Ms Claire Collins  
Energy Efficiency and Affordability Division  
Department of Communications, Energy and Natural Resources  
29-31 Adelaide Road  
Dublin 2  
13th November 2013  

Re: Consultation response re-Implementation of the Energy Efficiency Directive in Ireland

Dear Claire,

We welcome this opportunity to respond to this consultation on the Implementation of the Energy Efficiency Directive in Ireland.

Bord na Móna, as a member of the EAI, has represented many of its views on the consultation within the EAI network suppliers’ submission.

To preface our submission we would stress that we are fully engaged in delivering energy efficiency and have delivered a multiple of our target under the Voluntary Agreement. There are however a number of points which we would like to emphasise as well as some which are specific to the non-network suppliers, such as Bord na Móna, regarding the proposed method of implementation of the Directive — and most specifically relating to the provisions/options regarding Article 7. For this reason we have responded in more detail in relation to this with the following main points:

- Bord na Móna is at an unfair competitive disadvantage vis-à-vis solid fuel suppliers/suppliers outside of the State and is acutely aware of the need to minimise our compliance costs – for the welfare of the company and our customers
- We recommend that the proposed residential sectoral obligation should not be introduced until:
  - there is a level playing field whereby solid fuel volumes from within the State are treated on the same basis as those being supplied from outside of the State
  - there is sufficiently clear line of sight as to how energy savings can be achieved without excessive cost
- In addition, we set out that there is strong rationale for the proposed 550GWh target to be revised downwards, and likewise the subsectoral target of 55GWh for the fuel poor
- The Better Energy Workplaces (BEW) grant mechanism needs to be reinstated to restore market activity
Our fundamental concerns are the scale of the proposed target, the overall cost of the proposed Article 7 approach on Bord na Móna and the potential impact on Bord na Móna’s balance sheet as well as on residential customers’ energy prices – who may be experiencing hardship. In this submission we make recommendations on how best to implement the Directive given these concerns – on pages 5 and 6 of this submission.

We would hope that our comment will be seen to be of substance, given our experience in the marketplace, and coming from the position that we will have comfortably surpassed our targets under the Voluntary Agreement by end 2013.

Question No.   Article Ref.   Consultation Question
0.1   General   Are there any international policy approaches that you think we could learn from to promote energy efficiency in Ireland?

> We note and support the principle of allowing the trading of energy efficiency credits as has operated with some success in France & Italy
> We note the successful use of the ‘lighter touch’ alternative measures approach in Germany, in preference to the obligatory approach
> We are observing the slower than expected progress of the Green Deal in the UK and have concerns about a PAYS type mechanism’s ability to deliver a sufficiently high level of energy credit to underpin a potential residential sectoral target
> We would note the success of our own Warmer Homes scheme to offset this risk

Question No.   Article Ref.   Consultation Question
4.1   Article 4   How should the Department organise a response to this Article?

> Bord na Móna supports the process being adopted by the DCENR to assess the economic potential within the non-residential sector as well as feedback from the SEAI commissioned report which will be available in mid 2014.
> The Public Sector database resulting from the Public sector energy monitoring and reporting programme is another useful database.

Question No.   Article Ref.   Consultation Question
4.2   Article 4   What are the key elements or information to include in this strategy?

> The strategy shall encompass:
  > Overview of national building stock
    > Some information has already been presented as a result of work on the Better Energy Finance (BEF) scheme. We would caution that this data could convey a potentially misleading view of the potential for residential retrofit.
  > Identification of cost effective approaches to renovations
    > Historic costs are one measure – however we would caution their relevance as:
i) they have been obtained coming off the market highs of 2010 and 2011 – the number of expected renovations in 2013 is very much reduced, at just 15,700 homes. Market demand has fallen considerably.

ii) historic renovations have been supported by grants – this will no longer the case from 2015

- Projected costs – what will they be?
  i) market demand has fallen considerably – even with grants
  ii) grants will not be available
  iii) market volume projections within the Better Energy Finance work assume that the grey market will double volumes – at what cost? And to whom? We remain very concerned about the projected level of retrofits indicated within the BEF studies
  iv) there will be an increasing marginal cost of achieving energy savings which will make it increasingly more difficult to achieve volumes

• Policies and measures to stimulate deep retrofit
  o Evidence clearly shows that higher levels of uptake have been associated with higher levels of subsidy; this is the case for both shallow and deep retrofit
  o Of considerable concern is that, even with grants in 2013 that levels of residential retrofits were lower in 2013 than in 2012 or 2011

• Forward looking perspective to guide investment decisions
  o We are aware of the proposals in the most recent draft of the BEF strategy where there are some useful approaches.
  o Schemes such as the recent Home Renovation Incentive (HRI) need to be tailored to incentivise the take up of energy efficiency. While it may have a neutral effect on retrofit volumes in 2014, it will likely take away Better Energy compliant retrofit volumes in 2015. We hope that policy will allow potential for energy suppliers to avail of the energy credits associated with the HRI.

