

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM GHNÍOMHÚ AR SON NA HAERÁIDE

### JOINT COMMITTEE ON CLIMATE ACTION

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*Dé Máirt, 9 Feabhra 2021*

*Tuesday, 9 February 2021*

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Tháinig an Comhchoiste le chéile ag 1 p.m.

The Joint Committee met at 1 p.m.

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Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Richard Bruton,	Lynn Boylan,
Réada Cronin,	Timmy Dooley,
Cormac Devlin,	Alice-Mary Higgins,
Darren O'Rourke,	John McGahon,
Bríd Smith,	Pauline O'Reilly.
Jennifer Whitmore.	

Teachta / Deputy Brian Leddin sa Chathaoir / in the Chair.

## **Engagement with Chairperson Designate of the Sustainable Energy Authority of Ireland**

**Chairman:** Apologies have been received from Deputies Christopher O’Sullivan and Alan Farrell who cannot join us today. The purpose of this part of our meeting is to have an engagement with Mr. Dermot Byrne, chairperson designate of the Sustainable Energy Authority of Ireland, SEAI. There will be one hour for this part of the meeting. On behalf of the committee, I welcome Mr. Byrne to the meeting and congratulate him on his appointment to the board of the SEAI.

I will read a note on privilege. I remind witnesses of the of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable, or otherwise engage in speech that might be regarded as damaging to the good name of that person or entity. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction.

For witnesses attending remotely outside the Leinster House campus there are some limitations to parliamentary privilege. As such, they may not benefit from the same level of immunity from legal proceedings as a witness physically present does.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise, or make charges against a person outside the Houses of the Oireachtas or an official either by name or in such a way as to make him or her identifiable. I also remind members that they are allowed to participate in this meeting only if they are physically located in the Leinster House complex. In this regard, I also ask all members, prior to making their contributions to the meeting, to confirm that they are on the grounds of the Leinster House campus. For the information of anyone watching this meeting online, Oireachtas Members and witnesses are accessing the meeting remotely. Only I, as Chair, and the staff essential to the running of the meeting are physically present in the committee room. Due to the unprecedented circumstances of Covid and the large number of people attending the meeting remotely, I ask everyone to bear with us should any technical issues arise.

I call Mr. Byrne to make his opening statement.

**Mr. Dermot Byrne:** I thank the committee for the invitation to attend this meeting. The Minister for the Environment, Climate and Communications, Deputy Eamon Ryan, has nominated me to serve as chairperson of the Sustainable Energy Authority of Ireland, SEAI. If I may, I will begin by briefly summarising my career before setting out my vision and priorities for the authority.

I joined the ESB as a graduate engineer in 1973. As members will know, this was at the tail end of the rural electrification scheme that underpinned one of the greatest societal transformations that this country has seen in terms of its impact on people’s lives. One of my last assignments in the ESB was to head up the newly formed ESB Networks directorate and, in that capacity, to revisit and upgrade the rural electricity networks to make them fit for service in the 21st century.

In 2005, I was appointed as the CEO of the newly formed EirGrid. Over the following years, we assumed responsibility for the all-island electricity market. We also built the east-west interconnector, which was a €600 million project that we brought in on time and within budget. I am particularly proud of the work we did in setting EirGrid on a path to be a world

leader in integrating wind energy in the power system.

Since retiring in 2012, I have been active in a number of energy-related activities. On behalf of the Department of the Environment, Climate and Communications, I chaired an expert group to develop an energy research strategy to support the transition to a low-carbon energy future.

For the past six years, I have chaired Vita, an Irish development agency that works in east Africa with a mission to reduce poverty, hunger, and inequality among rural households through knowledge backed, community-led initiatives leading to sustainable livelihoods. Climate action, both mitigation and adaptation, is a core element of our work with these African communities who are on the front line of the climate crisis.

As president of Engineers Ireland in 2016 and 2017, I witnessed and worked with a community of professionals who are determined to play their part and lead on climate action, and, critically, to inspire the next generation to take on the technological and societal challenges that we face.

The reality of the existential threat posed by climate change is, I believe, beyond question. The science is very clear. The Paris Agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C and closer to 1.5°C. The Government is committed to an average 7% per annum reduction in overall greenhouse gas emissions from 2021 to 2030, a halving over the decade, and to achieving net zero emissions by 2050. We saw last week in the joint report by the Sustainable Energy Authority of Ireland and the Environmental Protection Agency, EPA, that emissions last year reduced by 6% on the previous year, and that was largely due to the impact of the pandemic. We know the size of the challenge we face in the next ten, 20 and 30 years. However, having a clear goal to aim for, one we all subscribe to, is extremely powerful as a means of unlocking the energy and creativity of all sectors of society to deliver that goal. A good example was the target of 40% renewables in the electricity sector by 2020, which many believed to be unattainable back in 2008 when it was set by the then Government. That target had the effect of changing the mindset and delivering a major energy transition on the supply side, a transition that is still under way with the development of solar, offshore wind and further interconnection.

The focus now changes to the demand side in transport, industry, the public sector and residential homes, where our decarbonisation efforts have been less successful to date. This is perhaps not surprising. Here we are looking for behavioural change and investments at the household and community level at a time when many households are struggling with the impact first of the financial crisis and now the Covid-19 pandemic. This societal transformation will take leadership, time and collective effort. Nevertheless, we know from past experience that societal transformations, underpinned by major energy transitions, can and do occur and bring us to a better and more sustainable place. I mentioned the rural electrification scheme earlier as one example of that.

The good news is that momentum is building. The moral and ethical imperative, as expounded by Pope Francis and Greta Thunberg among others, reinforces our sense that sustainable living is the right thing to do. Government policy, incentives, regulations and emerging technologies are helping to turn this ecological awareness into behavioural change and sustainable investments at the household, community and business levels. It is also the right thing to do economically, in terms of the new jobs and business models created and the new and innovative products and services developed and taken to a global market.

That brings me to the role of the SEAI. We are an agency of government working directly with homeowners, communities and businesses in delivering a cleaner energy future for Ireland. Over the last decade SEAI has delivered major impacts for Ireland. We have helped to inform and shape policy, we have provided access to genuine solutions and been the portal for many people and communities to engage with new technology and sustainability. Thanks to SEAI, more than 250,000 homes are warmer and cheaper to run, more than 500 communities have started their sustainable energy transition, thousands of businesses are more competitive and Ireland's public services are exemplars in energy efficiency.

To build on this platform and to deliver on the targets set out in the programme for Government and the climate action plan, we in SEAI are now in the process of stepping up a gear. We are putting in place the leadership team to drive the organisation forward and we are recruiting the people with the necessary skills - technical, communications and community engagement. We are preparing our next statement of strategy for the period 2021-2025, a key theme of which will be collaboration. This will include: collaboration with businesses, industry and the public sector and with other State agencies, such as Enterprise Ireland, collaboration with the SME sector, for example, in the establishment of a national climate cluster, collaboration with our energy research and innovation sector, to help develop the technologies and innovative approaches needed and, most importantly, collaboration with all actors in the retrofit sector, with local authorities and primarily with citizens and communities to drive the national retrofit programme forward. Collaboration is at the heart of our work. We deliver through others. We in SEAI will be providing the leadership, the expertise, the ambition and the innovation that will drive and inform the change.

In regard to governance, SEAI is entrusted with significant Exchequer funds and we are very conscious of the need to be transparent and accountable in all our spending decisions. Since 2011, SEAI has maintained SWiFT 3000 corporate governance certification from the National Standards Authority of Ireland, NSAI. I assure the committee that the maintenance of this standard certification remains a key objective for me as board chair and for the SEAI board, to ensure that SEAI operates to the highest international standards of corporate governance.

I am deeply honoured to be nominated by the Minister to lead the SEAI board at this critical juncture. I can assure members that I will be giving it my full attention, working closely with the board, the executive team and the fantastic and dedicated staff we have in SEAI. Through my work in Africa with VITA and other organisations, I have seen the consequences of climate change and ecological degradation on households and communities. Climate action is for each and every one of us and I am committed to playing my part as chair of SEAI.

Again, I thank the Chair for the invitation and I will be pleased to answer any questions the committee may have.

**Chairman:** I thank Mr. Byrne for his opening statement. I echo Mr. Byrne's final point. We are honoured that a man of Mr. Byrne's vast experience is at the helm of the board of the SEAI. I will now open the floor to questions.

**Deputy Richard Bruton:** I thank the chairman designate for being willing to take on this task. Few could be better qualified than he is, and in his opening remarks Mr. Byrne displays a real passion for the job. I am delighted to learn that Mr. Byrne is assembling a new team and a new strategy. The scale of the challenge is vastly greater than those in which the Sustainable Energy Authority of Ireland has been involved to date. I believe that the SEAI has done outstanding work in evaluating approaches and there is very good experience there. The real

challenge now is in scaling that up. I am interested to know what role Mr. Byrne envisages the SEAI taking in scaling up the activity. Will the SEAI be leading what Europe now calls a “retrofit wave”, or has that yet been worked out as to how the elements of a strategy that involves finance, motivation, getting boots on the ground in local communities and adopting area-based approaches instead of individual approaches? How far has the strategy developed on that?

