

ANNUAL REVIEW 2026

Cross-sectoral Review

Annual Review 2026: Cross-sectoral Review

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Climate Change Advisory Council

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Summary for All

Key observations

Continued reliance on imported fossil fuels leaves Ireland exposed to international fossil fuel crises and threatens energy security. Changes to the carbon tax in Budget 2027 and continued fossil fuel subsidies weaken incentives to move away from fossil fuels and risk the loss of Ireland's ETS2[a] derogation, which could increase costs for consumers and businesses and reduce funding for climate action.

Ireland is not on track to meet its national and EU climate commitments. Delays to publication and implementation of Climate Action Plans, and in transposing EU legislation undermine planning and investment and weaken confidence in the Government's climate commitments. Failure to submit multiple national plans required under EU law risks jeopardising access to substantial EU funding.

Ireland's greenhouse gas emissions inventories are continually improved to reflect the latest scientific understanding, while carbon budgets remain static, making direct comparisons between the two increasingly problematic. Provisional emissions inventories suggest compliance with the first carbon budget, largely due to revised, lower emissions estimates for Agriculture and Land Use, Land Use Change and Forestry. However, Ireland is projected to significantly overshoot the second carbon budget and its 2030 EU targets, even in the most optimistic scenario, risking substantial EU compliance costs.

Key recommendations

Policy delivery

The Government should express carbon budgets as percentage reductions and restore the original carbon tax trajectory in order to maintain effective price signals, provide a reliable revenue stream for decarbonisation and protect Ireland's ETS2 derogation. Behavioural science should be integrated into climate policy, using evidence on public attitudes and behaviours to support effective and targeted interventions.

Climate adaptation and resilience

The EU Framework for Climate Resilience sets out a common approach to adaptation planning, based on reference warming levels of 1.5°C by 2030, 2°C by 2050 and 3°C by 2100. To safeguard lives, livelihoods and the economy, the Government should adopt a national reference warming trajectory to guide adaptation planning in Ireland and assess adaptation investment costs to inform a long-term adaptation finance strategy that mobilises private and public funding.

Planning for communities and people

The Government should urgently finalise Ireland's Social Climate Plan to secure access to EU funding and deliver additional targeted supports for households and businesses, particularly those experiencing energy poverty. To revitalise and strengthen the resilience of rural communities, the Government should ensure that rural housing policy reinforces compact growth, reduces car dependency, supports access to services and reduces vulnerability to adverse climate impacts such as extended power outages.

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a The Emissions Trading System 2 is a new EU carbon trading scheme to address carbon dioxide emissions arising predominantly from road transport and the built environment. A derogation means that parts of the law do not apply to Ireland as long as certain conditions are met (see *Section 5.2* for full details).

Abbreviations

Abbreviation	Definition
CAP	Climate Action Plan
CSO	Central Statistics Office
EPA	Environmental Protection Agency
ETS	Emissions Trading System
EV	electric vehicle
GHG	greenhouse gas
GNI*	modified gross national income
GWL	global warming level
LULUCF	Land Use, Land Use Change and Forestry
NPF	National Planning Framework
NRP	National Restoration Plan
PV	photovoltaics
RCP	representative concentration pathway
SAP	sectoral adaptation plan
SEAI	Sustainable Energy Authority of Ireland
SSP	shared socio-economic pathway
TAFF	Transition Away from Fossil Fuels
UNEP	United Nations Environment Programme
WAM	with additional measures
WEM	with existing measures

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Key observations

- Ireland's continued high dependency on imported fossil fuels leaves the economy and society exposed to the impacts of successive fossil fuel crises and threatens Ireland's energy security. Fossil fuel subsidies remain very high in Ireland, and changes to the carbon tax in Budget 2027 have further weakened the long-term price signalling purpose of the measure.
- This also puts Ireland at risk of losing its derogation from the ETS2.[b] This in turn could lead to uncertainty over funding of climate policy and potentially even higher costs for consumers and businesses.
- The Government is behind schedule in meeting its objectives and targets in respect of both national and EU frameworks. Transposition of critical EU legislation continues to be delayed and Ireland is late in submitting multiple important national plans required by law under a number of EU directives. For example, Ireland's failure to submit a Social Climate Plan has implications for obtaining access to the EU Social Climate Fund.
- Similar delays in domestic action, including delays to the carbon budget programme and Climate Action Plan, along with modifications to the application of the Climate Action and Low Carbon Development Act, undermine regulatory and investment certainty, weaken long-term climate planning and risk eroding confidence in the State's climate governance framework. For example, the quarterly reporting on Climate Action Plan delivery recently highlighted that only 10 of 74 outstanding actions had been delivered by mid-2026.
- Carbon budgets are currently expressed as an absolute limit on emissions and have not been updated to reflect the latest scientific improvements to the inventory. This makes comparison with the latest Environmental Protection Agency (EPA) greenhouse gas emissions inventories problematic, as the inventories are continually improved to reflect the latest science, while the carbon budgets are static. This has led to the situation whereby provisional inventories for 2021–2025 appear to have remained within the limit of the first carbon budget. However, a significant contributory factor has been the scientific improvements to the inventory in respect of emissions from the Agriculture and Land Use, Land Use Change and Forestry (LULUCF) sectors. Therefore, the required percentage reduction in emissions and the ambition of the first carbon budget has in reality not been achieved.
- EPA projections suggest that the second carbon budget and Ireland's EU targets under the Effort Sharing Regulation and LULUCF Regulation will be missed by a wide margin even in the more optimistic 'with additional measures' scenario. This will give rise to significant compliance costs, as highlighted in the joint 2025 paper by the Council and the Irish Fiscal Advisory Council.[1]

b The Emissions Trading System 2 is a new EU carbon trading scheme to address carbon dioxide emissions arising predominantly from road transport and the built environment. A derogation means that parts of the law do not apply to Ireland as long as certain conditions are met (see *Section 5.2* for full details).

- On 27 October 2026, the European Commission presented the EU Framework for Climate Resilience, which proposes a European Climate Resilience Law. It sets out a common European approach to managing growing climate risks and planning for adaptation. The legislative proposal includes a common reference global warming trajectory for resilience planning, based on projected warming of 1.5°C by 2030, 2°C by 2050 and 3°C by 2100 relative to pre-industrial levels.

