

# DÁIL ÉIREANN

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## AN ROGHCHOISTE UM CHOMHSHAOL AGUS GHNÍOMHÚ AR SON NA HAERÁIDE

### SELECT COMMITTEE ON ENVIRONMENT AND CLIMATE ACTION

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*Dé Máirt, 8 Márta 2022*

*Tuesday, 8 March 2022*

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Tháinig an Romhchoiste le chéile ag 12.30 p.m.

The Select Committee met at 12.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies
Richard Bruton,
Réada Cronin,
Cormac Devlin,
Darren O'Rourke,
Eamon Ryan ( <i>Minister for the Environment, Climate and Communications</i> ),
Bríd Smith,
Jennifer Whitmore.

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

## **Estimates for Public Services 2022**

### **Vote 29 - Environment, Climate and Communications (Supplementary)**

**Chairman:** Apologies have been received from Deputy Alan Farrell.

Today's meeting has been convened to consider the Supplementary Estimate for Vote 29. I welcome the Minister and his officials to the meeting.

Before we begin, I must read out the note on privilege. Members of the committee 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 or an official either by name or in such a way as to make him or her identifiable. I remind members that they are only allowed to participate in this meeting if they are physically located in the Leinster House complex. Where members are joining us online, I ask that they confirm prior to making their contributions that they are on the grounds of Leinster House.

In accordance with Standing Orders, discussion should be confined to the items constituting the Supplementary Estimate. I call on the Minister to make his opening statement, which will be followed by questions and answers.

**Minister for the Environment, Climate and Communications (Deputy Eamon Ryan):** I thank the committee for this opportunity to present details of the Supplementary Estimate for the Department of the Environment, Climate and Communications. The purpose of this Supplementary Estimate is to provide the necessary funding for the electricity costs emergency benefit scheme within the energy transformation programme of my Department.

The Government is acutely aware of the impact of the rising cost of living on households, including the rising cost of electricity and gas prices caused by international conditions. Wholesale natural gas prices have been increasing since the second half of 2020 and current indications are that these higher prices will continue for the foreseeable future. These higher prices feed directly through to retail electricity prices, as gas is used for electricity generation.

To address the growing impact of rising costs on vulnerable households, the Government increased the weekly rate of the fuel allowance by €5 in budget 2022. There were also increases to the qualified child payment and the living alone allowance, and an increase in the income threshold for the working family payment was introduced. In addition, there were adjustments to basic welfare, pension rates and income tax bands, which were introduced primarily to cater for the cost of living increases driven in part by energy prices.

Since then, however, the continuing rise in the cost of living has further significantly impacted citizens' lives. Recognising this on 10 February, as part of a suite of policy measures designed to support households, the Government announced an increase in the electricity credit from €100, excluding VAT, to €200, including VAT. The total cost of this scheme has been set in the relevant legislation at €400 million. This will allow for the payment of the electricity

credit to all domestic electricity customers registered on an agreed date, including pay-as-you-go customers, from this April. Approximately 2.25 million account holders will benefit from the scheme with a one-off exceptional payment to their electricity accounts.

This scheme is part of a range of measures being taken by the Government to mitigate the impact of rising energy costs, including a fuel allowance lump sum payment of €125, a drug payment scheme reduction to €80, a front-loading of the working family payment, a 20% reduction in public transport fees from the end of April until the end of the year, and a reduction in caps for school transport fees.

The Electricity Costs (Domestic Electricity Accounts) Emergency Measures Bill 2022, which provides the legal basis for the scheme, passed all Stages in the Oireachtas on 2 March. The scheme will be operated by the distribution system operator - ESB Networks - and electricity suppliers and will be overseen by the Commission for Regulation of Utilities, CRU. Based on the number of domestic electricity accounts, ESB Networks will make payments to the individual electricity suppliers who will then credit each domestic electricity account held with them. ESB networks and suppliers will be required to make all books and records relating to their functions under the scheme available to an auditor to be appointed by my Department.

The Revenue Commission has advised that VAT must be applied on the bill balance after the credit has been applied. On that basis the credit of €176.22 is being applied exclusive of VAT on each account. Inclusive of VAT, the total reduction on each household electricity costs will be €200.

The total cost of the electricity costs emergency benefit scheme is estimated at €400 million. The cost of the scheme is being funded by my Department through a reallocation of €128.6 million from subhead B4 – residential and community retrofit programmes to subhead B11 – electricity credit, along with additional Exchequer funding of €271.4 million being made available by the Department of Public Expenditure and Reform in this Supplementary Estimate.

