To Whom it may concern,

ABO Wind Ireland Ltd welcomes the opportunity to comment on the Green Paper on Energy Policy in Ireland. ABO Wind fully supports the more detailed response submitted by IWEA but would also like to take this opportunity to provide responses to some of the questions; considered from our international perspective / experience.

ABO Wind Ireland Ltd (ABO) is a subsidiary of a group wind farm development company headquartered in Wiesbaden, Germany (ABO Wind AG) which currently operates in 8 countries around Europe and South America. Since it’s arrival in Ireland, ABO have built and commissioned 70 MW of wind generation plant in the Republic of Ireland. We have ambitions to continue to acquire and construct additional projects in Ireland in the coming years and have substantial work already done in this regard. We are also active in Northern Ireland where we also have an established office in Belfast and are in the planning process or EIS preparation stage for numerous projects.

Please see our specific responses below.

Regards,

Emmet Egan
Priority 2 – Markets, Regulations and prices
12: Steadily increasing flexibility of the electricity and gas market (e.g. interconnector trading) will be one of the major long-term goals of an energy transition which will be based on renewable energies and flexible gas power plants combined with storage capacities. A continuous strengthening of the connection with the EU internal energy market will be essential. The major tools to reach these goals will be new interconnectors to UK and/or continental Europe and local power-to-gas capacities. We suggest that the horizon should be at least the year 2030. Base case studies should be prepared to show when and to what extent new interconnectors will be needed, especially to avoid the curtailing of wind power on very windy days. These studies should be up-dated on an annual or at least bi-annual basis to make sure that market changes are reflected.

The same is true for the power-to-gas technology. Ireland will be to the forefront of countries that will have to find solutions on how to use excessive wind power supply in order to avoid wasting it by curtailing wind generated electricity. Indeed, Ireland could and should be one of the leaders in implementing power-to-gas technologies worldwide. The chance to create know-how and employment in this sector should not be passed up. The government should consult with the power-to-gas, wind industry and all other stakeholders to investigate how this opportunity could be best advanced.

Priority 3 – Planning and Implementing Essential Energy Infrastructure
16: Even more important than building new interconnectors and power-to-gas capacities will be to further strengthen the electricity grid. Storage capacities will be important, but will only have a balancing function. The less balancing that is needed the more stable and cost-effective the energy markets will work. In addition, rules for a new ‘Gate 4’ connection process (to replace the current Gate 3 process) should be consulted on to provide developers and the electricity industry with a clear long-term confidence of further development opportunities in the Irish electricity market.
17: The proposed roll-out plans for the large Grid 25 infrastructures are floundering should be re-examined to produce ‘real’ delivery dates. Some new thinking will need to be applied in order for these projects to be delivered. This plan is essential to the efficient movement of electricity (both conventional and renewable) across the island. The CPO strategy used by the NRA for building out the major road network in Ireland over the past 2 decades must have some merit.

Priority 4 – Ensuring a Balanced and Secure Energy Mix

23: The best way to reduce the dependence on oil and (fossil) gas is to massively build out renewable energies and storage capacities. Excessive capacities can be powered to (renewable) gas and used in gas power stations and micro CHP. Saving energy is of course also an important strategy, however, while it is an excellent idea, in reality, it is difficult to convince people and companies to save energy. There is also always the risk that a heavy emphasis on saving energy (in an over-restrictive way) could endanger the deployment / research into new electrical technological developments.

Further, Ireland will most likely follow the world-wide trend to using electrical cars and possibly even the heat sector will use more and more electricity. Therefore a reduction in electricity consumption in the future is not very likely and the only way to make sure that CO2 emissions will be eliminated is to make sure that the electricity is produced from renewable sources. And by far the cheapest renewable source is on-shore wind energy. By offering a green & reliable & cheaper energy source Ireland should be able to expand its ability for being a center for industries with large energy usage for e.g. the IT industry with their large data centers. This type of an environment will appeal to other companies who have a need for large energy capacities and want to be recognized as responsible, sustainable businesses.

24. Currently REFIT II is only valid until the end 2017 (effectively). Therefore it is very important to consult with developers and stakeholders as soon as possible about the support system intended to follow REFIT II. Particularly, if any new support system is to be based on the current Guidelines for State Aid published by the EU it will be very important to understand what kind of auction process will be proposed and generally how these auctions will work. Uncertainty in the support regime following REFIT II will most likely stall the
investment in new greenfield wind projects to be connected beyond 2017. This could and will likely lead to a slowing of the energy transition in Ireland which will also have a knock-on effect on employment in the sector.

25. To transition the energy system from a baseload/peakload fossil system to a decentralized system with renewable energies, storage and back-up capacities requires some major changes to the policy and regulatory environment. These changes will need to be pro-actively steered by the government which needs to base its decisions on experts which on the one hand understand the electricity system and on the other hand do not have a conflict of interest biased towards the old fossil system. It is obvious that both systems; centralized and decentralized, in the long-term, will not fit together and that for e.g. peak-load power plants will have reduced production hours the more renewable energies are connected. In addition, baseload power plants will need to become more flexible to avoid unnecessary curtailments of wind energy. Precise annual schedules until 2030 should be prepared showing which peakload/baseload plants will be required during which period of the year and which power plants will need to be retired. This automatically leads to the question of when additional interconnectors will need to be built, at which speed power-to-gas capacities will need to be built up and where the electricity grid will need to be extended.

