

Energy Research, Development and Demonstration Consultation Paper Commission for Energy Regulation Response

Introduction

The Commission for Energy Regulation (the Commission) welcomes the publication of a consultation paper on energy research, development and demonstration, (energy R, D & D) by the Department of Communications, Marine and Natural Resources (the Department). The Commission is a stakeholder in this area and has a legal remit to *‘encourage research and development into methods of generating electricity using renewable, sustainable and alternative forms of energy and combined heat and power, and methods of increasing efficiency in the use and production of electricity’*¹ and makes this response in the context of that remit.

Overall, the Commission supports the proposed move to a more co-ordinated approach to energy R, D & D and its alignment with policy to achieve specified economic, energy and environmental goals. The Commission suggests that a clear set of guiding principles should be developed to steer this process.

The Commission also agrees with the emphasis placed in the consultation paper on the importance of creating and maintaining an energy R, D & D capacity on the island. In addition the Commission considers that it is important in developing R, D & D goals, programmes and implementation, to collaborate with parties in Northern Ireland in order to support government policies both North and South consistent with achieving an all island energy market.

Finally, the Commission agrees with suggestion of establishing a co-ordinating council for R, D & D and suggests that an implementation working group, with membership drawn from existing agencies and stakeholders including stakeholders in Northern Ireland, be established to design, develop and implement governance and funding arrangements for such a council.

Guiding Principles

The Commission is of the view that it would be of benefit to set out principles to drive the development and implementation of a more targeted and co-ordinated approach to energy R, D & D. These principles will serve to inform the nature of the structures to be put in place to ensure that benefits are maximised. For example, the preferred approach should:

- Be informed by relevant national, regional and EU energy policy.
- Be co-ordinated across all appropriate bodies on the island of Ireland.

¹ Section 9(5)(d), Electricity Regulation Act, 1999.

- Build on existing capacity and capability in the area of energy R, D & D by supporting appropriate activities at undergraduate and postgraduate level.
- Serve to strengthen links with industry in order to ensure that projects of industrial relevance are supported and mobility between universities and industry increased.
- Minimise administrative costs and simplify administrative procedures in the allocation and administration of funds.
- Promote competition between applications for funds in order to encourage innovation and ensure the most beneficial projects are supported.

Institutional and Governance Options

On balance the Commission is of the view that the second option outlined in the consultation paper is the most appropriate institutional arrangement. This option involves the establishment of an Energy Research Co-ordination Council (the ERCC) served by a small secretariat.

This approach can provide a number of advantages including the following:

- May not require the establishment of a new statutory body. This should allow for the earlier introduction of the new arrangements.
- Should allow representatives of bodies with an existing legal remit in the energy R, D & D area to be included in the new arrangements without revising or amending their existing statutory duties in the short term.
- The early involvement of key stakeholders should serve to ensure that all appropriate views are taken into account in the co-ordination of energy R, D & D.
- May minimise cost and administrative effort relative to the other options presented in the consultation paper.

The Commission suggests that the functions and duties of this body together with the reporting arrangements and operational relationships between the ERCC and its members need to be clearly defined at the outset and suggests that the Department establish an implementation group which draws its membership from the existing relevant agencies and stakeholders, both in Ireland and in Northern Ireland, to design, develop and implement governance arrangements.

All Island Perspective

Given the commitment of both Governments to the creation of an all island energy market, the Commission believes that it is important to include the appropriate bodies from Northern Ireland in the new energy R, D & D arrangements. North-South co-operation on energy R, D & D will help maximise the value of resources invested in projects with an all island aspect. Given the Commission's preference for the establishment of an ERCC, the Commission is of the view that relevant Northern Ireland stakeholders should be represented on this body and indeed, should be involved in the implementation working group mentioned above.

EU Perspective

At the EU level, the Seventh Research Framework Programme (FP7) builds on the previous programme, FP6, but also strives to improve on it in terms of availability of funding and practicality of implementation. Some of the ideas set out in a recent communication from the EU Commission on FP7 may be useful to the Department in co-ordinating and managing resources for energy R, D & D purposes in Ireland:² These are:

- Clearly identify objectives for research to be undertaken, namely co-operation, ideas, people and capacities;
- Build on past success/ seven year programme duration;
- Concentrate on key selected themes and topics;
- Meet industry's needs by funding projects of industrial relevance and by encouraging universities and companies to work together;
- Reinforce links with private efforts;
- Rationalise the funding instruments by reduction of red tape and optimisation of the management of the programme to ensure simplicity of operation and better value for money; and
- Reduce fragmentation of research efforts and investments through stronger co-ordination, more dissemination and more excellence through competition.