Key recommendations

1. The Council recommends that the Government strengthen the systematic application of behavioural science to climate policy with the intention of increasing the effective implementation of that policy, including by developing sector- and policy-specific behavioural guidance and building capacity to apply it from the earliest stages of policy design. This should use evidence on public willingness, behaviours and barriers to develop targeted interventions that support different groups to take ambitious climate action.
2. The way in which carbon budgets are calculated should be reconsidered. The Council recommends that they be expressed in percentage terms rather than absolute terms. While maintaining ambition, expressing carbon budgets collectively as a percentage reduction consistent with the pathways underpinning the original calculations would remove a further area of complexity that can undermine the collective understanding of progress.
3. The Council believes it is critical that the Government returns Ireland to the original carbon tax trajectory committed to in the Programme for Government at the earliest opportunity, to:
   - maintain price signals, especially in times of lower international fossil fuel prices, that encourage moving away from harmful, high-emission fossil fuels,
   - ensure a reliable, predictable and hypothecated revenue flow from the carbon tax to deliver funds that support decarbonisation measures for a Just Transition,
   - minimise the now increasing risk of losing Ireland's derogation from the ETS2, which could result in even higher fossil fuel prices.
4. The Government should recommit to achieving Ireland's national greenhouse gas emissions reduction targets while simultaneously adopting a common reference trajectory for adaptation planning and communication. A nationally agreed climate reference trajectory is needed to safeguard lives, livelihoods and the economy. It should be based on global warming levels and associated climate scenarios that reflect the current inadequate levels of mitigation efforts nationally and internationally.
5. The Department of Finance and Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation should conduct a comprehensive national assessment of required short- and long-term climate adaptation investment costs, clearly defining public and private sector funding roles. This exercise should cover

all sectors with sectoral adaptation plans and assess costs from now until 2030, from 2030 to 2050 and from 2050 to 2100. The assessment of investment costs should support the development of a national adaptation finance strategy designed to encourage private and public funding to reduce long-term pressure on Government finances.

6. Ireland has yet to submit its Social Climate Plan, which will release funds for supporting households and businesses to deal with the costs of transition via the Social Climate Fund. Upon conclusion of the work of the National Energy Affordability Taskforce, the Government should urgently finalise the Social Climate Plan, ensuring measures are additional, adequately co-funded and targeted at reducing energy poverty through supports such as electricity arrears relief, and enabling plug-in solar and the use of surplus renewable energy.
7. Ireland's positive international signalling at the Conference on Transitioning Away from Fossil Fuels and under the Global Methane Pledge should be backed up by taking leadership in those forums and in negotiating for the highest possible level of ambition for emissions reduction targets in the EU post-2030 framework.
8. It is important that Ireland revitalises and strengthens the sustainability and resilience of communities in existing rural towns and villages. The Government should ensure that the final National Planning Statement on Rural and Gaeltacht Housing contains sufficient safeguards so that the compact growth targets and objectives set out in the National Planning Framework are reinforced and strengthened. This would avoid higher infrastructure costs, higher levels of car dependency, restricted access to services and greater exposure to the adverse impacts of climate change such as extended power outages.

1. Introduction

Europeans have just lived through one of the hottest and driest summers ever recorded. This followed a winter of other extremes, where many communities in Ireland and elsewhere experienced serious flooding events, often in places where this is a repeated occurrence. There has also been yet another fossil fuel crisis – this time arising from the war in Iran. The national response to climate impacts and the pressing need to reduce Ireland's reliance on fossil fuels for climate, energy security and national competitiveness reasons remains too slow and inadequate.

The recently published United Nations Environment Programme (UNEP) report on limiting overshoot to 1.5°C[2] asserts that international actions to date will be insufficient to constrain temperature increases to below that threshold. The UNEP report makes clear that a 1.5°C overshoot, defined as exceedance followed by return, would require global greenhouse gas (GHG) emissions to be reduced by 18% by 2030, 45% by 2035 and 69% by 2040, compared with 2025 levels,[3] and the large-scale adoption of expensive and, to date, unproven negative emissions technologies over the medium to long term. In this context, it is vital that Ireland acts as a positive influence on climate policy both internationally and within the EU, advocating for the highest levels of ambition on mitigation and adaptation policy at home and abroad.

2. Inventories and projections

2.1. Emissions inventory

Environmental Protection Agency (EPA) GHG emissions inventories are improved on an annual basis as the latest science becomes available. However, these scientific improvements to the inventory are not reflected in the carbon budgets or sectoral emissions ceilings, which remain static. This makes comparison between the carbon budgets and the EPA's most up-to-date scientific assessment of GHG emissions increasingly problematic. Table 1 shows a summary of provisional estimates of sectoral emissions for the 2018 base year and during the period of the first carbon budget, 2021–2025. The provisional emissions are compared with both the relevant sectoral emissions ceiling and the indicative emissions reduction required by 2025. With the exception of the Residential sector, no sector has achieved a reduction in emissions in line with the indicative reductions. Overall, to be consistent with the indicative emissions reductions required in the 2021–2025 sectoral emissions ceiling, the expectation would have been for an approximate 20% reduction in total national GHG emissions relative to 2018 (Table 1). Reported emissions reductions fall well short of this target, with just a 14.5% reduction.

Table 1: Sectoral emissions, 2018–2025.

*The provisional inventory estimate for LULUCF in 2025 is equal to reported 2024 emissions. LULUCF, Land Use, Land Use Change and Forestry; N/A, not applicable; SEC, sectoral emissions ceiling.

(Sources: EPA, Ireland's Provisional Greenhouse Gas Emissions 1990–2025,[4] and Department of Climate, Energy and the Environment, 'Sectoral emissions ceilings'.[5])

	2018	2021	2022	2023	2024	2025	Total SEC/ budget	SEC/ budget used	Indicative emissions expected by 2025	2025 emissions relative to 2018	2025 emissions relative to 2024
Sector	($Mt CO_2$ eq)									(%)	
Electricity	10.2	9.8	9.6	7.5	6.9	6.3	40	100	−40	−38.0	−8.5
Transport	12.4	11.2	11.9	11.9	11.8	11.6	54	108	−20	−6.4	−1.5
Buildings (residential)	6.8	6.7	5.6	5.2	5.5	5.2	29	97	−20	−23.6	−5.0
Buildings (commercial and public)	1.5	1.4	1.4	1.3	1.4	1.4	7	100	−20	−9.2	−3.5
Industry	7.1	7.3	6.8	6.5	6.2	6.0	30	109	−20	−15.9	−3.3
Agriculture	21.4	22.0	21.8	20.7	20.4	20.4	106	99	−10	−4.7	−0.2
Waste and Other	2.1	1.8	1.8	1.7	1.6	1.7	9	98	−25	−16.7	6.8
LULUCF*	3.0	2.9	2.5	3.0	2.5	2.5	N/A	N/A	N/A	−16.2	0.0
Total excluding LULUCF	61.5	60.2	59.0	54.9	53.9	52.6	N/A	N/A	N/A	−14.4	−2.3
Total including LULUCF	**64.5**	**63.1**	**61.4**	**57.9**	**56.4**	**55.2**	**295**	**99.6**	**−20**	**−14.5**	**−2.2**

Box 1: Is Ireland staying within its carbon budgets?

