



## Renewable Electricity Support Scheme (RESS) Update

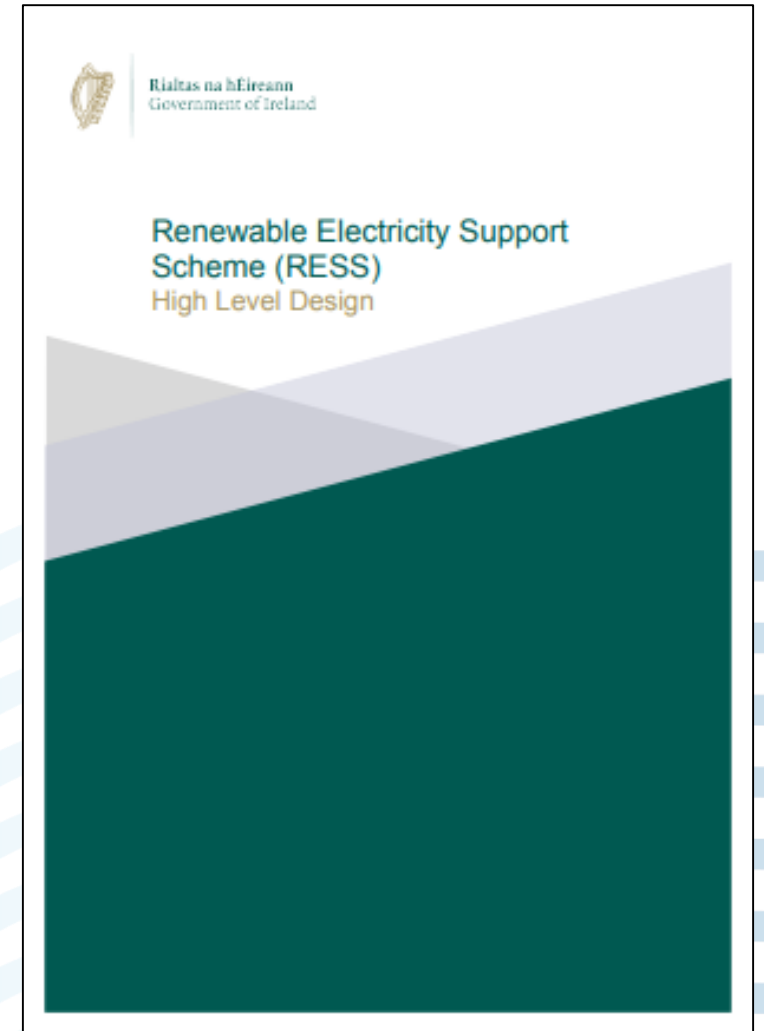
Noel Cunniffe, Head of Policy

12 September 2019

IWEA Offshore Conference 2019

# Previously on RESS...

- The new RESS will help deliver Ireland's contribution to the EU-wide binding renewable energy target of 32% RES out to 2030
- Seeks to deliver:
  - Ireland's renewable electricity ambitions out to 2030
  - Increased community ownership and partnership
  - Increased renewable technology diversity
  - All within a cost competitive framework
- The RESS High Level Design paper was published in June 2018
- Set out for RESS to achieve **55% RES-E** by 2030 & first auction in **2019**



