

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM GHNÍOMHÚ AR SON NA HAERÁIDE

### JOINT COMMITTEE ON CLIMATE ACTION

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*Dé Céadaoin, 2 Deireadh Fómhair 2019*

*Wednesday, 2 October 2019*

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The Joint Committee met at 2 p.m.

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Comhaltaí a bhí i láthair/Members present:

Jack Chambers,	Paul Daly,
David Cullinane,	Máire Devine,
Pat Deering,	Alice-Mary Higgins,
Timmy Dooley,	Ian Marshall,
John Lahart,	Michelle Mulherin.
Tom Neville,	
Eamon Ryan,	
Sean Sherlock,	
Brian Stanley.	

I láthair/In attendance: Deputy Danny Healy-Rae.

Teachta/Deputy Hildegarde Naughton sa Chathaoir/in the Chair.

*The joint committee met in private session at 2.14 p.m., suspended at 2.37 p.m. and resumed in public session at 2.38 p.m.*

### **Citizen and Community Measures: Discussion**

**Chairman:** I welcome members and viewers who may be watching the proceedings on Oireachtas TV to the seventh public session of the newly formed Oireachtas Joint Committee on Climate Action. Before introducing our witnesses and at the request of the broadcasting services, I ask that members and visitors in the Gallery ensure that for the duration of the meeting, their mobile phones are turned off completely or switched to airplane mode. On behalf of the committee, I extend a warm welcome to Mr. John Fogarty, chairperson of Templederry Community Wind Farm and Community Renewable Energy; and Mr. Paul Kenny, chief executive officer of the Tipperary Energy Agency; as well as to Dr. Paul McGowan, chairperson, Mr. John Melvin, director of energy markets and Ms Lisa Fahy, manager of retail markets, of the Commission for Regulation of Utilities, CRU.

I advise the witnesses by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the joint committee. If, however, they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing ruling of the Chair to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I call on Mr. Fogarty to make his opening statement.

**Mr. John Fogarty:** I am from Templederry. Twenty years ago, when we set out to develop a community wind farm, we did not think it would take 12 years, and 20 years on we did not think ours would be the only community-owned wind farm in the country. That is a testament to the fact that the system is geared against community generation projects.

My principal purpose is to outline the difficulty in accessing the grid. This is our biggest problem. If we set out in the morning to develop a 4 MW solar farm in our parish, we would set about making a grid application. In our area there would be a queue of seven or eight in our node. It takes ESB Networks 12 months to process any one of those. Therefore, the earliest we could expect to have our grid application processed would be eight years, and that would be if nobody contested the grid offer received, so it could take anything between eight and 12 years. Nobody can keep a community group active for that long, so the system is geared against us. What are the obstacles? The principal one is getting the grid applications processed.

In addition, the process has changed recently in that planning is now required before making a grid application. This means making a commitment to spend between €25,000 and €100,000 just to take a punt on getting an affordable grid offer down the line. It is the same for small-scale connection to the grid. For a farmer in Germany who has solar panels on his or her farm build-

ings, exporting to the grid is part of and supplements his or her income. We just cannot do that here. We are allowed to export 6 kW from a domestic building and 11 kW from a commercial building. That is a paltry amount, which would certainly not supplement an income. For these reasons, it is almost impossible at present to get a community project off the ground.

We very much welcome the Minister's announcement that there will be a community pot in the first renewable electricity support scheme, RESS, auction. That has been the first bit of light in the tunnel for about 20 years. If all we need to do is supplement that with our ring-fencing of grid income to match whatever is in the community pot as regards the feed-in tariff, it creates a major opening for community generation to take place.

As regards Templederry, the advantage of a community generation project is huge. We have two 4.6 MW wind turbines in our parish, but the income generated from them is equivalent to that from a 30-turbine development by an outside developer because in the case of a developer all the money is moved out of the area. We are very surprised that Deputies do not promote community renewable projects around the country. Every parish is capable of owning between three and five turbines. That would turn local economies inside out and would be huge from a community point of view.

The one thing that has helped us along the way is Tipperary Energy Agency. Mr. Kenny from the agency is sitting beside me. I do not think we would have got to a conclusion without it. We see that SEAI is appointing consultants to help the special areas of conservation, SACs, as they are formed. We suggest that an energy agency be set up in every area and region because the knowledge builds up in the energy agency and is retained for future projects. Tipperary Energy Agency has probably been the most important factor in our success, and I especially thank Mr. Kenny for that. I will hand over to him now.

**Mr. Paul Kenny:** Tipperary Energy Agency has been a mentor under the sustainable energy communities programme and has operated for a number of years. It is stated in the climate plan that we will encourage more communities to engage in the process. I am worried about this because many of those communities are encouraged to do things and then they hit a brick wall as they try to secure grid connections and find they are unable to export from their community centres. They are asked as volunteers to support the energy transition at a local level and to do things that I employ engineers with four years of training in engineering design to do. SEAI currently has a tender out which will involve approximately €2 million per year or more in additional supports for communities to generate local area plans and so on. That will go to consultants and it could go to us. We have more or less decided not to enter into that process. The same budget, if it was turned around and used to support local energy agencies at a county or regional level would be much more beneficial because every time a local agency does a project, it learns from it and can support other communities. We do not need this support but other counties do. Instead of paying consultants to do up a local area plan, the community can do it. There is a certain lack of understanding of what is really required to get the energy transition to move at a local level. Committee members saw this when they visited Tipperary and we would like the committee to understand what it could do to support the development of other local energy agencies across the country.

**Chairman:** I ask Dr. Paul McGowan to make his opening statement.

**Dr. Paul McGowan:** I am the chairperson of the Commission for Regulation of Utilities. The CRU is the economic regulator for the energy and public water sectors in Ireland and safety regulator in the energy sector. Our mission is to protect the public interest in water,

energy and energy safety. Within this, one of the key parts of our vision is that customers are both empowered and protected through our policy development and decisions. I am joined by my colleagues, Mr. John Melvin and Ms Lisa Fahy. We welcome the opportunity to meet the committee to discuss our role in respect of citizen measures, specifically the smart metering programme, a project of strategic national importance for Ireland's low-carbon energy future.

The CRU's role as economic regulator of ESB Networks and other network companies is to ensure that customers and network users receive value for money while the network companies earn a fair return on their activities to make the necessary network investments. Smart meters are the next generation of electricity and gas meter that are being rolled out across Europe and internationally. This new technology will replace older, mechanical meters and will make available new products and services to energy customers. Smart meters will make the switching process easier and empower consumers to make the right choice for their energy needs. Smart metering will also enable the development of the smart grid and facilitate more flexible, reliable and better network planning in the future. In 2017, the CRU decided to adopt the ESB Networks phased delivery plan for the smart meter upgrade. This plan will see the roll-out of smart meters and smart services in three phases, commencing in 2019 and concluding in 2024. The roll-out of smart meters commenced in September, with the first meters deployed in Bandon and Portlaoise. ESB Networks has now commenced phase 2 planning and will identify the areas for the next meter deployment.

As the stock of smart meters increases, the facilitation of microgeneration and the development of the prosumer, as it is known, become a realistic prospect for households. Consumers' ability to meet their own energy needs will increase energy consciousness and should underpin a broader shift in citizens' energy consumption and choices. In line with the climate action plan and the rise in climate engagement, the CRU will work with the Department and relevant companies and agencies to ensure that microgeneration is facilitated in order that consumers can realise the benefits of more active engagement in the energy market. Microgeneration has been accelerated for delivery in 2021 under the climate action plan. The CRU recognises the importance of community-led renewable energy projects. This has also been detailed in the Department's high-level design for the renewable electricity support scheme and in the Government's climate action plan. In support of this, the CRU is developing proposals for the next round of connection policy, or ECP-2 as it is known in the industry, to facilitate the practical processing of connection offers for community-led renewable energy projects, as defined by the Department, by making up to 50% of non-batch connection offers available for such projects. In order to further assist community-led renewable energy projects in the connection process, the CRU proposes that such projects do not require planning permission to have their application accepted by the system operators. The process for this will be consulted upon shortly with a clear focus on both facilitating local projects and ensuring that there are appropriate levels of protection for such projects, as well as the wider energy consumer. The SEAI leads on the area of smart finance for home retrofits under the climate action plan and the CRU will assess the potential for introducing pay-as-you-save via energy supplier bills in support of this work.

