AIRTRICITY RESPONSE TO

DCENR CONSULTATION ON IMPLEMENTATION OF THE ENERGY EFFICIENCY DIRECTIVE IN IRELAND

13TH NOVEMBER 2013
INTRODUCTION

About Airtricity SSE

Airtricity is part of the SSE Group. SSE is one of the largest energy utilities in Ireland and is the largest single direct investor in Ireland, having invested €1.7 billion since 2008. On the supply side, the Airtricity supply business has been steadily growing in respect of domestic and commercial electricity and gas customers, and currently serves over 830,000 customers. In response to the energy efficiency targets set for energy suppliers as part of the Better Energy scheme managed by SEAI, Airtricity Energy Services provides energy efficiency measures and has carried out 50,000 boiler services to date. SSE Renewables Ltd is the largest wind farm developer in Ireland, with 500MW of installed wind generation and a further 757MW consented/in construction. In addition, SSE Generation Ireland Ltd owns and operates 1068MW of conventional thermal generation capacity. We are currently developing a Combined Cycle Gas Turbine at our existing Great Island station to replace the existing heavy fuel oil units with a more efficient natural-gas fuelled unit; this new station will be more efficient and will assist towards reducing Ireland’s carbon emissions. Our Community Fund, which is open to community projects in the vicinity of our generating stations, has awarded €2.7million to date and will continue to support projects in these areas, particularly energy efficiency projects. SSE is also involved in number of pilot and R&D projects.

Airtricity SSE is a member of the Electricity Association of Ireland; we have contributed to and support the response to this Consultation submitted by the Association.

The main theme governing Airtricity’s response to this consultation is that the Energy Efficiency Directive should be implemented in a cost efficient manner. In particular, we consider that the implementation of Article 7 as proposed through the imposition of supplier targets will increase energy bills significantly. Our proposal for the implementation of this Article through the adoption of alternative measures is outlined below.
RESPONSES TO CONSULTATION QUESTIONS

0.2 Are there any other issues you consider relevant that are not covered in this paper?

Airtricity believes that as the benefits of energy efficiency are society-wide, the effort required to achieve targets must be shared. The proposals made within the Consultation Paper are likely to increase costs for energy customers, which will adversely impact the fuel poor in particular but will also affect other customers and Ireland’s competitiveness. Rather than recovering this policy cost regressively through energy bills, Airtricity would prefer to see costs recovered through general taxation. In particular, we advocate the use of EU ETS revenues, and potentially Carbon Tax revenues, to deliver energy efficiency savings. It would also prevent the double payment of policy costs for energy consumers who are already paying carbon costs through Carbon Tax and the EU ETS. More detailed proposals are outlined below.

We note that the consultation paper’s discussion of Article 1 notes that the Department will ‘go further’ than the requirements of the Energy Efficiency Directive under the National Energy Efficiency Action Plan II. Airtricity believes that all savings made in this regard should be captured and adopted as alternative measures under Article 14 in order to reach Ireland’s target in the most cost-efficient manner.

Article 4

4.1 How should the department organise a response to this Article?

Airtricity notes the data and studies available on the potential for residential retrofit as discussed in the consultation paper, we consider that additional work on the quantum of savings that this will realise, and the identification of cost efficient approaches and feasibility for renovation must be considered.

With respect to the potential for non-residential savings, a good start point is the energy efficiency work that has already been carried out on non-residential premises. Where this work has not yet been documented we would propose that assistance be given to record these savings while at the same time generating data for the study sample, thereby fulfilling two important purposes. As discussed previously, Airtricity has been involved in the retrofit of community buildings for a number of years and may be able to assist in this project.

As to the policies and measures to stimulate cost effective deep renovation and a forward looking guide to investment decisions, Airtricity notes the BEF project itself and that project’s discussion of policies and measures and ongoing work on commercial Energy Efficiency Fund and Energy Performance Contracting Policy Framework. We note the recent introduction of the Home Renovation Incentive in Budget 2013 and consider that it could be better focused to deliver energy
efficiency savings, as discussed below. Policy cohesion is important in this area to ensure that resources are utilised efficiently.

