



**ICOS Submission**

**To**

**The Department of Communications, Energy and Natural Resources**

**In response to publication of**

**Green Paper on Energy Policy in Ireland**

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## Introduction

The Irish Co-operative Organisation Society (ICOS) is a co-operative umbrella organisation that serves and promotes commercial co-operative businesses and enterprise, across multiple sections of the Irish economy.

## Who We Represent

ICOS member co-operatives and their associated companies collectively have over 150,000 individual members, employ >12,000 people in Ireland (a further 24,000 abroad) and have a combined turnover of over €14 billion. Starting from agriculture co-op roots, and the vision of our founding President Sir Horace Plunkett in 1894, ICOS today has evolved to serve the co-operative sector in seven core categories, namely:

- Multipurpose dairy co-ops
- Livestock sector co-ops
- Food, fishing and forestry co-ops
- Store, trade and wholesale co-ops
- Service-related co-ops
- Community-oriented, culture and leisure co-ops
- Advisory and education-related co-ops

## Our Mission

Generating leadership, competitiveness and value through stronger co-operation and world class service.

## Purpose & Vision

As a representative umbrella organisation for the co-operative movement in Ireland, ICOS is focused on driving the evolution of the Irish co-operative sector through the promotion of best practice, change and helping to enhance the sustainability of our member co-ops. We endeavour to:

- Advocate greater engagement with our member co-ops and foster greater interaction between ICOS and our member co-ops.
- Effectively use our collective voice and lobbying capabilities.

- Challenge our members to promote continuous improvement and competitive change, and be open for challenge ourselves within ICOS.
- Promote the principles of the co-operative movement to ensure stronger governance, education and cooperation.
- Develop our membership base through the training and education of our grass-roots membership.
- Promote greater member participation within co-operatives, particularly with younger generations of members. Deliver tangible value to our members in the services we provide, the initiatives we lead and the programs we promote
- To actively promote the take up of the co-operative business model across rural Ireland

## Context

Firstly we welcome the Department of Communications, Energy and Natural Resources' invitation for submissions on the shape and scope of Energy Policy in Ireland and to identify potential to create opportunities for rural employment in Ireland.

ICOS, as the umbrella body representing rural co-operative businesses, feel that it is time that Government policy is re-evaluated to lend greater support to the promotion of the co-operative business model as a cost effective and sustainable model for the development of local renewable energy production and subsequently, the rejuvenation and maintenance of employment in rural Ireland.

In this submission, ICOS sets out the areas in which the co-operative model can contribute to lowering Ireland's carbon emissions rates, how they fit into the priorities outlined in the green paper and what change and supports need to be introduced in order for these projects to happen.

It is clearly reported that the supply of energy internationally needs to be addressed. Limited remaining oil and gas resources combined with the security threat in not being able to self-supply energy means that as a country, Ireland needs to develop a sustainable plan in the creation of energy to supply homes and businesses across the country.

ICOS have a proactive interest in developing and sustaining rural communities by utilising and expanding on the co-operative model. Teagasc, the national agricultural development authority report that the agri-food sector in Ireland contributes a value of €24 billion to the national economy, generates 6.3% of gross value added, almost 10% of Ireland's exports and provides 7.7% of national employment. When employment in inputs, processing and marketing is included, the agri-food sector accounts for almost 10% of employment. The co-operative business model is the backbone of this industry and it ensures the sector works for its member shareholders and directors.

Due to the scale of the impact of the sector on the fabric of the country's economy and rural communities, ICOS recognises that developing a sustainable energy plan to maintain this sector is of paramount importance. While ICOS and our members are aware of the issues surrounding supply of all forms of energy to homes and businesses around Ireland, this submission will only deal with the issues and opportunities to increase the adoption of renewable energy production for our existing co-operatives and for the establishment of new renewable energy co-operatives.

The co-operative model in Ireland has seen great commercial successes in the agriculture and the model has been used extremely successful internationally with the establishment of renewable energy co-operatives (both energy production and energy supply) in communities in countries like Germany, the Netherlands, Belgium and Spain.

