



21 March, 2022

Mr Sam Keenan
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2
D02 A272

Dear Mr Keenan,

I refer to your email of 10 March 2022 regarding further information required following the PAC meetings on 22 January 2021, 14 October 2021 and 10 February 2022.

The information requested in the aforementioned email is set out below:

1. Up to date figures on the cost of purchasing carbon credits as compensation for the State's failure to meet its greenhouse gas emissions reduction targets for 2020.

The 2009 EU Effort Sharing Decision (ESD) set annual binding emission reduction targets for EU Member States for the period 2013 to 2020. These targets cover emissions from sectors outside of the EU Emissions Trading System, such as agriculture, transport, buildings and waste. For the year 2020, the target set for Ireland is that emissions should be 20% below their value in 2005.

ESD Compliance cycles take place over a 'flexibility period', determined annually by a Commission Implementing Decision. While the exact timeframe for demonstrating 2020 compliance is not yet known, generally, a Member States' compliance for any given year is calculated approximately 18 months after the year in question and a four-month flexibility period is then given for Member States to demonstrate compliance. In other words, it is expected that Ireland will have to demonstrate compliance with its 2020 target in late 2022.

The ESD allows Member States to meet their targets by means of unused emissions allowances from earlier years, through purchasing allowances from other Member States, or by purchasing credits on international markets.

The latest estimates of greenhouse gas emissions, published in October 2021 by the EPA, indicate that emissions from those sectors of the economy covered by the ESD could remain around 7% below 2005 levels by 2020. According to this report, Ireland will cumulatively exceed the carbon budget implied by our ESD targets by 12 Mt and we will need to avail of flexibilities to comply with our obligations.

Ireland currently holds 8.2 million international credits which are eligible for ESD compliance. This includes 5.3 million credits that were purchased in 2008/2009 (at a cost of €89.6m) and brought over from the first commitment period of the Kyoto Protocol, and 2.9 million credits that were purchased between December 2019 and October 2021 (at a cost of €2.1m). All these credits are generated from projects on the European Commission's General Positive List, which indicate they are eligible for ESD compliance.

The EPA's estimates indicate that Ireland will need to purchase an additional 3.8 million credits to comply with the ESD targets. The most recent estimates of the additional costs of purchasing carbon credits for compliance with these targets were in the region of €6 million to €13 million, depending on the price and final quantity of allowances required. An allocation of €8m was provided for in the Revised Estimates Volume 2022 in relation to the purchase of these carbon credits pending final settlement.

The Department aims to complete all necessary purchasing to meet the ESD targets by the end of 2022.

2. (a) Any projections done by the Department on further carbon credits that will be required by the State in the coming years.

Ireland expects to comply with its EU targets through direct emissions reductions and availing of flexibility options available under EU Regulations.

As a follow up to the ESD, the EU Effort Sharing Regulation (ESR) sets binding emission reduction targets for Member States for the period 2021-2030. These targets concern sectors outside of the EU Emissions Trading System, such as agriculture, transport, buildings and waste. The agreement currently in place sets Ireland a target of 30% reduction in greenhouse gas emissions by 2030 compared to 2005 levels.

However, it is important to note that this target will be amended following the European Council's decision to increase ambition from its existing EU-wide 2030 target of a 40% reduction to at least 55%, compared to 1990 levels. Legislative proposals under the European Commission's Fit for 55 Package to implement the new EU 2030 target, including revising Member States' annual targets from 2021-2030, were presented in July 2021. The proposed new target for Ireland is a 42% reduction in non-ETS emissions by 2030, compared to 2005 levels.

The Climate Action Plan 2019 set out the policies and measures that Ireland must take to meet our existing ESR target (-30%) and avoid any costs arising from not meeting the target.

Since then, Ireland has raised its climate ambition and governance framework through the enactment, in July 2021, of the Climate Action and Low Carbon Development (Amendment) Act 2021. This Act sets in law new domestic climate targets of a 51% reduction in total greenhouse gas emissions by 2030 (relative to 2018 levels) and net zero emissions by no later than 2050. This higher national ambition is in line with the increased EU ambition. The Act also establishes a system of carbon budgets and sectoral ceilings, which will play an important role in ensuring that Ireland meets the proposed Effort Sharing Regulation targets.

Furthermore, the recently published Climate Action Plan 2021 sets out actions which are designed to ensure delivery of our climate policies and measures and much of the investment required to meet the higher targets has been anticipated in the 2021 Plan and provided for through the commitments included in the National Development Plan.

2. (b) Any projections done by the Department on further statistical transfers that will be required by the State in the coming years.

Directive (EU) 2018/2001 ('the recast Renewable Energy Directive' or 'REDII') establishes the EU regulatory framework for the promotion of Renewable Energy Sources (RES), including setting a binding EU target to ensure that the share of energy from renewable sources in the Union's gross final consumption of energy.

The completion of statistical transfers in 2020 allowed Ireland to meet its obligations under the Renewable Energy Directive regarding the target of reaching 16% of energy from renewable sources by 2020.

Energy modelling to be conducted by SEAI over the course of this year will inform the steps needed to address any shortfall to meeting Ireland's contribution under the pathway to the EU 2030 renewable energy target.

3. The number of premises passed by the National Broadband Plan (NBP) network as of the end of January 2022 (i.e. the end of the second year of the NBP contract).

As of 31 January 2022, 295,564 premises were surveyed, with designs completed or in progress for 252,070 premises. The number of premises with build underway (including duct remediation and tree trimming) was 119,634, with fibre build underway for 62,313 premises.

The number of premises passed as of 31 January 2022 was 34,454. Orders have been placed with retail service providers for 8,431 premises orders and 6,272 premises were connected.

Should you require any clarification or additional information, please do not hesitate to contact Ms. Louise Carrigan in my Department, by email at louise.carrigan@DECC.gov.ie or by phone at 087 094 9532.

Yours sincerely,



Mark Griffin
Secretary General