

Grants Available in Irish Market for Energy Efficiency Works

Document Overview

The premise of this document is to inform the commercial, financial and engineering departments of the grants and schemes available for energy efficiency projects in Ireland. The summary document will give a high level overview of the grants available. The document also highlights the additional schemes which can assist in offsetting CapEx during project assessment and implementation. The grants and schemes which will be addressed in this document are as follows:

- Energy Efficiency Obligations Scheme, EEOS.
- Better Energy Communities, BEC.
- EXcellence in Energy Efficiency Design, EXEED.
- Energy Performance Contracting, EPC.
- Accelerated Capital Allowances, ACA.

To accompany the information surrounding the grants and incentives, a short discussion into the Medium Combustion Plant Directive (MCPD) is also explored in this document.

The document will give a high level summary, enabling interested parties to understand some of the grants, incentives and directives currently employed in Ireland.

For a detailed breakdown of the grants available, please visit our [website](#), or contact EES at info@energyengineeredolutions.com.

1.1 Energy Efficiency Obligation Scheme

1.1.1 EEOS Background

Directive 2012/27/EU, the Energy Efficiency Directive (EED), requires each EU Member State to apply an Energy Efficiency Obligation Scheme (EEOS), which obligates designated parties (Utilities Suppliers) to achieve annual energy reduction targets across a number of sectors, in order to help meet Europe's 2020 energy reduction targets.

Utility Suppliers meet this obligation by finding, incentivising and contributing to energy efficiency projects through a variety of support services. This can be through technical support or a capital contribution to the project.

1.1.2 Energy Credits

1.1.2.1 Criteria

If a private company is contemplating an energy efficiency project, they should engage with a Utility Supplier **before** any significant work is carried out. To qualify for the EEOS the Utility Supplier should be engaged before commencement of any energy project, and should have a material contribution to the project. This contribution could be through a variety of ways such as offering energy audits, guidance and mentoring on identifying and developing projects, technical support, contributing to project CapEx, and metering costs.

Energy savings which result from the project are then claimed as Energy Credits by the Utility Supplier. To qualify for Energy Credits, the project must achieve verifiable energy savings through increased energy efficiency measures. These Energy Credits must also be verified through the SEAI using an approved measurement and verification process (M&V).

1.1.2.3 Energy Credit Value

The value of a Utility Supplier's contribution will be based on the energy savings generated for a specific project, with the client and the utility provider agreeing on a rate per kWh of energy saved. The supplier will then provide technical and support services throughout the project and may provide a once off payment to the client for the remaining value of the credits.

1.1.2.4 Example

The table below shows an example of savings achieved through a project using whole facility metering.

M&V Assessment for Energy Efficiency Project	
2017 Annual Gas Consumption	3,215,000 kWh
2018 Annual Gas Consumption	2,012,500 kWh
Forecast 2018 Gas consumption (adjusted for weather conditions)	3,300,000 kWh
Gas Savings from Energy Project	1,287,500 kWh
Energy Credits Value	€ 0.022 /kWh
	€28,325

References:

<https://www.seai.ie/energy-in-business/energy-efficiency-obligation-scheme/>

<https://www.seai.ie/resources/publications/Guidance-on-authenticating-and-claiming-energy-credits.pdf>

1.2 Better Energy Communities Grant

1.2.1 Background

The Better Energy Communities (BEC) grant is a national retrofit initiative, which aims to upgrade building stock across the country. The grant is available to both residential and non-residential building types to reduce energy use and costs throughout the community, and aims to deliver energy savings to homeowners, communities, and private sector organisations.

1.2.2 Grant Criteria

The BEC grant is available to projects which increase energy efficiency in buildings with a wide range of eligible works such as renewable and sustainable technologies, mechanical upgrades, energy efficient lighting, smart metering, controls upgrades, heat recovery and building fabric upgrades.

Projects from multiple sectors are grouped together into a single application. SEAI encourages projects to be grouped as communities, but advise that a community is a broad interpretation. As such, it is common for county councils to make applications and some applications would involve projects across Ireland. To be successful in applying, all projects should be community oriented with a cross-sectoral approach.

1.2.3 Funding Levels

Depending on the sector there are set amounts of funding available for project CapEx. See below for non-residential levels:

Non-Residential	Not for profit / community	Up to 50%
	Private and public sector	Up to 30%
	Public sector (exemplar)	up to 30% <= 50%
	EV charging points	30%

There is also bonus funding available if a project adheres to project timeframes and achieved agreed project milestones, as set out by the SEAI. The maximum funding limit for any one project is €1,000,000.

