

Remarks by the Chief Executive of Bord na Móna to the Oireachtas Committee on Climate Action 13th November, 2018

Opening

Thank you Cathaoirleach and to the committee for your invitation to speak here today. Bord na Móna has been the focus of a large amount of public comment in the past few weeks and it is both timely and appropriate that we assist in the national response regarding climate action, and also outline our decarbonisation plans.

Plan to decarbonise

When it was founded, Bord na Móna was given a mandate to support Ireland's energy security and employment in the Midlands. That mandate to support employment is as important to us now as it was then.

For Bord na Móna decarbonisation presents both a serious challenge and a considerable opportunity. It means moving away from peat into renewables, into resource recovery and into new businesses that all support key national policies.

We are keenly aware of the effect this transition is having on our people who are the group most affected by decarbonisation.

The company's plan essentially involves three parts;

The first part involves consolidating and simplifying our business structures so that we can decarbonise and reposition Bord na Mona.

The second part involves accelerating plans and development of our renewable energy and resource recovery businesses.

The third is the development of new sustainable businesses to support significant employment.

Consolidate and simplify

The first part of this plan is aimed at providing a new structure that takes account of the need to decarbonise the business and deliver a new Bord na Móna.

This new structure safeguards the maximum number of jobs and facilitates the decarbonisation strategy.

As the committee is aware, decarbonising our business has meant us confronting some extremely difficult choices. On the 24th of October, we announced that fewer people will be working in peat operations and also in managerial and administrative roles across Bord na Móna. We also announced that we would open a voluntary redundancy programme, with the expectation that these changes could directly impact approximately 380-430 roles and employees.

This wasn't an easy decision to make. We have taken these steps to allow us decarbonise and at the same time save the company so it will continue to be a vehicle for economic growth in the Midlands, a role that is very important given the challenged socio-economic profile of the region. Doing this will also enable us to implement national policy, including the achievement of climate action policy.

I have met with employees and spoken at eleven town hall meetings in the past few weeks and believe the decision is supported by the vast number of our workforce. A consultation process that includes the Group of Unions is underway. We have recently internally advertised new roles to implement the new structure and have received a high level of interest in those. In addition we have a range of retraining and reskilling opportunities that, we will be making available to our employees who are affected by this process. I am confident that we will meet the challenges of decarbonisation in a fair and measured way.

This is all part of a managed transition out of peat and acceleration into renewable energy, resource recovery and other low carbon sustainable businesses. This managed transition is in line with key aspects of national policy.

Peat stations transition

A managed transition is in line with the National Planning Framework, which outlines the Government's high-level strategic plan for shaping the future growth and development of the country out to 2040.

A managed transition is also in line with the Citizens Assembly proposals, where 97% of the Members recommended that the State should end all subsidies for peat extraction and instead spend that money on peat bog restoration. The assembly also said there should be proper provision for the protection of the rights of the workers impacted; with the majority 61% recommending that the State should end all subsidies on a phased basis over 5 years. The PSO subsidies for peat fired generation ended three years ago in the case of Bord na Móna's Edenderry power station and will cease completely in the ESB stations next year. The company notes that there have been many calls for similar funds to support the transition in line with this Citizens Assembly recommendation.

Biomass

As the committee is aware Bord na Móna's own Edenderry Power Station is already co-fired with biomass, 70% of which is sourced in Ireland. Co-firing with biomass which is renewable, green house gas neutral and sustainably sourced makes Edenderry power station one of the largest single providers of renewable energy on the island of Ireland.

We expect that the future requirement for biomass will grow from over 400,000 energy tonnes this year to in excess of 1.3 million energy tonnes per annum from around 2020-2021 onwards. 70% of our current supply is sourced in Ireland and our preference at all times is to source Irish biomass materials.

As supplies of Irish biomass are currently limited, we are working to develop sustainable imports and indigenous supply chains to meet this increasing demand.

Planning permissions

A key part of the managed transition will take place during the next twelve months when we begin to reduce the supply of peat and begin supplying biomass to ESBs two midlands based power stations. This will have the immediate effect of significantly cutting the carbon emissions from these stations. This part of the transition is of course subject to the ESB successfully progressing planning applications for their West Offaly and Lough Ree power stations which are we believe to be submitted shortly to An Bord Pleanála and to Longford County Council. The end of this transition period will occur in 2027-2028 where the intention is for stations to run on 100% biomass. The three

stations running on biomass will then potentially provide 346 megawatts of dispatchable renewable power to the Irish grid.

Just transition

The progressive replacement of peat with biomass will allow for those people affected by the current plan to be treated in a fair and just manner. The transition is a relatively short period of time and will allow for a significant number of people to retire in that time; or in cases allow them to avail of replacement employment within the company where it becomes available; or retrain and reskill for alternative employment outside the company. It will also allow the company to build out the new sustainable businesses that will we intend become a new foundation stone for employment and communities in the Midlands.

