How the State can make Ireland a leader in tackling climate change

Climate Action Network (CAN) Europe

Introduction

Climate Action Network (CAN) Europe is Europe's largest coalition working on climate and energy issues. We work with almost 140 member organisations in more than thirty European countries including Ireland, representing over 44 million citizens, to prevent dangerous climate change and promote sustainable climate and energy policy in Europe.

CAN Europe welcomes this opportunity to submit to the Citizen's Assembly on *How the State can make Ireland a leader in tackling climate change.* The Paris Agreement and its commitment to pursue efforts to limit global temperature rise to 1.5 degrees celsius requires Ireland and the EU to step up action to implement more ambitious and effective climate and energy policy. This includes **revising the EU's emissions reduction targets for 2030 and 2050**. Moreover President Trump's withdrawal from the Paris Agreement offers the EU and its Member States an opportunity to step up as a global climate leader. **Ireland can play a crucial role** in this **by pushing for higher ambition on tackling climate change** and **shaping better EU policy**. Unfortunately, Ireland has sought concessions and less demanding climate targets within the EU in recent years, in part by promoting and using "loopholes" or "flexibilities" to climate policy. These **"loopholes" damage Ireland reputationally, economically and environmentally** and **come at a real cost for Irish and EU citizens**.

CAN Europe welcomes this invitation from the Houses of Oireachtas to the Citizen Assembly as a recognition that it's time for change. This submission makes recommendations on how Ireland can positively shape EU climate and energy policies with a focus on the 2030 framework, and the benefits Ireland can gain in areas such as jobs, growth and health from showing greater climate leadership.

In summary our recommendations are:

The Effort Sharing Regulation (ESR): emissions from agriculture, transport, buildings, and waste

The ESR can be an opportunity for Ireland to modernize its agriculture sector and reap the co-benefits that come from reducing emissions such as improved soil quality, reduced

health costs, improved air quality and increased resilience to environmental shocks. Ireland should call for:

- An overall increase in ambition through higher binding emissions reductions targets
- No loopholes in the legislation (e.g. offsetting emissions through afforestation), as this is not environmentally viable and will make emission cuts more expensive over time
- A starting point which reflects real emission levels.

Shifting EU funds away from emissions intensive activities to the low carbon transition

The upcoming reform of the EU budget post-2020 and the development of national investment plans alongside National Energy and Climate Plans (NECPs) offer an opportunity to shift public money away from fossil fuels and emissions intensive activities towards renewable energy and energy efficiency. Ireland should:

- Increase their climate investments
- Phase out fossil fuel subsidies.

Energy efficiency

Ambitious energy efficiency targets will generate huge economic and social benefits. In the revision of the Energy Efficiency Directive Ireland should call for:

- A binding 40% headline target, underpinned by binding national targets
- An extension of the energy savings obligations, without loopholes.

Climate and Energy Governance

The Governance of the Energy Union Regulation offers a unique opportunity to increase climate ambition and speed up the energy transition in Europe. Ireland should:

- Accept the requirements set out in the National Energy and Climate Plans (NECPs) and work with the Council and European Parliament to improve the Commission's proposal
- Support the requirement that the plans' ambition should only be revised upwards
- Seize the opportunity to use the NECP template and requirements to improve its own National Climate Mitigation Plan, which' ambition is currently too low to live up to Ireland's commitment to the Paris Agreement.

Phasing out coal

Burning coal is one of the main drivers of climate change because coal is one of the most greenhouse gas intensive fuels. Ireland should:

- Close Moneypoint power plant
- Support more stringent emissions performance criteria for power plants supported by capacity mechanisms.

1. How Ireland can improve the Effort Sharing Regulation and maximise its benefits for agriculture, transport, buildings and waste

The Effort Sharing Regulation (ESR) is a key part of the EU's 2020-2030 climate and energy framework as it sets binding targets for reductions in emissions from transport, agriculture, waste, small industry and buildings (more than 60% of EU emissions). The European Commission has proposed a target of -30% emission reductions to be achieved by 2030 compared to 2005 levels. **This target is far too low to be in line with the Paris Agreement** and **should be at least -47%**.[1] Furthermore the Commission has included several **loopholes** which allow **countries to cheat** their reduction targets.

