Renewable Electricity Corporate Power Purchase Agreements
Consultation to Policy Options for Meeting Ireland’s Targets of 15% of Demand to be met by Renewable Energy sources under CPPAs
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Date: 16/02/2021

Sustainable Energy Authority of Ireland
SEAI is Ireland’s national energy authority investing in, and delivering, appropriate, effective and sustainable solutions to help Ireland’s transition to a clean energy future. We work with the public, businesses, communities and the Government to achieve this, through expertise, funding, educational programmes, policy advice, research and the development of new technologies.

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## Contents

**Introduction** .........................................................................................................................................................................................................  1

1. **Overview** .................................................................................................................................................................................................... 3
   1.1 Policy Context .........................................................................................................................................................................................  3
   1.1.1 Background..................................................................................................................................................................................... 3
   1.1.2 Renewable Energy Corporate Power Purchase Agreements Study ............................................................................ 4
   1.2 Responding to the Consultation ....................................................................................................................................................... 4

2. **Background** ............................................................................................................................................................................................... 5
   2.1 Supply and Demand for CPPAs ....................................................................................................................................................... 5
   2.2 Baringa Report Summary Options ................................................................................................................................................... 6
      2.2.1 Strategic Choices Implicit in Developing Policy Options ................................................................................................ 6
      2.2.2 Key Aspects and Categorisation of Interventions ..............................................................................................................  7
      2.2.3 Phasing of Actions ........................................................................................................................................................................ 7
      2.2.4 Other Policies Supporting Renewable Electricity Development ..................................................................................  8

3. **Possible Implications of Select Policy Options** ..............................................................................................................................  9
   3.1 RESS interactions .................................................................................................................................................................................... 9
   3.2 Transparency ........................................................................................................................................................................................... 9
   3.3 Mandating Demand ................................................................................................................................................................................. 9
   3.4 Grid Connections ..................................................................................................................................................................................... 10
   3.5 Mitigating Counterparty Risk ........................................................................................................................................................... 10
   3.6 Community Benefit Schemes........................................................................................................................................................... 10
   3.7 Policy Cost .............................................................................................................................................................................................. 10
   3.8 Legislative, Regulatory and Other Changes ................................................................................................................................ 12
      3.8.1 State Aid Approval ...................................................................................................................................................................... 12
      3.8.2 Regulatory Changes ................................................................................................................................................................... 12
      3.8.3 Legislation .................................................................................................................................................................................... 12
      3.8.4 Regulatory Impact Assessment/Cost Benefit Analysis ................................................................................................... 12

4. **Consultation Questions** .................................................................................................................................................................... 13
   4.1 Scope of Responses............................................................................................................................................................................ 13
Renewable Energy Corporate Power Purchase Agreements

Introduction

The Climate Action Plan 2019 sets a target that 15% of electricity consumption should come from renewable electricity contracted under corporate power purchase agreements by 2030. A corporate power purchase agreement is where a company procures renewable electricity through a direct agreement with a renewable electricity developer. This supplements the renewable electricity that is supported and paid for by all electricity consumers through interventions such as the Renewable Electricity Support Scheme.

By entering into a direct agreement with a renewable electricity developer through a power purchase agreement, a corporate increases the amount of renewable electricity produced in Ireland and reduces the greenhouse gas emissions associated with electricity generation, at a lower total cost to consumers and the State.

Since corporates and large energy users are responsible for a large and growing share of total electricity demand, requiring a proportion of the renewable electricity that Ireland needs by 2030 to be developed through corporate power purchase agreements will help to ensure an equitable distribution of the costs associated with the achievement of this target.

This is also aligned with the Government Statement on the Role of Data Centres in Ireland's Enterprise Strategy1. This statement seeks to balance the positive impacts data centres will have on job creation and against the challenges that the rapid growth in electricity demand associated with data centres will pose to the operation and security of supply of a sustainable power system and the achievement of climate and energy targets.

Indeed, this objective is also aligned the corporate strategies of many large energy users who, in order to play their part in addressing climate change, are now increasingly seeking opportunities to contract directly with renewable electricity generators to secure a zero-carbon electricity supply.