I thank members for their attention and look forward to their questions.

**Chairman:** Thank you very much. I will start with two short questions for the CRU. Dr. McGowan said that the smart metering programme will take five years to roll out. I ask him to explain why it is going to take that length of time. It will start this year but will not be completed until 2024. What will be the initial benefits for the consumer in the context of climate action and reducing emissions? What can the consumer expect in the initial phases? On the

roll out of financing measures, Dr. McGowan made reference to considering the potential for introducing a pay-as-you-save model through the energy suppliers, which was also referenced in this committee's report and in the all-of-Government action plan. What is the timeline on this and how would it work in practice? Is the CRU working with the SEAI on this? I ask Dr. McGowan to explain how it might work.

**Dr. Paul McGowan:** I will not answer all of those questions myself but will pass some of them on to my colleagues. The five-year timeline for smart metering is based on the fact that we will be installing meters in 2.2 million households. Phase one is all about learning and understanding the best way to deploy the meters to ensure maximum take up. Subsequent phases will see a significant ramp up in the volume of smart meters that will be rolled out. The Chairman asked about the benefits of smart meters. The original cost-benefit analysis for smart meters made it quite clear that initial savings would be identified by households both in terms of how much energy they consume and the amount they consume at peak times. This benefits the consumers in terms of reduced electricity bills as well as a reduction in the amount of carbon emissions their energy consumption contributes towards. It is also of benefit to the system in terms of reducing peak consumption. We are confident that there are many more advantages and benefits to be accrued from the roll-out of smart meters. Smart meters themselves are broadly cost neutral. The overall cost of deploying smart meters is roughly equivalent to the benefits we have identified but there are many other benefits that we have not been able to quantify but which we are confident will derive from the roll-out of smart meters, not least enabling the deployment of microgeneration and the active participation of citizens in the energy market. The benefits of that are very difficult to quantify but we see it as an integral part of the energy future.

I will ask Mr. Melvin to address the question on the pay-as-you-save model.

**Mr. John Melvin:** The pay-as-you-save concept will be driven by the SEAI as the lead agency. From our point of view, one of the key issues to be considered in that process is that customers will still be allowed to switch supplier even after making the initial investment. The likely role for the CRU, as part of the project team, will be to ensure that it works in such a way as to ensure that consumers who make an investment through an individual supplier will not be trapped or locked in to that supplier for an extended period. We will try to remove any barrier in the minds of consumers that might prevent them from engaging with the pay-as-you-save concept. One of the key issues will be to try to ensure that the scheme can work and allow customers to change supplier over time. We will try to ensure that this is not a barrier in the minds of consumers. The first stage of that is to be delivered by 2021. We will be an active participant in that work stream which will, in large part, be led by the SEAI. Our focus will be on ensuring that there is not an actual barrier to consumers switching if they engage with this and also to ensure that there is no perceived barrier.

On smart metering, Eirgrid publishes the carbon intensity of the electricity on the grid every half hour, which is constantly changing. Obviously, as the wind blows, the carbon intensity is lowered. The price tends to be lower when the wind is blowing. The carbon intensity tends to increase when the renewables are not there on the grid. One of the key things that smart metering will do is allow people to see that when there is a high level of renewables on the grid, the price will tend to be lower. This will allow people to benefit by shifting their consumption to those periods. That is one of the key but very difficult to quantify benefits of smart metering. Trials showed that Irish customers used 2.5% less electricity overall when smart meters were installed. They also shifted around 8.8% of their consumption away from the peak. We can quantify those two elements which were included in the cost-benefit analysis but it is really

difficult for us to quantify the amount of carbon savings that would derive from this. The half-hourly data will be visible and clear in the market. If people install smart meters and have the half-hourly data shared with their supplier, they can really become what is known as “prosumers”, and actively move their consumption to those periods. All of that technology is out there and available and surveys we have conducted show that the normal, average Irish consumer is willing to engage in these kinds of behaviours.

**Chairman:** Very briefly, on the pay-as-you-save model, will the CRU be monitoring the fairness around price and payback? When consumers retrofit their homes, it is done by the energy supplier. How is the CRU working with the SEAI? What is its focus?

**Dr. Paul McGowan:** The SEAI is leading on this work. Our main focus is to ensure that there is nothing in the scheme that would prevent an energy consumer from exercising his or her normal right to switch supplier. We will not be the regulator of the scheme that will be put in place but will be protecting the consumer’s right to continue to switch and enjoy the freedoms currently enjoyed in the energy market.

**Chairman:** The repayment-----

**Dr. Paul McGowan:** That would be a matter between the supplier and the consumer.

**Chairman:** Thank you. Deputy Dooley is first and he is sharing time with Deputy Lahart.

**Deputy Timmy Dooley:** I thank the witnesses for their presentations. I understand the necessity to have smart meters installed in order to be able microgeneration to take place, so that the company charged with managing the grid knows what is available, when it is available, average demand and so on. However, I have not heard an explanation as to why Mr. Fogarty’s very simple request cannot be met. In terms of scale, we are talking about a large-scale producer of electricity. The community is not going to be using the electricity itself between 9 a.m. and 5 p.m. and we do not know when it is going to be on grid. It is a provider or producer that is coming into the marketplace. The view circulating in the general ether was that community groups were not really together or in a position to get their funding in place but that does not wash any more. These people have the wherewithal, the expertise and the experience and, more importantly, the capacity to get it done. While I do not want to sound like somebody in another parliament, getting it done is what it is all about. In our own constituencies and communities we see significant resistance to the big provider coming in from outside, even if that provider is Coillte or Bord na Móna. People do not see the benefit and they certainly are no longer happy with engineers turning up and offering to give money to the local GAA club as the community gain. The idea that they should accept such payments, get out of the way and let others get on with it is not going to work anymore. The next wave of onshore wind will have to be in concert with and embedded in the community. It will have to be owned and controlled by the community or there will have to be a far greater level of individual gain, rather than a broad-community, broad-brush approach. There will have to be a deep retrofit for some homes close to the wind farms and there will have to be free electricity for them. It will require a much greater level of engagement between the promoter and those who rightly feel they are affected. The easiest way to address this is to establish why it takes the group in Templederry 12 years. I have been involved in different community groups and one rarely sees the same people after 12 years. If we want to get people to participate with the promise of a financial reward, 12 years is too long as many will have gone to meet their maker by the end of that period. Does the CRU have the wherewithal in its legislative remit? Does it need to tell us we need legislative change or enhanced powers? Does it come under the remit of some other state entity or agency

to demystify this Rubik's cube?

**Dr. Paul McGowan:** I agree with the Deputy that it has taken too long in the past to take projects from inception to completion. The timeline has to be greatly compressed and we have to get better at delivering a huge range of renewable energies if we are to achieve the targets we have mentioned by 2030 or 2050.

There are four key areas where we have a role to play and where we can make a direct impact. The first is to deliver smart meters as a national programme. We believe smart meters will facilitate a huge step change in participation in the energy market. The second is to facilitate connections. Until relatively recently, we had a large monolithic approach to connections in order to achieve the 2020 targets, called Gate 3. The connection office took thousands of megawatts but then the gate closed and very little happened after that. We have changed the process.

**Deputy Timmy Dooley:** Was it managed through the CRU?

**Dr. Paul McGowan:** The policy was developed by ourselves in consultation with the industry and ultimately managed by the grid operators. We did not deal with the day-to-day functioning of it but operated at policy level, such as determining quantity and how it could be done.

**Deputy Timmy Dooley:** Mr. Fogarty's organisation applied to the CRU for grid connection.

**Dr. Paul McGowan:** No. It applied to the system operator, not necessarily through the gate system. I will try to explain where we are trying to change things and then, perhaps, Mr. Fogarty can describe the process.

**Deputy Timmy Dooley:** I do not need a historical look back. I am interested in learning how we can open the gates.

**Dr. Paul McGowan:** We learned that large gates do not work for delivering agility and flexibility. We need to be more agile as regulator and the industry needs to be more agile in terms of how it can deliver. We are looking to deliver connections by having frequent batches. Every 12 to 18 months a batch of connections is made available, with a number ring-fenced for community projects. Large-scale generation may require planning permission and we are thinking of relaxing the requirement for community projects. We are learning, and the first of our emerging connections policies, ECPs, ran to quite a few thousand megawatts. The next one is being designed and will run next year and as soon as we have finished designing we will start work on the next one. We will take feedback to learn continually what works. I cannot give a guarantee that we will get the community energy projects absolutely right but we will certainly try to. If we do not get it right we will learn, because another gate will be coming along very soon.

