



Submission to the Public Consultation on the  
Microgeneration Support Scheme (MSS)

18<sup>th</sup> February 2021

## 1. Executive Summary

- Farmers want to be central players in Ireland's energy transition. They recognise the opportunities offered by microgeneration to produce energy for their own use but also to diversify their farm income by selling excess energy to the grid and enhancing the sustainability of their farm business.
- Ireland's adoption of renewable technologies at farm level is well below the European average. In 2018, Ireland ranked 23rd out the EU-27 countries for renewable energy from agriculture, producing just 2.6% compared with the EU-27 average of 12.1%.
- The scope of the scheme needs to be widened to make farm and community-based microgeneration projects viable. The limited focus of the proposed scheme on domestic installations is a missed opportunity to support farmers and communities to transition to renewable energy.
- The net payback period for most on-farm scenarios is too high, while the 70% self-consumption requirement is overly restrictive and a major barrier to adoption by farmers, particularly farmers with a low energy consumption.
- A major challenge to microgeneration is the grid connection process, which continues to be a deterrent to the delivery of on-farm renewable projects. Small scale projects must be able to access the grid through a simplified transparent process, with reduced costs and a grid connection timescale to improve the success rate of projects.
- There are multiple barriers in the proposed scheme that limit uptake and hamper farm and community-based microgeneration deployment. To remove these barriers and support widespread uptake the following changes are proposed:
  - In combination with Clean Export Guarantee (CEG) payment, a capital grant support should be available to overcome the high initial investment costs.
  - Zero cost access and use of the grid for microgeneration installations under 50kW microgeneration.
  - Removal of the self-consumption limit of 70% to provide low energy users opportunities to generate and export renewable energy.
  - Removal of the Building Energy Rating (BER) rating requirement.
  - A streamlined consistent application process with defined timelines for planning decisions.
  - Domestic residence and farm buildings should be linked using private wire systems so they can share electricity produced.
- To meet our renewable energy and emission reduction targets it is vital that farmers and communities are supported and that barriers are removed, so they can be central to Ireland's future energy generation.

## 2. Introduction

The Irish Farmers Association is Ireland's largest farming organisation with approximately 71,000 members in 940 branches nationwide. We welcome the opportunity to make a submission to the public consultation on the Microgeneration Support Scheme (MSS).

In Ireland, we have a wealth of natural resources that can be harnessed to power our nation. Yet, our adoption of renewable technologies at farm level is well below the European average. In 2018, Ireland ranked 23<sup>rd</sup> out the EU-27 countries for renewable energy from agriculture, producing just 2.6% compared with the EU-27 average of 12.1%.

The Microgeneration Support Scheme (MSS) is a missed opportunity to support the wide scale adoption of microgeneration in the agricultural sector. The scheme is too limited and needs to be widened to support not just domestic microgeneration projects but farm based and community microgeneration.

Under the proposed scheme, the net payback period for investment for on-farm scenarios is too high. The financial barrier of high initial capital costs makes microgeneration projects unviable. By limiting the sale of surplus electricity to 30% of total electricity generated, farmers that may have the space and resources, but low energy consumption are excluded from the scheme.

It is widely recognised that the agricultural sector has a central role to play if Ireland is to meet its renewable energy and emission reduction targets. However, this scheme fails to harness this potential and support farmers to get involved in the transition to a low carbon economy.

### **3. Context**

In October 2020, the Government published the draft text of the Climate Action and Low Carbon Development (Amendment) Bill 2020, which proposes to commit Ireland to net-zero carbon emissions by 2050. This is one in a series of policy changes that aims to bring transformative change, as Ireland transitions to a low carbon economy.

At European level, policies such as the Clean Energy Package (CEP) and the revised Renewable Energy Directive (RED II), are driving change by supporting the decarbonisation of energy production.

Ireland's Climate Action Plan (2019) sets an ambitious target of reaching 70% of electricity generated from renewable sources by 2030. The plan has a dedicated section on microgeneration that outlines the Government's commitment to develop policy that will support and enable people to sell excess electricity back to the grid.