Irish agriculture co-operatives have already started to develop renewable energy production facilities, the most recent of these being the opening of a biomass heat producing facility at the Aurivo facility in Ballaghaderreen, Co Roscommon. This 12MW biomass boiler will decrease oil imports by 5 million litres and cut the carbon output by the plant in half. Many co-ops are constantly reassessing how energy is supplied to their production facilities.

Energy production and supply developments in recent times in Ireland have seen varying degrees of support from local communities. The most recent proposals by Eirgrid to establish their Grid Link project which entailed building large pylons in the south east saw large scale community discord with the proposals. Proposed large scale wind farms in the midlands were also met with protests from the rural communities. As a result of these protests, the Eirgrid

project has been returned for further community consultation and the midlands wind project has been suspended.

The above examples clearly illustrate that community ownership and approval of large scale energy production projects is necessary for them to succeed. It is in projects like these that it becomes clear that community ownership of and engagement with energy projects is essential at the planning stage. Communities need to be reassured that their area will not be adversely effected by any developments and also they should be able to benefit from any developments that happen in their own areas.

NESC (National Economic and Social Council) in their report “Wind Energy in Ireland: Building Community Engagement and Social support” (2014) recommend that intermediary actors be resourced to facilitate the energy transition at a local level but also to achieve community settlements. ICOS would agree with this proposal and call for swift implementation of this.

ICOS also see potential for our existing member co-ops to become adopters of renewable energy technologies or to further co-operate with wider communities or private entities to increase community buy in or sectoral expertise with the advancement of renewable energy projects. Barriers remain in place however and facilitation and training of projects is integral to any successes to be seen.

ICOS maintain that the co-operative model clearly would suit the establishment of renewable energy production in rural Ireland. The model where the enterprise is owned and democratically controlled by its shareholders ensures that the community has complete financial and supportive ownership of the enterprise. It also ensures that profits of any enterprise remain in the locality and will inform citizens as to the importance of a sustainable, local energy supply.

## **ICOS Comments on priorities set out in Green Paper on Energy Policy in Ireland**

The green paper sets out six priority areas it is looking for suggestions and observations from the public on.

- 1) Empowering Energy Citizens
- 2) Markets Regulations and Prices
- 3) Planning and Implementing Essential Energy Infrastructure
- 4) Ensuring a balanced and secure energy mix
- 5) Putting the energy system on a sustainable pathway
- 6) Realising economic opportunity

### **Priority 1: Empowering Energy Citizens**

Citizens of communities in Ireland at present are not properly informed as to the source and level of sustainability of the power that keeps their homes, communities and enterprises plugged in. Blame can be laid in the hands of the media, government and the lack of interest in knowing by citizens themselves but what cannot be argued is the need to have a better informed energy consumer/citizen as to how the energy they use daily is created and how vulnerable this source is.

Part of the process of engaging citizens into a discourse regarding the supply and sustainability of energy sources will be regarding the price and profits of energy production. Should members of a community themselves realise the potential savings or profits that can be made from producing energy themselves, this would have a considerable positive impact on engaging citizens and communities into the process.

Through the co-operative structure, members of co-ops are fully informed and engaged as to the activities of the co-op. By promotion of this model for the development of supply or production companies, citizens would become more informed and as a result, more engaged.

## **Priority 2: Markets Regulations and Prices**

At present, the current REFIT (renewable energy feed in tariff) scheme in place has only benefited large scale development of renewable energy projects. While the development of this scale of enterprise has proven that profits can be made while having positive impacts on the environment; small scale, community led renewable project will have a greater positive impact on entire communities with increased profits being retained in rural areas. Therefore, ICOS encourages a reform of the REFIT system to create an initiative for smaller scale projects. While this initially will entail more work in the development of economically sustainable business models that work for communities, the long term sustainability of supply of energy will be stronger.

Projects like the Drumlin Wind Energy Co-operative Limited based in the Northern Ireland are examples of types of projects that are successful through a system that encourages rather than limits the development of community owned wind energy co-operatives.