Any policy interventions to support CPPAs must be designed to deliver on the Programme for Government’s objective of reducing Green House Gas (GHG) emissions by 51% from 2021 to 2030 and underpin the long-term, sustainable competitiveness of the economy as we transition from a fossil-fuel based economic model to a carbon-neutral one. The overall policy objective should be to harness additional private sector investment in renewable energy technologies while minimising the cost to consumers and supporting greenhouse gas reductions across sectors. A fundamental policy requirement shall be that policies to support the uptake of CPPAs should not increase the cost burden on the average electricity consumer, indeed policies should aim to decrease the cost burden on consumers compared to the status quo or ‘do nothing’ option.

SEAI was tasked with commissioning a study to inform Government policy on how best to develop the market for corporate PPA’s to reach the target articulated in the Government’s Climate Action Plan 2019. A Steering Group was convened and SEAI contracted the consultants Baringa Partners to execute the study. The consultants engaged with industry stakeholders and have produced a detailed report on the suite of policy options that are available to support the uptake of corporate PPA’s for renewable electricity. To assist the Steering Group with bringing forward recommendations for consideration by Government, SEAI now wishes to consult with industry stakeholders on the policy options outlined within the Baringa Report.

We invite interested and affected parties to review this consultation document, in conjunction with the study report, and to respond to the consultation questions in Section 4 of this consultation.

The following organisations participated in the Steering Group for the study:

- Commission for the Regulation of Utilities
- Eirgrid
- Department of Enterprise, Trade and Employment
- Department of Environment, Climate and Communications
- Department of Public Expenditure and Reform
- Department of the Taoiseach

1 Government Statement on Data Centre in Ireland's Enterprise Strategy, 2018
Renewable Energy Corporate Power Purchase Agreements

- National Treasury Management Agency
- Sustainable Energy Authority of Ireland

SEAI wishes to thank the Steering Group members for their contribution to directing and reviewing this work.
1. Overview

1.1 Policy Context

1.1.1 Background

Established in the All of Government Climate Action Plan and reinforced in the 2020 Programme for Government, Ireland has a target of meeting 70% of its electricity demand from renewable energy sources by 2030. Renewable electricity will play a central role in reaching climate neutrality by 2050 and supporting Ireland’s contribution to the EU Green Deal Target, implemented through setting the Programme for Government objective of reducing Green House Gas (GHG) emissions by 51% from 2021 to 2030.

While technology cost reductions in recent years have put downward pressure on solar as well as onshore and offshore wind prices, meeting this target will have a cost to consumers. Connecting renewable generation to the electricity grid has a cost and the Government’s Renewable Electricity Support Scheme (RESS) provides a guaranteed price to electricity developers over 15 years that is likely to represent a significant premium over market rates. The expected cost of RESS is estimated at between €7.2 billion to €12.5 billion over 15 years.

To date, renewable energy projects in Ireland have been for the most part financed by state subsidies, primarily through support schemes such as the RESS, funded by the public service obligation levy on electricity consumers. The Climate Action Plan set a policy goal of delivering substantial investment in renewable electricity projects through non-subsidised private sector contracts known as Corporate Power Purchase Agreements (CPPAs). A CPPA is an agreement for a business to purchase electricity directly from a generator, most often for a fixed price over a long-term contract. In the context of our national renewable electricity objectives, the benefits of CPPA’s are that they lower the cost burden for electricity consumers, ensure larger corporations and energy users can play their part in climate action, and bolster market-led decarbonisation solutions.

The Climate Action Plan sets a target of 15% of electricity consumption from CPPA’s by 2030, this equates to 6 TWh of additional electricity generation i.e. c.35% of all new generation capacity. This is equivalent to 2.3 GW of onshore wind or over 6 GW of solar PV. In terms of demand, this is equivalent to approximately 85% of the projected increase in demand from the Large Energy Users.

Maintaining the 2020 renewable electricity baseline and achieving the 2030 targets for both renewable electricity and CPPA’s will be particularly challenging because of strong electricity demand growth, primarily from data centres. EirGrid expect that data centres could account for some 27% of power consumption in Ireland by 2029, up from 4-5% in 2020. The 2018 “Government Statement on the Role of Data Centres in Ireland’s Enterprise Strategy” emphasizes the importance of data centres to the economy and identifies CPPA’s as a potential means of reducing the cost to the public/consumers of government renewable energy support schemes.