**Deputy Timmy Dooley:** I know a little bit about the Tipperary Energy Agency and to me it is best in class, which I say without being negative towards any of the others. It is a leading light in developing the whole direction of this area. Has the CRU sat and talked with its members about how to simplify the process?

**Dr. Paul McGowan:** I have not personally done so. However, we operate an open-door policy and try to engage with as many stakeholders as possible.

**Deputy Timmy Dooley:** Perhaps the takeaway from today could be that the CRU will sit down with the CEO of the agency, Mr. Paul Kenny, in the not-too-distant future. He is a man

of huge reputation and he has moved policy by action on the ground. It would be a major step in assisting us. The CRU could then come back to tell us what we need to do on the legislative side to put it in place.

**Mr. Paul Kenny:** I thank Deputy Dooley. We have engaged in terms of filling in consultation forms with the regulator as much as we could over the past 15 years. Some of the issues are with the regulator and some are with the network operator. We applied for a small extension of capacity in 2007 and we should get that by 2020. It will allow us to use the existing network to expand.

In March I spoke about something that was outside the regulator's control, that is, planning permission for rooftop solar panels. It is still an issue and if one wants to put one on the local community hall outside the control of the regulator, one has to go and invest in the planning permission process. It is by far the most restrictive planning policy. We put a document on the record in March and we are still in the same place. It involves one tiny line in a statutory instrument and I ask the committee members please to remove it. An Bord Pleanála sided with the lady from Limerick who appealed the requirement to take off the solar panels on her roof and won. If I go to the regulator or the network to put 50 kW or 100 kW on the roof of a GAA hall, which could be done relatively cost-effectively, I require planning permission before I can ask how much it will cost for the grid connection. I will not do it because I am not going to spend €3,000 to find out that it will cost €50,000 to connect my roof. It is outside the regulator's control but is within the control of the Oireachtas. It is a really easy change to make and we had a good discussion on the matter when Deputies visited Tipperary.

**Deputy John Lahart:** I cannot believe the two witnesses have not met. This process has gone on very long and there needs to be an answer as to why. We are quite frustrated about it. Did the Germans have smart metering before they started connecting residents and communities to the grid? The late chief executive of South Dublin County Council mentioned smart metering seven years ago in the context of water meters. We may have got to a different place in terms of water metering if the idea had been pursued. This is an excuse for delay. I am hearing nothing proactive from one side of the panel for how it is going to advance the project.

Who stopped Mr. Fogarty and his company? What was the biggest obstacle that meant the process took 12 years?

**Mr. John Fogarty:** It was the grid connection.

**Deputy John Lahart:** Who is responsible for that?

**Mr. John Fogarty:** It is the networks.

**Deputy John Lahart:** Which network?

**Mr. John Fogarty:** ESB Networks.

**Deputy John Lahart:** ESB Networks.

**Mr. John Fogarty:** Yes.

**Deputy John Lahart:** When Mr. Kenny referred to the system operators, who is the system operator?

**Mr. Paul Kenny:** Networks as well. Networks was following the direction from the regula-

tor as to how gate 1 was dealt with and how gate 2 was dealt with. It is safe to say that it did not work for any developer, never mind a community developer. That is part of the challenge.

**Mr. John Fogarty:** We realised a queue was going to form for solar connections, just the same as it did with wind energy. We asked our shareholders to forego taking any dividend out of our community wind farm. We put in applications for solar grid connections. We have engaged with several communities to facilitate them owning part of an overall solar development. That way, consumers in their area would own the generation that they would be consuming. However, we are just stuck. Initially, we got three or four grid offers that were workable. We put them in various communities. We also got a few offers that were ludicrous.

**Deputy John Lahart:** From whom?

**Mr. John Fogarty:** From ESB Networks.

**Deputy John Lahart:** Everybody seems to be afraid to say the phrase “ESB Networks”. The word “Networks” is pronounced but the word “ESB” is said quietly. We need to call it. ESB Networks has been the biggest obstacle to the Tipperary Energy Agency making progress.

**Mr. John Fogarty:** We know it operates in a system where it feels it is restrained. There is no facility to treat communities any differently. ESB Networks would say it has to treat us the same way it has to treat everybody else.

**Deputy John Lahart:** Is that because of the legislation?

**Mr. John Fogarty:** Exactly. That is one matter which needs to be addressed immediately.

For our four MW applications, we got a grid offer of €2.9 million, another of €1.9 million and another of €1.3 million. These were all out of the ballpark, were not viable and could not be done. We got three grid offers that, when we come together with other communities around the country, we will be able to utilise. That is where we are at.

We took a risk in trying to facilitate other communities. The committee may not realise that there is a significant groundswell of communities which want to engage. It would help if we got a small bit of assistance from the regulator in ring-fencing some of the grid. The Minister made a recent announcement about the community pot in the renewable electricity support scheme, RESS. If the ring-fencing of grid were to go hand in hand with that, many community projects could get off the ground. This would be a significant benefit to many communities.

We know about the frustration in the system and we know we are locked in it. We have tried our best to highlight this and bring it forward. There is goodwill in every direction. The word “action” is an important part of the committee’s title. It can certainly address the legislation that is stopping this development.

**Mr. John Melvin:** There is an element of the most recent energy Act that brought in a requirement for the Commission for Regulation of Utilities, CRU, to take into account community-led renewable energy projects. That has put an obligation upon us and has facilitated us in the latest round of connection policies. As Mr. Paul Kenny said, one of the considerations of ECP-2 is to remove the requirement for planning permission for community energy projects to ensure they can get a connection offer before they get planning permission.

A second element of that is to ring-fence 50% of the non-batched space for such projects. A certain number of projects every year are available to network companies. They have the

space and resources to make a certain number of offers a year. We have ring-fenced 50% of the non-batch element of that for community energy projects. The choice of that 50% has been considered and chosen based on interactions with the Department and with other entities. We are confident that this is the right size for what we understand to be the appetite for community energy projects.

We have met Mr. Kenny many times but perhaps we have not sat down together. There was a call for a ring-fenced area for community projects. That is part of our consideration. There was also a call for the removal of planning permission for community projects before they can get a grid. That is already part of our considerations for the next round. We have an open-door policy. Through the process of engagement, we have heard these concerns. This is one of the matters we are looking to deal with and fix development under the legislation that obliges us to do so.

**Deputy John Lahart:** Has the CRU visited the Tipperary Energy Agency sites?

Deputy Dooley mentioned that the Tipperary Energy Agency is best in the class. I agree. However, it is easy to be when one is the only one in the class. There were multiple agencies set up but only a few survive. Can the Tipperary Energy Agency talk us through why it survived? It is important if we want more of this model that we understand why the ones in the past did not survive. If the Tipperary Energy Agency survived, why was that?

**Mr. Paul Kenny:** There are three independent energy agencies, namely, the City of Dublin Energy Management Agency, CODEMA, the Three Counties Energy Agency, which covers Carlow, Kilkenny and Wexford, and ourselves. There were 16 in total. Some operate currently as an energy manager in local authorities. They were engineers seconded into what is now a company limited by guarantee, CLG, and back into the local authority. The model the climate action plan calls for from the Minister, Deputy Bruton, looks for the local authority to take the role of a local energy agency. That is why the other 13 failed. It is a technical role. It requires many entrepreneurial skills, a good business plan and people who want to deliver. If it is a local authority engineer, it is more challenging. If they have an opportunity to go for, they cannot recruit as it takes them a year. They have a chain of command that limits the functionality.

Local energy agencies started as a European programme. There are 400 of them around Europe. The active ones are all relatively independent but still are governed by local authorities. Our board is made up of the local authority. They need to be on the ground and flexible, as well as being able to deliver for their communities. If there is more demand, they can increase the number of engineers. If there is less demand, they can decrease. One needs to be able to deliver a service.

**Deputy Timmy Dooley:** Could I suggest we bring in the ESB, the Department and the SEAI on this specific issue? It would be wrong to put it all on the shoulders of the CRU.