My second question is on the extent to which Mr. Byrne believes the public sector is leading by example in the area of sustainable energy. The sector reports regularly on its energy efficiency but the extent to which public bodies are taking it seriously or are in a position to deliver change seems to me to be very variable.

On the SEAI remit, the Act includes the promotion of renewables; research, development and demonstration; tackling pollution; and the co-ordination of the production, supply and use of energy. It appears to me that the actual remit has been much narrower than the scope outlined in the founding Act. Is it a part of Mr. Byrne’s strategy to take on some of those wider roles such as co-ordination of research and development in the context of the need to see the emergence of hydrogen and other potential replacement fuels? How far does Mr. Byrne see his role reaching in co-ordinating that sort of work, which I believe will be crucial to achieving our goals in the coming years, if not in the immediate year or two ahead?

**Mr. Dermot Byrne:** The scaling up and the retrofit wave is one of our biggest challenges. We are conscious of that and we are gearing up for it. We have already started the work. We work closely with the Department on mapping out the targets etc. We have a target of achieving 500,000 B2 ratings by the end of the decade. When one looks at the graph showing that target mapped out over ten years, there is a mountain to climb. We are conscious of that.

We are putting in place the elements for SEAI being the national retrofit delivery body. We have that up and running now as a project. We have already started the work for 2021. We have an increased budget. We have two calls out at the moment, one of which is a one-stop-shop call. The Deputy will know that one of the key issues is the development of a supply chain to deliver this. That will take some time. The one-stop-shop call is helping the contractor base and the supply chain to coagulate and come together to create the necessary one-stop-shops that will help us to deliver this. We also have a community call-out, which is focusing on communities. They are the first two elements that are off the block. We are hindered a little by the pandemic, as we were last year, but all going well, once the restrictions are lifted, we hope to be up and running and doing the work for 2021, which is a target of 8,000 but, more important, preparing for the rapid scale-up for 2022 and thereafter. We have a task force and a project up and running to deliver that.

On the public sector, under the climate action plan the target for the public sector was 33% efficiency by 2020. It got close to achieving that target. There are exemplars such as, for example, Dublin City University, An Post and Dublin County Council. There are good examples of strong leadership in the public sector. We are working across the public sector to deliver the know-how and technologies that will help. The targets in the upcoming review of the climate action plan will be more stringent and will require leadership and best practice across all elements of the public sector.

On the remit of SEAI, having chaired the expert group on energy research and development in 2017, what was evident at the time was the lack of co-ordination. That was one of the main findings of that group. When I stepped into the chairmanship of SEAI late last year, I was glad to note that it had taken over the role of co-ordinating the research and development activity

across the country. It does that in a number of ways through funding research and development. We have over 100 projects up and running by various research performing organisations, RPOs. The national conference we held last October pulled together all of those research organisations to allow researchers to hear what other people are doing. That type of information exchange is a great way of growing the collaborative effort across all RPOs. We have additional funding of up to €16 million for 2021. That will make a difference and is necessary to carry out that work in an effective and efficient way. I see that being very much of SEAI's remit.

**Chairman:** I thank Mr. Byrne.

**Senator Lynn Boylan:** I congratulate Mr. Byrne on his appointment. I am conscious of time so I will get straight into my questions. Mr. Byrne mentioned he worked with African communities through Vita. I would be interested in hearing an outline of the plans of the Sustainable Energy Authority Ireland around resourcing and training the community energy sector. For example, the Scottish model provides an enablement grant of £25,000 to help communities carry out feasibility studies and to get them up and running. Mr. Byrne can correct me if I am wrong, but I understand that the SEAI has yet to fill the role of community-led energy adviser. The current situation, where communities who are keen to be part of the energy transition and to get involved, whether they are small businesses, farms or schools, is that they are having to deal with the CRU and the ESB directly, and they are organisations that are not used to dealing with communities and that do not have the communal capacity to do that. If we really want communities to be a bigger part of the process, we have to support them in that process. I would love to hear about the SEAI's role in terms of the RES process and bringing communities along on the energy transition.

**Mr. Dermot Byrne:** We have two principles when we work in east Africa. The first is that it is community-led, for example, the community-led total sanitation projects that we introduced into east Africa and which are now in widespread use. This means that when our people go into a village, they pull the community together and it becomes a community project rather than an NGO-imposed project. Out of that, leaders emerge, which is fantastic to watch and to see. The second principle is that we leave nobody behind. Once we are in a community, everybody is brought into it and everybody benefits from it, whatever the project is and whether it is latrines, potatoes or otherwise.

In terms of the SEAI and communities, we work very closely with communities. We now have up to 500 sustainable energy communities throughout the country and we support those communities very actively through grants, through helping them to develop skills, and through networking across communities so best practice is shared. I think what the Senator is referring to is the renewable energy supports scheme and getting communities involved in that. That is a critical part of engaging citizens and communities in our transition. We are in the process of appointing the trusted energy co-ordinator, so we are very conscious of that role and we will be working with communities to develop those skills and to make communities better able to engage with the process. It is very much on our radar and we are following that.

**Deputy Darren O'Rourke:** I offer congratulations to Mr. Byrne and wish him well in what is an important role. We are all hoping to see significant progress in the time ahead.

In regard to his plans, I ask him to comment in regard to the design of the various schemes with a view to targeting those areas and those homes most in need. It seems to be the case that many of the schemes are demand-led, so they are open for people to avail of them but they are not necessarily correlated with those areas of greatest need. Mr. Byrne mentioned SEAI

is working closely with the Department around mapping out the work programme for the time ahead. Will that be informed by socioeconomic status, household income or the R rating, and what will inform that work? Does Mr. Byrne see a need to prioritise those areas in greatest need? Are there plans, for example, to revisit households that have already been visited? We still deal with this issue around the single household visit. I know many constituents who need more work completed but the bureaucratic criteria mean that does not happen.

In regard to the engagement with communities, I ask Mr. Byrne for comment in regard to sustainable energy communities, SECs. What plans has the SEAI to increase the level of sustainable energy communities? Are there any plans to engage with An Post, the GAA or local sporting and cultural organisations to see greater roll-out of those works?

**Mr. Dermot Byrne:** I thank the Deputy. Regarding the targeting of the schemes to the most at need, our warmer homes scheme is the biggest programme that we have to address fuel poverty. That is the most substantial chunk of our budget. It is €109 million in 2021. Unfortunately, last year, because of the pandemic we were not able to use our budget and there is a backlog. A key priority for us is to address that backlog. We can only work within the budgets that we have. We have the same budget this year. We are hopeful that we will make significant inroads into that backlog this year with the budget of €109 million, if contractors can get out to do the work. We have a new panel of contractors appointed and they are ready to go. As soon as the restrictions are lifted, we hope to see rapid progress in tackling that backlog.

On targeting, we work within the eligibility criteria. They were significantly opened up a couple of years ago with additional categories of people who can apply. We are heading towards deeper retrofits than previously. All that has to be factored in. The Deputy mentioned not revisiting a house that has previously been worked on. I hope that we will be able to do that in the coming years because we recognise that people are on a journey but we need to first go to the queue already there and the people who have not had anything done, and over time we will get round to delivering the full insulation allowable under the scheme.

We have more than 500 SECs now. It is an active part of our work. As I said in reply to Senator Boylan, I believe that communities are critical to this. We are talking about people coming together in a community, including the local GAA club and local shops, with leadership at a local level. It can bring about a remarkable transformation. We are hoping to grow that network of communities to 1,500 by the end of the decade, when we will have most of the country covered. We have a long way to go but communities are critical in getting that momentum.

An Post is one of the front runners in forming the one-stop-shop, linking up with other service providers to deliver a full package for consumers. We are looking to put in place that one-stop-shop model, which will help us to turbocharge the retrofitting scheme. It is great to see but more needs to happen. Credit unions need to be involved in their local areas. We see that as critical.

**Senator Timmy Dooley:** I congratulate Mr. Byrne and thank him for the work he has done for the State and what he is endeavouring to do with SEAI. His latter contribution comes to the point that I want to look at. He has given some guidance about the one-stop-shop, which would certainly be useful to have. Notwithstanding the commercial reality that one has to go through in identifying options, we would all like to see our post office being used more appropriately to deliver State services. I see no better option than SEAI using the services of the post offices in communities to reach out to individuals who want more information. In the work that we did in the Oireachtas, much of the commentary was about people not knowing where to access the

services. That is fine for those who are proficient online but there are others who want to make a contribution and to access these services or funds, and the post office provides that.

Following on from that, there are people who will not qualify for the schemes or will not have the appropriate amount of personal resources to do the work that is required, particularly on the deep retrofit side of things. Can Mr. Byrne tell us about any plans that might be in place to assist with that green financing, which was talked about in the past? What are his views in that regard? There are certainly people out there who want to do that deep retrofit but do not have the hard cash. Traditional banks will have their own views about where somebody is with his or her mortgage or other financial commitments. Has Mr. Byrne any views or ideas with regard to that area?

