

Liquid Gas Ireland

Budget 2027: Energy Transition Priorities for Rural Off Grid Homes and Businesses

Rural Ireland is at risk of being left behind in the transition to net zero. The SEAI's National Heat Study confirms that electrification alone cannot reach every home and business, with many older, rural properties unsuitable for heat pumps due to technical, logistical, or cost constraints. These communities, located off the natural gas grid, continue to rely heavily on high-carbon fuels such as kerosene oil, coal, and peat for heating. At the same time, policy support for decarbonisation pathways like biomethane is largely directed towards on-grid users, leaving off-grid households with fewer practical and supported options to transition.

Liquid gas has a critical role to play in delivering a just and inclusive energy transition. As a cleaner burning, reliable and easily transportable energy source, it provides a practical and scalable lower carbon solution for households and businesses located beyond the natural gas grid. For these communities, liquid gas offers an achievable pathway to decarbonisation, helping to reduce emissions while maintaining energy security, consumer choice and affordability.

Renewable liquid gases, including BioLPG and rDME, can reduce greenhouse gas emissions by up to 90% compared to fossil fuels, in line with the EU Renewable Energy Directive. They can be used in existing and renewable ready heating systems, enabling consumers to transition to lower carbon energy without the need for costly and disruptive system replacements.

Ireland has the potential to produce over 100,000 tonnes of renewable liquid gas annually by 2050, meeting more than 60% of current demand. This would enhance energy sovereignty, create rural jobs, and align with national waste, agriculture, and renewable energy strategies. There are multiple pathways to developing this domestic supply, including co-production from biomethane anaerobic digestion (AD) plants, producing BioLPG as a by-product of hydrotreated vegetable oil (HVO) and sustainable aviation fuel (SAF) production, and purpose-built facilities using advanced gasification technologies. Ireland's access to an integrated European renewable liquid gas market will complement domestic production, ensuring security of supply during the transition.

With the right Government support, renewable liquid gas can become a key pillar of Ireland's energy transition, ensuring that rural communities are not left behind. Rural and off natural gas grid Ireland has the opportunity not only to participate in the transition to net zero, but to lead it. To this endeavour, following are the key asks of Liquid Gas Ireland for budget 2027:

1. DELIVER PARITY OF POLICY SUPPORTS FOR RURAL OFF NATURAL GAS GRID HOMES AND BUSINESSES

To deliver a fair and equitable energy transition, government policy must ensure parity of support for consumers who are not connected to the natural gas grid, many of whom live in rural or remote communities.

These households and businesses often rely on high carbon fuels such as oil, coal, or peat and face more limited and costly decarbonisation options.

Any financial supports or incentives introduced to encourage the use of renewable gases, such as biomethane on the natural gas network, must also apply to renewable liquid gases like BioLPG and rDME. These fuels offer a lower carbon, renewable alternative that can be used with existing heating systems and infrastructure, making them especially suitable for off natural gas grid rural applications. Imposing a disproportionate cost burden on off natural gas grid consumers would run counter to the principles of a 'Just Transition'.

Policy must therefore adopt a 'mixed technology' approach that recognises, supports, and makes all viable low carbon solutions, including renewable liquid gas, available to those with the fewest alternatives.

A balanced approach also offers a more cost effective pathway for both the Exchequer and consumers by reducing the need for deep retrofits and avoiding significant electricity network upgrades in dispersed rural areas, where infrastructure delivery costs are highest, whilst still attaining BER targets set out in the Climate Action Plan.

Failure to ensure parity risks widening the rural-urban divide, increasing energy poverty, and slowing national emissions progress in hard to decarbonise sectors.

Key ask for Budget 2027: Ensure parity of support for off natural gas grid households and businesses by extending all renewable gas incentives and decarbonisation supports to renewable liquid gases such as BioLPG and rDME.

2. UTILISE THE CLIMATE & NATURE FUND TO SUPPORT AFFORDABILITY

Multiannual funding from the Infrastructure, Climate and Nature Fund (ICNF), designed with stakeholder input and informed by expert modelling, should include a dedicated allocation to offset the additional costs associated with renewable liquid gas.¹ These costs may arise as a direct consequence of future Renewable Heat Obligation (RHO) compliance requirements or from the increased production and supply of advanced renewable fuels in rural and remote areas. By targeting funding in this way, Government can help ensure that renewable liquid gas remains a viable and affordable option for households and businesses operating off the natural gas grid, preventing energy poverty and economic strain from being exacerbated during the transition.

¹ IBEC Budget Submission 2027

This targeted support would help prevent energy costs from becoming a barrier to uptake, allowing renewable liquid gas to scale as a practical lower carbon heating solution for rural Ireland. The use of public funding in this manner represents a cost efficient intervention, minimising the level of subsidy required per household compared with more capital-intensive alternatives while delivering meaningful emissions reductions.

