

Public Accounts Committee

14th October 2021

Briefing Paper on Appropriation Account 2020

Vote 29 – Environment, Climate and Communication

Introduction

The Department of the Environment, Climate and Communications is central to delivery of policies and programmes which are of significant strategic national importance, and which are essential to our national economic and sustainable development. Its functions encompass critical policy areas, including communications, energy, climate action, environment, natural resources and waste management as well as responsibility for 14 commercial and non-commercial state bodies and regulators.

The Department and its agencies play a key leadership role in the delivery of a number of commitments under the Programme for Government and investment priorities identified in the National Development Plan (NDP).

The allocation of €12.9 billion over the period of the NDP (2021 – 2030) represents a significant increase in the Department's capital allocation and reflects the significant scale of ambition and pace set for the delivery of our vision for a climate neutral, sustainable and digitally connected Ireland.

2020 Expenditure

Gross expenditure under the Vote in 2020 was €428.267 million, up €101.460 million or 31% on the 2019 outturn¹.

The 2020 outturn represents a saving of €113.176 million or some 21% of the budget allocation of €541.443 million (including capital carryover). Savings arose in all Programme areas as set out below:

- Communications Programme - Savings of €68.935m
 - Savings arose mainly due to the Covid-19 pandemic and its impact on the deployment of the National Broadband Plan network. More detail note on the National Broadband Plan is included at Appendix 1.
 - Approval for grants under the Covid-19 Trading Online Voucher Scheme, introduced under the Government's Covid-19 Business Supports Package for small businesses, transferred to the Department of Enterprise, Trade and Employment with effect from 16 October 2020 which resulted in savings under this new 2020 subhead.
- Energy Programme - Savings of €14.097m
 - The majority of savings arose due to reduced activity as a result of the Covid-19 pandemic on a number of grant schemes particularly in the energy retrofit area.

¹ Excludes 2019 expenditure of €260.363million on the broadcasting programme which transferred with broadcasting functions to the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media in September 2020.

- Natural Resources Programme – Savings of €4.028m
 - Savings arose due to lower than expected (a) private mining compensation payments (b) expenditure on former mine sites.
- Inland Fisheries – Savings of €2.174m
 - The variance arose due to the completion of funding for the Eel Support Scheme earlier than expected and some operational savings due to Covid-19 pandemic.
- Environment and Waste Management Programme – Savings of €23.942m
 - Savings arose primarily due to a longer than expected verification process for projects under the Climate Action Fund which was established as a separate statutory fund in August 2020.
 - Other savings related to the Just Transition Fund as a result of the time required to finalise grant agreements in respect of individual projects, which resulted in limited expenditure on this scheme in 2020.

2020 Estimate and Expenditure by Subhead

Subhead		2020 Provision	2020 Outturn
Communications			
A01	Administration – Pay	8,089	7,237
A02	Administration – Non Pay	1,727	1,428
A03	Information & Communications Technology Programme	106,856	53,255
A04	Multimedia Developments	4,295	4,455
A05	Information Society & eInclusion	6,484	3,981
A06	Covid-19 Trading Online Voucher Scheme	30,300	18,460
	TOTAL	157,751	88,816
Energy			
B01	Administration – Pay	5,753	5,147
B02	Administration – Non Pay	1,740	1,471
B03	SEAI - Administration & General Expenses	12,671	12,385
B04	Sustainable Energy Programmes	137,189	127,164
B05	Energy Research Programmes	10,700	7,788
B06	Gas Services	45	55
B07	Subscriptions to International Organisations	290	281
B08	Renewable Energy Compliance	50,000	50,000
	TOTAL	218,388	204,291
Natural Resources			
C01	Administration – Pay	6,541	5,852
C02	Administration – Non Pay	2,889	2,523
C03	Petroleum Services	504	35
C04	Mining Services	3,500	1,260
C05	GSI Services	11,670	11,416
C06	Subscriptions to International Organisations	135	125
	TOTAL	25,239	21,211
Inland Fisheries			
D01	Administration – Pay	768	687
D02	Administration – Non Pay	394	354
D03	Inland Fisheries	33,921	31,868
	TOTAL	35,083	32,909
Environment & Waste Management			
E01	Administration – Pay	7,246	6,483
E02	Administration – Non Pay	1,786	1,477
E03	Environmental Protection Agency	43,010	43,212
E04	Carbon Fund	3,000	320
E05	International Climate Change Commitments	4,500	4,500
E06	Landfill Remediation	11,250	12,008
E07	Climate Initiatives	6,060	2,857
E08	Subscriptions to International Organisations	3,000	3,002
E09	National Dialogue	-	-
E10	Waste management initiatives	9,130	6,329
E11	Climate Action Fund	10,000	707
E12	Just Transition Fund	6,000	145
	TOTAL	104,982	81,040
	GROSS EXPENDITURE	541,443	428,267
	APPROPRIATIONS-IN-AID	25,224	13,120
	NET EXPENDITURE	516,219	415,147

Key 2020 Highlights

The Department made significant progress in 2020 on a range of commitments set out in the Programme for Government. A number of key highlights are set out below.