The Council's Agriculture and Land Use, Land Use Change and Forestry (LULUCF) Review[6] published in September set out some of the difficulties that are associated with presenting targets in a purely volumetric basis. Ireland's first and second carbon budgets were proposed by the Council in 2021 as absolute limits and formally adopted by the Oireachtas in 2022. These set out to limit national emissions to 295 Mt CO_2 eq for the period 2021–2025 and 200 Mt CO_2 eq for the period 2026–2030. These targets were set at the time subject to an overall constraint that total emissions would be 51% below 2018 levels.

Data from the EPA's provisional GHG emissions inventory give the best early estimate as to whether the 295 Mt CO_2 eq carbon budget has been achieved. Total provisional emissions for the period were just under 294 Mt CO_2 eq. However, this figure is likely to be revised upwards, in light of the impacts on LULUCF emissions arising from Storm Darragh and Storm Eowyn, when the final inventories figures are published in spring 2027.[a] Overall, to be consistent with the indicative emissions reductions required in the sectoral emissions ceiling 2021–2025, the expectation was for an approximate 20% reduction in total national GHG emissions relative to 2018. However, in reality, the provisional inventories were 14.5% below 2018 levels in 2025.

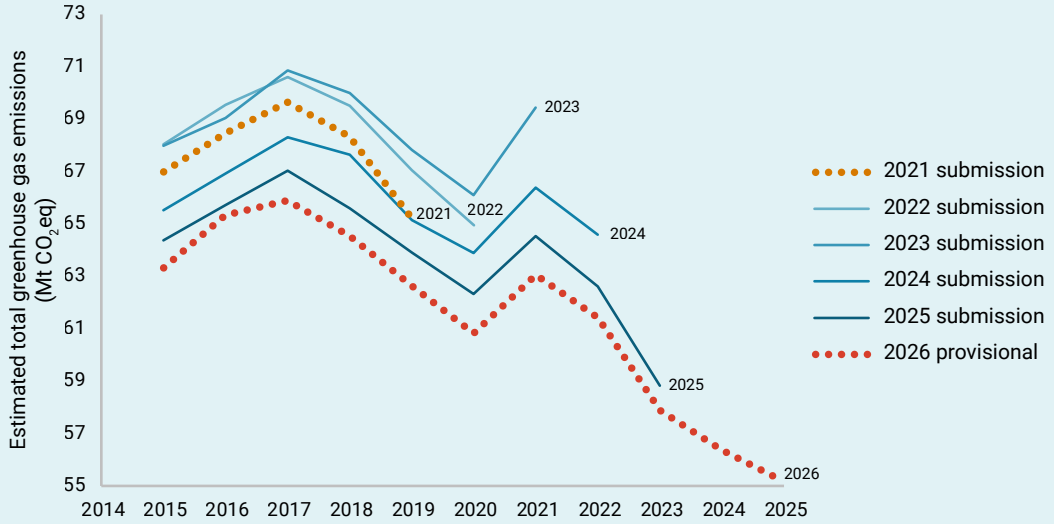
The EPA improves Ireland's emission inventories – as required by EU and international reporting obligations – as new and improved science becomes available, while the carbon budgets and associated sectoral emissions ceilings have remained static. The specific issue that arises in respect of emissions from the Agriculture and LULUCF sectors is that the scientific understanding of these emissions and the driving factors that underpin them are under constant review, allowing for improved estimates based on the best available science. Since the carbon budgets were proposed, the figure for 2018 aggregate emissions for these two sectors has moved in both directions, while there have been minimal changes to inventories across the other sectors (see *Box Figure 1*). A move downwards makes volumetric carbon budget constraints easier to satisfy, while a move upwards has the opposite effect. The latest total emissions estimate for 2018 is 64.5 Mt CO_2 eq,[4] whereas the estimated value at the time of the proposal was 68.3 Mt CO_2 eq.[7]

In summary, from a technical perspective and based on the provisional inventories, Ireland's cumulative emissions for 2021–2025 appear to have remained within the limit of the first carbon budget. However, a significant contributory factor has been the adjustment to the inventory itself in respect of Agriculture and LULUCF sector emissions, coupled with the fact that the carbon budgets are static. Therefore, the required percentage reduction in emissions and the ambition of the first carbon budget in reality has not been achieved.

The way in which carbon budgets are calculated should be reconsidered. The Council recommends that they be expressed in percentage terms rather than absolute terms. While maintaining ambition, expressing carbon budgets collectively as a percentage reduction, consistent with the pathways underpinning the original calculations, would remove a further area of complexity that can undermine our collective understanding of progress. For example, the Council notes that carbon budgets are expressed in percentages under

a The EPA used a proxy figure for LULUCF in the provisional inventories publication, as full estimates were not available at the time of publication.

Northern Ireland legislation,[8] and therefore improvements to their inventory methodologies do not give rise to the same need for review.[b]



Box Figure 1: Estimated total national GHG emissions as submitted by the EPA to the EU and United Nations Framework Convention on Climate Change (UNFCCC) each year from 2021 to 2025, and current provisional estimated emissions for the 2026 submission.

The 2021 submission informed the initial analysis for the carbon budgets. Each subsequent submission has been updated and improved, allowing for improved estimates. The current provisional emissions are typically 3 to 4 Mt CO_2 eq lower than estimates in the 2021 submission.

(Sources: UNFCCC, 'National inventory submissions 2025'[9] and EPA, Ireland's Provisional Greenhouse Gas Emissions 1990–2025.[4])

b The Northern Ireland carbon budget is expressed in legislations as "The carbon budget for the 2023–2027 budgetary period is an annual average of 33% lower than the baseline".

2.2. Emissions projections

The EPA's most recent projections for the period 2025–2055 continue to illustrate the challenge Ireland faces in delivering on the first two carbon budgets (Figure 1).