**Mr. Dermot Byrne:** The one-stop-shop model has a number of dimensions, one of which is finance while another is the supply chain. Finance is a critical element of it. We are doing work in this area. We are trying to work with the different finance houses to come up with offerings that are at the right level for people and are affordable. An Post has moved into this space, which is great. I know credit unions are also active in it. The credit union movement is such a fantastic community-based movement throughout the country. A lot of these organisations have a lot of cash because of savings that have built up over the years so it should be possible. Of course, interest rates are so low at the moment that we should be able to pass some of that competitiveness in interest rates directly to consumers to help them on the journey towards deep retrofits. It is an expensive item. SEAI is there to support them in terms of grants so significant grant funding is available but leveraging that with affordable finance is the key thing.

**Deputy Réada Cronin:** I congratulate Mr. Byrne on his appointment. He made a powerful point when he spoke in his opening statement about the 40% renewable target that was set in 2020, the scale of that task at the time, how the catastrophe we now face is so enormous and how this can be overwhelming for people. It was interesting to hear about his work in Vita in east Africa. That shows how interconnected we are at the moment and the global problem we are facing. He mentioned the pandemic. It is difficult for our politicians to talk about ethics and morals when people are still reeling from the financial crash of ten years ago and dealing with the crisis in housing.

When people look at Covid and see how badly we are managing that in the First World, they wonder how we are going to manage the climate emergency. It is a valid and frightening point. I would like to hear Mr. Byrne's thoughts on that and how we can proceed on an ethics, morality and trust basis and whether he thinks that rather than always going to businesses, markets and profit, we could engage leaders and public intellectuals on this issue.

**Mr. Dermot Byrne:** The climate challenge is so big that it can be overwhelming and to be fair, we are dealing with it. We need to break it down. What can we do here in Ireland? We can manage our contribution to the problem and the opportunity there. We are part of Europe so we can do it as part of a European community. We can play our part in that. Within Ireland, we must break the problem down into its component parts. We must look at electricity, transport and the built environment. The 2019 climate action plan brought us a long way towards breaking it down with 183 different actions across all sectors of society. That has to be reviewed now in the context of the programme for Government targets and the net zero by 2050 target.

More importantly, it is getting the buy-in, the community and leadership at all levels in society that will drive this forward. If that determination and leadership are there across all sectors and if we apply the right resources, brain power and people to figure out the details of

how we are going to get this done, as I said earlier in respect of the 40% target, we can do it. The 40% target was deemed to be unattainable at the time but once that was set, the likes of ESB, EirGrid, the regulator and all the developers out there rolled up their sleeves and we got there. These organisations are doing tremendous work in facilitating renewable electricity on the system, which people would have thought was impossible. It is a big challenge but with the right leadership at every level and the right people and brainpower assigned to it, I am confident we will get there.

**Senator Pauline O'Reilly:** I congratulate Mr. Byrne on his appointment and thank him for joining us. When it comes to energy, we know many of the solutions. Going back to one of the first comments, it is about implementing them and the roll-out. When we look at other areas when it comes to climate, it is more difficult to know what the solutions are. As a public representative, I have been contacted by people who, number one, do not know where to go. I hope that the one-stop-shop will be able to deal with that issue. The other issue is that they do not believe that the financial incentive is big enough to make the change. The warmer homes scheme is free for some people because they fall into certain categories but on the ground, when I am contacted by people living in rural parts of my community, the issue is that it needs to be enough of an incentive to make some kind of investment. There is help to put a financial package around it but there is also that piece involving that change of mind that must happen when someone says that if he or she invests in something, it will save him or her money over time. A key part of that element of the public is renters. They do not have the capacity to make that switch themselves. How does Mr. Byrne see his role in SEAI in moving those two categories along to where we believe they need to be in terms of climate, their own well-being and air quality?

My last point concerns schools. There is a real desire on the part of schools and children to make a switch. Having tried to help schools in the past, I know they simply do not have the capacity to invest themselves. Does Mr. Byrne believe that more legislation is required or a change in policy direction from the Department of Education that may aid him and through which a partnership could be developed? That way, it would not include only a community element, but would apply specifically to schools.

**Mr. Dermot Byrne:** We are looking for behavioural change and a willingness to invest. I believe that people like investing in their homes, be it through a new kitchen or whatever else. People go out of their way to invest money in their homes and seem to benefit from it. More people are working from home as a result of the pandemic and children are at home. The benefit of having a warmer home is all the more evident for people who have it and its absence is also more evident to those who do not, in terms of increased bills and a lack of comfort. Perhaps as a result of having to work and school from home during the pandemic, there will be a desire among people to improve the performance of their homes. We are there to support that through grants but, more than that, it is about getting a decision made to go to a credit union and borrow money.

There is a sense that when such changes start to happen in a neighbourhood, a person can see other people doing it and can visit those homes. We hope that people who have the work done will allow others into their homes, tell them what they have achieved and that it is fantastic. If one speaks to people who have had the work done, one will hear how remarkable are the changes in comfort, warmth and well-being that one can get. All sorts of other benefits, including health benefits, flow from that. This momentum is going to build and we have a role in helping that to happen through our communications, mass media campaigns and working

with communities on the ground. If somebody is, for example, getting work done on a road, we should have a sign on the road stating, “This is being supported by SEAI; come in and have a look”. If we can get to a stage where people are willing to share their experiences, it will be a powerful motivator for others to make the switch. Perhaps that is an answer to the Senator’s first question.

**Chairman:** I will cut across Mr. Byrne because we have less than 15 minutes remaining and a few more members are indicating a desire to come in. We will try to get through everybody. I would appreciate it if they could make their questions and answers as succinct as they can.

**Mr. Dermot Byrne:** I will quickly reply on renters. Renters are a real problem because there is a split incentive there. It is well-recognised as being a problem. We support landlords who are eligible to apply for grants but it is recognised that there is a problem there that has to be addressed.

We take a fabric first approach to public sector schools. I am conscious that people want to put solar panels on schools but that has been more difficult. We work with the Department of Education and have a protocol there that needs to be revisited. Perhaps we need to revisit that under the new microgeneration scheme.

**Senator Alice-Mary Higgins:** I congratulate Mr. Byrne on his appointment. I am sure we will engage with him again on the new statement of strategy for 2021 to 2025. He spoke about increased ambition. We are in a circumstance where we were looking at the recovery and resilience facilities that are coming from Europe, the State being able to take loans and a suspension of the fiscal rules that exist. In terms of capacity, and if money was no object, how could we increase our ambition above 500,000 B2-rated homes in the next decade? What could we do in that regard by increasing ambition on the number of B2s, the number of deep retrofits, as opposed to other retrofits, and scaling up on public buildings, including schools, as has been mentioned? We have 90 public buildings but what would happen if we were to look at the large-scale retrofitting of other public buildings? I know there are other capacity issues besides funding. I am hoping to drill down to discover what are the other capacity issues, besides funding. Will SEAI be looking at the issues of retrofitting and embodied energy? Embodied energy is often not addressed in buildings. That is something that needs to be added alongside retrofitting because sometimes buildings are demolished and replaced with more sustainable buildings when the benefits will not accrue for 100 years. Will SEAI look at that? Is it engaging with the national development plan and local development plans to look at retrofitting and embodied energy? Where is the idea of new sustainable capital infrastructure being looked at? That applies especially under sustainable development goal, SDG, 11 which applies to sustainable communities. I would not mind hearing about how SDGs in general are being incorporated into the new strategic vision of SEAI.

Is research on energy storage a part of the innovation at which SEAI is looking? We have heard a lot about carbon capture but I am interested in research on renewable energy storage issues.

I would query the language that Mr. Byrne about a “split incentive”. I am concerned about that because it is being used a lot by landlords who are asking what is in it for them when what is not in it for them is more relevant. If we increase the acceptable energy standards for rental accommodation, does that create an incentive for landlords? At the moment, there is a narrative that landlords are asking why they should do it when only their renters benefit.

Could there be a better, more positive use of environmental and social impact assessments in the sustainable energy sector? Energy charter renegotiations are taking place this spring. We know that RWE has launched a case against the Dutch Government for its plan to shift to renewable energy. France is asking for the legal, institutional and budgetary modalities of withdrawal from the energy charter to be looked at. Is that an issue that Mr. Byrne is following or tracking? Does he have thoughts on the matter? As well as supply and demand, we also need some of the old models to get out of the way. Does Mr. Byrne have any thoughts on that?

**Chairman:** I thank the Senator. There were many excellent questions there and I am not sure if Mr. Byrne will have the time to get through them all. He can reply as quickly as he can in the time remaining.

**Senator Alice-Mary Higgins:** Perhaps Mr. Byrne could reply in writing if he cannot address some of those questions now.

**Mr. Dermot Byrne:** We can certainly come back to the Senator. She asked about ambition and if money was no object, we would still have a supply chain issue at a time when we are building more houses. We are working with partners to try to develop and build that supply chain and we will see that happening over the next number of years. That will get us to where we need and want to get to in the later years of the decade.