Communications

- National Broadband Plan: Design work was completed in target townlands across every county in Ireland with over 153,000 premises surveyed by the end of 2020. This survey work fed into detailed designs for each deployment area and fibre deployment commenced in late 2020 with the first fibre to the home connection made in Co. Cork in January 2021. Expenditure on the NBP amounted to €51.4m in 2020.
- Over 700 people were directly and indirectly employed on the National Broadband Plan in 2020.
- During 2020, 241 Broadband Connections Points (BCP) sites in total were installed under the NBP, 170 publicly available and 71 primary schools. The high speed broadband service was switched on for 126 public sites and 31 primary schools.
- In 2020, over 3,000 people received free digital skills training under the Digital Skills for Citizens Scheme.

Energy

- €78.7 million was spent in 2020 on energy efficiency measures through grants to over 17,600 homes (includes Solar PV schemes), 39 community based projects and 1,615 households at risk of energy poverty. These measures delivered energy savings of 138.7 GWh, reduced CO₂ emissions by 35,200 tonnes and lowered energy bills by €9.2 million.
- 68 new renewable energy projects, equating to approximately 1,088MW of new renewable generation, were awarded a letter of offer under the first Renewable Electricity Support Scheme (RESS) auction. This includes seven community projects comprising five solar and two wind projects. The RESS scheme will support an investment in Ireland of over €1.4 billion.
- Support was provided to 59 beneficiaries through the Excellence in Energy Efficient Design (EXEED) programme in 2020, granting over €3.2 million.

Natural Resources and Inland Fisheries

- €32.9 million was provided to Inland Fisheries Ireland to support the protection, conservation and development of Ireland's inland fisheries resource in 2020.
- In 2020, the INFOMAR programme completed 9,406 km² of seabed mapping to reach 62% completion, which is ahead of the targeted 58%.

- Government approved legislation to ban licences for new oil and natural gas exploration. The provisions were included in the Climate Action and Low Carbon Development (Amendment) Act 2021

Environment and Waste Management

- Draft text for the Climate Action and Low Carbon Development (Amendment) Bill was published in early October 2020 and underwent pre-legislative scrutiny by the Joint Oireachtas Committee. The Committee's report was published on 18 December 2020 and informed the finalised text of the Bill enacted by the Oireachtas in 2021.
- The Climate Action Fund was established on a statutory basis on 1 August 2020, through the enactment of the National Oil Reserves Agency Bill.
- The first progress report of the Just Transition Commissioner was published in May 2020 and a second report was published in November 2020, providing a further update on progress on just transition in the Midlands.
- The Department opened a call for applications to the Just Transition Fund in June 2020 and provisional funding offers were announced in November 2020, totalling almost €30m to over 60 projects throughout the region for projects from the private sector, local authorities and communities.
- Government approval was granted in November 2020 for the Bord na Móna Enhanced Decommissioning, Rehabilitation and Restoration Scheme (EDRRS) on 33,000 hectares of decommissioned Bord na Móna peatlands including the provision of funding of up to €108 million from the Climate Action Fund.
- Regulations were finalised for additional 13 towns under the Smoky Coal ban.
- The Department provided over €11.7 million to Local Authorities to support remediation work on 76 landfill sites around the country in 2020. €6.1 million was allocated from the Environment Fund to Local Authorities to support waste enforcement services and the Anti-Dumping Initiative.

Appendix 1 – National Broadband Plan (NBP)

The NBP contract provides that a future proofed high speed broadband network will be deployed by National Broadband Ireland (NBI) to people living and working in the intervention area. It will deliver fast, reliable broadband through laying 140,000km of fibre cable (both passing and connecting premises), utilising over 1.5 million poles and over 15,000 kilometres of underground duct networks.

The NBP network will offer those premises in the Intervention Area a high-speed broadband service with a minimum download speed of 500Mbps from the outset.

Progress to date

- Over 257,000 premises surveyed. This survey work is feeding into detailed designs for each deployment area.
- Build works involving over 108,000 premises are ongoing across the country.
- Almost 17,000 premises are passed and available for connection in Counties Cork, Galway, Limerick, Cavan and Monaghan.
- 379 Broadband Connection Points have been installed by NBI including 141 primary schools.

Programme delivery

The Department closely monitors programme delivery in accordance with the Department's role under the contract.

NBI faced significant challenges during the first year of the contract, primarily due to the impact of the Covid-19 pandemic and delivery of original milestones under the contract have been delayed. This is being dealt with under the relevant contractual provisions.

While telecommunications activity was deemed essential work under Covid-19, activities relating to network build generally involve multiple-person crews and the onset of significant Covid-19 case numbers and the implications for 'close contacts' severely impacted NBIs ability to have multiple-person crews operating during certain periods in 2020 and 2021.

The Department has worked closely with NBI to put a remedial plan in place to address delays experienced to the NBP rollout. Under this plan, NBI are implementing a number of measures to help lessen the impact including:

- Increasing the level of throughput in the eir "make-ready" programme.
- Bringing in additional resources in NBI and sub-contractors.
- Reviewing all programme dependencies.

Use of existing infrastructure

NBI are reliant on access to the pole and duct infrastructure of eir and this has been secured through the signing of a 25 year Infrastructure Access Agreement between eir and NBI. The terms and conditions of access, including pricing to this infrastructure is currently regulated by ComReg.