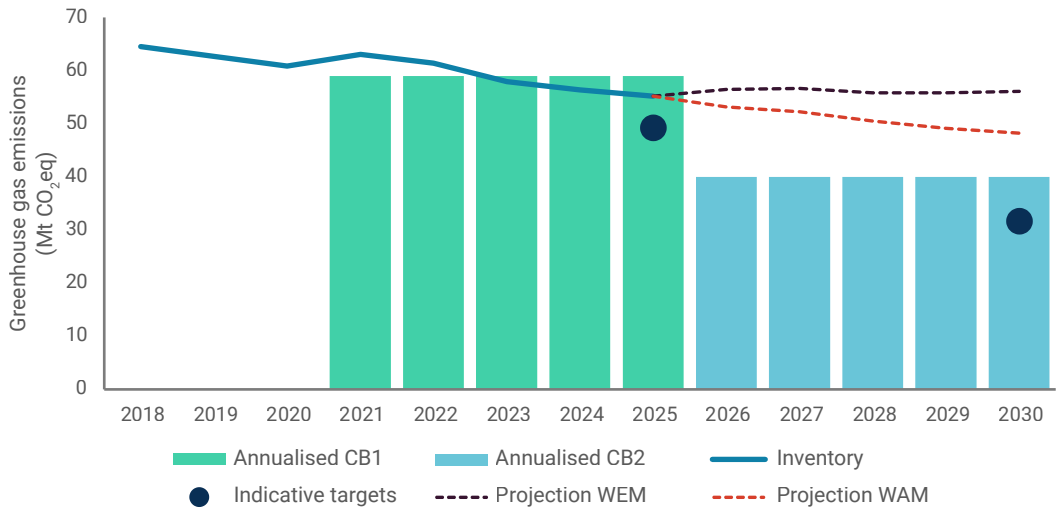


Figure 1: Inventory and projected national GHG emissions for all sectors for the period 2018–2030, with annualised carbon budgets.

CB1, Carbon Budget 1 (2021–2025); CB2, Carbon Budget 2 (2026–2030); WAM, with additional measures; WEM, with existing measures.

(Sources: EPA, Ireland's Greenhouse Gas Emissions Projections 2025–2055[10] and EPA, Ireland's Provisional Greenhouse Gas Emissions 1990–2025.[4])

EPA projections are undertaken for two differing scenarios known as the 'with existing measures' (WEM) and 'with additional measures' (WAM) scenarios.[c] As shown in Table 2, in respect of the carbon budgets, the latest projections estimate that emissions will overshoot Carbon Budget 2 by between 81 Mt CO_2 eq and 53 Mt CO_2 eq under the WEM and WAM scenarios, respectively, representing a 40.5% or 26.5% overshoot. The projections indicate a worsening situation with respect to the provisional Carbon Budget 3.

Until the Government approves a final budget for the carbon budget period 2031–2035, the provisional carbon budget proposed by the Council in 2021 and previously accepted by the Government in 2022, of 150 Mt CO_2 eq, applies. Should the projected large deficits in Carbon Budgets 2 and 3 be carried forward, as described in the Climate Action and Low Carbon Development Act, then negative carbon budgets would be required after 2035.

c See Box 4.1 of the Climate Change Advisory Council's Annual Review 2023 for a consideration of different projections scenarios.

Table 2: Projected progress on carbon budgets.
The carbon budgets for each of the three carbon budget periods are shown in the first row. The Carbon Budget 1 column includes the cumulative provisional estimates of emissions from 2021 to 2025, including LULUCF emissions. The Carbon Budget 2 and 3 columns include the WEM and WAM projections (including LULUCF) along with the projected carbon budget exceedance and cumulative carbon budget exceedance for the relevant budget period out to 2035. *In line with climate legislation, Carbon Budget 3 is informed by the provisional budget for the period 2031–2025 agreed by the Government in 2022.
(Sources: EPA, Ireland's Greenhouse Gas Emissions Projections 2025–2055[10] and EPA, Ireland's Provisional Greenhouse Gas Emissions 1990–2025.[4])

	Carbon Budget 1, 2021–2025 ($Mt CO_2$ eq)	Carbon Budget 2, 2026–2030 ($Mt CO_2$ eq)	Carbon Budget 3, 2031–2035 ($Mt CO_2$ eq)
Carbon budget	295	200	150*
Emissions inventory	294	–	–
Emissions projections (WEM)	–	**281**	**275**
Exceedance (WEM)	–1	81	125
Cumulative exceedance (WEM)	–1	80	205
Emissions projections (WAM)	–	**253**	**230**
Exceedance (WAM)	–1	53	80
Cumulative exceedance (WAM)	–1	52	132

Similarly, the EPA's projections suggest that Ireland is not going to meet its obligations under the Effort Sharing Regulation and LULUCF Regulation. A reduction in Effort Sharing Regulation emissions of only 23.4% is projected by 2030 under the more optimistic WAM scenario, as compared with the Effort Sharing Regulation target of a 42% reduction relative to 2005. This will give rise to significant compliance costs, as highlighted in the joint 2025 paper by the Council and the Irish Fiscal Advisory Council.[1]

Table 3 gives a summary of the policies and measures that are projected to contribute the most to emissions reductions in the period out to 2035. The policies and measures are described in detail in the EPA submission to the EU and published on the European Environment Agency database. Beyond the measures described in the WEM and WAM scenarios, the database also includes a number of measures that have been identified by the EPA within the Climate Action Plan, but for which policy and implementation plans have not been fully developed and are therefore not included in the projection scenarios. Progress on these is urgently required to close the gap between projections and targets by 2030 (see the last two rows of Table 3).

Table 3: The policies and measures that contribute the most to emissions reductions in the period out to 2035.

The table lists the policies and measures that deliver the highest emissions savings in the relevant period for each of the two EPA projections scenarios. The savings listed for the WAM scenario are additional to those listed for the WEM scenario. If the same policy or measure is listed more than once, it means that the emissions reduction potential for that measure is reliant on the implementation of policies that are at different stages of development and adoption. For example, in the WEM scenario, the energy supply measure achieves 10.0 Mt CO_2 eq, whereas an additional 1.4 Mt CO_2 eq is possible by 2030 if those measures that are not included in the projected scenario are achieved.
(Source: European Environment Agency, 'EEA database on greenhouse gas policies and measures in Europe'.[11])