• Evidence based estimate of expected energy savings, etc
  o Again we refer to the current insufficient clear line of sight as to how energy savings can be achieved without excessive cost. Without this we propose that the strategy proceed with some caution.
  o This is one of the key reasons that we propose that the proposed residential sectoral obligation be deferred.

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> All organisations with an energy saving target
> Banks
> A public consultation to take all other interested parties’ views
5.1 Article 5 In your view, what approach should be adopted for the successful implementation of this Article, and why?

- The choice is between the 'default' approach or the 'alternative' approach
- We believe that the alternative approach has a better chance of leading to a successful outcome – on 'least cost' and 'better flexibility' bases
  - The default approach does not have as clear an application of 'cost effectiveness' as does the alternative approach set out in Article 5(6).
  - This aspect regarding cost is shared by the Energy Performance of Buildings Directive and SI 243 of 2012 which transposes it, where there is explicit reference towards establishing the cost optimal framework for future investment in energy efficient measures in existing buildings.
  - Crucially, SI 243 determines that the cost optimal level shall lie within the range of performance levels where the cost benefit analysis calculated over the estimated economic lifecycle is positive.
  - In addition, the alternative approach allows for behavioural change of occupants which has been shown to work to good effect through the OPW Optimising Power @ Work programme.

- Hence, we favour the alternative approach due to its greater emphasis on being cost effective as well as allowing for the capture of energy savings achieved through behavioural change as well as incorporating the flexibility mechanisms set out in the default approach.
- Common to both options, we see potential for these savings to count towards alternative measures, Article 7(9).

6.1 Article 6 How can we further incorporate energy efficiency principles into public procurement?

- 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. The article applies to a specific set of public bodies as well as specific goods and services.
- In the interests of capturing extra energy credits which could be used as alternative measures under Article 7 in order to reduce the cost of compliance, we propose that it be investigated whether the requirements be imposed on a greater span or indeed all public bodies.
- 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 this sector in making purchasing decisions.

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decisions which incorporate energy efficiency principles over and above those currently pertaining. 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.

Question No. Article Ref. Consultation Question
7.1 Article 7 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.

Extremely important to Bord na Móna – unfair commercial disadvantage & effects

> Article 7 will be by far the most relevant and most impactful of all the articles on Bord na Móna. It is likely to have a far greater negative commercial impact on Bord na Móna than it will on network gas and electricity supply companies because of the way that the solid fuel competitive market is structured.
> This is because Bord na Móna’s cost of compliance is not shared by many supplies/suppliers of solid fuel volumes entering from outside of the State – which puts Bord na Móna at an unfair cost disadvantage.
> Consequently, without action, Bord na Móna will be forced to absorb much of the cost of compliance – and this will present a considerable challenge to the Retail business’ commerciality with potential negative impact on jobs. This is in marked contrast to the network supply businesses which will most likely be able to pass through price increases.
> This unfair commercial disadvantage will be magnified by the extremely high cost of capture of savings within the residential sector, should the proposed sectoral target pertain.

We are concerned that the element of costs that is passed on will represent higher energy costs to those that may not be able to afford – and who may experience hardship as a result

Main Recommendations on the proposals

> For this and other reasons set out in this response we believe that the residential sectoral obligation should not be introduced:
  a) until such time as there is mechanism to ensure that there is a level playing field whereby solid fuel volumes supplied from within the State are treated on the same basis as those being supplied from outside of the State and
  b) until there is sufficiently clear line of sight as to how energy savings can be achieved without excessive cost
> In addition, we set out that there is strong rationale for the proposed 550GWh target to be revised downwards, and likewise the subsectoral target of 55GWh for the fuel poor
> Suppliers be afforded greater flexibility in determining how they achieve any proposed target
> We would propose that the BEW grant mechanism is reinstated, to restore market activity
In relation to the other proposals set out in the consultation we make the following recommendations:

> In the interests of fairness it is essential that the obligation fall on relevant electricity, gas, solid fuel and oil suppliers and that the obligation criteria reflect beyond existing criteria in order to encompass all energy suppliers which should be covered – rather than limiting to the signatories to the voluntary agreement as is proposed.