Since contract award in 2019, eir have engaged very positively with NBI with regard to access to the necessary infrastructure and a “Make Ready” programme was agreed whereby eir will upgrade existing poles and clear existing ducting where necessary.

In mid-2021 the Infrastructure Access Agreement was updated to include a higher throughput by eir of replacing poles and clearing ducting to facilitate a faster rollout from 2023 onwards. This work started in October 2021.

NBP Map

Under State aid rules, the NBP can only target areas where an NGA (Next Generation Access) network does not presently exist and where they are unlikely to be built in the near future by commercial operators.

The High Speed Broadband Map² shows the areas in the State which are included in the National Broadband Plan (NBP) as well as areas targeted by commercial operators. For ease of reference, the Department identifies locations and premises as being AMBER or BLUE.

- **AMBER areas** - are the target areas for the State Intervention of the National Broadband Plan.
- **BLUE areas** - where commercial operators are delivering or have indicated plans to deliver high speed broadband services.

The Department is aware that a small number of BLUE premises are having difficulty connecting to commercial high-speed networks and may continue to do so in the future. Where appropriate and if compliant with State aid rules, premises may be reclassified as AMBER on the high-speed broadband map.

This involves a consultation with the relevant network operators in the BLUE area, to review the locations and ascertain definitively whether these premises will receive high speed broadband through commercial means or not. Once the status of these premises is confirmed an update can be made to the contract with NBI to include additional premises within the Intervention Area where appropriate.

² <https://www.gov.ie/en/publication/5634d-national-broadband-plan-map/>

Update on the implementation of previous recommendations made by the Committee of Public Accounts to the then Department of Communications, Climate Action and Environment

- [Committee of Public Accounts \(32nd Dáil\) - Periodic Report No. 6, Oct 2018 – May 2019](#)
- [Minute of the Minister for Finance and Public Expenditure and Reform, December 2019](#)

	Recommendations from the Committee of Public Accounts	Minute of the Minister for Public Expenditure and Reform	Update on progress of implementing the Committee's recommendations
1	<p>The failure of the Department of Communications, Climate Action and Environment to implement actions to reach agreed carbon emission targets by 2020 is unsatisfactory. While the potential cost to the State is unknown, current evidence indicates that costs could be substantial. The Committee recommends that the effectiveness of the implementation of current policies is reviewed and that further actions are considered to prevent the need to purchase credits for failing to reach agreed carbon emission targets.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>Ireland will comply with its legally binding climate change targets for the period 2013- 2020 under the EU Effort Sharing Decision (ESD), through a combination of domestic measures to reduce greenhouse gas emissions, the carrying forward of unused allowances from years for which emissions were below annual ceilings, and the use of purchased carbon credits to meet compliance obligations for any remaining gaps to target during later years in the compliance period.</p> <p>The Department currently estimates the additional costs of purchasing carbon credits for compliance with Ireland's emissions targets for the period 2013 to 2020 under the ESD to be in the region of €6m to €13m, depending on the price and final quantity of allowances required. This is in addition to over €120m that has already been spent as part of</p>	<p>Ireland will comply with its legally binding climate change targets for the period 2013-2020 under the EU Effort Sharing Decision (ESD), through a combination of domestic measures to reduce greenhouse gas emissions, the carrying forward of unused allowances from years for which emissions were below annual ceilings, and the use of purchased carbon credits to meet compliance obligations for any remaining gaps to target. Pre-Covid estimates of the additional costs of this compliance requirement were in the region of €6m to €13m, depending on the price and final quantity of credits required.</p> <p>The Government is committed to an average 7% per annum reduction in overall greenhouse gas emissions from 2021 to 2030, equivalent to a 51% reduction over the decade and to achieving a carbon neutral economy by no later than 2050. A key aspect of delivering on this ambition will be the Climate Action and Low Carbon Development (Amendment) Act 2021, which was signed into law in July 2021 and sets out these targets.</p>

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		<p>Ireland's strategy to meet its targets under the first commitment period of the Kyoto Protocol (2008-2012), arising from which approximately 5,500,000 carbon credits are currently held by the State which may be used for ESD compliance. This expenditure consisted of €89.6m spent through the purchase of carbon credits directly from the market, and €31.7m invested into three multilateral carbon funds.</p> <p>With reference to the review of the effectiveness of current policies and consideration of further actions, the Climate Action Plan 2019, published on 17 June 2019, contains over 180 actions that Ireland needs to implement to meet its 2030 targets and achieve its longer-term low carbon transition objective. This Plan sets out an enhanced set of governance arrangements, which closely follow the recommendations of the report of the Special Joint Oireachtas Committee on Climate Action, published in March 2019.</p> <p>These arrangements include:</p> <ul style="list-style-type: none"> • the establishment of a Climate Action Delivery Board within the Department of the Taoiseach to oversee delivery of the Plan, • a five-year Carbon Budget and sectoral targets with a detailed plan of actions to 	<p>The Act provides the framework for Ireland to meet its international and EU climate commitments.</p> <p>It establishes a 2050 climate neutrality objective in law and places all relevant climate plans and strategies on a statutory footing. The Act defines how five-year carbon budgets and related sectoral targets will be set, with every sector contributing, ensuring we continue to work to achieve a broad political and societal consensus on the transition to a climate neutral economy and society. Putting these requirements in legislation places a clear obligation on this and future governments for sustained climate action.</p> <p>The Act also provides appropriate oversight by Government, a strengthened Climate Change Advisory Council and a significantly strengthened accountability and oversight role by the Oireachtas. Each year, relevant Ministers will be required to give account annually to an Oireachtas Committee on their performance in adhering to their sector's carbon budget. Where Ministers are not in compliance with the targets, they will need to outline what corrective measures are envisaged and respond to any recommendations made by the Committee within three months. This 'comply or explain' approach will ensure greater oversight to drive delivery.</p> <p>The Climate Action Plan is considered a living document that will be updated on an annual basis.</p>

