

An Taoiseach, Micheál Martin TD,
Department of An Taoiseach,
Government Buildings,
Merrion Street Upper, Dublin 2
D02 R583

11 March 2022

Re: Measures to support energy security and affordability

Dear Taoiseach,

I am writing to you to outline the need for new measures to protect Irish business from exceptional energy costs arising from the Ukrainian crisis and enhance Ireland's energy security in the coming months and years.

The Russian invasion of Ukraine has exposed the fragility of Europe's energy system, its over dependence on fossil gas from Russia, and failure to decarbonise and diversify its energy mix since the energy crisis of 2008. The invasion has also accelerated energy price inflation, with natural gas and oil prices rising to record levels.

Ireland is acutely exposed to these cost increases and energy supply challenges because of our increasing dependence on imported gas, our low levels of electricity interconnection, and a surge in electricity demand projected for this decade. Like households, Irish businesses are struggling to adjust to these exceptional price increases, with energy intensive sectors at particular risk. Firms and jobs will be lost if Government doesn't do more to address this energy crisis

Irish businesses spend (excluding energy suppliers) over €3 billion annually on natural gas and electricity and a further €1 billion on road transport fuels. Members are reporting increases in some costs which are multiples of the same time in 2021. This will put major pressure on companies' ability to maintain profitability with knock on implications for investment and jobs.

While gas supply is secure in the short term, Ireland needs to prepare for Winter 2022/23 and beyond. Ibec is therefore recommending that Government should implement the following measures to help protect businesses from extreme cost pressures in the short

term and build a more secure, sustainable, and competitive energy system in the medium term as we transition to a net zero economy.

Phase 1: actions required within the next three months

- Work with business to provide immediate direct fiscal interventions to help ease the burden of increasing energy costs
- Develop, with EU partners, a common Emergency Aid Framework to support business across the continent through this period of volatility and exceptional costs
- Advance plans to undertake a comprehensive national energy security review to identify risks and opportunities in our energy system as we transition to net zero
- Bring forward by one year the development of an integrated hydrogen strategy for Ireland and set clear national targets for hydrogen and renewable gas
- Begin work on a new framework to permit the development of new emergency energy storage in Ireland, including back up LNG options
- Revise the Diesel Rebate Scheme for Irish hauliers to keep the sector viable and Irish business competitive during this period.
- Accelerate decarbonisation and energy efficiency gains by a scaling-up of business supports and advancing the timeline for the national retrofit programme.

Phase 2: actions required before the end of 2022

- Finance through EU ETS auction revenue the development of hydrogen and biogas projects to enhance security of supply
- Work with EU partners to use CAP funding to support biogas production in rural areas and promote opportunities in the biogas sector
- Support a faster delivery of renewable energy and network infrastructure projects by giving them public interest priority status in the planning system.
- Support sectors at risk of carbon leakage due to high direct and indirect energy costs as permitted by the EU Emissions Trading System State Aid Guidelines.
- Develop clear guidelines on Solar PV and introduce new financial supports to help business invest in on-site generation
- Direct greater resources to the departments and state agencies involved in the planning and licensing of energy projects, including An Bord Pleanála and the Department of Environment, Climate and Communications.

I would be happy to discuss these proposals further with you and your colleagues.

Yours sincerely,

A handwritten signature in black ink that reads "Danny McCoy". The signature is written in a cursive, slightly slanted style.

Danny McCoy, CEO Ibec

Cc:

Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar

Minister for Finance, Paschal Donohoe

Minister for Public Expenditure and Reform, Michael McGrath

Minister for the Environment, Climate and Communications, Eamon Ryan,

Secretary General, Department of the Environment, Climate and
Communications, Mark Griffin

Secretary General, Department of the Taoiseach, Martin Fraser

Secretary General, Department of Enterprise, Trade and Employment, Dr Orlaigh Quinn

Secretary General, Department of Finance, John Hogan

Secretary General, Department of Public Expenditure and Reform, David Moloney