Airtricity would welcome clarity on the process and timeframe for deciding on other policies and measures to encourage energy efficiency savings, such as those outlined in the BEF Discussion document. It is our view that many of these policies and measures can assist in the realisation of savings and will be needed to achieve the targets set out in this consultation paper. We have responded to the BEF document but note that the decision on many of these measures will not be made through the BEF process. We would welcome involvement of energy suppliers in this discussion; as we are delivering savings among customers we believe our experience can assist in assessing different options.

We would highlight that all of these elements should be known in order to formulate realistic evidence-based projections as to what extent savings will be realised under Article 4(e).

4.2 What are the key elements or information to include in this strategy?

As stated above, supporting policies and measures will be important elements of this strategy. In addition, energy costs and financing costs are necessary to calculate the efficiency and realistic likelihood of adoption of energy efficiency measures by a variety of actors.

Estimates as to the impact of policies on measures on uptake rates should be carefully considered and discussed with all interested parties. Pilot projects may be illustrative in this regard.

4.3 What organisations (retrofit/financial) can participate in formulating this strategy?

As an energy supplier and provider of energy efficiency services Airtricity would like to be involved in formulating this strategy and we believe our experience will be useful in doing so. Other participants such as banks and installers/contractors may also be interested in participating and may bring additional perspectives. We would expect that the relevant Departments and Agencies would be involved.

Article 5

5.1 In your view, what approach should be adopted for the successful implementation of this Article, and why?

Airtricity believes that the most cost efficient option should be adopted in order to implement Article 5. We note that the alternative approach affords more flexibility as to how savings are achieved, for example through behavioural change; we feel that the alternative option may thus provide efficiency benefits but believe that analysis of both options should be carried out.
Article 6

Question 6.1: How can we further incorporate energy efficiency principles into public procurement?

Airtricity welcomes proposals made for implementation of this Article.

We note that Article 6 imposes this energy efficiency procurement requirement on public bodies only where the thresholds in Article 7 of Directive 2004/18/EC are met. We propose that it be investigated whether the requirement be imposed on all public bodies and at lower thresholds. We propose that resultant energy savings would assist Ireland in achieving its target as well as reducing public energy costs, and could be used as alternative measures under Article 7 in order to reduce the cost of compliance.

In addition, the methodology for analysis and costing of products and services listed under Article 6 could be made available to the private sector, to assist it in making purchasing decisions. This would maximise the benefits from this piece of work and could form part of an energy advisory programme measure under Article 7(9)(f). Lifetime energy cost savings should also be included.

Article 7

7.1 Do you agree with the approach set out for implementation of this Article? If not, please outline which changes you would make, while ensuring that the 1.5% target will be met.

Supplier Obligation

Airtricity wishes to see Ireland reach its targets under Article 7 in the most efficient manner possible and acknowledges the benefits of energy efficiency savings as set out in the consultation paper. We welcome and support the proposal from DCENR to adopt the “alternative measures” option provided in Article 7 of the Directive and to utilise the flexibility provided to reduce the target by 25%. We agree with the Minister that to do otherwise would impose too great a challenge and cost burden on the energy supply industry and its customers. However, we consider that the obligation proposed still represents an untenable cost burden. Initial calculations indicate that the achievement of this target will add up to 5% to energy bills. With the high level of domestic customers in arrears and many more struggling to pay bills, this presents an issue for suppliers and customers; on the commercial side this presents a real challenge to competitiveness.

It is our position that policy costs, such as energy efficiency targets, should not be recovered regressively thorough energy bills, but should, where possible, be exchequer funded given that the benefits of meeting energy efficiency targets accrue to society at large. We would propose that EU ETS and Carbon Tax revenues be ringfenced to achieve energy efficiency savings. This would also avoid the double payment by of policy costs for energy consumers who are already paying carbon costs through Carbon Tax and the EU ETS.
Our experience under Voluntary Agreements over the last number of years has shown that although a good deal of savings have been realised, demand in the residential and commercial market for energy efficiency measures is weak and has been reducing. In these circumstances it has proven very challenging to meet targets. In fact most suppliers do not expect to meet these targets despite allocating significant effort and resources to this objective. In addition, this is with the availability of grants from SEAI, typically to the value of 30% of the cost of residential measures. The proposals made in this consultation paper would mean that the three year target for 2014 to 2017 would be 74% higher than for the previous three year voluntary agreement. We note the statement in the Consultation Paper that 81% of targets under Voluntary Agreements have been met but would point out that this includes savings from the period 2008-2011.

