat Incentive

- Analysis found that the option with the least modelled cost is an appropriately focused Renewable Heat Incentive (RHI).
- Providing:
 - Stability and long term security for investors
 - Value for money for consumers
 - Significant positive impact on non-ETS sector emissions
- Therefore it is proposed, subject to State Aid clearance from the European Commission and further Government approval to introduce a RHI for larger non-ETS industrial and commercial renewable heating installations.



Ocean Energy

- Offshore Renewable Energy Development Plan
 - Steering Group
 - Jobs
 - Environment
 - Infrastructure
- Significant resource
- Analysis underpinning SEA and AA – 4,500 MW offshore wind and 1,500MW wave and tidal.
- Route to market
- Increase R&D
- Proposed, subject to State Aid clearance from the European Commission and further Government approval to introduce a 30MW at €260 per MWh



Conclusion I

- Energy Policy shaped by three pillars and must serve societal needs by steering the actions that will lead to long term transformation, to the benefit of everyone
- Strong progress has been made towards our 2020 targets but significant challenges remain.
- To be a world leader in renewable energy technology also requires international best practice in community engagement. We're good at the first, we need to get better at the second.
- Ireland has world class renewable electricity resources. It is critical that we fully participate in the formation of the next chapter of EU energy policy.



Conclusion II

- Development of a new support scheme has begun – to be available from 2016.
- Energy Policy Paper to be published by the Minister in autumn 2015.
- Additional measures required in the renewable heat sector.
- Renewable Heat Incentive targeted at the larger non-ETS industrial and commercial renewable heating installations.
- Three opportunities to contribute throughout the development of the RHI.
 - Initial consultation to commence shortly.
- Will be available from 2016 onwards subject to Government approval and state aid clearance.





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