This Consultation Paper and the associated study report, outline options for measures that may mitigate the cost burden of meeting Ireland’s renewable energy objectives, as set out in the Government Statement on Data Centres and the Climate Action Plan.

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2 See RESS State Aid Decision: https://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_SA_54683
1.1.2 Renewable Energy Corporate Power Purchase Agreements Study

Government set an action under the Climate Action Plan to derive policies to support the adoption of renewable electricity CPPA’s. The Department of the Environment, Climate and Communications (DECC) convened a steering group to define the scope of work of a study to identify policy options that might be pursued to inform policy formation and SEAI was charged with procuring the services of expert consultants to execute the study. Baringa Partners were appointed as the consultants for the study and, in the course of the study, they consulted with a range of industry stakeholders, both with organisations that may be party to CPPA’s and those who may facilitate the transactions.

The consultants provided a detailed and comprehensive report of the study to the steering group. After review and feedback the steering group reported the results to the DECC.

Figure 1.1 How this Report Fits into the Policy Development Process

The study identified a wide range of measures which might support the adoption of CPPA’s, some of which are complementary and some of which are mutually exclusive. The steering group therefore asked the consultants to develop a set of example policy portfolios comprised of internally consistent and complementary measures. The consultants assembled four such portfolios including short-term and longer-term measures in each portfolio. These example policy portfolio options present a vision of potential combinations of policies, that might be adopted, but should not be taken to be the only viable combinations. The portfolios include measures that may be implemented in the near term and measures that may require a longer time period for implementation – for example where primary legislation or state aid approval is required. Many options require an evidence-based assessment of the costs and benefits along with an assessment of distributional impacts across consumer groups.

Following consideration of the responses to the consultation, it is expected that next steps and follow up actions will be set out in the 2021 update to the All of Government Climate Action Plan.

1.2 Responding to the Consultation

SEAI and the Department of the Environment Climate and Communications now invite feedback from affected companies, organisations and individuals, on the study report and this consultation. We are particularly interested in obtaining stakeholder feedback on the shortlisted interventions and preferences for which combination of these may best deliver upon the government policy objectives. Please respond by e-mail to the questions listed in Section 4 below to RECPPA@SEAI.IE by 31st March 2021.
2. Background

2.1 Supply and Demand for CPPAs

All sectors of the economy must play their part in reducing greenhouse gas emissions if we are to avoid catastrophic global warming. This can be done by improving energy efficiency and moving to zero-carbon sources of energy. Initial steps taken to decarbonise electricity use have been primarily on the supply side, supported by government incentives such as the REFIT and RESS. Industrial and commercial energy users are now increasingly interested in seeking to contract directly with renewable electricity generators to secure a zero-carbon electricity supply. Initiatives such as the RE100 have championed this approach for companies committed to rapidly decarbonising their energy supply.

A number of CPPA’s have been executed in Ireland in recent years, predominantly by large data centres. To date the total generation capacity contracted in CPPA’s which have been announced is about 250MW.

On the demand side, projected data centre energy requirements alone are in excess of the 15% CPPA target by 2030, but, while data centres can play an important role in bringing forward demand for CPPAs in the near-term, CPPA reforms to unlock the broader Large Energy User (LEU) base should be pursued to leverage the full corporate demand for green energy. This includes a variety of indigenous and multinational industrial sectors, as well as state owned enterprises and the public sector (through the Office of Government Procurement (OGP) and others).

On the supply side, both onshore wind projects and grid scale solar PV may be considered more ‘primed’ for CPPA’s than other technologies, as they are currently more cost competitive. However, this depends on there being a sufficient pipeline of projects available for CPPAs to meet the required deployment. Offshore wind may become more competitive later in the 2020s, leading to more deployment in the latter half of the decade.

CPPA volumes have been growing in Europe, averaging about 5 TWh/year since 2015, with further volumes of fixed price PPAs signed by utilities in some markets since 2017. This activity has not been uniform across Europe, it has been concentrated on several key markets, notably the Nordics, Spain, the Netherlands and Great Britain. A key driver in these markets has been the removal of subsidies – or support in the form of certificates that leave some exposure to wholesale prices, which will not be the case with the RESS in Ireland under the current design.
2.2 Baringa Report Summary Options

SEAI engaged Baringa to develop a shortlist of policy options aimed at improving the market environment for CPPAs. 24 organisations participated through one-to-one or small group sessions with Baringa, and 64 people attended an open workshop with Baringa and members of the steering group. The resulting report can be found in Appendix A.

