The Bioenergy Plan – What needs to be done?

Tim O'Leary
IFA Deputy President

IrBEA National Conference
Wednesday, 4th February 2014

Introduction

- IFA represents the interests of over 85,000 farm families.
- In 2011 we published our renewable energy policy:

  Ireland's Land-Based Renewables Strategy – An energy policy for jobs, growth and economic recovery

- Published in response to increased interest by the farming community in renewables, following:
  - Introduction of the Bioenergy Scheme and
  - The lack of viable markets.

Key Recommendations

- Establish a dedicated Green Energy Unit to deliver targets.
- National Bioenergy Roadmap
- Realistic REFIT tariffs to stimulate market and provide fair return to farmers.
- Biomass Public Procurement policy
- Renewable Heat Incentive Scheme
- Biomass Mobilisation Programme

So where are we?

- Draft Bioenergy Plan published in October 2014 that sets out policy actions to achieve RED targets by 2020.

  "..challenges in particularly in the areas of heat and transport"

  "...realisation…requires a coordinated cross Government support"

- SEAI estimate a shortfall of 2% from the target of 16% total final energy consumption from renewables by 2020.
  - 4% shortfall RES-H
- IFA believe that the shortfall will in fact be greater.

The Heat is on…..

- Bioenergy contributes approx. 3% of Ireland's total primary energy requirements (TPER).
- The scale of the challenge:

Bioenergy Contribution (ktoe*)	**2008**	**2012**	**2020**
Biomass	245	256	1,169

* A unit of ktoe = kilo (1,000) tonne of oil equivalent

Possible Fines

- If Ireland does not achieve our 2020 Renewable Energy targets we are facing fines in the region of:

€1/2 billion

Resource Challenge

- The achievement of the RED targets will be constrained by the availability of biomass resource.
- Forecasts estimate that over 4 million green tonnes per annum are required.
- The biomass volumes needed to reach targets are not available.
  - Declining afforestation programme and
  - Poor up take in bioenergy scheme

Forest Resource

- Forestry is our largest biomass resource with approx. 730,000 ha
  - Over 45% is privately owned.
- Afforestation target of 10,000 ha per annum up to 2015.
  - In 2014, 6,156 ha of new forest was established
    - There was a budget allocation to plant 7,000 hectares
- Declining afforestation programme due to restrictions on planting productive land that has capacity grow commercial timber has resulted.
- A shortfall in planting of in excess of 20,000 ha per annum has been identified to meet achieve RED supply requirements.

Forest Resource

- Production from farm forestry is expected to increase eightfold to 2.95 million m^3 by 2028.
  - Unlikely to achieve this production target as 40% shortfall in harvest volumes in 2013 v's forecast (328,000 m^3 harvested)
- Energy wood volumes expected to increase to 0.63 million m^3 by 2028 or a total of 10.75 million m^3.
- 19,500 farmers with forestry, the mobilisation of this resource represents a major challenge.
- Strong demand from traditional markets for timber
  - Currently importing 30% of the sawlog demand.

Bioenergy Crops

- SEAI estimate that 60,000 ha of bioenergy crops are needed to satisfy RED targets.
- Currently 3,353 hectares established.
  - 2,414 ha miscanthus
  - 939 ha willow
- Many farmers have had a negative experience with bioenergy crops, particularly miscanthus.
  - Lower yields than forecast.
  - No viable markets.
- Farmers will not plant at the scale required until there is a market and competitive return for bioenergy crops.

Biomass Crop Residues

- Biomass crop residues from cereals and oilseed rape.
  - Total production – 1.4mt
  - Available resource – 400,000t
  - Little need for additional specialist farm equipment
- Emerging market opportunities
  - CHP - Biotricity, Rhode, Co Offaly (100,000t)
  - Smokeless fuels for Ireland's home heat market – CPL Foynes, Co Limerick (120,000t)
- Obstacles & roadblocks.
  - For industry - regulatory & planning difficulties and lack of tangible incentives
  - For farmers – must make commercial sense
- The benefits
  - Opportunity for long term supply contracts for farmers
  - The creation of jobs in rural communities
  - The production of environmentally sustainable energy/fuels

Where is the biomass resource going to come from?

Are we planning on replacing one imported fuel with another?

With 5 years to 2020, have we left it too late?

Market Challenge

- REFIT 3 has not stimulated market development in the sector.
  - Tariffs are too low.
  - Application process unnecessarily arduous.
- Realisation of projects has and continues to prove to be difficult.
  - Deal with 4 Government Departments, five state agencies and stakeholders
  - Increases risk and investments costs
  - Arduous planning process – negative campaigning by vested interest groups
- Need specialised dedicated Green Energy Unit to streamline and assume responsibility for the coordination of Ireland's renewable strategy.

Renewable Heat

- IFA welcome the introduction of a Renewable Heat Incentive scheme in 2016.
- The scheme has proven to be very successful in the UK to develop the renewable heat market.
- Must learn from mistakes of the past and design a scheme that delivers a good price to farmers.
  - Must incentivise farmers to grow bioenergy crops/supply pulpwood/biomass crop residues to energy market.

On-farm AD

- AD has significant potential to contribute to meeting RED targets.
  - As well as to Government policy in waste management, climate change and wider environmental objectives
- 1.1 million dairy herd expected to increase significantly to achieve Food Harvest 2020 goal of a 50% increase in milk production.
- AD is an efficient and environmentally sensitive way to manage additional slurry.
- Regulations on AD need to be simiplied.
- Need to increase in REFIT 3 tariffs to make on farm AD plants viable
  - Northern Ireland promoting AD by offering up to €0.28 per KW electricity.

Green Procurement

- Government spends approx. €600 million per annum on heating public buildings.
- A lot of work has already been undertaken on economic feasibility of converting public buildings to bioenergy.
- Government must lead by example and commit to converting public buildings that are shown to be feasible to biomass.
- A commitment by Government would create confidence in the sector particularly in the supply chain by creating local demand.

Why?

The economic and rural development benefits of achieving our mandatory RED targets, can not be overstated:

- No fines.
- Reduce imported fuel bill by approx. €1/2 billion per annum.
- Annual operating costs of approx. €1/2 billion to operate these bioenergy facilities.
- This money could be spent in the Irish economy.
- Improve viability of Irish farm and farm incomes.
- Create 3,600 new full time jobs.
- Increase competitiveness by reducing energy costs for end users.

Thank you for listening