



RESS Consultation
Electricity Policy Division
Department of Communications, Climate Action and Environment
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CEWEP response to the Public Consultation on the Design of a New Renewable Electricity Support Scheme (RESS) in Ireland

CEWEP is pleased to take this opportunity to comment on the Department of Communications, Climate Action and Environment's (DCCAE's) consultation on the next phase in the Renewable Electricity Support Scheme (RESS) design process. It is recognised therein that a strategic policy framework is a prerequisite to incentivising the introduction of sufficient renewable electricity generation to meet national and EU-wide renewable energy and decarbonisation targets out to 2030.

CEWEP is the umbrella association of the owners / operators of Waste to Energy (WtE) Plants, representing approximately 400 WtE from 18 European countries. Our members make up 86% of the WtE capacity in Europe. CEWEP Ireland is the Irish branch of CEWEP Europe and has two members: Indaver, which operates the Meath WtE Facility and is proposing to develop a similar WtE Facility in Cork; and Covanta, which is currently constructing the Dublin WtE Facility. By 2020 it is anticipated that members will have a total treatment capacity of over 1,070,000 tonnes per annum residual waste and export more than 90MW electricity and/or heat.

The following comments and observations relate to selected questions as set out in the consultation document:

Q1a. The emerging policy includes a measure whereby all capacity available under the new RESS (with the exception of small scale developments) should be allocated through a competitive bidding process via auctions. Do the respondents agree with the competitive auction based approach? If not, what alternative model would you propose and why?

CEWEP agrees with the analysis carried out by the Department which concludes that a competitive based approach provides the most cost-effective and practical approach. Such an approach also complies with existing EU State Aid Guidelines.



Q1b. Do respondents agree with the use of Uniform-Price cost of support for RES-E projects in the main RESS capacity auctions, as a mechanism to keep costs to the consumer to a minimum?

CEWEP agrees with the use of a Uniform-Price cost of support mechanism as from a cost efficiency perspective, this mechanism appears to be the most prudent approach to adopt.

Q2. The analysis suggest that a Floating Feed in Premium (FIP) is the primary financial support mechanism for the main RESS, as evidence indicates this is the most cost effective approach.

Do you agree with this proposal versus the other mechanisms identified?

CEWEP supports the adoption of a Floating Feed in Premium (FIP) as the primary financial support mechanism due to its compatibility with EU rules.

Q3. What are respondents views on a proposed price cap (maximum €/MWh) within the uniform price proposal? What alternative approach would you propose and why?

The introduction of a proposed price cap within the uniform price proposal is supported by CEWEP from a cost control perspective. However, clarity on the breakdown and overall revenue per technology over the time period applicable to the scheme and a transparent methodology should necessarily be provided in the interests of certainty.

In order to keep costs to the consumer to a minimum, a Principal Category, encompassing all viable technology options leading to the most cost effective projects, is provided for. The outcome of this initial auction will inform the design of future auctions.

Q4a. Do you agree with this approach? What alternatives would you propose to this approach and why?

CEWEP is in favour of the introduction of technology neutral auctions. In this regard, it is submitted that auctions should be designed in a manner such that differing technologies fall within specific pots / baskets of technologies.

In structuring such a mechanism it is necessary that the following questions are considered, including:

- What offer should set the price?
- Should generators be excluded from the auction, even if “in merit” if there is more expensive technology-required generation?

A potential solution may be:

- Volume of renewable capacity auctioned;
- Each technology has a deemed load factor (MWh/annum);

- All generators bid in their price per MWh generated required;
- The auction requires a certain amount of deemed MWh to clear; there are some technology constraints in who clears, i.e. there must be at least 100MW solar, 50MW biomass/AD/WtE, etc;
- The auction first clears the cheapest deemed MWh to clear, and this sets the clearing price.
- The auction design then checks to see if the technology requirement is met;
- The cheapest technology-required generators are then scheduled, and are paid-as-bid; and
- All generators that cleared in the first “non-technology constrained” are still successful, meaning that the DCCAE would be taking on some volume / budgetary risk, which could be managed with a cap on the budget of some form.

Q5. Separate to the Principal Category RESS, a dedicated Community Category volume of renewable capacity (MWh) allocated for community-led renewable projects is envisaged in the preferred approach. The initial proposal is that between 10-20% of the total capacity (of new MWhs) of each auction is ring-fenced for community-led projects.

Do you agree with this proposal? What changes would you propose to this proposal including reference to the viable level of ambition for community-led projects?

Related to this concept, CEWEP members, as part of planning conditions, make substantial capital contributions to Community Gain Funds. This will amount to circa. €850,000 in annual contributions (between €1 - €1.27 for every tonne of waste accepted at the facilities). This is in addition to the capital contribution from the developers payable during the construction phase of projects which has amounted to over €10 million. In this manner, developers of large-scale facilities ‘give back’ to the local communities in which they operate.

CEWEP is of the opinion that whilst the concept of community-led renewable projects is an interesting concept and one which is worthy of further consideration, there are a number of practical considerations that need to be further analysed and developed more expansively in order to determine particular feasibilities in relation to individual technologies.

This is a prerequisite to ensuring that such a mechanism could operate and proceed effectively in practice and which must necessarily be taken into account in relation to technologies which are already contributing in a significant manner to the local community in which their facility is located so that in effect ‘double’ recompense is not required from developers.

Q7. Do you agree with capping the amount of support received by each RES-E project that clears in a RES-E auction? What changes would you make to the proposal to set this cap by the level of support (€/MWh) determined in the auction and the cleared volume of the project (MWh).



In this regard, it is essential that in relation to any cap on the amount of support received by each RES-E project that clears in a RES-E auction, that the manner in which this cap will be applied in respect of particular technologies is made clear.

Q8. Do respondents agree with the proposal to hold periodic auctions e.g. every two years, over the course of the lifetime of the scheme, to take advantage to falling costs and reduce the impact on the electricity consumer?

What changes if any would you make to this proposal?

Any proposal to hold periodic auctions must take in to account the need to ensure that general policy alignment exists and furthermore, that the same alignment applies in relation to connections policy.

Q9. Do you agree that planning approval, grid connection, bid bonds/penalties and community participation criteria should be met before projects can apply for support under the new RESS?

What other pre-qualification criteria would you like to see introduced?

In this respect, it is submitted that certain regulatory considerations must be given due consideration so that policy alignment can be achieved, for example in relation to grid connections.

Q11. Do respondents agree with this approach?

What are respondents' views on an alternative approach whereby renewable energy CHP plants receive support from the RESS or the proposed RHI but not both, and that the project promoter should decide which support scheme best suits the proposed development.

With regard to plants (not combined heat and power (CHP)) that are already in receipt of support for electricity, guidance is required to understand the interactions with REFIT supported plants / and the proposed new electricity support scheme.

In addition to contributing to meeting future renewable and greenhouse gas emissions reduction targets, given the projected contribution of 57% bioenergy of the EU's total renewable energy by 2020, there is the need to direct bioenergy towards where it can deliver efficiencies and where it is needed most.¹

In order to realize these efficiencies and future proof and incentivize the development of district heating networks in Ireland, clarity on the interaction between the schemes is required.

¹ European Commission, 2014. Commission Staff Working Document. State of play on the sustainability of solid and gaseous biomass used for electricity, heating and cooling in the EU.



Should any further detail on the above points be required, CEWEP would be happy to provide the same.