**Chairman:** We can talk about that among ourselves later. I call Senator Mulherin.

**Senator Michelle Mulherin:** I compliment the Tipperary Energy Agency on its work and on highlighting certain issues. The biggest challenge we have with renewables is community participation and community acceptance. One feeds into the other. What is the cost to the taxpayer in terms of the public service obligation levy per megawatt coming from microgeneration compared with more commercial wind farms or other renewable energy projects? How does the energy efficiency or carbon emission savings for the taxpayer from microgeneration com-

pare with commercial wind farms and other renewable energy projects?

**Mr. John Melvin:** To my knowledge, there is no renewable energy feed-in tariff, REFIT, type scheme or Government-mandated subsidy for microgeneration in the system. While there is a REFIT 3 scheme, which is a subsidy for the kilowatt hours produced for the larger wind farms there is no such scheme for larger solar farms. There is no difference in cost because there is no subsidy for microgeneration. There is, however, a capital grant for microgeneration available from the Sustainable Energy Authority of Ireland, SEAI. One aspect of microgeneration that is important and sometimes neglected is that if one consumes the energy from microgeneration in one's home, there are no transmission losses. If energy from a solar farm in Wexford has to be transmitted to where other people live, there are losses as it is transferred across the country. One of the benefits of microgeneration is that it is generated on a roof and used in a house and the householder can vary the demand in the house for the times when it is generated. There is no subsidy.

**Senator Michelle Mulherin:** I am really looking to the future because it is proposed to increase microgeneration and to increase the take-up. How do they compare in terms of price and carbon emissions per megawatt because this will be an investment by the taxpayer? Which is cheaper?

**Mr. John Melvin:** The figure has not been set for a Government-led subsidy or intervention. I do not know the answer to that question. There is no particular reason to believe there would be any difference between the carbon savings from a solar farm and microgeneration. The real answer is that I do not know because there is no subsidy scheme for microgeneration or for solar power. They should deliver the same carbon savings or possibly more if it is on a person's roof because they are using it locally.

**Mr. Paul Kenny:** To compare like with like, it will be more expensive on a small roof than on a farm. However, if one is clever about the microgeneration subsidy and one only supports the export by a small sum, one will get all of the generation for a small sum and will subsidise only the spill. If one generates 100 units, one only subsidises 20. It is much cheaper than subsidising the 100 units. There is no current plan, even in the climate plan, to subsidise anything.

**Senator Michelle Mulherin:** For everything that does not go onto the grid, the Government does not get the public service obligation, PSO, levy.

**Mr. Paul Kenny:** Correct.

**Senator Michelle Mulherin:** If everyone goes into microgeneration and becomes more self-sufficient, the money we need to keep the grid going will diminish or expand.

**Mr. Paul Kenny:** Based on what we have been doing, the grid will go from 20% or 18% of our energy use up to 50%. We need all the generation we can get because we are going to electrify heat and transport. If we do not do that, we will be in a much worse situation. While that argument might be correct in Australia or might have been correct five years ago, it will not be correct in the next 15 years because we will all have electric cars and hopefully many of us will have heat pumps. I have both in my house and I use 15,000 kWh, versus the average of approximately 4,000 kWh. It will be a big change.

**Senator Michelle Mulherin:** Where communities may not have the wherewithal to participate in wind farms but levies are placed through the planning code on a wind farm, the Department does not seem to have fine-tuned the guidelines on the community benefit. There

should be a category for individual gain for those located closest to a wind farm or some other renewable energy project, such as scholarships or free or subsidised electricity. There should be a recognition that while the community at large has accommodated it, there might be greater impact on the visual amenity for some people. This has arisen particularly on the wind farm at Oweninny near Bellacorick, where the community accepted this wind farm provided there would be community gain. I was present at the oral hearing. There are, however, people in the immediate vicinity of the farm who ask why somebody 15 km away should get the same benefit as they do, when they must look at it. I am aware that local authorities can do their own thing *ad hoc* but that is not robust enough.

If I missed something in the presentations it was because I was in the Seanad.

**Dr. Paul McGowan:** I cannot give the Senator an answer to that question because we have no role in planning.

**Senator Michelle Mulherin:** I am not talking about the planning but about the desirability. The CRU is mandated to get more renewables on the grid. If it cannot do that because people do not accept it and community benefit is not operating as it should, does Dr. McGowan not have a view on that?

**Dr. Paul McGowan:** We absolutely recognise the need for public acceptance of the transformation that will have to happen in the energy system. We are trying with the tools we have, such as the ability of the market to reward the generation, whether it comes from a large-scale offshore wind turbine or a community or a rooftop solar system, to have an impact. We recognise the need for all types of energy from that variety of sources to be rewarded for their output. We are also seeking to ensure that we can take connections of all those types through ensuring that the network companies are making connections available to all types of energy production whether large or small scale and finally through the delivery of the smart meters. We have no direct role in community gain as part of the planning process and the level of community involvement in a planning application. As an individual, and as an organisation, we recognise the role of community gain in ensuring that all aspects, including business, community and citizens, are involved in the transition but we have no direct role in determining whether that is part of the commercial basis for a scheme.

**Mr. John Fogarty:** In the renewable energy support scheme, RESS 1, the Department is hoping that any large-scale development would include a 20% community share. The problem with that is that the big developers are suggesting they share profit or that there are other systems for divvying it out. There is no ownership for the community. If a large-scale developer is building ten turbines, the community should own two of those. The community could then borrow the money to develop those because they have complete ownership. It is an asset in the community and it would be able to leverage more money on the strength of that. It would make a major difference. Currently, if a community is asked for a subscription of 20%, those people must put their hands in their own pockets. No developers are putting their hands in their own pockets and they are using project finance to develop the other 80% of a project. If there is a 20% share for a community, it should be owned by the community. Networks have indicated there is a difficulty with metering in dividing it this way.

**Chairman:** I am looking at time. Is it okay if I move to Mr. Kenny as I want to bring in Mr. Melvin afterwards? There is still time for another quick question.

**Mr. Paul Kenny:** There is a figure of €2 per megawatt hour in the new renewable electricity

support scheme. It is not currently prescribed and it is up to the Department of Communications, Climate Action and Environment to describe how that will be used. I have seen that some of the large developers are working with their local communities to ring-fence 30% for what are called near neighbours. It would be good practice. Some of the better developers and the larger or State-owned developers are very much concerned with this and are trying their best to achieve this goal. It would be good to see that best practice enshrined in the support scheme.

**Mr. John Melvin:** My colleagues have answered the point in that it is part of the high-level design of the renewable electricity support scheme to have a community gain fund and a community participation fund, the details on which the other two witnesses have expressed an opinion.

**Senator Michelle Mulherin:** Both Dr. McGowan and Mr. Melvin appeared before this committee at the beginning of April to speak on the Mayo renewable energy plant that was seeking a high-efficiency certificate from the commission in order to operate. It ran into difficulty and on that occasion its representatives highlighted many difficulties in dealing with the commission. I, along with the rest of the committee, hoped that on that occasion communication had begun to flow between the commission, the representatives of the plant and the committee. We were assured the commission would accept a fresh application and that it would be dealt with expeditiously because the commission was familiar with the file. I understand the Mayo power company applied a few weeks after that meeting and the application is ongoing. To say that the applicant is frustrated is an understatement.

I am very disappointed. I have spoken of this in the Seanad and I ask the witnesses today, in the interests of transparency, to make a statement on what is happening. This committee was solely set up with the idea of achieving our climate action objectives and part of this relates to renewable electricity. We are trying to displace Bord na Móna and peat burning and this is a high-efficiency combined heat and power biomass plant that fits the bill of helping us meet our targets. We are asking private investors to fund these renewable electricity projects in every case, aside from State companies. It is very hard to see how they can do business with the length of time it is taking the commission to deal such applications. I say this while considering the commitments given to the committee by the witnesses on the previous appearance before the committee which have not been met.

**Dr. Paul McGowan:** We received a new application soon after that meeting from Mayo Renewable Limited and we have sought to deal with that application as quickly as we can. We have had to go back to the applicant on a number of occasions to seek clarifications. We expect to make a decision on that application this month. As soon as that decision is made, we will communicate with the applicant.

**Senator Michelle Mulherin:** Why has it taken so long?

**Dr. Paul McGowan:** On a number of occasions we have had to seek further information from the applicant in order to be able to determine our position.

**Senator Michelle Mulherin:** Are the parties speaking each other's language at this juncture? Is there some understanding about the issues at play?