My Department is maintaining the planned delivery outputs for the residential and community retrofit schemes by allocating €267.2 million in capital funding to the programme in 2022. This is comprised of €184.2 million, including capital carryover, from the Vote and €83 million of funding from the energy efficiency national fund. This is the highest ever allocation for the programme and will support almost 27,000 home energy upgrades, including over 8,600 homes to a building energy rating, BER, of B2. This nearly doubles the number of homes delivered to B2 standard in 2021.

In the longer term, the best protection from rising prices is to reduce our dependence on fossil fuel and to improve the efficiency of our homes. The 2021 climate action plan has set ambitious targets to retrofit 500,000 homes to a BER of B2 and to install 400,000 heat pumps in existing buildings by the end of 2030. The national retrofit plan, which was published last November, is designed to address barriers to retrofit, identifying a range of measures aimed at driving demand, expanding the size and capacity of the supply chain and making retrofits more affordable.

New initiatives launched last month to deliver on this plan include a new national home energy upgrade scheme providing increased grant levels of up to 50% of the cost of a typical deep retrofit to a B2 BER standard and a special enhanced grant rate, equivalent to 80% of the typical cost, for attic and cavity wall insulation. These new initiatives will be funded by the national development plan financial allocation for residential retrofit of €8 billion to 2030. Over 60% of

this funding, equalling €5 billion, will be from carbon tax revenue.

Government also recognises that for many homeowners, even with enhanced grant rates, there will be a need to access finance to fund their upgrade. For this reason, my Department is working with the Strategic Banking Corporation of Ireland, the Department of Finance, the Sustainable Energy Authority of Ireland, SEAI, the European Investment Bank and financial institutions to design a new low-cost loan scheme for retrofit.

I am very happy to take questions from the committee on this Supplementary Estimate, which will provide the necessary funding for the electricity costs emergency benefit scheme payment.

**Deputy Bríd Smith:** I thank the Minister. I know the Minister does not have a crystal ball and none of us do but given the seriousness of the geopolitical situation we are in, does the Minister agree that energy costs will continue to rise, and rise severely? Does he believe that this €200 subsidy to each household will be enough? I would argue that a lot more will need to be done for long-term alleviation of the problem. Has the Minister thought about looking at methods that other countries, such as Poland and Spain, have brought in? Those countries have capped the prices of energy. Has the Minister considered looking at the profits of the energy companies? My understanding is that the profits of the companies to which we pay our bills have been handsome in recent years. Are there ways to retrieve anything from those companies to alleviate the hardship on people? I am sure the Minister will agree this is a very challenging and serious situation and it will worsen over the coming period, given what is happening on the planet.

**Deputy Eamon Ryan:** The Deputy is right that this is an incredibly serious situation that is unprecedented in my lifetime on the European continent. Unfortunately, she is also correct when she says that the likely prognosis is for ongoing high energy costs. We had thought, prior to the invasion and war, that energy prices would start to come down because they were already very high. That is now less certain. For the immediate future, this year and probably next year, there will be no relief. For that reason, the Government is looking to see are there additional measures it can take. We said clearly that we thought additional measures unnecessary and that we would wait until the budget in October before further reviewing the situation but we will have to act quicker than that.

We will not be able to cover the full cost and cushion the full blow. The price of gas, oil and coal has risen to unprecedented levels. They may vary slightly. To take the example of the cost of gas, it will not decrease immediately or significantly because even if there were an immediate resolution of the war, Europe would look to increase gas storage and that would see an ongoing demand. We will need additional measures.

There is another core solution we must consider that might take slightly longer but which must be centre stage, that is, we need additional measures that reduce our use of fossil fuels. We must look at radically accelerating energy efficiency measures across a whole range of different sectors. I am working on that in my Departments, as well as working with the Minister for Finance, Deputy Donohoe, and, critically, with the European Commission on its toolbox, which it is going to revise and update in the next two or three days. A united European approach is best.

With regard to the example of the Spanish and Polish price caps, I think every country has different circumstances and I do not believe our circumstances would allow for those mechanisms to work. Taking Spain as an example, there are many complex reasons its market is

particularly exposed because of the way the market is designed and so on. My understanding is that much of that cap applies to companies that do not have any fossil component but may include a large nuclear-powered generator that has experienced no real cost increase but has benefited from the market price increase. None of our suppliers are characterised in that way. All of our main generators are typically using a mix of fuel. In the case of the ESB, that mix comprises coal and gas and most other suppliers are supplying gas, albeit they also have renewables. The increase in the price of coal and gas has hit most of the large generators and, therefore, there is not the same extent of supernormal profits that one might see, for example, in the case of a nuclear generator. We do not have those.