The overall proposal and Ireland's ESR target for 2030 is currently being determined along with other Member States:

- While the **overall EU target is 40%, Ireland has a national target of 30%** emission reductions by 2030 compared to 2005 levels.
- **Ireland can make use of a loophole** allowing them to use their Emissions Trading Scheme **(ETS) allowances** to help meet reduction targets and will have 4% one-off flexibility from emissions trading;
- **Ireland will be able to use a loophole** allowing them **to 'offset' emissions by planting trees** in the form of a 5.6% flexibility from 'land use'. This is a substantially larger margin than any other Member State except Latvia.[2]
- **Ireland is one of the few countries in the EU that will fail to meet its 2020 target** for the effort sharing sectors. Therefore for Ireland the starting point for the 2030 target makes a big difference. An inflated starting point will lead to a huge surplus of allowances being built up in the beginning of the commitment period. This surplus means that about 10% of Ireland's 2030 target will not have to be met via actual emission reductions.

If all these loopholes are factored in, Ireland's real emission cuts under the ESR would be as low as 1%.[3]

Ireland's position

Ireland has been pushing for weaker targets, loopholes and an inflated emissions starting point on this key piece of EU legislation. Because of this Ireland was ranked poorly in the recent EU Climate leader board by NGOs Carbon Market Watch and Transport and Environment.[4]

There is a wide belief that reducing emissions from agriculture is more difficult than in other sectors. In Ireland agriculture forms 44% of ESR sector emissions, the highest proportion of emissions from agriculture of all Member States (Transport stands at 27%, one of the lowest proportions of ESR emissions compared to other Member States,

[1] http://www.caneurope.org/publications/can-europe-positions/1234-can-europe-position-on-the-effort-sharing-regulation-2021-30
[2] https://ec.europa.eu/ireland/news/ireland-s-eu-2030-emissions-targets-published_en
[3] http://effortsharing.org/
[4] http://effortsharing.org/wp-content/uploads/2017/03/CMW-EU-CLIMATE-LEADER-BOARD-POLICY-BRIEF.pdf

Buildings and Small industry 25.42% and Waste 3.6%). Given agriculture is such an important sector in Ireland's economy, Ireland claims that meeting its ESR target of 30% will be difficult. **Ireland** is one of the countries **calling most strongly** for the ability **to offset emissions** in the ESR sectors e.g. by planting trees. This **undermines the environmental integrity** of the regulation and the **EU's reputation as a climate leader**. In addition **emission cuts will only get more expensive in the future** if action is not taken now.[5]

Ireland is also strongly against setting a starting point that reflects real emissions levels in 2020. Ireland supports the Commission's proposed starting point, which would reward it for missing its 2020 target.[6] **This goes against the spirit of the Paris Agreement, and does not show climate leadership.**

Recommendations

The ESR as it currently stands will be a missed opportunity for Ireland to modernize its agriculture sector and reap the co-benefits that come from reducing emissions such as improved soil quality, reduced health costs, improved air quality and increased resilience to environmental shocks.[7] Ireland's agriculture is dominated by beef and dairy, and has the highest emissions intensity per euro in the EU.[8] However existing studies reviewed in a recently published report do not support the view that mitigation in agriculture is more technically challenging or costly compared to other ESR sectors, particularly when environmental co-benefits are considered.[9] The same report shows that a wide range of mitigation actions are already available to the agriculture sector, but have yet to be adopted at the scale and intensity necessary to deliver lasting emission reductions.

Allowing agricultural emissions to be offset (for example by afforestation) rather than focusing on emissions cuts is not an environmentally viable option and will only make emission cuts in the sector more expensive over time.[10]

To be a climate leader and to support its own economy, Ireland should advocate against such loopholes being included in the regulation. It should also call on the EU to adjust the starting point to reflect real emission levels, and an overall increase of the level of ambition.

