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Micro-generation Support Scheme Consultation
Electricity Policy Division
Department of the Environment, Climate and Communications
Via email to: publicconsultation_mss@decc.gov.ie

Date: 16 February 2021

Public Consultation on a Micro-generation Support Scheme in Ireland

Submission on Behalf of The EcoMerit Community

Dear Electricity Policy Division,

I am writing on behalf of the EcoMerit Community, which is a Sustainable Energy Community registered with the Sustainable Energy Authority of Ireland. The EcoMerit Community has been in existence for 12 years and our 100+ members include a wide range of businesses, community organisations, education establishments and others. We share a common interest in improving our sustainability and have achieved an average 9% year-on-year reduction in our collective carbon footprint.

Some of our members are already micro-generators, and many more aspire to become micro-generators.

We therefore believe we are well placed to provide sound input into the consultation process including bringing our experience of the practicalities of, and barriers to, investment in micro-generation.

We welcome the long-awaited move by Government to address the need to promote the roll-out of new micro-generation capacity in Ireland. We also welcome the opportunity to contribute to the consultation process.

We broadly agree with the intent and overall approach suggested in the consultation document, and we believe our insights can help to greatly enhance the proposed scheme and hence improve its prospects for success.

Our detailed comments are shown below, in accordance with the questions posed in the consultation document.

Yours sincerely,

Phil Walker
Managing Director, EcoMerit Ltd. and EcoMerit Community Oversight Board Member.

Q1. Do you agree with the approach to introduce the CEG in order to provide an export payment that reflects the fair market value of the electricity in compliance with the recast Renewable Energy Directive? If not, what alternative model would you propose and why?

A1. Not entirely. We propose that the micro-generator pays for **net** electricity taken from the grid in a given billing period, with any **net** export being paid according to your suggested arrangements. Here is our reasoning:

The research carried out for this consultation does not seem to take into account the implications of on-site battery storage at micro-generation sites. This has far-reaching consequences:

- Many (probably most) micro-generators cannot match their real time electricity consumption with their electricity generation.
- If micro-generators receive considerably less for electricity exported to the grid than they pay for electricity taken from the grid, they will automatically look at battery storage solutions to help balance the difference. This is already happening.
- Adding the cost of battery storage to the cost of a prospective micro-generation investment will very often render the investment unviable, even after considering grant or prospective tariff supports.
- Batteries are expensive: in financial cost; embedded carbon; and in their use of rare mineral resources. The grid will be able to utilise all anticipated micro-generated electricity, real time, without difficulty. From a National perspective, we have no need for this type of micro-generator battery storage, and no National scheme should be serving to encourage it.
- Instead the micro-generator should be using the grid (a National asset) as its battery.
- By making all excess micro-generation capacity available real-time for local distribution, this will help to further reduce grid transmission losses.

For these reasons we propose that micro-generated electricity exported to the grid should attract the same fee as the micro-generator would be paying *at that given time* for electricity taken from the grid. That is, the microgenerator should pay for the net electricity used in any given billing period. Any net export to the grid may attract a lower, commercial, payment.

Additional Notes: Adopting this approach will also allow us to cease providing grants for domestic battery storage in conjunction with domestic PV arrays, saving money for the state and householders.

The only benefit to the micro-generator of on-site battery storage would then be to store electricity produced at off-peak times for use at peak times, if financially viable without grant support. This would help with peak load shaving, and so would be of National benefit.

In the longer term, there may be a benefit from micro-generators storing on site, but this will likely be achieved by vehicle-to-grid technology, rather than the need for dedicated static battery capacity at each home or business premises.

Q2. Do you agree that initially the CEG should be a fixed, minimum tariff provided by Suppliers as a pass through cost based on the annual average Day Ahead Market (DAM) wholesale electricity price? If not, what alternative model would you propose and why?

A2. No. See A1 above.

Q3. A common 3.75% discount rate across all sectors assessed was chosen as an input to the viability gap assessment. Do the respondents agree with this approach? If not, what alternative would you propose and why?

A3. Yes.

Q4. The emerging policy includes a measure whereby all Renewables Self-Consumers who install micro-generation technology after 30th June 2021 can access a payment of a fixed, minimum Clean Export Premium tariff for exported electricity determined by the lowest cost technology for each sector. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A4. No. See A1 above.

Q5. The proposed Clean Export Premium tariff for exported electricity will be offered for a maximum duration of 15 years for all technologies. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A5. Yes. We would also propose that the scheme should be reviewed before it ends, with a view to its possible adaptation or replacement, based on the micro-generation landscape at that time.

Q6. The high level design includes a measure whereby a Clean Export Premium tariff for exported electricity will be capped by exported volume related to the installation size in order to prevent over-remuneration. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A6. No. The consultation document quite rightly identifies the expected increase in electricity demand due to the roll out of heat pumps and electric vehicles. In a domestic setting, for example, this demand could be expected to triple. Micro-generators should be allowed to future-proof their investment to take account of this, rather than being encouraged to invest in an installation which they know will soon be inadequate.

Q7. The high level design proposed 4 eligible renewable technologies listed above. Do the respondents agree with this proposal? If not, what alternative would you propose and why?

A7. Yes.

Q8. There is a range of renewable technology that can be deployed in domestic and SME premises and can facilitate high levels of renewable electricity self-consumption. The definition of micro-generation is therefore proposed to be “micro-generation technologies including micro-solar PV, micro-hydro, micro-wind and micro-renewable CHP with a maximum electrical output of 50kW”. Do the respondents agree with this proposal? If not, what alternative would you propose and why?

A8. Yes.

Q9. Applicants will be required to have an export connection from the Distribution System Operator. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A9. Yes.

Q10. The CEP will be available to existing buildings only. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A10. No. It should also be available to new builds which install renewables over and above the minimum required under the building regulations. The easiest way would probably to set a standard, e.g. new buildings which install renewables at least 100% above the minimum required.

Q11. Occupied buildings will need to achieve a minimum post-works BER C rating. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A11. No. While we agree with the fabric-first approach, we see no need to add an unnecessary hurdle to people interested in micro-generation. They should be allowed to weigh up the relative benefits of fabric improvements versus renewables for their own particular situation.

Q12. The minimum BER rating for the MSS will be increased over time to align with other Government energy efficiency retrofit programmes. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A12. No. See A11 above.

Q13. Community groups must conform to the definition of a Renewable Energy Community and be registered with SEAI. Do the respondents agree with this approach? If not, what alternative model would you propose and why?

A13. Yes.

Q14. The emerging policy proposes that Suppliers recover the costs of the Premium support through the PSO. DECC welcome the respondents' views on the funding mechanism supporting micro-generation. Do you think the PSO should support micro-generation or should this be through Suppliers retail rates or other mechanism?

A14. Broadly, yes. However, given the benefit of the reduced transmission losses associated with micro-generators supplying local users, we would question to what extent the electricity suppliers will have costs to be recovered. Most cost implications would, we believe, be with the network and the associated roll-out of smart meters. There may be an argument for a slightly increased grid access charge for micro-generators, in recognition of the grid being made available as a battery. This would need to be low enough to ensure it doesn't make the purchase of on-site battery capacity financially viable.

As much as possible, the PSO Levy should be used to directly support energy poor households, thus ensuring they are not disadvantaged by the micro-generation (or any other) support scheme.

Q14 (15?). DECC welcomes the respondents views on how to manage the scheme costs and the frequency of changes in the support arrangements.

A14. See A14 above.