**Deputy Bríd Smith:** The companies have all shown handsome profits in recent times and that needs to be shared out.

**Deputy Eamon Ryan:** ESB profits are shared out in a variety of ways. That happens, for example, through dividends to the State. The ESB has a critical role in the roll-out of new renewable generation, which is how we will reduce our dependence on Russian fossil fuels. It also has a critical role in the building out of the distribution grid, the smart metering network and the energy efficiency measures that we need to deliver. ESB has a massive capital programme and its profits in comparison with that are actually very small. The ESB recently launched a new company strategy with ten core objectives which were hugely ambitious and to the benefit of the Irish people. Its ability to invest in that plan is critical to our energy security and climate ambition. It is also crucial in helping to shield householders. The smart metering programme, for example, would allow us to introduce time-of-day pricing and so on so customers can start saving money by using power when the wind is blowing and energy is cheap rather than at peak times. We need to strengthen and support ESB's ability to invest. Most of the other energy companies are private. Bord na Móna is doing a remarkable job of transforming from brown to green. It has an enormous investment programme, particularly in renewable generation, that is showing real success. I see our semi-State companies, in addition to other operators in the market, as having a role in helping us out of this crisis rather than being the cause of it. The cause of it is Mr. Putin.

**Deputy Bríd Smith:** It was going on before that.

**Deputy Darren O'Rourke:** I thank the Minister for his opening statement and update. We are here to discuss the transfer of €128.6 million from subhead B4 - residential and community retrofit - to subhead B11. We discussed this move previously but were not clear about where and to what level the funding would be moved and where it would come from. The Minister acknowledged that transfer but said the Department will maintain delivery outputs. How can the Minister make that claim? It seems contradictory to take €128.6 million while still expecting to maintain delivery outputs. It begs the question as to whether the Department's delivery outputs were too low in the first place or whether it over-allocated in the budget. How can the Minister make the claim that delivery outputs will be maintained?

My second question concerns the degree to which this transfer has been energy poverty-proofed. For example, €62 million was approved for the better energy communities scheme in the revised Supplementary Estimate. That figure has now been reduced to €43 million so €19 million has been taken from that budget. That scheme has a specific role in energy poverty reduction, as acknowledged by the Department of Public Expenditure and Reform and in the Government's environmental assessment in 2020. We are supporting this legislation and the transfer of this funding but at a departmental level, how was the decision made to identify the funding? I would have thought areas of the Department's expenditure that were not specifically

allocated to energy poverty reduction could have been more ideally targeted. The Minister's figures for deep retrofits last year show 1,800 of those deep retrofits were achieved by the addition of solar PV, which is great. This indicates that the houses that are benefiting from that were already cosy and well-insulated compared with others that might have a D, E or F building energy rating and need more significant work. Within the range of options and funds available to the Minister, was there not more appropriate funding that would not impact on energy poverty reduction initiatives?

**Deputy Eamon Ryan:** Regarding the inflationary effects of energy price rises, particularly the rising cost of gas, which is driving up the cost of electricity, it was clear in most of the second half of last year that we were going to have to do something. It relates to one of the measures we had in mind in discussions with the Department of Public Expenditure and Reform, which was to use some of the carryover we had, which I think was some €57 million, as a result of an underspend last year because a lot of retrofitting could not take place last year due to Covid. We decided to use some of that carryover - the €128 million that has been transferred in the way described by the Deputy - to recognise that we would probably need it for some fuel price support measure.

The issue of the balance, social protection and energy poverty proofing must be taken into account in the wider context than the national retrofit plan, which was launched last November, and the very specific details announced two weeks ago. I think it was a €267 million package. The design of that was very much done with addressing fuel poverty in mind. I think something like €118 million of that €267 million is in the warmer homes 100% grant targeted at those on the lowest incomes. There is also an allocation of €85 million within the Department of Housing, Local Government and Heritage targeting social housing retrofitting. If we take those two sums, of the some one third of €1 billion between the various measures, two thirds of it is targeted at energy poverty measures. It was appropriate that the Government made the decision, particularly given that we had to act fast and did not want a further measure that was more universal in nature because even with all the planning as regards social welfare increases and the targeting of roughly €200 million at social housing, there are people who fall through the gaps. The benefit of a €200 credit is that it gets to everyone quickly. I believe that was the correct approach. I think there was a call for that mix.

