

**Commission for Regulation of Utilities (CRU) Consultation on  
Proposed structural changes to Electricity Network Tariffs to apply from 1 October 2022  
to 30 September 2023**

**IGFA Response**

**1 September 2022**

**Introduction**

IGFA represents the compound feed manufacturers, feed material importers, grain intake and premix companies in Ireland. Collectively our members produce approximately 4.3 million tonnes of animal feed, provide employment for thousands of people throughout the country and are an essential partner in the Irish rural economy.

IGFA's mission is to support our members by creating a political and economic environment that enables them to produce safe and nutritious feed profitably and sustainably.

**General remark**

The CRU recognise that it is unusual to implement changes to the structure of network tariffs in such a short timeframe and have given a very limited timescale to respond to this consultation. This hinders the ability of organisations such as IGFA to consider the proposals in depth and gives little if no time for wider consultation and discussion with members. Equally it gives very little time for the CRU to actually consider the consultation responses it receives and calls into question to value of the whole consultation exercise.

**Impact of proposed structural changes on the feed sector**

We estimate that the average feed mill in Ireland could fall under the Large Energy Users definition (DG 6-8 as shown on their bills). This means that the targeted possible policy proposal include peak (TOU) network tariffs, supplier led approach and ESNB demand reduction schemes. The consultation document provides very little concrete information on how exactly these measures would be implemented and it is therefore almost impossible to predict the precise impact or the cost to industry.

The CRU notes that there is a significant risk to electricity security of supply in Ireland with particular challenges expected in the winter months in 2022/23 and 2023/24. This is a serious concern for the animal feed industry in Ireland given that demand for and production of animal feed is at its peak during the winter period (as ruminant animals are housed in addition to monogastrics which are indoor all year round). Some feed manufacturers may have some flexibility around peak network tariff times but this will not be possible for most mills during the busy winter periods. During these times it is almost impossible for many feed manufacturers to move production outside of peak hours.

The supplier led approach and ESNB led reduction schemes do not take into account the seasonality and nature of our industry. Winter is our largest demand period and this year we are already seeing increased demand now during our shoulder season. This is due to slow grass growth due to drought in key livestock regions resulting in farmers needing to supplement feed animals due to a lack of grass or fodder. Ideally we

could ramp up tonnages in the summer period but as feed has a 3 month shelf life, we cannot shift production sufficiently to see us through a 6 month winter feeding period.

### **Impact of increasing costs**

IGFA members are already experiencing huge increases in energy costs in feed mills throughout the country with some reporting a 3 to 4-fold increase compared to 2021 levels. This increase does not just have obvious detrimental impacts on business cashflows, but energy costs at this level have the potential to threaten the viability of Irish animal feed companies, particularly those with high energy demand. The animal feed sector is a vital part of the Irish food chain and the production of feed is essential to ensure that there is no disruption in food supply chains.

Increasing the costs associated with the manufacturing of feed will have huge knock-on impacts, financial and otherwise, on farmers, other customers and ultimately consumers. The cost of producing Irish food and drink will increase significantly as a result of such vast increases in energy costs and exacerbate the already significant concerns about food inflation. The Irish consumer and our export customers will pay more for products and despite efforts to drive efficiencies, our feed and food industry could struggle to remain competitive.

IGFA agrees with Ibec that Government should move quickly to use the EU temporary state aid framework that has been agreed with the European Commission to deliver supports for businesses to help them deal with energy costs.

### **Animal Health and Welfare**

Protecting the health and welfare of farmed animals is central to our business. We therefore must ensure that animals have access to the feed and essential nutrients that they need to remain safe, healthy and productive. This was recognised by government during the pandemic when feed production and supply was designated essential service status. Measures must therefore be taken to ensure that changes to electricity network tariffs do not compromise the feed sector's ability to manufacture and supply feed. Put simply, farmers purchasing feed is not a discretionary choice, it is essential for the health and welfare of animals.

### **Energy efficiency**

Given the fact that most businesses have already invested heavily in energy efficiencies, the document does not appear to provide any acknowledgement of this work. For example, many in our sector are already moving between ration type e.g. from pelleted feed to meal, which requires less energy input. However, the consequence of this is that feed efficiency at farm level will drop and wastage of feed will increase. Most farmers that can make the switch will already have done so and although we will continue to discuss this with our farming customers, the potential for further switching is probably limited.

### **Continuity of supply**

IGFA members are concerned about the continuity of supply over the coming months and the implications for their businesses of any restrictions placed on that supply. As an essential service, it is imperative that energy supplies to the feed industry are maintained at all times and given priority status in the event of any proposal to ration energy use.