**Dr. Paul McGowan:** We will make a call on that application this month. I am not sure that we are seeking any further information.

**Deputy David Cullinane:** I welcome our witnesses. When did Mr. Fogarty's community

wind farm project first start as a concept and when was it completed and operational?

**Mr. John Fogarty:** We started to get together with a community development plan in 1999 and we made our first planning application in 2003. We were granted planning but immediately there was a moratorium announced on all grid connections that lasted for over three years. Our planning permission ran out before we could get a delivery of turbines so we had to start again. We eventually got planning after the process had been with An Bord Pleanála for two years and three months in 2009. We set out to finance the project right when the financial collapse hit in 2011. We met every possible obstacle that one could meet. It was no harm and we managed to get around them. It certainly was not easy. In fairness, we lost six years of the project to Government agencies, including An Bord Pleanála and ESB Networks.

**Deputy David Cullinane:** I commend the witnesses on their tenacity in sticking with the project. How many similar projects, which are fully community-owned, are in the State?

**Mr. Paul Kenny:** Zero.

**Deputy David Cullinane:** There is only the Tipperary project.

**Mr. John Fogarty:** Yes. The system is totally geared against them.

**Deputy David Cullinane:** That is what I want to get to. It took the witnesses a long time to get to where they are but it is a clear success story, as they have related that story. However, there is no other project of comparable size that is community-owned because of the challenges mentioned by the witness. Mr. Fogarty says the system is weighted against local development and the big operators from big developers have money, expertise and access to tools that smaller groups may not.

**Mr. John Fogarty:** We never lacked expertise as the energy agency started at the same time as us. Nobody knew anything about wind development when we started and there were no turbines anywhere in the country.

**Deputy David Cullinane:** The witnesses indicated earlier that the biggest impediment was access to the grid.

**Mr. John Fogarty:** Absolutely. That is still the case.

**Deputy David Cullinane:** How is that measured? The witnesses spoke earlier of prohibitive fees and how they were made a number of offers that simply were not viable. How is the value put on the ESB grid connection?

**Mr. John Fogarty:** I cannot answer that question.

**Mr. John Melvin:** The system operator is required to make an offer when all qualifications are met that amounts to the “least cost technically acceptable offer”. An individual offer is examined, taking in the route, reinforcements required at the point of connection to the existing grid and the cost of infrastructure to where the wind farm is, taking in distance and voltage. The shortest route is normally the least costly route and it must be technically acceptable. Taking in the impact of a piece of infrastructure or wind farm on the grid, some may require different amounts of equipment. We have heard a number of different costs quoted and I do not want to comment on those other than to say the system operators, whether it is EirGrid or ESB Networks, are required to make what are called least cost technically acceptable offers.

**Deputy David Cullinane:** It is fair to say that what we are hearing is that cost and viability are issues. I support Deputy Dooley's call for us to have witnesses from ESB Networks and the Department before the committee. We are focused on trying to unlock potential and there is clearly potential for microgeneration and more projects like that run by the witnesses. It is not just about large-scale operations and we all know we must try to get as much community buy-in and support as possible. I know there are technical issues and I imagine larger scale projects are easier to get off the ground and there are other advantages to them. I get that. However, we should have many more community-owned and microgeneration projects. I support the call to bring in representatives of ESB Networks and the Department.

I have a concern relating to smart metering. I have been doing some research on it and when it was introduced in British Columbia in 2012, the number of winter disconnections rose from 4,000 per annum to 30,000. The rule in the system in this State, whether it is written or unwritten, is that people are not disconnected in the winter months. Given that this would be a more automated system, what protections would be put in place to ensure people would not be disconnected automatically? In recent years we have had very cold spells and this is not an issue because of the written or unwritten rule. I expect my colleagues would agree that the ESB will rarely disconnect somebody. There would have to be a very good reason for it. It certainly does not do it during the winter months. Will the regulator address that concern and how it would work in practice?

**Ms Lisa Fahy:** Under the supplier handbook, as we call it, there are codes of practice that provide guidance to energy suppliers. Part of the code of practice is that one cannot disconnect customers during the winter for non-payment of bills, for example. That is to ensure customers are protected at the most vulnerable time of the year when it is cold.

The smart metering programme is being rolled out on a phased basis and the ability to remotely disconnect and reconnect meters will become a reality, but the code of practice and the customer protections in place at present will endure. They will not change just because a different meter is being operated on the system. We would be vigilant that it should not be an issue.

**Deputy David Cullinane:** Is there confidence or certainty?

**Ms Lisa Fahy:** The code of practice will remain. If it needs to be strengthened to reflect the new technical capability of the meter, we can do that.

**Senator Máire Devine:** I am sorry I missed the presentation. I was busy elsewhere. The project is brilliant. It is unfortunate the witnesses are pioneers and it has taken so long, which is frustrating. The committee has discussed this and has recommended that the one-stop-shops should be run by the local authorities. However, given their experience, the witnesses are the experts. Have the local authorities invited them in or would they consider imposing themselves on them to give them the best advice on what to do and not to do and the pitfalls, based on the 12 to 20 years they have been trying to get this project off the ground, to find ways that are a little more simple? It is not to re-invent the wheel as they have already done that. Have the local authorities across the country reached out to the witnesses to seek their expertise? They are the pioneers, the only ones who have done it, and I congratulate them on that.

The witness referred to 30% of a wind farm owned by the community. It would be similar to what we strive to achieve with social and affordable housing in each development, depending on its size. Often developers can buy their way out of that so it might be helpful if that was enshrined in legislation. Perhaps Mr. Fogarty and Mr. Kenny would respond about the local

authorities, in particular.

Turning to the commission, I have some reservations with regard to smart metering. If I am correct, it will be dependent on the mobile telephone networks to operate and swathes of rural Ireland have poor, if not no, mobile telephone coverage. There is also the broadband deficit. What are the implications of this for getting 100% of households to make the transition to smart meters? In addition, cyber attacks may well be visited upon networks by nefarious individuals or groups. Is that suggestion well founded or is it an urban myth? What would be the cost of managing cyber security on the networks?

**Mr. John Fogarty:** We have always had a very good working relationship with our county council. It has been brilliant. The Tipperary Energy Agency has a big input with it. As regards other committees or anything else, we have never been invited to anything or asked for our opinion on anything. In many ways, we feel as if we are pariahs and that we fall between two stools. The “No” campaign does not like us because it is afraid communities might wish to develop them and the large scale developers do not like us because they are afraid it might catch on and they would lose out. Generally, we do not get invited anywhere.

**Senator Máire Devine:** The community-led type is what we need for sustainable communities.

**Mr. Paul Kenny:** One thing that is very welcome, and Mr. Fogarty mentioned it earlier, is that the Department has a high level support scheme that specifically states it wishes to have community-led developments, so people have listened to us a little. On the local authorities issue, there are 31 local authorities. A climate plan was delivered to them recently that contains a wide range of new supports or services they must provide. They do not have any extra finance to support these. Somebody carried out an analysis and found that it would take 300 extra staff to deliver what they are asked to do in the climate plan. They do not have any revenue for that. We have engaged, including yesterday, and will continue to engage over the next couple of months to try to present the opportunity of a local energy agency as a method of delivering local energy support.

The 20% community ownership is not enshrined in legislation.

**Senator Máire Devine:** It is a type of code, or it is expected.

**Mr. Paul Kenny:** It is in the high level design. However, if one takes the large Bord na Móna one in Oweninny that was mentioned or a very large Coillte one, it might be a €200 million project, and 20% of that is €40 million. If the local community wishes to be a €40 million shareholder it will have to leverage, which means it must have asset ownership. The renewable electricity support scheme does not enshrine asset ownership. If one does not have asset ownership one cannot borrow, if one cannot borrow one cannot leverage and if one cannot leverage the 20% is unachievable. It is only achievable if it is split ownership, which requires a number of things to change, including the grid code. What we will see is the large wind farms with 2%, 1% or 0.5%, perhaps, because that is the equity ownership the local communities can deliver. It is important that there is a change there.

**Mr. John Melvin:** With regard to smart metering, the communications technology currently being rolled out for the smart meters is a 2G technology, which is more readily available than some of the 4G. It has a wider coverage area than 4G. In addition, the meter will record what happens. If one is in an area with bad 2G coverage the meter will record the information every

half hour. The communications piece is whether it uploads it every day. It is not that one will not necessarily have the ability to measure one's consumption every half hour, but how regularly the information is transferred back to ESB Networks' IT system and on to the person's supplier. Some of the benefits will still be available even if one is in an area without good coverage.