In respect of whether we are reducing ambition, if at the end of this year, we find that the demand for and level of public interest in the retrofitting scheme is such that we are coming to the end of our budget and are unable to meet all demand, I am very confident I will be able to go back to the Minister for Public Expenditure and Reform, particularly in these circumstances when everything has to be focused towards energy efficiency and burning less Russian oil, coal and gas, and get a further Supplementary Estimate if we find demand outstrips supply. Our biggest problem in recent years has been the opposite so I am confident. This €267 million programme is huge. There has been massive expansion. If that is not sufficient, I am confident we will be able to look for further funding because this is a significant priority for Government - not just for climate reasons but for energy security and fuel poverty reasons.

**Deputy Darren O'Rourke:** I do not deny the headline figures outlined by the Minister in terms of the budget and spend. We will no doubt spend a lot of time in the months and years ahead tracking that and ensuring it gets delivered. However, it does not address the decision to move €128.6 million. The better energy communities scheme has been identified as one that must reduce its spend in the year ahead. To what degree is fuel poverty reduction prioritised in the decision-making process at departmental level? Some of the options available to the

Minister have a greater impact on reducing fuel poverty than others. Notwithstanding the big spend, when the Minister made the decision relating to this scheme, what level of importance was given to fuel poverty bearing in mind that there has been a €19 million reduction involving a transfer to a scheme that is universal? That is acknowledged as a weakness across the board. There has been a reduction of €19 million relating to the better energy communities scheme, which is specifically targeted, at least in part, to reduce fuel poverty, and that money is being transferred to this universal scheme.

**Deputy Eamon Ryan:** It is centre stage in everything. We must have a just transition, which is why it involves two thirds of spending going on those sorts of 100% grant-aided schemes. However, it is not that alone. It goes back to the budget in October, which was specifically designed in that way. The decision to not only target the fuel allowance but include a mix of qualified child allowance, living alone allowance and the working family payment was based on a detailed analysis of how not to leave gaps. If we were just relying on the fuel allowance or the warmer homes or community homes schemes, we could miss some people. The blend of social welfare increases and the budgeted mechanisms are the key.

Another benefit of this universal scheme is that all those households benefit from this too. It is important because for households on low income, the energy crisis represents a much higher percentage of their bills. This is centre stage in our thinking. There will have to be further measures. What we are experiencing is an unprecedented challenge.

**Deputy Richard Bruton:** My questions relate to the retrofitting scheme. The CSO data on housing and energy use show a clear pattern where some areas with older buildings have very low and poor energy systems. Is enough being done to have focused, area-based initiatives? The retrofit programme is admirable in many of its intentions, particularly its focus on anti-poverty measures, but it seems to rely on sustainable energy communities to develop that area-based approach. Otherwise it is individual applications to the one-stop shop. Should the Government not try to go in with a focused offer to some of the more poorly insulated areas that could easily be identified on a map?

Is there greater clarity now on the low-interest loan? The concept is that deep retrofits could be funded by loans that would be paid down from the savings from the energy bills. That is a really important aspect of this if it can be made work. Is the Government clearer on the rate? Will it be 3%? When can it go live?

I am conscious that there are 620,000 homes with smart meters but to our knowledge only 40,000 have access to options that could help them reduce the cost of energy by using electricity when it is cheaper or when renewables are on the grid. Could initiatives be taken to activate those smart grids at this time of acute difficulty?

An issue that is arising again is our gas security. Can the Corrib field be drawn on to supplement our supply at this time of very great difficulties or is its output fixed? Is the traditional position of opposition to LNG up for review in the context of energy security or is it unchanged?

What is the Minister's view on the short-term contingency measures that may have to be prepared for in the context of the continuing conflict in Ukraine?

**Chairman:** I remind members that under Standing Orders questions should be kept to the Supplementary Estimate. If the Minister wishes to respond, he may do so.

**Deputy Eamon Ryan:** I think the Deputy is right that we do need to target more and in var-

ious ways. One way we will do that is with the new applications to the warmer home scheme. We will do that once we have cleared the backlog, which will be done quickly, of 7,000 houses that built up during the pandemic. We are looking at the pre-1993 houses because the building regulations were changed in 1991. Houses from 1993 tend to be above a BER D+ standard. We are right to target those in that way.

The energy communities are the right way to do that. It is up to 600, I think, so it is starting to take off. That is a good mechanism but the Deputy is correct that we need to go further. The one-stop shop system will allow companies that are operating as such to do exactly what the Deputy is suggesting, namely to go in and aggregate and market this to a community as something where they can provide a community solution or aggregated response. Houses on an estate tend to all have the same fabric and energy structures. The one-stop shop is geared towards that kind of aggregation of response, which is the right way to go.