Learning from the above in establishing the new institutional and governance arrangements for energy R, D & D may be of benefit when participating in Framework Programmes.

Links with Environment

Given the importance of environmental issues to the energy sector, the Commission considers that some elements of environmental research should

² Refers to Communication from the EU Commission – Building the ERA of knowledge for growth, Commission of the European Communities, Brussels, 6.4.2005 COM(2005) 118 final

be included in the energy R, D & D remit. Examples of where energy and environmental issues meet include the area of clean technology/carbon reduction or sequestration and renewables technologies.

Long Term v Short Term Goals

The Commission suggests that there needs to be a balance between the short and longer term requirements in relation to energy R, D & D. Clearly at times it is necessary to respond to immediate and/or unforeseen information requirements. At the same time, given the potential lead times in the development of new and innovative technologies and the need to build capacity in this area (see later), there is a need to support longer term energy R, D & D projects.

From the Commission's perspective, it is necessary to identify key short and long term areas of research work in the energy and associated sectors. This may be best achieved at government level in consultation with key stakeholders, i.e., members of the ERCC if established.

A successful approach to longer term energy R, D & D will require some certainty about funding and resources. This means that there needs to be some commitment given regarding the availability of funds and resources and it would be important that the ERCC (if established) would have a clear remit to provide this level of commitment.

Funding

Clearly the level of funding required for a co-ordinated energy R, D & D programme will be driven by the specifics of the programme that might be developed within the context of the guiding principles that are agreed. At present, funding of research is diverse and is provided by different agencies and organisations. Therefore in order to assist in quantifying and forecasting funding needs for the future, the Commission believes that the Department (or the implementation working group if established) should carry out an audit of current research programmes to identify the number and scope of the programmes already in place, their duration and the overall funding committed to each programme. The audit could also collate information on funding available in each agency for future projects.

This would serve as a base line set of information which could be used by the Department and the ERCC (if established), to rationalise existing research programmes against a clear set of objectives and to develop a forward looking programme including identifying funding needs over a defined period.

Capacity Building

The Commission suggests that, in order to develop capacity in this area, there needs to be a long term commitment to providing funds for research. If it is assumed that an ERCC is established and that the Department has developed a prioritised research programme with the ERCC, this provides an opportunity to assess the level of additional funding required to support an

energy R, D & D programme. The Department may then be in a position to work with the members of the ERCC to develop sustainable funding requirements both for the short and the long term which align with the agreed principles and which foster capacity in R, D & D on an all island basis.

Conclusion

In conclusion, the Commission welcomes the opportunity to respond to the Department's consultation paper on energy R, D & D and supports the proposed move to a more co-ordinated approach to energy R, D & D and its alignment with policy to achieve specified economic, energy and environmental goals. The Commission is of the view that a co-ordinated approach to energy R, D & D on an all island basis will support the development of an all island energy market.

The Commission is of the view that:

- It is useful to develop a number of principles to guide the development of an efficient approach to energy R, D & D on an all-island basis that are guided by governmental policies in the area, that build on existing capacities and industry links and that minimise cost and administrative burden.
- An ERCC should be established where the relevant agencies from both North and South are represented and where the ERCC's remit and operating structure is clearly defined.
- The Department, in reaching a decision on an energy R D & D approach for Ireland, considers the recommendations of the EU Commission in relation to the Seventh Research Framework Programme.
- The Department takes into account certain elements of environmental research such as clean technology/carbon reduction or sequestration and renewable technologies.
- In order to build Ireland's capacity in R, D & D, a balance between short and longer terms research projects should be reached, including commitments to appropriate funding over specified periods for agreed programmes and projects.

Finally, as a stakeholder with a statutory role in this area, the Commission looks forward to working with the Department to encourage R, D & D in Ireland in a co-ordinated and effective way.