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Department of Environment, Community and Local Government

Custom House

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By email: lowcarbonroadmapforbuiltenvironment@environ.ie

Scoping report on low carbon roadmap for the built environment sector.

Dear Caroline,

Thank you for the opportunity to review the Department's recently published Scoping Report. On behalf of Ibec's Energy Policy Committee, I would like to offer the following comments and suggestions.

1. 2050 Timescale

The scoping document states that it is necessary to develop a national strategy for the period to 2050 in order for Ireland to contribute effectively and equitably to the EU's stated objective of reducing aggregate annual emissions at least 80% by that year. Although this rationale has some merit, it is important for the Irish Government to bear in mind that the EU's overarching policy framework for the post-2020 period is still evolving. It is highly likely that the type of targets that Ireland will be striving to meet in 2030 will be different in nature from those applying up to 2020.

Our national strategy, and its underlying sectoral mitigation inputs, must therefore be **flexible** in the way it prepares us for the proposed EU 2030 framework, and any subsequent EU initiatives. Put another way, climate mitigation policy needs to be dynamic in responding to changed circumstances or new information.

For example, if (as currently seems possible) the EU decides to treat agricultural GHG emissions in a different manner after 2020, it will have implications for the level of emissions reductions to be delivered by other sectors of the Irish economy.

We welcome the DECLG's decision to make use of modeling by the ESRI and UCC in its consideration of policy measures that might be implemented in the post-2020 period. In particular, UCC's *Irish TIMES* model, which optimizes energy use across all sectors of the economy, is capable in principle of identifying the least-cost patterns of low- carbon technology investment under specified policy scenarios, including constraints on emissions over the period to 2030 and beyond. Its main value, arguably, is for **identifying 'no regrets' options** that are selected under a range of starting assumptions regarding future economic growth and fuel prices etc. In view of the inherent uncertainty about such assumptions, however, it would be inappropriate to view such modeling results as a reliable predictor of the preferred technology of renewables and energy efficiency measures in 2030, let alone 2040 or 2050.

2. Evaluation Criteria for Proposed Measures

We broadly agree with the set of criteria set out in section 4.6 of the report, subject to them being appropriately weighted. We would suggest the inclusion of two further criteria, namely *commercial certainty* and the *minimization of regulatory risk*.

We would however caution policymakers against the temptation to design policy measures that effectively seek to 'kill two birds with one stone'. In general, the more diverse objectives that are addressed by a proposed policy, the more complicated its evaluation process becomes. For example, a recently-announced scheme by DCENR obliges energy suppliers to fund the achievement of energy efficiency savings by end-users. There was not a great deal of public consultation prior to the legislation coming into force. It includes substantial financial incentives for obligated suppliers to prioritize residential end-users in the so-called the Fuel Poverty sector, for whom retrofitting will result in improved comfort, partly offsetting the potential reduction of GHG emissions. The scheme will also promote the creation of 'green' jobs. While these are worthwhile social objectives the legislation will probably not give effect to least-cost delivery of the target quantity of energy savings.

3. Scope of the built environment sector

We would suggest including a reference in section 5.4 to different patterns of ownership, particularly given the exemplary role of the public sector, including energy savings targets that currently apply to public sector buildings.

It may also be useful to highlight that energy-related emissions in some industrial buildings, including any with installed CHP above a certain size threshold, are effectively regulated under the EU Emissions Trading Scheme. Any reductions in direct and indirect emissions at such installations will not count towards achievement of Ireland's national GHG targets. It has important implications for the design of tailored, coherent, cost-effective policies to incentivize both small-scale and larger-scale CHP investment.

We were slightly unclear about what was meant by the reference to governance structure in section 5.5. Presumably this includes some mechanism to co-ordinate efforts between DECLG and DCENR. However, this would surely be subject to a higher-level oversight structure as envisaged in the draft Heads of the Climate Change and Low Carbon Development Bill.

4. Evaluation of proposed measures

At this stage, it seems unlikely that the Built Environment Working Group will be able to identify much scope for new measures impact on achievement of Ireland's 20/20/20 targets. In contrast, there may be considerable scope for greater ambition in the post-2020 period, including deep retrofitting and various demand side measures, possibly linked to smart metering and/or smart grids. However, we would urge caution; it is still early days for the type of supplier obligation envisaged under Ireland's transposition of the Energy Efficiency Directive. Similarly, the idea of 'Pay As You Save' as an alternative to grant-aid funding has yet to prove itself a viable option for hard-pressed households. The average payback period on new projects is likely to rise significantly as all the 'low hanging fruit' is harvested. We therefore recommend the Government should redouble its efforts to educate the public about the need for ever-deeper measures, and the expected net benefits to householders who take up the opportunities. We would also urge the government not to rule out a return to grant aid in the future, for example if the ESCO and PAYS mechanisms were failing to deliver adequate progress towards our 2020 obligations.

5. Consultation Process

In conclusion, we look forward to engaging constructively and intensively with DECLG and other government departments and state agencies over the coming months on this roadmap, and on the wider issue of national climate policy. We recommend that the feedback received from this consultation (and any follow-up consultation) be carefully analyzed and, where appropriate, considered by the Minister's proposed Expert Advisory Committee prior to any new policies or measures being embedded in sectoral or national roadmaps.

Yours sincerely,

Neil Walker

Neil Walker

Head of Energy and Environment Policy