We have to scale up public buildings. We have a national heat study under way at the moment which will help to inform new policies, actions and how we do all of this.

The Senator touched on retrofitting and the embodied energy piece. It is not something that I have looked at in detail but perhaps I could come back to the Senator on that matter.

Storage is one of a number of technologies that are increasingly being used to manage the variability of wind. Our biggest issues relate more to the long-term storage, the Turlough Hills of this world, to manage the intermittency of it over a period of time. Storage is certainly a part of the solution, as is interconnection. We have already got two interconnectors to the island of Ireland and hope to have two more by the middle of the decade - the Celtic interconnector and the GridLink interconnector. All of that will help.

I will come back to the Senator on the rest of the issues she raised because of the time limits. I am aware of the issue she raised about the energy charter. It is not something I am following in detail because I do not think it applies in Ireland, or I hope it does not. We will see what happens in that regard.

**Chairman:** I will ask a couple of questions. Deputy O'Rourke rightly pointed out the issue of targeting particular socioeconomic areas and the people in greatest need. Allied to that, there is an issue relating to targeting areas of poor air quality. In a significant number of areas in Ireland, air quality is adversely impacting the health of the people. I believe 470,000 people in Ireland are affected by asthma, which costs the State almost €500 million per year. A significant report found that one in five premature deaths globally is due to fossil fuel pollution. The public health aspect cannot be overstated. In his chairmanship, Mr. Byrne might bring that to the board and perhaps work with the EPA and the HSE. There is an issue with monitoring in which I believe SEAI could have a significant role. Many of our most polluted areas do not have extensive monitoring systems set up. Mr. Byrne should feel free to comment.

Where does he feel the SEAI might be able to improve in the coming years in the delivery of its programme generally.

**Mr. Dermot Byrne:** The ambition for transport will make a big difference to the air quality. Having 1 million EVs by 2030 is an enormous step up. We are already seeing momentum building in the EV market. With the combination of the desirability of EVs, costs coming down and regulation, that is achievable and will make a dramatic improvement in air quality.

On ambition for delivery, as I said earlier, we are gearing up for that. It is a step change that we need to embark on. We are doing the work on that now and are recruiting people. We will deliver our targets this year, assuming we get through the pandemic. More important, this year is about building for the rapid acceleration and turbocharging of the retrofit market beyond 2021.

**Chairman:** My point on air quality related more to retrofitting and less to transport. We have a housing stock that is quite energy inefficient through the burning of solid fuels, which is leading to poor air quality in our towns and cities. I would appreciate Mr. Byrne making that a priority in his tenure with the SEAI.

I thank him for attending and engaging with the committee. I also thank the members for putting their good questions.

*Sitting suspended at 1.59 p.m. and resumed at 2.02 p.m.*

### **Engagement with Chairperson Designate of the ESB**

**Chairman:** The purpose of this part of our meeting is to have an engagement with Mr. Terence O'Rourke, chairperson designate of the ESB. On behalf of the committee, I welcome Mr. O'Rourke to the meeting and congratulate him on his appointment to the chairperson's role. Mr. O'Rourke is accompanied by Ms Marie Sinnott, the company secretary; and Mr. Peter O'Shea, head of regulation and corporate affairs.

I remind witnesses of the of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable, or otherwise engage in speech that might be regarded as damaging to the good name of that person or entity. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise, or make charges against a person outside the Houses of the Oireachtas or an official either by name or in such a way as to make him or her identifiable.

I call Mr. O'Rourke to make his opening statement.

**Mr. Terence O'Rourke:** I thank the Chairman and members of the committee for the invitation to attend this meeting to discuss my nomination as chairman designate of ESB by the Minister for the Environment, Climate and Communications, Deputy Eamon Ryan.

It may be helpful to introduce myself. I was raised in Monaghan and did my undergraduate studies in history and economics at UCD. I trained as an accountant with KPMG and then transferred to its Boston office for almost two years. On returning to Ireland, I worked in a range of roles including audit, technology and risk management. I retired as managing partner

of the firm in 2013. As managing partner for six years, I led a firm employing almost 3,000 people, serving our clients from offices in Belfast, Cork, Dublin and Galway.

I gained many perspectives working with our wide array of clients. I learned to always appreciate the importance of sound business judgment, ethical business behaviour, focus and the ability to work with and positively influence those with whom I engaged. Throughout my career I have learned to value the perspectives of, and to work with, all stakeholders, including staff and customers from across the island of Ireland. Having grown up in a Border county, I was especially aware of the need to be sensitive to all views. These insights will also help me as chairman of ESB given that the group also embraces Northern Ireland Electricity Networks and has significant generation and supply operations in Northern Ireland.

Since I retired from KPMG, I have served in various non-executive board roles, including Enterprise Ireland, where I have been chairman since 2013, Rethink Ireland, the Government-supported social innovation fund, the governing authority of Dublin City University and the Dublin Theatre Festival.

I have mentioned a selection of the boards on which I have sat to give a sense of the diversity of experiences that I have encountered while carrying out my governance responsibilities.

I am mindful that our stakeholders have placed their trust in me and my fellow board members to ensure the ESB operates to very high standards of corporate governance while supporting the work of its management team. As chairman designate, I will work to ensure the board's oversight responsibility for strategy, governance, internal controls and risk is resolutely executed. In this way, the board will support and challenge management, who have the operational responsibility for the ESB.

In the context of risk I have been really impressed by the way the ESB responded to the Covid-19 pandemic. The ESB had the threat of a pandemic on its risk register since the early 2000s and carried out a pandemic rehearsal in 2018. I understand the learnings from this rehearsal informed the ESB's pandemic preparations in 2020. This ensured the company smoothly transitioned almost 4,000 office-based staff to home-working with only minor blips in activity levels.

The issue of gender diversity and inclusion will also be an important agenda item for me as chairman. I plan to work with our shareholder in drawing up specifications for board appointments that will bring a wider range of perspectives into the boardroom.

As Chairman designate of the ESB, I will work to ensure that foresight, planning, operational excellence and diversity remain core cultural imperatives.

Turning to the ESB's purpose, it was established as a commercial State company by a fledgling State to be a key enabler of economic development in Ireland. I am fully cognisant of my responsibilities and that of the board not only to the Government, as owner, but also to all those families, farms and businesses that rely on the ESB for a safe and secure supply of electricity.

I am becoming very well acquainted with the sheer scale of the ESB's business and the Brighter Future strategy that is driving the business. That strategy at its core sees the ESB leading the transition to a low-carbon economy. The ESB has almost €13 billion in assets. We contribute approximately €2 billion every year to the Irish economy in the form of taxes, salaries, purchases and local authority rates. We paid €1.2 billion in dividends to the State over the past ten years. The ESB has a presence in every townland in the country.

In addition to delivering a robust power supply to more than 2 million customers, ESB Networks has a critical role in the delivery of the Government's climate action plan. As well as ensuring sufficient renewable generation is connected to the network, ESB Networks must also enable technologies such as electric vehicles, electric heat pumps and micro-generation to contribute to the overall decarbonisation of Ireland. ESB Networks has almost doubled the amount of renewable electricity connections on the network every three years since 2011. These major increases have helped Ireland to become a world leader in renewable electricity generation. Today, almost 40% of Ireland's electricity is generated using low-carbon technologies. In that way, the electricity sector has reduced its share of Ireland's carbon emissions from around 20% of the total five years ago to around 16% today, even as demand for electricity has increased. The ESB will work to continue to support Ireland's decarbonisation journey. This means continuing to decarbonise the electricity system and using that clean electricity supply to replace fossil fuels in our heat and transport sectors. That strategy has the potential to address more than half of Ireland's emissions.

The ESB's generation and supply businesses also have undergone major transformations from being monopoly activities in the 1990s to operating in a modern, open and competitive marketplace. Our generation business has decommissioned older plants as we have worked to develop new forms of sustainable electricity generation.

Our supply business, Electric Ireland, competes with a wide array of companies for every customer. Even in the face of this competition, I was delighted to see Electric Ireland's commitment to contribute €1 million to support vulnerable customers during the lockdown. This was in addition to its early commitment not to disconnect any customers during the current and previous lockdowns.

Many of the members will also be familiar with how ESB International sells Irish engineering excellence to clients all over the world.

During the past five years the ESB has invested about €1 billion a year in developing our businesses. We raise debt to finance that expenditure on the international financial markets. It is vitally important that our investors trust the ESB when they lend us money. The ESB's current debt stands at around €5 billion, which is significant. I will always be mindful of the board's role in maintaining a financially strong ESB for the benefit of all. With more significant investment in electricity infrastructure and renewable energy to be made, it is critical the ESB retains its financial strength and credit rating to access the funding necessary to finance the coming transformation.

Turning to culture and heritage, I confirm we are a long-term supporter of the arts, cultural and heritage sector in Ireland. In 2020, the company opened a purpose-built archive in Finglas to preserve and make available more than 90 years of the ESB's records. In 2017, we opened a visitor centre in Ardnacrusha to explain the role electricity will play in Ireland's low-carbon future. We are also commissioning a visitor centre for Oweninny Wind Farm in County Mayo with our partners Bord na Móna. Those are tangible commitments to Ireland's culture and heritage.

