



Summary Note

Tuesday 26 February 2013

Outline Heads of Climate Action and Low-Carbon Development Bill

Minister Hogan today published an outline Heads of the Climate Action and Low-Carbon Development Bill accompanied by the Final Report of the NESC Secretariat, entitled Ireland and the Climate Change Challenge: Connecting “How Much with “How To”.

Both documents were sent to the Chair of the Oireachtas Joint Committee of the Environment, Culture and the Gaeltacht. The Committee will consider these documents and consult with stakeholders before it reports to the Government on national climate policy development and appropriate legislation.

A timetable for the development of national climate policy and legislation predicts this report will be presented by June 2013. The Government is expected to adopt a national policy position on transition to a low-carbon future by the end of 2013.

Summary

The basis for achieving Ireland’s binding mitigation targets and obligations are outlined in draft heads 4 and 5, which place obligations on the Government with respect to Ireland’s path to a low-carbon economy through the creation of various plans or roadmaps. The draft bill provides for both national and sectoral roadmaps.

National roadmaps will specify the mechanisms to achieve the management of net greenhouse gas emissions in line with existing EU mandated targets, or targets agreed at an international level. These roadmaps are aimed at achieving a transition to a low-carbon, climate resilient and environmentally sustainable economy in a cost effective way before 2050.

Reflecting a cohesive and multi-departmental approach, sectoral roadmaps aimed at achieving emissions reduction or measures enabling specific sectors adapt to the effects of climate change will be devised by the relevant Ministers following a request from the Government. As outlined in head 5(7), in adopting and implementing roadmaps, Ministers are required to consider various national, international and EU commitments currently in place to address climate change and greenhouse gas mitigation.

Other provisions address the consultation and accounting requirements of the Ministers throughout the roadmap creation process.

Draft head 12 sets out a general power of the Minister to make regulations for purposes of achieving the objective of the Bill as per head 4. It is worth noting that such regulatory powers could be used to address compliance measures. For example,



businesses could be required to choose between self-compliance reporting or full participation in schemes such as the Carbon Disclosure Project.

Summary of recommendations - Ireland and the Climate Change Challenge: Connecting “How Much” with “How To” - Final Report of the NESC Secretariat to the Department of Environment, Community and Local Government

This comprehensive report outlines “a socially and environmentally sustainable approach to economic development with a view to a carbon-neutral Ireland by 2050”.¹

The final chapter makes recommendations in **seven** key areas where the NESC secretariat believes action makes sense in terms of emissions reductions and economic recovery in line with the current public finances.

Buildings and industry

According to the authors of the report, energy efficiency in buildings represents the area with the greatest potential for cost-effective reductions in non-ETS emissions in the period to 2020.

Recommendations for the **residential** sector include:

- Implementation of more demanding efficiency obligations on energy suppliers in the light of the EU Energy Efficiency Directive and the potential for cost-effective savings; the effectiveness of these obligations will depend on a range of supportive measures put in place, (listed below);
- Piloting a PAYS scheme for the residential sector and exploration of other financing options and the role of the construction sector in overcoming the barriers to retrofit;
- Using property tax to promote greater energy efficiency;
- Inclusion of Building Energy Rating (BER) in sale and letting advertisements; and
- Explore the impact of minimum efficiency standards for dwellings occupied by those in receipt of rent allowance.

Non-residential sector policy actions include:

- Development of a clear legal basis for operation of ESCOs in Ireland, and exploration of the possibility of a partial risk guarantee for their promotion;
- Explore the option of sourcing capital for public-sector retrofit programme from the National Treasury Management Agency (NTMA); and,
- Development of revised building regulations for the non-residential building sector.

Renewable heating

A move away from the current heating model of oil and natural gas boilers is proposed; the report encourages the adoption of renewable heating options in public-sector

¹ Ireland and the Climate Change Challenge: Connecting “How Much” with “How To”, v.



energy procurement, for example on the basis of an ESCos model in which the customer is not required to incur initial capital costs.

Transport

In order to achieve the 2020 target of 10% renewable energy sources for transport; precedence is given to biofuels along with a modest contribution from EVs. Additional policy actions to reduce transport emissions in the run up to 2020 include eco-driving, public transport development through public-private partnerships, motor taxations proposals (see below), and the use of biomethane gas in freight.

Agriculture

The report cites the Food Harvest 2020 strategy for developing the agriculture and food sector which implies an increase in emissions in the period to 2020. However, it points to research by Teagasc which identified profitable opportunities to reduce emissions.

Power generation

Ireland's target for renewable electricity generation is 40% by 2020. Recommendations under the power generation heading include grid investment, regulation focused on achieving decarbonisation and facilitating full interconnection between Irish and European grids.

Tax

- A phased increase in the carbon tax to around €33 per tonne by 2020 (in 2009 prices, which is the level assumed in the current EPA projections);
- Protection of the progress achieved by changes to motor tax and VRT, to avoid further revenue losses; changes to the bands; and, for higher taxes above higher emissions thresholds;
- Consider an alternative approach to freight taxation, which would base the tax on the weight the vehicle is rated to carry; and for the role of user charges as a means of raising additional revenue from trucks registered abroad by considering; and
- The potential role of property taxes in promoting energy efficiency and as a revenue-raising measure.

Buying credits

The final recommendation flags the possibility (termed a useful flexibility) whereby Ireland may have to buy credits to achieve compliance with its non-ETS emissions target.