This strong ambition from the Irish government aligns with RED II which brings the prosumer into the centre of EU energy policy. A 'prosumer' is described as a consumer who both produces and consumes electricity. This recognises the key role consumers have in this transition and Ireland's ability to achieve its 2030 renewable energy targets.

Developing an MSS scheme that supports widespread adoption is critical to achieving the goal of 70% of Irish electricity generated from renewables by 2030.

### **4. Supporting farmers to diversify into renewable energy**

To achieve carbon neutrality by 2050, farmers must be supported to transition to renewable energy and decarbonise the sector. Supporting this transition, will enhance the overall sustainability of farms by improving energy efficiency and also providing new opportunities in renewable energy production.

The assets available to farmers, namely shed roofs should be allowed to be fully utilised to enable farmers to diversify farm income through renewable energy generation while reducing emissions from agriculture. Renewable energy deployment will also bring wider economic development to rural areas through employment, new business opportunities, new revenue sources, as well as increased energy security.

It is a critical to the success of the MSS that it delivers a realistic payback period and that farm and community-based projects are considered 'bankable'. Low cost access to the grid must be provided so farmers can diversify into renewable energy production and make microgeneration viable at farm and community level.

In the proposed scheme multiple barriers remain that limit uptake and do not support widespread adoption of microgeneration at farm and community level. A range of changes to the scheme are required, these include:

- In combination with CEG payment, a capital grant support to overcome the high initial investment costs.
- Zero cost access and use of the grid for microgeneration installations under 50kW microgeneration.
- A streamlined consistent application process with defined timelines for planning decisions.
- Removal of the BER rating requirement.
- Domestic residence and farm buildings should be linked using private wire systems so they can share electricity produced.

## 5. Public Consultation Questions

*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?*

IFA agree in general with the approach to introduce the Clean Export Guarantee to provide a fair market value export payment. Paying small generators for their renewable electricity is fair and makes sense. All renewable electricity is valuable, regardless of the size or scale of energy produced. However, export payment alone will not guarantee adoption of micro generation as it provides a typical payback of approx. 14 – 16 years. This payback period is too long and needs to be reduced to 5-6 years if the Government is committed supporting widespread adoption of microgeneration.

***IFA propose to overcome the barriers to adoption that CEG is combined with a capital grant support, a straightforward application process as well as easy access to and use of the National Grid, to support widespread adoption of microgeneration.***

*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?*

First and foremost, the rate must be fair and transparent, while in principle basing it on the wholesale electricity rate seems fair, but the rate must be transparent to farmers in order to give a level of confidence around investing in micro generation. Simplicity and transparency are key.

***IFA propose that there is a guaranteed floor for the export rate of micro generated electricity, in order to facilitate widespread adoption. The business case for installation will be determined at the point of investment so clarity is required.***

*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?*

This rate does not work. The challenge at present is that the payback is too long, 16 years in some instances. The discount rate must be set a level that helps reduce the payback to somewhere in the region of 5 – 6 years.

***IFA propose that the discount rate is considered in combination with the CEG rate, a simple capital grant, the cost and access of grid connection and removal of 30% cap on export generation. This would allow farmers and rural communities an opportunity to participate and contribute to the success of our renewables targets via micro generation.***

Q4. The emerging policy includes a measure whereby all Renewables Self-Consumers who install micro-generation technology after 30<sup>th</sup> June 2020 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?

**IFA propose that the:**

- (i) **CEG/CEP tariff should be available to all installations as well as installations before the proposed date, to help overcome the barriers to the capital cost of installation.**
- (ii) **Scope of the scheme needs to be widened to include non-domestic users such as farms and community buildings.**
- (iii) **30% cap on export of electricity to the grid is removed.**
- (iv) **The definition of communities is expanded to define farmers as one community regardless of geographic location or sector.**
- (v) **Grid access for installations up to 50 kW is facilitated under a low-cost simplified system.**
- (vi) **Each micro technology should be considered individually and specific supports determined to ensure parity and growth in all four areas.**

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?