Turning to delivering a sustainable future, this is a fascinating time for the energy industry. We are all working to decarbonise our economies and address the challenges of climate change. The ESB will work tirelessly to support the programme for Government's target of an electricity system that is powered by 70% renewables by 2030. We are seeing every day the impact of the surge towards renewables. On windy days, Ireland's electricity system can be powered by

up to 65% renewables. However, there are other days particularly in some winter periods of cold, crisp weather when there is no wind when renewable generation can fall away to almost nothing. On those days, to make sure we keep the lights on, we need power from other sources. This security of supply conundrum will be one of the great challenges over the coming decade as Ireland grows onshore and offshore renewables, builds more battery storage capacity and continues the transition to a low-carbon energy system while maintaining security of supply.

Smart technologies such as advanced digital metering are improving the efficiency and operation of the electricity networks. ESB Networks is ploughing ahead, it having installed almost 240,000 new meters by the end of 2020.

I look forward to supporting the execution of the ESB's Brighter Future strategy whose vision is to lead the transition to a reliable, affordable, low-carbon energy future. Over the next decade we will completely transform our generation portfolio. This will cut the carbon intensity of our generation mix by more than two thirds and provide flexible back-up to allow more and more renewables onto the system.

This is a great time to be nominated as chairman designate of the ESB board. I look forward to helping to ensure the ESB remains a vital enabler of the economic and social development of Ireland. I acknowledge and recognise the service of distinguished chairmen in the past, including, most recently, Ellvena Graham. I look forward to taking the members' questions.

**Chairman:** I thank Mr. O'Rourke for his opening statement. I invite questions from members. I call Senator Dooley. He does not have a question so I will move on to Senator Boylan.

**Senator Lynn Boylan:** I congratulate Mr. O'Rourke on his appointment. I advise the Chairman I am in the Leinster House premises. My hand is frozen so the Chairman can take down my link after I ask my question. What is Mr. O'Rourke's view of the ESB's readiness to handle the community and microgeneration element of energy transition? We know Ireland is way behind in microgeneration compared to other EU member states. From talking to community groups, they would say part of the problem is getting access to the grid and also the cost of the connection is unknown. There is considerable enthusiasm among farmers, businesses, schools and communities to be part of this transition. Does Mr. O'Rourke think the ESB is ready for it? A public consultation process is under way. I assume the ESB will make a submission to it. Was it asked to outline the barriers to that element? Can we ensure the ESB will take a leadership role on this issue?

**Mr. Terence O'Rourke:** I might start by giving a personal view on this. In 1976, my father shut the small animal feed mill that was water driven in County Monaghan. He converted it into a microgeneration system. He sold electricity generated from the water turbines on the River Fane in County Monaghan to the ESB, so I understand exactly this element. I remember him being a bit frustrated at the time with all the requirements the ESB imposed. However, he stuck with it and the mill happily generated electricity for many years and he sold it to the ESB. This is a very important issue. Many people across Ireland are keen to play their part in decarbonisation; they want to be able to generate revenue for themselves and decarbonise society through microgeneration. The ESB will make a submission to that process. We are absolutely committed to making connecting microgeneration as safe and as practical as we can. There is much detail to be worked out, but the Senator can take it the board is fully committed to this. It is an issue we fully appreciate and we are committed to doing that.

**Deputy Richard Bruton:** I thank Mr. O'Rourke for his service. I should say I appointed

him to be chair of Enterprise Ireland, where he did a fantastic job. I just wish to acknowledge that. I believe he is really well suited to the challenge we are taking on here.

I have just a few questions. We have seen our ambition for renewables on our grid go from 55% to 70% now. As we enhance our ambition, what will be the challenges of going beyond 70% renewables on our network and how do we prepare for them?

My second question concerns the ESB's wider potential role in tackling the climate challenge. It is the largest State player by a country mile in terms of its scale and reach. What does the ESB see as its role in leveraging change behaviour on a much wider basis than simply day-to-day responsibilities? I refer, for example, to encouraging companies to do audits of their carbon impact, and how they could work with the ESB as a provider to reduce that, and to using the roll-out of the ESB's smart meters to help customers and quickly get them thinking about how they can reduce their impact. It seems to me that the ESB will be a strategic player from the point of view not just of what it is doing from day to day but also of mobilising private capital, whether individual homeowners, companies or whatever else, and indeed the public sector, which is not always exemplary. I would be interested to hear how the witnesses would see that wider role being developed and whether the ESB's existing legislative remit recognises sufficiently the capacity the company may have for leading change.

**Mr. Terence O'Rourke:** I might, in response to the Deputy's second question, take in some of Enterprise Ireland's experience as well because Enterprise Ireland deals with companies that come to it saying they want to spend money on going low carbon and ask whether Enterprise Ireland can help them.

To go back to the Deputy's first question about moving from 55% to 70% of electricity generation being renewables and what we can do to get it above 70%, the problem, as we get to more and more renewables, is intermittency of renewables, both onshore and offshore wind. The greatest potential is probably offshore wind at this stage. Everybody is looking at that as the main source of getting towards 100% renewable energy. Offshore wind off the west coast of Ireland is the most likely source of that, but solar and other sources will be important as well as microgeneration. The intermittency is the thing that is not being tackled yet. There are solutions in play. Battery storage is one. We are now beginning to see large-scale batteries put in place. Another part of the solution will be blue hydrogen, whereby one can use renewable energy on the very windy, busy days, producing lots of energy, and convert that into green hydrogen, which can then be used on less windy days or to flow out to deal with the intermittency. There are technological and technical issues to be solved there, but I believe my colleagues are well on top of that. As we plan not just for 70% but beyond 70%, those are the kinds of things we will look at to deal with those challenges.

I agree with the Deputy on the ESB's wider role. Getting the carbon element of ESB generation or electricity generation down to a low figure is only one part of the battle. There are issues involved in transport, heating, agriculture and other sectors, including the public sector. Electric Ireland, our supply business, provides energy supply services, works with companies and can do things such as work with them to finance a conversion to low-carbon operations and then to recoup the savings over a period. That service is already available from Energy Ireland, and I can see it being ramped up. As I said, it has been the answer to the question Enterprise Ireland has been asked by companies, that is, whether we can help them on their decarbonisation journey. As Deputy Bruton will be aware, Enterprise Ireland is given the remit that it should help Irish companies to expand jobs and exports. However, these are companies that say they will not increase jobs or exports but just want to decarbonise. That is not clearly within the re-

mit of Enterprise Ireland, so we are now trying to figure out how we can do that. We understand the companies and want to work with them, but that will probably involve Enterprise Ireland working with companies such as the ESB and involve Enterprise Ireland working probably with the SEAI as well. Those are things ahead of us. The ESB has had a very positive impact. It is present in every townland in Ireland. Everybody recognises the yellow vans going around the place.

I agree with the Deputy's point about wider responsibility for encouraging changes in behaviour and awareness. The smart meters he mentioned are probably a very good way of doing it. People will be offered in their own homes choices as to what kind of electricity they use, when they use it and how they use it, all in such a way as to try to make us more efficient and more effective in our use of electricity and to minimise the carbon impact of energy usage. We have a broader responsibility, which I think the board fully accepts. I am not sure we need any change in our remit because our remit is to support the economic and social development of Ireland. That is part of what the ESB was set up to do. I, therefore, do not think we need a legislative change. However, I take on board the point that it is not just the technical, operational aspect of things but the behavioural change and supporting people to help people make the change. We are committed to that and the committee will see more of that in years to come.

**Deputy Darren O'Rourke:** I thank Mr. O'Rourke. I have just a couple of questions. There was news related to the ESB in the newspapers at the weekend regarding borrowing limits and the joint venture with Coillte. Could he outline the significance of this and what it facilitates the ESB to do in terms of its renewables ambition and its significance in Ireland in the future? Is it onshore or offshore? What will it look like? Is it wind or solar? There are challenges around wind development onshore. I am thinking particularly of the ongoing call for the wind farm guidelines to be updated in some way to manage the tensions between developers and communities. I ask Mr. O'Rourke to comment on that.

**Mr. Terence O'Rourke:** To take the issue of borrowing limits first, which was the first of the Deputy's questions, the ESB's borrowing limits, as he will be aware, are set in statute, in primary legislation, so they are rigid and have been changed only twice. I think 2007 and 2004 are the only years in which the limits have been changed. At €5 billion at the moment we are coming up close to our €6 billion limit. It is unclear whether the limit includes joint ventures and subsidiaries. We applied last year for an increase in the limits. We will spend about €7 billion over the next five years in capital expenditure. To allow ourselves to have the financial capacity to do that, we thought it would be better to get out of the €6 billion limit. We applied for €10 billion. The proposal at the moment is €12 billion. That is probably a very good cushion, but who knows what will be required in the next five, ten or 20 years? Rather than requiring changes in legislation all the time, it is sensible to put in a good headroom limit there because we may be offered opportunities to have joint ventures with other people. We may have requirements from our shareholder to invest in our business and to create even larger projects. To enable us to have the flexibility to do all that, we thought it was sensible to seek a borrowing increase at this time. Our current strategy, which the board endorsed in November, requires €7 billion in capital expenditure for the next five years. The maximum borrowing in that strategy shows, I think, approximately €7 billion, so we do not intend anywhere at the moment in our current plans to go anywhere near €10 billion or €12 billion. It is just to allow for optionality.

