

Public Accounts Committee
Opening Statement by Oonagh Buckley, Accounting Officer
Department of the Environment, Climate and Communications
9th November 2023

Thank you for your invitation to attend the Public Accounts Committee today.

I am accompanied in the room this morning by Assistant Secretaries Barry Quinlan and Philip Nugent, the Departments Head of Finance Louise Carrigan and the Director of the Digital Connectivity Office Fergal Mulligan. I would also like to introduce Dr Richard Browne, Director of the National Cyber Security Centre and Robert Deegan Principal Officer with responsibility for the Residential Retrofit who are joining remotely this morning.

I look forward to this opportunity to engage with the Committee for the first time as Secretary General of the Department of Environment, Climate and Communications in relation to my Department's 2022 Appropriation Account and the performance of certain residential retrofit schemes in 2022. I welcome the attendance of the Chief Executive Officer and team from the Sustainable Energy Authority of Ireland

Appropriation Account 2022 Performance

2022 was an exceptional year for my Department in terms of expenditure. During 2022 my Department was approved for three Supplementary Estimates in March, July and October totalling an additional allocation of €1.743 billion, an almost tripling of the original allocation for the year from €926 million to €2.670 billion. The first supplementary was in relation to the first Electricity Credit introduced to offset the sharp increase in energy prices for households in winter 2022. The second was to fund additional electricity emergency generation capacity for winter 2023/2024 through to winter 2025/2026. The third was mainly in relation to the Electricity Credit for winter 2022/2023 and some additional funding for the electricity emergency generation capacity based on forecasts at that time.

The total gross expenditure under the Vote in 2022 amounted to €2.366 billion. This was €304 million or 11% below the revised budgetary allocation, including capital carryover, of €2.670 billion. The main reason for the underspend was €199 million in relation to the supplementary estimate for emergency generation capacity.

Energy Transformation

The unprecedented spend of €1.975 billion under the Department's Energy Transformation programme reflected the focus on energy affordability as a result of rising international energy prices and the knock-on effect for domestic customers. As part of the Government's response to the resulting cost of living crisis, arising from the impact of the war in Ukraine, €1.588 billion was provided for the Government's two Electricity Costs Emergency Benefit Schemes.

The first scheme credited €200 (including VAT) to over 2.1 million domestic electricity accounts in April/May 2022. In response to continued price rises, the Government introduced a second scheme amounting to a total of €600 (including VAT) to domestic electricity accounts between November 2022 and April 2023.

In light of the continued high energy bills faced by households, a third Scheme was announced by the Government in Budget 2024 which will see a further €450 (including VAT) credited to an estimated 2.237 million domestic electricity accounts between December 2023 and April 2024. In total, therefore, domestic electricity accounts will have been credited with €1,250 since the beginning of the war in the Ukraine.

In June 2022, the Commission for Regulation of Utilities directed EirGrid to procure circa 450 MW of additional generation capacity for winter 2023/24 through to winter 2025/26 to offset a potential capacity shortfall of electricity supply. €151 million in financial support was provided to EirGrid to place orders on the electricity generation units and to ensure that they are delivered and installed in time for winter 2023/24. The balance of the cost of delivering the additional capacity is being managed through Eirgrid's own corporate resources and transmission use of system charges. No further Exchequer funding will be required.

Over €200 million was spent on residential/community retrofit programmes in 2022, €151 million from the Vote and €49 million from the Energy Efficiency National Fund. This expenditure supported 27,200 home energy upgrades. Of these, 4,438 homes were delivered across the fully funded energy poverty schemes, principally, the Warmer Homes scheme. Of the overall 27,200 upgrades delivered, 8,481 homes were upgraded to a post works BER of B2 or better in 2022, representing a 95% increase in B2 upgrades year-on-year.

Significantly, following a Government decision in February 2022, SEAI also established a network of One Stop Shops. These offer a start-to-finish project management service for the National Home Energy Upgrade Scheme, including access to financing for home energy upgrades. Enhanced grant rates were also introduced across all schemes, supporting the delivery of the National Retrofit Plan.

Connectivity and Communication Delivery

The National Broadband Plan is a key enabler for implementation of the Digital Connectivity Strategy. The availability of high-speed, reliable, digital connectivity will support the delivery of Ireland's economic and social ambitions and will position Ireland at the forefront of European and global digital developments.