Scenario	Sector affected	Short description	Total GHG emissions reductions in 2025 (Mt CO_2 eq/y)	Total GHG emissions reductions in 2030 (Mt CO_2 eq/y)	Total GHG emissions reductions in 2035 (Mt CO_2 eq/y)
WEM	Energy consumption	Energy Efficiency Obligation Scheme (cross-sectoral)	1.0	1.3	1.2
		Large Industry Energy Network	0.7	0.8	0.7
		Better Energy Homes	0.4	0.5	0.5
		Carbon tax	1.0	1.4	1.4
	Energy supply	Deployment of renewables in electricity generation	5.6	10.0	15.4
		Deployment of renewables in heating	2.2	3.9	5.9
	Transport	Deployment of biofuels in transport	1.1	1.7	1.5
		Electric vehicle deployment	0.3	0.9	2.1
WAM	Agriculture	Feed additives	0.2	1.2	1.2
		Fertiliser use measures	0.0	0.7	0.7
		Reduced slaughter age – cattle	0.3	0.7	0.7
	LULUCF	Water table management on drained organic soils	0.2	0.7	0.7
		Improved management of mineral soils	0.3	0.5	0.5

Scenario	Sector affected	Short description	Total GHG emissions reductions in 2025 (Mt CO_2 eq/y)	Total GHG emissions reductions in 2030 (Mt CO_2 eq/y)	Total GHG emissions reductions in 2035 (Mt CO_2 eq/y)
WAM	LULUCF	Forestry measures – new afforestation and extended rotation	1.2	0.8	1.0
	Transport	Private car demand reduction	0.0	0.7	0.6
Not included in projections scenarios	Energy supply	Deployment of renewables in electricity generation	0.0	1.4	3.0
		Deployment of renewables in heating	0.1	0.8	1.5

3. Economic, energy and emissions indicators

It is useful to examine economic and demographic trends and trends in taxation and subsidies that influence consumer and industrial activities (see Table 4). There has been steady but slow progress in reducing total emissions since 2018. This has occurred despite robust growth in the population and the economy, demonstrating a slow decoupling of the economy from fossil fuel use. The emissions intensity per capita and per unit of modified gross national income (GNI*) have both fallen steadily in recent years, falling to 10.1 t CO_2 eq per capita in 2025, compared with 10.5 t CO_2 eq in 2024. However, this remains high in comparison with the EU average of 7.3 t CO_2 eq, and is the third highest among EU Member States.[12]

Relative to other EU countries, levels of energy taxation in Ireland were below average in 2023.[13] The net effective carbon tax rate[d] as measured by the Organisation for Economic Co-operation and Development for Ireland in 2023 was just under €60 per tonne, against an EU average of just under €80 per tonne. Comparing the extent of fossil fuel subsidies across countries is difficult because of definitional and coverage issues, but Ireland is estimated by Our World in Data to have very high rates of fossil fuel subsidies per capita relative to many other countries.[14]

Environmental tax revenues increased steadily in the period 2020 to 2025. However, fossil fuel subsides remained high following the introduction of emergency measures in response the Ukraine war in 2022. The Government's response to the war in Iran in 2026 saw the reintroduction of fossil fuel subsides such as lower excise and carbon tax rates (see *Section 5.2* for more details).

d The Effective Carbon Rate (ECR) is the sum of fuel excise taxes, carbon taxes and tradeable permits that effectively put a price on carbon emissions. The net ECR equals the ECR minus fossil fuel subsidies, as in budgetary transfers that decrease pre-tax fossil fuel prices.

Table 4: Selected economy-wide indicators of progress on climate action and macro-economic drivers of emissions.

GNI*, modified gross national income.

(Sources: EPA, Ireland's Provisional Greenhouse Gas Emissions 1990–2025;[4] Central Statistics Office (CSO), 'Population and migration estimates';[15] Sustainable Energy Authority of Ireland (SEAI) 'National energy balance 2025';[16] CSO, 'Fossil fuel subsidies';[17] CSO, 'Modified gross national income at constant market prices';[18] CSO, 'Environment taxes, energy taxes, transport taxes and pollution and resource taxes';[19] Eurostat, 'Share of fossil fuels in gross available energy';[20] and SEAI, 'Ireland's energy statistics'.[21])

Indicator	Unit	2018	2021	2022	2023	2024	2025
National emissions excluding LULUCF	Mt CO_2 eq	61.5	60.2	59.0	54.9	53.9	52.6
National emissions including LULUCF	Mt CO_2 eq	64.5	63.1	61.4	57.9	56.4	55.2
Change in national emissions relative to 2018 excluding LULUCF	%	–	−2.2	−4.2	−10.8	−12.5	−14.4
Change in national emissions relative to 2018 including LULUCF	%	–	−2.3	−4.8	−10.3	−12.6	−14.5
Annual change in national emissions excluding LULUCF	%	–	4.5	−2.0	−6.8	−1.9	−2.3
Annual change in national emissions including LULUCF	%	–	3.6	−2.6	−5.8	−2.6	−2.2
National CO_2 emissions including LULUCF	Mt CO_2	38.0	36.5	35.3	32.5	31.4	31.4
Population	Thousands	4,884.9	5,074.7	5,184.0	5,281.6	5,380.3	5,458.6
Total primary energy requirement	TWh	171	161	167	164	167	163
Share of fossil fuels in gross available energy	%	90.2	87.7	87.4	84.4	82.9	–
Modified GNI* at constant prices	€ million	243,042	272,309	284,847	302,198	321,636	336,663
GHG emissions intensity (GHG/GNI*)	kt CO_2 eq per € million	0.27	0.23	0.22	0.19	0.18	0.16
GHG emissions per capita	t CO_2 eq per capita	13.2	12.4	11.9	11.0	10.5	10.1

Indicator	Unit	2018	2021	2022	2023	2024	2025
CO_2 emissions intensity (CO_2/GNI*)	kt CO_2 per € million	0.16	0.15	0.14	0.13	0.11	0.10
CO_2 emissions per capita	t CO_2 per capita	8.10	6.96	7.37	7.06	6.34	6.09
Fossil fuel subsidies	€ million	3,296	2,857	4,744	4.978	4,670	–
Environmental taxes paid by the household sector	€ million	3,176	3,232	2,648	3,030	3,508	3,924
Average electricity price to households	€/kWh	23.1	26.1	27.3	32.5	28.2	34.8
Average gas price to households	€/kWh	7.0	7.1	12.0	15.6	13.3	12.8

4. Progress on previous Climate Change Advisory Council recommendations

4.1. EU directives

The Council has previously emphasised the importance of Ireland supporting the ambition of the EU's Fit for 55 package and ensuring the timely and effective implementation of the resulting legislation.[22] In its 2025 Annual Review, the Council expressed deep disappointment regarding delays in transposing EU directives and in meeting important implementation deadlines, and called on the Government to ensure this was fully addressed well in advance of Ireland assuming the presidency of the Council of the European Union on 1 July 2026.[23]