The cyber attacks piece is a significant part of the technical requirements that all of the entities across Europe that are rolling out smart meters must take seriously. I do not have the costs amount associated with that, but it is a significant part of the system design. It is cyber secure by design in the same way privacy is protected by design. It is a significant part of the roll-outs of smart metering across Europe. It is a serious issue and it is one of all the costs involved in rolling this out properly.

**Deputy Sean Sherlock:** I am delighted to be in the presence of the gentlemen from Tipperary again. One of the committee's first actions was to visit Tipperary and it was a very useful tutorial for us. Speaking for myself, I was largely ignorant of the work that was being done by the Tipperary Energy Agency and we certainly learned a great deal from that visit. I am not sure how long ago that was, but if we are to be honest it would appear that little or no progress in furthering the agenda has been made in that time. Having said that, we have an opportunity, through this interaction with the Commission for Regulation of Utilities, to ensure that when it develops proposals for the next round of connection policy on its electricity connection policy, ECP-2, to quote the witness, it engages formally or informally with the Tipperary Energy Agency to benefit from the insights of the Tipperary Energy Agency and its constituent parts. One cannot design community-led energy projects without talking to the Tipperary Energy Agency. That is self-evident and quite obvious from our interaction so far.

I am very much taken with the approach of the Tipperary Energy Agency. I would describe it as democratising energy supply. It provides a mechanism by which communities, particularly rural dwellers, can feel they have a stake in providing energy. Regarding wind energy, for instance, an opaque community dividend that the big players mete out to individual communities can be intangible for many individual households. They do not necessarily see the benefit of it. Instead of that, this model means that people are part-owners of the turbines they see going up. That is something they have a stake in. Starting from that premise, we have to work back and devise a model that ensures democratisation of energy supply. That is an opening remark.

The climate action plan is now very clear on microgeneration policy. If I can walk away from today's meeting with a commitment from the stakeholders to engage with each other, the committee will have done a good day's work. Other speakers have already made that point. Our committee recommendations were very clear on the solar and photovoltaic element. If I recall correctly, we wanted to see progress on ensuring that farms or individuals could use solar power by March 2020, with the relevant statutory instrument amended to overcome that hurdle. I am surprised to hear that this process has not been expedited. That is something that we as a committee could take up directly with the Minister, perhaps through the Chair. The Chairman may already be engaging with the Minister on that issue. Achieving that could provide the Trojan horse that is necessary for farms in particular, which can accommodate bigger solar arrays because of barns, outbuildings and so forth, to realise this potential. I suggest the committee write to the relevant line Minister to see where that stands. The Chair may have a view on it.

**Chairman:** We will send a letter from the committee, if members are agreeable, requesting an update.

**Deputy Sean Sherlock:** If that is possible.

**Chairman:** Is that agreed?

**Deputy Sean Sherlock:** We could then respond and it would be a matter of public record.

**Chairman:** I am conscious of the Deputy's time.

**Deputy Sean Sherlock:** How many minutes are left?

**Chairman:** About two or three.

**Deputy Sean Sherlock:** That is fine.

**Chairman:** The Deputy is stretching into a third.

**Deputy Sean Sherlock:** I do not have too many questions to ask. Regarding smart metering, Deputy Eamon Ryan gave me my very first smart meter in 2008, when he rolled out the pilot scheme as Minister for Communications, Energy and Natural Resources. The smart meter is now in a box somewhere in my attic. We have been talking about smart metering in this country for well over ten years. I welcome the move by ESB Networks, but I wonder if we could learn a little more about where the pilot scheme stands. I do not mean that the witnesses must report back now. It would be useful if we could have a further engagement with ESB Networks. Bandon and Portlaoise are the two towns involved. If we are talking about behavioural change, which is ultimately what this committee is all about, I would hope for ambition for a greater roll-out on the part of ESB Networks and the regulator.

**Chairman:** Would Mr. Melvin like to respond briefly? He referred to this matter earlier.

**Mr. John Melvin:** I can speak briefly to that. Bandon and Portlaoise just happen to be the two towns where this is starting. Some 250,000 meters will be installed in the first phase, which runs up to the end of next year. In the new year, the installation people will move into Cork and Dublin, in and around the N11. Later next year, they will be active north of that line, that is, across the whole country. The second phase will see the next 1 million meters installed before the end of 2022. The final 1 million meters will go in by the end of 2024. It is a very significant piece of work. The only reason we mention those towns is that those installations started in September. Around 2,000 of them have been installed now. The smart services, which offer the ability to utilise them, will be activated on 1 January 2021. People will start to get the benefits then.

**Deputy Sean Sherlock:** The climate action plan talks about setting up a working group on microgeneration. Where does that stand as we speak?

**Mr. John Melvin:** That is active. We are on that working group along with ESB Networks, the Department of Communications, Climate Action and Environment and the Department of Business, Enterprise and Innovation. I have forgotten the details of the latter Department's involvement. The Department of Housing, Planning and Local Government, the Department of Agriculture, Food and the Marine and the Sustainable Energy Authority of Ireland are also involved. That group has met at least once. Work is under way.

**Deputy Sean Sherlock:** I suggest the committee write to whomever is chairing that group. I do not know who acts as the secretariat for it.

**Chairman:** It is chaired by the Department of Communications, Climate Action and Environment.

**Deputy Sean Sherlock:** I suggest the committee formally write to that Department to ask it to engage with the stakeholders to my right, from the Tipperary Energy Agency, for formal discussions around what microgeneration would look like.

**Deputy Eamon Ryan:** I have a couple of technical questions for Mr. Fogarty, out of back-ground interest. The two windmills his group is working on generate about 4.6 MW. What is the level of curtailment?

**Mr. John Fogarty:** Our original grid application was for 3.9 MW. When we realised that we were changing turbine manufacturer in our second planning application we applied for another 0.7 MW because we would generate 4.6 MW. We have been curtailing 0.7% since the turbines were commissioned at the end of 2012.

**Deputy Eamon Ryan:** That is quite low.

**Mr. John Fogarty:** Yes, but the installation was built and connected. All it needed was approval. It is only being dealt with now in 2019. Our original application was made in 2007, 12 years ago. It has been built for a long time but has been lying idle.

**Mr. Paul Kenny:** Regarding the Deputy's question around curtailment, it is uncontrolled below 5 MW.

**Deputy Eamon Ryan:** That would help in a market where curtailment is up at 8% or 9%.

**Mr. Paul Kenny:** That is correct.

**Deputy Eamon Ryan:** There is an advantage.

**Mr. John Fogarty:** That is part of the reason we kept it at 4.6 MW.

**Deputy Eamon Ryan:** Without prying into the financial details, was it Rabobank Ireland that lent Mr. Fogarty's group the money?

**Mr. John Fogarty:** That is right.

**Deputy Eamon Ryan:** What were the proportions of debt and equity? If the financing was €6 million or €7 million, was it 10% equity and 90% debt?

**Mr. John Fogarty:** We constructed the financing around the business expansion scheme, BES, which was available at the time. We were able to raise €1.2 million through that. We used that as equity. The bank financed the debt.

**Deputy Eamon Ryan:** That is about 15% or 20%.

**Mr. John Fogarty:** We constructed the project so that we would have enough equity in the system through the BES. That is why I say that communities have the ability to do large-scale projects. Every community has accountants and IT experts. All the expertise is available if the restrictions are lifted.

**Deputy Eamon Ryan:** It is not a matter of financing because even now, seven years later, interest rates are much lower and there is a wall of cash looking for somewhere to be spent. It is a bankable opportunity.

**Mr. John Fogarty:** Yes, very much so. It is a red herring that communities cannot raise

finance. Of course they can if there is-----

**Deputy Eamon Ryan:** On providing a price on spill or export and so on, what should the price be?

**Mr. Paul Kenny:** That is the million-dollar question. It would need to be between 12 cent and 15 cent, and it could not be greater than the retail price. It could be kept at sub-retail price but at a level where a factory could, when not running on Saturday and Sunday, export energy and be paid a small amount. I would cap it at 30% for generation of that type or perhaps have a tiered system.

