



Paper of

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Tackling Climate Change in Ireland

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Introduction

The task of tackling climate change and ensuring that Irish society is making every effort to adhere to the Paris Agreement and our own National Policy Position, an 80% reduction in emissions of carbon dioxide by 2050, relative to 1990 levels, is a very different policy problem than those we normally face. While climate change is beginning to affect all our lives, the problems will become much greater in the second half of this century. However, if we are to halt climate change after 2050 we need to take urgent action today, action which will impose costs on us all. In most other policy areas politicians can promise benefits tomorrow in response to difficult decisions today. Instead, in tackling climate change this generation must bear the burden of making major changes to benefit our grand-children and great grand-children later in the century.

The Climate Change Advisory Council

The Climate Change Advisory Council was set up as an independent advisory body in January 2016 under the Climate Action and Low Carbon Development Act. Its role is to provide advice to the Government on how Ireland can become a low-carbon, climate resilient and environmentally sustainable economy by 2050.

The Council has 12 members, including academics from Ireland and abroad, and is chaired by Professor John FitzGerald. This includes standing membership for the heads of four agencies, the ex officio members. Ordinary members are appointed by the Government for a term of five years.

Ordinary Members	Ex Officio Members
Chair: Professor John FitzGerald <i>Trinity College Dublin</i>	<i>Economic and Social Research Institute (ESRI)</i> Professor Alan Barrett
Professor Peter Clinch <i>University College Dublin</i>	<i>Environmental Protection Agency (EPA)</i> Laura Burke
Professor Frank Convery <i>Environmental Defence Fund</i>	<i>Sustainable Energy Authority Ireland (SEAI)</i> Jim Gannon
Joseph Curtin <i>Institute of International and European Affairs & University College Cork</i>	<i>Teagasc</i> Professor Gerry Boyle
Professor Anna Davies <i>Trinity College Dublin</i>	
Professor Ottmar Edenhofer <i>Potsdam Institute for Climate Impact Research in Germany & the Mercator Research Institute on Global Commons and Climate Change</i>	
Professor Alan Matthews <i>Trinity College Dublin</i>	

The Climate Change Advisory Council established an Adaptation Committee, bringing together a range of leading national and international experts to advise on how Ireland can best adapt to the impacts of climate change. More information on the Council can be found at www.climatecouncil.ie

Role and Functions of the Council

The Council has a broad role under the Act to provide advice and recommendations to the Government in respect of any policy of the Government (or any policy that is proposed to be submitted to the Government for approval) that will have implications for the reduction of greenhouse gas emissions or adaptation to the effects of climate change.

The Council has already provided advice and recommendations to the government on the National Mitigation Plan and National Adaptation Framework. In addition, the Council has requested a range of government agencies and departments to present their plans on tackling or adapting to climate change to the Council, so it could consult with them and provide advice. It has also consulted a host of national and international experts.

A key way the Council provides advice to government is through mandated reports. Under the Act, the Council is required to provide periodic review reports and annual review reports to government. These reports are laid down in law. Each year the Council must conduct an annual review and publish a report which must be submitted to the Minister for Climate Action.

The Council can, at any time, conduct a periodic review. For example, if it felt insufficient progress was being made on the national transition objective, it can submit a periodic review report to the Minister for Climate Action who must consider it and submit to government. Both annual and periodic review reports must be published within 30 days of submission to the Minister.

The Council published its First Report in November 2016 (non-statutory) and published its first Periodic Review Report in July 2017. The Council's first Annual Review will be published later this year. The Council also writes directly to government ministers to provide advice or recommendations where necessary.¹ It has already done so in relation to the reform of the EU emissions trading system, the National Mitigation Plan and the adaptation plans of different sectors.

What is the view of the Council in respect of current climate change policy in Ireland?

To date, Ireland has taken limited measures to halt the progress of climate change. The one notable success has been the incentives to move to renewable electricity generation.

As a result of these incentives, there has been a major increase in electricity generation from wind over the last decade, reducing our emissions of greenhouse gases below what they otherwise would have been. While we have paid subsidies to promote renewable generation through our electricity bills, up to 2012 the deployment of renewable electricity reduced electricity prices and reduced our

¹ These letters are published on the Council's website.

electricity bills. This experience highlights the importance of adopting smart policies that reduce carbon emissions at least cost to society.

Current climate policy means that Ireland will miss its agreed emissions reduction target for 2020 by a substantial margin. Without major new policies and measures Ireland will also miss its 2030 EU target and its national transition objective of reducing our emissions of carbon dioxide by at least 80%, on 1990 levels, by 2050, by a very large margin.

The government recently published a National Mitigation Plan which is intended to be one of the main policy tools to tackle climate change in Ireland. The Council found that, while the plan identified a range of actions, it lacked commitment to concrete new policies and measures that would reduce our emissions.

The Council believes that the government needs to urgently introduce a range of new policies and measures to put Ireland on track to meet its climate change targets for 2030 and 2050.

In its first two reports the Council identified a range of actions the government should introduce to reduce Ireland's emissions including:

- Support reform of the European Union's Emissions Trading System (EU ETS) to ensure a rising carbon price for the energy and industrial sectors, moving Ireland and the rest of the EU to clean power generation.
- Removing fossil fuel subsidies, such as ending the subsidy for peat-fired electricity generation.
- Raising the carbon tax to move people and businesses away from using fossil fuels and encourage development and implementation of carbon free technologies. The revenue from the tax could be used to reduce other taxes and to compensate those on low incomes.
- Increased deployment of renewable energy, such as wind farms.
- Increased retrofitting of homes.
- Revision of the Public Expenditure Code to ensure the climate-proofing of government investment plans.
- Focusing on how we use land could help reduce net greenhouse gas emissions and implementing policies to reduce the carbon footprint of the agricultural sector.