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		<p>deliver them,</p> <ul style="list-style-type: none"> • an independent Climate Action Council to recommend the Carbon Budget and evaluate policy, • strong accountability to an Oireachtas Climate Action Committee, and • carbon proofing all Government decisions and major investments. <p>The role of the Climate Action Delivery Board will be to ensure coordinated, timely and effective implementation of the actions in the Plan and hold each Department and public body accountable for delivery. The Delivery Board will also discuss and review strategic projects and areas of work in the Plan. It will prepare quarterly reports on delivery for the Government which will be published. It will also contribute to development of an annual update of the Plan, starting in early 2020. This will ensure that this Plan is a living document, with new actions being added each year. The first meeting of the Board was held on 16th July 2019 and the second meeting was held on 18th September 2019.</p>	<p>The next iteration of the Climate Action Plan, which will be published in October 2021, will be an update to the 2019 Plan rather than considered a new Plan. The annual revision to the Climate Action Plan acts as a further review mechanism and opportunity to re-adjust or refocus actions, if required, to ensure targets are achieved. Actions and measures are currently being identified and agreed with relevant Departments through a collaborative and cross-sectoral approach to the development of the Plan.</p> <p>The Climate Action Plan will provide a roadmap of actions the Government considers are needed to ensure we deliver on the statutory commitments in the Act, including making sure we achieve our 2030 targets, prepare for climate neutrality by 2050 at the latest, and make Ireland a leader in responding to climate change.</p> <p>Quarterly reports will be published on the delivery of climate actions in the 2021 Plan. The existing governance and oversight arrangements, including through the Cabinet Committee on Climate and Environment will be retained.</p> <p>The National Development Plan (NDP) has significantly increased the Department's budget to €4.1 billion for the period 2021-2025 and €12.9 billion to end 2030 a significant proportion of which will be invested in climate related programmes. As part of the review of the NDP, a systematic</p>

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			assessment was undertaken on the climate and environmental impact that each of the measures contained in the NDP is likely to have.
2	<p>The failure of the Department of Communications, Climate Action and Environment to implement actions to reach agreed renewable energy targets by 2020 is unsatisfactory. While the potential cost to the State is unknown, current evidence indicates that costs could be substantial. The Committee recommends that the effectiveness of the implementation of current policies is reviewed and that further actions are considered to prevent the need to</p> <p>obtain credits through the statistical transfer mechanism for failing to reach renewable energy targets.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>In May of this year, the SEAI published the National Energy Projections 2019. A number of scenarios are set out that estimate the level of renewable energy in Ireland in 2020 to range from 12.3% to 14.3%. Ireland therefore faces a projected shortfall of circa 3% on its binding target of meeting 16% of its energy demand from renewable sources by 2020. Any requirement for the purchase of statistical transfers to meet compliance, within the framework of the Renewable Energy Directive 2009, will be undertaken against a background of discussions by the Irish authorities with the EU Commission and relevant Member States. To date, Ireland has not purchased statistical transfers from another EU Member State. 2017 trades between Luxembourg, Lithuania and Estonia suggest costs of the order of €22.5m per percentage point.</p> <p>However, no assumption can be made that if Ireland entered into a trading arrangement with these countries, a similar price level would apply. Prices would obviously be subject to negotiation and terms agreed and cannot be predicted at this</p>	<p>SEAI, in their recently published 2020 National Energy Balance, have confirmed that Ireland reached an overall RES share of 13.5% renewable energy, against a 2020 EU-RES target of 16%. In 2020, Ireland availed of mechanisms under the EU Framework allowing Member States to purchase 'statistical transfers' from other Member States to comply with their 2020 obligations and meet the shortfall to the target. Following intensive engagement with a number of Member States, terms were agreed with two Member States (Denmark and Estonia) which provided for the purchase by Ireland of specified quantities of renewable energy by virtue of statistical transfers.</p> <p>Under the Agreements, Ireland purchased 3,500 GWh of energy at a cost of €50m in 2020 from Denmark and Estonia</p> <p>With the completion of these agreements, Ireland has met its obligations under the EU Renewable Energy Directive regarding the target of reaching 16% of energy from renewable sources by 2020. The specified quantity of renewable energy in 2020 required to comply with the Directive was recently confirmed by SEAI as having been met and no further statistical transfers are now required for</p>

