

TRANSFORMING OUR RENEWABLE RESOURCES INTO NATIONAL WEALTH FOR ALL



EXPANDING PUBLIC,
COMMUNITY AND
DEMOCRATIC OWNERSHIP
OF RENEWABLES



Darren O'Rourke TD and Senator Lynn Boylan

Contents

Introduction	3
Government Failures, Public Cost	4
Liberalisation as Extracting National Wealth	4
Failure to Harness the Cost Benefits of Renewables	6
Delivering a More Democratic Energy System	7
Expanding Public Ownership of Renewables	7
Expanding Domestic Ownership of Renewables	8
Expanding Local & Community Ownership of Renewables	9



**Darren
O'Rourke TD**
Sinn Féin spokesperson
on Environment and
Climate Action



**SENATOR
Lynn Boylan**
Sinn Féin spokesperson
on Climate Justice

Introduction

The transition to a carbon neutral society will require radical change, not just technologically but across all facets of society and the economy. Sinn Féin is committed to ensuring that this transition expands public, community and democratic ownership of our natural resources and of the economy more widely, starting with our energy system. We view it as an important opportunity to achieve more just and equitable outcomes that endure.

Many of the economic, social and environmental crises we face can be traced to the ownership of natural resources and wealth, from the rigging of the housing system by investment funds to the concentration of finite energy reserves in the hands of a few autocratic states and profit-centred corporations. Without adequate ownership of our natural resources, we have limited control over how and for what purpose our national assets are used. This has often had disastrous outcomes for ordinary workers and families. Time and time again we have seen how the maximisation of profit trumps the common good. This is exemplified by the present energy crisis.

The failure of successive governments to sufficiently invest in clean, indigenous energy has left us dependent on imported fossil fuels and excessively exposed to the negative impacts of global market shocks. Likewise, excessive reliance on the private sector fails to ensure that the benefits of decarbonisation will be adequately translated into national wealth and long-term benefits for Irish society. Our experience of energy market liberalisation is testament to this.

While the journey to net zero brings about real challenges, it also creates immense opportunity. With our vast natural resources, Ireland has the potential to become a world leader in renewable energy production and export, particularly in wind energy. Not only would this reinforce the state's security of energy supply, it also has the potential to generate significant long-term revenue. In Sinn Féin, we believe it is essential that the dividends generated from our indigenous renewable power are shared equitably rather than concentrated in the hands of the few.

The primacy of securing long-term societal benefits is further justified by the fact that the state is required to make significant investments in order to seize upon this opportunity and transition toward carbon neutrality. Sinn Féin believes that public investment should therefore yield public dividends that can then be utilised for public good.

Sinn Féin would expand public, local, community and domestic ownership of renewable energy, meeting our climate targets while delivering wider social and economic benefits for workers and communities. These ownership models better retain, recirculate, and reinvest the wealth generated within the state and local communities rather than syphon off profits abroad or to corporate shareholders.



Government Failures, Public Cost

The mismanagement of our energy system by successive governments has not only jeopardised our ability to take advantage of our renewable energy opportunities, but it has also resulted in our energy security and affordability being decimated and our national wealth sold off. We now find ourselves in a situation in which energy poverty is at an all time high while little has been done by this government to get a hold of the situation. This has to change; not just in terms of providing short-term relief but in ways that provide fundamental reforms to the energy market so it delivers more just and equitable outcomes for all.

Liberalisation as Extracting National Wealth

The liberalisation of the energy market in Ireland has had a disastrous impact on ordinary workers and families. Electricity prices for households (excluding taxes and levies) in Ireland gradually went from being one of the lowest in Europe before the energy market was liberalised to the highest in recent years. While the liberalisation of the energy market in Ireland may not be the sole reason for the comparatively huge rise in prices, it is a significant one.

The failures of energy liberalisation are exemplified by the decline in the social value, affordability, and security of our energy resources following the privatisation of our energy system. ESB, our principal state-owned energy company, was instrumental in building our energy system while maintaining energy affordability. Moreover, the extent of ESB's market share ensured that the profits from energy generation in the state were heavily invested into public services for the population.

