

Department of Communications, Energy and Natural Resources (DCENR): Statement of Strategy 2008-2010

Comhar SDC recommendations, 19 October 2007¹

The Department of Communications, Energy and Natural Resources (DCENR) new Strategy Statement will set priorities for the work of the Department for the three-year period from 2008-2010. Comhar SDC welcomes the opportunity to submit its recommendations on the strategic direction of the Department. The bulk of these recommendations relate to energy and natural resources, which are closest to Comhar's ongoing areas of work. They also draw on other inputs we have made regarding priorities for the new Government ("Twelve sustainability actions for the new Government"), our submission to OECD governance study, and inputs to the strategies of the Departments of Transport and of Environment, Heritage and Local Government. These are attached to the covering email.

Below we outline the challenges facing us and what we see as the priorities in meeting these challenges and conclude with some reflections on matters organisational and institutional.

1. Opportunities and challenges going forward

The 1997 *Sustainable Development: A Strategy for Ireland*, highlighted four major challenges to sustainability in Ireland's energy sector:

- Increasing energy consumption
- High dependence on imported fossil fuels
- Increasing emissions of CO₂
- Low use of renewable forms of energy

The period since 1997 has seen a worsening of each of these trends:

- Ireland's total primary energy consumption has grown from about 9 million tonnes of oil equivalent (Mtoe) in 1990 to almost 14 Mtoe in 2004, an overall increase of 50 percent since 1994. This is projected to grow a further 43.6 percent up until 2020
- About 87 percent of Ireland's energy is imported, and this is projected to rise to 93 percent by 2010. Almost all of this imported energy will be from fossil fuels
- Ireland's CO₂ emissions have increased by 25.4 percent (2005 figures) above 1990 levels and are projected to rise to 37 percent above 1990 levels by 2020 without further policy measures
- Renewable energy accounted for only 1.8 percent of total energy in 2004 and this is projected to decline to just 1 percent by 2020 (despite strong growth in electricity from renewable energy sources, especially wind, from a small base).

These negative trends undermine the three criteria of sustainable energy identified by Government:

- Environment: especially the impact of the energy sector on Ireland's greenhouse gas emissions but also including local air pollution and the effects of urban sprawl caused by car-based transport
- Competitiveness: the rising external costs of the energy sector will increasingly be felt across the economy as mitigation efforts lead to higher prices for consumers
- Security of supply: Ireland's high dependence on imported fossil fuels exposes the Irish economy to international supply disruptions and price shocks.

¹ This submission was drafted by Thomas Legge, Comhar SDC Secretariat, with input from members of the Comhar Council, whose contribution is gratefully acknowledged.

The publication in 2007 of a White Paper on energy brought a much-needed focus to the Irish energy sector, which had lacked a clear policy direction. This has been supplemented by the publication of strategies on energy efficiency and the transposition into Irish law of the EU Buildings Directive, among other policies. The Programme for Government contains detailed provisions for the energy sector, notably:

- Security of supply:
 - East/west and north/south electricity interconnectors
 - Stable environment for hydrocarbon exploration while increasing the return to the State
- Environmental sustainability:
 - Increased penetration of renewable electricity to 33 percent of total through feed-in tariff (REFIT) and support for net metering and a distributed grid connection system
 - “Smart” electricity meters in all residences to encourage consumers to reduce consumption
 - Support for research into sustainable energy technologies through Science Foundation Ireland
- Competitiveness:
 - The management of electricity and gas networks as state-owned infrastructural assets, while reducing the market power held by any one player and providing choice to consumers

The Statement of Strategy should be aligned along the lines of the Programme for Government and pay special attention to policies that reverse the negative trends outlined above.

2. Suggested priorities for the coming three years

The first priority for the Department should be to ensure that its entire operations are aligned with the goal of sustainable development. In this regard the forthcoming revised National Sustainable Development Strategy (now under preparation) should be the umbrella within which key elements of the Department’s strategy is embedded. Also, the Sustainable Transport and Travel Action Plan (STTAP) should be prioritised as a major strategic document for the Government. The Statement of Strategy should include a table along the following lines:

Relevant mandate in Agreed Programme	Short description	Actions proposed to fulfil this mandate	Lead organisation(s)

Specific Priorities should include:

- *Establishment of sustainable energy as the overriding mission of the DCENR:* Sustainable energy should become the explicit and overarching goal of the Department, informing all activities within all units of the Department insofar as they relate to energy and not merely being a sub-sectoral objective to be considered on an equal basis along with other priorities.
- *Focus on demand-side and consumer issues:* Many of the issues facing the transport sector relate to Ireland’s increasing demand for total primary energy. The Department should lead the proactive adoption of the measures outlined in the European Commission’s Action Plan on Energy Efficiency and seek to exceed these measures

wherever possible (consistent with EU Internal Market rules). There needs to be a shift in policy away from the provision of energy towards the provision of energy services: lighting rather than watts, comfortable indoor temperatures rather than joules. The development of energy service companies – incentivised to sell less, rather than more, electricity to consumers – should be encouraged.

