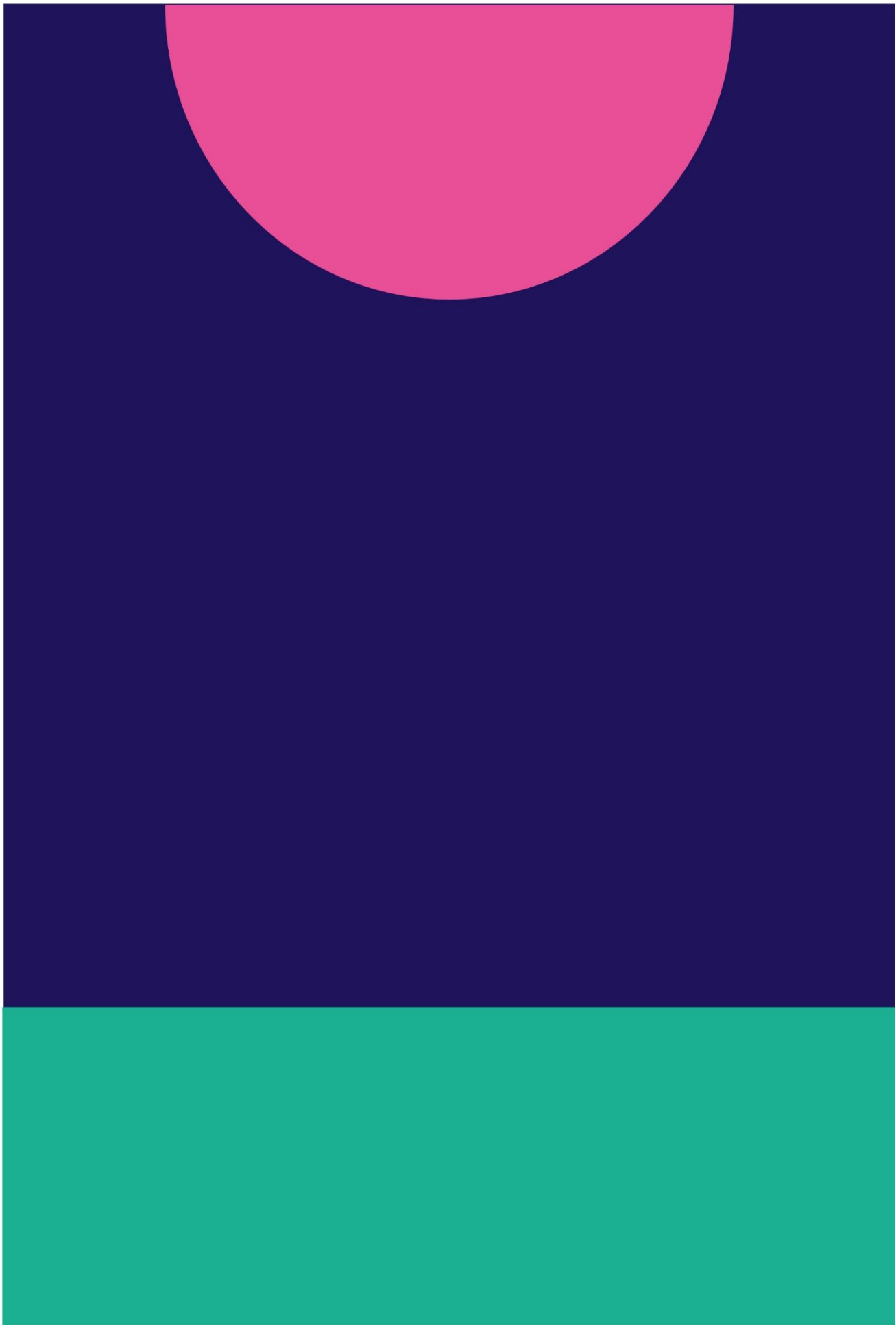




Irish Business Climate Policy Priorities - 2021

**Ibec Submission to the DECC
Call for Expert Evidence -
Climate Action Plan 2021**

18 May 2021



Irish business and the transition to net zero

Climate change is the single greatest challenge humankind faces today. The scientific evidence is unequivocal. Global temperatures are increasing, our environment is changing, and man-made greenhouse gas (GHG) emissions are the main driver. The level of CO₂ emissions into the Earth's atmosphere reached record levels in 2021 despite the temporary fall in emissions during the Covid-19 pandemic. Our planet is now on track for three degrees of warming by the end of this century and the point of no return is fast approaching.

For these reasons, Ibec fully supports the Government's ambition as set out in the 2021 Climate Bill; to achieve a 51% reduction in emission by 2030 and carbon neutrality by 2050. These are some of the most ambitious targets globally and demand major transformations in how we use energy, do business, travel, and grow our economy. All sectors and parts of society will need to play their part. Irish industry has a vital role to play. As a significant contributor to national emissions, industry's first responsibility is to reduce its own carbon footprint. However, industry is also a key enabler of decarbonisation. And through the provision of green products and services, sustainable finance, and the development of sustainable infrastructure, Irish business will be at the heart of the changes to come.

For Ibec, the motivation for decarbonisation is not purely environmental. The transition to net-zero is fundamental to our long-term industrial competitiveness, energy security, and quality of life. In a changing world, where investment, consumers, and talent follow environmental integrity, Ireland has no option but to transform its economy and energy system. And with a smart evidence-based approach, Ireland can emerge better off, and a global leader in sustainable enterprise, products, and services.