As stated in this consultation paper, it is proposed that Better Energy Grants will cease and will be replaced by the Better Energy Financing model. Airtricity is sceptical that BEF (bearing in mind that design is not finalised) will encourage householders to adopt energy efficiency measures in sufficient numbers to reach the targets set out in this paper; based on the fact that existing grants do not make these measures sufficiently attractive and there has been progressively less takeup from the public. We fear, therefore, that the costs to suppliers in delivering on targets will be significant if the necessary incentives are not provided by the exchequer.

Our concern is increased by the proposed residential and fuel poor sub-targets proposed in this paper. Savings in these sectors will be more expensive to achieve than savings in the commercial sector. Whilst we recognise that there are great benefits for fuel poverty and for residential customers in carrying out measures, our concern is that the absence of grant assistance or other policy measures may result in the costs of subsidising these measures falling on all energy customers. If suppliers are to be given targets then we would argue that we must be empowered to deliver them in the most cost efficient manner; this means that suppliers must be permitted to progress the projects with highest savings and lowest costs, in whatever sector that may be, thus harnessing competitive benefits.

We would highlight that in GB, the ECO obligation results in an increase to domestic energy bills of up to £100. This has been a matter of considerable and persistent media and political controversy over the last number of weeks and it is reported that the Government is actively considering whether this and other green taxes and levies can be funded through other mechanisms, with a general expectation that this burden will now be removed from energy bills.

In these circumstances we consider that Ireland should seek to achieve its target fully through alternative measures. In particular the Better Energy grant should be retained and additional policies and measures to encourage the adoption of measures be implemented. It is understood that a range of policies and measures are being considered under the Better Energy Financing project. Energy suppliers have submitted comments under that process and are keen to be involved in the selection of policies and measures.
Our Proposal

Airtricity believes that all, or at least a greater proportion, of Ireland’s 1.5% target can be met by alternative measures more cost efficiently than through a supplier obligation. As a first step we believe that the range of existing and potential alternative measures permitted under Article 7(9) should be presented and consulted upon by DCENR, with a cost benefit analysis in order to facilitate comparison.

It is not clear what alternative measures are included in the Consultation Paper’s proposal that alternative measures would meet 547GWh of Ireland’s target. We would also welcome sight of calculations on the 25% discount in order to work out if it reveals additional savings that could be captured as alternative measures. Suppliers’ experience in providing energy efficiency services will be useful for the design of alternative measures.

We believe that the following existing measures can and should be categorised as alternative measures;

- SME and LIEN Programmes
- Commercial Energy Efficiency Fund
- Revision to Building Regulations
- Energy Efficiency Boiler Regulation
- Smart Metering Programme
- VRT and Motor Tax
- Accelerated Capital Allowance Scheme
- Carbon Tax
- Warmer Homes Scheme and Better Energy Areas/Low Income programme.
- Home Renovation Incentive (which, as discussed above could be better focused to encourage energy efficiency improvements).

In addition the BEF scheme itself and policies and measures discussed under the auspices of that project should be included as alternative measures:

- Provision of low cost financing, potentially along the lines of Germany’s KfW scheme. We hope that this will be delivered through the Better Energy Financing Project and highlight the need for this financing to be affordable.
- VAT relief for energy efficiency works.
- Salary sacrifice arrangements.
- Reduced stamp duty and property taxation to reward energy efficiency improvements.
- Requirement for a minimum BER rating for rental properties.

There are any number of alternative measures which could be explored further, we would see those as including:

- Retention of Better Energy Grants and other financial incentives, potentially through a mechanism such as the NISEP scheme in Northern
Ireland. These should bring payback periods for measures to a timeframe attractive to customers.

- Measures to capture the existing ‘grey market’ in energy efficiency. We note that the recently announced Home Renovation Incentive may increase the uptake of energy efficiency measures although we are disappointed that this initiative does not incentivise energy efficiency over other types of home renovation. In addition, the initiative does not seem to contain provisions to bring the ‘grey market’ in energy efficiency into the Better Energy scheme. We would support either the capture of grey market savings or the reform of the HRI to encourage works under the Better Energy Scheme.

- Support for audits and implementation of recommendations as discussed under Article 8.

- Energy labelling schemes which could include the capture of energy appliance replacements data.