Baringa identified 54 potential policy interventions, a short list of 21 interventions were subsequently developed based on:

- Recommendations from stakeholders;
- Those having the potential to begin making a material contribution in the first half of the 2020s;
- Those which create a pipeline of competitive projects that need a CPPA to reach market;
- Those which make the pipeline of projects more competitive by improving market fundamentals i.e. lowering development costs without providing subsidies.

The short list can be found in Figure 3.1 along with commentary on their relative ease of implementation and cost impacts to stakeholders.

2.2.1 Strategic Choices Implicit in Developing Policy Options

In developing policies to support CPPAs Government must make choices on the market model for corporate PPAs and the allocation of cost between RESS and CPPAs. The figure below from the report illustrates the primary strategic choices which will determine the shape of policies.

![Strategic Choices in Developing Policies](image-url)
2.2.2 Key Aspects and Categorisation of Interventions

The list of interventions developed by Baringa are categorised in Figure 2.3 below:

**Figure 2.3 Key Intervention Categories**

- **Changes to future RESS auctions**: Changes to the structure and rules of the RESS auction that are aimed at ensuring both CPPA market and RESS auction have a healthy and competitive pipeline or projects. All other interventions except those in this category are appraised on the assumption that the RESS auction does not change.

- **Other developer targeted interventions**: Interventions that specifically incentivise developers to seek CPPAs or other merchant routes to market (RtMs), either directly or implicit in other interventions.

- **Market-making initiatives**: Interventions that facilitate the execution of CPPAs without targeting one stakeholder group e.g., through standardisation, risk socialisation, education and marketing.

- **End-user targeted interventions**: Interventions that specifically incentivise large energy users to seek CPPAs or other merchant RtMs, either directly or implicit in other interventions.

- **Supplier / trader targeted interventions**: Interventions that specifically incentivise energy traders and suppliers to seek long-term fixed-price offtake agreements from generators.

- **Removing peripheral barriers**: Interventions that remove barriers that currently prevent CPPAs from occurring where both parties are sufficiently incentivised to do so e.g., community buy-in, physical/network and regulatory hurdles.

Furthermore, Baringa developed seven actions to deliver CPPA goals in Ireland. These are included below:

**Figure 2.4 Actions to Deliver CPPA Goals for Ireland**

<table>
<thead>
<tr>
<th>Project pipeline seeking CPPAs</th>
<th>Value / price</th>
<th>Commercial risks</th>
<th>Procurement process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>#1 Support supply by removing the conflict with RESS</strong></td>
<td><strong>#2 Support demand through imperatives to procure green power among LEUs</strong></td>
<td><strong>#4 Reduce credit-risk developers, offtakers and lenders associated with CPPAs</strong></td>
<td><strong>#6 Induce market makers (e.g., suppliers) to facilitate procurement among smaller, less sophisticated energy users</strong></td>
</tr>
<tr>
<td><strong>#3 Improve pricing by improving the financial attractiveness for LEUs entering into a CPPAs</strong></td>
<td><strong>#5 Reduce long-term price risk: Bridge gap between longer tenor required by developers vs maximum acceptable to offtakers</strong></td>
<td><strong>#7 Achieve community support for any new projects backed by CPPAs</strong></td>
<td></td>
</tr>
</tbody>
</table>

2.2.3 Phasing of Actions

Baringa recommend a phasing of interventions to support the growth of a CPPA sector. ‘Phase 1’ would consist interventions to get credible, competitive renewable projects signed up with credible off-takers already active in the market. ‘Phase 2’ would comprise interventions to further expand the pool of credible off-takers and take advantage of falling technology costs.
2.2.4 Other Policies Supporting Renewable Electricity Development

The report provides options for policies that will directly support the growth of a corporate PPA market in Ireland (Figure 3.1). There a wider set pre-conditions for the robust development of a competitive renewable electricity sector in which progress must be in place in order that the 15% CPPA target is met. As these pre-conditions are not specific to corporate PPA’s, they are not dealt with in the report. There are measures in the Climate Action Plan aimed at addressing these wider enablers of the renewable electricity sector.