# RESS High Level Design Overview

## Auction structure is Pay-as-Clear:

- 2-way Contract for Difference

## Technology Neutral Auctions:

- Generation diversity encouraged through Technology Caps within Price Ranges

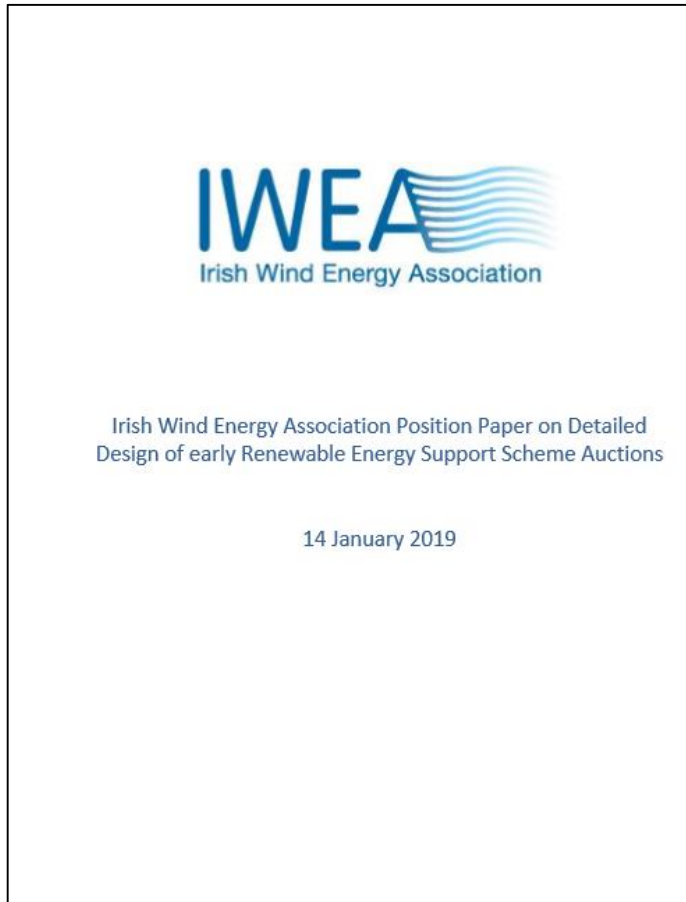
## To participate at auction:

- Planning consent and grid offer are required
- Meet technology, financial, and community eligibility requirements
- Place bid bonds

## Community Engagement:

- €2/MWh Community Benefit
- Mandatory Community Investment Offering
- Ring-fenced volumes for community-led projects

# IWEA Submission on RESS Auction Design – January 2019



IWEA and Pöyry produced a Position Paper for RESS Auction Design

## Price Certainty

- Indexed Pricing
- Stable Reference Price

## Contract Duration

- Longer durations reduce merchant risk

## Manageable Risks

- Late delivery gradually erodes value

## Revenue Stacking






- Should be allowed to include CRM, DS3 & GoO revenues
- Clean Energy Package Allows for revenue stacking

## Delivery Dates

- Realistic delivery timelines which encourage competition

# Fast Forward to the Climate Action Plan 2019

## • Ireland's Decarbonisation Pathway Dashboard to 2030

Technology	Uptake to meet 2030 targets (Based on MACC analysis)			
	NDP 2030	2025	2030	
<b>Electricity</b> 	<b>Total RES in Generation mix<sup>4</sup>, %</b>	55	52	70
	• Onshore wind, GW	~7	~6.5	~8.2
	• Offshore wind, GW	1.8	~1.0	~3.5
	• Solar PV, GW	1.5	~0.2	~0.4
<b>Transport</b> 	<b>Electric Vehicles, #</b>	498,000	181,500	936,000
	• Passenger EVs, #	355,000	57,000	550,000
	• Passenger PHEVs, #	118,000	94,000	290,000
	• Electric delivery vans, #	19,000	30,000	61,000
	• Electric trucks, #	n.a	0	34,000
	• Electric buses, #	1,250	500-600	1,000-1,200
	<b>Bioethanol blend, Volume</b>	E10	E10	E10
<b>Biodiesel blend, Volume</b>	B12	B12	B12	
<b>Built Environment</b> 	<b>Retrofitted homes<sup>1</sup>, cumulative 2021-30, #</b>	450,000	300,000	500,000
	<b>Electric heating sources, total residential, #</b>	370,000	350,000	600,000
	• New buildings, #	200,000	50,000	200,000
	• Existing buildings, #	170,000	300,000	400,000
<b>Electric heating sources, total commercial, #</b>	15,000 <sup>3</sup>	15,000	25,000	
<b>Enterprise</b> 	<b>Emissions, MtCO<sub>2</sub>eq.</b>	9	8	8
	• Alternative fuels in cement fuel mix, %	N/A	65%	80%
	• CO <sub>2</sub> -neutral heat generation in food industry <sup>2</sup> , %	N/A	~70%	~80%
<b>Agriculture</b> 	<b>Emissions, MtCO<sub>2</sub>eq.</b>	21	19	18
	• Fertilizers CAN replacement, %	N/A	40%	50%
	• Trailing-shoe slurry spreading, %	N/A	30%	50%
<b>Other (e.g. waste)</b>	<b>Emissions, MtCO<sub>2</sub>eq.</b>	3.2	3.2	3.2