- Development of standards and norms aimed at improving the energy efficiency of products or services. This could include the extension of energy efficiency procurement rules to local authorities as discussed under Article 6 above. Additional applications could include a public lighting system upgrade and standards around improvements to the water system and waste water energy recovery.

- Progress adoption of demand side management measures and reform of energy market and electricity system services design in order to reward these technologies. Currently available technologies in the area of controllable electric storage heating and electric vehicles have particular potential in this regard.

- Extension and development of training and education, with energy advisory programmes, including the sharing of public sector procurement guidance under Article 6 and SME programmes as discussed under Article 9.

Alternatively

If an obligation scheme is pursued despite the reasoning outlined above, Airtricity proposes that a cap/buy-out be set in order that the maximum costs to be incurred by suppliers is limited and known from the outset. Careful analysis would be required to develop the level of this buy out price, we envisage that this would be based on the support necessary to deliver targets most efficiently and would consider the presence of other measures. This enables analysis of the ‘value for money’ of the delivery of savings. We consider that this would act as a protection mechanism for customers against spiralling costs of achieving targets. As mentioned above, the costs of the ECO scheme in GB have turned out to be significantly higher than expected.

As a supplier we are committed to endeavouring to achieve energy efficiency savings among customers but not at any cost. Should suppliers have to use the buy-out mechanism we would envisage that these monies would be used to fund additional alternative measures or schemes to achieve savings.
In order to provide transparency to customers we would also advocate that the costs of achieving energy efficiency targets should be included as a separate line item on bills. This would raise customer awareness of energy efficiency and support measures and would illustrate the costs of achieving targets. We are acutely aware that increases to energy prices have serious implications for customers, who deserve to know the drivers of those increases.

Additional points

We question the rationale for maintenance of three year cycles, given that the ultimate target is 2020 we see no reason to limit the flexibility to achieve this target.

We consider that if there is to be a target it must be shared between energy suppliers of all types so as not to distort inter-fuel competition. As the benefits of achieving energy efficiency are society wide we consider that the costs should be shared equitably. We would note that consumers could be said to be paying twice for climate policies where the EU ETS and/or carbon tax has already been paid on fuels.

We are concerned by the proposal that the Minister would be empowered to amend any targets set. This presents a huge risk for potential obligated parties and commercial planning processes and will increase costs further. Suppliers require some form of medium term commercial certainty to be able to attract investment and funding. Such an open ended provision could drive risk premia, leading to higher cost finance, across normal business activities which could rule out expansion or replacement projects.

As regards any measurement, control and verification system put in place under Article 7(6) or (11)(i) we would encourage that it be robust without setting unnecessarily high standards and thus increasing the cost of achieving savings. We have found that a ‘deemed savings’ approach has worked well in the domestic sector; whereas the burden of monitoring and verification in the SME sector relative to energy efficiency savings has discouraged the carrying out and/or recording of savings. We would propose that a deemed savings approach or a simplified/desktop means of calculating savings be adopted in order to realise the savings in this sector; we note that burdensome procedures will deter activity in this sector, which would be inequitable if the sector contributes to the costs of achieving Ireland’s targets.

Article 8

Airtricity considers that current standards of training and qualification for BER and DEC assessments can be utilised and expanded where necessary to include accreditation and quality assurance schemes for auditors, training schemes and to set out criteria for audits. Coordination of BER, DEC and any Better Energy Financing auditing, assessment and inspection/verification standards are likely to yield economies of scale and will provide a ‘go to’ location for customers. The
minimisation of administrative and other costs are important in this regard in order not to increase the cost of measures. The application process seems sufficient but we would encourage that details of the process and proposed qualification criteria be discussed with industry when proposals are more fully developed.

The programmes in place to promote and support industry in undertaking audits and to provide information are useful, particularly in order to satisfy the Directive’s requirement that SMEs be encouraged to undergo audits and to implement recommendations. Airtricity considers that SMEs provide considerable potential to achieve energy efficiency savings and a particular emphasis should be put on encouraging this sector to undertake audits. Similar programmes to raise awareness among households about the benefits of energy audits can be a very effective tool.

Airtricity would encourage that there be a clear path between audits and advice provided under this Article and duties/schemes under Article 7 in order to ensure coherent and efficient achievement of targets. Programmes to assist the implementation of recommendations should become a focus, as they can assist in achieving targets in a cost-efficient way by educating customers as to the benefits of adopting the best energy efficiency measures to suit their needs.

