

SEM Chart of the Week

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On 19 August, Minister for Communications, Climate Action and Environment Richard Burton, announced he would be reversing previous plans to terminate the Deep Retrofit scheme.

Plans to rejuvenate this scheme are expected to cost an additional €8mn to cover 302 households, which applied to have deep retrofit work carried out while previously eligible. The scheme pays around half of the costs of carrying out complete energy efficiency retrofit upgrades.

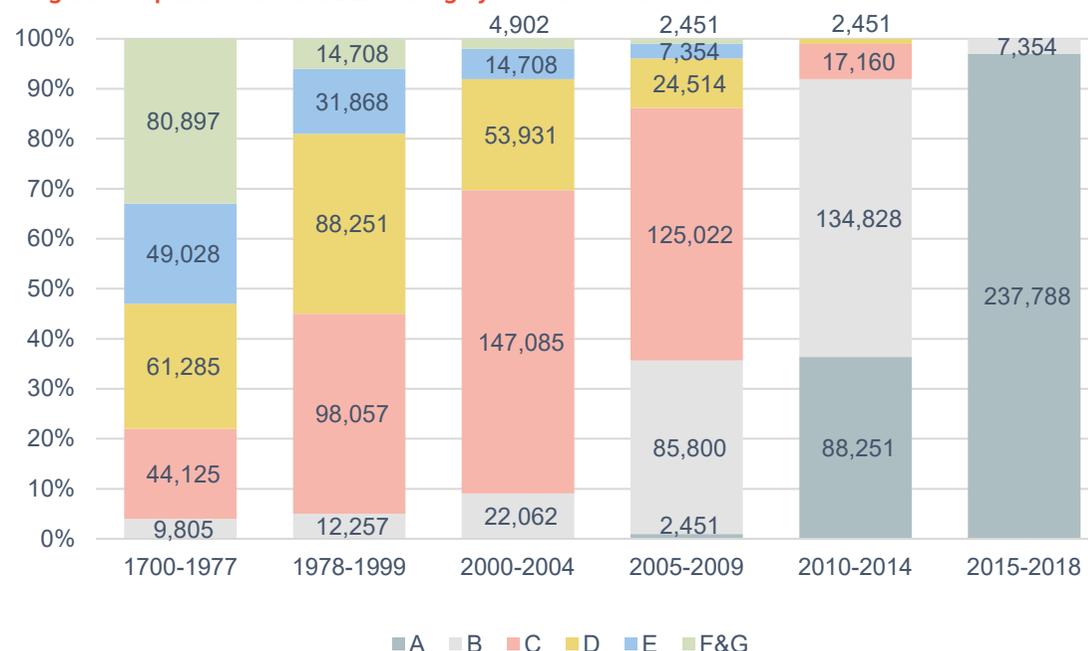
The additional funds are expected to come from next year's capital budget for the Sustainable Energy Authority of Ireland (SEAI) and the minister has now confirmed that homes will be able to reapply for grants.

The original pilot project halted earlier this August after the SEAI stated it did not have the funds available to pay grants to all of the households which had originally applied under the scheme.

There was substantial interest in the scheme, with a significant number of applications made for grants prior to the 19 July deadline.

Deep Retrofit: spinning right round

Figure 1: Republic of Ireland BER Rating by Period of Construction



Source: Cornwall Insight Ireland from the Central Statistics Office

Grand Designs

The current fund allocated to the scheme is €10mn for 2019, with the initial budget being €7mn.

Our chart this week shows Building Energy Rating (BER) by percentage of when properties were constructed. Based on the latest information provided by the SEAI, 250 homes have completed deep retrofits under the pilot scheme. The SEAI estimates that the average cost to upgrade a property from an F-rating to an A-rating is €48,417.

BER ratings in more modern properties average much higher than in older homes, with 97% of the



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245,142 homes built between 2015-2018 receiving a BER A-rating. Whilst this certainly indicates measured progress in household energy efficiency, likely attributable to higher standards in building regulations, efficiency remains low in properties constructed in periods where these standards were not as high. This is where schemes like Deep Retrofit are important to upgrade these types of households.

Homes under the hammer

There are approximately one million homes in Ireland in need of significant energy efficiency upgrades, according to the SEAI. The Deep Retrofit scheme targets households of this nature to combat high levels of energy consumption in households.

Of the 250 homes retrofitted so far under the scheme, the most significant proportion were properties built 20-25 years ago. 35% of the 250 homes were built between 1967 and 1982, and had an average BER rating of G, indicating a very poor level of energy performance.

Generally, retrofitting costs will vary for numerous factors depending on construction types, size of household, and amount of work which has been done. However, it is typically assumed that the larger the gap between initial BER rating and target rating, the higher the cost will be to complete retrofit work.

Find me a Home!

SEAI estimates that, based on the pilot scheme conducted to date on 250 households, around €35bn will need to be spent over a 35 year period to bring the existing housing stock in Ireland to a suitable low carbon standard by 2050.

Currently, no information about the future of the scheme beyond the current year has been made available. However, Minister Bruton has announced that a task force will be created to drive plans for the retrofit of 500,000 homes under the Climate Action Plan. This will be designing pilot projects in both urban and rural areas in 2020 and considering how government and private finance can be leveraged to deliver the necessary works. This will include an option similar to the UK's Green Deal, wherein part of the cost of energy efficiency upgrades was paid through energy bill savings.

SEAI has said that it will be publishing case studies of completed projects. This should provide a greater level of detail on costs of retrofitting for different household types and the different upgrades that were undertaken.

The available data shows a legacy of housing requiring significant retrofit to bring housing stock up to a standard consistent with a low carbon pathway. However, it would require significant investment and Ireland may need to look at creative ways of financing such activities.