Carbon

In terms of reductions in the amount of carbon dioxide. The results of this managed transition will be very significant.

From a baseline of peat emissions of 3.0 million tonnes of carbon dioxide in 2015, Bord na Móna estimates that it will reduce its peat product emissions to 1.8 million tonnes in 2020. **That is a reduction of 40% in CO2 emissions by 2020 alone.**

Renewable energy

Bord na Móna has made considerable progress in decarbonising its electricity, with the carbon intensity falling from 1.1 tonnes CO₂ per megawatt hour in 2007, to 0.5 tonnes today and are likely to fall to 0.16 tonnes of CO₂/MWh by 2025

Bord na Móna's renewable electricity is currently produced at Drehid Landfill Gas, Mountlucas Windfarm, Bruckana Windfarm, Sliabh Bawn joint venture windfarm and the country's first ever windfarm Bellacorrick in Co Mayo and at Edenderry using biomass,.

The power generation business is a key driver of the Group strategy to transition to a sustainable future, with well over 60% of electricity generated currently classed as renewable. As we accelerate decarbonisation we will build on this solid platform helping us meet our objective of becoming a leading generator of renewable energy as we expand development across our landbank. Bord na Móna's Edenderry Power station performs a uniquely important role as a large scale generator of dispatchable renewable power to the grid at a time of increased intermittency of generation on the Irish grid system. I think is important for the committee to note the role that biomass will play in delivering dispatchable renewable power in the coming years.

Bord na Móna is also in the process of developing the 172 Megawatt (MW) Oweninny wind farm in North Mayo through a joint venture with ESB phase 1 of which will become operational in 2019. Procurement for another wind farm at Cloncreen in Offaly is also progressing.

We are also developing solar farms in partnership with the ESB and have accelerated our plans for renewable energy development during the company's transition phase. This will involve the development of up to 2GW of generating assets by 2030.

Investments in this area will support the creation of considerable numbers of long term jobs as well as providing construction jobs during the build out programme.. Perhaps even more importantly the development of these renewable assets will help support other key parts of our transition journey, especially in areas that will generate more significant employment opportunities in the Midlands.

We have also invested significantly in engaging people and communities near renewable energy developments. This is consistent with our values and traditions as a company and I believe that it has had a very positive effect in how these proposals are received and perceived during the planning, development and operational stages.

Electricity exchange

Alongside the development of renewable energy supply we are also increasingly active in the provision of Virtual Power Plant services and Demand Side management. To do this Bord na Móna has acquired a 50% interest in Electricity Exchange DAC, which focuses on the development of smart technology and the provision of flexible support services to the national grid, this business supports high tech Irish jobs and recently announced ambitious expansion plans for the future.

Efficiency

Energy efficiency will also be at the centre of a transition to a clean, low carbon energy system by 2050. In the context of Ireland's EU and national commitments and wider climate change goals, Bord na Móna as a commercial semi state, has worked towards achieving the national 33% target.

Resource Recovery

Resource Recovery is a key pillar in Bord na Móna's strategy helping the company diversify away from high carbon activities while also supporting national Waste Policy. Bord na Móna is also involved in the waste to energy sphere such as the landfill gas utilisation plant at Drenth which generates around 38,000 MWh of renewable energy per annum.

We also have acquired the end of life tyre collection and processing service, Ireland's only recycling operation which ensures complete destruction of the car tyre and 98% recovery of material for recycling use. In addition, significant investment is being made in recovery technologies in the area of plastics.

These existing resource recovery activities already support in excess of 300 jobs within Bord na Móna with an additional 50 being created at our tyre recycling facility in Donore Rd, Drogheda. Investment in the recovery of higher value material and resources will we believe help deliver on key national sustainability and waste objectives but also help support replacement employment in the Midlands.

New Business

Bord na Móna is keenly conscious of how important it is for the company's brown-green (B2G) strategy to succeed. This has been a feature of much of the public commentary of our decision to decarbonise. Bord na Móna and our employees are setting out on a very challenging journey here. We are aware that we will be a significant test case for public perceptions around climate action.

If after we are finished, and our transition it is perceived as a success that benefited people nationally, then the national task of decarbonisation will be made immeasurably easier. If however climate action is perceived as entirely negative process, that is a burden borne only by employees of companies like Bord na Móna and by already disadvantaged Midlands communities then the national strategy could be needlessly undermined.

This consideration is a key driver of our plans. As a company we know we have to accelerate plans and demonstrate the real benefits that will accrue as we move to new low carbon businesses.