“Solar PV, some electrification of buses, and biofuel blending are identified in 2030 the NDP scenario but are not showing as cost-effective in MACC. Despite MACC analysis these technologies may remain in plan given other factors (e.g., exchequer cost, ease of implementation, need for public sector leadership)”



## 2030 Electricity Key Statistics

- 70% RES-E
- 3.5 GW Offshore
- 8.2 GW Onshore
- 0.4 – 1.5 GW Solar
- 600,000 Heat Pumps
- 1 million Electric Vehicles

1 Retrofit to B2 BER fabric equivalent

2 Includes biomass and electricity

3 Not specified in NDP, estimated based on residential ratio

4 RESS competitive auction determines the final mix

# Climate Action Plan 2019 – RESS Actions

**Action 28: Design and implement the RESS. Increase the volumes and frequencies of RESS auctions to deliver on the 70% renewable electricity target by 2030 ensuring an appropriate community/enterprise mix to achieve an efficient delivery of renewables.**

Steps Necessary for Delivery	Timeline by Quarter	Lead	Other Key Stakeholders
Finalise the Detailed Design of the RESS including state aid notification	Q3 2019	DCCAIE	
Establish the Community Framework to accompany the RESS and engage with the Standing Committee on Climate Action on this. Put measures in place to ensure that community benefit fund is equitable and there is strong citizen participation in renewable projects	Q4 2019	DCCAIE	
Begin Qualification Process for RESS 1 Auction	Q4 2019	DCCAIE	EirGrid, CRU,
Finalise design and implementation of RESS 2 and RESS 3	2021/2022	DCCAIE	EirGrid, CRU