The Council reiterates its concern that Ireland's transposition deficit has more than doubled from 1.16% in August 2025 to 2.68% in August 2026.[24] Over the same period, Ireland has moved from performing better than the EU average (1.5% in August 2025) to recording a deficit slightly above the EU average (2.6% in August 2026). Furthermore, in the energy policy area, Ireland's transposition deficit increased from 16.67% in August 2025 to 22.22% in August 2026, against an EU average of 16.9%.[24]

Delays have affected several important elements of the Fit for 55 package. Ireland has been subject to infringement proceedings over failure to transpose the Renewable Energy Directive, Energy Efficiency Directive and Energy Performance of Buildings Directive (EPBD) on time.[25] As discussed in the Council's Built Environment Annual Review, published in July 2026,[26] Ireland was required, under Article 3 of the EPBD, to submit a draft National Building Renovation Plan by 31 December 2025. As of October 2026, Ireland had still not submitted its draft plan and was subject to infringement proceedings initiated by the European Commission in March 2026 for failure to meet the deadline.[27] This delay is particularly concerning given that the final National Building Renovation Plan is due to be submitted by 31 December 2026.

Other deadlines set in regulations such as the Social Climate Fund Regulation have also been missed. This includes the requirement to submit a Social Climate Plan by 30 June 2025. Ireland agreed an extended deadline with the European Commission for submission of the draft Social Climate Plan by the end of March 2026.[28] However, on 28 July 2026 the Minister for Climate, Energy and the Environment confirmed that the plan would not be submitted to the European Commission until the final quarter of 2026.[29] As a result, Ireland is unable to access funding that could support vulnerable households and businesses at a time when they need it most.

These continuing delays are of particular concern given the central role of EU climate and energy legislation in delivering Ireland's National Climate Objective and in the context of Ireland's presidency of the Council of the European Union. The Council reiterates its call for the Government to urgently address the outstanding transposition and implementation requirements under the Fit for 55 package.

The Council acknowledges and welcomes the fact that Ireland was one of only seven EU Member States to submit its draft National Restoration Plan (NRP) to the European Commission by the deadline of 1 September 2026.[30] The effective design and implementation of this plan is critical for addressing the biodiversity and climate emergencies and delivering co-benefits across sectors in an integrated and systemic manner. However, in its Biodiversity Annual Review 2026,[31] the Council expressed concern about the lack of committed funding and the lack of a roadmap to mobilise private sector investment to support the implementation of the NRP, and has recommended that the Government provide a clear commitment to a multi-annual budgetary approach or long-term capital envelope to deliver the NRP out to 2050.[31]

In this context, while the Council notes the continued increase in funding to the National Parks and Wildlife Service in Budget 2027, it is very regrettable that no explicit provision was included for the implementation of the NRP, given its pivotal role in climate and biodiversity action across Government departments and agencies.

4.2. Compact growth

The Council has also previously recommended that the Government, in assessing the outcomes of the National Development Plan, should place a renewed focus on compact growth and establish significantly more ambitious and specific targets, particularly in respect of new builds. The revised National Planning Framework (NPF) approved in April 2025 did not strengthen the existing compact growth targets.[32]

The Government published the document Delivering Homes, Building Communities 2025–2030: An Action Plan on Housing Supply and Targeting Homelessness in November 2025.[33] This included a number of actions in support of compact growth, including measures to target dereliction such as support to repurpose above-the-shop premises as dwellings, planning permission exemptions in support of house adaptations and extensions, and implementation of the residential zoned land tax to ensure that zoned and serviced land can be developed. The plan does not however introduce more ambitious or specific targets for compact growth.

In its 2025 Annual Review, the Council recommended that the Central Statistics Office (CSO) refresh its 'Measuring distance to services in Ireland' publication, using Census 2022 data, and provide more granular geographical detail, where possible, including data on time of travel. The Council therefore welcomes the publication of two reports in the new 'Measuring distance to services in Ireland 2026' series, covering health services[34] and transport services,[35] published in July and October 2026, respectively. The publications cover nine services, including general hospitals, emergency departments, GPs and pharmacies for health services, and bus stops, rail stops and LUAS stops for

transport services. The results are provided at a range of geographical scales, including at the county, local authority and local electoral area scales.

On 30 June 2026, the Government published a draft Sustainable Rural and Gaeltacht Housing National Planning Statement, intended to provide greater clarity and consistency in relation to single rural housing in both rural settlements with a population of less than 1,500 and the surrounding rural countryside.[36] The draft Planning Statement will now be subject to environmental assessment under the relevant EU directives and public consultation, prior to its approval by the Government later this year.

The statement defines the criteria to be reflected in the local development plans and applied by planning authorities when considering applications for single rural housing. It recognises that urban-generated rural housing can reinforce car-dependent travel patterns and promotes appropriately scaled housing development in rural towns and villages in line with the NPF compact growth objective. However, in wider rural areas it proposes a more flexible approach under which single rural housing would generally be permissible in principle, with enhanced restrictions in Gaeltacht and certain high-amenity and environmentally sensitive areas.

Notably, it seeks to avoid prescriptive local policies that impose numerical caps or limits on such development. The potential implications for compact growth may be significant given the scale of rural single-dwelling development. Some 4,842 rural single dwellings were completed in 2025, an increase of 9.3% from the 4,431 completed in 2024.[36] It seems likely that these changes will result in even higher numbers of rural single dwellings, leading to higher infrastructure costs, higher levels of car dependency, restricted access to services and greater exposure to the adverse impacts of climate change such as extended power outages.

The Council therefore emphasises the importance of revitalising and strengthening the sustainability and resilience of communities in existing rural towns and villages, and ensuring that the final statement contains sufficient safeguards so that the compact growth targets and objectives set out in the NPF are reinforced and strengthened. The Council also emphasises the importance of ensuring that the accessibility of services and sustainable transport is appropriately considered in planning decisions on the location of new development.

4.3. Supports and incentives for decarbonisation

The Council has repeatedly called for the expeditious elimination of fossil fuel subsidies. In its 2025 Annual Review, the Council recommended that the Government conduct a comprehensive review of national energy taxation and fossil fuel subsidy structures and implement an action plan consistent with the carbon budgets in advance of Budget 2027. Fossil fuel subsidies amounted to €4.67 billion in 2024, equivalent to 1.5% of modified gross national income.[37] Ireland has not published a plan to phase out fossil fuel subsidies despite its commitment to the Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (see also *Section 5.5.2*).