An increase in competition between producers and suppliers of energy through a series of co-operatives would also lead to more competitive pricing of energy for all consumers.

## **Priority 3: Planning and Implementing Essential Energy Infrastructure**

As stated previously in this document, genuine consultative planning surrounding the development of large scale energy infrastructure is necessary for its adoption and acceptance into communities. As an extension of this, the acceptance of the development of energy infrastructure would have increased success if the co-operative model was encouraged and communities saw the financial benefits of these projects go back into the community.

Existing co-operatives who were reliant on oil to power processing plants and did not have access to gas lines are now looking at alternative sources of energy to keep their business running.

Local authorities need to audit their counties to see what natural potential for the production of energy is in their areas and adopt a developmental planning policy around the results of such a study. For a small country, Ireland has a diverse capacity for the production of power and planning policy needs to be localised to reflect this and councils should be subsequently supportive of the adoption of those renewable energy technologies in their areas.



SEAI state that up to €2.9 billion of investment is required up to 2020 to ensure that Ireland can develop a sustainable energy resource and limit consumption of energy so that we can meet our energy targets and minimise the amounts of fines the country will have to pay should we fall short.

A coordinated approach to enabling and overseeing these plans and developments is essential.

#### **Priority 4: Ensuring a balanced and secure energy mix**

By enabling co-operatives to get involved in supplying their own power to their businesses and communities, each are can produce power dependent on the natural assets of the area. Bigger corporations will concentrate on one source of power and as a result, the same mix will not be achieved and will subsequently reduce the energy security of the country. Extra, smaller local energy production projects will ensure a mix is achieved.

Aside from alleviating energy security risks by having a balanced energy mix, the economic benefits in maximising supply chain opportunities would have effect across several sectors and communities.

#### **Priority 5: Putting the energy system on a sustainable pathway**

The co-operative model is a proven sustainable model due to the financial and supportive buy in from its members and the wider community. Irish businesses and communities should be more aware of the levels of energy required to keep Ireland ‘plugged in’ and of how much at present is imported of from sources that are limited/running out. An information campaign should be targeted alongside the issues raised in priority 1 to ensure that each citizen, who is a consumer of energy, is activated to work co-operatively in producing local, sustainable energy.

Co-operation between communities and large scale enterprise is also integral to ensure the support and financial backing of any energy production projects that can progress without complete dependency on public funds.

## **Priority 6: Realising economic opportunity**

The potential for the creation of employment by developing the renewable energy sector is substantial. Further to this, if the co-operative model is utilised, profits from any enterprise stay within a community and subsequently support unrelated businesses.

In the development of biomass power, the income benefits reach several different people from the forestry grower, harvester, timber processor, plumbers, biomass machinery technicians and the savings being delivered to the company/home using the biomass fuel. This economic activity surrounding the biomass sector alone has the ability to generate increased economic activity and employment that is unmatched by any other fuel sector.

## **Opportunities and challenges to the adoption of renewable energy technologies by co-operative enterprises and communities**

At present there are barriers to the setup of new renewable energy co-operatives and to existing co-operatives adopting renewable energy technologies.

The REFIT system has not been encouraging to smaller scale production of renewable energy. As a result the projects that have benefited most from the scheme are large and in many cases owned by international companies. The majority of the profits from these projects are not retained in Ireland and not in the communities which are living with the massive infrastructure.

The development of smaller, community owned wind energy production is now possible with the installation of turbines that produce <500kw power as they do not need to go through the gate system in order to be connected to the grid. The development of this type of turbine in a community setting would suit a small community run co-operative should support, advice and information be made available to communities looking to develop a sustainable energy resource. This is not widely known however so many communities that would be interested in producing their own wind energy are not utilising this approach.

Prior to any community being able to purchase such a scale wind turbine, wind speeds would have to be measured and suitable sites near a power line identified as well as the planning process would have to be navigated including environmental impact assessments etc. This

could cost a small co-operative close to €50,000 before having to look at the cost of the project itself in professional studies and services. As a result of this, clear, free information and advice should be given to communities.