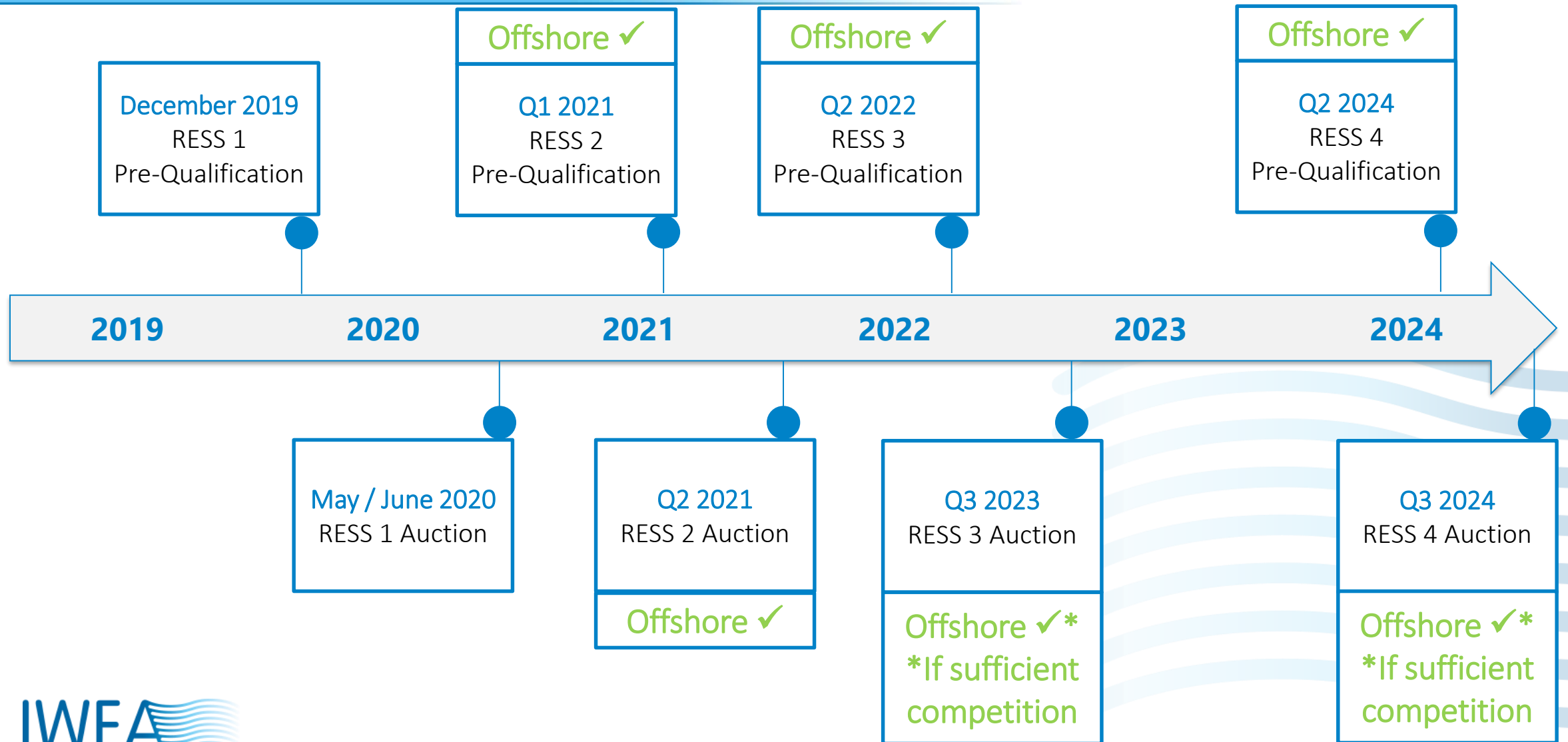
# Climate Action Plan 2019 – RESS Actions – Offshore Auctions

**Action 25: Facilitate the development of Offshore Wind, including the connection of at least 3.5 GW of offshore wind, based on competitive auctions, to the grid by 2030. We will establish a top team to drive this ambition**

