

Research RES LEGAL – Support system

Country: Ireland

1. Overview of support system

Overview of support system	<p>In Ireland, electricity from renewable sources is promoted through a feed-in-tariff scheme that operates as a floor price. The entities entitled to this tariff are those suppliers that purchase electricity from renewable sources from generators with whom they have entered into a commercially negotiated REFIT power purchase agreement . This regulatory system indirectly incentivises the generation of electricity from renewable sources.</p>
Support schemes	<p>In Ireland, electricity from renewable sources is promoted through a feed-in-tariff scheme that operates as a floor price. The tariff is allocated under the REFIT scheme, which supports various renewable electricity generation technologies. The entities entitled to the premium tariff are those suppliers that purchase electricity from renewable sources from generators with whom they have entered into a commercially negotiated REFIT power purchase agreement . This regulatory system indirectly incentivises the generation of electricity from renewable sources.</p>
Promoted technologies	<p>Ireland first announced the REFIT scheme in 2006 to promote the construction of wind energy, biomass and hydro-electric systems. In 2009, the REFIT scheme was extended to include offshore wind energy, biogas, wave energy and tidal energy. The scheme, now called ' REFIT 1', obtained state aid clearance in 2007. State aid clearance allowed new applications to be accepted until 31/12/09. In 2008 it was announced that the REFIT scheme would be extended to new categories of offshore wind, wave and tidal energy as well as additional biomass categories. However state aid clearance has not been applied for offshore wind, wave and tidal categories. Currently the Department of Communications, Energy & Natural Resources has two state aid applications with the European Commission for clearance – REFIT 2 covering onshore wind (small and large scale), hydro (small scale) and landfill gas and REFIT 3 which is covering biomass categories of anaerobic digestion, biomass CHP, biomass combustion and biomass cofiring.</p>
Statutory provisions	<ul style="list-style-type: none">• ERA (Electricity Regulation Act 1999)• REFIT 1 (Renewable Energy Feed-in Tariff 2006)

2. Basic information on legal sources

Name of legal source (original language)			
Full name	Electricity Regulation Act 1999 (ERA)	Renewable Energy Feed in Tariff 1 (REFIT 2006). A Competition for Electricity Generation from Biomass, Hydro and Wind	
Abbreviated form	ERA	REFIT 1	
Entry into force	11.07.1999	23.12.2004	
Last amended on	Continuous amendment. On an annual basis an Order is introduced updating the list of REFIT projects		
Future amendments	Annually		
Purpose	General law regulating the energy market.	The REFIT Terms and Conditions are non statutory terms and conditions. REFIT is paid through a Public Service Obligation (PSO), provided in the ERA and Statutory Instrument (SI) 217 of 2002. On an annual basis, an Order is issued relating to REFIT which updates the list of projects that are eligible to be paid under the PSO. The Orders published until now are the following: <u>SI 217 of 2002</u> <u>SI 284 of 2008</u> <u>SI 444 of 2009</u> <u>SI 532 of 2010</u>	
Relevance for renewable energy	Section 39 of the ERA constitutes the legal basis for the support schemes for renewable energy.	Promotes the construction of renewable energy systems through a feed-in tariff.	
Link to full text of legal source (original language)	http://www.irishstatutebook.ie/1999/en/act/pub/0023/index.html	http://www.dcmnr.gov.ie/NR/rdonlyres/E260E316-B65A-4FDC-92F0-9F623BA18B55/0/REFITtermsandcondition	

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3. Further information

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
Department of Communications, Energy and Natural Resources (DCENR)	http://www.dcenr.gov.ie/		+353 167 82 000	
Sustainable Energy Authority of Ireland (SEAI)	http://www.seai.ie/		+353 1 8082100	renewables@reio.ie
Commission for Energy Regulation (CER)	http://www.cer.ie/en/renewables-overview.aspx		+353 140 008 00	Info(at)cer.ie
EirGrid – transmission system operator	http://www.eirgrid.com/		+353 167 717 00	info(at)eirgrid.com
ESB Networks – distribution system operator	http://www.esb.ie/esbnetworks/home/index.jsp		+353 21 49 47 260	esbnetworks(at)esb.ie

