Karin Kempf

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28th July 2017

Submission on Public Service Obligation Levy 2017/2018

I would like to make following submission.
By law the Commission for Energy Regulation is required to take observations on issues from the public into consideration before it makes its final decision. Issues for example are:

a) Electricity generation with a target of 40% from renewable energy by the year 2020 will intensify the rate of increase of the PSO levy well above the current rate.
b) Continuing phenomenal rise in the PSO levy is not sustainable. It is a hindrance to employment as well as to international cost competitiveness.
c) Wind farms have been in operation and widespread for at least 25 years. It is a mature technology, no longer in its infancy, that should no longer be in need of subsidised incentives.
d) Decarbonising on non-ETS sectors for example residential (electric heating) and transport (electric cars) will exponentially increase the demand on nationally renewable/decarbonised electricity and will evinve in an equal measure on the PSO levy at current REFIT subsidy levels.
e) There seems to be an untenable imbalance in the blend of renewable electricity generation technology in our country with over 90% concentrated on just one: off shore wind generation.
f) A re-examination of the renewable energy feed-in tariff and its related PSO funding levy should be undertaken. This is a matter of utmost importance to correct the serious imbalances that have evolved under the current regime.

The scope of the PSO levy is limited to supports for electricity generation under the ETS (Emission Trading Scheme). According to the most recent data ETS comprised 19.1% of the Irish greenhouse gas emissions in 2014.

The Government stated its intention and expressed it in the DCENR white paper called "Ireland's Transition to a Low Carbon Energy Future 2015-2020" in order to guarantee secure supplies of affordable and competitive energy to its citizens and businesses as the country moves to low carbon energy.

The decarbonisation of energy as envisaged in this white paper includes greatly increased electrification of the non-ETS sector from renewable electricity production. ETS generation which is the subject of the current decision paper on the PSO levy for 2017/2018.

That the consultation exists is not obvious at the CER's homepage and the tiny slot afforded to "Latest Documents" and "most viewed" documents indicates that the consultation quickly falls from view and is no longer visible as other documents appear. Because of this, visitors to the CER website are unlikely to realise that there is any consultation taking in process what so ever. In which way was the public informed that this consultation was taking place in order to ensure effective and meaningful public participation and consultation?

In 2016 the PSO levy was increased by 21%. The proposed increase of 27% this year, in 2017 will bring the combined increase to 53.6%. This increase within 2 years! This not only a phenomenal increase. It indeed is 67 times higher than the yearly average inflation rate which is forecast in the ESRI Economic Summary to be 0.8% in 2017. It is obvious that this is unsustainable.

The payment which is proposed for 2017/2018 to wind energy under REFIT is 94% and 97% under REFIT 2. The Commission for Energy Regulation is the state authority that has allowed the Irish national renewable strategy that averages out at over 94% in wind energy only. This technology is only one option of renewable energy. Unlike the rest of Europe, CHP, Hydro and biomass consist of less than 5% of the renewable energy blend. . Where is solar PV? Where is pumped storage?

The aim of the Commission for Energy Regulation must surely be to regulate the energy market. And to coordinate correction of Government policy where policies that are in existence begin to contort the strategic balance of energy provision. The CER has been dismally unsuccessful in this regard.

Based of data extracted in May 2017 from the most current Eurostat electricity price statistics shows that Ireland currently has the highest pre-tax electricity price in the EU. It shares the distinction of the fourth highest price with Italy and Portugal after Denmark, Germany and Belgium. Denmark and Germany are of course models which Ireland wishes to follow in its transition to low carbon energy future up to 2030 under the direction of the Commission for Energy Regulation. It is oblivious that the 27% increase in the PSO levy proposed in the decision paper will push the price of Irish electricity even further up the comparison table of our European neighbours.

The result and consequences of a failure to curtail the current runaway train, the PSO levy will be losses in the employment market, business closures and the loss of competitiveness. It will also ensure that citizen on the poverty line will not be able to afford to heat their homes and electric appliances as they are just too worried about their bills.. None of these are what this country needs and nor is it desirable.

Yours sincerely

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