The joint venture with Coillte is a great project because it involves two State-owned bodies, owned by the taxpayers, working together to take the opportunity of using Coillte's land all over the country. As the land is already used for forestry, it is probably easier than many other

locations to change into locations for wind farms. We are working on a number of sites with Coillte. It is great to get that joint venture approved through the Competition and Consumer Protection Commission. There are a number of conditions in there, but they are ones we think we will be able to fulfil. We look forward to working with Coillte to develop wind farms in appropriate locations around the country. I take on board the Deputy's observation on the wind farm guidelines, which need to be updated. We are very happy to work with the regulator in that regard. We understand that for the benefit of the whole community we need renewable energy. Some of that has to be onshore wind, but we understand that creates tensions with local communities. We will work very hard to make sure that people's concerns are understood and we will do as best we can to accommodate any concerns. Adhering to updated guidelines will be part of the way we will do that.

**Deputy Bríd Smith:** I thank Mr. O'Rourke for his presentation and for coming to the committee today. One of my questions is on something I have observed. The Global Legal Action Network has written to the committee. Will Mr. O'Rourke comment on the details of the abuses suffered by workers and others in coal mines in Columbia? Does the ESB still have contacts with that mine? Does the ESB still do business with it or has that stopped? Perhaps Mr. O'Rourke would state it here, publicly, for us please.

**Mr. Terence O'Rourke:** I am aware of the concerns issued regarding coal from the Cerrejón mine in Columbia, particularly over the past number of years. It is an issue we follow very carefully because of those concerns. We have historically purchased a very small percentage of the output of that mine. In the period from 2015 to 2018 we purchased some 2% of the total mine capacity. We have not used any coal from Cerrejón in the time since then and we are not currently using any of its coal.

We are conscious of the fact that when we buy coal from around the world we need to understand what the conditions are where the coal comes from. In 2014 we joined an organisation called Bettercoal. It had been established shortly before that by a number of large coal buyers. It is on the buying side and is entirely independent of the mining side. The mission of the organisation is the continuous improvement in coal mining operations through collective influence.

As a 2% purchaser we do not have much influence in the mines, so joining Bettercoal was a way for us to leverage our influence to punch above our weight. Bettercoal commenced assessment of the Cerrejón mine in 2016. The assessment included research, completion of questionnaires, visits to the site, talking to the local communities, trade unions and NGOs. The Bettercoal assessment measured the mine's operations against a large number of criteria across ten principles, which included human rights, workers' rights, ethics and community engagement. The assessment found that Cerrejón met, or substantially met, the vast majority of the Bettercoal criteria and the assessment did not record any failures. Senior managers at ESB have visited the mine on a number of occasions and were very vigilant about this matter. We understand the concerns people have. There are people there who are trying to improve the conditions anywhere there are shortfalls. We continue to keep an eye on it, but we are not buying any coal from them at the moment.

**Deputy Bríd Smith:** Working through the coal and human rights point, has the ESB decided to move away from importing coal from Cerrejón entirely?

**Mr. Terence O'Rourke:** The coal that is required to power Moneypoint is a particular type of coal that is only available in a couple of mines around the world. Cerrejón is one of them. We would not like to say "Never" or "Never again". We would certainly want to make sure that

issues had been addressed before we would go there again.

**Deputy Bríd Smith:** Where is the ESB getting the coal from now?

**Mr. Terence O'Rourke:** I believe at the moment it is from Russia.

**Deputy Bríd Smith:** Okay. I want to move on to a more general climate question. Does Mr. O'Rourke believe that the ESB mandate as it currently exists is in line with Ireland's commitments under the Paris Agreement? How does Mr. O'Rourke see it going forward with our commitments to the new climate Bill, which I am sure ESB has had some discussion or feedback on? Given that the ESB still has a mandate for investment in gas generation and infrastructure, is this in line with our targets to adhere to the Paris Agreement?

**Mr. Terence O'Rourke:** I am aware of the status with regard to the Paris Agreement and the climate legislation, both enacted and pending. The ESB will be committed to playing its part in the decarbonisation of the Irish economy. We also have the commitment to make sure that we continue to have electricity available. As we decarbonise transport and heating domestically and industrially, electricity is probably the best way to do that. If electricity can be generated as safely, as securely and with as low-carbon emissions as possible, it would be the best. It is not, however, something that can be done overnight. We believe there will be a requirement for a suitable mix of generation that is increasingly sustainable. Our target is 70% by 2030, which is in line with the legislation and the Paris Agreement, as I understand it. If we can do it quicker than that, we will.

As I said to Deputy Bruton, one of the issues is the intermittence on renewables such as wind and solar. The sun does not always shine and the wind does not always blow, so one must have other technologies available. At the moment the best one of those, and the least carbon effective one, is gas. We use Moneypoint and coal burning very infrequently now. The heavy fuel such as diesel oil is also hardly used. We got out of those. We have moved away from the high carbon fuels used to generate thermal plants. We now use gas as the last piece of the thermal plant. That will be required for a number of years going forward because of the need to continue to supply electricity for Irish social and economic activity and as we go on the journey towards full-scale renewables.

We will need to deal with some technical issues. It takes a long time to develop offshore wind, for example off the west coast of Ireland, which is a major part of that. There will be more solar, there will be microgeneration, and a number of components in the transition in line with the Paris Agreement and the climate change legislation. Gas will be an important part of making sure we have security of supply as we go on that journey over the next decade or so.

**Deputy Bríd Smith:** If we are to try to achieve a target of 70% renewables by 2030, that is nine years away.

**Mr. Terence O'Rourke:** Yes.

**Deputy Bríd Smith:** And Mr. O'Rourke also thinks that we are going to have to rely on a supply of gas for that period.

**Mr. Terence O'Rourke:** During that period.

**Deputy Bríd Smith:** With some 15 years left in the Corrib field, does Mr. O'Rourke think it is necessary for the State to allow the drilling for more gas off Barryroe, for example?

**Mr. Terence O'Rourke:** The ESB has no views on where the gas comes from. We will require gas for generation for the next ten or 15 years. There are gas interconnectors on the island so the gas comes from various places. Where the gas comes from is a matter for national policy, on which the ESB does not have a particular view.

**Deputy Bríd Smith:** I thank Mr. O'Rourke.

**Senator Timmy Dooley:** I thank Mr. O'Rourke for his presentation. My first question concerns the planning process that Coillte is currently engaging with. Since the ESB has a relationship with Coillte, I believe it is important that Mr. O'Rourke might address this issue. I am aware of one very large project in east Clare that is being processed for planning through An Bord Pleanála. From my own engagement the community I believe that there has not been the appropriate level of engagement with the community that would be expected. To some extent this is the result of the Covid crisis and the inability of people to meet in public forums. It is a fact that people are not circulating, they are not going to the pub or the church, so they are not meeting and are not even aware that the process is under way. I ask that the ESB and Coillte, because they are involved in projects, would delay the submission of applications until such time as we are out the other end of this, or that they find a more prominent way of engaging with people. I do not believe it is appropriate to move ahead as they have done on that particular project.

We have all signed up to the commitments on renewables by 2030, and rightly so. I put it to Mr. O'Rourke, however, that the ESB from its early stages was ahead of time in its thinking and was always looking to the next phase of development and the next engineering phase. With its relationship with Coillte the ESB is really just doubling down on what is now older technology. Why has the ESB not moved more aggressively towards the generation of electricity offshore? The opportunity is there. It is very clear that the future is there. Large multinationals are looking at that area and advancing it. Why is the ESB sitting back and effectively doubling down on the onshore technology? If the ESB was delivering, as Mr. O'Rourke said at the outset, on its mandate for the country, the ESB would be looking at offshore.

**Mr. Terence O'Rourke:** I thank Senator Dooley for his points on consultation and community engagement, and on the offshore versus onshore. I take the Senator's point that it is difficult to do community engagement at the moment. I am aware that the community engagement is an important part of any process of large infrastructure projects to make sure that people have an opportunity to express their concerns, and for making sure we can deal with any concerns as best we can. We will be working with Coillte and I will make sure to bring that issue back to management to make sure we take on board that the community is not happy with the level of consultation available at the moment, and to see what further we can do. I understand the importance of that. A couple of years ago, I led a group in the business community looking at the best way to do community engagement. We had representatives from the ESB, EirGrid, Bord Gáis and others working out the best way to do that. I believe it is an important issue and I fully understand the point.

