



**Chambers
Ireland**
Advancing business together



Chambers Ireland's Submission to the Department of the Environment, Climate and Communications' Consultation on the Climate Action Plan 2024

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About Chambers Ireland

Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

Our Network has pledged to advocate for and support the advancement of the United Nations Sustainable Development Goals (SDGs) and, in 2023, we were appointed to be an SDG Champion as part of the 2023-2024 SDG Champions Programme. Accordingly, we use the Goals as a framework to identify policy priorities and communicate our recommendations. We have a particular focus on five of the goals encompassing decent work and economic growth (SDG 8), sustainable cities and communities (SDG 11), gender equality (SDG 5), industry, innovation and infrastructure (SDG 9) and climate action (SDG 13).¹

In the context of the current consultation, climate action is the most relevant Sustainable Development Goal. However, the Climate Action Plan also impacts across all of our economy, as being a clean energy economy will have an enormous effect on our capacity to support decent work and economic growth (SDG 8), affordable and clean energy (SDG 7), and the effective delivery of a suite of policies that are of vital interest to our industry, innovation, and infrastructure (SDG 9) opportunities. It is for these reasons that we are submitting a response to this consultation.

¹ The Chambers Ireland SDGs. Available at: <https://chambers.ie/sustainable-development-goals/>

Chambers Ireland's Perspective

Chambers Ireland welcomes the open consultative process and the broad engagement with stakeholders on the National Climate Action Plan 2024.

Below we will outline some of our key concerns and considerations on the basis of the 2024 Climate Action Plan and the recommendations contained therein. We would like to commend the Government and, in particular, the Department of Environment, Climate and Communications for their commitment to creating an open and transparent consultative process with a wide variety of stakeholder input. We appreciate the scale of this undertaking and its importance in charting a path to a low carbon economy.

A long-term focus on reaching our climate targets requires coordinated action and a clear roadmap for all stakeholders across both the public and private sectors. The Climate Action Plan has been instrumental in defining that roadmap and plotting our course to climate neutrality. However, the previous iterations of the Plan have failed to result in adequate levels of progress. We have been set the goal to reduce the extent of further global warming, by pursuing and achieving, “by no later than the end of the year 2050, the transition to a climate resilient, biodiversity rich, environmentally sustainable and climate neutral economy”. The interim goal of achieving a 51% reduction in greenhouse gas emissions by 2030 compared to 2018 levels also sets a clear parameter for the actions we need to take and the level of activity that needs to be implemented if we are to meet these targets and achieve meaningful results. In 2021, Ireland had one of the highest rates in the EU of greenhouse gas emissions per capita, with agriculture making up the largest share per sector and representing 34.3% of total emissions. Our transport (17.1%) and energy (14.8%) industries are the second and third largest contributors respectively.

The Environmental Protection Agency recently projected that Ireland will achieve a reduction of 29% in greenhouse gas emissions by 2030, compared with the target of 51%. This is not good enough and highlights a need to rapidly accelerate our climate action ambitions.

Ambition versus capacity

In relation to the ambition of the 2024 Climate Action Plan, it is welcome to see new measures being introduced to tackle gaps and inconsistencies that were left unaddressed in previous iterations. However, we are already seeing significant failures emerging in the carbon budget data, despite these only being agreed and assigned in September 2022. According to projections by the EPA, emissions in the first two carbon budgetary periods (2021- 2025 and 2026-2030) are expected to exceed their limits by a margin of 24%-34%, with the sectoral emissions ceilings for both budgetary periods projected to be exceeded in almost all sectors. It therefore needs to be established whether there is an issue in relation to capacity for achieving the Climate Action Plan objectives or whether the ambition within the plan and the assigned objectives are not sufficient as to achieve a meaningful reduction in greenhouse gas emissions.