We would recommend that non-SMEs be supported to conduct audits and implement the recommendations, with grant assistance if necessary, as part of an energy advisory scheme and that such a scheme constitute an alternative measure under Article 7(9)(f) of the Directive. This type of support is explicitly supported in the Directive itself in Article 8 and Article 12. We consider that this would be a means of achieving savings at low cost to customers.

**Article 9-11**

Airtricity agrees with sentiments in the consultation paper that many of the requirements of Article 9 will be met through the National Smart Metering Implementation Programme. Although the programme is established and underway we would suggest that compliance with the EED be included as an objective of the project; we are aware that consumer protection is a key consideration for this project.

In this regard, Airtricity would point out that parties must be secure that complying with regulatory requirements (such as design and content of bills) will not see them in breach of the Energy Efficiency Directive implementation provisions and liable for penalties. Legislative and regulatory requirements must be consistent.

Airtricity is not involved in district heating or cooling and domestic hot water so makes no comment in relation to those activities other than to say that different energy sources should be treated consistently.

**Article 13**
As mentioned above, where parties are governed by regulatory requirements, such as the design of Smart Metering functionality or bill contents/design, compliance should not subject them to penalties under the Energy Efficiency Directive.

As for penalties under Article 7, these depend on the method of implementation chosen. As highlighted at length in our comments under that section, it is imperative that cost efficiency and particularly costs to final customers are borne in mind in achieving targets as well as designing penalties. Airtricity considers that alternative measures are preferable to supplier obligations but in the event of adoption of obligations we have proposed a cap/buyout price which would replace the need for a penalty regime.

Article 14

Question 14.1 Are you aware of any datasets that may assist in developing the comprehensive assessment for CHP/DHC potentials?

Airtricity processes and holds data on the energy consumption of their customers but this is subject to privacy, data protection and commercial sensitivity requirements. It may be possible for the System Operators to provide aggregated data, but again this is subject to relevant privacy, data protection and commercial sensitivity standards. The smart metering project is likely to produce more detailed data.

Airtricity proposes that the energy industry also be involved in the preparation of the comprehensive assessment in order to feed into assumptions on, for example if/where market participants are likely to construct new thermal generation installations and what technologies they consider likely to be constructed in Ireland in the coming years.

14.2 Without prejudice to the outcome of the comprehensive assessment on the potential for HECHP and efficient district heating, in your view what are the main technical, economic, regulatory or other barriers to the development of these technologies in Ireland?

Airtricity agrees that the features outlined in the paper indicate limited potential for HECHP in Ireland. From the perspective of an electricity generator and electricity and gas supplier we do not see significant potential for HECHP for thermal electricity generators given population dispersal patterns and lack of industrial heat load. However we will await the outcome of the comprehensive assessment project and, as discussed above, would like to be involved in its preparation.

We would note that the increase of intermittent renewable generators will result in a change in the generation pattern of conventional stations such that heat produced by an electricity generation installation unit may not be predictable. Ireland’s market model also means that thermal plant may not always generate as it predicts or wishes. The system requirement for flexible generators (as is being teased out under the DS3 project) to be available/operational and locational signals issued to new generators through Use of System charges and losses are also relevant to this
question. This may mean that this plant does not always run at times or levels useful from a heat point of view; this should be included both the comprehensive assessment and in consideration of barriers to development of CHP and district heating systems.

In addition, environmental standards will determine how electricity generation installations are permitted to operate; this may or may not be compatible with cogeneration of heat.

At present regulation or standards, including technical and safety, for provision of heat are not developed in Ireland; this will require further thought and should reflect the potential for CHP and district heating identified. Charging regimes will also require development. This work would, of course, rely on a decision as to whether these are commercial and contractual issues or should be legislated for.

14.3 What exemptions should be considered under Article 14(6)?

As stated above, with increased intermittent renewable generation it is likely that thermal generation stations will see reduced running hours and will be increasingly relied upon for system services; on this basis, and limited potential for CHP, it is proposed that the exemption should extend beyond traditional peak load and back-up installation plants. Airtricity proposes that the exemptions set out in Article 14(6)(a)-(c) be adopted initially and that exemptions be considered further once the outcome of the comprehensive assessment is known; present information indicates that it is unlikely new thermal generation projects will be proposed before the assessment is completed.

