



IFA Submission to the
Joint Oireachtas Committee on Agriculture, Food and the Marine
on Solar Energy and the Agricultural Industry

Friday, 1st July 2022

1. Executive Summary

- Farmers want to be central players in Ireland's energy transition. They recognise the opportunities offered by solar energy to produce energy for their own use but also to diversify their farm income by selling excess energy to the grid and enhancing the sustainability of their farm business.
- Ireland's adoption of renewable technologies at farm level is well below the European average. In 2018, Ireland ranked 23rd out of the EU-27 countries for renewable energy from agriculture, producing just 2.6% compared with the EU-27 average of 12.1%.
- There are multiple barriers to the adoption of solar energy on farms that is limiting uptake and hampering the deployment of solar energy technologies at the scale required to meet Ireland's climate commitments.
- IFA propose the following measures to support the deployment of solar on farms:
 1. Additional funding should be allocated to TAMS/On Farm Capital Investment Scheme budget, this funding should be ring-fenced and the restrictions eased to support greater deployment of solar on farms.
 2. Full implementation of the Microgeneration Support Scheme (MSS).
 3. Introduce a new small-scale solar generation scheme funded by SEAI to address the significant limitations of TAMS.
 4. Amend the terms of Renewable Electricity Support Scheme (RESS) to allow groups of farmers to bid in and receive support as a combined community project.
 5. Address the ambiguity in relation to the calculation used to determine the area of land on which solar panels are installed to ensure that the installation does not exceed the 50% of the total area of land concerned under the Finance Act.
 6. Introduce VAT exemption on solar equipment to support deployment of solar on farms.
 7. Introduce a simplified transparent process for small-scale solar project with reduced costs and a grid connection timescale.
 8. As part of the national roll out of Smart Metering enable farms to export excess energy produced from solar installations to the grid.
 9. Implement proposed revisions to the planning exemptions for the installation of solar panels on the roofs of houses and certain non-domestic buildings.
 10. A One Stop Shop service should be developed to simplify the pathway and support farmers considering installing solar on their farm
- To meet our renewable energy and emission reduction targets it is vital that farmers and communities are supported and that barriers highlighted are removed, so that farmers can be central to Ireland's clean energy transition.

2. Introduction

The Irish Farmers Association is Ireland's largest farming organisation with approximately 71,000 members in 940 branches nationwide. We welcome the opportunity to make a submission to the Joint Oireachtas Committee on Agriculture, Food and the Marine on solar energy and the agricultural industry.

Ireland is one of the most energy import dependent countries in the EU, despite improvements in recent years, Ireland imported 67% of its total energy requirements in 2018. Oil makes up the largest share of energy imports accounting for 73% of total energy imports in 2018, natural gas 17%, coal 8.2% and renewables 1.4%.¹

¹ SEAI (2020). *Energy Security in Ireland*. Retrieved from: <https://www.seai.ie/publications/Energy-Security-in-Ireland-2020-.pdf>

Farmers want to be central players to accelerate Ireland's clean energy transition and increase our energy security. They recognise the significant opportunities offered by solar energy, to produce energy for their own use but also to diversify their farm income by selling excess energy to the grid and enhancing the sustainability of their farm business.

Ireland has a wealth of natural resources that can be harnessed to power our nation. Yet, our adoption of renewable technologies at farm level is well below the European average. In 2018, Ireland ranked 23rd out of the EU-27 countries for renewable energy from agriculture, producing just 2.6% compared with the EU-27 average of 12.1%.

It is widely recognised that the agricultural sector has a key role to play if Ireland is to meet its renewable energy and emission reduction targets. To support the accelerated deployment of solar energy, particularly rooftop solar on farms, it is essential that we establish the right framework conditions so farmers can take advantage of this the huge untapped potential.

Rooftop solar is the low-hanging fruit that provides a hugely positive route for farmers to support climate action, but also take greater control on the cost of energy on their farm as well as in the wider economy. At a time when energy bills are soaring, we must support more farmers to reduce their costs and dependency on energy markets.

3. Policy context

In July 2021, the Climate Action and Low Carbon Development (Amendment) Act was passed which set a legally binding target of net zero GHG emissions by 2050, with an interim target of a 51% reduction, relative to 2018, to be achieved by 2030.

In October 2021, the Government published the Climate Action Plan 2021, which proposes that the electricity sector reduce emissions by a range of between 62% - 81% by 2030. Under the plan it aims for 2.5GW of the country's energy needs to come from solar by 2030. Depending on panel size, this equates to over 1 million solar panels, on approximately 70,000 buildings.

At European level, policies such as the Clean Energy Package (CEP) and the revised Renewable Energy Directive (RED II), are driving change by supporting the decarbonisation of energy production. However, this ambition increased following the unprovoked invasion by Russia against the Ukraine. In response the European Commission published the REPowerEU Plan in May 2022, which sets out measures to rapidly reduce the EU's dependence on Russian fossil fuels and accelerate the renewable energy transition

The REPowerEU Plan recognises solar photovoltaics (PV) as is one of the fastest technologies to roll out to meet the increased ambition. It sets a target of over 320GW of solar PVs newly installed by 2025, over twice today's level, and almost 600 GW by 2030. To achieve this target, it introduces both a solar strategy and European Solar Rooftops Initiative. The European Solar Rooftops Initiative aims to unlock the vast, underutilised solar generation potential of rooftops to make our energy cleaner, more secure and affordable.