> Regarding the transition from a voluntary energy savings scheme to an obligation scheme from 2014, it is our belief that continuance of a Voluntary Agreement has an equal capacity to deliver.

> We make several points on factors to reduce business uncertainty:

i) Regarding the proposal on the intention to legislate to allow the Minister to amend the target and impose any conditions that are deemed necessary we would submit that this provision requires qualification to reflect normal commercial practice which requires some form of medium term commercial certainty to be able to attract investment and funding. Such an open ended provision could lead to risk premia, leading to higher cost finance, across normal business activities which could rule out expansion or replacement projects – as well as affecting company valuations. Potential costs are currently unbounded which also adds to uncertainty.

ii) To bring flexibility we propose that an energy supplier, in alignment with its annual plan, be permitted to deliver its seven year target with a blend of smaller as well as larger projects, where the larger projects could be infrastructural in nature, and which could take longer than the length of programme cycle. We also propose that a pragmatic approach to the measures which count towards supplier credits should be adopted.

Regarding the operation of the scheme on three year cycles, we are concerned that we are imposing unnecessary inflexibility on the Irish economy compared to the other EU countries. (The directive allows for a much more flexible treatment of targets).

iii) For commercial financial planning reasons, energy suppliers require that, as well as being achievable, any target is set at an agreed maximum, which can be revised downwards as other measures over-deliver or as new alternative measures are identified.

Supporting our recommendations – in more detail

We refer to:

1. The scale of the proposed overall objective;
2. The scale of the proposed residential target and social obligation;
3. The scale of the potential level of Future Costs
4. The inclusion of all relevant suppliers
5. Factors to reduce commercial uncertainty

We address each of these points in turn below.

1. The scale of the proposed overall objective
   i) We note the scale of the proposed target:
that the proposed 550GWh annual target is a 74% increase on that for the voluntary obligation scheme (2011 – 2013)

We would also note, despite considerable effort on the part of the Energy Suppliers, their difficulty in capturing energy credits over the 2011 to 2013 period. Indications are that they achieved 579-775GWh credits over the period. The same level of savings in 2014-2016 would translate to just 35% to 47% of the new 550GWh/year proposed target, i.e. less than half of the new proposed target – and this was where savings from 2008 to 2011 were allowed to be counted, which is no longer the case, and without the support of the Better Energy grants which we understand are to be discontinued.

ii) We believe that that the target is unnecessarily high to ensure the achievement of the 1.5% annual energy savings objective and that the 550GWh objective may have been set:

- Without sufficient account for the contribution from eligible “measures newly implemented since 31 December 2008” (Art. 7.2 (d) EED); or
- Without consideration of new “alternative” measures (Art. 7.9 EED); for instance the impact of newly announced measures such as the VAT rebate for renovation works have not been included, neither does there appear to be a provision for savings from the other potential policy supports likely to be proposed under BEF, such as revenue neutral adjustments to stamp duty and property taxation to reward higher energy efficiency; nor the estimated effect of the salary sacrifice or possible tax incentives to landlords to deliver mandatory minimum energy efficiency standards for rented accommodation.

We draw particular attention to the potential value of energy savings from:

- Direct exchequer investment in the national public lighting upgrade project
- Savings that will arise from new investments in the water system which will reduce pumping costs
- Savings from the Eco Design Directive
- Capture of energy savings from the replacement of less efficient with more efficient white and brown domestic electrical goods

These and other new measures could deliver additional savings in the 2014 – 2020 period, in lieu of savings delivered by an obligation scheme.

For these reasons we believe that the proposed 550GWh target has been set at an unnecessarily high level for suppliers. There is a risk to suppliers that delivering the magnitude of savings proposed could be excessively costly – a cost that will ultimately be borne by energy consumers.

We therefore recommend that the savings from all eligible measure should be included, and new additional measures should be introduced in lieu of savings delivered under an obligation scheme – thereby allowing a reduction in the proposed 550GWh proposed target.

