

## **Heads of Climate Action & Low Carbon Development Bill 2013**

*Bord na Móna's Submission to the Oireactas Joint Committee on the  
Environment, Culture and the Gaeltacht*

### **Introduction**

BORD NA MÓNA is an integrated utility company which has been operating in Ireland for over 75 years. Over that period the core business has expanded beyond the harvesting of peat. Today, Bord na Móna's commercial activities in the Energy and Resource arenas span a wide spectrum including peat harvesting, electricity generation (conventional and renewable), habitat restoration, waste recovery and management, growing media, clean air and clean water technologies, briquette production and sales, imported solid fuel sales, and the distribution of liquid fuels for domestic and commercial consumers.

Bord na Móna has adapted to local and global pressure to find more sustainable ways of producing power and conserving resources by developing innovative new products and services to meet these commercial demands.

### **2 Executive Summary**

Bord na Mona is acutely aware of the problems posed by climate change and welcomes this coherent approach being adapted by Government. We welcome the opportunity to comment on the proposed Bill at this stage of the drafting process. Bord na Móna contributed to the IBEC submission and endorses the high level messages it contains. In addition, Bord na Móna, given its background, experience and activities across a number of industrial 'sectors' can also contribute with more detailed comments and suggestions, as outlined in this submission. These include the need to be cognisant of competitiveness and affordability when setting domestic 'targets'. Thus ensuring that they are aligned and certainly not more onerous than

required by European law or international agreements; of particular concern would be any additional obligations (costs and/or targets) on the power generation sector over and above participation in the EU-ETS. Similarly, the rate of Carbon tax must be aligned with international comparisons, e.g. the EU-ETS, and that all monies collected be solely allocated for delivery of the low carbon economy. Finally, the unique position of Agriculture in the Irish economy must be recognised, and that policy objectives be enshrined in legislation which seek to treat Agricultural emissions on a global sectorial basis rather than as a general component of the non-traded sector.

### **3 Recommendations**

In the first instance, Bord na Móna having actively participated in and contributed to IBEC's submission to the Oireachtas Joint Committee on the Environment, Culture and the Gaeltacht, is by definition, supportive of the broad message prepared by IBEC's Energy and Environment Policy Unit. In the interest of brevity, this submission refrains from directly repeating those proposed recommendations.

Bord na Móna welcomes this opportunity to briefly and succinctly expand and focus on a number of key issues that are of concern to this organisation. Bord na Móna has committed to a clear path of sustainability as part of the core corporate strategy for the Group. However, the company must remain commercial and competitive in order to deliver its sustainability roadmap, similarly Government policy and legislative instruments must also strive to achieve an analogous balance.

In this regard, the '*adaption and implementation of plans*' as set out under Heading # 4, should be such that Ireland first and foremost meets its obligations under EU law and International agreements. However, it could ultimately prove counter productive to the overall delivery of the low carbon economy in Ireland to adapt plans which unilaterally aim to supersede or surpass European or international obligations.

A particular example relates to the Electricity sector. At present, this sector is part of the EU-ETS, which is a pan-European (and beyond) instrument to drive investment in carbon reduction. It is critical that those Irish companies obliged to partake in the EU-ETS and competing in European and international markets do not have additional 'domestic' targets / charges imposed upon them.

Furthermore, it is probable that the electricity sector will also play an increasing role in helping to deliver compliance against the mandatory (and stretching) targets assigned to the Transport and Heating sectors. Increasing electrification of these sectors offers a possible route to compliance which could however be stymied should additional targets / costs (relative to the EU-ETS) be imposed on electricity generators.

In a similar vein, the domestic Carbon tax should be both reflective of and related to international benchmarks, the most obvious being the EU-ETS; it is vital that as a society we are cognisant of fuel poverty and affordability issues. Caution is urged against a unilateral approach to setting a value (e.g. the €33 / tonne by 2020 cited in the recent NESC report) in isolation as this could have detrimental implications for national competitiveness as well as disproportionately impacting on the most vulnerable members of society. In addition, there is also a strong argument that all monies collected by both the Carbon tax and the revenue generated from the auctioning of EUAs should be used solely for initiatives that relate directly to the delivery of the proposed low Carbon economy.

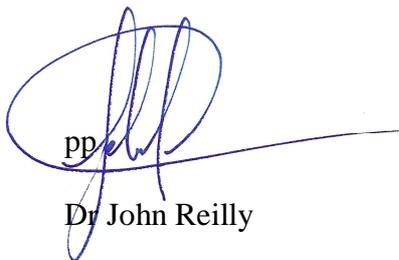
Bord na Móna welcomes the principle in Heading # 4 that achievements of objectives should be in a cost effective manner. We are of the opinion that the inclusion of an express reference for a formal cost benefit analysis to objectively examine propositions would be a boon for this provision. This evidence based approach with cost competitiveness at the core would ensure that the transition to a low carbon, climate resilient and environmentally sustainable economy is achieved in a manner which minimises the cost to the consumer, indigenous industry and the State in general. Such an approach would have immediate application with respect to obligations arising from the Energy Efficiency Directive and the 2009 Effort Sharing

Decision, including the appropriate use of the various flexibility mechanisms to achieve compliance with non-ETS emissions.

Finally, Bord na Móna recognises the current and future importance of Agriculture to the Irish State. Unfortunately, GHG emissions from Agriculture in Ireland represent a significantly higher proportion of the national inventory compared to most other developed countries in the EU and beyond. In addition, the nature and source of these emissions are such that technical solutions for abatement cannot be readily implemented. In light of these considerations, it is recommended that the Heads of Bill be amended to include a provision which imposes an onus on the Government to seek a global or international agreement to treat emissions from Agriculture as a distinct sector analogous to the ETS and isolated from the general “non-traded” sector.

Signed,

For and on behalf of Bord na Móna

  
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Dr John Reilly