These new business plans include projects that tap into our land assets and the skills of our workforce. We have identified two areas of intent for new businesses; the first involving fresh water Aquaculture; and the second involving the supply of herbal remedies to the pharma and cosmetics sectors.

Our Aqua-culture project is already being piloted at a closed loop, fresh water fish farm located on one of our bogs in East Offaly that we are progressing with Bord Iascaigh Mara.

We are looking to progress this and our herbal business project to business cases in the next twelve to eighteen months. Thereafter, we will hopefully be developing these as commercial ventures of scale.

Bord na Móna is also looking at opportunities to develop the infrastructure and alternative fuel sources required by electric and other low emissions vehicles. While HGV's account for only 3% of the total vehicles in Ireland they consume 20% of the energy used within this fleet. Compress Natural Gas has high potential to decarbonise HGV's due the challenges associated with full electrification of them.

To do this the company is developing an Anaerobic Digestion (AD) and Biomethane Injection project in Cúil na Móna in Co. Laois which will contribute to decarbonising the gas network. Bord na Móna has also identified potential rapid recharging sites for vehicles, within its landbank and is assessing their suitability.

All of the investments in this area also support the company's objective of developing new Midlands based employment that is sustainable and that supports the low carbon economy.

We are at an early stage of development, but we estimate that these projects carry with them the potential to grow Bord na Móna's employment base by approximately 500 people. This will be achieved in a way that supports the low carbon economy generally and also that can support economic development across the communities that we are so strongly associated with.

I am encouraged by all the support that has been flagged on this and if it is delivered, I believe we can help ensure that the Midlands is a big winner out of decarbonisation. A winner in terms of investment, cleaner air, water, better amenities and of course better employment opportunities.

Potential for job creation arising out of renewable power development, resource recovery expansion and our new businesses is significant. We have conservatively estimated, and independently verified, that this plan will create and support significant direct and indirect jobs during the coming

decade. Importantly, these jobs will be sustainable, will support the green economy jobs and will be based in the Midlands of Ireland.

Assistance and support

In achieving this objective we are being assisted with and are engaging with a range of bodies including the Department of Communications, Climate Action and Environment, a range of state agencies that includes Enterprise Ireland, the IDA, Bord Iascaigh Mara and many Midlands local authorities who have been very proactive in their response to the company's transition needs. We will also be engaging with EU based institutions regarding potential supports that could be forthcoming there.

Land use

I wish to mention something about how this decarbonisation plan fits with our land use strategy.

Our decarbonisation plan includes a significant investment in the rehabilitation and restoration of bogs. To date more than 15% of the total land area in Bord na Móna's ownership has been rehabilitated and / or restored in line with International, EU and National targets.

Bog rehabilitation and restoration provides a range of benefits including lower land based carbon emissions, increasing biodiversity and increasing provision of community and amenity lands.

Carbon emissions

In terms of carbon emissions, Bord na Móna is currently calculating the reduction in emissions that will accrue from the company's bog rehabilitation and restoration work. Re-wetting raised bog means that the carbon that is in the ground stays in the ground. It also provides greater opportunities to turn these sites into carbon sinks.

Final conclusions pending, at this stage the company expects that the reductions arising from this work will be significant. These savings will be counted in the EU's third legislative pillar for green house gas emissions, *Land Use, Land Use Change & Forestry*.

Compatibility of commercial and rehabilitated land

Other uses of rehabilitated bogs, as windfarms for example, demonstrate the compatibility of renewable energy generation with other outcomes, including improved biodiversity. The developed footprint of windfarms is typically less than 5% of the entire area of the windfarm leaving the balance of 95% of the rehabilitated bog as a resource for biodiversity.

Biodiversity

The importance of rehabilitation from a biodiversity point of view is especially pointed following the recent World Wildlife Fund Report which highlighted the catastrophic 60% loss of animal populations in the past forty years.

Restoration of raised bogs will help Ireland meet its biodiversity objectives including commitments to conserve specific raised bog habitats under the EU Habitats Directive.

Tourism

In parts of the Bord na Móna estate, Lough Boora Parklands for example, rehabilitated bogs provide extremely valuable tourist amenities with over 100,000 visitors every year. In many other parts of Ireland, rehabilitated bogs provide places valuable community amenities and a range of upsides including incalculable health benefits to people in those areas.

Conclusion

Bord na Móna began life as the Turf Development Board in the 1930s, as a new company in a new Ireland that faced immense challenges. The young State needed to demonstrate its viability by establishing its energy independence and use Irish resources to make it happen. Bord na Móna was the instrument and demonstration of the State's ability to deliver jobs and energy independence.

Ireland and Bord na Móna now face another immense challenge. We are taking action in response to climate change and decarbonising our business. It is the right thing to do. All of us in Bord na Móna are keenly aware that we must make this work.

Thank you.

Ends