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2 2014-16  550x3=1,650; 2011-13 = 950; 1,650/950=1.74

3 61% to 81% of 950GWh; source SEAI, where 950GWh = energy suppliers' target under the 2011-2013 Voluntary Agreement

4 579/(550x3)=35%; 775/(550x3)= 47%
2. The scale of the proposed residential target and social obligation

We are concerned with the 30% proportion of the overall target which DCENR propose should be delivered in the residential sector. We believe that such a high level is not feasible as there is clearly insufficient market demand, and this sentiment is likely to continue for some years. Energy suppliers have directly experienced how difficult and costly it is to encourage householders to invest in efficiency in their homes. To illustrate, residential energy credits achieved over the 2011-2013 period of the voluntary agreement corresponded to just 13% (or just 125GWh in total) of the energy supplier target for 2011-2013 which is the same as just 8% of the proposed 550GWh/year target for three years. We estimate that the residential sector target would require suppliers to capture approximately 49,500 shallow (average 3,333 kWh savings) per annum, of which 1/3 must be delivered in the fuel poor sector. This scale far exceeds the just 15,700 homes anticipated to take on measures in 2013.

We would also highlight that the potential 55GWh to be delivered among the fuel/energy poor is excessive and that such a target could only be approached if there is a clear mechanic in place. The main channels for access are the Warmer Homes and Better Energy Areas schemes. We understand that the former, which delivered 55GWh approx in 2012, is closed to Energy Suppliers, while, within Better Energy Areas some 28.7GWh were delivered by Energy Suppliers in 2013. This is clearly only just over half of the potential 55GWh potential target.

The key issue that Bord na Móna has with this proposal is the unmitigated risk it poses to our balance sheet in a worst-case scenario where there is a continued negative macro-economic backdrop combined with a potentially insufficiently supportive policy environment. We note within this context the proposed withdrawal of grants set out in the Programme for Government, 2011.

3. The scale of the potential level of Future Costs

In this context we highlight the potential level of future costs; we refer to the costings in Better Energy Financing Business Case V_1.0, page 9, which refers to an energy supplier obligation scheme. Using these figures (quoted here), an estimate can be made of the € value of residential retrofits in generating GWh energy savings. From this – the associated potential costs at different % levels of support required to drive energy savings in the marketplace yield very high cost estimates.

'The uptake models make no assumptions regarding the level of retrofits originating from an energy supplier obligation scheme. Based on the same values used to estimate uptake in the following policy scenarios it is estimated that for every 20GWh of a supplier obligation approximately 6,000 homes would be retrofitted with an estimated value of retrofit of €35 million. Any such obligation could be additional to the level of retrofit shown in the uptake model.'

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5 BE Homes savings to September 2013 = 98GWh; Non-granthomes = 27GWh; Total residential = 125GWh; 125/950=13%

6 125/(550x3)= 8%
These numbers suggest a value of residential retrofits at €1.75m/GWh – at 100% of the cost.

The summary table on page 25 of the same document allows a similar calculation for a number of the BEF policy options, which are not of a dissimilar scale. We use these figures to illustrate potential costs.

Of the total, approximately 33,000 retrofits (two thirds of all residential interventions) would be required in the “ability to pay” household sector. Assuming an average retrofit cost in line with the current average spend under Better Energy Homes (and a continued focus on the most cost-effective measures) in a worst case scenario (unsupportive macro-economic backdrop and an in the absence of a very supportive policy environment) there is a risk that suppliers would be required to contribute up to an estimated €128 million per annum to encourage householders to act.

The remaining third of the target must be delivered in the fuel poor sector, where generally a 100% subsidy must be provided. Assuming that this target is delivered in the residential housing sector, and that the cheapest measures are supported, we estimate that the annual cost could be in the region of €96 million on the energy suppliers, in the worst-case scenario of discontinued grant funding, and discontinued funding from Department of Environment and other sources.

Under these assumptions the scale of exposure to the energy suppliers could be a very considerable €224m per annum.

We use these examples to illustrate the risk to suppliers’ balance sheets from the proposed residential proportion and social obligation of the target in a worst case scenario. While we would not anticipate a worst-case scenario (we understand that there will be some supportive policy underpinning BEF – but are very unclear as to its effectiveness) these are issues that are outside the control of suppliers. This is therefore a risk which suppliers must consider and manage.

Regarding the likely mechanism for delivery, the BEF model remains to be proven. We hope that, should it get final approval, that it succeeds, however we are concerned at how difficult it has been demonstrated internationally to achieve significant savings with a PAYS type model.