We would highlight the importance of the exemption process under Article 14(8) being prompt and transparent so that it does not cause delay or confusion for projects.

Article 15

Airtricity would point out that the implementation of Article 15 should involve engagement with a wider range of participants than just the CER and EirGrid, to include generators, suppliers and demand side units. Many of the issues raised may have an impact on generation and demand response units as well as supply businesses, particularly if there is to be a change to Use of System Tariffs and network regulation principles/incentives. Generators and suppliers will bring valuable information and capability to this process and must be involved from the outset; for example, the design of use of system tariffs interacts with supplier tariffing approaches and changes to connection fees for demand side units or to priority dispatch rules will have implications for generators’ investment decisions. Airtricity is of the view that demand side units offer great potential to provide system services and is particularly interested in this issue as well as the design of appropriate Use of System charges for these technologies, which could include Electric Vehicles and smart electric storage heating.
**Article 16**

Airtricity agrees that it is important that providers of energy services, energy audits, energy managers and installers of energy related building elements adhere to high standards in order to build confidence in energy efficiency. However, the costs and administrative burden of qualification, accreditation and certification must be minimised in order to reduce the costs of adopting energy efficiency measures and thus make them more attractive to customers.

As discussed in relation to Article 8, a single register of accredited professionals could make the process of procuring energy efficiency services easier for customers, which should result in a greater uptake of measures.

**Article 12, 17 to 20**

It is clear from reading this section of the consultation paper that there are a number of schemes in existence and being examined. This is positive in that different customers will respond to different measures, however it is important that potential customers are not confused by the range of different mechanisms and providers on offer. A single brand or contact point (eg website), which could be referenced by a number of accredited participants, as proposed under the Better Energy Financing Scheme could be useful for this purpose.

**Better Energy Financing/Fiscal Incentives/Grants**

Airtricity has made submissions to the Better Energy Financing project and is supportive of the initiative, with the caveat that we consider the addition of costs to consumers must be borne in mind at all stages of the decision-making process. We consider that many interesting proposals have been made but the fact remains that demand for energy efficiency measures has been weak over the last number of years, and that is with the existence of Better Energy grants to ~30% of the cost of measures. We would advocate that grant funding be maintained in addition to many of the BEF proposals and that the revenues raised through EU ETS auctions would be utilised for this purpose.

Developed proposals as to the financing vehicle under the BEF project have not yet emerged, we agree with the statement in the consultation paper that there is a clear need for additional sources of financing. Given weak consumer sentiment towards energy efficiency, and hesitancy to incur debt, we consider that interest rates will have to be much lower than market rates in order to attract customers.

BEF proposals position the scheme as a means to provide information to customers in undertaking energy efficiency measures. This is an important element of the scheme and should involve all participants, including energy suppliers, installers, banks and relevant Departments.

We note that an earlier BEF consultation discussed the Policies and Measures which government may adopt in order to promote energy efficiency but no direction has been forthcoming. The recently announced Home Renovation Incentive may increase the uptake of energy efficiency measures although we are disappointed.
that this initiative does not incentivise energy efficiency over other types of home renovation. In addition, the initiative does not seem to contain provisions to bring the ‘grey market’ in energy efficiency into the Better Energy scheme. We would support amendment of this measure to capture the grey market.

**National Energy Services Framework & Energy Efficiency Fund**

Airtricity is interested in both of these initiatives and is involved in reviewing draft documentation. We consider that reducing administrative burden for customers and for other parties involved in delivering energy efficiency projects is a crucial consideration in these projects.

**Existing SEAL supports**

Airtricity welcomes all supports for the adoption of energy efficiency measures. As mentioned above in relation to Article 8 on Audits, we consider that the provision of grant support for audits for non-SMEs and a focus on encouraging the implementation of recommendations promises to deliver energy efficiency savings in a cost-efficient way.

We consider that these supports can be developed and expanded to act as alternative measures under Article 7(9)(f).

**17.1 What do you feel would be the best/a better mechanism for disseminating information on available energy efficiency mechanism to market actors should be?**

Airtricity sees merit in proposals to develop Better Energy (or another scheme) as a quality mark and a provider of reliable information, with the involvement of accredited participants. Promotional BEF materials could then be disseminated through media advertising, citizen information points including health facilities and post offices, across relevant Departments and from service providers, including installers and energy suppliers.