4. Supporting farmers to diversify into solar energy

To achieve the extremely challenging targets set out in the Climate Action Plan 2021 to decarbonise the Irish economy farmers must be supported to adopt solar energy technologies at farm level and fully utilise the available assets, namely shed roofs, to deploy solar energy on farms. This will enhance the overall sustainability of farms by improving energy efficiency and providing new opportunities to diversify farm income through renewable energy generation while reducing emissions from agriculture.

Solar energy deployment will also bring wider economic development to rural areas through employment, new business opportunities, new revenue sources, as well as increased energy security. Solar energy is one of the most competitive sources of electricity in the EU.

IFA acknowledges the steps being taken by Government to reduce the barriers to the rapid and wide scale deployment of solar energy such as the proposed revision to the existing planning exemptions, that will increase the planning exemption from 50m² to 60m² per building for the installation of solar panels on the roofs of houses and certain non-domestic buildings including farm buildings.

It is critical to the success of solar energy in the agricultural industry that solar projects deliver a realistic payback period and that farm and community-based projects are considered 'bankable'. Low-cost access to the grid must be provided so farmers can diversify into solar energy production and make more installations viable at farm and community level.

IFA proposes the following measures to support the deployment of solar energy on farms:

1. Targeted Agriculture Modernisation Schemes (TAMS)

The Government must honour commitment to increase grant aid to 60% for solar projects under TAMS. Additional funding for solar projects must be allocated (in addition to the proposed TAMS/On Farm Capital Investment Scheme budget). This additional money must be ring-fenced and the cap restrictions eased, similar to the Low Emission Slurry Spreading scheme, to support adoption. In addition, the size restriction (maximum size of PV panels eligible for grant aid is 11kW) should be removed and should be dependent on the energy needs of the farm.

2. Introduce a new small-scale solar generation scheme for farms

A new small-scale solar generation scheme should be introduced for farmers to support the deployment of solar PV on farms. There are significant limitations under the TAMS, specifically that the (i) energy generated on farm cannot be used in the home and (ii) it does not permit the surplus energy to be exported to the grid. This is leading to energy inefficiency and is restricting the financial viability of many solar projects on farms and should be replaced with a dedicated small-scale solar generation scheme funded via SEAI.

3. Microgeneration Support Scheme (MSS)

The MSS target is to support the installation of 380MW micro-generation capacity. IFA seeks that the measures to support the deployment of solar for larger non-domestic sites (6kW to 50kW) which set a payment per kWh for 15 years (Clean Export Premium) starting at 13.5 cents/kWh is implemented in Q3 2022 as set out in the scheme. Under the scheme domestic residences and farm buildings should be linked using private wire systems so they can share electricity produced.

4. Renewable Electricity Support Scheme (RESS)

The terms of the RESS should be amended to allow groups of farmers to bid in and receive support as a combined community project to increase participation of farm scale projects.

5. Capital Gains Tax (CGT)/ Capital Acquisitions Tax (CAT) Reliefs – solar Leases

The amendment of Section 34 in the 2017 Finance Act extended the definition of assets that can benefit from CGT Retirement Relief and CAT Agricultural Relief to include leased land on which solar panels have been installed. Under the Act land being disposed of, still benefits from the aforementioned reliefs, provided the area of land on which solar panels are installed does not exceed 50% of the total area of land concerned.

The calculations used to determine the area of land on which solar panels are installed, should only include the footprint of the structures mounting solar panels, ancillary equipment and service roadways (i.e., areas not capable of being grazed) and should exclude any area capable of being grazed by agricultural livestock either under, around or in between panels, ancillary equipment and roadways. The ambiguity particularly impacts smaller holdings, and can/will impact on subsequent inheritance of the farm unless clarified.

6. VAT exemption

VAT rates for solar panels and other solar equipment currently range from 13.5% to 23%. This increases the overall cost of solar equipment. All solar equipment should be exempted from VAT to support deployment of solar on farms.

7. Net metering

Now that Smart Metering is being roll out nationally this should enable farms that produce excess energy produced from solar installations to export to the grid (outside of the MSS and RESS schemes) to receive remuneration from their electricity supplier for any excess energy exported. This would deliver a realistic payback period on more solar installations and encourage more farmers to install solar on farms.

8. Low-cost grid access

A major challenge to adoption of solar energy is the grid connection process, which continues to be a deterrent to the delivery of on-farm renewable projects. Small scale projects must be able to access the grid through a simplified transparent process, with reduced costs and a grid connection timescale to improve the success rate of projects.

9. Implement planning permission exemptions for rooftop solar panels

The proposed revisions to the existing planning exemptions for the installation of solar panels on the roofs of houses and certain non-domestic buildings.

10. One Stop Shop to provide independent and accredited advise to farmers on solar

A One Stop Shop service should be developed to simplify the pathway and support farmers considering installing solar on their farm. The service should provide independent and accredited advice to support their decision to install solar.

5. Conclusion

Ireland's adoption of renewable technologies at farm level is well below the European average. There is huge untapped potential for solar energy production on Irish farms, and it is vital the right framework conditions and supports are put in place to realise this potential.

Supporting farmers to decarbonise is vital to Ireland's transition to a low carbon economy and meeting the emission reduction targets. At a time when energy bills are soaring, due to the unprovoked invasion of Ukraine it has never been more important to we must support more farmers to their costs and dependency on energy markets.

We trust that these comments are useful. If you wish to discuss any aspect of this submission, please contact Geraldine O'Sullivan, IFA Senior Policy Executive by email on geraldineosullivan@ifa.ie or on 087 9385283.

Ends.