A new package of fossil fuel subsidies was introduced in spring 2026 in response to the crisis in the Middle East, including excise reductions on diesel, petrol and marked gas oil, a reduction in the National Oil Reserves Agency levy and an increase in the maximum repayment allowable under the diesel rebate scheme.[38] These broad supports were insufficiently targeted and serve to weaken the price signal to reduce fossil fuel consumption.

Furthermore, the planned increase in the carbon tax that was due on 1 May 2026 was deferred until Budget 2027, despite confirmation in the Climate Action Plan 2025 (CAP25) that budget analysis has shown that the impact of the planned increase in carbon tax and accompanying social protection package continues to be progressive, with households in the bottom five income deciles



better off due to measures funded by additional carbon tax funds.[39] Budget 2027, announced on 6 October, ultimately further delayed carbon tax increases across a range of fuels (e.g. coal, petrol, diesel) along with reducing the rates applicable to natural gas and oil.[40] Alongside this was a commitment that there would be no further increases in the rates on these fuels in the lifetime of this Government (see *Section 5.2.3* for further discussion).

Ireland is highly dependent on fossil fuels, with these fuels accounting for 83% of all energy requirements in 2024, the fifth highest in the EU and compared with an EU average of 68% (see Table 4).[20] The Government's response to the recent crisis has largely aimed to insulate consumers from rising fossil fuel prices rather than accelerate efforts to decarbonise, leaving households and businesses still exposed to future price and supply shocks. The 2026 UNEP Emissions Gap Report[3] demonstrates that governments can respond to energy security and fossil fuel crises in ways that both protect the public in the short term and reduce future exposure to fossil fuel markets.

The European Commission's AccelerateEU toolkit[41] emphasised that crisis response measures should be timely, targeted and temporary, while also supporting accelerated deployment of clean energy technologies. The International Energy Agency's 2026 Energy Crisis Policy Response Tracker[42] shows that, alongside temporary supports for households and businesses, many governments have introduced measures aimed at permanently reducing exposure to fossil fuel markets through improved energy efficiency, renewable energy deployment and electrification.

In contrast, the Irish Government's response to the fossil fuel crisis has not focused on accelerating decarbonisation and has, in some cases, reversed measures that could help reduce reliance on fossil fuels, such as the recent announcement of an increase in public transport fares that will come into force in 2027.[43] There is no evidence that the comprehensive review of national energy taxation and fossil fuel subsidy structures, previously recommended by the Council,[23] has been undertaken.

The Council welcomes the commitment in the Moving Together Strategy, published in March 2026, to examine fiscal measures in the Transport sector by Q2 2027 from the perspective of their proven capacity to drive behavioural change.[44] However, the Council remains concerned by the absence of an equivalent cross-sectoral and comprehensive review. This is necessary in order to ensure that fiscal measures form part of a coherent action plan across sectors and are aligned with both national carbon budgets and EU emissions reductions targets.

The Council also previously recommended the introduction of bundled consumer incentives for the combined adoption of solar photovoltaics (PV) alongside heat pumps and electric vehicles, to leverage the synergies between these technologies to accelerate decarbonisation while supporting energy affordability and grid stability.[23] The National Residential Retrofit Plan, published in January 2026,[45] introduced new and enhanced supports for home energy upgrades, and was followed by a significant year-on-year increase in applications for retrofit grant support. This was further considered in the Council's 2026 Built Environment Annual Review.[26]

In July 2026, the Government introduced the €10 million ICE2EV pilot scrappage scheme, providing an additional €5,000 for scrapping an eligible internal combustion engine vehicle from 2013 or earlier when purchasing a new battery electric vehicle (EV).[46] Combined with the existing €3,500 EV grant, this provided support of up to €8,500, with 65% of the funding allocated to rural applicants and the remaining 35% allocated to urban applicants. The scheme was fully subscribed within 1 hour of its launch, with the rural allocation exhausted within just 30 minutes.[47] Given the success of this scheme, it is regrettable that Budget 2027 did not make explicit provision for its expansion so as to build on this success. Taken together, these developments indicate a strong appetite for the adoption of low-carbon technologies where financial supports improve affordability and accessibility.

The Council welcomes further measures announced by Government in September 2026, including a new €2,000 fossil fuel boiler scrappage scheme for households moving to heat pumps and other renewable heating systems; expanded eligibility and enhanced supports for some lower-income households for solar PV; the inclusion of solar PV and battery storage as standard measures under the Warmer Homes Scheme; and a new grant for domestic battery storage.[48]

The Council also welcomes the new microgeneration tax exemptions in Budget 2027.[49] While the Council notes that fossil fuel subsidies continue to grow, these grant supports strengthen the financial incentives for households to combine electrification with renewable energy generation. However, incentives for solar PV, heat pumps and EVs continue to operate as largely separate schemes, and the bundled approach recommended by the Council has not yet been introduced.

4.4. Climate governance

The Council has repeatedly recommended that the Government clarify how sectoral emissions ceiling exceedances should be addressed and, to resolve the issues of unallocated emissions savings, the treatment of LULUCF and historical revisions to emissions inventories. For example, see the Council's 2025 Cross-sectoral Review and 2024 Cross-sectoral Review for more details.[23,50] These issues all remain unresolved as Ireland moves into the second carbon budget period (2026–2030).

The EPA has confirmed that, in the absence of a clear policy implementation pathway, unallocated savings cannot be modelled into emissions projections.[51] The most recent EPA projections indicate that the sectoral emissions ceiling for the Agriculture sector is no longer aligned with the reduction target for the sector, mainly due to the impact of updated science on methane emissions from non-dairy cattle and sheep on the agricultural inventory in 2023.[52] Uncertainty also remains regarding LULUCF emissions and removals.

The Council welcomes the ongoing investment in refining and improving Ireland's inventory processes. CAP24 articulated a revised approach to the LULUCF sector with respect to carbon budgets, giving priority to alignment with EU targets; however, if Ireland meets the EU LULUCF target precisely then the unallocated savings gap would increase by an estimated 5 Mt CO_2 eq for the second carbon budget period.[23] The Council remains concerned that this continued uncertainty is undermining the ability of sectors to plan effectively for the delivery of the carbon budgets. It urges the Government to provide the necessary clarity on a variety of issues in line with its correspondence on the topic earlier in 2026.[53]

The Council has also previously recommended that the Government strengthen climate governance and transparency by responding directly to Council recommendations through the annual Climate Action Plan, and ensure that quarterly progress reporting is timely and includes action-level detail. Progress against this recommendation is limited. CAP26 has been further delayed, although the Minister has indicated in the media that a draft plan has been brought to Government for approval. Therefore, at the time of writing, it is not clear whether it will provide a direct response to the Council's recommendations.

