

CHECK AGAINST DELIVERY

UCD Earth Institute-NESC Workshop

Climate Change in Ireland

Meeting 2020 Obligations for the non-traded sectors (agriculture, transport, heat in buildings) and getting on a low-carbon trajectory for 2050

Wednesday 16th May 2012

Opening address by Mr. Phil Hogan, T.D., Minister for the Environment, Community and Local Government

Thank you President Brady for your warm welcome to UCD, and good morning ladies and gentlemen.

Introduction

I was very pleased to hear about the plans for this workshop – it is an important and welcome event in the ongoing programme for the development of national climate policy and legislation which I initiated last January – and I am delighted to have been invited to contribute at the outset of your deliberations.

As well as acknowledging the initiative of the NESC Secretariat and the Earth Institute in organising the workshop, I also want to thank you – contributors and audience – for your participation. Some of you – perhaps all of you, have participated in the public consultation which closed at the end of last month. I appreciate that the detailed nature of the survey around which the consultation was focussed was a 'big ask' for many people and organisations but I am very pleased to tell you that it was a very rewarding exercise, with over 600 responses received. My Department is currently working through the responses and details will be released as soon as they are available.

The level of interest reflected in the response to the consultation is welcome and is an encouraging endorsement of the transparent and inclusive policy development process I have initiated, designed to secure constructive engagement from all the key stakeholder groups. As some of the most interested and informed people on climate change and the challenge which it presents, I wholeheartedly encourage you to focus your engagement over the course of the workshop on setting a new and positive milestone in the national debate.

Time to get specific

At this stage in the process, it's time to move away from generalisations, preferences and defensive positions. It's time to get specific – and it needs to be a balanced debate about what we want to achieve and how we propose to achieve it. A collaborative national effort is fundamental to a successful outcome.

As a responsible Party to the UN Framework Convention on Climate Change, we want to make a full and fair contribution to the ultimate international objective of stabilising greenhouse gas concentrations in the atmosphere at a safe level. As a progressive society, we also want to join the leaders in shaping the low-carbon world of tomorrow - the key question is how best to pursue the transition involved, recognising and respecting our responsibilities and commitment to sustainable development; our aspirations as a society and an economy in an increasingly carbon-constrained world; and our national greenhouse gas emissions profile.

Notwithstanding the fact that the price of carbon has declined significantly, as a result of the economic downturn, installations covered by the EU Emissions Trading Scheme have the advantage of the certainty which the scheme provides about the approach to the management and mitigation of emissions. Providing a similar level of certainty for sectors of the economy outside the trading scheme is not a simple matter – there are huge variations in the considerations across the EU Member States, not least in relation to the size and structure of economies, but most critically in relation to greenhouse gas emission profiles. EU-wide policy options do not exist in many areas and it is a matter for each Member State to tailor an appropriate response having regard to its commitment to the UN Convention, and to its ambition for future economic growth and social development in the low-carbon world of tomorrow.

Key issues – economic downturn, investment and carbon credits

In getting specific on the mitigation agenda in the non-ETS side of the economy, I want to address three critically important issues at the very outset.

- Firstly, the impact of the economic downturn on our emissions.
- Secondly, the importance of ensuring the environmental sustainability of future investment for economic growth.
- And, thirdly, the use of carbon credits or other flexibilities for compliance purposes.

The economic downturn has had a major impact in closing the distance to our Kyoto Protocol target and our 2020 target under the EU Climate and Energy Package. On the face of it, what may seem positive in compliance terms is no more than an adjustment as a consequence of the impact of deep and damaging recession. As the EPA has rightly pointed out, it cannot and should not be regarded as progress in effective mitigation for the purposes of our longer-term transition objective.

There is a valid concern that a return to improved economic growth will inevitably lead to an increase in greenhouse gas emissions, particularly in relation to emissions from the transport and agriculture sectors. Addressing that prospect is a policy development priority. In looking at the profile of our emissions inventory for the period 1990-2010, there are hard lessons to be learned and hard choices to be made in order to ensure that future growth is sustainable on environmental as well as economic grounds.