**Deputy Eamon Ryan:** If it is for something much bigger, it would be closer to the whole-sale price.

**Mr. Paul Kenny:** That is correct. In almost every other country in Europe, the roof space on every factory on the likes of the M50 would be covered in solar panels. We have decided to abandon the technology to date but it sits there ready to be used.

**Deputy Eamon Ryan:** My understanding is there are approximately 200 or 300 sustainable energy communities, which SEAI has supported in working together. Why have none of them come together and put solar panels on a couple of hundred roofs? There may be examples that Mr. Melvin can outline. The examples of the Aran Islands and County Tipperary are often cited but are there other examples where something is happening? I refer in particular to the application of solar power, which is suited to local community initiatives.

**Mr. John Melvin:** Unfortunately, I am not aware of any such examples. As for why it is not happening, the grid, about which the other guests spoke, was doubtless an issue in this regard, although we are considering changing the policy. There are also elements of generation in a geographic space and members of the community surrounding the space selling to one another. That concept has grown recently throughout Europe and is included in the clean energy package. The move may be more advanced in other parts of Europe but the concept was not very common outside the islands as recently as five years ago. There will be a programme of work over the next two years under the clean energy package to examine the barriers that have prevented it from happening. I do not yet know what the barriers are but the grid was definitely one.

**Deputy Eamon Ryan:** I remember six or seven years ago seeing Brixton as a local community that developed community solar power by collectively installing solar panels on a range of roofs. In Ranelagh, which is in my constituency, what would prevent me from approaching 200 or 300 households and saying we should all take the initiative together? It would be much cheaper to buy 2,000 panels than a small number and one builder could do the whole job in order that the price would decrease. That is just an example and we could also sell the energy to one another. Why has that not happened in the case of one of the 200 or 300 communities? What would prevent me from doing that tomorrow if I were to give up my day job?

**Mr. John Melvin:** To sell that electricity to one another, one would need a supply licence and be able to meet all the requirements, such as demonstrating that one can accurately build one's neighbours as customers and providing the required customer protections for the quality of service, a complaints resolution mechanism, timely and accurate billing, and IT infrastructures. There is a requirement to meet a certain level of standards. When providing for a community and sharing the electricity we all generate with one another, the generation must be tied

in and linked to the supplier, as must the customers, and the suppliers have to be able to leave the co-operative if they so wish. They are probably the barriers that have prevented it from happening.

**Deputy Eamon Ryan:** As another example, six or seven years ago, I met representatives from a company in Flanders, Belgium, called Ecopower, which does exactly what Mr. Melvin outlined. It was evolving to be a supply company, as well as helping people to generate electricity, and was able to aggregate small shares of €250. It has done this work for six years and the Commission has pointed to it as an example. What has prevented us in the past six years from having our own version of Ecopower?

**Mr. Paul Kenny:** Dirk Vansintjan started in 2003, or 16 years ago. We will launch community power in a number of months. We have invested approximately €500,000 thus far in the supply licence and the other challenges.

**Deputy Eamon Ryan:** Where will it be launched?

**Mr. Paul Kenny:** Nationally.

**Deputy Eamon Ryan:** It should start in Ranelagh.

We have heard how the ESB has been a core part of the problem because it does not want people affecting its business model, which is selling as much electricity as it can. Surely regulators have thought for a long time about flipping the entire business model in order that the utilities' job is not to sell electricity but rather to minimise it and help customers achieve that in whatever way. Have we put much thought into that? I acknowledge that it is difficult because in the commercial world, one must be paid for something. Have we considered flipping the business model for energy utilities in order that their performance, reward and return on capital are contingent on selling less, as a way of breaking their apparent ability to put a stranglehold on some developments?

**Dr. Paul McGowan:** The utility model has changed radically in the past 20 years, from having a single utility model that was responsible for generating, transporting and supplying electricity. There is now an independent system operator whose role is to forecast the need for energy rather than build energy demand, and to design a system to deliver that. Our role is to try to design a market that will ensure that the energy produced is cost reflective. Twenty years ago, when we were established, the cost of energy was not cost reflective. That has changed but I agree with the Deputy that an awful lot more has to change between now and 2050. We will have to change much of the model. I might not have addressed the Deputy's point.

**Deputy Eamon Ryan:** That is fine. As we have discussed elsewhere, I believe that the CRU's role needs to change to one where cost minimisation is not a sufficient indicator of success. Success is about decarbonising and minimising use.

**Dr. Paul McGowan:** It is not about cost minimisation but rather about delivering the transition at the lowest possible cost. There is an important distinction. We do not take steps just because they are cheap but instead seek solutions. We do so on behalf of the consumer because, ultimately, consumers pay all the costs, and we seek the lowest cost pathway in that regard.

We also recognise the role of communities and of microgeneration tariffs. While they will add cost, we recognise they are part of the broader transition, that is, the idea that everyone has to be on board with the transition, although costs are associated with that. It is not that we

refuse to allow costs. We recognise we need to be more agile and to think differently. Part of that concerns what the mix will look like and what is the lowest cost at which we can deliver it.

**Mr. John Melvin:** There are energy efficiency obligations on existing suppliers under the energy efficiency directive. They have to demonstrate they are assisting consumers in reducing their consumption and there is a prohibition on energy tariffs that become smaller as more energy is used.

**Senator Alice-Mary Higgins:** Many topics have been covered, but I would like to drill down into a couple of matters.

The issue of planning has been touched on. I understand the concerns. As we seek to build credibility and public support for sustainable energy measures, it is important to conduct community and environmental impact assessments. We can help social and environmental impact assessments to be successful by ensuring community engagement and ownership are part and parcel of community-led projects. I will look for a comment on this, but I accept that it is a much clearer proposition to look for these assessments after having a grid offer. It is very difficult to look for planning permission prior to knowing whether access to the grid will be provided, especially when such costs are involved. It seems that a grid offer is a fundamental sticking point. In that regard, I note that Mr. Fogarty mentioned three different 4 MW offers that came with completely different prices. I think the prices in question were €2.9 million, €1.9 million and €1.3 million. He mentioned that somewhat more acceptable offers were made when bids were combined. Was he referring to combined bids of the same community schemes?

I have a related question for the regulators. I am seeking to build on what Deputy Eamon Ryan was saying. I am concerned about two things, the first of which is the larger sets of offers which have been referred to as the large gate. What has it done for the timing and predictability of small-scale community initiatives? Is there the potential to introduce something that looks more like a predictable and consistent rolling mechanism for grid offers on particular scales? Rather than having to enter a giant competitive tendering mechanism without having any idea what will happen, communities should be able to make plans in the knowledge that a certain grid offer is likely to be made.

The second thing about which I am concerned is the consistent reference to the concept of the least cost technically acceptable offer. We know that this is not reflected in European procurement legislation which has consistently moved away from a lowest cost focus. While environmental and other factors may be included in the technical specifications, there is also the capacity for quality criteria to be reflected in the awarding mechanisms as part of the most economically advantageous approach to tendering and procurement. It is not simply in the specifications. I appreciate that a number of contracts are reserved and ring-fenced. We must look to place a stronger value on things like community involvement, sustainability and how it fits into other Government plans.

I ask the delegates to respond to the points I have made before I come back in on a different issue.

**Mr. John Fogarty:** On the grid, we have combined with four or five communities throughout the country. We have tried to spread a number of grid applications to match them. Previous speakers have described how it depends on whether the local power station needs to be upgraded. If a 4 MW project tips the balance to the extent that a bigger transformer needs to be put provided, all of the costs will be loaded onto us. This could be avoided in the case of

community applications. If wind energy is being supplied to the power station, wind and solar power generally do not reach a peak at the same time. If it is windy, it is more than likely that the level of energy from the sun is fairly low and *vice versa*. It is a misnomer to think the grid needs to be upgraded by 4 MW of solar energy if there is already enough wind energy in the system. A lot of things could be worked to the advantage of community applications. I think they could be considered in tandem with large-scale applications.