4. Support schemes

4.1. Feed-in tariff (Renewable Energy Feed-in Tariff, REFIT)

Abbreviated form of legal source(s)	<ul style="list-style-type: none"> • REFIT 1 • ERA 	
Country-specific support system	<p>In Ireland, electricity from renewable sources is promoted through a feed-in-tariff scheme that operates as a floor price (bonuses on top of the wholesale price). The entities entitled to the feed-in tariff are those suppliers that purchase electricity from renewable sources from generators with whom they have entered into a commercially negotiated REFIT power purchase agreement . The REFIT scheme establishes guaranteed support prices for various sources of energy, i.e. minimum prices for each category of electricity (5.1 REFIT 1). The original scheme known as REFIT 1 only had state aid clearance to accept new applications until 31/12/09. Consequently state aid approval is being sought to continue to offer REFIT. Two applications are with the European Commission for clearance. REFIT 2 covering onshore wind (small and large scale), hydro (small scale) and landfill gas and REFIT 3 which is covering biomass categories of anaerobic digestion, biomass CHP, biomass combustion and biomass cofiring. Separate state aid applications will be required for additional REFIT categories of offshore wind, wave and tidal energy.</p>	
Promoted technologies	General information	<p>The REFIT 2006 scheme was planned to support only wind, biomass and hydro systems (1.2 REFIT 1) installed after 30.04.2005 (2.1 REFIT 1). REFIT 1 is closed for new applications. REFIT 2 (currently with the European Commission for state aid clearance) will offer support for onshore wind, small hydro and landfill gas, while REFIT 3 will offer support for biomass categories including anaerobic digestions, biomass CHP, biomass combustion and biomass cofiring.</p>
	Wind energy	<p>Eligible.</p> <ul style="list-style-type: none"> • Onshore wind-power plants (differentiation between systems over and under 5 MW) (5.1 REFIT 1)
	Solar energy	
	Geothermal energy	
	Biogas	<p>Landfill gas and anaerobic digestion were eligible under REFIT 1. Anaerobic Digestions will be eligible for new tariff under REFIT 3, once state aid clearance has been obtained.</p>
	Hydro-electricity	<p>Eligible.</p> <ul style="list-style-type: none"> • Systems with a capacity of up to 5 MW (1.2 and 2.1 REFIT 1).
Biomass	<p>Eligible (1.2 REFIT 1) under the following condition:</p> <ul style="list-style-type: none"> • The system operator shall furnish proof that the proportion of fossil fuels in energy used to run the power generation system does not exceed 10% and that the use of fossil fuels is monitored (4.4 REFIT 1). • REFIT is payable on the renewable proportion of electricity exported to the grid in the case of waste to energy plants. 	
Amount	General information	<p>In detail, the amount of payment is calculated as follows:</p>

		<ul style="list-style-type: none"> • 15% of the reference price for large wind-power stations (exceeding 5 MW). Electricity suppliers receive at least 15% of the reference price for large-scale wind power (5.3 of REFIT 1). • Difference between the reference price for large wind and the market payment. If the market payment is less than the reference price as defined in 5.1 i REFIT 1, the supplier in question will be paid the difference (5.3 REFIT 1) • Technology payment – difference between large wind and the reference price for the other categories (essentially a bonus for being a technology other than large wind.) In REFIT 1, this is payable irrespective of the market payment. In future, it will not be payable if the market payment is above the reference price for that technology category. <p>The amount of payment is based on a reference price (5.1 REFIT 1). According to the Department of Energy and Natural Resources, the reference prices for 2010 and 2011 are as follows (prices in €ct per kWh):</p>
	Wind energy	<ul style="list-style-type: none"> • Large-scale wind-power stations (exceeding 5 MW): €ct 6.6 per kWh • Small-scale wind-power systems (up to and including 5 MW): €ct 6.9 per kWh
	Solar energy	
	Geothermal energy	
	Biogas	<ul style="list-style-type: none"> • Landfill gas: €ct 8.1 per kWh • Anaerobic Digestion (CHP, up to and including 500 kW): €ct 15 per kWh • Anaerobic Digestion (CHP, exceeding 500 kW): €ct 13 per kWh • Anaerobic Digestion (non-CHP, up to and including 500 kW): €ct 11 per kWh • Anaerobic Digestion (non-CHP, exceeding 500 kW): €ct 10 per kWh
	Hydro-electricity	<ul style="list-style-type: none"> • Hydro-electric power systems: €ct 8.4 per kWh
	Biomass	<ul style="list-style-type: none"> • CHP from biomass (up to and including 1.5 MW): €ct 14 per kWh • CHP from biomass (exceeding 1.5 MW): €ct 12 per kWh • Biomass combustion using energy crops: €ct 9.5 per kWh • Biomass combustion for all other biomass: €ct 8.5 per kWh
Degression	General information	Since 1 January 2007, the DCENR has annually adjusted the reference prices by the annual increase, if any, in the consumer price index (5.2 REFIT 2006).
	Wind energy	
	Solar energy	
	Geothermal energy	
	Biogas	
	Hydro-electricity	