Therefore, in our efforts to return to stronger economic growth, it is of the utmost importance that we embed rigorous environmental and economic sustainability requirements. The deep cuts in emissions that will be required in the period to 2050 represent a huge challenge for Ireland, but I believe they are outweighed by the opportunities for new and sustainable growth in the emerging global green economy. The signals given by Government to business and consumers will be critical, and we cannot afford to get this wrong; climate protection and economic competitiveness

are not mutually exclusive – they are and must be progressed on a basis that is both balanced and complementary.

On the use of carbon credits or other flexibilities for compliance purposes, it is important to be absolutely clear in our minds on two key points. First, existing flexible mechanisms – at both an international level under the Kyoto Protocol and an EU level under the 2009 Effort-sharing Decision – are valid and useful policy options intended to assist countries in delivering on their mitigation commitments over a reasonable period of time, and at a reasonable cost. They also provide an important safety net in the event of actions not delivering the anticipated level of mitigation. They are a pragmatic, short-term option that can and should, where necessary, be used prudently for compliance purposes. However, it is important to bear in mind that their use does not constitute mitigation action in Ireland and does not contribute to the national objective on transition to a low-carbon future.

The second point on the use of flexibilities is the fact that it is a policy option that comes at a cost, and inevitably at an increasingly greater cost in the future as transition gains real momentum at an international level and the availability of purchasing options decreases. Therefore, any proposals from stakeholders on the use of flexibilities to any significant extent post-2012 can only be regarded as valid for consideration if they are underpinned by clear and complete funding arrangements; simply assuming that the Exchequer will meet the cost does not make a proposal valid.

Summary on key context issues

So, to summarise briefly on these three critical issues

Firstly, it is essential to be absolutely clear in distinguishing between recession-driven emission reductions and the real mitigation action which is essential if we are to make progress on transition.

Secondly, future economic growth must be sustainable; we must learn the lessons of the past and avoid getting future investment decisions wrong, as to do so would undermine our credibility and our competitiveness.

Thirdly, on the use of flexible mechanisms, we must get the compliance balance right. While flexible mechanisms are a valuable option in certain circumstances, a casual dependence on them would not – in my view – constitute a prudent or progressive strategy; the long-term cost, in terms of both financial outlay and loss of competitiveness as a result of delayed progress on transition, will inevitably outweigh any short term savings.

Food for thought

At the outset, I mentioned the need to get specific about what we want to achieve and how we propose to achieve it. In order to do so, I think it's important to reflect on the fact that we have a unique greenhouse gas emissions profile in a European context. This flows from a number of factors, including –

- a very high level of agriculture emissions, mainly associated with ruminant livestock;
- a relatively low proportion of emissions falling within the EU Emissions Trading Scheme, and
- a low population density coupled with a tendency for dispersed settlement that encourages car ownership.

Keeping our focus the “non-ETS” sector, we all know that we have targets to be achieved for each year from 2013 to 2020. We also know that, on the basis of planned policies and measures, EPA projections clearly show that we will breach the 2013-20 trajectory at some point around 2017. That does not mean that we will fail to comply with our trajectory or our overall 2020 target – the projected breach in 2017 simply reflects the fact that there is a mitigation gap which remains to be filled by way of further policies and measures. Filling that gap is a policy priority and, as I have already indicated, buying our way into compliance is not an acceptable front-line policy response.

Specific issues for reflection

There are a number of specific issues on my mind which I would like to share with you and ask you to reflect on over the course of the day ahead.

National mitigation policy to date takes into account principles such as maximisation of economic efficiency, while also acknowledging other objectives such as the development of markets for more sustainable forms of energy. Questions have been raised as to whether we should continue on that basis or change our approach. It is a critical policy issue in view of the size of our economy and our administrative infrastructure relative to larger EU Member States with which we are sometimes compared, and our greenhouse gas emissions profile.

As pointed out in the policy review published last November, a least-cost approach would require mitigation policy to be fully mainstreamed and a primary criterion in decision-making at a sectoral level. I believe it is the right approach but if, for example, that was to result in all of the main least cost measures arising in one particular sector of the economy, then other wider considerations would inevitably also have to be taken into consideration. This is another key point for reflection in the course of addressing our overall outlook and aspirations at a macro policy level.