1.2.4 Grant Timeframe

Grant applications open at the beginning of the calendar year and remain open until all funding is allocated. Once funding has been allocated it is released retroactively as project milestones are reached. To obtain the full grant amount, the project must be completed by the mid of October.

Reference:

<https://www.seai.ie/grants/community-grants/>

<https://www.seai.ie/resources/publications/Community-Grant-Guidelines.pdf>

1.3 EXEED Framework

1.3.1 EXEED Background

EXcellence in Energy Efficient Design (EXEED) provides a framework for energy efficient design and management for new investments and retrofits to new or existing assets. EXEED will certify assets which achieve optimal energy performance and energy management capabilities under three distinctions of certification, EXEED Designed, EXEED Verified and EXEED Managed.

1.3.2 Grant Value

1.3.2.1 Criteria

EXEED aims to encourage forethought and consideration of energy efficient design at the earliest possible stages of a project, when it is most effective.

The system designer must establish a comprehensive understanding of the energy consumers and resultant energy users on site, enabling the design to assess the efficiency of generation, distribution and how the energy is used, before designing or replacing the energy infrastructure. If a more efficient method of energy generation, distribution or use is identified, the project can qualify for grant funding, thereby encouraging efficient design and innovation.

1.3.2.3 Levels of Funding

There are two tiers of funding available;

1. A project assessment grant.
2. A project implementation grant.

1) The EXEED grant scheme supports the additional external professional services and additional capital required to implement and certify the EXEED project. The EXEED Programme which will provide **50% of professional services costs** associated with implementing the EXEED Programme process, including the following services which could be provided by:

- External EED Expert
- Technical feasibility studies
- Engineering exercises/calculations and design modelling
- Research and risk management

2) The EXEED Programme grant also covers up to **30% of project capital costs**, to a maximum of €500,000, for additional costs associated with EXEED, including:

- Additional capital investment compared to baseline design
- Uniquely identifiable energy performance improvement opportunities
- Additional metering, design, implementation and commissioning services
- Testing
- Measurement & Verification additional costs

1.3.2.4 Availing of Grants

The grants are provided by SEAI and are available on completion and acceptance of the project application forms.

References:

<http://www.seai.ie/Grants/EXEED-Certified-Pilot-Grant-Scheme/>

<https://www.seai.ie/grants/business-grants/exeed-certified-grant/EXEED-Grant-Scheme-Guidelines-2019.pdf>

1.4 Energy Services Framework (EPC Grant)

1.4.1 Background

The National Energy Services Framework was developed by the SEAI to develop energy projects in the non-domestic sector by providing a comprehensive project structure and best practice guidelines, with a view to developing investment ready energy projects and developing the Irish energy project market.

The framework aims to develop these projects by providing a robust project planning and development structure for public and private sector organisations assessing the feasibility of a project or those engaging in a project with an ESCO.

1.4.2 Criteria

Rather than developing energy projects with traditional contract terms and payment structures, the framework focuses on developing 3 types of energy projects:

- Energy performance contract (EPC) - Typically an ESCO will fund and undertake the efficiency works. The ESCO then receives an agreed portion of the energy savings accrued over a designated period of time.
- Energy performance related payment (EPRP) - Typically an ESCO will fund and undertake the efficiency works. The ESCO then receives an initial partial payment for the works, with an agreed portion contingent on the energy savings accrued over a designated period of time.
- Local energy supply contract (LESC) - An agreement for an ESCO to undertake the works on the back of an agreement for the ESCO to supply heat, electricity or other energy to a local site.

The above mechanisms transfer the risk from the client to the ESCO and ensure energy savings are achieved. It should be noted that the above examples are only the most typical forms of each contract, and that the terms and conditions of the contracts can be quite varied and creative.

1.4.3 Framework Stages

Stage 1: Get Organised

Stage 2: Initial Appraisal

Stage 3: Detailed Appraisal

Stage 4: Procurement

Stage 5: Contract Implementation

1.4.4 Funding Levels

The following grant support is available for eligible technical, legal and some equipment costs.

Initial Appraisal - Up to 50% funding of the itemised eligible costs, subject to a maximum limit of:

- €7,500 (€15,000 total costs) for a facility or facilities that spends up to €1 million on energy.
- €15,000 (€30,000 total costs) for a facility or facilities that spends over €1 million on energy.