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		<p>stage. The recently launched Climate Action Plan includes a suite of actions to increase the level of renewable energy in the electricity, heat and transport sectors, the effective implementation of which will be monitored by the Climate Action Delivery Board. In the electricity sector, the REFIT support schemes are helping to deliver a significant increase in the level of renewable electricity – predominantly through the development of onshore wind projects. In addition, the Department is developing the Renewable Electricity Support Scheme (RESS).</p> <p>The RESS is being designed within a competitive auction-based, cost effective framework and the scheme will support future growth in renewable electricity in light of the national target of 70% by 2030. The Government has approved the high-level design of the scheme and the Department is actively engaged with the European Commission in order to secure the necessary State Aid approval.</p> <p>In the heat sector, the Support Scheme for Renewable Heat (SSRH) was approved by Government, has received full State Aid approval and, since June of this year, is open for applications. This scheme targets an increase of three percentage points in the level of renewable energy used in the heat sector. In addition, the SEAI supports the adoption of renewable energy through a range of schemes supporting home-owners,</p>	<p>2020.</p> <p>In terms of domestic measures, significant progress has been made on renewable energy over the last year with SEAI data showing that energy from renewable sources grew by over 8% in 2020 and that 42% of all electricity generated in 2020 came from renewable sources, mainly wind energy. Furthermore, Ireland exceeded its EU 2020 renewable energy target for transport (10.2% compared with 10%), and came very close to its renewable energy target for electricity (39.1% compared with 40%). Ireland achieved just half its 2020 renewable energy target for heating and cooling (6.3% compared with 12%).</p> <p>The first auction took place under the Renewable Electricity Support Scheme in 2020 which will see a major upscaling in renewable energy projects connecting to the grid from 2021, with for the first time, solar energy and community owned projects supplying homes across Ireland. The second RESS auction is due shortly with an updated timetable for future auctions due to be published later in 2021. Similarly, the Government is rolling out schemes to decarbonise and increase the renewable energy supply to our heat and transport sectors including increasing the uptake of electric vehicles and heat pumps.</p> <p>The forthcoming update to the Climate Action Plan will further step up our ambitions with the</p>

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		<p>businesses and communities.</p> <p>In the transport sector, the use of renewable energy has increased in recent years and is set to increase in 2019 and again in 2020.</p> <p>This is due to increases in the obligation on fuel suppliers to include a portion of biofuels in fuel supplied in road transport. The obligation rate under the Biofuels Obligation Scheme increased from 6% by volume to 8% by volume in 2018, to 10% by volume in 2019 and will increase again to 11% by volume in 2020. In addition, there are a wide range of supports in place to support the uptake of electric vehicles in the transport sector with almost 12,000 on the roads in Ireland at the end of June, 2019.</p>	<p>necessary measures and actions to ensure the cross-Government effort that is required to meet climate and renewable energy targets is being implemented and monitored effectively. In terms of the Ireland's EU obligations, the EU Commission published its 'Fit for 55' legislative package on 14 July 2021 with the aim of giving effect to the target of a 55% reduction in EU greenhouse gas emissions by 2030.</p>
3	<p>The underspending of the Energy Efficiency National Fund represents ineffective expenditure by the Department of Communications, Climate Action and Environment, especially as the State is failing to reach its targets for improved energy efficiency. The Committee recommends that, in relation to initiatives such as the Energy Efficiency National Fund, the Department works with the relevant stakeholders to increase awareness of available funding and promote take-up of such initiatives.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>The Department of Communications, Climate Action and Environment is fully committed to active engagement, consultation and communication with stakeholders and the public to promote, and encourage participation in initiatives and schemes across all sectoral policy areas of the Department.</p> <p>The Energy Efficiency Fund (EEF) was established in 2014 as a new initiative to provide specialist financial expertise and appropriately structured</p>	<p>The Department continuously engages and consults with its various stakeholders in creating awareness on and promote various energy efficiency initiatives to improve energy efficiency and decarbonise each sector of our economy to support delivery of our energy and climate goals and targets. Public consultation is built into the development of policy and programmes by the Department.</p> <p>In relation to the Energy Efficiency National Fund (EENF), €14m of the €35m was provided to Ireland Energy Efficiency Investments Plc (IEEI). The remaining €21m has been allocated to the Climate Action Fund (CAF) which was established to provide</p>

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		<p>funding for large scale energy efficiency projects. Compliance with both General Government Balance Sheet obligations and State Aid requirements necessarily required that the State have no control over the selection of projects, the pace of their advance or their management, which became a matter for the Board of the Fund and the Fund Manager (which typically applies in the case of such structures). As the EEF model and structure did not secure the anticipated level of investment, the Government approved the State's withdrawal from further funding support in 2018.</p> <p>The Climate Action Plan includes a commitment to put in a place a new delivery model to underpin energy efficiency retrofitting of the building stock, which will group retrofits together to achieve economies of scale, leverage private sector finance, and ensure easy pay back models. The Department fully accepts the need to work with relevant stakeholders and the Annex of Actions to the Plan sets out a range of measures to mobilise the supply chain, optimise public and private finance, enhance delivery skills and provide a supporting regulatory environment to achieve 500,000 residential retrofits by 2030.</p>	<p>assistance and financial support to projects which will help Ireland achieve its climate and energy targets. The CAF issues periodic calls for applications for funding.</p>

