



**Roinn Cumarsáide, Gníomhaithe  
ar son na hAeráide & Comhshaoil**  
Department of Communications,  
Climate Action & Environment

6 September 2019

Ms Éilis Fallon  
Committee Secretariat  
Committee of Public Accounts  
Houses of the Oireachtas  
Lenister House  
Dublin 2

### **Detail on the Climate Action Agri-Biomethane MACC**

Dear Ms. Fallon,

I refer to your letter of 9 August requesting a response from this Department in regard to correspondence received from the Renewable Gas Forum. The correspondence highlights the representation in the Climate Action Plan regarding the provision for agriculture-sourced biomethane in heat.

In order to address the issues raised in the correspondence, I will firstly outline in broad terms the Marginal Abatement Cost Curve (MACC) analysis and the stakeholder engagement that was undertaken by McKinsey in the development of the MACC. I will then highlight the work which is now being taken forward in relation to biomethane under the Climate Action Plan.

#### **MACC Analysis**

In order to inform the development of the Climate Action Plan, a Marginal Abatement Cost Curve (MACC) was developed and published to help identify the most cost-effective pathway to reduce emissions in line with Ireland's decarbonisation targets. Using projections of Ireland's greenhouse gas emissions, economic activity, and assessments of over 300 business cases for technology, the analysis sought to identify the technologies (including fuel switches), and associated levels of adoption, required to meet our 2030 target in the most economical way.

The MACC clarifies the required level of technology adoption to deliver the decarbonisation target, but does not make any assumptions on the type and cost of policies to achieve this adoption. The initial policies and interventions, as well as the accompanying roadmap of actions, required to implement new policies and to accelerate the necessary technological and behavioral shifts are detailed in the Climate Action Plan itself.

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### **Stakeholder Engagement**

The underpinning technology business cases used for the MACC are based on McKinsey's globally-sourced data on emissions mitigation technologies, which have been localised for Ireland based on extensive engagement with relevant Government departments, and agencies as part of the preparation of this Plan. Each case includes a perspective on technology evolution over the next 10 years (e.g. on cost and efficiency improvements).

As part of the stakeholder engagement process, agencies such as Teagasc, and SEAI were consulted with and provided an opportunity to engage with McKinsey on the key assumptions and inputs underpinning the MACC analysis. This stakeholder engagement was undertaken to ensure that different perspectives and expertise could be used to inform the final design of the MACC curve itself.

### **Climate Action Plan**

As mentioned above, the MACC analysis did not specify what policies and interventions should be introduced to accelerate the uptake of the required technologies and behavioural shifts. This was instead detailed in the Climate Action Plan as actions based on significant engagement with Government departments and agencies.

In relation to renewable gas, the Plan specifically commits to setting a target for the level of energy to be supplied by biomethane in 2030, including taking account of the domestic supplies of sustainable feedstock and consideration of how the supports necessary to reach such a target would be funded. Department officials would be available to meet with the Renewable Gas Forum to discuss the issues raised, as part of this ongoing work.

The Climate Action Plan should also be seen as a rolling process for effective implementation of climate policy in Ireland. The Minister is engaging in an ongoing series of consultative meetings to explain the approach, hear views and take on ideas. The Minister intends that the Plan will be updated on an annual basis taking into account both policy development and ongoing consultation with stakeholders.

I trust this letter addresses the points raised in the correspondence received.



Eoin McLoughlin  
Assistant Principal

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