

# **Review of the Security of Energy Supply of Ireland's Electricity and Natural Gas Systems Consultation**

**Irish Congress of Trade Unions**

**October 2022**

## **About Congress**

The Irish Congress of Trade Unions is the largest civil society body on the island of Ireland and represents some 750,000 members in 44 affiliated trade unions, active in both political jurisdictions and encompassing all aspects of the economy and working life, including key affiliates representing workers at all levels of the energy generation and transmission systems.

This submission focuses on energy security in the context of a Just Transition.

## **Just Transition Can Deliver Energy Security**

The Just Transition framework provides the single most effective means of providing certainty with respect to Ireland's energy security, over the short, medium and long-term.

Indeed, a fully implemented Just Transition is capable of addressing issues around energy security, whilst also protecting and creating jobs, acting to reduce emissions, enhancing living standards, and helping to build sustainable, resilient communities across the country.

We do not believe that job losses, lower living standards or reduced energy security are the automatic outcome of the carbon transition, but result from bad planning and poor policy.

Indeed, the fastest, fairest and most effective transition is one that is inclusive, protects workers and communities and delivers new opportunities for all.

Congress in the past has stressed the need to ensure energy security was not compromised in the move to zero carbon, in respect of closing power plants and removing generation capacity, along with to the need to accelerate the development of renewables.

Recent warnings on the possibility of power cuts this coming winter tend to reinforce the need for adopting such a coherent, overall framework to energy supply and the zero carbon transition. (<https://www.independent.ie/business/irish/ireland-at-risk-of-suffering-second-worst-winter-power-cuts-across-eu-energy-agency-estimates-42083462.html>)

Just Transition is a concept that originated from within the global trade union movement and provides the most comprehensive framework to deliver the zero carbon transition, while ensuring no worker or community is left behind.

The Just Transition Centre of the International Trade Union Confederation (ITUC) defines a Just Transition as one which:

*“...secures the future and livelihoods of workers and their communities in the transition to a zero-carbon economy. It is based on social dialogue between workers and their unions, employers, government and communities. A plan for Just Transition provides and guarantees better and decent jobs, social protection, more training opportunities and greater job security for all workers affected by global warming and climate change policies.”*

Congress notes that successive governments have committed to the implementation of a Just Transition by signing up to a range of global accords and treaties, most notably the

2015 Paris Agreement and the 2018 Silesia Declaration, both of which contain explicit undertakings on this issue.

The government also signed the Just Transition pledge that emerged from COP 26. This explicitly commits to supporting and promoting social dialogue and the creation of Decent Work, as part of the transition process.

This agreed global framework is substantially underpinned by the International Labour Organisation (ILO) *Guidelines for a Just Transition Towards Environmentally Sustainable Economies and Societies for All*. ([https://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf))

The United Nations has called on all countries to embrace the ILO Guidelines “as the minimum standard to ensure progress of decent work for all.”

In doing so, it is critical that policymakers act in accordance with this agreed global framework and adopt *both* the language and the substance of Just Transition.

To date, the experience of the low carbon transition process in Ireland has been overwhelming negative.

While extraordinary sacrifices have been demanded of peat workers and the communities of the Midlands, this has not been matched by the required supports from government or state agencies, in a manner consistent with Just Transition.

This contrasts sharply with far more positive experience of transition for workers and communities in Spain, Germany and Australia, for example.

Until these deficits are addressed the entire transition process here risks becoming synonymous with job loss and lower living standards, with a resultant erosion of worker confidence and public support.

This in turn will have significant implications for the overall transition process and longer-term energy security.

This, we must urgently develop an overarching strategy and programme to deliver a genuine Just Transition across our economy and society.

Such a transformative programme would work to cut emissions, restore biodiversity, create quality replacement jobs for those that may be lost, generate new employment opportunities and help create a more sustainable economy and society for all.

The essential bedrock of such an approach must be the immediate establishment of a National Just Transition Commission.

We note commitments on this contained in the 2022 Climate Action Plan and await more concrete proposals from government, on foot of engagement earlier this year.

As such, it is imperative that a Just Transition Commission based on social dialogue is established without delay and that the Commission’s work is fully aligned with the (LO guidelines on the implementation of a Just Transition.