If capacity constraints are hindering progress, it would be positive to see these addressed as an urgent priority. We will discuss the impact that the current planning system has on development in a separate point below, but it would be positive to see a detailed review of capacity constraints in the context of the Climate Action Plan objectives to discern weak points that may need to be addressed. Such constraints may include insufficient financial resourcing, issues with public engagement, lack of technical expertise, inadequate essential infrastructure or issues facing the policy and regulatory framework itself. Improving capacity in each sector requires careful balancing of these competing concerns.

In relation to the ambition of the Climate Action Plan, we can see that Climate Action Plan 2023 only reached a final implementation rate of 65% with 188 out of 290 actions completed. Similarly, current predictions, accounting for the impact of implemented and existing actions, show Ireland's total emissions will only decrease by 11% in 2030, as opposed to the 51% target that we have committed to. This indicates that there are fundamental flaws in the efficacy of the Plans to date. It is disappointing that current projections exclude several CAP23 measures from the EPA's With Additional Measures (WAM) forecasting. Although there has been clear recognition of some of the weaknesses from previous plans, the ability to measure and report

on the impact of actions contained within the Climate Action Plan is crucial, otherwise, it is impossible to take remedial action and adjust efforts accordingly.

Addressing unallocated emissions

A key focus of Climate Action Plan 2024 is the initiation of solutions for the 26 megatonnes of carbon dioxide-equivalent (MtCO₂eq) that had been left unallocated in previous iterations and the prescription that such unallocated savings will be dealt with no later than 2025. These unallocated emissions represented a considerable limitation in previous plans and it is positive to see that CAP24 has started exploring options to tackle these emissions. Proposals include economy-wide energy efficiency and demand management; accelerating the future energy system; implementing sustainable food and agriculture; deploying carbon capture and storage technologies; and supporting carbon removals (including bio-economy measures). Under these proposals, it is welcome to see the suggested scaling of ambition in relation to hydrogen and long-duration energy storage, as well as the deployment of sustainable biofuels. However, such measures will require significant operational support to encourage investment, reduce risk and bring down costs associated with production and implementation. Such supports will need medium to long-term commitments if they are to be realised and the benefits are to be scalable. These suggested measures are unlikely to have the impact required in reducing emissions unless there is significant scaling up of ambition and implementation pathways.

We welcome further exploration of carbon capture, utilisation and storage (CCUS) technologies. As outlined in the draft plan, the UK has integrated such technologies for reducing up to 6 MtCO₂eq. of annual industrial emissions by 2030. Therefore, it is positive that Climate Action Plan 2024 proposes to establish a Carbon Capture and Removals Working Group in order to explore CCUS as a potential option moving forward that could address a portion of unallocated savings in Ireland between 2026 and 2030 across industry, electricity and waste treatment. Exploring this option with industrial stakeholders is a positive first step and we should also learn from International research and innovation, as well as the experiences of our neighbours in the UK where there has been a commitment to establishing four CCUS industrial clusters by 2030.

However, while it is positive to see that unallocated emissions are being addressed, there are significant issues arising in the carbon budgets across almost all sectors and this urgently needs to be addressed. Current projections indicate that we have on average expended 47% of a five-year ceiling in the first two years across all sectors.

For the electricity sector to meet the first carbon budget, this requires a decarbonisation rate of 17.3% per annum in the period 2023-2025 and yet the decarbonisation rate between 2018 and 2022 was 1.4% per annum. This places an enormous weight on the electricity sector in the lead up to 2030. If we reach our targets in this sector with reform of the planning system and acceleration of renewable energy generation, this will place the post-2030 focus squarely on the agriculture sector, which will then be the source of a huge disproportion of our carbon emissions. This will require a radical action plan to address these emissions if we are to reach our 2050 climate neutral target.

Diversity in supply will be key to ensuring that we have security of supply. Combining Wind/ Wave/ Solar/ Battery/ Hydrogen technologies – in addition to renewable biomass and biomethane options – will be core to delivering renewable energy to our electricity network while also ensuring security of supply.