Detailed Appraisal - Up to 75% funding of the itemised eligible costs, subject to a maximum limit of:

- €37,500 (€50,000 total costs) for EPC.
- €15,000 (€20,000 total costs) for EPRP.

References:

<https://www.seai.ie/grants/business-grants/project-assistance-grants/>

<https://www.seai.ie/resources/publications/Application-Guide-Project-Assistance-Grants.pdf>

2.1 Accelerated Capital Allowance

2.1.1 ACA Background

Accelerated Capital Allowance (ACA) is a tax incentive for companies paying corporation tax, which aims to encourage investment in energy related equipment, which has been deemed recognised as highly efficient by SEAI. The ACA offers an incentive enabling companies to reduce their taxable income by 100% of the capital cost of the qualifying energy efficient equipment.

2.1.2 Criteria

During the project design phase, the system designer must cross reference the energy efficiency equipment against SEAI's ACA and Triple E asset register. If the asset has been approved by the SEAI, the company can claim the ACA for the purchased equipment on the company's tax return form.

2.1.3. Example

A company has € 100,000 profit at the end of their accounting period, on which they must pay 12.5% corporation tax. The same company has during that period, purchased capital equipment that cost €20,000.

Cost of ACA Approved Equipment	€ 20,000	
Company Profit	€ 100,000	
	Standard Capital Allowances	ACA
Proportion of deductible Capital Equipment Costs	13%	100%
Deductible Capital Equipment Costs	€ 2,500	€ 20,000
Taxable Profit (Minus Deductions)	€ 97,500	€ 80,000
Tax Payable on Profit @ 12.5%	€ 12,188	€ 10,000
Tax Saved with Deductions	€ 313	€ 2,500

Implementing the ACA procedure, the company is exempt from €2,500 in corporate tax.

Reference:

<https://www.seai.ie/energy-in-business/accelerated-capital-allowance/>

<https://www.dccae.gov.ie/en-ie/energy/legislation/Pages/Accelerated-Capital-Allowances.aspx>

3.1 Medium Combustion Plant Directive

3.1.1 MCPD Background

Directive (EU) 2015/2193, the Medium Combustion Plant Directive (MCPD), sets out emission limitations on certain pollutants into the air from combustion plants with a thermal input between 1 MW - 50 MW. The MCPD regulates the allowable emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and dust through Emission Limit Values (ELV)s. The ELVs for a combustion plant vary based on the type of plant and the fuel type consumed. The directive also requires that Carbon Monoxide (CO) emissions be measured and recorded for qualifying combustion plants.

The directive was transposed into law by EU member states in 2017, after which new combustion plants must comply with the directive. Existing combustion plant with a rated thermal input of less than 5 MW will have until 2025 to comply, and plant with a rated thermal input greater than 5 MW will have until 2030 to comply. It will be the obligation of each EU member state to ensure that no qualifying combustion plant operates without a permit and registration under the MCPD.

3.1.2 Emission Limit Values

The ELVs will depend on the following criteria:

- The type of appliance (engine, gas turbine, steam boiler, etc.).
- The type of fuel (liquid fuels, solid fuels, gaseous fuels, etc.).
- The date the plant was put into service.

Depending on the above criteria, the plant will fall into a predetermined band for compliance. Failure to comply will result in the immediate shut down of the plant. Moreover, there are a number of exemptions, or allowances made to the ELVs, applicable to solid biomass, district heating and for plants which operate under 500 hours per year to name a few.

Note: Where limits already exist in a Local Authority that are more stringent than those described in the MCPD, the more stringent requirement will apply.

3.1.3 Aggregation

A site with several combustion appliances whose individual rated thermal inputs are less than 1 MW and with a cumulative input of greater than 1 MW will not be required to comply with the MCPD. This installation will be covered by the Energy-related Products Directive (ErP) 2009/125/EC

A site with several combustion appliances whose individual rated thermal inputs are less than 50 MW and with a cumulative input of greater than 50 MW will not be required to comply with the MCPD. This installation will be covered under the Industrial Emissions Directive (IED) 2010/75/EU. However, the input of multiple combustion appliances will be aggregated when the waste gases of the appliances exit, or could exit, through a common stack.

Reference:

<http://www.irishstatutebook.ie/eli/2017/si/595/made/en/print>

<http://ec.europa.eu/environment/industry/stationary/mcp.htm>