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4	<p>There is a need for greater clarity in relation to the finances of the National Cyber Security Centre which is funded directly by the Department of Communications, Climate Action and Environment. The Committee recommends that costs associated with the National Cyber Security Centre are recorded separately in the Department of Communications, Climate Action and Environment's estimates and accounts by end 2020, at the latest, and as indicated by the Department.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>Expenditure relating to the National Cyber Security Centre, which is a functional unit of the Department, is reported under the Communications Programme in the Department's Revised Estimates Volume and Appropriation Account. With effect from the 2018 Appropriation Account, a separate note relating to Cyber Security appears in the Account which provides summary details of the administrative and operational costs relating to the National Cyber Security Centre.</p>	<p>The National Cyber Security Centre is funded through the Department's Communications Programme, with administrative costs being met from subheads A.1 (Admin Pay) and A.2 (Admin Non Pay) and operational funding provided through subhead A.5 (Information Society).</p> <p>Since 2018, the Department has separately reported expenditure on cyber security through Note 2.10 in the Department's Appropriation Account.</p>
5	<p>The increase in the number of contracts entered into by the Department of Communications, Climate Action and Environment between 2016 and 2017 that did not comply with procurement rules is unacceptable. The Committee recommends that in future all steps are taken to ensure that all Departmental contracts meet procurement requirements and that appropriate and timely tender planning takes place for the retendering of contracts that are due to expire.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>The award of contracts without competitive procurement is permitted in certain circumstances, subject to the provisions of Circular 40/2002 – Public Procurement Guidelines of the Department of Public Expenditure and Reform. This Circular recognises that there can be legitimate reasons for awarding contracts without the use of a competitive process, which do not constitute breaches of procurement rules. The Department has procedures in place for the review, approval and reporting of all non-competitive contracts,</p>	<p>Since 2019, the Department has reviewed its procurement policies and procedures, ramped up its procurement training programmes and introduced periodic reconciliations of procurement expenditure across the Department to ensure ongoing compliance with procurement rules.</p>

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		<p>which are awarded in accordance with the provisions of Circular 40/2002.</p> <p>The Department's suite of internal procurement procedures, policies and templates is currently being updated and will further strengthen monitoring and review of all active contracts within the Department. In addition, a new Corporate Procurement Plan will be developed and implemented, which will assist in identifying the Department's future procurement needs.</p>	

Update on the implementation of previous recommendations made by the Committee of PublicAccounts to the then Department of Communications, Climate Action and Environment regarding the national provision of broadband

- [Committee of Public Accounts \(32nd Dáil\) - Periodic Report No. 6, Oct 2018 – May 2019](#)
- [Minute of the Minister for Finance and Public Expenditure and Reform, December 2019](#)

	Recommendations from the Committee of Public Accounts	Minute of the Minister for Public Expenditure and Reform	Update on progress of implementing the Committee’s recommendations
1	<p>In order to strengthen the oversight of the operation of the Metropolitan Area Networks, there should be no further delay to the implementation of the 2 outstanding recommendations from the Analysys Mason <i>Review of Pricing and Access arrangements for the MANs</i>. These relate to enet’s external communications and the development of discounting arrangements where uptake of MANs services is low. The Committee recommends that the 2 outstanding recommendations of the Analysys Mason report be implemented by the Department of Communications, Climate Action and Environment, in consultation with ComReg, as specified by the end of Quarter 3, 2019.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation in respect of enet’s external communications and fully agrees with the need to implement steps to encourage the uptake of MANs services.</p> <p>The Department has requested ComReg to provide confirmation that the recommendations in the Analysys Mason report have been implemented and to make any necessary recommendations to the Minister. The outcome of this review is expected by the end of November 2019.</p>	<p>The Minister requested ComReg to provide confirmation that the recommendations in the Analysys Mason report had been implemented and to make any necessary recommendations. ComReg furnished its findings to the Minister in August 2020. The ComReg review is available on the gov.ie website.</p> <p>The ComReg Review’s findings were positive regarding enet’s compliance with the Concession Agreement Code of Practice and implementation of the Analysys Mason recommendations. The ComReg report found that all twelve of the Analysis Mason recommendations had been progressed, with ten of the recommendations fully implemented and two partially implemented. The ComReg Review made two additional recommendations as to how enet might improve the process of documenting discounts given and these two additional recommendations have been implemented.</p> <p>enet has updated its website and has also developed new online pricing tools for customers.</p>