Such a Commission would include representatives of government, trade unions, employers, communities and civil society.

The stakeholder model utilised by NESC provides a useful framework that could be adopted and adapted by the Commission.

Equally, the key 2020 NESC report on transition provides a blueprint and platform for the work of the Commission.

This is particularly true, given that the report was produced by way of a collaborative, stakeholder process and, as such, demonstrated a strong consensus across trade unions, employers, agriculture, environmental groups and wider civil society, with respect to the necessity for a genuine Just Transition.

Indeed, the ILO, the International Trade Union Confederation (ITUC) and NESC stress the centrality of social dialogue to the Just Transition process.

The Commission would focus on job retention, protection of living standards, skills development, energy security, the creation of Decent Work and a commitment to genuine community and regional development.

More immediately, the Commission could be charged with developing/ directing the design of Sectoral Plans that would set out the measures and processes required to meet the Sectoral Emission Ceilings and move to zero carbon, in each sector.

This would involve work to examine the detailed employment implications of the new ceilings, in each sector. This would include both potential job losses and job creation, along with changes to already existing employment.

Congress repeatedly called for such **Employment Impact Reports/ Studies** to be carried out in *advance* of the drawing up of the new Sectoral Ceilings, including in hearings organised by the Oireachtas Committee on Environment and Climate Action in January 2022.

In the absence of any clear understanding of the possible employment implications of the new ceilings, neither the government or state bodies, employers, trade unions or any key stakeholders will be in a position to design and introduce measures to mitigate against job losses, or maximise employment creation.

Equally, those workers who may see their trades or professions dramatically altered by the low carbon transition process will not be in a position to avail of early, proactive engagement in order to develop new skills that might be required.

This could create considerable uncertainty across the economy and in key sectors such as energy, with potentially significant implications for energy security over the medium and long term.

This is particularly urgent in respect of the energy sector where certainty and clarity will be required by all who work in this key area, with respect to future generation and transmission capacity and also to the skills that will be required into the future, in terms of ensuring energy security.

Work is currently underway - under the auspices of NESC, involving all key stakeholders - to examine the impact of climate policy and emission ceilings on the agriculture sector.

There is no reason why this work and this model could not be expanded, in the first instance, to the energy sector and then to all key sectors covered by the Sectoral Emission Ceilings, under the auspices of a national Just Transition Commission.

## **Security of Supply & Energy as a Public Good**

While the war in Ukraine has certainly resulted in enormous difficulties in respect of energy supply and cost, it is arguable that the problem has been severely exacerbated by underlying flaws in the national and wider EU energy market.

Certainly, the model that applies here and across the EU has been subject to strong criticism for its failure to treat energy as anything other than a commodity and energy supply as anything other than a function of the market.

Arguably, this fundamental weakness has contributed significantly to Irish and EU citizens being left so vulnerable and exposed to these shortages and price shocks.

Earlier this year, in June 2022, as the energy crisis began to take hold across the EU, the European Trade Union Confederation agreed a major new resolution on the structure of the EU's energy market that set out key recommendations for how it is organised and developed into the future. (<https://www.etuc.org/en/document/etuc-recommendations-light-energy-price-crisis>)

The ETUC noted that:

“The trade union movement has long been critical of the historical decision to liberalise the EU energy market. ETUC believes that important structural features of the 2019/944 Directive on common rules for the internal market for electricity as well as the 2019/943 Regulation on the internal market for electricity have contributed to exacerbate the energy price crisis, and should be revised.”

The ETUC also specifically recommended that “...contrary to the full liberalisation of the energy market narrative and in line with the idea of creating a proper right to energy for EU citizens, the EU should ensure that energy, and its transport and distribution infrastructure, are **considered as a common good** and not a market commodity.

“Article 9 of the 2019/944 Directive dealing with Public Service Obligation should be revised to better reflect that.

“Public actors should be considered as key players when it comes to ensuring the availability of services of general interest and public ownership should be promoted where relevant.”