On the loan, I was really hopeful that we would have something like 3.5% which would be a remarkably low interest rate in the current circumstances. We do not have final confirmation of that.

One reason for the summer-early autumn date is that it is unprecedented that the EIB would be involved. It has never dealt in a loan system that is directly customer facing. We have to tick all the boxes, dot all the i's and cross all the t's in the European mechanism. It is on the edge of new, innovative financing. I am confident it is going to work and will be hugely beneficial. Even for people starting their work now, I am confident that it will be there in time for many who want to use it.

I agree about the potential use of smart metering as a mechanism. As I mentioned in reply to Deputy Bríd Smith, pushing the time of day pricing and ensuring it is used is one way in which we can reduce our use of fossil fuels, allow households to save money by their management of energy use and benefit from the investment we have made in the smart metering programme. That is the sort of measure we can look at. The Government will probably look at two steps. One is a more immediate response around the price issues we have now but beyond that the Department is looking at further ways by which we can accelerate or support energy efficiency measures. That type of example may be one where we would work with the CRU, ESB Networks and others. We can see if we can fast-track measures that we projected we would do in future and respond to this emergency crisis situation by advancing some of them now to help out householders. I would not rule that out.

I would have to check the technical aspects but I think that the Corrib field is halfway through its lifetime. It is the natural pressure from the field. Corrib is not a very large gas field. It was a fluke geologically. It had a salt cap on it and it does not have any neighbouring fields. It is a relatively simple pipeline connection into a processing centre. My expectation is that the pressure from the field would drive the output. It is not that easy to ramp up output and give us further supply.

We have other mechanisms. Some of our power stations are adjacent to our oil stocks, which are often in the form of distillate that can be burned in power stations. There would obviously have to be a connection. Poolbeg is one example where we have a combined cycle gas plant adjacent to some of our strategic oil stocks. That gives us some flexibility and capability. In addition to the national reserve, the other power stations also retain some fuel. We can change switch from gas to distillate and some of our oil reserves.

Even if we made a decision tomorrow on LNG and Shannon it would be a five- to ten-year delivery for anything and it would not address the immediate issue. The wider strategic issue there is looking at what is advancing increasingly rapidly across European countries, which is the conversion of renewables particularly, offshore wind, through electrolysis for hydrogen. I understand from the ESB is that it is very confident that any new power generation at Moneypoint, not as it now configured, or all new gas-fired power generation, will be hydrogen. Those are some of the strategic questions we will have to look at. However, that will not address the immediate crisis. We have an immediate issue. We are in a better position than most other European countries as we were only reliant on Russian gas for 2% to 4% of our gas supply. We are more reliant on oil, at about 8% to 10%, and are now less reliant on coal. The Moneypoint contract with Russia has concluded and further coal will come in from Colombia or other locations. We are going to have to look at all those strategic matters but the more immediate issue is how we manage this and pushing efficiency and renewables as the immediate response to what is a fossil fuel induced crisis. Dependence on fossil fuel is our core weakness at the centre of this crisis.

**Deputy Jennifer Whitmore:** I thank the Minister for his updates. My first question follows on from Deputy O'Rourke's points about poverty-proofing and the use of departmental funds for the universal electricity rebate. There have been talks about excise duty rates and a swing mechanism being put in place for that. Has the Government had any discussions about VAT reductions? Hitting the VAT and tax would have been a much more efficient way of doing it. The premise behind the electricity rebate was that it was to be universal and quick but it could be six months before this measure actually hits people's bank balances or electricity accounts. It certainly has not been quick and is not meeting people's needs now, whereas a reduction in VAT or excise would be an immediate reduction that people could feel. It would also mean that the budget of the Department was not impacted by the measures. As part of its toolbox for dealing with the fuel crisis, the EU has specified that VAT is one of the tools that should be used by governments. Has the Government had any specific discussions with the EU on whether a penalty-free derogation could be applied, just because of the crisis we are in, when it comes to VAT measures?

On the swing mechanism that has been talked about for excise, what I have seen reported is that it will apply to the increase, so if there are any further increases in the price of fuel, the swing mechanism will come into play. Does that mean the Government is essentially setting a cap at where we are at the moment? Where we are at the moment is completely unacceptable and is putting huge pressure on families and businesses. I am concerned that the Government thinks it is only the future increases that need to be dealt with through excise measures.

Regarding the one-stop shops and retrofitting, I understand that the portal is open and a number of applications have been made. The last time I heard the Minister speak about this, he said the process should be complete this week. Is that still on track? When does he foresee the announcement of how many companies have registered under the one-stop shop process? Will that be available shortly?