Liberalisation necessitated a shift in the mandate of the ESB from a socially minded provider of an essential public good to a profit-oriented enterprise. To bring about a 'free' market in electricity, the ESB was forced to artificially inflate its prices to attract competitors into the new market and had its statutory requirement to operate on a not-for-profit and break-even basis repealed in 2001.¹ This brought about a surge in electricity prices, which translated into increased energy poverty and a spike in disconnections.²

Furthermore, market liberalisation diminished the role of the state in the energy system, to further the entry of private enterprise. Throughout the liberalisation programme, ESB went from owning and operating 96% of the installed generation capacity in 2001 to 54% by 2013.³ ESB now holds less than a third of the share of generation in the all-island market, having fallen from 33% in 2021⁴ to 31% in 2022.⁵ The systematic sell-off of our national assets was presented as an EU requirement and means of delivering more affordable electricity, neither of which were remotely true.

The pace and scale of this state's privatisation agenda was unmatched by our European neighbours. The market share of France's state-owned EDF reduced by a mere 6% to 83% while Sweden increased the market share of its largest generator by over 20%.⁶ In the same timeframe, we went from having among the lowest electricity prices in Europe to the highest.⁷ Between 2000 and 2020, household electricity prices excluding taxes and levies increased by 274%.⁸

In what seems to be a predictable and familiar pattern, as hardship has grown for ordinary people, so

1 Mercier, Ireland's Energy System: The Historical Case for Hope in Climate Action (2021).

2 Mercier, Ireland's Energy System: The Historical Case for Hope in Climate Action (2021).

3 Rathke, The Effects of Electricity Market Liberalisation in the European Union (2015).

4 ESB, 2021 ESB Annual Report and Financial Statements (2022).

5 ESB, 2022 ESB Annual Report and Financial Statements (2023).

6 Rathke, The Effects of Electricity Market Liberalisation in the European Union (2015)

7 Eurostat, 'Electricity prices for household consumers - bi-annual data (from 2007 onwards)' (21st October 2022); Rathke, The Effects of Electricity Market Liberalisation in the European Union (2015).

8 Household electricity prices were recorded at €0.0795/kWh in 2000 and €0.2179/kWh in 2020.



too have the profits of energy companies. Over the last 20 years, the profits of energy companies have risen steadily and reached new record breaking highs in 2022, particularly in the renewables sector.⁹ However, the market share transfer from the state to the private sector has meant that more profits from energy generation have flown into corporate dividends instead of public services and critical infrastructure.

While other EU countries moved to address the 2022 windfall gains in the energy sector, the Irish government opposed them at every step. The government was only compelled to do so when the EU moved as a bloc following the introduction of a new regulation to address super excess profits. Even then, the measures the current government have put in place are particularly weak as they do not even address the period when profits were at their highest. This means that the measure's predicted revenue has been revised down significantly; from €280m-€1.4bn to €80m-€150m for the Cap on Market Revenues, and from €60m-€480m to €200m-€450m for the Temporary Solidarity Contribution. The estimated proceeds from the Cap on Market Revenues has been revised down by almost a factor of ten. The current government seems intent on letting energy companies rake in eye watering profits while ordinary workers and families can't afford to pay their bills. As noted previously, various individual member states have gone beyond the EU wide regulation via the introduction of tailored windfall taxes. While this represents a progressive step forward, it only addresses the issue after the fact. Fundamentally, the energy market requires wholesale reform to redress the gross inequities and imbalances that liberalisation and privatisation generated.

In Sinn Féin, we recognise that ESB and our wider state bodies are central to our economic, social and environmental goals. In 2011, our Finance spokesperson Pearse Doherty brought forward a motion rejecting the privatisation of ESB, recognising its importance to the future security, prosperity of the economy and society, and environmental protection of the island.¹⁰ Unfortunately, this was not accepted – at a great public cost. While we cannot turn back time, the transition presents an opportunity

⁹ For example, in 2022, the ESB Group recorded a record break operating profits of €847.