- *Support fiscal and macroeconomic instruments*: Getting the prices right is crucial. The introduction of a carbon levy as decided in the Agreed Programme for Government could make a significant contribution to the decarbonisation of Ireland's energy system in the long term. The Department should liaise closely with the Departments of Environment, Heritage and Local Government; Transport; and Finance to promote the timely introduction of a well-designed carbon levy. The revenues of such a tax could be used (at least in part) to finance the transition to sustainable energy, for instance by using them to pay for the introduction of smart meters.
- *Support to a sustainable electricity grid*: the Department and regulatory authorities should provide the necessary political and technical direction to effect a reorientation of the national electricity grid, in such a way that it will be able to accommodate widespread penetration of small-scale and intermittent sources of electricity. This is not to choose the specific technologies but rather to provide an environment in which many different kinds of technologies can compete. Such intervention is justified because of the potential benefits and due to the national importance of the grid infrastructure. The regulatory authorities should also develop a strategy to ensure that the grid can accommodate a large-scale deployment of microgeneration when it proves economic to do so. Short-term measures could include the introduction of a simplified protocol for connection to the grid and the introduction of smart metering, which would also promote energy efficiency by encouraging consumers to regulate their electricity consumption according to its price. Additional investment in interconnectors will also be necessary to hedge against variability in output and to allow Ireland to export as well as import electricity.
- *Transition from carbon-heavy fuels in electricity generation*: the Department should lead a policy review of carbon-intensive fuels, especially coal and peat, in Ireland's energy mix. Notwithstanding their advantages in terms of energy security, the environmental impacts in terms of CO₂ emissions and environmental impacts is unsustainable. As the Moneypoint coal-fired electricity plant reaches the end of its operating life some time in the coming 15 years it could be replaced by a plant based on coal with carbon capture and sequestration, although the Government's role should be limited to defining an appropriate incentive structure rather than specifying a technology. Support mechanisms for peat as a plant feedstock in electricity generation should be phased out and replaced with incentives for biomass.
- *Fast Tracking of the east-west electricity connector*: This is crucial if our ambitions in regard to both renewable energy and more competition in the market place are to be realised.
- *Link to Sustainable Transport and Travel Action Plan (STTAP)*: the Government's new STTAP arose out of the 2007 White Paper on energy and the identification of transport as a major source of growth for energy demand and, subsequently, greenhouse gas emissions. There must be strong coordination between the relevant Departments to ensure that transport policies are consistent with the Government's overall strategy of reducing its greenhouse gas emissions by an average of 3 percent a year until 2012. One very important area for cross-departmental coordination is the area of land-use and transport planning, the lack of which has driven urban sprawl in recent decades. Many new developments have been built in urban conglomerations

and fast-growing satellite towns far from public transport and other services, forcing residents to use their cars for everyday tasks as well as for commuting to work. This has been a major cause of the phenomenal growth (about 160 percent) in greenhouse gas emissions from Ireland's transport sector since 1990.

- *Commitment to Sustainability Impact Assessment of energy policy:* All potential energy-related projects including major transport infrastructure projects should be subject to an *ex ante* (and later *ex post*) sustainability impact assessment as part of the project design and selection process, whereby the economic, social and environmental aspects are identified. Monitoring and evaluation of progress in energy policy should be broadly based to cover social and environmental aspects as well as financial and economic criteria in a transparent process. This should include a baseline assessment – what would have happened in the absence of the policy or investment. In general, progress and success should be measured by monitoring outcomes rather than inputs on a regular basis with a set of sustainability indicators. All results of assessments should be made publicly available.
- *Research for sustainable energy:* in liaison with Sustainable Energy Ireland and other agencies, the Department should exploit the opportunities in the State's research and development budget foreseen under the National Development Plan to maximise the synergies with Ireland's climate-change goals. Ocean (wave and tidal) energy has been identified as a possible area for future development where Ireland could develop first-mover advantage in international markets, although there are other possibilities such as ocean-current energy that could also merit research. Additional funds for Science Foundation Ireland could be ringfenced for research into and development of sustainable energy technologies.
- *Strategic Environmental Assessment of national policy on biofuels:* The Programme for Government commits to creating new opportunities for farmers by moving agriculture to a dual system of food and power production. While increased biomass production offers significant potential for greenhouse gas emission reduction as well as economic and social enhancement of rural areas it may also add to pressures on the natural environment with negative consequences for biodiversity. Biomass for energy production may have an impact on biodiversity through land-use change involving the conversion of habitats through the development of bio-energy monocultures leading to loss of landscape diversity, increased use of water and agri-chemicals, etc. A strategic environmental assessment should be undertaken on the national policy and programme for biofuel production. Additional research is required to explore the potential of second-generation biofuels using lignocellulose biomass.
- *Lead by example:* the DCENR itself should become a model of public-sector energy efficiency and best practice in its daily operations, ranging from the staff behaviour (e.g. incentives for staff travel by walking, bicycle or public transport; disincentives for private transport; switching off lights and equipment whenever offices are not being used; waste management), the energy management of its buildings (including in the design of new buildings), and its purchasing policies.

These suggested priorities show that the goal of sustainable energy requires strong leadership from the DCENR working together with many other departments to deliver integrated and sustainable transport projects.

3. Institutional priorities

The sustainability agenda can only be achieved if:

- The key departments and agencies have ongoing and real collaboration. The development of a cabinet sub committee chaired by An Taoiseach is a hugely important initiative that needs to be supported and sustained, and reflected at departmental and agency level.
- The capacity to analyse policy options, including mobilising substantive expertise in economics, modelling, law, political science and communications in a timely and professional fashion, would enhance the quality of decisions and the prospects for implementation. In the case of DCENR, such a group could be pulled together from staff in the department, SEI, CER etc complemented by some external additions.

Attachments: “Twelve sustainability actions for the new Government”, Comhar SDC, 31 May 2007
 “Review of the Irish public sector by the OECD”, Comhar SDC, 31 July 2007
 “DoEHLG Statement of Strategy reflections”, Comhar SDC, 15 October 2007
 “Department of Transport: Statement of Strategy 2008-2010: Comhar SDC recommendations”, 21 September 2007