In agriculture, 44% of the emission ceiling has been expended in 2021 and 2022, leaving the sector needing to reduce emissions by, on average, 8.3% annually up to 2025. The current reduction in emissions that has been achieved in agriculture has largely been attributed to reduced usage of nitrogen fertilizer after the Russian invasion of Ukraine limited supply and costs soared globally. The data suggests that nitrous oxide emissions continued to fall in 2023, despite prices falling, which represents positive momentum that should be sustained and built upon moving forward.

While emission reduction targets have been exceeded in most sectors over the 2021-2022 period, there is still an opportunity to catch up before the 2030 deadline if the scale of ambition is accelerated and this should be clear in the messaging for each sector. A revised plan of action, robust monitoring and clear enforcement mechanisms will ensure that each sector understands the parameters in place, can define their obligations and can seek advice and support where appropriate in order to meet and exceed the annual targets.

It is disappointing to note that there are still no such KPIs in place for the Land Use, Land Use Change, and Forestry (LULUCF) sector with significant fluctuations being recorded in the baseline reporting as the understanding of emissions and activity in this sector advances.

Planning Reform

Ireland's planning system has become a significant obstacle in the timely, efficient and transparent development of key infrastructure needed for climate action initiatives. Lengthy approval processes and operational hurdles have caused substantial delays to the implementation of sustainable infrastructure, including renewable energy generation sites, public transport systems and energy efficient buildings.

Strategic infrastructure, by its very nature of being large, is always going to have its opponents. Our planning process should seek to inculcate consistency and certainty into its core operations. Unfortunately, Ireland's planning system is a conflict-driven process. We need a system that is transparent and efficient, while at the same time achieves a sustainable balance between the concerns of individuals/communities and the national greater good. One of the main criticisms of planning systems is the lack of coordination in the delivery of necessary infrastructure to support proposed development. This has been a notable feature of the Irish system.

Organisational capacity is another significant and ongoing issue within the system. Inconsistencies in decision-making across different Local Authorities can lead to uncertainty for developers and investors, discouraging investment in low-carbon projects. Decisions take too long to be made and, without the right decision-making capacity in place, this results in huge backlogs and delays. Waiting times are untenable and are having a detrimental impact on a number of crucial infrastructure projects, including housing, transport, and our energy system. All of which are essential elements in our national competitiveness and central to our climate goals. Without a streamlined and efficient planning system, the scaling up of renewable energy

and other climate mitigation measures may be hindered, limiting our transition to a low-carbon economy and incurring penalties for failures to meet our statutory climate action targets.

Therefore, we need a planning system that is effectively resourced and empowered to deliver on these essential projects as efficiently as possible. We need to strengthen and resource the planning professionals in the Local Authorities and other relevant agencies. This includes planning departments in Local Authorities, An Bord Pleanála and the Office of the Planning Regulator. Resources need to be directed not only at improving efficiencies in dealing with planning applications, but also ensuring that effective, engaged public consultation is being supported at the earliest stage in the process. Should objections and disputes regarding infrastructure developments arise, we need the newly established Planning and Environment Court to take swift action in issuing decisions.

Wind energy ambition

If we are to meet our revised 2030 emission targets, we will have to reduce our total emissions by more than 20 million tons of CO₂. The Climate Action Plan aims to see half of that reduction arise through the migration of our electricity supply generation system to renewables. To increase the generation capacity of the onshore wind sector we will need to double the scale of our onshore wind turbine fleet. Simultaneously we will need to create an offshore fleet which has a greater capacity than the entirety of our current onshore wind generated electricity supply.

The Irish fleet of onshore wind turbines will have to more than double in capacity from just over 4GW up to 9GW in the coming years. However, many of the projects which are in development may be unable to progress due to regulatory impediments in the planning process. The ambition for wind in Ireland over the coming decade is enormous as it requires us to more than treble the size of our wind energy production industry, adopt new technologies to the Irish electricity grid, and upgrade, reinforce, and build huge amounts of transmission equipment to bring renewable energy from where it is generated to where it is needed. This effort requires a regulatory regime that fully supports that ambition. The chief hindrance to meeting our climate

goals is the absence of a planning system that facilitates offshore wind farm development. This needs to be the top priority at all levels of administration.

