Opening Statement by the Department of Communications, Climate Action and Environment

I would like to thank the Committee for the opportunity to address it today on the Chapter 9 of the C&AG Report on the Accounts of the Public Services 2018, dealing with greenhouse gas related financial transactions.

The chapter examines transactions associated with Ireland’s participation in the EU Emissions Trading System and purchases of credits by the State for compliance with Ireland’s commitments under the Kyoto Protocol (2008-2012) and the EU Effort Sharing Decision (2013-2020). The report also briefs examines the revenues accruing to date from carbon tax. The report notes that a total of €121m has been spent to date on the purchases of credits for Kyoto Protocol and effort Sharing Decision compliance, with a further €2m - €13m expected to be required to meet the costs of purchasing further credits for compliance with the Effort Sharing Decision. The report also examines the costs of compliance with Ireland’s renewable energy targets for 2020.

The report does not examine other transactions or expenditure associated with the implementation of climate change policies, whether in DCCAE or elsewhere. The report recommends that accurate and comprehensive information on relevant costs (including costs of abatement measures and carbon credit purchases) and incomes (including auction revenues and tax yields) would assist in informing future decisions on climate change initiatives and notes that, in Budget 2019, the Minister for Public Expenditure and Reform indicated his intention to introduce a green budgeting framework with the aim of embedding climate change in the budgetary process. Implementation of this framework offers the opportunity to develop a comprehensive national account capturing income and expenditure relating to climate change initiatives.

The Department also notes and welcomes the recommendation of the C&AG in relation to the provision of additional information on climate change-related polices and measures in the statutory accounts of Government Departments. DCCAE supports this recommendation which it considers will help to improve both the transparency as well as the robustness of evaluation of climate change policies across all Government Departments.

Climate Action Plan

The Government published its Climate Action Plan on 17 June. For the first time, the Plan sets out, based on the best available evidence, the measures that are required to meet our 2030 targets, with the burden shared across all sectors. The Plan will also put us on the right trajectory towards net zero emissions by 2050.

In respect of C&AG report’s assessment of the distance to target for 2030 compliance (presented in Figure 9.11), it is important to note that the report uses EPA projections that do not yet take into account the impact of the Climate Action Plan. The EPA is currently updating these figures as part of
finalising the National Energy and Climate Plan, for submission by the Minister to the European Commission by the end of 2019.

The Climate Action Plan contains a strong focus on governance and accountability, including commitment to publish progress reports quarterly.

The first such progress report, launched at the end of October, shows that 85%, or 149 of the actions due for delivery in Quarter 2 and 3 of this year have been delivered, with the remaining in progress and due for delivery by the end of the year.

**Renewable energy**

Turning to renewable energy, at the end of September this year, there was approximately 4,100 MW of renewable generation capacity connected to the national grid. Of this total, wind generation accounted for over 3,800 MW.

The most significant progress towards our 2020 renewable energy targets has been made in renewable electricity and we expect to be at or very close to the 40% sub-sectoral target (RES-E) by 2020. In the transport sector, we expect to achieve over 9% of the 10% target primarily due to the Biofuels Obligation Scheme with electric vehicles also making a contribution. The target in renewable heat is more difficult due in part to our dispersed population and our reliance on fossil fuels for a large share of our domestic heating. The Support Scheme for Renewable Heat and supports for the rollout of heat pumps under the NDP are important measures to help us close the gap to target.

The fact remains that we are projected to have a shortfall to the renewable targets of about 3% based on analysis by the Sustainable Energy Authority of Ireland. Ireland will not be alone in falling short of our 2020 targets and there are compliance mechanisms available to us, known as statistical transfers, to enable us to purchase compliance. The cost of purchasing statistical transfers should any potential shortfall in Ireland's target arise has yet to be established and will depend on a number of factors, particularly the availability of supply and market costs. The focus of the Department is on maximising renewable energy in our energy mix by 2020 and on implementation of the comprehensive actions set out on the Climate Action Plan that will enable our transition to a low-carbon economy.

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