However, there are risks. Poor decisions, and a failure to reinforce our climate ambition with adequate investment and policy supports, could lead to missed targets, higher energy costs, a weakening of national energy security, and reduced competitiveness. Climate Action Plan 2021 and the National Development Plan Review both offer an opportunity to address these issues head on. For Ibec, Irish climate policy will be successful if it can address the following seven issues.

1. Cost-effective emissions reduction

Ireland must adopt a cost-effective approach to emissions reduction. In the 2019 Climate Action Plan, Government estimated that at least €92billion would be needed to meet the core targets. Our ambition for 2030 has now increased significantly. Given the scale of investment needed across all sectors, and that energy users will be required to pay a significant proportion of this cost through energy charges, taxation, and private investment, it is imperative that no unnecessary costs are added to the challenge ahead.

2. Evidence-based policymaking.

Climate policy, including the reduction timelines and the sectoral distribution of carbon budgets, must be evidence-based and data driven. Failure to do this will lead to mitigation opportunities being either overlooked or overestimated, and sectors being given obligations they cannot meet. Ibec supports the use of the Marginal Abatement Cost Curve (MACC) to anchor Irish climate policy. But it is critical that the underlying assumptions are based on up-to-date, Ireland-specific data. It is also vital that the MACC analysis be supplemented to address issues like enabling costs, consumer behaviour, modal shift, and pathways of least resistance. These factors are often overlooked in a MACC analysis. Where information is lacking, Government must consult with stakeholders and the relevant industries.

3. A ramping up of public investment

Ireland's climate ambition can only be achieved through a substantial increase in public spending and capital investment. Ireland's ambition on renewable electricity, residential retrofits, and electric vehicle penetration alone will cost upwards of €100 billion. The inclusion of investment in other areas like public transport, bioenergy, industrial decarbonisation, and carbon sequestration bring this figure into the €200 billion range. The State must lead the way by leveraging greater private investment through enhanced supports for businesses and homeowners. Government should also develop an ambitious long-term pipeline of Public Private Partnership (PPP) projects to roll-out critical sustainable infrastructure. For the revised NDP period out to 2030, Ibec has called for an increase of circa €70 billion, with the majority of this directed at sustainable investment.

4. Enhanced supports for industry

Irish industry directly accounts for about 13.4% of Irish Co2 emissions. This number increases significantly when adding in transport, building, and supply chain emissions. Irish Industry is committed to decarbonisation with an increasing number of businesses setting ambitious corporate climate targets. But even the most committed and profitable enterprises face financial and non-financial barriers to decarbonisation. New targeted supports are needed to help overcome high technology costs, assist with tenant-landlord joint projects, and build greater carbon and energy literacy across enterprise. Existing supports like the Support Scheme for Renewable Heat (SSRH) and the Excellence in Energy Efficiency Design (EXEED) programme offer incredible potential, but need to be strengthened, expanded, and made more user-friendly.

5. Planning reform

Ireland's planning system is not equipped to deliver the emissions reduction planned in the 2021 Climate Bill. Critical departments and agencies are under-resourced following years of underinvestment. Processes are slow, cumbersome, costly, and too often projects are subject to ungrounded objections. Even projects with planning approval that command strong community support may be frustrated by planning appeals and court action, taking years to develop. Planning reform is badly needed to aid the build-out of critical sustainable infrastructure projects in our energy, transport, and land-use sectors. Most pressing is the need to facilitate offshore wind given the development timelines involved and closing window to meet 2030 goals. If the Maritime Area Planning (MAP) bill and resulting structures are not implemented soon, additional transitional measures will be needed.

6. Greater regulatory certainty

Energy efficiency, electrification, and renewable electricity will be at the heart of our transition. But they alone cannot deliver the system-wide change needed. For many industries and sectors, especially businesses with large vehicles and high temperature heat requirements, alternative solutions will be needed. These businesses are currently operating in a period of great technology and investment uncertainty. Many have set ambitious emissions reduction targets but do not know the right approach to take. For these businesses, the long-term solutions rest in wide range of technology options. This list includes natural/renewable gas, carbon capture, combined heat and power, district heating, advanced biofuels, biomass, and hydrogen. Government must address this uncertainty and give these businesses a clear pathway for emissions reduction.

7. International leadership

Ireland goes into the negotiations on the European Green Deal and COP26 with some of the most ambitious targets globally. Ireland must leverage these commitments and lead calls for a fair and equitable international approach to emissions reduction. Failure to agree a new international framework will see sustainable Irish businesses lose market share to competitors with inferior environmental credentials. Sustainable enterprises need to be rewarded, and emissions reduction in Ireland must be rooted in a decoupling of economic and emissions growth, not deindustrialisation or the export of emissions.



About Ibec

Ibec is Ireland's largest lobby group and business representative. We campaign for real changes to the policies that matter most to business. Policy is shaped by our diverse membership, who are home grown, multinational, big and small and employ 70% of the private sector workforce in Ireland. With 38 trade associations covering a range of industry sectors, 6 offices around Ireland as well as an office in Brussels. With over 240 employees, Ibec communicates the Irish business voice to key stakeholders at home and abroad. Ibec also provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

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