Community Energy for Ireland

Executive Summary

Community Energy in Ireland

This report identifies the main barriers to the development of Community Energy projects across Ireland and recommends National Policy changes for removing some of these barriers to enable the community energy industry to grow and reach its full potential across the country.

These recommendations have been developed by practitioners, consultants, researchers, community workers and NGO's in Ireland who are actively working on community energy, energy efficiency, renewable energy policy and community engagement.

What is Community Energy?

Community energy is a broad term that describes citizen and local ownership and participation in renewable energy generation, distribution and efficiency. It is about embracing the advantages that our natural resources provide for generating energy, and allowing the benefits (economic, social and environmental) to flow to all of our people in our communities.

School visit to Templederry Wind Farm, Tipperary

Communities all over Europe are creating projects where they own and are actively involved in running an energy resource. This could be a wind farm near the area, solar panels on the roofs of local buildings, a biomass fed district heating system, an anaerobic digester fed from local farms, or a collective insulation project, the list is extensive. In Ireland, there is a small but growing industry of community and transition energy groups. Unfortunately there are significant barriers which hinder the success of these groups and projects, and as a result community led or community owned renewable energy in Ireland represents only a tiny fraction of overall energy generation and potential.

Across Europe there are many different types of community energy projects, with varying ownership and financial models depending on individual situations. There is no 'one size fits all' or even 'best practice models' for a community energy development. Each development will be unique to each location and of appropriate scale depending on the available resources and desires of each individual community group. Best practice legal models for community energy state (1) that if possible, communities should be able to utilise a combination of different ownership models, with a mix between public, community foundation, and/or commercial ownership. Such models of community ownership promote wide participation in ownership and management, engender local support, are inclusive and deliver tangible and intangible local benefits, particularly for individuals that do not have sufficient funds to invest.

Ownership V's Benefit

It is important to distinguish between 'community ownership' and 'participation' in a local project versus 'community benefit' or 'community gain'. In Ireland, for wind energy developers, the Irish Wind Energy Association of Ireland (IWEA) has developed guidelines on Community Benefit which provide advice on payments or benefits made by commercial developers to local communities. Such payments can be perceived as goodwill, compensation or "payoffs" and while they can be very beneficial to communities, they continue to treat citizens as passive consumers of energy, rather than active contributors. Community ownership and participation, on the other hand is about active engagement by communities in energy generation, distribution and efficiency. Community energy models suggest that the community itself is choosing to accept responsibility for some or all aspects of the development or project and will have a share in any profits. Having a stake in this sense is far more powerful than 'benefit' alone.

Why is Community Energy important?

The transition to sustainable low carbon energy production requires that we design a more cooperative and secure energy system that acknowledges and accepts that citizens and communities will be more involved in moving together towards a sustainable energy future. Until now, policy and law in Ireland and in countries across Europe has been built to support an energy system based on centralised production using fossil fuels. This system has by and large regarded citizens as passive consumers, with no active role to speak of.

Internationally it is accepted and understood that the transition to low carbon sustainable energy generation is only possible with the incorporation of significant decentralised generation and distributed energy resources. Ireland has excellent renewable energy resources. With the right policy framework, Ireland could become a centre of excellence for renewable energy and energy efficient production, design and manufacturing with an active and growing job market in clean technologies and communities at the very heart of the transition.

A strong community energy industry will:

- Reduce carbon emissions from the energy sector;
- Provide local investment opportunities, and ensure local investment money stays in local communities;
- Generate local jobs;
- Build strong and resilient community networks; and
- Help Ireland to meet renewable energy targets.

Recommendations to Remove the Barriers to Community Energy Projects in Ireland

1 **Barrier: It is extremely complicated, costly, long and risky for a community energy project to connect into the National Electricity Grid**

Recommendation: Facilitate access to the National Grid for communities, micro-generators and auto generators by,

Ensuring community energy groups have equitable grid access opportunities and can connect to the National Grid in their local areas. This could be achieved by:

- Requiring grid operators to bias the connection of community owned projects.
- Within Gate 3 & 4 where existing grid capacity holders do not have planning permission or have 'speculative' developments or where capacity has been released and financial contributions have not been completed, community owned developments should receive priority options for connection.