¹⁰ Dáil Éireann Debate, 'ESB and Disposal of State Assets: Motion' (20th September 2011)

to now fundamentally rewire our energy system into a more prosperous and democratic one that serves the common good.

Failure to Harness the Cost Benefits of Renewables

Among the most obvious benefits of the transition to renewables is the potential for a more affordable and equitable energy system. However, to date, such benefits have not been adequately harnessed. The cost of producing electricity from wind and solar in Ireland is high when compared to our EU neighbours. As we strive to reach 80% renewables here, it is essential that the cost of producing green electricity comes down. This would not only reduce household electricity bills but it would also ensure we are competitive to export renewable energy to Europe.

In our latest onshore RESS auction, wind and solar energy projects cleared at an average of almost €98 per megawatt-hour. In other European countries, you will see prices in the €50s and, in Spain, even in the €20s per megawatt-hour. While the results from O-RESS 1 represented an improvement, at €86.05/ MWh on average, this is €20 above the European average of €65/ MWh.

To address this, Sinn Féin introduced a bill to establish a cross-departmental taskforce to examine the high cost of producing renewable energy here and bring forward recommendations on ways to reduce this cost per megawatt-hour, looking at international best practice, on how to reduce the cost of producing green energy per megawatt-hour. Delays in the planning system, the design of the auctions, commercial rates and grid connection costs are all pushing up the price of generating green energy in Ireland.

This bill also mandates the taskforce to recommend mechanisms to ensure any savings made on the costs of producing renewable energy are passed onto consumers. Our transition to a zero-carbon energy system must benefit the climate and also our citizens.





Delivering a More Democratic Energy System

We believe that the transition can and must be harnessed in a manner that expands democratic ownership of our energy system to ensure that the benefits of decarbonisation are adequately translated into national wealth and long-term benefits for Irish society. With greater public, community and domestic ownership our renewable assets, we can better ensure that the wealth generated is better retained, recirculated, and reinvested over the long term, delivering wider social and economic benefits for workers and communities.

Expanding Public Ownership of Renewables

Expanding public ownership of renewable electricity is central to Sinn Féin's plan for the transition to an affordable, secure and democratic decarbonised electricity system and to retain the wealth from our natural resources. Whereas the profits of large private energy generators are syphoned off into dividends for shareholders, the proceeds from our public bodies help fund public services and crucial infrastructure. Increasing the share of state owned renewables would therefore generate a greater, sustainable funding stream for the future development of the state and its populace.

Sinn Féin has long since advocated for greater state ownership and construction of key renewable energy infrastructure to reach our 80% renewable electricity target by 2030. Several of our state bodies

are engaged in renewable generation, including ESB, Bord na Móna and Coillte. We want to see their role in renewables supported and extended.

To support these bodies, we would revise existing financial and governance mechanisms with a view to maximising their role in a decarbonised energy system. Under our plan, we would revise existing governance mechanisms to direct and support these state bodies to deliver more ambitious renewable energy targets. We will ensure that ambitious levels of financial support exist for our state bodies to scale up renewable generation. This includes revising the existing dividend policy to allow for greater levels of reinvestment into renewable energy, needed to capture the market in this decade, and ensuring that borrowing limits allow for ambitious investment.

Expanding Domestic Ownership of Renewables

Sinn Féin will also prioritise harnessing the transition to renewables to generate long term benefits for workers and families directly. The drive towards renewables offers individual households the opportunity to own and benefit from their own energy generation, while bolstering the energy security of the state. The installation of Solar PV in particular is a potentially widely accessible energy source for households to generate electricity for self-consumption, helping to reduce household bills significantly. According to the SEAI, a 3kW solar PV would generate enough electricity to cover over 40% of the typical annual electricity demand of an Irish home.¹¹ Household electricity generation also strengthens our energy security, by reducing the amount of electricity required from the grid for household consumption while exporting excess electricity to the grid.