On just transition and ensuring we help the people who need it most, were there any conditions put onto companies registering as a one-stop shop? Were there any conditions stating that they needed to be targeted in their approach? As Deputy Bruton mentioned, that aggregate approach is the quickest and most efficient way, as someone could deal with all the houses in an estate in one go. Is there a requirement on these companies to be targeted so they do not just pick the lowest-hanging fruit or the easiest and cheapest houses to retrofit? It should be done on

a socioeconomic basis or based on the age profile of the house. Is there a requirement on these companies to provide a certain number of apprenticeships? One of the problems we will face as this ramps up is the skills shortage and we need to address that. If there was a requirement on these one-stop shops to provide a percentage of apprenticeships, that would be very positive. Is that condition on them as well?

**Chairman:** The Deputy got a lot of questions in there.

**Deputy Eamon Ryan:** This credit mechanism will kick in next month, not in six months' time. People will see it in their bills at the end of April or in the first week of May.

**Deputy Jennifer Whitmore:** It was announced in December so it has been talked about for a long time. Going through a legislative process is not the quickest way to deal with this sort of stuff, whereas cutting VAT or excise on fuel is an immediate measure the Government could have taken.

**Deputy Eamon Ryan:** We have had ongoing discussions with the European Commission. As I said earlier, it will be coming out with further revisions to the rule book and there are a variety of different mechanisms being used across Europe. Deputy Bríd Smith mentioned some of the price caps. Other mechanisms, such as revenues from the emissions trading system, ETS, and VAT, have been used. There are a variety of different mechanisms, including excise duty. We have not finalised any measures. The Minister for Finance has a key role working within the European context and we will do further work in that regard. I would not rule anything out. Nothing is finalised. There has been media commentary about a swing mechanism around excise duty, which has real advantages in terms of smoothing out and what happens if there is an excise cut and prices go up further. However, there are difficulties around that legally so it may not be possible. With regard to tax, we have to use legislation and make sure it is all legally correct.

While we are looking at additional measures, they will not protect fully from the scale of price increases. We should be clear on that. The increases are beyond compare. If we did try to fully protect everything, that would have immediate effects on the other budgets the Exchequer has to fund, such as for education or social welfare. We will have additional costs as a result of this crisis. The €500 million package, on top of what was done in the budget last October, was the right response. We were not intending to do anything further until October but the war has changed that. As I said, whatever mechanism is used will not be just on the tax side, on excise or VAT. It will also have to be the mechanisms I was discussing with Deputy Bruton on the efficiency side as well. If the State were to try to reverse all the global increases in coal, oil and gas prices, that would burst the budget.

With regard to the one-stop shop, aggregation and apprenticeships, we are on track. I had a meeting with the officials yesterday and got an update on this. We are on track to start announcing double figures in the next week. My understanding is that the numbers already going through the process to get up and running in that timeframe are as we would expect. We have a certain advantage in that we, and the SEAI in particular, have been working on this for 22 years. The SEAI has been given very significant additional resources. As well as the €22 million the Minister for Further and Higher Education, Research, Innovation and Science put in place for the green skills action programme in last year's budget, recognising those sorts of apprenticeships, we have a number of mechanisms in place. The SEAI and the industry have built up expertise over 20 years of learning by doing, making mistakes and adjusting, so we are well placed to hit the ground running on this. Not only has there been an incredible domestic

response but we are hearing that the phones have been ringing off the hook at those apprenticeship schemes in recent weeks following that announcement. That is encouraging. We are well placed and will be able to deliver that sort of innovative use with the one-stop shop. These companies will have to be good at getting the apprenticeships up and running and helping them find work but also targeting households and aggregating them.

**Deputy Jennifer Whitmore:** On that question, is there a requirement on the one-stop-shops in their operating the licence with the Sustainable Energy Authority Ireland, or is there a condition they must target what houses they look at, so it is not just left to the authority to pick the ones that could be relatively cheap and easy to do?

**Deputy Eamon Ryan:** It is not told exactly what houses it should go to or could go to. Many of the houses in the social housing stock and in the warmer homes scheme will not use the one-stop-shop. They would not want to go to pace until they are 100% grant aided. With the remaining housing stock, we must get to every single house in the next three decades at the latest. We must accelerate that. It will not be targeted to the level of a particular company going to a particular house and another company going to different houses. It is best to let them innovate and see how they can aggregate to attract business.