In its *State of the Digital Decade 2023* Report published on 27th September last, the European Commission highlights that Ireland is expected to make a positive contribution to the collective efforts to achieve the EU's Digital Decade targets. It notes that our country shows a high level of digital skills and has the potential to further improve its performance in digital infrastructure and digitalisation of businesses.

Expenditure of €177 million was expended on the National Broadband Plan in 2022. This was an increase of €32 million on the 2021 outturn of €145 million.

By the end of 2022, design work was completed on 351,240 premises. Network build completed for 122,440 premises. 109,256 premises were passed and over 19% of the intervention area was completed. 27,682 premises were able to avail of high-speed broadband services, with a further 4,029 connections pending.

By the end of 2022, 281 public Broadband Connection Points were in place with 278 of these open for business. These are located in places of community importance including community centres, library hubs, local sports facilities, tourism locations and other public places. In addition, more than 561 schools in remote rural locations had a connection installed with 199 of these schools provided with high-speed connectivity by the end of 2022.

As of 27 October 2023, significant additional progress has been made with National Broadband Ireland (NBI) reporting that design is completed on over 432,259 premises; over 202,000 premises can place an order or pre-order for connection through broadband service providers, and over 191,000 premises are passed across 26 counties and available for immediate connection. 58,332 premises have now been connected, with National Broadband Ireland connecting circa 3,500 homes each month. To date, the level of connections is in line with projections. Some areas are exceeding targets.

The Government and NBI agreed to accelerate the rollout of high-speed broadband to some 672 schools across the State in the Intervention Area. This acceleration is on target to be complete by the end of 2023. This will ensure that all schools across the State will have the necessary infrastructure to carry out their critical day-to-day educational activities unimpeded by poor broadband. As of 27th October 2023, the necessary infrastructure is installed in 669 Primary Schools in the Intervention area, with 29 installed by other operators as agreed with the Department of Education and the remaining installed by NBI.

Climate Action and Environment Leadership

In 2022, the Department provided €97 million on climate action and environment leadership programmes. Almost €52 million of this expenditure was provided to the EPA under subhead A3 Environmental Protection Agency and A4 Environment and Climate Research. This expenditure supports the EPA in the delivery of its mandate and purpose to protect, improve and restore our environment through regulation, scientific knowledge and working with others. Of this, almost €42 million related to staffing and capital expenditure.

The remaining €10 million was provided for the EPA Research and Development programme.

The other key programme under Climate Leadership is the Just Transition Programme which is set up to ensure that the transition to a climate neutral economy happens in a fair way leaving no one behind. In December 2022, the European Commission approved Ireland's programme for the EU Just Transition Fund. The EU programme along with the existing National programme will see up to €191 million invested in the Midlands region over the coming years both through my own Department and other Departments involved in the Programme. The Programme supports the low carbon transition in the Midlands region through local-led projects, for example the Ferbane Business and Technology Park and Lough Ree Access for All.

Circular Economy Development Programme

Over €90 million was provided in 2022 to the Circular Economy Development Programme. Within this, €34 million was spent on inland fisheries programmes, €33 million on waste management programmes and €11 million on geological survey programmes.

One example of expenditure from the Circular Economy Programme I want to highlight is the former Kerdiffstown private landfill. It has recently been remediated by Kildare County Council with funding from the Department of €60 million. It is due to be opened to the public shortly as a community park. It will include sports and recreational facilities such as all-weather playing pitches, a shower block, art installations, accessible walkways, seating areas and a children's playground. It is an excellent example of how a former environmental hazard has been transformed into a focal point for a community to support healthy living.

Chapter 8 on the performance of certain residential retrofit schemes

Two of the retrofit schemes, the Better Energy Homes scheme and the Better Energy Warmer Homes scheme were also selected for examination by the C&AG for his 2022 Report on the Accounts of the Public Services. The Department and the SEAI have accepted the recommendations of the report and will work together to progress implementation over the coming months. I know that the Chief Executive of the SEAI will be speaking in detail to these in his remarks.

Conclusion

The Department is tasked with delivering significant policy programmes to achieve a climate neutral, sustainable and digitally connected Ireland. The Appropriation Account 2022 sets out where the Department has invested its resources in 2022 to progress the achievement of this outcome in the context of significant challenges.

My colleagues and I look forward to assisting the Committee with any questions they may have today.

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