## Route to Market (RESS): Legacy/Enduring

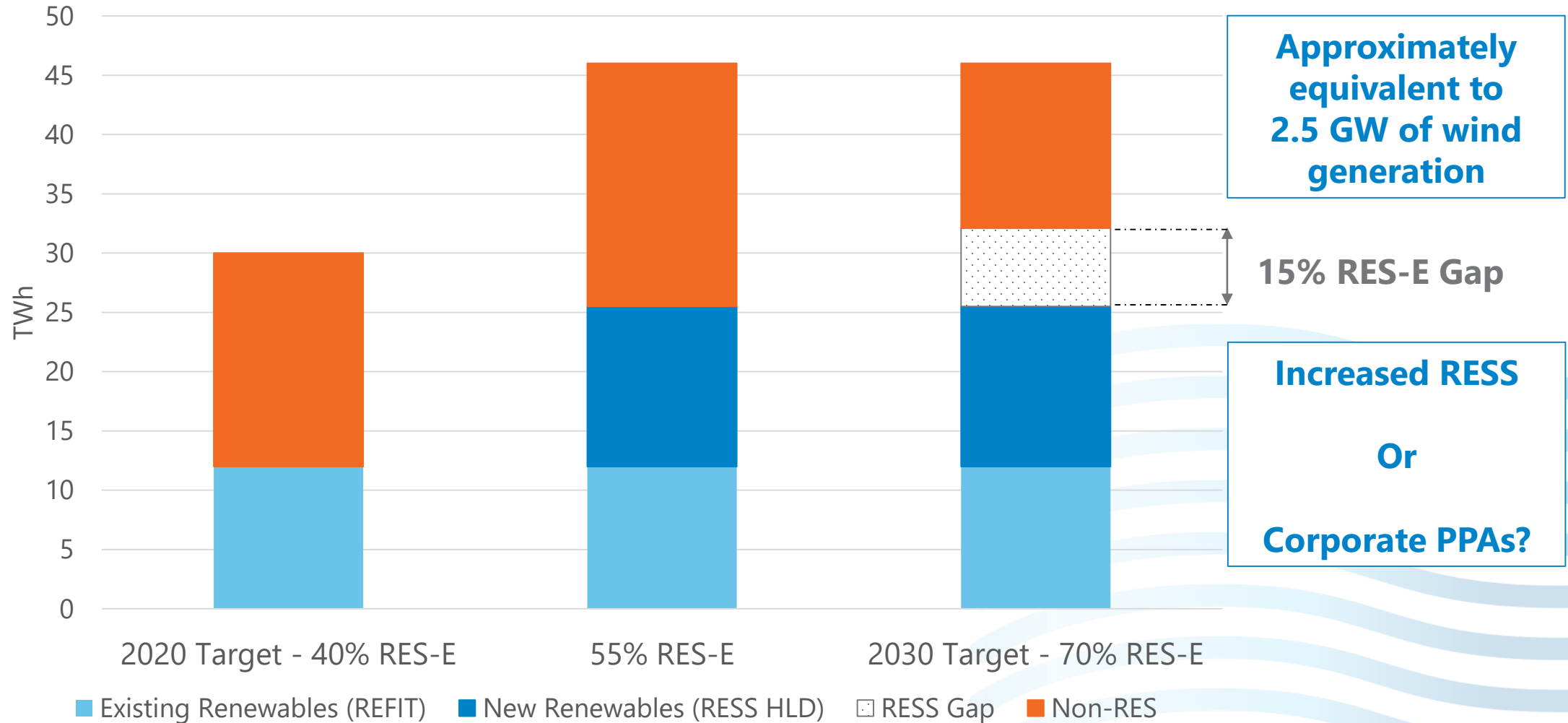
Finalise State Aid Notification to include Offshore Wind as a category in RESS Auctions (Date subject to DG Competition timing)	Q3 2019	DCCAE	
Secure Government approval for offshore specific auction	Q3 2020	DCCAE	
Publish Terms and Conditions of Offshore RESS Auction	Q1 2021	DCCAE	EirGrid
Open Qualification Process for Offshore RESS Auction	Q2 2021	EirGrid	
Evaluate whether sufficient competition in applications received to hold an offshore wind RESS auction. If not, consider alternative options	Q2 2021	DCCAE	CRU
Hold Offshore RESS Auction	Q2 2021	DCCAE	EirGrid
Hold further RESS Auctions to facilitate offshore renewables (subject to Government approval)	Q3 2022, 2024	DCCAE	EirGrid
Monitoring of projects to ensure they abide by Terms and Conditions of the auction including construction deadlines	Ongoing in advance of construction	DCCAE	EirGrid

# RESS Timeline as it stands...





# How will revised targets impact RESS volumes?



# DCCAE Industry Update Session

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- Consultants recently appointed to support RESS auction design and implementation
- Update session to be held on RESS on **Friday 13th September**
- Expecting DCCAE to provide an update on:
  - Terms & conditions of RESS auctions
  - State Aid Process
  - Legal / Legislation
  - Community aspects of RESS – Community Benefit, Investment and Led Projects
- Anticipating further industry engagement in the lead up to RESS 1 pre-qualification in December

# IWEA Outstanding Questions for RESS

## Volumes & Timing

- New RESS Timelines & Volumes, State-Aid Timelines, Competition Factors, Pre-Qualifications, Technology Specific Caps

## Auction Design

- Delivery Dates, Strike Price Indexing, Connection Policy & Grid

## Community Benefit

- Community Benefit Schemes & Community Code of Practice

## Community Investment & Community-led Projects

- Community Investment Offerings & Support Structures, Learnings from other European Community Auctions

# Next time on RESS...

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## Check back at IWEA's Autumn Conference in October!