No, there are too many caps and barriers that will not create the environment that is required to de-risk investment in microgeneration for farmers and rural communities.

**IFA propose that the duration of supports should be based on provided a payback period on the installation of between 5-6 years, with guaranteed support for the lifetime of the investment.**

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?

No, we disagree. Self-consumption is already built into the system by virtue of the fact that there is no better input to the business case than foregoing a unit of retail electricity. Any element that adds barriers or caps will negatively impact on the success of the scheme. The assets available to farmers, namely shed roofs should be utilised fully to improve overall farm sustainability by allowing farmers to diversify farm income through renewable power generation while reducing emissions from agriculture.

**IFA proposed that the:**

- (i) **Scheme is redesigned to incentivise adoption of microgeneration at farm and community level, where there is low energy consumption on site.**
- (ii) **Caps on installation size are removed to encourage microgeneration.**
- (iii) **Domestic residence and farm buildings should be linked using private wire systems so they can share electricity produced.**

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?

Yes, this is a comprehensive approach, with solar being the most likely widely adopted technology.

**IFA propose that the scheme needs to be redesigned with a greater ambition to exploit the potential of microgeneration at farm and community level.**

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 “microgeneration 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?

**IFA propose that the increase to 50kW should be combined with free access to the grid and planning exemptions to overcome the barriers to microgeneration adoption. In addition, grid access and planning for installations above 50kW needs to be simplified as much as possible.**

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?

Agree, however this is one of the single biggest challenges with the adoption of micro generation technologies.

**IFA propose that the process of grid connection must be simplified and costs be removed for installations under 50kW. The onus for network investment to support thousands of micro generation providers should not lie with the individuals, they should lie with the grid provider and be applied consistently, transparently, and in a timely manner.**

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?

No, again this is creating unnecessary barriers to adoption that will discourage investment.

**IFA propose that scheme is available to new buildings and that this should be reviewed when the scheme is implemented. The scheme must facilitate domestic residences and farm buildings must be allowed share electricity produced.**

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?

No, this requirement takes no consideration to energy usage and in particular using farm sheds for renewable energy generation.

**IFA propose that the BER rating is removed, as it has nothing to do with microgeneration and will only act as an unnecessary barrier to adoption.**

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?

**IFA propose that the minimum BER rating is removed and be reviewed in the future. There should be no connection between building energy ratings and adoption of micro generation on farms and rural agri-businesses.**

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?

***IFA propose that the definition of a 'Renewable Energy Community' be expanded to include additional flexibility that recognises the farming community, a definition that is not limited by geographic location or buildings.***

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 microgeneration or should this be through Suppliers retail rates or other mechanism?

***IFA propose that paying for the MSS through the PSO makes sense, however there should be greater transparency over governance to ensure that all participants and stakeholders are getting value for money.***

Q15. DECC welcomes the respondent's views on how to manage the scheme costs and the frequency of changes in the support arrangements.

***IFA propose that a stakeholder group should be established to monitor performance and uptake of the scheme, across all sectors and technologies. This group should have the authority to make the required adjustments to the process to ensure success and to hold all stakeholders accountable to the shared goal of micro generation adoption.***

## **6. Conclusion**

Ireland's adoption of renewable technologies at farm level is well below the European average. There is huge potential for renewable energy production on Irish farms, and the MSS scheme must support farmers to realise this potential.

Supporting farmers to decarbonise is vital to Ireland's transition to a low carbon economy. If farm-based microgeneration is to be workable then changes to the proposed scheme are required.

We trust that these comments are useful. If you wish to discuss any aspect of this submission, please contact Geraldine O'Sullivan, IFA Senior Policy Executive by email on [geraldineosullivan@ifa.ie](mailto:geraldineosullivan@ifa.ie) or on 087 9385283.

Ends.