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[5] http://carbonmarketwatch.org/the-cost-of-climate-inaction-in-the-agricultural-sector/
[6] http://www.caneurope.org/publications/presentations/1420-infographic-no-cheating-from-the-start
[7] http://www.ifoam-eu.org/sites/default/files/ifoameu_advocacy_climate_change_report_2016.pdf
[8] https://www.irishtimes.com/business/agribusiness-and-food/irish-agriculture-the-least-climate-efficient-in-europe-study-finds-1.3032584
[9] https://www.transportenvironment.org/sites/te/files/publications/2017_IEEP_Agriculture_mitigation_potential_in_ESR_final.pdf
[10] http://carbonmarketwatch.org/the-cost-of-climate-inaction-in-the-agricultural-sector/

2. Shifting EU funds from fossil fuels to support the low carbon transition

The Paris Agreement aims to make all financial flows consistent with a pathway towards low-emissions, climate-resilient development. Public financial flows in Europe must be shifted away from fossil fuels and emissions intensive activities towards renewable energy and energy efficiency. This entails ending fossil fuel subsidies, making sure that the EU budget catalyses the low carbon transition and that the EU's financing facilities, policy tools and development banks undergo ambitious reforms.

Ireland's position

Ireland receives financial support from the EU's Common Agricultural Policy (CAP): in 2016 EUR1.2 billion were paid directly to Ireland's farmers, and around EUR 470 million was spent under the Rural Development Fund. Whereas agriculture forms 44% of Ireland's ESR sector emissions, **only 11.34% of all Rural Development funding** has been allocated to **'Resource efficiency and the shift to low carbon and climate'**.

An even lower share of regional development funding has been allocated to combat climate change: from the 2014 - 2020 **Cohesion Policy Funding** allocations **only 8.3%** are dedicated **to the 'shift to the low carbon economy'**, namely for demonstration projects for energy efficiency in housing.

At the same time **Ireland receives fossil fuel subsidies under the Connecting Europe Facility** (CEF), namely to support the gas pipeline interconnection between Ireland and the UK. **Fossil fuel subsidies are incumbent to the Irish energy system: Irish consumers pay surcharges** on their electricity bill to compensate **for state-owned company Electricity Supply Board (ESB) burning peat for electricity generation**. Burning peat for electricity generation is not only **uneconomic**, its CO2 -footprint is multi-fold compared to other modes, notably because of its **high inefficiency** and damage to natural carbon sequestering environments.

Recommendations

The upcoming reform of the EU budget post-2020 and the development of national investment plans alongside the NECPs are a not-to-be-missed opportunity for Ireland to increase its climate investments, to phase out fossil fuel subsidies and thus to bring its financial flows in line with the Paris Agreement.

3. Energy efficiency

Energy savings and renewables are the only viable ways to decarbonise Europe's energy system. The EU Energy Efficiency Directive is currently being revised for application to 2030. The European Commission's review proposes a binding 30% energy efficiency target for 2030. Although this is a step in the right direction the EU **needs a target of at**

least 40% to match the Paris Agreement and to take full advantage of the benefits of energy savings. The Commission also proposed to extend the **requirement for member states to make 1.5% energy savings each year beyond 2020**. However **loopholes have been included which mean Member States can get away with only 0.75% energy savings a year**.

Ireland's position

Under a 40% target Ireland would stand to benefit from substantial improvements in employment, GDP and health. A study carried out for the European Commission projects Ireland's GDP to be 2.4-9% higher, Irish employment rates at 1.6-8% greater and EUR 790 million per annum savings in health costs for Ireland under a 40% target as compared to a target of 27% by 2030. [11]

Recommendations

Ireland should support a binding 40% headline target, underpinning by binding national targets in order to unlock the economic and social benefits potential of energy savings. Ireland should also support an extension of the energy savings obligations, without the inclusion of loopholes which weaken the regulation.

