



Cork Chamber submission to Public Consultation on a Micro-generation Support Scheme (MSS) in Ireland

February 18, 2020

1. Introduction

Cork Chamber is the leading business representative organisation in Cork, proactively working to identify and progress developments that are facilitative of sustainable economic development. Representing an employer base of close to 1,200 businesses and over 100,000 employees across the region, Cork Chamber is the largest business representation organisation in the south of Ireland. At the outset we take this opportunity to give our strong support to the initiation of a microgeneration support scheme in Ireland. An appropriately designed scheme which is ambitious, and easy to access and use has the potential to be transformational to our national energy profile, and a key contributor in reducing carbon emissions.

2. United Nations Sustainable Development Goals

This submission has been guided by our commitment to the UN Sustainable Development Goals.¹ Five specific goals have been identified which we actively advocate for throughout our work;



This commitment is supplemented and further developed through our Sustainable Cork Programme which focusses on the sustainable and resilient recovery of the Irish economy and society of the short to medium term, but also the longer term as we transition to a low to zero carbon society. Developed in considerable detail through significant member and community engagement, the Building Economic Resilience report sets forth a strong and sustainable vision for the future of Cork² and clearly indicates the appetite of the business community to engage and be progressive in this transition. It is the role of Government to enable this engagement and we therefore commend the initiation of this consultation, welcome the opportunity to engage, and look ahead to the timely rollout of an MSS in Ireland by July 2021. The adherence to this timeline is of critical importance, and the MSS will be a fundamental and progressive step in developing a multi-pronged and widescale response to the climate crisis.

¹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

² <https://www.corkchamber.ie/wp-content/uploads/2020/07/Sustainable-Cork-Programme-Building-Economic-Resilience.pdf>

Fundamentals of a progressive MSS scheme

From the outset, it is crucial if Ireland is to significantly cut GHG emissions from energy that we enable the proactive facilitation and progressive engagement of individuals, communities, and businesses in the transition. The MSS has the potential to be transformative and is a crucial step in achieving the target of 70% renewable electricity by 2030 set out in the 2019 Climate Action Plan. Currently we are significantly off target in meeting our GHG emissions reduction targets with 2030 and 2050 commitments posing a substantial challenge across the board. The launch of an MSS is the opportunity to significantly catalyse this transition.

Cork Chamber strongly supports the overarching objective of developing an equitable scheme which fundamentally addresses cost burden sharing considerations. It is essential that the scheme be equitable to all, and accessible to all, and therefore takes account of the costs for renewable electricity as laid out in the recent RESS-1 auction. It is essential that the approach facilitates and supports self-consumers and has the agility to encourage prosumers in microgeneration, is developed to address technical and cost barriers, and the persisting issues with grid connection. Now is the opportunity to develop a progressive and ambitious scheme that rewards engagement at individual, business, and community level, that encourages and supports strong interest and uptake. This opportunity must not be lost.

In advance of finalising the scheme, Cork Chamber highlight key considerations:

- Microgeneration support levels must be set at a level to incentivise the uptake of the technology where there are gaps in the market (i.e., the revenue received from operating the technology does not compensate for the cost of that technology). A balance must be reached between providing a sufficient incentive to cover the difference that exists between the cost of installing a particular technology and the savings that result from self-consumption.
- SMEs and entrepreneurs do not have the same access to resources as larger enterprises, therefore expanded subsidies and/or grants that support the deployment of renewable technologies, beyond those currently available (such as the Domestic solar PV and Better Energy Communities schemes operated by the SEAI) should be revised and aligned to reduce the burden of any viability gap.
- As a Clean Export Guarantee will not be able to meet the viability gap for the lowest cost technologies in any sector until technology costs reduce further, we support the initiation of a Clean Export Premium (CEP) in the first years to support deployment of new renewable micro-generation. Bridging the viability gap is a crucial element of achieving strong uptake and interest from the very start of the scheme. While we acknowledge that the CEP will be phased out over time, technology costs and the practical affordability of technology to businesses, especially SMEs, communities and individuals must remain a central tenet of any future amendments to the financial model of the MSS. Finally, the determination of the CEP must be transparent and predictable.
- Remuneration must be aligned with the market value of that electricity and take account of its long-term value to the grid, the environment and society as set out in the RED II. An export payment is a minimum requirement for compliance with the Directive, and we encourage

the stronger emphasis on assuring participants of a fair and equitable export payment. Currently the consultation paper suggests that remuneration for exported electricity is a 'small additional benefit'. We believe this approach instils vagueness and does not give confidence to participants of an equitable and fair price.