2 **Barrier: Once connected to the National Electricity Grid, it is extremely difficult and often impossible for communities, micro generators or auto generators to get paid for the electricity they export**

Recommendation: Ensure fair and secure payments for community energy, micro-generation and auto generation by,

Ensuring it is financially practical for communities and small scale generators to generate renewable energy. All renewable energy generators should be able to easily sell their electricity to the grid at a fair price, whilst at the same time maintaining the Public Service Obligation at close to current levels.
This could be achieved by:

- A dedicated Renewable Energy Feed in Tariff (REFIT) scheme for community owned renewable energy, micro-generation and auto-generation;
- A REFIT scheme for solar electricity (solar PV) and guaranteed payments for micro solar electricity exporters;
- Amending REFIT 3 to further incentivise renewable heat installations, biomass, biomass fed CHP and Anaerobic Digestion.
- Co-ordinating with the National Smart Metering Programme to develop a net metering programme that incentivises both micro generation and storage from individual households.
- Mandating electricity utility companies to enter into Power Purchase Agreements (PPAs) with small generators, with a low cost / admin model, so that small generators can receive payments for the electricity they export to the grid.

3 **Barriers: There are no national support structures for community groups to help with initial project development stages**

Recommendation: Create Funding and Finance Supports to help groups in initial stages of development, feasibility, planning and construction,

In particular for developments in initial stages to bridge the gap between feasibility and planning. This could be achieved by,

- Creating grant and grant-to-loan funding structures for Community Energy projects to fund initial development costs;
- Supporting access to finance through discounted credit, special Government guarantees, or by facilitating local loans through appropriate investment vehicles (green funds/ strategic investment funds or credit unions etc. or similar to the KfW Bank in Germany which provides low cost financing to community and farm energy schemes);
- Creating tax efficient structures and incentives for local ownership of renewable energy for the installation/construction of developments or as per the Danish model where income earned up to a point from Community Renewable Energy is tax free;
- Amending the grant aid from the Sustainable Energy Authority of Ireland through Better Energy Homes, Better Energy Communities etc. to include all forms of renewable energy generation, particularly solar electricity, wood energy and heat pumps, with a dedicated portion reserved exclusively for supporting community centred organisations developing renewable energy generation and energy efficiency.

4 **Barrier: Communities cannot generate electricity locally and use it locally by more than one user**

Recommendation: Facilitate the development of Community Microgrids through the smart grid program.

The barriers preventing self sufficiency, local grids, off grid communities and electricity sharing should be lifted to allow communities to generate power themselves and use it within local areas.

Community energy projects should be used as a test bed for the Smart Grid roll out.

Solar PV at Aran Bike Hire, Aran Islands Energy Co-operative, Aran Islands

Recommendations for National Policy to enable Community Energy developments

1 A National Community Energy Strategy for Ireland

As supported by the recent National Economic and Social Council (NESC) a National Community Energy Strategy should be developed with tailored policies, supports and structures to enable communities to contribute to the energy transition process.

2 Targets for Community Energy Ownership and Co-ownership

Targets are used successfully across Europe to support renewable energy development, and to ensure community ownership and co-ownership within renewable energy development.

A national target for community led and community owned renewable energy would ensure community energy projects in Ireland are recognised as a priority.

In addition, co-ownership models between developers and citizens should be mandated for developers led projects. This would allow local people and communities to have an ownership stake in a project and benefit from the financial return a renewable energy project provides. Any co-ownership policy must including safeguards to ensure transparency and diversity of owners/shareholders and appropriate consultation with communities. To ensure development is appropriate to local areas, the take up of local shares should be a condition after which a development can proceed, and without which a development cannot.

3 Intermediary support bodies to provide guidance and information to community energy groups

Intermediary support bodies should be developed across each local authority area. These agencies should be staffed with experts who can guide though the regulatory and other hurdles associated with renewable energy generation and can advise on financing, legal and technological issues.

Advice on the full suite of renewable energy options should be provided so that communities are facilitated to choose and achieve the optimum sustainable energy solution for their community and the receiving environment.

4 Local Area Renewable Energy Strategies for every county

Local Area Renewable Energy Strategies should be developed in each county so that renewable energy generation can be considered on a local level and prioritised within local development planning and policies.

Ireland's largest Solar PV installation, County Hall Clonmel, Tipperary

5 Facilitated public engagement and public participation in national energy policy

For the transition to a sustainable energy future to take place, it needs to be an endeavour that all the citizens of Ireland play an active role in. A defining feature of those countries in Europe where successful energy transitions are underway, is the public and political space that is provided to rational and responsible debate of the challenges, options and solutions to making this energy transition happen smoothly and efficiently.

The Green Paper/White Paper consultation process offers the opportunity for a national debate on national energy policy, giving people the opportunity to play an active role in developing meaningful solutions to answer the big picture question on energy policy: *How do we achieve security of supply, reduce fuel poverty and efficiently transition to a decarbonised energy system in a way that is mindful of communities and the environment?*

Facilitated public engagement on energy policy should include information, publications, workshops, public meetings, debates around the country and coverage on local and national media. A opportunity for the people of Ireland to meaningfully engage with policy makers on the future of Ireland's energy system should be paramount to any consultation process.

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for people's ownership of renewable energy

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