

Industrial Hemp Conference

Panel Discussion Three: Innovating with Hemp - Exploring Alternative Uses and Shaping the Policy Landscape

Ed Horgan

The Energy Performance Certificate (EPC) is a critical document in the UK property market, assessing a building's energy efficiency from A (most efficient) to G (least efficient). This rating helps potential buyers or tenants gauge energy costs and environmental impact. A low EPC rating can make securing bank financing difficult, turning an asset into a liability. However, this challenge presents an opportunity for innovative solutions, particularly involving industrial hemp.

Industrial hemp is increasingly recognised for its potential in sustainable construction, particularly as an insulating material. Hemp insulation is not only environmentally friendly but also highly effective in improving a building's energy efficiency, which directly impacts its EPC rating. By incorporating hemp-based materials into retrofitting projects, property owners can significantly enhance their buildings' energy performance, thereby increasing their value and attractiveness to financiers.

Consider a forward-thinking entrepreneur who identifies this opportunity. They could approach a company like Starbucks, which aims to improve its carbon footprint. Suppose Starbucks has an office on Oxford Street with a poor EPC rating due to high emissions. The entrepreneur might negotiate to acquire the lease for £250,000, under the condition that Starbucks relocates to a more sustainable building. In exchange, Starbucks could receive £200,000 and a 10-year lease, allowing the entrepreneur to acquire the building at a reduced cost. This enables them to retrofit the property using hemp insulation, improving its EPC rating, and then lease it out again, capitalising on their investment.

The broader opportunity lies in strategically directing such investments. The key question is: can sufficient returns be generated once the goal of improved energy efficiency is achieved? Certification plays a critical role here. Engaging professionals like Patrick to explore mainstream certification for hemp-based materials is essential. Currently, many projects rely on individual certifications from architects or engineers, backed by their professional indemnity insurance. However, without recognised certifications like an admin certificate or a CE mark, and without educating engineers and architects about hemp's benefits, mainstream adoption remains challenging.

In terms of investment, private equity might be hesitant due to high demand in other guaranteed-return sectors. Nevertheless, a hybrid approach could prove effective. Consider cross-border funding opportunities, similar to those at Queen's University, where initial and working capital could be sourced from a blend of public and private funds. This approach would facilitate contracts with hemp farmers for production, ensuring a viable business model. While fully private funding might be unfeasible, a hybrid model offers a promising path forward.

EPCs serve not just as a compliance tool but as a driver for enhancing property value and sustainability. By leveraging industrial hemp in construction, property owners can significantly reduce energy consumption and carbon emissions, aligning with broader environmental goals. As

the market increasingly prioritises sustainability, understanding and improving EPC ratings through innovative materials like hemp can unlock both financial and environmental benefits.

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Diarmaid Mulcahy

In Ireland, there's a programme known as the Warmer Homes Scheme, which allows individuals experiencing fuel poverty to have their homes retrofitted for energy efficiency at the state's expense. This aligns with your point about connecting directly to government funding. If hemp insulation were included among the available products for this scheme, it would represent a secure funding opportunity.

While focusing on government funding is important, we must also consider market development. For an industry to thrive, products must be sold as part of a sustainable business model. There are agencies dedicated to market development, and if this initiative progresses in Ireland, identifying a champion agency for market development would be beneficial.

De-risking the industry is crucial. Potential risks include obtaining a licence to grow hemp, finding a market for hemp products, and accessing processing facilities. Private investors tend to avoid high-risk ventures, so these issues need resolution. If government intervention is required, targeted lobbying efforts could be part of the strategy. diarmaid51@gmail.com

Ian Marshall

In our discussions about retrofitting with sustainable materials, there is a significant gap in unified direction. For years, I have been engaged in these conversations, including a notable collaboration with a researcher from University College Dublin. He conducted a study across four regions in the Republic of Ireland, examining what influences farmers' business decisions. As a lifelong farmer and former Public Representative in the Seanad, where I helped establish the Environment and Climate Change Committee, I have encountered a range of perspectives.

A fundamental issue arises when approaching the government with multiple, often conflicting, voices, which understandably makes them hesitant. There are diverse groups offering assistance. Some view hemp as a panacea, believing it will save the planet, while others are convinced it will make them immensely wealthy. Both views are overly optimistic. Hemp is a useful tool, but not a cure-all.

Government officials receive mixed messages, leading to paralysis. This was evident in discussions I had in Westminster nearly a decade ago, where politicians were wary due to ongoing debates about drug decriminalisation. Public servants are understandably cautious, fearing potential controversies that could jeopardise their careers.

The lack of a cohesive message has stalled progress. Despite impressive presentations to governmental committees, there is often confusion about the specific requests being made. Over the past three years, at the Centre for Public Sustainable Energy, I have focused on energy security, decarbonisation, and climate change. Transitioning away from cheap fossil fuels is expensive, complicating the business case for alternatives like anaerobic digestion and biomethane. Success hinges on scaling up and collaboration.

Two years ago, we presented a paper recommending a unified governmental approach, as this issue spans agriculture, health, industry, and community departments. The Good Friday Agreement provides mechanisms for cross-border collaboration, which is essential. Lessons from agriculture are instructive; the sector has traditionally been supply-driven, often reliant on subsidies. While subsidies can initiate progress, they can also become detrimental if over-relied upon.

For initiatives in the circular bioeconomy, significant capital is required. Traditional banks, being risk-averse, charge high premiums for sustainability-focused projects. Private investors demand substantial returns due to perceived risks, such as uncertain carbon credit values and emerging technologies. However, smarter financing solutions exist. I recall working with a colleague in Brussels who needed £60 million to build a football stadium.

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Robert Johnson

In 2020, we published a concise briefing document outlining our primary objective: to address a legal loophole concerning hemp cultivation. The issue was that if a farmer grew hemp and attempted to process it just across the street, they could technically be prosecuted under the Misuse of Drugs Act for transporting it. Our aim was to rectify this situation. Unfortunately, the desired changes have not been implemented, and the status quo remains. As Ed mentioned, politicians have been very conservative on this matter.

Perhaps now is the opportune moment to revisit this issue and advocate for change. Kate Carmody and Hemp Cooperative are proponents of this cause, emphasising that hemp, as an industrial crop, should not fall under the jurisdiction of the Health Products Regulatory Authority (HPRA).

In late October 2021, we responded to a request from the Department of Agriculture, Food and the Marine (DAFM) for submissions on fibre. As a cooperative board, we dedicated weeks to crafting a comprehensive 60 to 70-page document, providing all the necessary information. However, we received only a one-page reply, essentially stating that we were not significant enough in size to warrant attention. The Department of Agriculture communicated to us, in essence, that until hemp cultivation matches the scale of winter barley, they would not take us seriously.

This was the situation in 2021, and it underscores the need for continued advocacy and dialogue to drive meaningful change in the treatment of industrial hemp

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