

Micro Electricity Generation Association Of Ireland (MEGA)

Submission To Commission For Energy Regulation by invitation issued in Consultation Paper CER11189 on the Proposed Certification Process for HECHP submitted by email to J. McSherry

CER

Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

Certification Process for High Efficiency CHP
Consultation Paper

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Commission for Energy Regulation
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This submission is a direct response to the CER Consultation call for submissions on the Proposed National Certification Scheme for High Efficiency CHP CER/11/189.

MEGA welcomes the certification process for High Efficiency CHP (HECHP) and we would like to thank the CER for the opportunity to consult on this response.

We would encourage the CER to strongly favour Approach 1 (“Approach 1: All Economically Justified Heat is Considered Useful Heat” - please refer to Page 11 of consultation document) for its certification process.

MEGA is of the view that this more permissive approach:

- is in line with better regulation;
- will result in a higher take up of HECHP which is the aim;
- will reduce the financial and administrative burden on operators/developers;
- will deliver better value for money in the use of CER time.

MEGA also strongly urges the CER to apply a ‘*de minimis*’ approach to the certification of Micro-Generators which according to our association is below 2MW. Again, we believe the light touch approach will not further hinder developments which may see further regulatory processes as a barrier.

MEGA is concerned that the CER are concerning themselves with “economically justifiable (demand for heat)” reasons for a development and that this too may result in a snapshot view which does not measure the entire benefits of a project. When considering whether heat is economically justifiable or not, the developer or operator should be encouraged to consider the external economic benefits of a project (the externalities).

MEGA would strongly urge the CER to take a broad view of the merits of each individual project. This would encourage stakeholders to justify projects on an environmental or sustainability basis which is arguably more justifiable economically over the life cycle of the project.

For example, the treatment of waste in a more environmentally friendly fashion may result in better environmental and social circumstances, reduced greenhouse gases and diversification of the local fuel mix adding to security of local supply. In this case the external economic benefits must be considered for the national good and should be added to any local economic considerations.

The contributions that renewable energy sources make to statutory obligation targets which flow from the Renewable Energy Directive or Waste Framework Directive, etc. should also be considered as their non-addition beyond thresholds may mean that Ireland inc would incur fines from Europe.

MEGA therefore encourages the CER to consider economic benefits that may accrue on a life-cycle basis and perhaps request applicants for HECHP certification to state if their projects are intended to address some of these issues.



There is also a concern that a snapshot or narrow view of the economics of a project may paint it in a poor light as the trading of heat and power are driven by commodities markets and again justifies a life-cycle approach to the cost-benefits of a project. Equally, if a company or individual wants to implement a project for the greater good, the CER will need to be able to consider the externalities otherwise CER could dissuade philanthropic or forward thinking developers from pursuing projects or projects which are for the National or local good or to meet specific development targets.

MEGA would make the comment that planning laws may already consider whether an application for a project is viable in economic and environmental terms and where such a consent is issued, perhaps CER should consider this as the measure of meeting any “economically justifiable demand for heat” requirement. This approach could be reviewed in 2 years by CER and stakeholders to ensure that a consistent approach is being delivered.

Finally, MEGA is of the view that initial applications for the first 2 years, should be deemed to be made after submission provided there is only minor information outstanding from the application process. CER can always reconcile the applications and certifications at a later period during the year but there is a concern that lack of certification may result in an unnecessary financial penalty to operators. CER should recognise that this will place a particularly large risk on smaller operators and should seek to simplify and streamline the process based on the first two years applications. MEGA would be happy to comment further on such an approach if required.

As outlined in our recent meeting with you, we believe that for smaller projects (e.g. in AD, biomass etc) it will be difficult to measure fuel content, CV and contribution and we believe that CER should allow reverse calculation of fuel contributed based on a certified mix (from commissioning or a reference plant) for all plants under 2MW power production.

MEGA is happy to elaborate on any of the issues raised above and would request that for such queries, you should contact Dudley Stewart or Martin Hogan at the contact addresses provided earlier.

