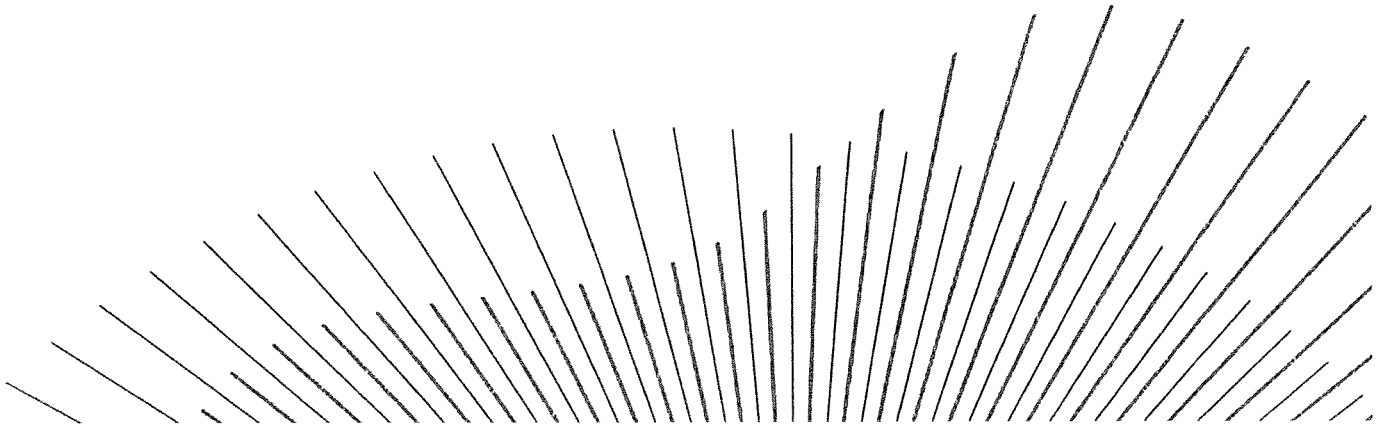
Bord na Móna

BnM response to DECC Call for Expert Evidence - Climate Action Plan 2023

20 September 2022



Introduction

BnM welcome the opportunity to provide input to Climate Action Plan 2023. The Climate Action and Low Carbon Development (Amendment) Act 2021 set a new course for Irelands climate transition by introducing legally binding targets for greenhouse gas emissions from 2021 to 2030 (a 51% reduction over the decade), and to achieving net zero emissions by 2050.

In July, Government approved Sectoral Emissions Ceilings which set out maximum limits on greenhouse gas emissions for each sector of the Irish economy to the end of the decade. For electricity, the emissions reduction target is 75% by 2030, going from a level of 10.5 MtCO2eq to 3 MtCO2eq. A significant reduction which will require major changes in how we produce and consume electricity. Specific detail on how these reductions will be achieved are anticipated in the sectorial carbon budgets expected to be published shortly. In line with the Act, budgets will be set over 5-year periods; 2021-2025 and 2026-2030. The total cumulative CO^2 emissions from the Irish power sector out to 2030 will depend on the pathway taken to get there.

Separately in July 2022, Wind Energy Ireland published the Bridging the Gap: Towards a Zero Carbon Power Grid[1] report, produced jointly by specialist energy consultants Baringa and TNEI. This provided an 'industry view' on how we can deliver the electricity our society requires while reducing overall emissions. The report shows that it is possible for power sector emissions to be kept to 66 million tonnes between 2021 and 2030, but only if existing plans for Ireland's energy system are improved and accelerated. Achieving such reductions in electricity sector emissions are dependent on new grid infrastructure, the cessation of coal and peat electricity production and development of significant additional volumes of renewable electricity mainly from offshore wind before 2028. Given the current energy market crisis and wider global supply chain challenges, these enablers may not materialise as soon as needed. Climate Action Plan 2023 should consider the enablers identified in the Bridging the Gap report and introduce actions to ensure that our national objectives can be delivered in time.

Response

Since the Russian invasion of Ukraine, the energy market has experienced unprecedented price increases as demand for gas remained the same while supply dramatically decreased. This has exposed a weakness in security of supply arrangements at European and Member State level. In Ireland we are almost wholly dependent on others for our supply of fossil fuels which are required to power our thermal baseload generators. Dispatchable thermal generators will remain a key constituent of the Irish energy system, but the fuel used by them can be replaced with an indigenous source – green hydrogen. A renewed focus on becoming energy independent should be the backbone of our energy policy decisions in future. Ireland can power itself if the right policies, processes, and people are put in place.

In that context, meeting the sectoral ceilings set by Government requires an increased target for onshore wind. Onshore wind will bridge the gap in RES-E volumes that are anticipated while an offshore industry is established in Ireland. Electrification of heat and transport is also putting upward pressure on demand for renewable electricity and given the ambitious sectoral ceilings for these sectors, facilitating additional onshore wind projects is imperative. CAP 2021 contained a target of 8GW of onshore wind by 2030, we believe this should increase to at least 10GW to provide an appropriate buffer for the electricity, and other, sectors.

