

# Green Paper, September 1999

It is available in its entirety on the Internet at [www.adnet.ie/gpse](http://www.adnet.ie/gpse) or can be obtained in hardcopy (a good idea) from the Department of Public Enterprise. The following summary was included in a previous newsletter.

## *Introduction*

This important government document which will ultimately have a huge effect on the development of renewable energy in Ireland was formally unveiled on in September 1999 by Mr. Joe Jacob T.D., Minister of State at the Department of Public Enterprise.

This Green Paper indicates how Ireland will progress towards meeting its energy requirements in an environmentally and economically sustainable way. The Green Paper concentrates on Ireland's need to limit energy-related CO<sub>2</sub> emissions under the international Kyoto Protocol. The overall government policy on limiting greenhouse gas emissions (CO<sub>2</sub> being the major greenhouse gas) will be formulated by the end of the year by the Department of the Environment.

The EU is committed to an 8% decrease in greenhouse gas emissions over the period 1990-2010, and within that Ireland was allowed a 13% *increase*, one of the most generous allocations within the EU. However we have already reached this level, and are set to reach more than a 25% increase, and there will be significant fines from the

EU if we fail to meet the 13% target. But beyond this, the real challenge facing Ireland is that of positioning the economy to deal with the stronger targets which will be agreed for the post Kyoto period.

CO2 emissions can be limited in a variety of ways, including reducing energy consumption through efficiency measures and by implementing taxes on carbon-based fuels, by switching to fuels with less carbon (such as natural gas), and by utilising renewable energy. Wind energy is Ireland's largest energy resource of any type, and it is renewable, so wind will be the focus of near-term government renewable energy development measures.

Reports show that the largest "single hit" emission reductions can be achieved in the energy sector (transport and agriculture are other sectors), and so the Green Paper will be a central feature in the government's greenhouse gas abatement strategy.

### *Developing renewable energy*

A Renewable Energy Strategy Group is being set up. Within six months they will have to report back to government on the best way to develop renewables in Ireland.

Government policy is to create the circumstances and conditions that will stimulate the deployment of renewable sources of energy. It is now intended that an ambitious approach will be adopted to increase the role of renewable source of energy in the power generation sector. To this end, the main planks in the Minister's strategy are:

\* **increased targets for the generation of electricity from renewable energy sources** - The interim target for 2000-2005 is 500MW of installed capacity.

\* **modified AER scheme** - The present AER process will be changed based on experience to date, but will ultimately be phased out.

\* **electricity market liberalisation** - Provisions will be made for the sale of green electricity directly to final customers.

\* **addressing deployment constraints** - Measures to redress constraints in the deployment of renewable energy, particularly in relation to economic costs, the planning process and grid connection, will be made. In excess of £20m in funding will be allocated in the National Development Plan for a planned approach to grid improvements to facilitate connections from renewable energy generating plants.

\* **local involvement** - At the moment not a single farmer owns a grid-connected wind turbine. New policy will encourage local involvement in renewable energy development.

\* **network access for EU R&D and demonstration projects**

\* **fiscal measures** - Tax relief and other fiscal measures will be developed in favour of renewable energy

\* **promotion of research and development** - a revitalised approach to the promotion of R&D of renewable sources of energy will be developed

\* **institutional arrangements** - The role of the Irish Energy Centre and its Renewable Energy Information Office will be refocused to support the rapid development of renewables, and an intensified public awareness campaign will be implemented.

All in all it is a comprehensive and aggressive approach in favour of the development of wind energy and other renewables in Ireland.

## **Electricity Bill Favours Wind**

The Electricity Regulation Act is now established in law. It established a Commission for Electricity Regulation, known as the Regulator. Tom Reeves has been appointed to this post. His job is to oversee the introduction of competition in the Irish electricity market from February 2000, and to take on the function of licensing the generation and supply of electricity.

As a result, by next February ESB's monopoly position on the generation and supply of electricity in Ireland will end and 320 of the largest electricity consumers in Ireland (representing 28% of the total consumption) will be able to buy their electricity from whatever supplier they choose. This is only the beginning of the competitive process - in 2003 this 28% will be increased, and in 2006 it will become 100%.

However, partially due to the lobbying efforts of IWEA, green electricity suppliers will be able to supply electricity to any and all consumers as of February 2000. So our market is larger than that available for "brown" electricity suppliers (100% vs. 28%). The main outstanding issue for full green electricity trading is so-called use of system charges, i.e. what will ESB charge for the use of their wires

in getting green electricity from supplier to consumer?  
In the autumn a second Electricity Supply Industry Bill will be published to cover other issues such as the separation of accounts for each business unit within ESB, price controls, etc. A further piece of legislation will transform ESB into a plc giving it a commercial mandate. Minister Mary O'Rourke has indicated that she may introduce these items to the Oireachtas as a single item of legislation in order to reduce the Oireachtas and Department workload.