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			<p>It has also introduced new MANs products which are more affordable for smaller operators and which it is anticipated will increase uptake of MANs services.</p> <p>enet has advised that the new MANs products have proved attractive to the service providers.</p>
2	<p>The Analysys Mason Review of Pricing and Access arrangements for the operation of the MANs recommended that the 4 options it presented in 2017 should be reconsidered after a period of 2 years following reassessment of the MANs. The Committee recommends that the Department of Communications, Climate Action and Environment reassesses the operation of the MANs and reconsiders each of the options presented in the Analysys Mason review by the end of 2019.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it notes this recommendation.</p> <p>The Department of Communications, Climate Action and Environment has requested ComReg to provide confirmation that the recommendations in the Analysys Mason report have been implemented and to make any necessary recommendations to the Minister.</p> <p>ComReg's report will provide an opportunity for the Department to reassess the operation of the MANs and to address any residual concerns.</p>	<p>Analysys Mason in their report recommended Option 3 of the four proposed: improved processes, procedures and checks to better promote transparent, non-discriminatory and equal treatment of ISPs.</p> <p>The Minister requested ComReg to provide confirmation that the recommendations in the Analysys Mason report had been implemented and to make any necessary recommendations. ComReg furnished its findings to the Minister in August 2020. The ComReg review is available on the gov.ie website.</p> <p>The ComReg Review's findings were positive regarding enet's compliance with the Concession Agreement Code of Practice and implementation of the Analysys Mason recommendations. The ComReg report found that all twelve of the Analysys Mason recommendations had been progressed, with ten of the recommendations fully implemented and two partially implemented. The ComReg Review made two additional recommendations as to how enet might improve</p>

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			the process of documenting discounts given and these two additional recommendations have been implemented.
3	There was a lack of transparency regarding the decision to extend the concessionary contracts for the operation of the Metropolitan Area Networks. The Committee recommends that during future concessionary contract discussions, the Department of Communications, Climate Action and Environment keeps all stakeholders informed in an appropriate manner to ensure a competitive situation exists in the interest of value for money for citizens, and releases details of the new arrangements as soon as is practical after the decision is made.	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>Stakeholders will be kept informed of decisions taken with regard to concession contract award processes undertaken by the Department, including where such contracts are being extended in accordance with the contract's provisions, subject to public procurement requirements. Details of such decisions will be published by the Department.</p>	The current Concession Agreements will not expire until 2030. Stakeholders will be kept informed of future decisions with regard to any concession contract award processes undertaken by the Department.
4	It is unacceptable that significant changes resulting in a major escalation of estimated costs for the National Broadband Plan were made without a new Cost-Benefit Analysis being carried out. The Committee recommends that a new Cost-Benefit Analysis is performed before the final contract is signed to ensure that the full costs, including implementation, are known.	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it notes this recommendation.</p> <p>The Department of Communications, Climate Action and Environment wishes to clarify that it updated the Cost Benefit Analysis for the National Broadband Plan, in line with the Public Spending Code, throughout the procurement process, including after receipt of the final tender in September 2018 (5 occasions in total).</p> <p>The final Cost Benefit Analysis dated April 2019 is available on the Department's website.</p>	<p>In line with the Public Spending Code, the Cost Benefit Analysis for the National Broadband Plan was updated throughout the procurement process, including after receipt of the final tender in September 2018 (5 occasions in total).</p> <p>The final Cost Benefit Analysis dated April 2019 is available on the gov.ie website.</p>

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5	<p>The procurement process for the National Broadband Plan may have partly deterred parties interested in tendering for the project from doing so. The Committee recommends that a review of the procurement process for the National Broadband Plan is undertaken by the Department of Public Expenditure and Reform to inform future procurement processes and ensure maximum competition.</p>	<p>The Minister for Finance & Public Expenditure and Reform notes this recommendation. The Office of Government Procurement (OGP), as part of the Department of Public Expenditure and Reform, has responsibility for developing and setting out the overarching policy framework for public procurement in Ireland. However, the OGP has no direct involvement in works procurement, with the exception of the framework arrangements for rapid-build social housing. Rather, capital works are procured directly by the many public bodies tasked with delivery of the public capital programme. It is the responsibility of each contracting authority to ensure they adhere to the OGP framework.</p> <p>It is a requirement of the Public Spending Code that a post project review be carried out for all major projects - which would include the National Broadband Plan. The Public Spending Code makes it clear that it is the responsibility of the Sponsoring Agency to carry out the post project review.</p> <p>A post project review aims to draw lessons for the future and therefore, as required under the Public Spending Code, any significant lessons learned from the review should be translated into changes in the Sponsoring Agency's project practices and communicated for future reference to the Sanctioning Authority so that it can apply any general lessons to its project approval procedures. If there are any significant findings in the review</p>	<p>An extensive range of documentation related to the project including the procurement process and the contract award has been published by the department and is available at the following link https://www.gov.ie/en/publication/dcb962-documents-relating-to-nbp/</p> <p>Following completion of the procurement process, a lessons learned exercise was undertaken which entailed interviewing a number of project stakeholders including the senior partners from the key advisory firms, members of the NBP Programme Management team and some NBP team members. This identified areas within the programme that worked well and where improvements could have been made. The areas focused on included organisational capability and capacity for major projects, processes, quality management and communication.</p> <p>These lessons were fed into the EY review 'Supporting Excellence: Capital Project and Programme Delivery Capability Review' published in January 2021. This report is available at: https://www.gov.ie/en/collection/580a9d-project-2040-documents/#project-ireland-2040-documents</p>