If the government does not clearly lead the way to change the system and let the market decide it will get two systems in parallel which will lead to unnecessary high cost for consumers and the industry. Only when there is almost a 100% renewable energy market in place the market can decide on its own how to proceed. Until then it is and must be mainly a political decision to change the system. We recommend the creation of a think tank like the German Agora Energiewende (www.agora-energiewende.org) to support the political decisions. An interchange between the German and the Irish think tank is also highly recommended. Due to the high portion of renewable energies already connected to the grid, Germany and Ireland are in a similar situation and will be able to benefit a lot from each other’s know-how and best practices.
26: We don’t think that coal has a future in the power-generation fuel mix as explained under 25. Baseload power plants do not fit to a renewable energy market since these power plants are not flexible enough and have a must-run capacity of at least 40% - 50% of their capacity. Since Ireland has no heavily interconnected neighbouring countries (unlike e.g. Germany) it couldn’t just simply supply excess power to its neighbours, rather it would have to curtail wind farms which of course doesn’t make sense in a transition scenario. Ireland now has the chance to focus on gas power plants and therefore any new fossil power plants should always be gas power plants. Nuclear power plants are also no option because they have the same problem of high must-run capacities which do not fit to an energy market based on renewable energies. Biogas is of course an option since it is a very flexible source of energy. However, biomass should only be considered as an option as long as it is flexible enough. For e.g. a coal power plant converted to a wood (biomass) power plant will be no more flexible than the coal plant.

27: See 24. A stable, long-term support system is of major importance as well as a clear plan on how the energy transition in Ireland shall be realized.

Priority 5 – Putting the Energy System on a Sustainable Basis

33: Generally REFIT has been proven to be an excellent system to support wind power and ensure the steady build-out of renewable energy at low cost. However, we do understand that Ireland will – like all other EU countries – be forced to follow the new EU Guidelines for State Aid which require auctions after the phase out of REFIT II. It is not so simple to create auction rules which fulfill all major tasks like; provide renewable energy at low cost; secure a broad basis of participants; allocate the capacity that is needed to change the system and make sure that the allocated capacity will be build. Therefore it is very important that these rules be published at an early stage and that these rules will be tested before they become binding. Should the Irish government find that auctions are not the right tool to achieve all priorities then the EU Guidelines for State Aid will allow a member state to use a system which works under the country’s particular conditions. This could be for e.g. a REFIT III.
Solar PV can certainly play a role since costs have and are coming down dramatically and will most likely go down much further. Even it would seem that solar radiation in Ireland is lower than in other European countries it will only be a question of time as to when it will also provide low cost renewable energy in Ireland. In the short-term we do not recommend to support off-shore wind in Ireland. Costs are still very high and it has to be seen whether these costs can be reduced during the coming years. Should this happen, off-shore wind will definitely be an alternative for Ireland but up to this point it is (in our opinion) one of the most difficult renewable solutions that are available. What is true for off-shore wind is even more true for wave and tidal technologies. These technologies are very expensive and can only provide a very limited capacity. It might be true that Ireland could be a market leader for these technologies if it puts its focus on them. However, it is very doubtful that a mass market will ever exist and this would mean that a very expensive technology will never be able to substantially reduce its cost. I.e. the chances to export this technology may well be very limited. We recommend to focus on the cheapest renewable source which is on-shore wind and to start supporting solar PV.

34: Financial support for new on-shore wind energy is still necessary because wind power is more expensive than new fossil power plants but only because the external cost of new fossil power plants are not recognized, i.e. the real cost of new fossil power plants are not shown. The CO2 trading system obviously does not work, as for years the cost for CO2 certificates have been at an extremely low level and have almost no influence on the cost of fossil power plants. An effective measure could be to define an Irish minimum CO2 certificate price like the UK has introduced it. This allows the Government, by the setting an appropriate level, to make sure that all external costs created by fossil power plants will be recognized and renewable and fossil power plants can be compared equally.

38: The build-out of on-shore wind power capacity will lead to new long-term service jobs all over Ireland and save cost to import fossil fuels. The same will be true for solar and biogas.

Priority 6 – Driving Economic Opportunity
46: see 25. Energy transition leads to new unsolved questions wherever it is ongoing. Therefore to avoid inventing the wheel several times it will be very important to look at it from an international point of view. Which countries have similar issues to solve, how have they done it and might they be able to deliver solutions for Ireland? Germany for e.g. has a very high installed capacity of on-shore wind and solar pv which automatically leads to similar questions, Scotland is in a similar situation with a similar population, a similar size, a grid with limited interconnections to other countries and a high capacity of on-shore wind. A close exchange of information and know-how will always help all sides and maybe tasks can be split which can save time and money.