4. Climate and Energy Governance

The Governance of the Energy Union Regulation brings together planning, reporting and monitoring of policies on energy efficiency and renewables, and governance of climate and energy targets by requesting Member States to develop National Energy and Climate Plans (NECPs). By doing so, it offers **a unique opportunity to increase climate ambition and speed up the energy transition** in Europe – if the legislation is done right. Unfortunately, the Commission's proposal is not strong or rigorous enough. It does not compensate for the lack of national binding targets for renewable energy and energy efficiency and the regulation lacks teeth to drive investments in these sectors. Further, it does not properly link short term planning with long term objectives and it lacks a robust mechanism to scale up ambition over time. The European Parliament and the Member States now have an opportunity to improve the Commission's proposal so that the regulation can ensure robust and transparent governance and become the transition framework it has the potential to be.

Ireland's position

Rather than calling for the regulation to be strengthened, **Ireland has so far focused on calling for greater "flexibility"** regarding how to set out and revise the policies and measures required in the National Energy and Climate Plans and what happens if Member States do not live up to the provisions regarding renewable energy. **This puts the already agreed 2030 targets at risk. Ireland also opposes** the requirement that **the plans' ambition should only be revised upwards**. This goes **against the spirit of the Paris**

[11] https://ec.europa.eu/energy/sites/ener/files/documents/the_macro-level_and_sectoral_impacts_of_energy_efficiency_policies.pdf pp58,60 & 73

Agreement, which requires all countries to scale up ambition over time. Further, Ireland claims that existing plans in Member States, such as Ireland's 'National Climate Mitigation Plan' should be recognised as parts of the reporting requirements of this regulation. This is problematic since the level of ambition in Ireland's newly published mitigation plan is far too low to put Ireland on track to live up to its commitment under the Paris Agreement, let alone to become a climate leader.[12]

Recommendations

Ireland should accept the requirements set out in the National Energy and Climate Plans (NECPs) and work with the Council and European Parliament to improve the Commission's proposal, and support the requirement that the plans' ambition should only be revised upwards. Rather than using its pre-existing National Climate Mitigation Plan which would lock in low ambition, Ireland should seize the opportunity to use the NECP template and requirements to improve its own plan.

5. Coal

Burning coal is one of the main drivers of climate change because coal is one of the most greenhouse gas intensive fuels. Moneypoint, Co Clare, is Ireland's last coal fired power plant. In 2015 it was responsible for 7.6% of Ireland's GHG emissions.[13]

Recommendations

If Ireland is to become a climate leader it is imperative that Moneypoint power plant is closed. This would achieve substantial emissions reductions. However, this is only if the plant is not converted to gas or unsustainable biomass.

6. Capacity Mechanisms

Along with other policies in the climate and energy framework, in November 2016 the European Commission presented proposals to review the design of the internal electricity market, including detailed rules on capacity mechanisms. Capacity mechanisms on electricity markets are measures taken by Member States to ensure sufficient capacity in times when the supply does not match demand. However **capacity mechanisms can be used to favour fossil fuels** and nuclear generation **to the detriment of renewable energy sources, energy efficiency** and demand side management. They also create a **risk that citizens will have to pay to keep old, polluting, inflexible power plants** running long after they should have been retired. It is unacceptable to allow capacity mechanisms, a form of subsidy, to be used to finance coal plants and more stringent criteria are for their

[12] https://www.stopclimatechaos.ie/news/2017/07/19/longawaited-mitigation-plan-does-little-to-transform-irelands-climate-response/

[13] https://www.eea.europa.eu/publications/european-union-greenhouse-gas-inventory-2017

application is therefore needed.[14] Setting **a robust Emission Performance Standard (EPS) for power plants in receipt of capacity payments** would address this.

Recommendations

Allowing any subsidies to carbon-heavy coal plants would be a clear contradiction to the Paris Agreement. If Ireland wants to become a climate leader it has to support a strong emissions performance criterion on power plants supported by capacity mechanisms, at an absolute maximum of 350g/KWh with this level lowered over time. This criterion must be entered into force immediately with the new electricity market regulation so that it is applicable to all plants immediately.

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[14] http://www.caneurope.org/docman/coal-phase-out/3051-can-europe-position-on-capacity-mechanisms/file