**Figure 2.5 Wider Market Conditions to Underpin Achieving RES-E and CPPA Targets**

- Lowering the development cost of renewables in Ireland
- Facilitating a liquid market with robust pricing that maintains confidence of participants
- Facilitating a healthy and competitive project pipeline that ensures competition for both CPPAs and RESS auctions
- Upgrading grid to function for 70 by 30 scenario
- Nurturing flexibility, storage and grid services markets

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**Critical to ensuring a healthy CPPA market, but assumed to be part of the BAU baseline for this analysis as they are critical to the overall 70 by 30 transition**

**Relevant stakeholder feedback is reported but interventions are not appraised**

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**In scope for individual policy rationalisation versus BAU baseline within this report**

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**CPPA/RESS complementarity**

- Integrating CPPAs and RESS such that neither is compromised by the other and both work in harmony to achieve targets
- Maximising demand for CPPAs and other green products that aid project completion among energy users, through minimising CPPA-specific costs, risks, and other barriers
3. Possible Implications of Select Policy Options

3.1 RESS interactions

The RESS will have fundamental influence on the market for renewable electricity in Ireland, both by capturing a significant fraction of the supply of available projects and by setting a market price. There is therefore a balance to be maintained, if contracting with corporates is to become an attractive option to generators and a supply of projects is to be available to the market.

Keeping RESS and CPPAs separate requires little change to the current market design. Separation limits the size / scope of RESS and leads to clearer additionality for CPPAs. However, there will always be a risk of competition between the CPPA and RESS markets and a tension between their relative attractiveness to developers. Policy will to some extent determine which sector attracts the most competitive projects.

Integrating RESS and CPPA markets avoids the problem of competition between the two. However, it requires a deliberate change in future RESS market design which would need to be evaluated against policy objectives.

It is, however, recognised that adapting RESS in future could be central to maintaining an increasing supply of renewable electricity projects to meet the corporate PPA target. Design decisions that may be set for each RESS auction, such as volume to be procured, may provide short term levers to stimulate supply of CPPAs.

3.2 Transparency

Corporate social responsibility is a major driving force for the adoption of renewable electricity corporate PPAs. Transparency of both: (i) which corporates are contracting for renewable electricity and (ii) that their contracting has true “additionality” of impact in Ireland, is crucial to ensuring a level playing field and that a strong brand image is established for corporate PPA’s in Ireland.

Transparency and public awareness of corporate sustainability is critical for driving change. Many LEUs located in Ireland have committed, as part of the RE100 group or otherwise, to meet 100% of demand from renewables by 2025 or sooner, while others have set public science-based targets to mitigate their carbon emissions and achieve net zero carbon emissions by 2030/2040. It is important that the public have visibility and clarity on the meaning and delivery of this commitment and that investment is prioritised in countries that are supporting the energy infrastructure where large demand (such as data centres) is located.

The Framework for Fuel Mix Disclosure and Guarantees of Origin (GoOs) are key levers in delivering on these transparency objectives.

A related measure may be to close, or restrict the use of, the “Supplier-Lite” option. Corporates contracting for output sourced from REFIT or RESS supported projects under that mechanism, may viably claim that the output of a renewable generator has been provided solely to them. Such corporate PPA’s do not meet the criterion of full additionality. Options for addressing this may be to discontinue the Supplier-Lite mechanism or to limit the scale of projects to which it may apply.

3.3 Mandating Demand

A step onward from mandating transparency of renewable electricity use by LEUs may be to oblige categories of LEUs to contract for their electricity supply from renewable energy projects with verifiable additionality.

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5 SEM-O Fuel Mix Disclosure
Renewable Energy Corporate Power Purchase Agreements

The option of mandating demand has a low cost for electricity consumers and taxpayers but may increase costs for LEUs if the supply of renewable electricity does not keep pace with demand. Progressively phasing the scale of the obligation and the category of user may mitigate this but complementary measures may be required to both increase the supply of renewable electricity projects and reduce the cost to LEUs.

