



## Renewable Electricity Support Scheme

### Consultation Response

17<sup>th</sup> January 2020, by email to [RESS@DCCAE.gov.ie](mailto:RESS@DCCAE.gov.ie)

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The following response is made on behalf of Community Power. Community Power is a partnership of Irish community, social enterprise and civil society organisations, with a vision for Ireland to run on clean, renewable power, developed for people, owned by people.

The partnership was established to support community energy groups and citizens to develop and own their own renewable energy generation such as wind turbines, solar panels, hydro turbines or bioenergy plants and to facilitate the re-distribution of generated power back to neighbours, businesses and services and facilities in the wider community through the Community Power supplier. Our agreed mission is to support people and communities across Ireland to build renewable power projects, and allow the benefits to be shared across Irish communities.

Partners include:

- Templederry Renewable Energy Limited
- Tait House Community Enterprise
- Community Renewable Energy Supply Limited
- Tipperary Energy Agency
- Energy Communities Tipperary Co-operative
- Friends of the Earth
- Aran Islands Energy Co-operative
- Smart MPower
- Claremorris and Western District Energy Co-operative

In general, Community Power is very supportive of the Renewable Electricity Support Scheme proposed, and welcomes its introduction to support increased renewable energy generation in Ireland and contribute to meeting the target of 70% renewable electricity demand by 2030.

In addition, Community Power is very supportive of the enhanced support mechanisms offered to support communities and citizens to participate in this energy transition towards far greater levels of renewable electricity penetration, and particularly the addition of the Community Preference category in the auction, even though it represents less than 1% of the RESS auction amount.

## 1. Proposed Definition of Renewable Energy Community (pg 17)

### We Support:

The **definition** of a Renewable Energy Community (REC) is welcome. The requirement for a legal entity that is based on **open and voluntary participation** is supported, as is the requirement to be registered as a Sustainable Energy Community. Legal entities that are restrict the number of members, or that allow for limited participation should be prevented from participating.

It is extremely hard to define **proximity**. Ideally all renewable energy generation projects will be located near to the REC, and it is certainly the case that the closer the better. Proximity is not clearly defined in the Terms and Conditions at present, and we **support this non restrictive approach**, allowing REC's to define it for themselves when the viability of projects is under consideration. It is highly likely that when Sustainable Energy Communities are in a position to seek to develop their own generation projects and become REC's, their most desired site may not be possible. It is well understood that sites for renewable energy generation projects will only be successful if there is appropriate and affordable grid connection available, which is not the case across much of Ireland. In addition, projects will only be viable if sufficient capital can be raised to meet the capital requirements of building a renewable energy project and any restrictions on proximity could have the unintended consequence of limiting renewable energy communities to very small projects, or making it extremely difficult for them to raise finance. To ensure membership is recruited from within close proximity of the sites, evidence could be required to show recruitment/awareness activities within 2 km of the development site and within the villages and towns in the immediate vicinity of the site and then radiating outwards to county, province and even nationwide.

### We Suggest:

- Consider including a parameter in the definition that would ensure democratic decision making of the REC, such as **one member, one vote**.
- Consider including an additional benefit in section (d) to include 'community resilience'. The language in this section (d) could also be expanded to allow **direct benefits to shareholders or members of the REC**.

## 2. Proposed Community Preference Category (6.4.11, pgs 47-49)

### We Support:

The separate **community preference category is very welcome**, as is the option for community led projects to choose zero-bond projects. 30 GWhrs is considered an appropriate size for this category for the first auction, although it is noted that this represents less than 1% of the entire auction. A signal of intent to include a larger Community Preference category in the **second and future auctions** is suggested. Many Sustainable Energy Communities will be watching carefully this first auction, and a signal of intent to allow this sector to grow is very important.

We also support exempting projects in this category from the specified Citizen Investment REP scheme, as citizen and community investment in REC's will already be achieved due to the nature of the ownership structure required for these projects.

### We Disagree:

We disagree that the maximum size of a project in this category should be **limited to 5MW**. This will ensure community owned projects remain small, and is likely to result in excluding wind energy developments, which at 2 turbines would exceed this limit.

We understand that the RESS cannot support renewable energy generation at all levels, but recommend that **supports for projects less than 1 MW** are also introduced to allow smaller generators to develop and sell renewable power and build local businesses around this.