Dissemination of these materials through suppliers and participants would ensure consistency and reduce barriers for those participants in having to prepare materials themselves. Accredited participants in the scheme would presumably be informed of available information resources and the operation of assistance schemes during the accreditation process.

**17.2 What in your view is the most appropriate way for local and regional authorities to promote awareness and information to citizens about energy efficiency improvement measures?**

Airtricity considers that local and regional authorities could promote energy efficiency measures through adoption of measures in its own properties and provision of information to residents of its jurisdiction. As mentioned above, if a central ‘brand’ provides promotional literature this could be distributed at local and regional authority facilities, such as offices and libraries, and at local meetings.
17.3 In addition to the policy initiatives already underway, what other mechanisms should be explored to better promote participation by, and access for, SMEs in the energy services market?

As discussed above under Article 8, Airtricity considers that financial incentives to encourage audits and uptake of measures by SMEs, alongside the provision of information and other mechanisms discussed in this response, would be successful at delivering energy efficiency savings. As discussed under Article 7 we have found that monitoring and verification requirements are proving unduly burdensome for SMEs, we therefore propose that a deemed savings or simplified means of calculating savings be adopted. This will enable capture of savings in this sector, will encourage more savings and will give this sector access to the benefits of Ireland’s energy efficiency improvements.

17.4 Have you any proposals to make on the split of incentives between the owner and the tenant of a building with a view to encouraging energy efficiency improvement measures especially in multi-owner properties?

The split incentive issue does create a barrier to the uptake of energy efficiency measures, which is one reason to avoid a residential sub-target under Article 7.

A proposal to impose a minimum BER standard on rental properties has been discussed under the BEF project and may assist with addressing this issue with a progressively improved housing stock; however, the full impacts of such a measure would have to be fully evaluated.

Additional measures could include an Accelerated Capital Allowance scheme for investment in energy efficiency. The availability and affordability of financing will also assist in the upgrade of rental properties.

17.5 Have you any proposals on how to attract and facilitate appropriate financing mechanisms to increase energy efficient investment and stimulate multiple streams of financing in different sectors?

Airtricity considers that a financing model akin to the KfW mechanism in Germany is a proven successful financing model and should be pursued in Ireland. Under this scheme interest rates are subsidised by the government for loans given for energy efficiency measures at rates attractive to consumers. Airtricity believes that revenues raised through EU ETS auctions should be ringfenced to support the achievement of energy efficiency targets through schemes such as this.

We consider that retention of grant assistance and introduction of a combination of the policies and measures discussed within the BEF project and our response on Article 7 above, such as income and property tax relief for energy efficiency measures and a salary sacrifice arrangement will also encourage adoption of measures.

Fuel poor customers are not in a position to utilise debt facilities to undertake energy efficiency measures. Thus, we consider that measures for these customers must be fully funded by the exchequer.
The exact design of the proposed Energy Efficiency Fund is not yet clear, but Airtricity hopes that it can adopt some of the advantageous features of the schemes described above.

**CONCLUDING REMARKS**

Airtricity is committed to energy efficiency and fully recognises the benefits which it can bring. Our main focus with respect to Ireland’s achievement of the targets set under the Energy Efficiency Directive is that it is achieved in the most cost efficient manner possible. With the proposal for the implementation of obligatory supplier targets, we are concerned that the costs of policy may be regressively transferred to energy customers. We consider to be detrimental to all customers, particularly those in fuel poverty or struggling to meet bills, as well as damaging to Ireland’s competitiveness. We note experiences in GB in this regard. We consider that these costs should be met by the exchequer, particularly through the proceeds of the Carbon Tax and EU ETS revenues.

Should it be decided that obligations are to be imposed on energy suppliers we believe that potential costs should be bounded in order to protect customers from spiralling costs by devising a cap/buy-out mechanism and that costs should be transparently shown as a line item on bills.

Airtricity is keen to be involved in this process and associated projects such as the Better Energy Financing workstream. We would be delighted to meet with the Department to discuss our response to this Consultation or related issues; given our experience in delivering energy efficiency savings we do have practical knowledge and experience of this market in this jurisdiction, Northern Ireland and GB which we believe is of value in designing policy in Ireland.