In terms of old versus new technology, offshore wind is technically challenging. Obviously, the best way will be floating platforms, which is completely new technology. The ESB is engaged. Before Christmas, the board approved the purchase of 50% of a wind farm off the coast of Arklow. We are also engaged in a wind farm off the coast of County Louth and have investments off the coast of Scotland. Neart na Gaoithe is a big wind farm in which we are in joint venture. The great opportunity to learn the technology is the very point made by the Senator. We are therefore absolutely committed to finding out and understanding how wind farms work.

What is needed to really advance this in Ireland is some technology proving, which is what we are doing and learning from other people, but also the legislative framework. There are a whole lot of issues about the seabed and how floating platforms work and all the rest. The legislative framework to really expand offshore wind is needed now. Advances need to be made in the connection of the grid to bring electricity from offshore back onto the ground and make sure it can be connected and transmitted through the transmission network. Therefore, a number of technical issues are to be addressed but they are all on the ESB's agenda. We will work as fast as we can to do that.

I thank the Deputy for his comment about how the ESB seemed to be ahead of its time in the past and now it does not appear to be. We are doing a lot of work the Deputy is probably not aware of. Our engineers, however, are working on some of the best projects in the world in offshore energy at the moment. We know that is part of the answer for Ireland because we are rich in offshore wind and it is something we can actually export in the future. In ten, 20 or 30 years' time, we could be a great exporter of energy and electricity from Ireland by using our offshore wind. The ESB is fully committed to being part of that for the benefit of the taxpayers of Ireland.

**Senator Alice-Mary Higgins:** I thank Mr. O'Rourke. I want to follow up on a couple of issues that have already been flagged. A concern I would have is that it the ESB seems to be at a stage in its planning where it is chasing the regulations that might come in rather than anticipating them. I believe Senator Dooley was making a similar point, that we and the ESB need to be ahead of time. I am a little bit concerned, therefore, with regard to the investments. We say, "neither a borrower not a lender be", but the fact is that the ESB is borrowing heavily.

I am concerned that Mr. O'Rourke mentioned the generation portfolio. What is being promised to those investors in terms of a generation portfolio? What expectations are being giving to those investors? We have a rapidly evolving policy landscape. Are they being given an expectation, for example, that blue hydrogen will definitely be in the mix? There is a big difference between green and blue hydrogen. The ESB should anticipate that blue hydrogen will not be in the mix for very long. The move against it in Europe is strong and the scientific evidence we have heard previously in this committee against that kind of hydrogen is very strong. Therefore, is the ESB planning, and are its investors aware, that blue hydrogen might not be an aspect or an option in the mix, especially if we scale from €5 billion to €12 billion? What risk-proofing is there in terms of exposure on expectations in that regard?

Is the investment the ESB is making and perhaps anticipates making with the €12 billion in funding it hopes to draw down green investment and is it consistent with the spirit - I know it is not bound by the letter - of the Fossil Fuel Divestment Act 2018, which we passed in the Oireachtas? I believe those are really important questions.

I am concerned by the emphasis Mr. O'Rourke has placed on financial markets as a priority. They are a priority but I believe energy supply and the environment will also be key priorities for the ESB in the longer term security picture.

Could and should environmental impact assessments be used earlier and better in terms of ESB infrastructure? That is really important.

Rather than looking to alternatives in terms of hydrogen, what percentage of this new funding will go into investing in the issue of storage? That is the crucial issue. We do not want to hear in six years' time that sometimes the wind does not blow. That issue really needs to be

dealt with and prioritised as an area of innovation. We hear much more about carbon capture than we hear about renewable energy storage. The emphasis needs to shift there.

In the previous Oireachtas, the ESB appeared before this committee regarding the unfortunate issue of leaks. Have Mr. O'Rourke or his colleagues heard, or do they have information, about whether the 75 new and historic leaks have been addressed or whether the decommissioning of the fluid-filled infrastructure cables has happened?

I note a new code of ethics has been introduced. Could Mr. O'Rourke comment on that because it is a governance code of ethics? Has there been consultation with the workers, unions and all relevant stakeholders around that new code of ethics for the ESB?

Finally, I note Mr. O'Rourke has a background in history and he spoke about heritage. I am extremely concerned by the proposed change of No. 29 Fitzwilliam Street from a public museum and amenity. With great respect, the new heritage measures suggested by Mr. O'Rourke do not replace what was in a way, as I see it, a penance for demolition and ruining of a 1 km-long Georgian street by ESB building works in 1965. I know that in 2015, the obligation on the ESB to restore it fully was lifted on the understanding that anything that replaced that site would be a public amenity. Does Mr. O'Rourke not regard that public museum as a key public amenity? I urge him in his new capacity as chairman to look strongly at reconsidering the removal of one of the few publicly accessible Georgian buildings in Dublin.

**Chairman:** I thank Senator Higgins. There are quite a few questions for Mr. O'Rourke.

**Mr. Terence O'Rourke:** There are quite a few questions. The Senator said that we appear to be chasing regulations rather than anticipating them. I have only been involved with the ESB for the past number of weeks but I have seen that it is well aware of the need to change. That issue of getting the legislative framework required for offshore wind in place is a matter of ongoing consultation between ourselves and the regulator and ourselves and the Department.

The ESB is absolutely involved in anticipating and shaping those regulations and trying to make sure they are the most effective way of getting to do the things we need to do. I therefore hope we would not be seen as chasing regulations but actually anticipating and helping to shape them. Our job is to be the experts on the ground and know the right way to make sure the regulations are effective, not only for the operations of the ESB but for the protection and safety of the community.

The Senator spoke about the investments and alluded to my reference to the need for the ESB to be financially strong. That is reality. The issue is that we need to make a lot of investment now. There is a big investment, which will be repayable over a long future. We have a situation where we need to make big investments now and the repayment will be over many years of supply of electricity. It is something that is entirely suited for borrowing. The Senator is correct. We must do that prudently and in such a way that the financial markets are helping it.

I should say that I have chaired another sale and investment forum in the last number of years, which is about trying to help our financial investor colleagues to understand the need for transformation in the economy, that is, the need to go to green energy. We found there was a great and growing interest from financial investors in decarbonisation because they did not want to invest in projects which are not sustainable and do not have a long-term future as we move to a zero-carbon world. Investors are well aware of this.

I am not aware of the detail of the mix. The Senator made a comment about blue hydrogen.

As I understand it, that would not be a necessary part of the mix. If any blue hydrogen is involved, it is a matter of transition as we need to go to green hydrogen. Blue hydrogen is only a stepping stone as we go to green hydrogen. We will get there eventually.

I already mentioned the importance of battery storage and dealing with intermittent wind. I agree with the Senator. I do not want whoever is in my chair in ten years' time telling the committee the wind does not blow on certain days. That is the reality today as we transition, however. We need to deal with that because we need to keep the lights on, businesses powered and homes warm. That requires us to use an appropriate mix of generation but that mix is changing over the period in our plan. We plan to change it to 70% renewable energy by 2030 and earlier if we can, and as soon as possible thereafter with the technology and investment required to get towards zero carbon. Therefore, it is exactly in our lines to do that and we must do it in a way that ensures we remain financially stable. There is no point in us borrowing imprudently and not being able to make the investments and provide electricity to the people of Ireland. We must balance the needs that the Senator, entirely appropriately, raised as a concern, but it is an issue of which we were already aware.

The Senator is correct in that, as an historian, I am aware of the importance of showcasing heritage and reminding current and future generations of its importance. That is why we have initiatives like the archives and the visitor centres in Ardnacrusha and Oweninny.

On the museum, my understanding is that there was no planning permission or anything else. It is something the ESB did voluntarily. It was not a *quid pro quo*, as we understand it. The museum comes in two parts, namely, the contents and the building. The contents have always been owned by the National Museum of Ireland and have always been borrowed from it. We returned them to the National Museum of Ireland when we started a redevelopment a few years ago.

I agree on what was done in the 1960s to the kilometre-long Georgian street. Nobody would want to endorse or support that now. I regret it also. We hope the redevelopment of the new building is more in keeping with the heritage and the streetscape. I hope members will see that. It involves two new office buildings to replace the 1916 buildings, one of which has been sold to help to finance the project. As part of the process, we are refurbishing up to 11 Georgian houses, three of which will be used for ESB's offices and eight of which will be returned to family and residential use. That is what we are doing.

I absolutely agree on the need to showcase the heritage. My contention is that it does not necessarily have to be in No. 29. We are going to work with colleagues in Dublin City Council, the OPW and the National Museum of Ireland to examine heritage-related initiatives that could address concerns. I recognise that point. I was a visitor to the museum myself even before I was involved in the ESB and I know it very well. My children visited and they were fascinated by it. We need to have the heritage available to people. The uses of buildings change. If we did not change buildings, the members would be sitting in a building that was the home of the Duke of Leinster or home to the Royal Dublin Society. We need to have the heritage available to people. We are going to work with all the stakeholders to make sure it is available, but it does not necessarily have to be at No. 29. As part of the project, it made sense to do significant refurbishment. When we sell these houses, we will not be making a profit. The houses were built a long time ago and need a lot of work in terms of refurbishment of floors and the fixing of windows and roofs. There is a considerable amount of work to return them to what they were built for, which was to house families. That is what all the houses are going to be returned to now. That is what we are about, but we are very conscious of the heritage point and we are go-

ing to commit to dealing with that issue.