We see great potential for Ireland in the RePowerEU instrument, which will be used to strengthen Europe's energy security, and aims to increase wind energy across the EU to at least 480 GW in 2030. Specifically, the “overriding public interest” clause should be of huge benefit to Ireland in securing planning for wind energy infrastructure. This will simplify permitting and ensure concerted action to strengthen our energy supply chains. However, it is the national grid infrastructure that is the overwhelming bottleneck. We should ensure that RePowerEU can also be applied to upgrading and reinforcing the grid as a matter of priority.

Additionally, it is positive to see an increased focus on the potential of hybrid energy projects and the commitment to implementing a hybrid connection roadmap. Given the enormous expansion of ambition for renewable energy projects is not going to abate over the next few years, it is likely that demand for renewables will overwhelm the capacity of our planned electricity grid upgrades. Therefore, exploring hybrid connections could expedite the deployment of renewable energy generation and increase interconnection potential.

Building retrofits

There has not been sufficient consideration of split incentives in the context of commercial retrofitting and it would be useful to see further consideration of this issue with proposed remedial action. Reforming the accelerated capital allowance (ACA)/retrofit tax incentive for landlords would offer further tax incentives for commercial landlords to retrofit their rental properties. Currently the ACA scheme only applies to energy efficient products and equipment, however, it would be positive to see this extended to retrofitting. The retrofit tax incentive for landlords only applies to small-scale landlords, for a maximum of two properties, and only applies to residential.

If these schemes are reformed or a new scheme is introduced, it would incentivise commercial landlords to retrofit their residential and commercial properties at the same time. This means

that landlords will see a financial benefit and will be incentivised to improve the energy efficiency of their buildings, even where they do not occupy these spaces and will therefore not feel the immediate benefits of retrofitting.

Additionally, many SMEs may not be able to apply for the SEAI's energy audits due to the qualifying criteria. This criteria sets a minimum spend of at least 10,000 on energy per year. There are many SMEs that simply won't spend that much but could still benefit from an energy audit and could make changes to improve the energy efficiency of the buildings they own. In relation to residential retrofitting, fast-tracking shallow retrofits at scale would help households take immediate action to mitigate the effects of higher energy costs and ensure the retrofitting programme is as effective as possible. Delivering shallower retrofits would be better in line with a just transition, as it would support those most directly affected by fuel poverty. The current focus of retrofitting is too heavily weighted in favour of deep retrofits. These are costly and require households to fund the upfront costs. They also may require the household to move out while works are ongoing. This may not be possible for many that cannot afford to find short-term rental accommodation or have nowhere else to go. However, more households may be open to carrying out shallow retrofits that can be rolled out relatively easily and are cost-effective. Easier access to financing would also support households that want to carry out deep retrofits, as this would help bridge the gap until grants and funding can be processed.

Support for SMEs

There is limited consideration and support within the plan for SMEs and the role they can play in supporting our national decarbonisation efforts. The White Paper on Enterprise has been developed in accordance with the EU Green Deal, which aims to “transform the EU into a fairer and more prosperous society, with a modern, resource-efficient and competitive economy, with no net emissions of greenhouse gases by mid-century”. Within the context of the Enterprise White Paper, the importance of SMEs has been emphasized. However, in the Climate Action Plan 2024, there is limited engagement on the significant role that SMEs can play in reducing

emissions. This is in spite of the fact that many SMEs are finding or will find the scope of their operations falling within the remit of the Corporate Sustainability Reporting Directive, either directly as a listed enterprise or indirectly by being part of the supply chain of larger companies. Support is needed for SMEs in this space as they often do not have the resources or capacity to understand the scope of national climate ambitions and how they can play a part in meeting climate targets. Chambers Ireland is an SDG Champion for 2023-2024 and the sustainability agenda is promoted widely throughout the network. As a result, many SMEs within our network are aware of how making small changes to their operations and becoming more sustainable can benefit their business, local communities, and the environment. However, they need support to understand where they can make these changes and how their actions can feed into National Climate Objectives.