

Filling the void: corporate PPAs in Ireland

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With Ireland's renewable energy feed-in tariff (REFIT) schemes slowly coming to an end – and increasing confusion around the new support scheme RESS – Irish developers are increasingly looking to corporate power purchase agreements (PPAs).

This week (November 2018) it emerged that tech giant Google is in discussions to sign a corporate PPA with an unnamed Irish developer to offtake power from an unsubsidised wind farm.

Despite delays to Ireland's energy market reforms, renewables projects have continued to be financed and Ireland has been home to a number of notable corporate PPA deals:

- Statkraft – in 2018 with the 41.4MW [Castledockrell](#) wind farm in County Wexford
- Microsoft – in 2017 with GE for the 37MW Tullahennel wind farm in County Kerry
- Facebook – in 2016 with Brookfield Renewable Energy Partners to power a data centre in County Meath and its Dublin headquarters
- IKEA – in 2013 with Mainstream Renewable Power for the 7.65MW [Carrickeeny](#) wind farm in Leitrim

From REFIT to RESS

Ireland first announced the REFIT scheme in 2006 to promote wind energy, biomass and hydro projects in the country. This first scheme, REFIT 1, was given state aid clearance in 2007 and accepted applications until the end of 2009. The following two schemes – REFIT 2 and REFIT 3 – opened for new applications in 2012. REFIT 2 covered onshore wind farms, hydro facilities of 5MW or less and biomass landfill gas plants, while REFIT 3 covered only biomass technologies.

REFIT guaranteed pricing on electrical output for 15 years, with the last two iterations of the scheme closing for new applications in 2015.

REFIT's long-awaited successor – the Irish renewable electricity support scheme (RESS) – finally [secured cabinet approval](#) in July this year (2018). RESS will support projects in Ireland until 2030 with a primary focus on wind, solar and biomass projects.

Auctions are due to be held every 2-3 years, ramping up the capacity offered in each successive tender.

The proposed road map for the auctions comprises five rounds, starting in 2019:

- RESS 1 (2019) – auction capacity of 1,000GWh; delivered by 2020
- RESS 2 (2020) – auction capacity of 3,000GWh; delivered by 2022
- RESS 3 (2021) – auction capacity of 3,000GWh; delivered by 2025
- RESS 4 (2023) – auction capacity of 4,000GWh; delivered by 2027
- RESS 5 (2025) – auction capacity of 2,500GWh; delivered by 2030

The scheme has finally provided some clarity on how Ireland will look to fulfill its ambition of 40% of electricity coming from renewable sources by 2020, going up to 55% by 2030.

However, a lot of confusion still surrounds some of the guidelines.

Solar developers have expressed concerns that their technology risks being overlooked in the auctions, and a source at an Irish bank said that separating technologies in the tenders was now being considered in government.

Another senior banker told *IJGlobal* that the technological diversity of the auctions would be fundamental to RESS' success, but argued that the first round of the new scheme is likely to be dominated by solar due to its comparatively lower costs and faster construction times.

Others are not as optimistic, however, and worry about the date set for the first auction under RESS. A lack of clarity from the government could push the date back from its 2019 target – one source saying that he would not be surprised if it wouldn't be held for another 12 months.

A renewables lawyer at an Irish firm was even more sceptical, suggesting that the lull could extend for much longer than a year and said discussions on a potential extra REFIT round are still in the air.

A financial adviser specialising in solar in Ireland suggested that the minority government currently in power is partially to blame for the lull between the schemes. He added that although RESS is welcome, there are still many unknowns.

Further frustration and uncertainty followed the [resignation](#) of Ireland's Minister for Communications, Climate Action and the Environment Denis Naughten in October (2018) over his involvement in the country's [troubled broadband plan](#). Naughten, who oversaw the design of the support scheme and its approval by the cabinet, has since been replaced by Richard Bruton.

Key market figures are sure that corporate PPAs will help guide Ireland through the lull in bringing projects to market. Statkraft recently [entered the Irish market](#) by closing a seven-year REFIT PPA to offtake power from the 41.4MW Castledockrell wind farm in County Wexford.

However, we are yet to see it actually happen with an unsubsidised project.

An Irish banker told *IJGlobal* that it would be a great step forward for an unsubsidised project to come to market through a PPA, as he was sure more would follow. However, he added that although the Irish market seems adamant that corporate PPAs is the way forward, so far not a lot has happened.

Supply and demand

What is for sure – and what market sources tend to agree on – is that supply and demand should carry Ireland through the lull, providing a good pipeline of corporate PPAs however long it may be.

Demand is strong among Ireland-based corporates under pressure to switch to green energy sources. Ireland is home to 60% of the companies participating the RE100 initiative, whose members are committed "to go 100% renewable".

Meanwhile, in terms of supply, Ireland has a healthy pipeline of fully approved renewables projects looking for funding.

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