In terms of implementation, mandating demand to contract for renewable electricity would likely need to be enforced through legislation and relevant regulatory arrangements.

3.4 Grid Connections

Providing priority to grid connections for projects contracted under corporate PPAs may increase the supply of projects for the sector. While the measure has the potential to decrease costs for electricity consumers, there may, however, be regulatory challenges to discriminating in favour of a particular category of generators. Grid following funding is similar to priority connections for CPPA projects but would instead prioritise those projects with financing in place.

3.5 Mitigating Counterparty Risk

A challenge to the widespread uptake of corporate PPA’s may be the project financing risk posed for developers by the counterparties to, and the tenor of, such offtake contracts. Potential options to mitigate such risks include a price floor or 3rd party default guarantee.

While a default guarantee would manage the counterparty risk for LEU’s engaging in CPPAs, it is not clear that there is any obvious entity that would be in a position to provide such a guarantee.

3.6 Community Benefit Schemes

Government has recently introduced mandatory community benefit payments for projects supported under the RESS scheme. Such payments are not mandatory for projects outside of the RESS scheme and this difference may have the potential to undermine policy objectives that underpin community energy policy if not matched by Corporate PPA off-takers. Options for redressing this deficit may impact developers, LEU’s or the State. Community energy policy is a pillar of the Programme for Government and the EU’s Green Deal and it is crucial that CPPA funded projects deliver real benefits for communities across Ireland.

3.7 Policy Cost

The indicative magnitude of the cost impact of the shortlisted policy measures is provided in Figure 3.1 below. Any measures having a significant cost impact, upon electricity rate-payers or taxpayers, would be subject to cost-benefit analysis, before being proposed to Government or taken forward through regulatory policy changes.
Some interventions are easily achievable through current mechanism, others require primary legislation and/or more development to assess feasibility

<table>
<thead>
<tr>
<th>#</th>
<th>Intervention</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cap capacity eligible for RESS</td>
<td>Disruptive – may increase cost</td>
</tr>
<tr>
<td>2</td>
<td>RESS tail auction</td>
<td>Disruptive – may increase cost</td>
</tr>
<tr>
<td>3</td>
<td>Leave price exposure in RESS (floor or inverse floor)</td>
<td>Disruptive – may increase cost</td>
</tr>
<tr>
<td>4</td>
<td>Reduce RESS deeming volume</td>
<td>Disruptive – may increase cost</td>
</tr>
<tr>
<td>5</td>
<td>Reduce RESS auction frequency</td>
<td>Disruptive – may increase cost</td>
</tr>
<tr>
<td>6</td>
<td>Fast-track grid connection offers for otherwise ready projects</td>
<td>Cost reducing to developer</td>
</tr>
<tr>
<td>7</td>
<td>Facilitate direct wire for CPPAs</td>
<td>Cost reducing to developer</td>
</tr>
<tr>
<td>8</td>
<td>Reduce business rates for CPPA projects</td>
<td>Cost reducing to developer</td>
</tr>
<tr>
<td>9</td>
<td>Grid follows funding for CPPA projects</td>
<td>Cost reducing to developer</td>
</tr>
<tr>
<td>10</td>
<td>Offer tax incentives for CPPAs</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>11</td>
<td>RESS-specific PSE exemption for CPPAs</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>12</td>
<td>Close supplier-side option</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>13</td>
<td>Mandate GoG / enhanced fuel mix disclosure among LEUs</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>14</td>
<td>Mandate LEUs to procure GSs from Irish merchant RE</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>15</td>
<td>Mandate public sector demand for CPPAs</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>16</td>
<td>Mandate suppliers to procure unsubsidised GSs</td>
<td>Cost reducing to LEU</td>
</tr>
<tr>
<td>17</td>
<td>Price floor guarantee on CPPAs</td>
<td>Cost reducing, shared</td>
</tr>
<tr>
<td>18</td>
<td>3rd party default guarantee on CPPAs</td>
<td>Cost reducing, shared</td>
</tr>
<tr>
<td>19</td>
<td>Provide a community fund for CPPA projects</td>
<td>Cost reducing, shared</td>
</tr>
<tr>
<td>20</td>
<td>Mandate community principles for merchant projects</td>
<td>Neutral</td>
</tr>
<tr>
<td>21</td>
<td>Mandate community fund payment by developer/offtaker CPPA projects</td>
<td>Cost additive, shared</td>
</tr>
</tbody>
</table>
3.8 Legislative, Regulatory and Other Changes

3.8.1 State Aid Approval

Measures involving changes to the RESS and to other schemes supported by the PSO Levy may require a State Aid notification, as these have had prior approval by the European Commission. Provision of tax rebates to LEU’s may require a new State Aid notification. A cost-benefit analysis would have to be engaged in to support any new State Aid notification.

