Re: Final RHI Consultation

Dear Sirs,

This submission is from Ronan Group Renewables. As we have indicated already to the Department the company would intend to be a significant contributor to the renewable heat area in Ireland.

The consultation document is titled Design Options and Implementation Consultation. It is our view that implementation is as important as design in particular if Ireland is to close the gap in Ireland’s target for renewable heat by 2020. This submission accordingly deals with implementation and a number of aspects of design.

If Ireland is to make a substantial impact on closing the renewable heat gap by 2020 in our view three conditions need to be met. The scheme to be introduced must make projects financially viable. The projects to be included must have the output capacity to close the gap. Perhaps most important from the timescale viewpoint the scheme must enable effective and timely implementation. This last condition means that the approval of the scheme in Ireland and in the EU must respect the deadline of 2020 for target delivery. It also means that everything possible is done to allow viable projects to proceed speedily while at all stages having clear and transparent accountability.

Turning then to our responses to a number of the questions in section 6 of the consultation document.

Item 6.2  Inclusion of the ETS Sector.

We are supportive of the view that the ETS sector can be excluded from the RHI process as there is more ample identifiable capacity within the non-ETS sector to provide the required to achieve Ireland’s 12% target reduction.

Item 6.5  Minimum Technology Requirements

We are supportive of the view that the technology for plant should of a standard that fully complies with the following.

Proven plant life cycle costs and product performance benchmarks
Emission standards for biomass combustion plant to current EPA requirements

EU Standards

Local and identifiable after sales service network.

Access to industry run certification schemes for operators

Item 6.6 Eligibility of Heat Use for the RHI

Woodchip commercial drying.

The following is the statement of intent from the WFQA in respect of biomass product assurances.

"The Wood Fuel Quality Assurance (WFQA) scheme for Ireland is an all island scheme established to increase consumer confidence in wood fuel products sold in Ireland.

A working group comprising of fuel producers committed to the production of high quality wood fuel products and representatives from the Department of Agriculture Food and the Marine, Waterford IT and IrBEA, produced National Workshop Agreement 4 (NWA4), which outlines the certification process that monitors their production processes and tests the quality of their finished product, ensuring that they meet pre-defined standards and that all woodfuel certified is sourced sustainably and in compliance with EUTR (EU Timber Regulation) ensuring full traceability back to source".

For woodchip the process to achieve a repeatable value of quality control requires to be considered with the requirements of the boiler combustion process and with emission values from the combustion process. The biomass product moisture content requirement is determined by the combustion plant supplier and the range of variance is generally +/- 5% of the stated value for both boiler output and gas emission performance values. Woodchip is by and large allowed to dry naturally in log format and then chipped when it is deemed to be at a value to match the order requirement. This methodology of quality control is clumsy and subject to errors. The errors lead to the following problems:

Poor combustion control.

Low boiler thermal output and discharge temperature.

High flue gas particulate discharges.

Excessive NOx and Sox levels

Boiler equipment failures
The provision of a fully sealed packaged biomass drying station using low grade heat from renewable energy resources with the provision of optimum control of the air and heat quantity by integrated controllers for a constant and safe heat consumption will give a finished product within the actual desired moisture content conditions as required by the industry and come within the stated aspirations of WFQA. This will overcome the current perception within the market that woodchip moisture content values for woodchip are unreliable. The benefits of quality assurance that this drying process will allow for tighter combustion performance, controlled stack emissions and optimum plant performance. As the intent is for this type of commercial venture to be included within the RHI remit we are of the opinion that schemes above a value of 10,000 tons annually should be deemed included within the RHI scheme with the provision that the energy resource is an approved renewable device.

Item 6.7 Biomass Combustion Air Quality and CO2 Emissions

The requirement to establish that the propriety of system design is to a standard that ensures combustion control is within the constraints of the planning requirements during the anticipated life and operating periods for the plant and allowing for a service regime compliant with the standards for safe and reliable product performance will be greatly assisted by the mandatory observance of fuel standards as set out by WFQA and is to be supported.

6.8 Biomass Sustainability Criteria

Whilst it is appreciated the requirement for sustainability in respect of biomass stock the EU Renewable Energy Directive 2009 in relation to biodiversity protection and Green House Gases is a suitable standard for compliance with. Imported fuels should have demonstrated the compliance values are in line with the requirements of the EU.

6.9 Tariffs by technology

We are of the opinion that the varying technologies for thermal output from renewables should be understood and allowances for higher primary cost technology should be reflected within the tariff structures. The value agreed could be on a case by case basis and should be site suitable.

6.10 Tariff by Installation size

The proposal for a tiered principal for tariffs should be reflective of the high capital cost for the plant and also make provision for the efficiency of use of the scheme. For example, if a district heating scheme was part of the proposal this should be supported by a tariff rate to facilitate the slower scheme roll out and the higher capital costs associated with such a scheme.

6.11 Replacement of existing fossil fuel plant.

The RHI scheme should include early replacement of fossil fuel thermal plant. Limiting the installation replacement to end of life systems will not be sufficient to satisfy the schemes ambitions.

6.12 Duration of Support
The proposal for a scheme duration of 15 years per accredited project will give marginal biomass projects the comfort required to proceed.

6.13 Metered Heat or Deemed Heat Use.

The use of a metered arrangement for schemes in conjunction with a project statement relating to projected or demonstrated historical annual heat use should be the methodology used. This will have the effect of ensuring energy use is limited to replacement of fossil use where demonstrated.

6.14 Index Linked

Linking to the CPI is preferred as certainty in terms of payment levels for the RHI will give lenders comfort and therefore give a greater uptake.

6.16 Rate of Return

The value for projects, commercial or industrial, should reflect the market risk lenders consider. As biomass projects are capital and space intensive this should be reflected in the IRR value to set and this value should be set closer to 15%

6.18 Pre-Accreditation

Pre-Accreditation is to be encouraged for large scale stand alone projects to ensure in line with the UK scheme but using a lower limit for the entry value. A value closer to 50 kWth could be considered.

Best regards

Conor Ronan

CEO