We note the expectation within the BEF volumes projections that energy suppliers attract ‘grey market’ volumes and highlight that the energy supplier cannot afford to ‘support’ the cost of the project to any significant percentage rate as it is clear that the level of Potential Cost to the Energy Supplier could be very high.

To achieve the required energy savings we highlight that the cost of delivery of energy savings in the industrial/commercial workplaces is a fraction of equivalent residential savings and that this is reflected in the very high relative savings in this channel.

We are very aware that businesses require 3 to 4 year paybacks before taking on measures – by delivery with ESCos or otherwise. The BEW grants allowed such paybacks and this is why they have been so successful.

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7 110GWh x €1.75m/GWh x assumed subsidy to cover 2/3 of costs = €128m

8 55GWh x €1.75m/GWh x assumed subsidy to cover 100% of costs = €96m
For these reasons we urge that Suppliers should be allowed greater flexibility to determine how they achieve any proposed target – that the residential sectoral obligation be deferred – until there is sufficiently clear line of sight as to how savings can be achieved without excessive cost.

We would urge that the BEW grant mechanism is restored as the level of energy savings without grants will fall far very far short of the scale of energy saving volumes achieved with BEW.

4.The inclusion of all relevant suppliers(161,609),(933,918)
The importance of this has already been addressed. The consultation proposes that ‘the obligation criteria to reflect existing criteria in order to encompass all energy suppliers currently covered by a voluntary agreement’

We urge that the criteria be revisited to ensure that solid fuel volumes which may not currently be eligible but which, from a fairness perspective should be, be brought within the target. Also, we see it of utmost importance, in the interests of fairness (financial returns and jobs), to give priority to the issue of the inclusion of relevant parties which are already eligible but which are not yet obligated.

The Fuels business is acutely aware of the market distortion which already exists between North and South trade and the point we make is in relation to the importance of encompassing all suppliers – regardless of whether they are currently covered by a voluntary agreement or not.

5. Factors to reduce commercial uncertainty
We refer to a number of proposals together – those relating to:
‘The operation of the scheme on three year cycles (first being 2014-2016);’
‘The intention to legislate to allow the Minister to amend the target and impose any conditions that are deemed necessary;’
‘To meet compliance with Article 7 of the Energy Efficiency Directive via alternative measures (Option B);’ affecting surplus carryover between periods

Commenting on these points together:

➢ Commercial business requires an acceptable degree of certainty. Potential costs are unbounded. We have little idea from year to year of the cost of delivery of our compliance targets over the period 2014 to 2020 as there are so many degrees of freedom
  ○ the size of the annual target (and subtargets) and
  ○ The cost to deliver kWh energy credits
➢ We understand that a seven year target can be set and see value in aligning the delivery closely to 5 to 10 year planning processes. This could be helped by having a fixed target for a seven year period which could be provided for within the required intermediate periods. And, that these targets would be subject to downward review only – which would provide some potential offsetting of increasing costs in capturing credits. We would propose this as part of our submission.
➢ We also propose that an energy supplier could, in alignment with its annual plan, be allowed to deliver its seven year target with a blend of smaller as well as larger projects,
where the larger projects could be infrastructural in nature and which could take longer than the intermediate cycles – as well as the full seven year cycle. It is our understanding that this will be allowed under Article 7.7(c) – and would urge that the SI, or secondary legislation allow for this.

> We propose that the intention to legislate to allow the Minster to amend the target and impose any conditions that are necessary be tempered. This provision is overly burdensome on normal commercial practice which requires some form of medium term commercial certainty to be able to attract investment and funding – for wealth creation and jobs. Such an open ended provision could lead to risk premia, leading to higher cost finance, across normal business activities which could rule out expansion or replacement projects – as well as affecting company valuations. Consequently we propose that this provision be tempered.

> In relation to the choice of meeting compliance with alternative measures (Option B) we note that the alternative measures approach restricts the level of surplus energy credits which can be carried forward from pre 2014 into 2014 and beyond, and that surpluses generated by individual energy suppliers’ are affected.

We propose that provisions be made, where necessary, to ensure that such restrictions will not apply between cycles set between 2014 and 2020.

To conclude, our fundamental concerns are the scale of the proposed target, the overall cost of the proposed Article 7 approach on Bord na Móna and the potential impact on Bord na Móna’s balance sheet as well as on customer’s energy prices – who may be experiencing hardship. In this context we make recommendations on how best to implement the Directive.

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> Our thinking is aligned with that of EAI; we note that the BER and DEC assessments of buildings are included within SI 243 of 2012 which transposed the Energy Performance of Buildings Directive.