The support and drive of community projects from locally based agencies like LEADER and the energy agencies is clearly seen. However as the energy agencies are not nationwide, some communities find it more difficult to access energy expertise that would assist them in getting a project proposal off the ground.

ICOS have found that another fear of communities and potential co-operatives, is that as the technologies relating to the production of renewable energies are constantly evolving and developing, they may purchase equipment that is out of date or not as effective as a newer model. Increased information should be made available to keep communities informed as to what makes and models are the best for series of circumstances.

According to the SEAI, up to half of the renewable energy in Ireland in 2020 is expected to come from bio energy. The timber production capacity in the country in Ireland has increased significantly over the past 40 years of afforestation grants. The adoption of biomass boilers in large scale industry though has not been wide spread and very scattered. As a result of this, timber growers are reliant on sawmills and the construction industry to purchase their timber. In England a scheme called a renewable heating incentive (RHI) was introduced which gives a financial incentive to adopt renewable heating technologies that can in turn purchase their fuel from local, sustainable timber producers. ICOS understands that a similar system to this is in the pipeline, but this needs to be introduced sooner rather than later. ICOS have helped establish timber co-operatives around Ireland that are eager and ready to supply timber to biomass boiler owners so consistency of supply of fuel is not the issue as it previously was perceived to be. DANONE in Wexford have through their corporate responsibility fund, purchased a biomass boiler to replace their older fossil fuel one and as an extension to this project, they also assisted (along with LEADER companies and Teagasc) in the organisation of timber co-operatives to ensure that the timber being sources had as big an economic impact as possible.

The success of these developments are now seen in the draft proposals for the forestry development programme 2014 – 2020 where it is outlined that the potential for co-operatives as a channel to optimise the timber resource to supply the biomass market. It outlines in measure 8 of these draft proposals that support should be provided to assist the set up of producer groups and ICOS feel that this should be highlighted in the final forestry development programme as well as through the development of energy policy in Ireland.

The roll out of a national plan for the establishment of biomass district heating systems in communities could be the model needed to inspire industry or general co-operation between buildings to monitor, reduce and 'green' their energy usage.

Planning authorities in county councils are sometimes seen to be conservative in their decisions when it comes to the adoption of new technologies or innovative energy projects. Planners need to be fully educated as to the real benefits of renewable energy infrastructure and inform them so that they can properly make planning decisions. Elected officials who work between communities and the administration of councils also need to be properly informed as to the benefits for the environment and the citizens of community owned energy. As outlined under our comments on propriety 3, local authorities should prepare renewable energy plans to identify and encourage suitable renewable energy projects in their counties and support their development.

Typically finance available to community based projects is relatively short term. Community funding agencies such as Clann Credo and UCIT rarely give loan terms over 10 years as the projects that they typically fund do not need that long a term. For projects that can cost over €1million, which the smaller renewable energy projects would, a finance package should be arranged for communities that have sufficient business planning and that have sufficient governance, operational and management procedures in place.

## ICOS Recommendations

In conclusion, ICOS recommend the following measures should be adopted to ensure that the new and existing co-operatives can easily access the information and incentives that will enable them to establish projects that produce energy to run their own communities and help sustain the energy mix of the country.

1. Swift approval and implementation of a Renewable Heating Incentive
2. Encouragement for the development District Heating Systems in Rural Communities
3. Promotion of the co-operative model for community owned wind production with turbines with < 500kw power
4. Reform of REFIT system to encourage small scale community wind projects access to the grid
5. Increased interaction between SEAI and planning authorities to ensure better informed planning decisions and proactive planning policy development
6. Development of an accessible financing package for RE projects
7. Increased availability of information for co-ops on RE evolving technologies, increased knowledge sharing between publically supported RE projects and establishment of peer support programmes for start-up renewable energy projects
8. Support for intermediary actors to design and deliver training to help communities with setup, governance and policy understanding etc. involved with the start-up of community co-operatives.
9. Facilitation of networks to encourage knowledge transfer between communities implementing RE projects.

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