- Rigid regulation which has the potential to undermine business participation should be avoided. It is important that any future regulation in this area is flexible and not burdensome on businesses, especially SMEs. It is also important to highlight that any new regulations that may be introduced as part of a future strategy should not be applied in a way that may harm business competitiveness – especially for businesses that are adapting, or have adapted, more circular approaches to their energy usage and operations. Any future MSS should be easy for entrepreneurs and SMEs to navigate and participate in. The scheme should be designed with an SME-friendly approach to ensure maximum participation with reduced red tape and administrative burdens.
- The MSS presents the opportunity to create a successful supply chain, generating a significant number of jobs to support renewable installations. Sustained investment in infrastructure must be ensured to facilitate the widescale establishment and development of microgeneration schemes that will in turn create employment, upskilling and retraining opportunities across all regions of Ireland.
- The Climate Action Plan specifies that the new microgeneration support scheme should be underpinned by addressing technical barriers and planning constraints and a clear grid connection policy. However, the MSS as proposed includes a number of grid constraints affecting potential banding capacities. For generators that produce less than 6kW for single phase connections and 11kW for 3 phase connections, there is a streamlined process already in place. However, at lower levels of penetration, 6kWp/11kWp can be provided and may require some levels of reinforcement. At higher penetration levels of 6kWp/11kWp, or at greater than 11kWp, an individual system study is required for each connection, therefore incurring additional costs to upgrade network connections. Sufficient grid connectivity and an expansion of the maximum 6kW/11kW needs to be promptly addressed by the Department to ensure that the design of the scheme is both robust and ambitious, accelerating the reduction of carbon emissions.
- Consideration should be given to increasing both the upper limit (>50kW) of projects and, in this case, the cap-level (>30%) for cases where the available resource merits this. For example, where a local SME or farm with a large roofspace or site footprint can accommodate a >50kW installation (but less than, say 500kW) that site could effectively deliver locally generated renewable electricity to the local community on a cost-neutral basis for suppliers. There would be better economies of scale for a larger installation (as opposed to say 30-40 domestic rooftop projects). The proactive support of the DSO (ESB Networks) in facilitating this (where necessary) would be important. This approach would be compatible and complimentary to the existing RESS scheme for community projects >500kW.
- An export connection must be obtained easily, cost-effectively, and with the minimum of delay. There may be a risk of excessive delays due to a very significant increase in applications for an export connection.

- The rate of adoption of microgeneration technologies among homeowners remains low at approximately 1.5% of domestic electricity end-users as a result of low awareness and cost barriers. A robust national and regional awareness and communication campaign must be initiated in tandem with the official launch of the scheme. This must engage with homeowners, businesses and communities and should be multi-faceted engaging at national media level and at community level proactively. Any such campaign should include guidance on areas such as building regulations compliance, certification of works, effective design of the microgenerator, energy conservation, efficiency measures, and BER assessments.
- The scheme costs and the frequency of changes in the support arrangements should be kept to an absolute minimum to avoid lack of confidence in the stability of the MSS. We urge that serious consideration be given to the levels of both the maximum kW limits (proposed as 50KW) and the cap limit (proposed 30% of total generation). These limits are very conservative, and while they may have the effect of limiting the overall cost of the scheme, they may also negate the participation of larger projects. A more ambitious MSS which encourages consumers to become true prosumers and, where possible, produce a significant amount of renewable electricity for their communities, could be truly transformative to Irelands energy profile.

3. Conclusion

Cork Chamber are very supportive of plans to introduce an MSS in Ireland, and strongly support the broad-ranging and positive economic, societal, and environmental impacts of such a scheme. An effective MSS will be central to Irelands energy policy, supporting the core pillars of competitiveness, security of supply and sustainability. Lastly, we believe that the proactive engagement with the business community can be instrumental to facilitate fully representative discussions of future pathways and actions that are informed via ground up engagement.

Yours sincerely,



Michelle O'Sullivan

Senior Public Affairs Executive

Cork Chamber