As the RESS 1 auction has already been implemented and the scheme has state aid clearance, adapting RESS, in any manner that changes the scheme high level design, would be a medium- to long-term measure and subject to the ex-post evaluation of the current design.

Changes to the PSO levy distribution would require amendments to the Electricity Regulation Act 1999 and re-notification of relevant state aid approved schemes (REFIT, RESS). Both of these would be expected to be lengthy processes.

3.8.2 Regulatory Changes

Measures involving changes to electricity regulations such as those on grid connection arrangements, the Fuel Mix Disclosure Framework and the GoO, and recovery of the PSO will require consideration of their appropriateness by the CRU and public consultation. Furthermore, some such measures may require primary legislation.

After the recent ECP 2 consultation and June 2020 decision, grid connection arrangements are effectively fixed for the three years. The CRU Call for Evidence on Future Options for ECP (CRU/19/144) considered the route to market aspect of this issue with the concept of Grid Following Funding (GFF), whereby only projects with confirmed route to market would be issued with full connection offers. CRU reviewed responses from this paper and the ECP-2 consultation in making its decision on ECP-2. The CRU will keep the concept of GFF under consideration, but it is not expected to be introduced until after ECP-2.3, if at all.

The CRU has signalled an intention to review the PSO levy calculation methodology. There are ongoing CAP actions to review facets of electricity regulation including the arrangements for “private wire” or “direct line” opportunities.

Changes to regulations may take a year or more to implement and carry some risk of alteration or rejection by the regulator as a result of consultation.

3.8.3 Legislation

Measures requiring primary legislation, such as fundamental changes to electricity regulations or to PSO levy arrangements, will require preparation by one or more Government Departments of bills and/or statutory instruments for consideration by the Houses of the Oireachtas. The process for legislative change can take upwards of 18 months and carries a risk of alteration or rejection.

3.8.4 Regulatory Impact Assessment/Cost Benefit Analysis

Any change to regulations or legislation which may have a significant cost impact upon, or involve a redistribution of costs among electricity rate-payers or taxpayers, will require a detailed cost benefit analysis. It is important that both the costs are assessed in relation to the accrued benefits and that the distribution of costs and benefits among affected groups is equitable and does not adversely affect vulnerable groups.
4. Consultation Questions

Please respond to the following questions:

1. What role should CPPAs have in delivering Ireland’s renewable energy ambitions?

2. What are your views on the shortlisted options in the Baringa Report?

3. Should CPPA’s receive favourable treatment in terms of grid access or otherwise?

4. What priority should be given to the options?

5. What are the potential impacts of the options upon project financing?

6. How can the supply of renewable projects for CPPA contracts be increased, and should RESS and CPPAs be more integrated or less integrated?

7. How can LEU demand for CPPAs be stimulated and translated into signed CPPA contracts?

8. Are any of the shortlisted measures infeasible from your perspective? Why?

9. What role and application method could enhanced transparency have in the encouragement of CPPAs?

10. Do you have suggestions for alternative packages of complementary measures that would fulfil the policy objectives?

11. What distributional impacts should be taken into account when selecting and further developing shortlisted measures?

12. Is the scale of ambition of CPPAs realistic by 2030? i.e. a 15% Target of all electricity demand, or 85% of projected total large energy user consumption growth to 2030.

Please respond by e-mail, to the questions listed above, to RECPPA@SEAI.IE by 31st March 2021.

4.1 Scope of Responses

Responses to the consultation should focus on the policy enablers, that are specific to corporate PPA’s, identified in the lower box in Figure 2.5. Policies arising from the consultation will focus on those areas. Other initiatives will deal with the broader renewable electricity sector enablers.