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[1] WEI, Bridging the Gap, 2022. Available online: https://windenergyireland.com/images/files/bridging-the-gap-a4-report-final.pdf

There is a need for clear cohesive cross sectoral policy to achieve the reductions envisaged in the sectoral ceilings. Measures being progressed in different sectors should be complementary. For example, the focus on green hydrogen production should be progressed in parallel with a targeted procurement strategy for hydrogen buses and HGVs. Announcements to date regarding renewable public transport relate mainly to electrifying short distance bus routes. If the state wants to decarbonise public transport more quickly than the purchase of hydrogen buses can help – firstly by providing a clear offtake for renewable hydrogen stimulating production and by removing emissions from this element of the transport sector. Similarly, the existing support for HGVs to switch to fuel cell vehicles should be reviewed to ensure it provides an appropriate level of incentive for industries to replace their HGV fleet.

Challenges

One of the key challenges to achieving the objectives of the CAP, meeting carbon budgets and transiting to a net-zero economy by 2050 is the Irish planning system. The timelines associated with the permitting process are a longstanding barrier to developing energy projects in Ireland. Without targeted changes to the legislative framework this issue will endure. The planning consent and appeals system needs to be reformed if we are to fulfil the goals of the CAP. BnM is supportive of the REPower EU proposals to signpost energy development in certain areas and to enhance the status of energy projects as being in the public interest to reduce the risk of planning challenges. To deliver the scale of renewable projects required over the coming years the planning and permitting processes need to be streamlined and accelerated to provide as much clarity as possible to projects to ensure efficient and successful auctions.

More broadly, policy clarity on targets, support mechanisms and wider market changes are necessary to incentivise continued investment in the energy sector. Ireland is a small player in a global market. Many countries have announced ambitious targets for offshore renewable energy developments and deployment of hydrogen electrolysers. In the short term there will be insufficient manufacturing and support capacity, for example drilling and installation ships, to meet all of these targets. If Ireland is to succeed in establishing a green hydrogen economy and an offshore wind industry, we need clear timeframes and investment frameworks. Otherwise, we risk being locked out of the market as other countries secure supply chains, expertise, and financing.

Given the urgency around the delivery of the actions in the Climate Action Plan there is a clear need for strong governance and accountability for those responsible for delivering them. We believe the role of the Climate Action Delivery Board could be enhanced to do this. While positive progress has been made in the past year, several key action items are delayed with no clarity on when they will be delivered. In future, revised timelines should be published for items that are delayed. A quarterly update to the action timelines would be very useful for stakeholders in each sector and would provide more clarity for investors on progress toward the actions affecting their business plans.

Key points

- **The target for onshore wind should be increased**. While offshore wind energy will be the cornerstone of our future zero-carbon electricity system, Ireland must save carbon emissions as early in the decade as possible and the first offshore wind farm is not expected until 2028. Until then, we will need to rely entirely on faster development of onshore wind and solar which means prioritising these projects in a properly funded planning system.

- **Shaping Our Electricity Future is not enough**. Ireland will need every single project identified in EirGrid's Shaping Our Electricity Future strategy but even with that we are still

emitting more than 70 million tonnes of carbon over the decade. Bridging the Gap identifies several additional existing power lines that need to be upgraded in addition to the rapid deployment of smart grid technologies like 'Dynamic Line Rating' which allows the electricity system to carry more power when the weather is cooler. A definitive grid investment plan similar to 'Grid 25[2]' is urgently required to provide clarity on what grid investment will be delivered to 2030 – this could be an action in CAP 2023.

- **Decarbonising baseload and back-up generation**. Ireland currently uses gas and coal generators to back-up the electricity system and ensure it remains secure. The Government Statement on Security of Electricity Supply has identified a need for 2GW of new gas-fired generation by 2030. Since its introduction, the Capacity Renumeration Mechanism has shown that it is capable of providing a route to market for new OCGTs. However, it is our view that some of the new generators will need to be CCGTs. OCGTS provide flexibility to the system and complement variable renewable generation well but are not suitable to provide the baseload generation that will also be required. OCGTs are also much more carbon intensive than CCGTs, **if we try to deliver the 2GW target with OCGTs only we will breach the sectoral ceiling for electricity**. The current regulatory framework does not provide the incentives needed to develop a CCGT in Ireland and this needs to be addressed urgently.

- **Streamlining planning and consenting processes to accelerate energy project delivery.** We cannot decarbonise our electricity system and achieve energy independence without energy developments like wind farms and new thermal plant. We cannot build them without a fit-for-purpose planning system. CAP 2023 should include firm timelines and actions for the Departments responsible for revising the planning processes. **The provisions in the MARA Bill should help to mitigate some of the previous challenges experienced by energy projects, firm timelines for enactment of these provisions should be detailed in CAP 2023 and delivered as a matter of urgency.**

- **Policy clarity is crucial for the State, investors and citizens.** More broadly, policy clarity on targets, support mechanism and wider market changes are necessary to incentivise continued investment in the energy sector. Ireland is a small player in a global market. If we are to establish a green hydrogen economy and an offshore wind industry, we need clear timeframes and investment frameworks. Considering the EU ambition for green hydrogen, the Irish hydrogen strategy should enable multiple uses for the fuel and its uptake should be encouraged across the economy where it can contribute to carbon savings. Otherwise we risk being locked out of the market as other countries secure supply chains, expertise and financing.

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[2] EirGrid, 2011, 'Grid 25 - A Strategy for the Development of Ireland's Electricity Grid for a Sustainable and Competitive Future'. http://www.eirgridgroup.com/site-files/library/EirGrid/EirGrid-GRID25.pdf