Our priority is ensuring that the roll-out of household renewable energy is scaled up, sped up and distributed equitably. For instance, in our Alternative budget, we would have increased the budget for solar PV by an additional €10.5m, a 75% increase from 2022.¹² This could see upwards of 7,000 households provided with solar PV in 2023. Crucially, we would completely restructure the funding of solar PVs so that state supports are proportionately allocated on the basis of need. This would mean that those least able to afford solar panels and most at risk of energy poverty are given the greatest



¹¹ SEAI, 'Frequently Asked Questions on Solar Photovoltaics'

¹² SEAI, 'Frequently Asked Questions on Solar Photovoltaics.'



levels of support. The solar PV scheme as currently structured, like most of the government's climate policies, is deeply inequitable. The scheme offers the same rate of grant to all households irrespective of household income, which both hands public monies to the wealthiest households who don't need it, while withholding sufficient supports from those who do.

We would take a much fairer and tailored approach to the funding of solar PVs, by providing tiered supports ranging from 100% to 10% of the cost depending on household income. This would make solar PV an option for thousands more households who cannot currently afford it, helping to bring down energy bills, energy poverty and emissions.

Expanding Local & Community Ownership of Renewables

Community ownership of renewable energy is central to Sinn Féin's plan to translate the transition into national wealth. Expanding ownership of renewable energy to local and community groups allow for resources to be directed in pursuit of the common good rather than in search of profit maximisation. Community and local ownership have been shown to increase the environmental and socio-economic benefits to local populations. Moreover, the wealth generated from community and local projects are more likely to be retained, recirculated and reinvested within the community, helping to stimulate local economies and social development. Community owned renewables are also associated with greater levels of local support for renewable energy projects, which is essential for accelerating the transition to a sustainable and secure energy system

The importance of community energy in the transition has been recognised at EU level. Recent changes



in EU state aid rules have relaxed the competitive bidding requirements for 100% community owned projects, allowing for a major scaling up of the proportion of community owned projects within the Irish energy market. We would therefore target at least 10% of our new renewable energy generation to be community owned by 2030. To initiate the scale up, in our 2023 Alternative Budget we allocated an additional €2 million in capital funding to support community owned renewable energy projects, doubling the funding provided in 2022.

This funding would be used to directly support community owned projects through financial supports, capacity building and technical expertise sharing. Sinn Féin would scale up the proportion of community owned renewables while protecting the affordability of electricity. Community owned renewables have tended to come in at higher average costs in auctions as individual communities operate at smaller scales. In RESS-1, community projects averaged at €30/MWh higher than the average across all projects, although the gap reduced considerably to €18.5/MWh in RESS-2.¹³ For Sinn Féin, the wider economic and social value of community owned projects significantly outweighs the more visible upfront costs, although funding of such projects must be done in a fair and socially just manner. For instance, if we were to use exchequer funding to finance the additional costs of ensuring that 10% of new generation is community-owned by 2030, this could see €50-€60m come from general taxation instead of consumer bills.

¹³ In RESS-1, community projects averaged at €104.15/ MWh, compared to the overall average of €74.08/MWh. The gap has narrowed considerably in the most recent RESS auction, with community projects averaging at €116.41/MWh compared to overall average of €97.87/MWh; Eirgrid, 'Renewable Electricity Support Scheme 1: RESS 1 Final Auction Results' (10th September 2020).



TRANSFORMING OUR RENEWABLE RESOURCES INTO NATIONAL WEALTH FOR ALL

EXPANDING PUBLIC,
COMMUNITY AND
DEMOCRATIC OWNERSHIP
OF RENEWABLES

www.sinnfein.ie



**Darren
O'Rourke TD**

Sinn Féin spokesperson
on Environment and Climate Action
✉ darren.orourke@oireachtas.ie



**SENATOR
Lynn Boylan**

Sinn Féin spokesperson on
Climate Justice
✉ lynn.boylan@oireachtas.ie