



23 December 2013

Ms Catherine Day
Secretary General,
European Commission,
Rue de La Loi 200,
B-1049 Brussels

Re: Notification of exemptions under article 14(6), Directive 2012/27/EU to the requirement to conduct a cost benefit analysis.

Dear Secretary General,

I refer to the provisions of article 14(5), Directive 2012/27/EU dated 25 October 2012 on energy efficiency which requires that Member States ensure that an installation-level cost benefit analysis be conducted in four particular instances.

Article 14(6) permits Member States to notify the Commission by 31 December 2013 of exemptions to the requirement for a cost benefit analysis for installations:

- (a) those peak load and back-up electricity generating installations which are planned to operate under 1,500 operating hours per year as a rolling average over a period of five years, based on a verification procedure established by the Member States ensuring that this exemption criterion is met;
- (b) nuclear power installations;
- (c) installations that need to be located close to a geological storage site approved under Directive 2009/31/EC.

Part A of Appendix 1 to this letter sets out the details of the installations that ran for fewer than 1,500 hours in each of the preceding five years. Part B sets out the installations that ran for fewer than 1,500 hours in more than one of the years.

This list was based on data collected by Ireland's Transmission System Operator, which is the only evidence that Ireland has at present in relation to plants that might be exempted under 14(6)(a). This list of installations, however, cannot be exhaustive and it is a list that will evolve over time as and when the operating performances of power installations change. For instance, with an increased penetration of wind and other variable renewable energy sources on the electricity grid, a greater number of thermal installations could be required to operate at a lower rate than 1,500 hours in future five-year periods. Ireland will keep the list of those installations qualifying for such an exemption under review and apprise the Commission of any updates or changes to the list as and when changes become apparent. The verification process, and by whom it will be conducted, will be established in the development of the transposition legislation.

In terms of category (b), Ireland does not have any nuclear power installations and therefore there are no installations to be exempted under this criterion.

Ireland currently has no installations that are required to be located close to a geological storage site approved under Directive 2009/31/EC and therefore no exemptions are currently required. This is a situation that is unlikely to change in the short term, although Ireland considers that geological structures close to the current Kinsale natural gas field would be the most likely site in Ireland to be developed as a carbon capture and storage facility that would qualify under Directive 2009/31/EC. Ireland will notify the Commission in the event that such installations envisaged by subsection (c) are planned, in order to avail of the Directive's exemptions from the requirement for such installations to conduct a cost benefit analysis per 14(5).

The Directives also permits Member States to lay down thresholds, expressed in terms of the amount of available useful waste heat, the demand for heat or the distances between industrial installations and district heating networks. Ireland has only a very limited experience of district heating and studies conducted show that their development face a series of challenges in Ireland. These challenges include our population dispersal patterns, the nature of our housing stock, the temperate climate and, compared to other countries where district heating is developed, Ireland has low levels of forestry.

Ireland fully intends to lay down such thresholds for exempting relevant installations and district heating networks set out in subsections (c) and (d) of article 14(5). Ireland will do so on objective and justifiable grounds. Establishing the evidence base for making such exemptions has not been completed and will only be available once the work on developing the heatmap, required in order to fulfil the obligation to conduct a comprehensive assessment pursuant to article 14(1), has been completed. Ireland will then be in a position to notify the Commission of the relevant thresholds.

Yours sincerely,



Tom Hanney

Deputy Permanent Representative