Ireland has the power to raise and implement our own domestic carbon taxes, phase out fossil fuel subsidies, such as that for peat, incentivise retrofitting of buildings, and develop sustainable cities and towns. The Council considers the government should support reform of the EU Emissions Trading System through the introduction of a minimum carbon price. This would drive the electricity sector in the EU to become carbon free and it would reduce the negative competitiveness effects of countries acting on their own.

An Example of an Important Fiscal Instrument - The Carbon Tax

A key policy needed to move the economy to a more sustainable path for economic growth is the carbon tax. Ireland introduced a carbon tax in the 2010 Budget. The tax applies to fossil fuels that we use for heating (natural gas, heating oil, coal and peat) and for transport (petrol and diesel). More

carbon intensive fuels incur a higher tax. For example, coal is taxed at €53.67 per tonne, which equates to about €2.10 per 40kg bag of coal, while peat briquettes, an even more damaging fuel, are charged at €36.67 per tonne, equating to about €0.45 per 12.5kg bale.² Renewable energy and biofuels, including wood, do not incur a carbon tax as their use does not contribute to climate change.

As with the tax on cigarettes, by making these damaging fuels more expensive, the carbon tax provides people with a clear signal that burning fossil fuels is something that is bad for society and that consumption should be reduced. Typically, in response to increased costs, if options are available, individuals and businesses will reduce overall emissions in the cheapest way possible.

At least as important as encouraging us to use less fossil fuels, the tax encourages research and development to find new technologies that will allow us to maintain our standard of living without adding to climate change. For example, the prospect of higher costs from using petrol cars is driving manufacturers to develop electric cars.

Since the carbon tax was introduced it has generated over €2 billion in revenue for the Irish government. The revenue from the tax can be used to reduce other taxes that are more damaging to employment and to support welfare payments to those on low incomes affected by the carbon tax.

It should be noted that price signals alone are not enough to incentivise decarbonisation. If low carbon options are unavailable to people or there are additional barriers, individuals will continue to purchase the high carbon options. Much more attention needs to be given to the behavioural obstacles preventing individuals and companies adopting measures to reduce their carbon footprint.

For example, a commuter may not be able to reduce the amount of fuel they use in the short term if there are no public transport options available. However, if they are confident that the carbon tax will be maintained or increased in the long term, they may decide to purchase a more fuel efficient or a low emission vehicle to reduce their transport costs. Even more important, the tax will encourage the development of low or zero emission vehicles and the provision of enhanced public transport options.

Recent work by the International High Level Commission on Carbon Prices, supported by the World Bank, concluded that 'the explicit carbon-price level consistent with achieving the Paris temperature target [2 degrees Celsius] is at least €35-70 per tonne of carbon dioxide by 2020 and €45-90 per tonne of carbon dioxide by 2030, provided a supportive policy environment is in place'. This compares to the current Irish tax rate of €20 per tonne of carbon dioxide.

The distributional impacts of the carbon tax can fall more heavily on low-income groups who spend a larger share of their budget on fuel. This problem needs to be tackled through increasing welfare payments, financed out of the carbon tax revenue. In addition, assistance in insulating the homes of

² Peat briquettes are less energy dense than coal so that more briquettes are burned to achieve the same heat output. On a heat output basis, peat is the most carbon intensive fuel. Also, if left in the ground, peat would continue to absorb carbon from the atmosphere.

those on low incomes and moving them to lower carbon heating options can improve their welfare and health and, simultaneously, help them to reduce their carbon footprint.

Does the Council have a view on what Ireland needs to do to become a leader on tackling climate change?

The fact that Ireland will be one of the few EU countries to fail to meet its commitment to reduce our emissions by 20% by 2020 makes it very difficult to be seen as a 'leader' in tackling climate change. To move to becoming a leader Ireland needs to take urgent action to move the country back onto a sustainable path, so that it will at least meet its target for reducing greenhouse gas emissions by 2030. To do this action is needed across all sectors of society and the economy.

- There needs to be leadership from government – and from citizens.
- We need to stop supporting activities that are driving climate change and damaging to the environment. An example of this is the subsidy for burning peat to produce electricity, or continuing to burn coal (after peat the most carbon intensive fossil fuel) to produce electricity.
- We need to exploit our natural renewable resources like wind and solar – with communities getting involved, investing and seeing the benefits.
- We need to support and incentivise behaviour and investments that help reduce emissions – insulating our homes, planning for sustainable living in cities and in the countryside so that public transport plays a much bigger role in our lives, driving less, and cycling and walking more.
- We need citizens to be engaged and become active in the fight against climate change – this includes supporting our politicians to act on climate change, working in our local communities to reduce emissions at an individual and household level.
- We need to focus on how land use change could help reduce net greenhouse gas emissions and implementing policies to reduce the carbon footprint of the agricultural sector.

How does the Irish Climate Change Advisory Council compare to other similar bodies internationally?

Denmark has a climate council which, like the Irish Council, has a mandate to help ensure a cost-effective transition to a low carbon society and economy. However, unlike the Irish Council, the Danish Council does not advise on how Denmark can best adapt to the challenges of climate change.

The membership of the Danish council is made up of leading experts across a range of fields, as in Ireland, but in the case of the Danish Council there are no ex-officio (government agency) representatives. In Ireland, the heads of the EPA, SEAI, Teagasc and the ESRI all have membership of the Council. Like Ireland, the Netherland's Scientific Council for Government Policy has government agency representatives on its Council as advisory members.