## 3. Proposed aspects of Community Led Projects (7.1, pgs 60)

This section provides the criteria that any applicant into the Community Preference category must fulfil. This section would benefit from some further elaboration or examples of the types of partnerships and legal structures that are expected to participate and a description of what an REC might consist of. We welcome the requirement of a large number of members (min 150) and advise that without such large numbers, it would be difficult for any group to raise sufficient capital to make a project viable or to ensure a project has sufficiently diverse owners.

### We Suggest:

At 7.1.1 (a) where it is required that the REC owns 51% at all times, we suggest that priority is given to projects where they are **100% owned by the REC**. This category represents less than 1% of the RESS auction. Professional developers can compete in both other categories, and it would be unfair to allow just under 49% of this extremely small category to be owned by professional developers too. If small scale developers are seeking communities to partner with,

they could take the maximum allocated share (€20,000), and in circumstances where the developer also owns the land, they will also benefit from a land lease. If partnerships are continued to be included, we suggest the ownership by the REC is a minimum of 75%.

At 7.1.1 (c) we suggest that the board of Generator should consist of directors elected or appointed from the membership of the REC and the developer (if there is a partnership), and that at all times **the balance of power will rest with the elected, non executive directors.**

At 7.1.1 (d) where a minimum of 150 members is required, we suggest that instead the REC should **offer a minimum of 150 shares or memberships and that each share or membership should be limited to a maximum allotted share capital of €20,000.** This would prevent against companies with limited or exclusive legal structures attempting to qualify in the community preference category. If the minimum number of members is reduced, we suggest raising the maximum allotted share capital to ensure projects can be viable, and could benefit from a smaller number of larger investments.

At 7.1.1 (e) we suggest re-wording from one share one vote, to one member one vote. And note that throughout the Terms and Conditions there is some confusing references to members, shareholders and shares. We suggest that at all times voting within a renewable energy community should be one member one vote to allow for co-operative decision making that is not linked to the size of any one investment.

#### 4. Community Benefit Fund (7.2, pgs 61-63)

In general we **welcome the Community Benefit Fund**, and suggest a **set of guiding principles** of community benefit are established and should be adhered by all renewable energy generation projects, regardless of their ownership structure or who is the ultimate customer. We see no need for the Community Benefit Fund to be applied to projects within the Community Preference Category, but REC projects would be enhanced by voluntarily adhering to this set guiding principles. .

We support the principles of the community benefit fund which would be established to fund climate action within communities, and for general community gain such as sports clubs and to ensure renewable energy projects are desired and sought after by communities to set up in their areas. Thus, regardless of the expertise, wealth or motivations of a community to develop their own renewable energy projects, the establishment of a renewable energy project in any area will bring, economic, social and environmental benefits directly to that area.

The rules around the community benefit fund as described in this RESS 1 scheme are considered very appropriate for large onshore wind projects where the fund may be considerable, but very complicated for small solar projects for example where the fund may be rather small, and there may be considerably greater numbers of 'near neighbours'. We suggest

that there are different requirements for projects funds of different scales, therefore not requiring overly burdensome administration of funds, and to allow for more targeted distribution of funds.

## 5. Renewable Energy Participation Scheme (Annex C).

**The Renewable Energy Participation scheme is very welcome.** It is considered a very attractive proposal for the citizens and communities of Ireland to invest in and support the transition to greater levels of renewable energy in Ireland.

It is possible that the citizens of Ireland will consider investments through this newly established scheme to be safer and more secure than a direct investment in a Renewable Energy Community (REC). And, it is highly likely that the rates of return offered by REC-led projects will not be as attractive as the REP scheme. **Therefore it is possible that the REP scheme will be direct competition to REC's seeking investments from members or shareholders.**

## 6. Creating an enabling framework for Community Energy projects

The proposed supports are **very welcome, mentors, trusted intermediaries, feasibility grants, grant to loan arrangements etc.**

Access to technical support and advice is essential for the appropriate development of any renewable energy project and much support for the projects currently in preparation by Community Power members has been provided through the Tipperary Energy Agency and the SEAI energy mentors. **A one-stop-shop model is suggested as most appropriate with continuous, uninterrupted support, and we suggest that the current network of energy agencies could provide that support.**