**Chairman:** We have time for another round if members would like to ask another question.

**Deputy Eamon Ryan:** I am trying to finish for 1.30 p.m.

**Chairman:** Okay. I will take the opportunity in the few minutes that remain to ask a few questions. I apologise for perhaps straying from the Standing Orders and away from the Supplementary Estimate. The energy crisis we have, and the cost of living challenge as a result of it, are inextricably linked with transport costs. The Minister has two roles here as the Minister for energy and climate, and for transport. It seems to me that in trying to address the cost-of-living challenge, we should look to the transport cost challenge people have. If we are ambitious and radical to pursue aggressively modal shift in our cities in particular, and in rural areas if we can really ramp up the level of our bus services, these would seem a very realistic and effective way of addressing the cost-of-living challenges people have. I expect that all across Europe these kinds of measures will be introduced and it would make sense we would do so in Ireland also.

My second question relates more to the Supplementary Estimate. Maybe it is a question for the Minister for Finance, Deputy Donohoe. Will the Minister tell the committee anything about the windfall that has accrued to the State on the increase in energy prices? Essentially, the €200 rebate is the State paying back to people the extra tax it has received. I accept this may be more of a question for the Minister of Finance, but the Minister, Deputy Ryan, might wish to comment.

My third question is around Europe's role in the more medium to long term. The joint committee had some very interesting sessions this morning where we talked about the much bigger potential in Ireland to provide clean energy for our own needs and to contribute to Europe's needs. There was a very interesting article in today's edition of *The Irish Times* by Dr. Hannah Daly, Dr. Diarmuid Torney, Dr. Paul Deane, and Dr. Olexandr Balyk that really spoke to that. It is a medium to long-term prospect, but with the energy and security crises on the other side of the Continent, we should be talking at the European level about accelerating as much as we can the opportunity Ireland has. Perhaps the Minister will speak to those points.

**Deputy Eamon Ryan:** I understand the committee also engaged this morning with some

of the officials from my Department on offshore renewables. One of the things we have been working on, and which we have agreed in the Cabinet subcommittee, is the establishment of new delivery task forces that would accelerate key areas for our climate ambitions, such as just transition, climate communications, and land use review, and in the three more immediately specific areas of the development of offshore renewables, the development of our domestic heating strategies, including what we are talking about today, and sustainable mobility.

The establishment of those teams, which are cross-cutting and bring officials from different Departments together, along with outside agencies and international expertise, means we recognise for the lifetime of this Government, which is the next three years, that we have an immediate delivery issue up to 2025. We must accelerate key elements of what we need to do. For example, in the offshore wind area we need to get phase 1 and phase 2. With phase 3, as the Chairman has said, we must give a clear direction to Europe that Ireland is the place to come for offshore wind. Similarly, when it comes to retrofitting, we need to make sure we deliver on our ambitions for a scale of retrofitting, and we need to look particularly at district heating as well as retrofitting, including existing projects such as taking heat from the incinerators to heat some parts of the Dublin Bay area. All of those projects will have a rapid three-year acceleration timetable, which these delivery task forces will monitor, manage, and oversee.

In sustainable mobility, while we will not be able to build the metro in the next three years, we have a good bit of the Cork metropolitan rail project done. We can accelerate the active travel and BusConnects projects, especially in our five cities, and the Connecting Ireland rural bus transport system. One of the delivery task forces is within the Department of Transport. The leadership group there will look to see how we accelerate. This is all the more important now given what is happening with the rising cost of fossil fuels and the energy security issues. As it happens, today the Cabinet has just approved the decision on phase 1 for the BusConnects project for Dublin. For example, we got a three-year timeline. BusConnects was originally designed to take much longer, but there are some elements I hope we can accelerate to get the sustainable mobility shift the Chairman has spoken about. The real project with my job in the two Departments for which I have responsibility and in working with others is delivering an accelerated programme of works in those areas.

On the energy prices question, the Chairman must ask that of the Minister for Finance. I will be asking the Minister later this afternoon about what exactly is the windfall gain to the State. To be honest, that is slightly false accounting in a way. Yes, it does get State revenue, but we must remember Ireland is 90% dependent on imported fossil fuels for energy. When the cost of energy goes up like that, the balance of payments situation for the State disimproves. That money is going out of the country.

I will give a vivid example of that. Prior to the immediate and recent invasion, Russia was getting in revenue from Europe in the region of €350 million per day from exported gas, oil and coal. An equivalent of this is that the United States of America has delivered a package of support to Ukraine of €350 million, which is not insignificant, but that was a one-day receipt for the oil, gas and coal revenues for Russia. Since the price escalation, that €350 million figure is probably an historical figure and is now probably closer to €1 billion per day, every day, day in, day out.

