



30th April 2013

Heads of Climate Action and Low Carbon Development Bill 2013

IBEC Submission to the Oireachtas Joint Committee on the Environment, Culture and the Gaeltacht

1. Introduction

IBEC is the leading voice of Irish business and employers, representing the interests of thousands of organisations in industry and commerce as well as academic and charitable institutions. Its Policy Division includes teams specialising in economics, taxation, social affairs, transport, trade, energy, environment and occupational health & safety.

The Energy and Environment Policy ('EEP') Unit is headed by Dr Neil Walker, who has been professionally involved in energy and climate policy for more than a decade. He is regularly invited to speak at energy and climate policy forums within Ireland, and has also participated in numerous international conferences, including the 2011 UNFCCC summit in Durban. His personal contribution to the recent work of the NESC secretariat is acknowledged in its final report to Government. Prior to joining IBEC in 2010, Neil's role at the Sustainable Energy Authority of Ireland included the economic evaluation of low carbon technologies and the provision of expert assistance on National Action Plans for energy efficiency and renewable energy.

The EEP Unit administers two Policy Committees that regularly discuss climate mitigation and low carbon technologies. These are:

- the *Energy Policy Committee*, chaired by Neil O'Carroll of Phillips 66, which provides a forum for fuel suppliers, conventional and renewable

electricity generators, low carbon technology providers, network system operators, energy service companies and industrial energy users; and

- the *Environment Policy Committee*, chaired by Donal G Johnson of Eli Lilly, whose members are mainly drawn from manufacturing and process industries, as well as from consultancy and legal firms.

These Committee members have been actively co-operating with sustainability initiatives organised by DECLG, DCENR and EPA over recent months. The Unit also organises periodic delegations for Committee members to meet with DG CLIMA officials, and it regularly hosts stakeholder conferences and workshops for IBEC's wider membership.

The proven effectiveness of this policy work is partly attributable to the maintenance of constructive relations with the Government officials and state agencies with whom we interact. However, it also reflects the considerable technical/economic expertise amongst our Committee membership. In this regard, we wish to acknowledge the particular contribution of IBEC's *Climate Change Working Group* (chaired by Dr John Reilly of Bord na Mona).

In preparing this OJC submission, IBEC has actively sought and incorporated the views of the two Policy Committees as well as members of the Climate Change Working Group. We therefore believe that it presents a balanced view across a broad range of stakeholders, rather than favouring any one particular sectoral 'vested interest'.

2. Executive Summary

IBEC broadly approves of the structured consultative approach that Minister Hogan has applied in developing a new national climate policy over the past two years. This process stands in stark contrast to that adopted by his predecessor. The resulting legislation is likely to result in an effective national policy framework that will support a successful low-carbon transition.

Although the Outline Heads of Bill needs to be fleshed out, IBEC is broadly supportive of the approach that it adopts. IBEC believes that it correctly focuses on enabling the strategic and institutional changes that were highlighted in the reports that were prepared by the NESC secretariat.

3. Recommendations

- 3.1 Head #6 of the of Bill should spell out in more detail how the proposed National Expert Advisory Body (NEAB) will operate, and whether/how it will be adequately supported. This is potentially a major concern, given the ever-increasing financial and staff resource constraints on the EPA and other state bodies. IBEC envisages that although the NEAB is not a stakeholder body, it may nevertheless wish to be able to call on the technical expertise of industry participants through standing committees or task forces.
- 3.2 Head #5 of the Bill ought to go further than simply allowing the Government and the Minister to consult with the NEAB on their functions. Although Ministers should not be obliged to follow the advice they receive, they should be required to demonstrate to a supervisory body that appropriate advice has been actively sought and duly considered.
- 3.3 In this regard, Head #8 of the Bill could usefully provide more detail of proposed arrangements for supervision of the institutional arrangements and of the progress of National and Sectoral Roadmaps. Unless this is explicit in the Bill, such oversight is likely to remain shared (and hence diluted) across several Oireachtas Joint Committees. Perhaps it would be worth giving further thought to a supervisory body along the lines envisaged in the NESC secretariat report. (For the avoidance of doubt, though, such a body must not be modelled on the UK's Committee on Climate Change, whose relationship with the Department of Energy and Climate Change and with the UK Treasury has become increasingly fractious and ineffective over recent years.)
- 3.4 IBEC would welcome more detail on the potential scope of general regulations that are provided in Head #12. Although these would be subject to review by the Oireachtas, there would need to be additional safeguards, include Regulatory Impact Analyses, particularly for measures that have the potential to increase the cost burden on Irish employers.