> These will be useful tools to include in the transposition of the Energy Efficiency Directive and which will build on the database kept by SEAI.

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> We support the EAI view by highlighting that while both the BER rating and the DEC certificate are of value, they do not provide any measure of the rate of improvement.

> There may be value in having a measure which describes a rate of improvement to potentially act as a call to action towards improving energy efficiency and to provide more engagement.

> The introduction of EN 16247-1, Energy Audit – Part 1: General Requirements and the draft EN 16247-2 which are required by CEN and CENELEC members to be given the status of national
standard without alteration will bring greater objectivity and transparency to the auditing processes.

Question No. Article Ref. Consultation Question

8.3 Article 8 Should we have a central registration body? With a wide range of skills requirements and starting qualifications, is it prudent to try to centralise registration and management of energy auditors?

- We believe that there is a value in having a registration body and that it be centralised. This could have sufficient technical expertise to deliver a quality assurance role by ensuring that standards were being met and that appropriate disciplinary procedures are followed.

- The EAI refers the relevance of the capability of the Association of Energy Engineers of Ireland as well as the Code of Practice which SEAI use to maintain the national register for BER and DEC assessors.

- SI 243 which transposes the Energy Performance of Buildings Directive sets out the powers of SEAI, as the issuing authority in relation to administration of the BER system. This is a useful template which could be mirrored for the administration of an energy auditing system.

Question No. Article Ref. Consultation Question

8.4 Article 8 What might such a structure look like?

- We recommend that the current structure relating to Quality Assurance within Better Energy be reviewed and to investigate the possibility that a similar structure be adopted for governance of quality audits and auditors.

- Other structures that could be similarly reviewed would be those relating to BER and DEC assessors.

Question No. Article Ref. Consultation Question

8.5 Article 8 How would existing schemes be accounted for?

- Existing schemes can be brought up to the relevant standard over a specified transition period, thus allowing for the winding down of any schemes that may be deemed to be of insufficient standard. This is the EAI position with which we agree.
8.6 Article 8 What would an application process include?
   a. Contact details.
   b. Sectoral Competence (e.g. Commercial, Process, Transport, Domestic, etc)
   c. Regional preference
   d. Summary Profile
   e. Qualifications
   f. Membership of Professional bodies
   g. BER Registration details
   h. Details of relevant experience (Outline of example projects)
   i. Agree to code of practice
   j. Tax clearance
   k. Insurance details
   l. Declaration

> We agree with the list of headings proposed to be used as a basis for underpinning a robust application process – and do not believe that any further details need to be added.

8.7 Article 8 What should be the minimum qualifications required for energy auditors?

> Again, we are aligned with the EAI view, that an energy auditor for large organisations should be a member of a professional organisation that gives a good indication of their qualifications in the relevant field.

> Where an audit is being carried out on a large organisation we agree that the auditor should possess at least a qualification such as Certified Energy Manager from an accredited body

> This would ensure that a high level of expertise is available when carrying out an audit in a manner consistent with the required standards of EN 16247

> For auditing smaller organisations membership of the Association of Energy Engineers Ireland or the holding of chartered membership of Engineers Ireland should be deemed appropriate with adherence to defined procedures deemed necessary

8.8 Article 8 What, if any, should be the penalties for non-compliance/poor quality work?

> Similar to the position stated by EAI:
   Any penalties for non-compliance of standards or poor quality should rest with the assessor/auditor. The Quality Assurance Disciplinary Procedure (QADP) for Better Energy contractors is a good model in that it takes account of the volume of activity being undertaken, level of inspections and the severity of non-compliances identified in particular works. A points system could be devised similar to the QUADP for Better Energy with a system of sanctions which would depend on the severity of the shortcoming. The ultimate
sanction is that the auditor would be removed from an accredited list and prevented from carrying out accreditation work.

- In the case of large energy users - including those with ISO 50001, there may be reasons for not complying with audits – and penalties may not be the appropriate solution. What is important is that there is an active energy management programme – and the absence of this is what might be the subject of penalty – as already is the case within ISO 50001.

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- We believe that there is a role for energy suppliers where possible and practical to provide consumption data to customers and we have qualified this in 9.2 and 9.3 in relation to the provision of heat.