Without such support, there is a significant risk that rising transition costs will disproportionately impact rural consumers and businesses, undermining public support for climate policies and delaying the adoption of lower-carbon solutions. A dedicated ICNF allocation would support a just and inclusive transition, ensuring rural communities can participate fully in Ireland's decarbonisation journey.

Key ask for Budget 2027: Allocate targeted Climate & Nature Fund support to keep renewable liquid gas affordable and viable for rural homes and businesses during the energy transition.

3. REVAMP SEAI GRANTS TO REFLECT A 'MIXED TECHNOLOGY' PATHWAY TO DECARBONISATION

The liquid gas sector plays a vital role in supporting rural homes and businesses, which face unique and often more complex challenges on the path to decarbonisation. These properties are typically older, larger, more expensive to heat, and more vulnerable to energy poverty. Retrofitting can be particularly costly and difficult, while access to alternative low carbon heating solutions remains limited. Although heat pumps will be central to decarbonising Ireland's housing stock, a broader suite of solutions is urgently needed to accelerate progress towards 2030 targets and beyond. This requires a 'mixed technology' approach; one that includes lower carbon liquid gas and renewable liquid gases such as BioLPG and rDME.

These fuels can be deployed through renewable ready gas boilers, either as standalone solutions or in hybrid systems alongside heat pumps. This pathway should form part of a targeted government strategy to boost retrofitting in rural Ireland and should be supported through a revamped SEAI grant scheme, aligned with the European Energy Performance of Buildings Directive (EPBD).

Adopting a mixed technology retrofit model can significantly reduce overall system costs by enabling a phased transition, avoiding unnecessary upgrades, and improving affordability for homeowners while maintaining momentum towards climate targets.

Key ask for Budget 2027: Provide additional funding to allow for the revamp of SEAI retrofit supports to ensure a mixed technology approach for rural homes, including renewable ready gas boilers, BioLPG, rDME, and hybrid heating systems.

4. SUPPORT THE ENERGY NEEDS OF RURAL SME'S AND OFF NATURAL GAS GRID BUSINESSES

Ireland's small to medium sized enterprises, particularly those in off natural gas grid and rural areas, must be supported as part of a fair and competitive energy transition. These businesses operate across key sectors, including agriculture, food production, tourism, hospitality, manufacturing, healthcare, education, and transport, and are central to Ireland's rural economy.

Many of these enterprises already rely on liquid gas and renewable liquid gas to meet their energy needs, meaning they have taken the first steps of lower carbon progression. However, the cost of transitioning must not become an added burden, especially as SMEs continue to face inflationary pressures, rising input costs, and global economic uncertainty.

If disproportionate energy cost increases are imposed, there is a real risk of reduced competitiveness, business closures, and job losses in rural areas, undermining both economic resilience and public support for climate policies.

Any policy designed to decarbonise Ireland's commercial sector must:

- Recognise the current and future role of liquid gas and renewable liquid gas in supporting rural businesses.
- Avoid imposing unfair cost burdens through fuel switching mandates.
- Protect economic competitiveness while enabling real progress on decarbonisation.

A phased and flexible transition pathway will allow SMEs to adapt over time while continuing to contribute to local economies and national climate objectives.

Key ask for Budget 2027: Protect rural SMEs in Budget 2027 by ensuring decarbonisation and energy policies, including the Renewable Heat Obligation (RHO), do not impose disproportionate energy cost burdens on businesses operating off the natural gas grid, while reviewing and expanding targeted business supports and grant schemes, including the SEAI Support Scheme for Renewable Heat (SSRH), to support cost-effective decarbonisation.

5. INCENTIVISE CO-PRODUCTION OF RENEWABLE LIQUID GAS

Ireland's expanding anaerobic digestion sector provides a practical opportunity to scale indigenous renewable liquid gas production alongside biomethane. By introducing targeted incentives for co-production, Government can maximise the value of AD infrastructure, strengthen energy security, support rural jobs, and accelerate the supply of lower carbon fuels for off gas grid homes and businesses. Renewable liquid gas can play an important role in decarbonising rural Ireland using existing infrastructure and appliances, without requiring significant additional network investment.

Expanding co-production will further reinforce Ireland's energy independence, create new revenue streams for the agricultural sector, and contribute to a circular economy by converting organic waste into renewable fuels.

Key ask for Budget 2027: Introduce targeted Budget 2027 research and development funding to support innovation and incentivise the co-production of renewable liquid gases under the National Biomethane Strategy and Renewable Heat Obligation.

In conclusion, delivering these measures in Budget 2027 will provide a clear pathway to 2030, enabling immediate support for rural consumers and businesses, scaling renewable liquid gas adoption over the medium term, and ensuring a balanced, technology neutral approach to achieving Ireland's long term climate targets.