This is why in Europe there is an absolute clear determination. I recently attended a meeting with EU energy ministers and an International Energy Agency meeting. The real focus there is that we must stop that flow of money. It will not be immediate sanctions on oil, gas or coal because this would further exacerbate our problem and put prices up. The European Council

will continue to look at that issue. The underlying strategic imperative on divesting from fossil fuels has never been stronger.

**Chairman:** On sustainable transport, I believe there is a parallel here from two years ago when Covid arrived. The Minister's predecessor, Shane Ross, in one of his last acts as Minister introduced emergency legislation to facilitate the roll-out of active travel infrastructure in particular. We are in a similar situation now. Does the Minister, Deputy Ryan, believe there is merit in an emergency response? Obviously, we will try to increase the level of active travel development in the next few years. Ireland has an ambitious programme in that regard. There is, however, an acute crisis now right now with regard to energy. Facilitating active travel is certainly one of the solutions. If we can develop active travel networks quickly using light infrastructure in all our towns and cities, we can make people far less dependent on driving and on expensive fossil fuels.

**Deputy Eamon Ryan:** I agree, not only there but also with modular housing and in other areas. We need to act in education. How will we deal with some of the people coming in? I agree with the Chairman about sustainable mobility. Where that worked during the Covid pandemic was through the local authorities. This must be something that comes from the bottom up. We need to be really flexible and fast but we cannot ignore local authorities bearing in mind their interest and knowledge of how we do that. I agree that we should be looking at fast-tracking and accelerating, but it also needs to come from the bottom up. I will have a meeting with representatives from Limerick City and County Council this Friday and that is the message I will give them. I will ask them if they are up for it and what we could do if we were really thinking outside the box. The benefit of that is not just in reducing usage of fossil fuels and taking on Mr. Putin at the pump, as it were; it is also helping us with a better environment and better climate, and making it a more attractive place for everyone to live. It cannot be forced; it also needs to come from the bottom up.

**Deputy Darren O'Rourke:** I have one question and I hope to be able to provide assurance to people. There is concern that there is an issue with supply of transport fuel and home heating oil. Is that the case? I am hearing different things in different places. It is important to hear what the Minister has to say about it. I appreciate the difficult context we are in. In the days, weeks and months ahead, how will the Minister ensure we avoid profiteering or hoarding of fuels? Does he have plans to regulate the market to ensure fair distribution of fuels? He indicated there would be specific Government measures in October but in light of recent events, decisions may need to be made in the near future. When will they be made?

**Deputy Eamon Ryan:** My officials are in discussions with Fuels for Ireland which is the industry representative body. We have supplies to meet normal demand. They are slightly nervous about that sort of profiteering or storing and that is why they have introduced some measures to discourage that, as reported in today's newspapers. If everyone keeps their head and follows proper processes, we will have sufficient supply. As I said, Russian oil represents only a small percentage of our imports and Russian gas represents a very small percentage. Therefore, we are probably in a better security situation than others, but we will keep it under review.

What was the Deputy's second question?

**Deputy Darren O'Rourke:** Is the Minister doing anything about regulation? He mentioned what was reported in the newspapers. My second question related to the timeline for decisions from Government to mitigate the problem.

**Deputy Eamon Ryan:** We have all sorts of plans to deal with a supply shortage at which point various different plans kick in, but we are nowhere near that and I do not expect to be. We will look at further measures but it cannot be a cure-all because the price rise is so large. I will also be looking at a range of efficiency measures in the coming weeks to help people reduce their usage. That will be the key one.

I should have mentioned that I was at a meeting of the International Energy Agency last week. There was a call there for countries to contribute towards a release of emergency reserves. We were happy to sign up to that as part of a solidarity response to what is happening in Ukraine. I believe we will be releasing approximately 227,000 barrels of our strategic reserves as part of that united International Energy Agency effort.

We will need to continue to review and monitor this. We will not be able to protect against all the impacts, but we will do everything we can to try to minimise them. Government is reviewing this. There is a meeting of Secretaries General every week. Cabinet has a separate line item on the monitoring and managing of the crisis. This is unprecedented and we will need to be flexible and keep an eye on every aspect of it.

**Chairman:** I thank the Minister and his officials for assisting the committee with our consideration of the Supplementary Estimates today.

### **Message to Dáil**

**Chairman:** In accordance with Standing Order 101, the following message will be sent to the Dáil:

The Select Committee on Environment and Climate Action has completed its consideration of the following Supplementary Estimate for public services for the year ending 31 December 2010: Vote 29 - Environment, Climate and Communications.

Under Standing Order 100(2), the message is deemed to be the report of the committee.

The select committee adjourned at 1.36 p.m. *sine die*.