4. Preliminary evaluation of the proposed Heads of Bill

What *should* be in the Bill

IBEC welcomes the fact that the Heads of Bill recognises the importance of meeting Ireland's EU-mandated targets, which include legally binding obligations to reduce GHG emissions, promote renewable energy and achieve efficiency savings. As identified by the December 2012 report of the NESC secretariat, an enhanced strategic and institutional framework will be vital in order to achieve broad acceptance from all sections of Irish society.

IBEC also welcomes the Bill's acknowledgement of the need to promote sustainable development. We would strongly disagree with those stakeholders who have previously argued that this phrase is a contradiction in terms. If the impact of national climate policies is not aligned with sensible economic goals, then it will ultimately fail due to lack of public acceptance. In this regard, IBEC is concerned about recent IEA studies that illustrate how industrial energy costs in the European Union are becoming increasingly uncompetitive compared to regions such as the China and USA. Moreover, data provided by SEAI and by IBEC members would suggest that electricity costs in Ireland have been increasing faster than elsewhere in the EU over the past year, with the alarming prospect of further sharp increases to come over the next six months.

In the context of a fragile economic recovery, IBEC believes that it is vital that Ireland's energy/climate policy framework should not impose a cost burden on employers any greater than is absolutely necessary. The Government should, for example, avail of flexibilities in the EU's Energy Efficiency Directive to prevent costly over-compliance with Ireland's 2020 obligation. Conversely, it should not levy additional taxes for which the revenues are simply appropriated by Revenue instead of being directed towards environmentally beneficial initiatives such as infrastructure investments or resource efficiency.

What should *not* be in the Bill

In addition to the numerous annual energy/climate targets that Ireland already faces up to 2020, a further set of (potentially even more ambitious) member state targets may well emerge from the European Commission's recently-launched consultation on a new energy/climate framework to the period 2030.

In this context, it is likely that Ireland's two existing national energy action plans will need to be revised and extended, and that DECLG will need to ensure equitable treatment for Ireland's agricultural emissions.

For these reasons, IBEC *strongly disagrees* with recent assertions in the media that the proposed Heads of Bill is in some way undermined by the absence of reference to unilateral national targets, or the decision not to establish an independent commission that could 'hold the Government to task' by publishing reports that may be critical of individual Ministers. We would also disagree with recent proposals that responsibility for climate policy should be transferred into the Department of an Taoiseach. This would be highly disruptive with no obvious policy benefit. IBEC believes that it would be far more feasible for policymakers to build an effective climate mitigation framework through enhanced co-ordination of various well-established (and highly regarded) institutions such as SEAI, EPA, Teagasc and ESRI – provided of course that they are adequately resourced for this task.

Conclusion

As currently configured, and subject to adequate safeguards on regulatory cost burden, the Outline Heads of Bill has the potential to garner broad support from IBEC's members. The associated policy framework is also likely to be consistent with the Government's sustainability objectives. We recognise, though, that some stakeholders (notably within the Environmental Pillar) may suggest amendments to the legislation whose effect would be to make it more similar to the UK's 2008 UK Climate Act, or to the previous Irish Government's 2010 Climate Change Response Bill. For the reasons set out above, IBEC's members would be strongly opposed to such changes.

Signed

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