

Private Members

Micro-generation Support Scheme Bill

Oireachtas, March 2019

Michael Manley

Opening Statement

I want to thank the Chair and members of the Committee for the invitation to attend and discuss the Micro generation Support Scheme Bill this afternoon.

This is a timely hearing on a topic that is generating a lot of public engagement in the context of national and EU policy developments.

Let me say at the outset that as pointed out by Minister Richard Bruton last November during the 2nd stage debate, the Government wants to see the development of micro generation and last year launched a pilot scheme targeting domestic homeowners and solar PV. The pilot scheme is focused on self-consumption as this is where micro-generation is most beneficial, to both the homeowner and to the grid.

A roadmap to deliver micro-generation is currently being developed as part of the Whole of Government Climate Action Plan. This roadmap was initiated in November 2017 when DCCAIE and the SEAI hosted a workshop on micro-generation which brought together relevant stakeholders to assess the barriers and challenges facing the deployment of micro generation and also to identify opportunities to facilitate its deployment.

This workshop led to the formation of the Micro Renewable Electricity Federation in Ireland and the pilot support scheme for micro-generation. DCCAIE, SEAI and the MREF have been engaged throughout 2018 on the development of a Code of Practice and technical and safety standards for solar PV installers.

During the 2nd stage debate on this Bill last year, the Government decided not to oppose this Bill. The Minister and the majority of those who spoke during the debate recognised the positive ambition behind the Bill and the positive

measures contained within. However, the Minister made it clear during the debate that the Bill needs further work in terms of how it is funded and the financial impact it may have on electricity customers, particularly those who cannot afford to participate.

The Minister also commented during the debate last November that there are a number of issues, which have yet to be addressed. These will need to be considered and consulted on, including with the Attorney General's Office, as part of any Committee Stage assessment of this Bill. We are open to working further with Deputy Stanley on this Bill as these issues surface.

Supports for micro-generators will be needed as part of the implementation of the Clean Energy Package (CEP) which was successfully negotiated over the past two years. A cornerstone of the CEP is the emergence of the 'prosumer' at the heart of European energy policy. Renewable self-consumers will be entitled to receive remuneration, including, where applicable, through support schemes, for the self-generated renewable electricity that they feed into the grid, which reflects the market value of that electricity and which may take into account its long term value to the grid, the environment and society. In this regard, an additional supplier obligation may have a place, but equally it may not be the best mechanism.

Evidence based analysis and assessment will be necessary to deliver the citizen and community entitlements at the heart of the recast Renewable Energy Directive. This assessment will take place over the coming months as we develop a sustainable roadmap for micro generation.

While the evidence is that micro generation will have minimal direct impact on reduced carbon emissions or our renewable targets, it does provide an opportunity for citizens to play their part, and we are fully committed to harnessing this enthusiasm to get involved in climate action, at an individual and local level.

The existing pilot scheme will help our understanding of what the likely demand for micro generation in Ireland will be. A previous scheme, run by Electric Ireland, offered a generation tariff and an export tariff. It opened in 2009 and attracted just over 700 applications. Including an obligation on electricity retailers to procure 5% of their electricity from micro generators before first establishing the likely demand for such a scheme can be premature and may have unintended consequences.

The pilot demonstration scheme that opened in July 2018 for applicants to register their interest with SEAI to install solar PV and battery storage systems

has proved to be very popular with over 3,000 expressing an interest to date. Working together with MREF, a Code of Practice for micro generation has also been developed which will help ensure appropriate quality standards in the sector and will in turn increase public confidence in the new technologies. It will also ensure that we place this nascent industry on a sustainable footing.

Micro-generation and the role of the energy prosumer in general has been part of Government energy policy since the 2015 Energy White paper. Moreover, strong support for micro generation emerged during the public consultation on the Renewable Electricity Support Scheme and the recent Citizens Assembly on Climate Change.

It is important to acknowledge the economic analysis, existing research and evidence from other countries that identifies self-consumption as the optimum way to benefit from micro generation. Our schemes are typically developed using an efficiency first principle and are not simply revenue streams for those individuals who can afford to participate.

Another principle which we would like to see underpin such a scheme is that it would be equitable and fair. While supportive of developing the emerging micro generation sector, there is need to be careful in terms of the consequences for consumers that end up paying higher costs, in effect subsidising those who can afford to participate.

There are a range of options for how we pay for micro generation, however in general the three options are:

- Include the charges in the PSO
- Allow energy retailers to socialise the costs through their unit rates
- The Exchequer covers the costs

Energy suppliers *could* socialise the additional costs associated with micro generation through their unit rates which would have a negative impact on consumers and those who cannot afford to participate.. Network operators would also have to address how their lost revenues are recovered and there are likely to be cost implications to all other bill payers here too. The actions to develop the Climate Action Plan's micro-generation policy will assess these and other challenges. It should be noted again that in regard to excess renewable electricity generated and consumed on site, microgeneration will remain a more expensive source of supporting the supply of renewable energy onto the grid.

In summary, it is clear that this is part of the future energy system and that we will see more micro-generation technologies develop and built in the future.

These must be underpinned by appropriate electricity market design and industry standards which are currently being developed.

The Bill here aims to facilitate that growth and Government has made it clear that it shares that ambition and will work positively at amendment stage to ensure effective and appropriate supports are developed in this area.

I look forward to the discussion and taking any questions that Deputies may have on this topic. Thank you.

ENDS