



RE: HT 359 –

Environmental Pillar response to the EU Commission Consultation on Community Guidelines on State Aid for Environmental Protection

It is well understood and accepted that to prevent catastrophic climate change we need to urgently reduce our emissions from burning fossil fuels. An important part of this is to change our systems of energy production into ones powered by clean renewable energy. For this transformation to take place at the speed required it needs to be an endeavour that citizens all over Europe are an active part of. Already hundreds of community energy projects exist across Europe, with communities and citizens active in owning and running their own renewable energy production. A range of benefits flow from these kinds of projects, from reduced energy demand to emissions reductions, and perhaps the most important of which are increased public support for renewables and mobilisation of finance for investment. The member states where renewable energy has made the biggest gains are those where citizens have been most involved, for instance Germany and Denmark. There are higher levels of community trust in projects that are owned locally and people are much more likely to accept any negative aspects.

In Ireland community ownership of renewable energy is in its infancy. There is only one wholly community owned renewable energy project connected to the National Grid; a 2 turbine wind farm in Tipperary, known as the Templederry Wind Farm. There are and have been a number of other potential community owned energy projects that have been proposed by community groups and energy co-operatives, however financial insecurity and access to financing present major stumbling blocks. In energy terms, our country could be viewed as hugely contradictory; our natural environment offers the potential for significant renewable energy generation in the form of onshore and offshore wind, biomass and biogas, solar and small scale hydro, yet fossil fuels account for 93% of our overall energy use¹.

There is also a divergence amongst the public on acceptance of renewable energy; most renewable energy in Ireland is generated through onshore wind, however poor consultation, lack of public control and the perception that local communities see very little benefit from wind farm developments has led to significant public opposition. However, at the same time support for community energy and energy co-

¹ Sustainable Energy Authority of Ireland Energy in Ireland 1990-2012, 2013 Report

operatives is growing across the country and people are actively seeking to take control of their energy future through community led energy projects.

We are very concerned that the draft guidelines in their current form would be very damaging to the renewable sector across Europe and in particular the community and citizen ownership of renewable energy.

In particular, we are concerned about the following;

1. Support Schemes and Feed in Tariffs

It is premature to put an end to the well understood and well trusted Feed in Tariff system, particularly while large scale fossil fuel subsidies distort the energy market.

Feed in tariffs are the best instrument to encourage renewable sources at a community scale. In many countries feed in tariffs have significantly changed the ownership structure of the energy system, in particular in places where higher feed in tariffs are offered to community groups. Community led projects have been far more successful in European Countries where attractive feed in tariffs are offered than here in Ireland where the rate remains the same regardless of the size of the project or the developer. Feed in tariffs for community groups should be raised rather than scrapped.

There are many significant financial hurdles associated with the development of community led renewable energy projects. The feed in tariff provides some light at the end of the tunnel as it offers a level of essential financial security. The feed in tariff was essential to the development of the only community owned wind farm in Ireland, Templederry. Other community energy groups and energy co-operatives that are in the process of developing community energy projects are also reliant on this financial security and are likely to not proceed without it.

The guidelines (Article 123) suggest the feed in tariffs can only be given to projects less than 1 MW (or 5 MW for wind). This would exclude many community energy projects and would restrict communities from reaching their full potential. This would only incentivise small and micro scale development which is not enough to encourage the energy transformation to facilitate the shift to a low carbon energy system, and to allow citizens to take part and benefit from the energy generation.

2. Maturity

We oppose the distinction between mature and immature renewable technologies when providing aid as stated in Article 119. Renewable energy provides a 'good' in terms of clean energy production regardless of the maturity of the technology. Citizens and community groups who want to be part of the energy transition should

be given support to choose technologies that they trust. Requiring renewable technologies to bid for support in onerous tendering processes is likely to disincentivise investment in these technologies.

In addition defining a renewable technology as mature once it contributes a given percentage of market share and then halting aid to this technology runs the risk of arbitrarily capping these technologies at low levels, and never allowing them to reach their full potential. In order to swiftly decarbonise our energy system all renewable technologies should be incentivised.

3. Bidding Process

We are opposed to Article 120 which suggests that support to renewable technologies will be received through a ‘genuinely competitive bidding process’. Across Europe hundreds of projects exist where communities and citizens are actively involved in the owning and running of renewable energy production. This bidding process will place communities and citizens at a disadvantage and is likely to have an effect on the overall acceptance of renewable energy. Tendering in this way will only serve to facilitate large companies with the capacity to deal with the administration involved in bidding for projects and bear this risk. This will serve to exclude community and citizen energy projects from being able to access RES support as they simply won’t have the ability to be involved in such an onerous and possibly EU wide bidding process.

In Ireland this is likely to destroy the emerging community energy sector.

4. Co-benefits of some renewable energy technologies

Some technologies, such as biogas, can deliver significant benefits additional to greenhouse gas emission reduction. These co-benefits can be greater than the GHG benefits. Biodigestion of organic wastes for example, can have major benefits in preventing water and air pollution, land degradation and in recovering nutrients for beneficial agricultural waste in addition to preventing local nuisances and supporting local economic activity and employment.

The emphasis in the guidelines on competition between different renewable energy technologies for support fails to recognise the difficulty in organising a fair competition between different technologies each with a different set of costs and benefits.

5. Sustainability of renewable energy

While the draft Guidelines specify that aid can only be granted to sustainable forms of renewable energy, they don't themselves explain what that means. The reference

in the draft (117) is to “sustainable forms of renewable energy as defined by the EU legislative framework.”

One would expect that if the Commission is aware of functioning definitions within EU law of sustainable forms of renewable energy, it would refer to them in the footnotes to the document. Unfortunately it does not. This is because such functioning definitions do not exist.

In the case of liquid transport biofuels, EU law is clearly inadequate to the task of defining sustainability. This is implicitly recognised in the Commission's own reporting of the impacts of biofuels and the EU's biofuels mandates.

For other types of renewable energy there are simply no definitions or criteria of sustainability in EU law. This is the case for solid biomass for example, where EU law current makes no distinction between forms of solid biomass which are sustainable and those which manifestly are not.

The provision that only sustainable forms of energy will be supported is most welcome. The Guidelines need to specify exactly how that requirement will be given effect.

*Environmental Pillar response to the EU Commission Consultation on
Community Guidelines on State Aid for Environmental Protection*

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Whilst this document was developed through the processes of the Environmental Pillar it does not necessarily represent the policies of all its members.

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