More specifically, the ETUC also called for an end to energy dependency and work to accelerate “the roll out of its European Green Deal on the basis of a strong **Just Transition** legal framework, notably when it comes to energy efficiency, energy savings, circular economy and renewable energy. Climate action is part of the solution to ensure sufficient energy supply, energy security, energy affordability, reduce fluctuation of energy prices and availability of raw materials.

“The current crisis should also act as a wakeup call for policy makers to question and revise the current functioning of the EU energy market...”

Indeed, the actions of governments in France and Germany in response to the crisis testify to the essential dysfunctionality at the heart of the current market set up, as they have moved to largely roll back on that process of liberalisation.

This approach is also backed by key affiliate unions in the energy sector here and by wider civil society, through the **Just Transition Alliance**, in a joint declaration of principles released earlier this year

“Commit to the development of a new overarching policy and strategy for the energy sector that ensures the maximum retention of key energy assets in **public ownership** and a leading role for the State in the development of the renewable energy;

“Guarantee that no energy infrastructure in which public money has been invested will be sold off or privatised;

“This process must align with commitments entered into under the United Nations’ Sustainable Development Goals (particularly SDG 7) on ensuring “access to affordable, reliable, sustainable” energy for all. To this end, it is critical that energy is formally designated as an **‘essential public good’** (like health or education) and that there is a guarantee of **universal access to affordable energy** as a core policy priority of government. (<https://ictu.ie/publications/just-transition-alliance-joint-declaration>)

Indeed, it is clear that much of the uncertainty and lack of security around energy supply derives from the nature of the market system created by the EU and how Ireland has chosen to implement this.

Thus, the State - as it is effectively having to do now - could exercise greater public control and certainty over the provision of electricity generation by adopting a more long term approach to provision of all generation by utilising long term power purchase contracts similar to those used for renewable projects, but also at specific sites which have already been zoned for generation.

The State can lease to private companies, retaining overall control to ensure it can step to use them if a company decides to exit or break contractual requirements. Similar provisions should be made for offshore and on-shore wind projects, with the State i.e. retain rights to such sites, for the long-term public good. Longer term contracts would allow projects to proceed with certainty and at a lower cost.

In that context, it is worth noting the very incisive views set out in a recent opinion piece on the Irish energy sector.

“Since the 1990s, EU energy policy has relied on market mechanisms to achieve the overarching goals of energy security, affordability, and sustainability. The internal energy market and the 'unbundling' of generation, transmission, and supply services were about introducing market competition to break the monopolies of state-owned energy utilities. This competition, it was believed, would drive efficiencies (including less staff), which would benefit consumers.

“But this is not what has happened. Fossil-fuel use has increased alongside renewable-energy production. In many instances, energy companies have consolidated, meaning they can exert more influence on national energy systems.

“This has led to contradictions between the interests of private companies operating in a competitive, global energy market and the public values of equity, sustainable development, and democratic participation — for example, ongoing debates here about whether or not to introduce a windfall tax on energy companies for fear that it might deter investment.

“Some argue that the current price surge is temporary, that all that is needed are short-term financial measures to cushion the impacts on households until the 'storm' passes. But this storm has been brewing for 30 years of market-led policy. With even greater cost increases and urgency around climate change, there is growing pressure for more far-reaching reforms in how our energy systems are controlled and planned.

With respect to the current public consultation and ongoing climate policy, It concludes that: “...we can reclaim the ideal of a public energy system to tackle the growing crisis.

“Ireland’s incoming National Energy Security Framework, Energy Poverty Strategy, and Climate Action Plan can be integrated and incorporated into a broader, visionary plan to re-nationalise and re-bundle the Irish energy system. This means taking back into democratic public ownership existing energy companies and infrastructure, from gas and coal, to wind and biomass, changing the mandate from profit to public good — as was done in the 1920s.

“Underpinned by the principle of a 'just transition', we can address the intertwined issues of climate change, energy poverty, and air pollution — winding down fossil fuels into jobs-intensive renewables. We can use our own energy bills and PSO levies not for private profit, but to fund a major public retrofitting programme across the country and investment in base-load sources of renewable energy. (<https://www.irishexaminer.com/opinion/commentanalysis/arid-40953707.html>)

The current review and consultation offers a unique opportunity to make energy security and affordability a genuine reality for all.

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