- Such a provision is not possible in the case of solid fuel supply/consumption due to diverse consumer patterns which include:
  - Multiple fuel sources – sourced irregularly, without pattern – mainly shops and fuel merchants/bellmen
  - Multiple fuel types
  - Fuels being used for multiple heating uses ranging across infrequent to intermittent to regular
  - Fuels being used in multiple heating appliance types within the same dwelling – with diverse efficiency differences between appliances

Such diversity would make the implementation of metering and informative billing with solid fuel completely impractical.

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- Heat costs in multi-apartment buildings need to be allocated using individual heat meters in each apartment. For district heating to gain traction in the market place it needs to be as similar to existing gas and electricity systems as technology will allow - subject to being technically possible, financially reasonable and proportionate in relation to the potential energy savings. 9.3 addresses the ‘how to’.

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| 9.3          | Article      | How should we proceed with the requirement to install heat or hot water meters where heating and cooling or hot water are supplied to a building from a district heating network or other central source?
To frame the context, the prevalence/scale of heat metering in Ireland is far less than that for electricity and gas and far less than the EU average. So, instead of a city wide solution as can operate in the likes of Sweden, Denmark, Finland and indeed Sheffield, UK – the requirement will need to be delivered using a local site specific solution.

In terms of requirements, within Article 9(1) these are that the metering is required to accurately reflect the final customer’s actual energy consumption and provide information on actual time of use. As before, the directive provides that such metering shall be introduced where it is financially reasonable and proportionate in relation to the potential energy savings.

We note also that that the requirement within the Article arises only where either an existing meter is replaced or a new connection is made. We also note the minimum requirements for billing/billing information set out in annex V:

- billing based on actual consumption
- bill to contain: actual prices and actual consumption, consumption comparison between this/last year, contacts for information on energy efficiency
- contacts for information to allow benchmarking

Lastly we note that some existing old district heating systems may have simply a flat rate charge shared equally between apartments, which, of course is undesirable. In this context we suggest that a first step would be to establish and divide the district heating database into:

1) Existing old
2) Existing new, and also to provide for Future developments

We propose that a form of cost/benefit be carried out for ‘existing old’ in particular, to assess the value of individual metering to all apartments – ie, to extend beyond the requirement which is limited to where existing meters are being replaced or a new connection is made.

We would expect that both ‘existing new’ and future developments to be able to work with the minimum requirements and that if district heating is to be taken as a realistic alternative to gas and electricity then it will need to be seen by the customer to be similar in interface. Clearly, there are limitations on approaching the Smart grid level of interface but there is scope for compliance with the requirements of Annex V.

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<td>14.1</td>
<td>Article 14</td>
<td>Are you aware of any datasets that may assist in developing the comprehensive assessment for CHP/DHC potentials?</td>
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EAI members would process and hold data on 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, again subject to relevant privacy, data protection and commercial sensitivity standards. The smart metering project is likely to produce more detailed data.
SEAI has produced some heat maps including South Dublin.

Regarding DHC potential and modelling, the UK and other EU countries would have models with regard to the threshold energy intensity levels required as a function of:

- Energy cost (for both purchasing and selling)
- Environmental taxes
- Pipe run
- Temperature
- Cost of finance

**Question No.** Article Ref. **Consultation Question**

14.2 Article 14 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?

Bord na Móna is broadly aligned with the views of the EAI which sees limited potential from a generator perspective – as set out below. We would however highlight the opportunity for waste to energy which will inevitably become commercially viable at some future stage. As we know Northern Ireland is making use of waste streams which have been diverted from expensive landfills within the State due to policy which supports ROCS and the Renewable Heat Incentive. Similar opportunities may arise within the State.

For a larger scale electricity generator and supplier, there is not 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.

We would note EAI’s comments on the effect of the increase of intermittent renewable generators resulting 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 central commitment 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 and 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 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. Bord na Móna’s view is that the provision of heat should be regulated – to bring it mainstream from a consumer perspective.

Question No. Article Ref. Consultation Question
14.3 Article 14 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 it is proposed that the exemption will need to extend beyond traditional peak load and back-up installation plants. It would be sensible that thresholds for exemption be considered once the outcome of the comprehensive assessment is known;

Question No. Article Ref. Consultation Question
15.1 Article 15 While Article 15 is primarily a matter for the TSO and DSO to implement, do you have any observations to make on its implementation at this stage?