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		<p>which have wider implications for other projects or sectors, and/or for broader policy considerations, these should also be reported to DPER for wider dissemination. It is also now a requirement that all Post Project Reviews be published so that lessons learned are publicised.</p> <p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it will conduct its own 'lessons learned' exercise, given the significance, scale and complexity of the National Broadband Plan project, in compliance with the Public Spending code and in line with the Committee's recommendation.</p> <p>As the National Broadband Plan is the responsibility of the Department of Communications, Climate Action and Environment, the Minister for Finance and Public Expenditure and Reform considers this to be the appropriate response to the Committee's recommendation. The Department of Communications Climate Change and Environment has agreed to share any lessons learned from the review with the Department of Public Expenditure and Reform and the Office of Government Procurement, so that these can help inform future procurement policy, as appropriate.</p>	

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6	<p>The changes in the National Broadband Plan requirements between the start of 2015 and when the project actively went out to tender meant the original cost projections became irrelevant. A new Cost-Benefit Analysis should have been completed to reflect these changes. The Committee recommends that in future, if significant changes are made to the project's objectives, the Department of Communications, Climate Action and Environment produces a fully revised project plan including a new Cost-Benefit Analysis and that this be submitted to the Department of Public Expenditure and Reform.</p>	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it notes this recommendation.</p> <p>The Department wishes to clarify that, in keeping with the Public Spending Code, a Cost-Benefit Analysis (CBA) was undertaken for the National Broadband Plan. The Department has consistently stated that the nature and cost of the solution required to deliver the State intervention network would only become known through extensive engagement with bidders during the procurement process.</p> <p>Therefore, the initial CBA was updated a number of times throughout the procurement process, informed by this detailed engagement with the market and to reflect material changes, including revisions to the number of premises in the Intervention Area, at milestones where the project budget estimate was revised and when a comprehensive project reappraisal was undertaken, in line with the Public Spending Code.</p> <p>It was further updated following receipt of the final tender, and the final CBA is published on the Department's website.</p> <p>Feedback from the Department of Public Expenditure and Reform was taken into account</p>	<p>In line with the Public Spending Code, the Cost-Benefit Analysis for the National Broadband Plan was updated throughout the procurement process, including after receipt of the final tender in September 2018 (5 occasions in total).</p> <p>The final Cost-Benefit Analysis dated April 2019 is available on the gov.ie website.</p>

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		throughout the iterative development of the CBA.	
7	The potential for a further reduction in the number of premises in the intervention zone of the National Broadband Plan still exists. The Committee recommends that the Department of Communications, Climate Action and Environment seeks confirmation that the current plan meets and will continue to meet EU State-Aid rules and makes any changes necessary to avoid future increases in cost.	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>The Department has maintained regular contact with the European Commission in terms of satisfying both procurement and State Aid requirements for the National Broadband Plan project.</p> <p>A consultation to conclude the mapping exercise which has been ongoing since 2013, and confirm the scope of the Intervention Area for the purposes of deployment is currently underway, and any submissions received will be assessed in finalising the map which will be notified to the European Commission as part of the final State Aid notification in advance of contract award.</p>	The Department concluded the final NBP Map for the purposes of the intervention area in November 2019. The Commission's State Aid Decision approved the scope of this intervention area for the period of the deployment plan (i.e. 7 years).
8	It is not clear how much of the broadband network in the National Broadband Plan will be owned by the successful bidder. The Committee recommends that the Department of Communications, Climate Action and Environment clarifies what portion of the network developed for the National Broadband Plan will be owned by the successful bidder when the contract has expired. The Committee also recommends that the Department ensures that the company awarded the contract is registered and	<p>The Minister for Finance & Public Expenditure and Reform is informed by the Department of Communications, Climate Action and Environment that it accepts this recommendation.</p> <p>The NBP company will rent an extensive amount of existing infrastructure from eir, the MANs and possibly the ESB. This has been identified by the procurement process as being the optimum and most cost-effective option in terms of the delivery</p>	<p>The contracted company National Broadband Ireland is registered and resident for tax purposes in Ireland.</p> <p>NBI will rent an extensive amount of existing infrastructure (duct, poles, etc) from eir and will use the State owned MANs. This is the most cost-effective option in terms of the delivery of the NBP and is consistent with Commission's State Aid requirements with regard to the re-use of existing</p>

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	<p>tax compliant in an EU member state.</p>	<p>of the NBP and is consistent with State Aid and environmental requirements with regard to the re-use of existing infrastructure. Building the network will also involve the creation of new assets that will be owned by the NBP company from the outset, including:</p> <ul style="list-style-type: none"> • approximately 100,000km of fibre on poles and ducts, • new poles, ducts and fibre to connect premises, and • electronic equipment in exchanges. <p>With regard to the status of National Broadband Ireland, this company has been registered in Ireland and throughout the NBP contract period is required to be resident in Ireland for tax purposes.</p>	<p>infrastructure which state Paragraph 78 (f): '<u>Use of existing infrastructure</u>: Since the reusability of existing infrastructure is one of the main determinants for the cost of broadband roll-out, Member States should encourage bidders to have recourse to any available existing infrastructure so as to avoid unnecessary and wasteful duplication of resources and to reduce the amount of public funding.'</p> <p>Building the network will also involve the creation of new assets that will be owned by the NBI.</p>