	Biomass	
Cap	State aid clearance for REFIT 1 was for 1450 MW of new renewable generation. Applications have been submitted for state aid clearance for REFIT 2 for 4000 MW of new renewable generation in the onshore wind, landfill gas and small hydro categories and for REFIT 3 for 310 MW covering anaerobic digestion, biomass chp, biomass combustion and biomass cofiring.	
Eligibility period	<p>Eligibility to the REFIT scheme is limited as follows:</p> <p>Limited eligibility period. The duration of support is limited and depends on the term of the individual power purchase agreement (PPA); however, the term of the agreement shall not exceed a period of 15 years (8.1 REFIT 2009). The PPA shall include a clause which specifies the term of the agreement. SI 284 of 2008 specifies that the period of the public service obligations to be imposed pursuant to Article 6D begins, as respects a particular REFIT power purchase agreement, on the commercial operation date applicable to the REFIT power purchase. However, the operation date shall not be later than 31 December 2010. Extensions in time beyond 31/12/10 for projects in REFIT 1 are allowable after approval of the Minister (7.3 of REFIT 1.)</p> <ul style="list-style-type: none"> • Premature termination. The eligibility period will terminate if one of contracting parties prematurely terminates the PPA (8.2 REFIT 1) or if the „letter of offer“ is withdrawn by the Department of Communications, Energy & Natural Resources(7.6 REFIT 1). 	
Beneficiaries	<ul style="list-style-type: none"> • Entitled party. The persons entitled are the electricity suppliers that have concluded a Power Purchase Agreement (PPA) with a renewable generator that has been accepted into the scheme by the Department of Communications, Energy & Natural Resources and has received a letter of offer. Eligibility covers suppliers that have concluded agreements with renewable energy producers that applied for the REFIT scheme and received a „letter of offer“ (3.1 REFIT 1) from the Department Communications, Energy & Natural Resources. In order to receive the letter of offer, applicant (a developer of new renewable generation) is obliged to provide the following evidence to the Department (4.4 REFIT 1): • a proof of planning permission for the proposed new renewable generation plant • the grid operator's connection offer • In the case of biomass systems, the operators shall prove that the proportion of fossil fuels in the electricity used to run a biomass system does not exceed 10% and that the use of fossil fuels is monitored (4.4 REFIT 1). • The operators of biomass systems have to prove that the qualifying fuel will be available for a reasonable period. • Within 35 days of receiving a letter of offer, the new renewable generator is obliged to enter into a commercially negotiated power purchase agreement with any supplier on the market. <p>Obligated party. The electricity consumer is obliged to pay REFIT costs through the PSO under the relevant legislation. The CER (Commission for Energy Regulation) calculates and certifies the PSO in respect of REFIT ex ante and ex poste.</p>	
Procedure	Procedure	New renewable electricity producers apply to the Department of Communications to be accepted into the REFIT scheme. Amongst others, they must supply a proof of grid as well as a planning permission. Within 35 days of receipt of a letter of offer, they must enter into a REFIT power purchase agreement with a licensed supplier.
	Competent authority	The Department of Communications, Energy & Natural Resources administers the REFIT scheme and processes REFIT applications. The energy regulator (CER) is responsible for calculation and certification of the PSO REFIT payments.

Flexibility Mechanism		
Funding	State	
	Consumers	According to the DCENR, the consumers bear the costs of the support system, which are included in the electricity prices.
	Grid operator	The CER calculates and certifies the PSO REFIT payments ex ante and ex poste. Anyone in receipt of REFIT payments must be listed in the annual REFIT statutory instrument. The payments are sent by the Transmission system operator (EirGrid) to the suppliers.
	System operator	
	Distribution mechanism	<ul style="list-style-type: none"> • The Commission for Energy Regulation is responsible for calculation, certification and supervision of the PSO levy. • Electricity suppliers – consumers. All active electricity supply companies are obliged to levy the PSO (if any) on all of their final customers when issuing electricity bills and all final customers pay the levy to their supply company as part of their electricity bill. • Electricity suppliers – system operators. The relevant levy amount is then collected from suppliers for distribution and transmission connected customers the system operators. The TSO (SEMO) is responsible for making payment of the money it collects to all relevant PSO stakeholders, which includes electricity suppliers eligible for REFIT payments.