Bord na Móna has no observations in this regard

Question No. Article Ref. Consultation Question
16.1 Article 16 What schemes currently exist for the training and qualification of those involved within the various sectors? Please refer to Annex III to complete the template. You may wish to consider including information on schemes in any or all of the following sectors:
 a. Designers (Engineers, Architects, Specifiers) as it relates to energy
 b. Auditors and regulators
 c. Construction workers (Mechanical, Electrical, Domestic, Building fabric, Utilities, etc.) as it relates to energy products or services
 d. Suppliers of energy products or systems
 e. Energy Managers / Utility managers

We have left this for others to comment
Question No. | Article Ref. | Consultation Question
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17.1 | Article 17 | What do you feel would be the best/a better mechanism for disseminating information on available energy efficiency mechanism to market actors should be?

- We note the requirement within Article 17 to ensure that information on available energy efficiency mechanisms and financial and legal frameworks is transparent and widely disseminated.
- The table shows some relevant market actors and possible means of communication in reaching consumers:

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<th>Target</th>
<th>Channel</th>
<th>Purpose</th>
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| Banks | Targeted communication by DCENR, Dept Finance, DPER, SEAI or designated body | > To ensure their buy-in for funding  
> To ensure they have the expertise to communicate  
> To ensure that they are promoting policy & measures where energy efficiency credits can be captured (issue over Home Renovation Incentive) |
| Builders | Construction Industry Federation, SEAI or designated body | > Members to communicate to consumers |
| Architects | Royal Institute of Architects of Ireland, SEAI or designated body | > To communicate to trade/contractors and to consumer |
| Engineers | Engineers Ireland, SEAI or designated body | > To communicate to trade/contractors and to consumer |
| Environmental & energy auditors | By means of the body yet to be established ref our response to Article 8, SEAI or designated body | > To communicate to trade/contractors and to consumer |
| > Installers of building elements | > Builders’ merchants  
> Retail suppliers (Woodies etc), SEAI or designated body | > To communicate to trade/contractors and to consumer |
| > Local Authorities & Local Community, etc | > Ref response in 17.2, SEAI or designated body | > Ref response in 17.2 |
We would see the potential for increased cross departmental campaigns/communications, facilitated by communicating through post offices, social welfare offices, hospitals, schools, etc.

Also Ideal Homes and similar type local events.

The Power of One is a good model where TV programmes which appealed to mainstream family viewing worked to good effect.

Question No. Article Ref. Consultation Question
17.2 Article 17 What in your view would be the most appropriate way for local and regional authorities to promote awareness and information to citizens about energy efficiency improvement measures?

We are aligned with the EAI perspective:

Local authorities face a significant challenge in upgrading large numbers of houses over the next decade. The AIEA (Association of Energy Agencies), as part of its involvement with the Local Authorities is recognizing the need to show best practice, and its Working Group on BER and Housing runs a workshop for energy agencies and Local Authority housing staff with a view to discuss some of the challenges facing Local Authorities. As part of this workshop some case studies on best practice or leading edge in implementing energy upgrades are discussed.

Continuing workshops like these but inviting members of the public will enable the authorities to promote awareness and provide information to citizens about measures they can undertake in the home. Also, identifying and reaching out to resident associations and holding information workshops and seminars similar to above can help promote energy efficiency at grassroots level.

Local Authorities could also work within the framework set out in 17.1 by working alongside the market actors identified.

Question No. Article Ref. Consultation Question
17.3 Article 18 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?

We are aligned with the EAI view regarding the opportunity to use the Chambers of Ireland and the technical abilities of the Association of Irish Energy Agencies.

SEAI could play a positive role in supporting communications to SMEs using the Chambers of Commerce and the local Energy Agencies.
17.4 Article 19 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?

- For the tenant - Tax breaks or increased rental allowances for occupiers who carry out improvements on the homes they rent – with protections for the tenant

17.5 Article 20 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?

- The PSO related proposal in discussion deserves further evaluation. This would involve using a portion of finance from the PSO for incentivising energy savings.
- In the residential sector a KfW type solution (Germany) could be used whereby low interest loans could be used alongside salary sacrifice schemes to appeal to homeowners.
- The incentive could be to support grants and low cost finance.
- The existing grant disbursement mechanism could be used.
- For the commercial/industrial sector aspects of the NISEP fund run in Northern Ireland deserves further evaluation

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

- We would note that the implementation of this Directive must recognise the interaction with other 2020 policy instruments.

Finally we look forward to further contributing and engagement with this consultation process and to continue in our efforts towards achieving energy savings in a cost effective manner.

Yours sincerely,

Gerry Ryan
Company Secretary