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Sustainable Energy Authority of Ireland

Opening address to the Joint Committee on Environment and Climate Action

11 October 2022

Chairperson and Joint Committee members, thank you for the invitation to attend the meeting today to discuss a review of retrofitting schemes and district heating systems.

I am joined by my colleagues:

- Dr Ciarán Byrne, Director of National Retrofit
- Kerrie Sheehan, Head of Research and Technology
- Brian O' Mahony, Head of National Retrofit and Community Department (Online)
- John Randles, Head of Delivery (Online)

I would like to thank the Committee for affording me the opportunity to present my opening statement.

Introduction to SEAI

At the Sustainable Energy Authority of Ireland (SEAI) our purpose is to drive action in Ireland's clean energy revolution. We are funded by the Government of Ireland, through the Department of the Environment, Climate, and Communications, and the Department of Transport. We are catalysts for action through our data driven actionable insights, our end user focussed grant and incentive programmes, and through our capacity-building processes with and for citizens, communities, and the business and public sectors. In 2022 our budget allocation is more than €440 million. Of this, €267.2 million is allocated specifically to energy retrofits in homes and communities.

Context

To set the context for the forthcoming discussion on retrofit and district heating, I would note some figures from the National Energy Balance 2021, recently published by SEAI. While our national energy budgets set a reduction target of 4.8% CO₂ emissions per annum up to 2025, our

energy emissions increased by 5.4% in 2021, and our renewable energy share for heat remains at under 7%. Heat is responsible for a quarter of our emissions and its demand is 94% derived from fossil fuels.

The National Heat Study provides evidence that the pathway to decarbonisation for the heat sector with the least cumulative emissions deploys electric technologies. This is critical to meeting our national targets. Essential to our pathway is the deployment of district heating and heat pumps at scale, and the backbone is the achievement of our renewable energy targets for electricity. The EU and National legislation is clear, our net zero pathway is dependent on Use Less – efficiency, such as retrofit - and Use Clean - a shift to low carbon technologies, such as District Heating solutions. Unprecedented effort is required on both of these to succeed.

District Heating

The National Heat Study found that up to 50% of our heat demand nationally could be met through District Heating. This is a proven technology which offers the benefit of decarbonisation and energy resilience. In many cases, our mainland European neighbours who use District Heating at scale have not experienced the price fluctuations currently in play. Ireland's challenge is to deliver this at a faster pace than experienced elsewhere; our opportunity is that we can learn from well-established practices in District Heating to do this well.

We cannot afford to continue to support fossil fuel heating in our homes and businesses, a clear alternative must be prioritised to support this transition. DECC has established a working group on District Heating, to report by the year end, and SEAI is closely supporting this work. Ireland's challenge is to deliver this at a faster pace than experienced elsewhere, but our opportunity is we can learn from well-established practices in District Heating to do this well.

National Residential Retrofit Plan

In February, Minister Ryan announced the opening of the registration process for the new National Home Energy Upgrade Scheme (OSS), offering substantially increased grants for a typical B2 home energy upgrade, including enhanced grants for installation of heat pumps.

The scheme offers a hassle-free home energy upgrade with One Stop Shops providing an end-to-end service. To date, 12 suppliers have been registered and are active on the scheme, and 10

additional suppliers are at various stages in the registration process. All registered suppliers have reported strong pipelines of work and increased conversion rates of enquiries to commitments. Grant levels were also increased and harmonised across other SEAI retrofit schemes.

To date in 2022 over 36,000 applications have been received by SEAI across our schemes, and all are experiencing significant levels of demand from homeowners. This equates to approximately 28,800 homes being retrofitted. Homeowners typically have a period of 8 months to complete works once approved and there are constraints on delivery at the present time. The Warmer Homes Scheme is our main Energy Poverty scheme and operates under different conditions and constraints to our other schemes. Over 3,200 homes have been delivered on the Warmer Homes Scheme to date in 2022.

As referenced when we met with the Committee in April, we are in unprecedented times, and the National Residential Retrofit Plan is experiencing many of the same challenges facing the wider economy, namely inflation and supply chain constraints in terms of labour and materials. While anecdotal information suggests that the material supply chain constraints experienced immediately post Covid-19 have eased in recent months, many suppliers are reporting difficulties in securing appropriate labour supply. Also, the significant levels of inflation reported for some building products related to retrofit is a cause for concern. SEAI are acutely aware of the potential to further inflate specific markets by simply increasing grant levels and have focused therefore on attracting more contractors to participate on our schemes.

Conclusion

At SEAI we are delivering significant climate action. Ireland's carbon free future is dependent on efficiency actions, and our pathway to the elimination of fossil fuels. This task is not easy. Critical to its success is Government support for the solutions required. In the heat sector, the key solutions have been identified, and they marry approaches taken in other nations. It means building on the current, significant investments and commitments from Government. We urgently need further actions and investments to support the widespread implementation of District Heating, the necessary supports required to eliminate fossil fuels in our buildings, and publication of a national heat policy approach. SEAI recognises the challenges ahead but is ready to play its part in support of this national ambition.

Finally, our thanks to our colleagues in the Department of Environment, Climate Action, and Communications for their continued support and close collaboration. I welcome discussion with

the Committee, and my colleagues and I are happy to answer any questions you may wish to raise.

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