**Deputy Cormac Devlin:** I apologise for being delayed. I was at a meeting of the Committee of Public Accounts, which I am sure Mr. O'Rourke is glad he was not at. That will be for another day. I congratulate Mr. O'Rourke on his appointment. It is lovely to have him here. I have read his opening statement.

On the decarbonisation of the sector and the ESB's contribution to it, I commend Mr. O'Rourke. I heard a presentation from his public affairs section some weeks ago and it was very informative. What supports has the ESB given over the past year to both residential and business customers in the face of the pandemic? While that is slightly off topic, I would like an answer since Mr. O'Rourke is here.

On the ESB's Brighter Future strategy, I am aware from Dún Laoghaire–Rathdown, from which I hail, that the council has worked closely with the electricity suppliers to change sodium lights to LED lights. Is Mr. O'Rourke familiar with this? Will he enlighten the committee — excuse the pun — on how many public lanterns have been changed across the country?

Mr. O'Rourke said 240,000 new meters are being installed across the country, resulting in efficiencies. He might delve into this a little.

With regard to energy security overall, I would be interested in hearing Mr. O'Rourke's thoughts on Ireland's energy security in the face of Brexit and the impact it may have on energy efficiency in Ireland.

I join Senator Higgins in commenting on No. 29 Fitzwilliam Street. I welcome Mr. O'Rourke's comments on righting the wrongs of the 1960s and the destruction of the terrace, but there should be scope within the redeveloped complex to house a museum. He said the ESB is working with Dublin City Council, which I welcome. There should be some museum after the works are completed. It is imperative. He also said his own children saw the museum. As a child, I went to see it. Anybody in an educational facility, particularly in the east, will have gone to see it. It was a wonderful asset and I do not want to see it lost to the city.

**Mr. Terence O'Rourke:** On pandemic supports, we have done a number of things. Obviously, we are aware that the pandemic has hit people in different ways. Many small businesses, in particular, have been hit. Many families have also been hit. Especially in cold times like these, people need their energy but may not have the ability to pay. We will work with anybody. We will engage with anybody. We absolutely made a commitment during the lockdowns not to make any disconnections. There were no disconnections made during any period of lockdown, and that will continue to be the case. We have a fund of €1 million with which we are able to help our vulnerable customers. With it, we are helping to contribute to costs where customers are just unable to pay and cannot see a way forward through deferment or anything like that. Additionally, we have increased our contributions to organisations such as the Society of St. Vincent de Paul and bodies working with the homeless at this time. We are aware of the stress the pandemic has caused in the community, and we are working with all our customers, both business and domestic, to try to ensure they get from us what they need. Bearing in mind the many problems people have, I understand electricity supply has not been a particular issue, but we recognise it can be a stress factor. We will work very closely with customers to alleviate their concerns as best we can.

On public lighting, I will not be able to tell the Deputy how many sodium lights have been

replaced. Public lighting is a matter for local authorities, which I am sure will be able to answer. I am happy to work with him to get the information. It is not information I have and I am not sure the ESB has it. I believe it is a local authority issue.

On the installation of 240,000 new meters, and those to come, these are new digital meters. Instead of the old wheel that clicked around, the analogue device, there is now a digital meter. It is connected and will help with microgeneration. If homeowners wish to have a solar panel and put electricity back into the grid, rather than taking it from it, the new meter will allow that. It will enable people to work out costs. There will be different tariffs available at different times of the day. People may decide to run the washing machine or to engage in heavy electrical usage at certain times, and they will be able to do so much more flexibly with a digital meter. We will offer different tariffs to people at different times so it will be much more flexible. It will help customers to decide how much money they are going to spend and when they are going to spend it. It will help them to contribute towards decarbonisation and to lower energy usage. The meters are an essential part of this. They are being rolled out to houses right across the country as we speak. Almost 250,000 were installed before the end of last year. While the process was affected a little by Covid, we almost managed to meet our target for last year.

Energy supply and security comprise an important issue. We talked earlier about the need for a generation mix. The impact of Brexit is not significant at the moment. The interconnectors are still working. There is potential for more challenging issues to arise regarding the use of the interconnectors but the interim position when 1 January clicked round was that there was no change in the market. There is, however, potential for disruption. The interconnector proposed to connect us to the electricity grid in France is, therefore, an important part of the mix. We are not sure of the exact framework for how the interconnector with Great Britain will work in the future. The interconnector is an important part of the energy mix, along with renewables and some remaining gas, which is being phased out. The interconnector is important and, as I understand it, Brexit just complicates matters.

On No. 29 Fitzwilliam Street, we were very happy to work with others who were interested in preserving and showcasing Georgian heritage. We will play our part in ensuring the kinds of experiences members' children and my children have had will be available to Irish citizens in the future.

**Chairman:** I was very happy to hear Mr. O'Rourke mention the Ardnacrusha visitor centre. It is just a few kilometres upriver from my home. I have been to the centre, which is fantastic, and I congratulate the ESB on embracing its own industrial heritage. Indeed the ESB was born in Ardnacrusha and it is something of which people in Limerick and Clare are very proud. I know Mr. O'Rourke's father was at the microgenerator on the river in Monaghan. My family was involved in the construction of Ardnacrusha and it is something of which we are quite proud. At the time, it was a vast engineering project. One fifth of the national budget was spent on building Ardnacrusha, which was the first of its kind in the world. Indeed many large-scale hydro projects around the world emulated what was done in Ardnacrusha.

I do not think it is a project we would do now, partly because of the cost but also because of the environmental impact of it. It is true to say that it did have a huge environmental impact in Limerick and Clare and I believe it continues to do so. I know the ESB operated it with the best intentions and has all the right safeguards in place but essentially we are talking about a major man-made construction on a river whose operation impacts, in terms of its health, on the local environment. The issue of flooding, which we are very used to in Limerick, also arises. By and large, the ESB does manage that well.

Will Mr. O'Rourke comment on the balancing of the ESB's commercial imperative to generate renewable electricity, as hydro power is, and its environmental responsibility locally and globally? I would like the ESB to embrace a review of that responsibility as well, not just with respect to Ardnacrusha but more generally across the work of the ESB nationally and internationally.

**Mr. Terence O'Rourke:** Does the question relate to hydro power and rivers or is it broader than that?

**Chairman:** Both. Will Mr. O'Rourke give me the local as well as the global?

**Mr. Terence O'Rourke:** Our remit is to supply safe, secure and affordable electricity to the people of Ireland. Obviously, some of the things we do have an environmental impact, so our objective is to carry out our main programme in a manner that is as environmentally sensitive and adaptable as possible. Regarding Ardnacrusha, the safe discharge of floodwater takes precedence over all other matters, including the generation of electricity, so if we have a choice between releasing floodwater or generating electricity, we release floodwater to try to relieve flooding pressures at various points on the Shannon. The Shannon is obviously a very complex river that is very slow moving and tends to flood along its reaches. The ESB works with other parties like the Office of Public Works, OPW, the Irish Farmers Association, IFA, Waterways Ireland and the various local authorities. We will continue to work with them to see if the operation of Ardnacrusha can help in any way to minimise the flooding impact and with regard to things like fisheries and other areas in respect of which we have a remit to make sure that is done as sensitively and effectively as possible.

I take the Chairman's point about wind farms. Offshore wind power is very challenging technically in terms of floating offshore platforms, but in a way it is probably the least environmentally impactful of the various trends we are looking at, and this is why we are very keen to develop our understanding of and plans for that as soon as we can. The Chairman can take it that we have a subcommittee of the board dealing with environmental issues and the impact of the ESB and its operations to make sure they are environmentally sensitive as well, that we are as low carbon as possible and that, where possible, our vans are fuelled in a way that does not take much fossil fuel. The environmental impact of all we do is a constant imperative for the company and our board to be cognisant of. I, therefore, take the Chairman's comments and I will make sure that we continue to be focused on that and try to watch out for that all the time while also trying to provide safe, secure and affordable electricity to the people of Ireland.

**Chairman:** I thank Mr. O'Rourke for his answer. We are out of time. We are up to 3 p.m. and need to be out of this room. I see Senator Higgins is indicating that Mr. O'Rourke might consider responding in writing to the questions he did not get to answer. It was a very rushed session and we would certainly be very happy to have him back.

**Mr. Terence O'Rourke:** One thing I did not talk about concerns the leakages from the pipes. I could not read my handwriting; I read it afterwards. It was not that I did not want to talk about it. I am very happy to come back to Senator Higgins about that issue.

**Chairman:** We would very much appreciate that. I thank Mr. O'Rourke for attending today and engaging with the committee. I also thank the members for their engagement. It was a very good, enlightening and helpful session.

The joint committee adjourned at 3.01 p.m until 1 p.m. on Tuesday, 16 February 2021.