Agriculture

With the elimination of the EU milk quota regime in 2015, we have an agriculture sector with potential for significant new growth, while research to date shows the sector having very few cost-effective greenhouse gas mitigation options. On top of the challenge which emissions from our agriculture livestock already present, the related inventory sector – *Land use, Land use change, and Forestry* - is still something of a policy gap at both an international level and within the EU. While important progress was made on agriculture at the Durban climate conference last year, a great deal of work remains to be done on developing a complete understanding of the role and responsibilities of the global agriculture sector under the broad climate policy agenda. In summary on agriculture, we face serious questions on how to manage growth potential in the context of transition to a low-carbon economy.

Transport

Turning to the transport sector, recent data from the EPA show a welcome improvement in greenhouse gas emissions. However, put in context, this improvement must be seen against a huge increase in emissions from the sector over the period 1990 to 2008. When we take into account the extent to which the recent improvement in the sector is attributable to the economic downturn, it is clear that transport and travel trends remain unsustainable. It is also inevitable that, with a return to economic growth, transport emissions will rise again in the absence of a reinforced and extended policy response.

Unlike agriculture, technology will inevitably play a major role in reducing emissions from the transport sector in the future. Managing that technology agenda is a policy priority and I am particularly pleased to see an emphasis in the transport session this afternoon on '*Options for*

reducing emissions from freight'. I believe it may be an area with real potential for joined up thinking across a number of policy areas, including transport, agriculture and waste, and I look forward to the hearing your thoughts on this critically important area of national infrastructure.

Heat in buildings and renewables for heat

Earlier perspectives on the future of energy use from buildings placed a huge emphasis on the ability of improved Building Regulations to deliver the required efficiency gains. Despite our relatively stable weather patterns, we have very high residential emissions per capita relative to other EU Member States and this is an obvious area to look for further improvements. Having identified the mitigation opportunity it is now key that we achieve these ambitious targets at a cost that is affordable to taxpayers and does not have negative impacts on our competitiveness.

While initiatives such as the Better Energy Programme and the National Energy Efficiency Action Plan are key policy responses with realistic projections, achievement of our 20% energy efficiency target for 2020 will require sustained commitment to implementing measures across all sectors concerned. That objective is not without its challenges, not least in relation to strengthening the capacity of the construction industry to achieve higher energy performance standards and, of course, the financing of the required level of investment in energy efficiency in both the private and public sectors.

In parallel with progressing energy efficiency, we must ensure that between now and 2020 there is a steady, progressive and measurable increase in the amount of renewable energy consumed in the electricity, heat and transport sectors. The delivery of renewable energy is by its nature very much a collective endeavour. For example, the recent REFIT scheme recognises the importance of more sustainable management of waste, including municipal waste, through a range of treatments including anaerobic digestion, and Waste-to-Energy, and the fact that the inherent potential this source has to contribute to meeting Ireland's renewable energy targets.

Research

In looking at the three areas on which you will focus over the course of the day, I believe challenges and opportunities exist within and across them. I have only touched on the key issues; there are many other considerations, such as cross-sectoral market-based instruments and the role of research. Earlier this morning, I had the pleasure of visiting the Program for Experimental Atmospheres and Climate (PÉAC) facility here in UCD. This new facility enables researchers to examine the impact of changes in the atmosphere on plants and, in particular, changes in CO₂ concentrations. It is a fascinating development that underpins the importance of involving the research community in finding new ways of approaching difficult challenges. I want to congratulate UCD on two initiatives, the PÉAC facility and this workshop, which are models where innovation and ideas are focussed on a grand challenge.

Conclusion

In conclusion, I wish to reiterate my thanks to everyone involved in this timely workshop. The economic rebuilding in which we are engaged is a real opportunity to identify areas where a more environmentally sustainable long-term orientation of the economy can and must begin. Our greenhouse gas emissions profile presents a complex mitigation challenge, on top of which we now face the additional task of managing growth in our agriculture sector in the context of a national transition agenda.

Transition to a low-carbon future is not an option that we can choose to take or leave; the issue is not whether, but how we pursue a transition agenda and how we ensure – to the best of our ability – a timely and successful outcome. It is a matter of profound importance to the future our country.

As I have said previously, setting specific targets and enshrining them in legislation is a relatively straight-forward exercise but putting balanced and progressive policies in place to advance effective national transition without undermining the competitiveness of the economy is where the real policy development challenge lies. This is where I need you to focus your attention today. I need you to leave the generic broad-brush approaches outside the door and instead focus on concrete specifics that can play a real part in meeting the policy development challenge I've identified. The bar is high – I wish you well in your deliberations.

Thank you.