**Mr. Paul Kenny:** I will respond to the point made about planning permission. When I was speaking about planning permission, I was referring to rooftop solar panels. A person living in Germany, Britain or Northern Ireland can install solar panels on his or her roof without having to seek planning permission. The authorities in these jurisdictions have decided that solar panels do not affect the character of buildings, other than heritage buildings. The paper we submitted to the committee in March was written by two planning experts. An Bord Pleanála's decision that certain developments were exempt was in agreement with the paper. Under an exempted development statutory instrument introduced in John Gormley's time as Minister which had been designed for solar thermal systems, panels to a certain number of square metres are allowed. If we change the number in the statutory instrument, we will remove completely a significant barrier to rooftop solar panels. We have been campaigning on this issue for many years. It is extremely frustrating, given that people everywhere else in Europe do not have to spend money in this way. Local authority planners will ask why they should waste €2,000 or €3,000 worth of a planner's time in the assessment of a planning application when all that is involved is the installation of solar panels on the roof.

**Senator Alice-Mary Higgins:** I accept the point about solar panels-----

**Mr. Paul Kenny:** Outside the other stuff-----

**Senator Alice-Mary Higgins:** -----but the reversal of order-----

**Mr. Paul Kenny:** On the larger scale stuff, planning permission should be sought and it should be tight. It should be done properly and to a very high standard. One of the big issues is that even though draft wind energy guidelines have been in place since 2014 or 2015, the guidelines have not been launched. This creates a great amount of uncertainty for communities and normal developers. I think most of the executives and civil servants are quite frustrated at the political failure to launch the planning guidelines.

**Senator Alice-Mary Higgins:** I am conscious that the time available to me is limited. I might put some brief questions to Dr. McGowan and his colleagues because they will not have much time in which to respond. I will begin with a specific question.

Is the regulator concerned about grid offers? Is there a point of expiration in a planning process that follows the grid offer? It is a technical question.

I have some other issues and concerns that I would like to put to the regulator. One of the concerns mentioned about smart metering relates to the threat of disconnection. Approximately ten years ago it was the practice of the ESB to have a buffer reserve fund to cover cases of non-payment. I think the regulators at the time required the ESB to get rid of the non-payment fund to facilitate competition. I accept that there is a code of practice. On a practical level, might it be necessary to ensure all operators have some buffer fund to cover cases of non-payment, especially as we move towards smart metering? It was pulled away from some years ago, but it might need to be reintroduced.

**Dr. Paul McGowan:** I will take the Senator's first question which relates to offers. We have moved away from very large gates. Our enduring connection policy now involves smaller batches of connection offers which can be run on a regular basis. Through it, we can adjust the batch to meet various policy goals as they emerge under the renewable energy support scheme or other policy goals. The idea is that it be a rolling system. I hope that addresses the Senator's first question.

Mr. Melvin will answer the questions about the least cost technically acceptable offer and smart metering.

**Mr. John Melvin:** I may have been unclear in the way I described the concept of the least cost technically acceptable offer. It has been designed to reassure developers that the offer received from the transmission system operator or the distribution system operator involves the lowest cost, the shortest route, the smallest technically acceptable wires and the smallest technically acceptable transformers. It is obvious that the quality requirements which are set by international standards for equipment like this have to be met, as do the health and safety and environmental requirements. The concept has been designed to reassure developers that when they get the cost which they may consider too high for their project to bear, the cheapest way to get from this point to that point has been calculated.

The Senator also asked about disconnections. Where a customer is in debt to an energy supplier, the codes of practice oblige the supplier to offer a payment plan to that customer. My colleagues will correct me if I get any of this wrong. That payment plan will involve the continued supply of electricity or gas while part payments are made under it to pay off the debt. There is a high rate of adherence to payment plans by customers and the rate of disconnections has decreased significantly since some of the policy changes were implemented. Another option for consumers is to move to prepayment meters whereby they can ensure for themselves that they do not get into debt. There are a lot of policies in place to protect consumers who have been in debt or fear they may get into it and, as my colleague mentioned, there is, in essence, a moratorium on disconnection during the winter months.

**Senator Alice-Mary Higgins:** The goal of making up to 50% of non-batch connection offers available was mentioned. "Up to 50%" is a fluid notion. What is envisaged in that regard? I refer to Mr. Kenny and Mr. Fogarty. They have a great deal of equity in community projects. While members of a community wishing to exit is not as much of a concern in relation to community projects, we have seen in the United States that where there are a number of individuals selling their rooftops into a combined offer, there have been some exploitative practices by companies tying people into contracts. What do the witnesses regard as good practice with regard to an individual whose rooftop is involved in a project and who seeks to exit? It is not an issue yet but it is one that is coming.

**Mr. Paul Kenny:** I am not sure it was made clear but we managed to finance Templederry with a tiny amount of equity. It was perhaps 2% of the overall project, which is small. We leveraged and leveraged up again as we had an asset. That is important. If one takes what is likely to happen in the first auction, which is a revenue-share agreement, there will be no capacity to leverage.

**Senator Alice-Mary Higgins:** I take strongly and endorse the point around an actual percentage delivery-----

**Mr. Paul Kenny:** Split ownership.

**Senator Alice-Mary Higgins:** -----rather than a revenue one which could be written off against the profits of a private company.

**Chairman:** I will bring in the regulator.

**Dr. Paul McGowan:** At the next gate, we expect approximately 80 offers to be issued, of which there will be 50 batch and 30 non-batch. Of those 30, 15 will be set aside for communities. As I said earlier, the whole idea around batch processing is that we learn from it. We determine whether they were all used or if demand was greater than supply. As there will be another batch in 12 to 18 months, we can design it to take account of our experience on the previous batch and to determine the policy under the RESS and what the RESS seeks to support. The idea is that there is flexibility in the batch process to take account of what we learn and address the policy as it emerges.

**Deputy Tom Neville:** I apologise for being late as other committees are also sitting. If my questions have been answered already, I ask the Chairman to tell me and I will look up the answers in the transcript. Dr. McGowan has partly answered one just now, but for clarification, when does the CRU envisage that the first RESS auction will be held? Will a community pot definitely be included? If so, how will community projects be prioritised or catered to in grid connection?

My next question is for Mr. Fogarty. I refer to the Government's action plan on climate change. Is the Government covering some of the areas that require to be overcome within that action plan or does more need to be done? More important, what would Mr. Fogarty like our committee to do to facilitate or assist with getting things done on the community side?

**Mr. John Melvin:** The first renewable electricity support scheme auction is expected to take place in quarter 1 of 2020. It is led by the Department. The high level design is for it to be led by a community pot and that will be developed. There was an industry engagement three Fridays ago on this. We are prioritising very differently from the way we did in the past with regard to community energy projects and grid connections. We are considering this and there will be a consultation on it. The idea is that no planning will be required and, as Dr. McGowan said, 50% of the non-batch will be available to them. There is only one site at the moment and we understand 15 will be a sizeable and useful number in the context of those we understand might be out there.

**Mr. Paul Kenny:** I might come in on the climate plan. It is very welcome to hear the number "15". That is a good idea. The climate plan is comprehensive and it is great to see it all down with a wish list of what we need to do. There are 186 actions with many sub-actions but there are not staff and capacity to deliver that plan. I, and people like me in other organisations, do not have confidence that the climate plan will be delivered in a timely fashion because there are not enough people in the Department to do it. There is insufficient vision to deliver it and there is insufficient coherence on the delivery of the climate plan. While a significant and robust plan is there, on which the Minister must be commended, it will take 20 years to deliver given the current capacity of the Civil Service.

During the discussion, one tiny point was missed. The community benefit funds are not currently exempt from taxation. When we talk about someone being impacted by a turbine, they will, right now, lose a great deal of that to the tax system. The committee might consider whether it would be useful to figure out methods on the €2 per MW hour and that community benefit fund at local level. If it is applied to someone's electricity bill, he or she will have to

pay 50% if he or she is an earner at over €35,000. It is a real issue for developers and those who want to see a benefit fund that they will lose most of it to the tax system.

**Senator Alice-Mary Higgins:** We did not get a chance to discuss the capital grants aspect of micro-generation. Do any of the witnesses have comments on that system and how it fits with bids? It would be useful to get those, even if it is in written form. What is the date for the launch of community energy?

**Mr. Paul Kenny:** The grant for microgeneration for householders is a brilliant system founded on good consultation with the industry. It is working and delivering and it deserves a round of applause for that. However, the scheme is limited because of the planning permission issue, which I will not get back into now. The community power launch date is dependent on when the community pot becomes available. We are dependent on the Department and the regulator for that.

**Chairman:** I thank the witnesses for attending and giving us so much of their time this afternoon.

The joint committee adjourned at 4.30 p.m. until 2 p.m. on Wednesday, 9 October 2019.