Quarterly progress reporting remains inconsistent and is often delayed. For example, the Q1 and Q2 progress reports for CAP25 were combined. The rate of finalisation of legacy actions has been very poor.[54] For example, by mid-2026, only 10 of 74 legacy actions had been completed.[55] The Council reiterates that timely, transparent and sufficiently detailed reporting is essential for oversight and accountability in the commitment to and delivery of climate action.

Finally, the Council has this year expressed its concerns to the Government about the possible implications of the Critical Infrastructure Act.[56] While the Council encourages all actions that will assist in the acceleration of Ireland's transition in line with the National Climate Objective, it is

concerned about the approach taken by public bodies to considering that objective in the fulfilment of their functions.

Continued delays to national climate governance and the Climate Action Plan, along with exemptions to the Climate Act, undermine regulatory certainty, weaken long-term climate planning and risk eroding confidence in the State's climate governance framework. Although there are a number of important climate cases outstanding in the courts, it is critical that the Government provide the greatest possible clarity on Ireland's post-2030 collective ambition as soon as possible.

4.5. Capacity for climate action

The Council has previously emphasised the need for sustained investment in local authorities, communities, businesses, apprentices and the workforce to deliver climate action. The announcement in February 2026 of €1.5 million in new funding to support local authority decarbonising zones, alongside a €2.5 million European Regional Development Fund scheme for local authorities in the northern and western region, will provide additional support for locally led climate action.[57] However, a significant increase in these funding streams will be necessary to drive the required action.

Enterprise Ireland[58] and IDA Ireland[59] have supports available that could be built upon alongside delivering more targeted investment to decarbonise and improve transparency of reporting on these investments and outcomes. To support this investment, it remains important that the Government provide annual, defined funding to make climate action roles in local authorities and the climate action regional offices permanent, as previously recommended by the Council. This will ensure the retention of the key expertise necessary to build momentum and accelerate the implementation of climate action, including in the flagship decarbonising zones.

The Council also welcomes the increased investment in skills for the green transition, including an additional €79 million investment in apprenticeships in Budget 2026, bringing the annual current total budget to over €410 million, representing a 123% increase since 2020.[60] The Department of Further and Higher Education, Research, Innovation and Science is developing a new Action Plan for Apprenticeships to cover the period 2026–2030, recognising Government priorities including the National Development Plan, Housing for All, Accelerating Infrastructure and the Climate Action Plan.[61]

Following the publication of the Green Skills 2030 Implementation Plan in September 2025, SOLAS also published the document Creating Futures: Further Education and Training Strategy 2026–2030 in May 2026. This includes a goal to deliver future-proofed knowledge and skills for the green transition in construction, manufacturing and other priority industry areas, through short courses and micro-qualifications as well as longer courses and apprenticeships. The Council also notes the national skills roadmap and observatory announcement in September 2026. The Council welcomes this progress and emphasises the importance of ensuring that training provision continues to respond to emerging skills needs and opportunities arising from the transition.

5. Analysis and discussion

5.1. Climate perceptions and action

There is considerable willingness across Irish society to take action on climate change but this willingness may not always be accurately perceived. Research carried out in 2024 by the Economic and Social Research Institute found evidence that people underestimate others' concern about climate change and willingness to act.[62] As perceptions of other peoples' willingness can influence

participation in collective action, communicating the extent of public willingness may help strengthen positive social norms and support more ambitious action.

It is clear that willingness does not automatically translate into action. Climate action is considered alongside other immediate concerns, particularly affordability and the cost of living. The CSO's 2025 Trust Survey found that 25% of respondents identified climate change or environmental threats among Ireland's three most important issues, compared with 40% in the previous survey from 2023.[63] For context, inflation and the cost of living and housing were identified as two of the three most important issues by 64% of survey respondents in 2025.[63]

These findings do not necessarily indicate reduced concern about climate change but they do highlight the rapidly changing context in which people are being asked to take climate action. The 2026 Baseline Report commissioned by the Just Transition Commission from Ipsos B&A similarly found substantial concern about climate change alongside concerns about affordability and fairness. While 64% regarded climate change as an immediate and urgent problem and 77% were at least somewhat worried, 42% of all respondents identified affordability as the most important consideration in making climate action fair.[64]

The Government could, and should, take steps to bridge the gap between willingness to act and the opportunity to do so. The Government's 2026 population segmentation survey and model[65] provides a useful basis for understanding differences in motivation, ability and the wider context influencing specific climate behaviours. These types of insights could inform more targeted interventions.

Behavioural evidence can also identify opportunities presented by 'moments of change' in people's lives where circumstances change and people may be more receptive to or better able to adopt new behaviours. A behavioural science review commissioned by the UK Climate Change Committee found that interventions can be more effective when targeted at points when people are more open to change, including during life transitions such as moving home or retirement.[66] Policy design should consider how the timing of information, incentives and supports can take advantage of these opportunities to facilitate sustained behavioural change.

Behavioural science can contribute most effectively when incorporated from the outset of policy development rather than being used to address implementation problems after policies have been designed. Moreover, the design and administration of government support schemes is very important. Behavioural barriers can arise not only from people's attitudes or awareness but also from the way in which policy or schemes are designed and delivered. As recommended by Lades and Augustenborg,[67] sector- and policy-specific guidance could support policymakers in identifying relevant behaviours, barriers and opportunities for change, and in selecting appropriate interventions, including where behavioural measures need to be complemented by regulatory, fiscal or other policy instruments.

As identified at the Council's 2025 behavioural change workshop,[68] greater capacity is needed within central and local Government to transfer the robust findings from behavioural research and evidence into practical policy design and implementation. Ireland has a strong and growing evidence base and behavioural expertise, but greater emphasis is needed on knowledge transfer and the systematic application of research findings across the policy cycle. Civil and public servants involved in climate and energy policy should have access to appropriate behavioural expertise, tools and training to support the application of this evidence to strategy development, target setting, policy design, implementation and evaluation.

Recent developments demonstrate progress in building capacity and capability in this area, such as the launch of University College Cork's micro-credentials course, Behavioural Change for Sustainability and Climate Action in Public Administration, which focuses on applying behavioural

change frameworks and tools to sustainability challenges in public administration.[69] Some local authorities have begun to recognise the need for behavioural science capacity in fulfilling their central role in delivering climate action. For example, Cork City Council is expanding its behavioural science capacity through the recruitment of a dedicated behavioural scientist to support the embedding of behavioural science into the council's ways of working and to provide specialist expertise to improve the design and delivery of council services.[70]

Community and voluntary networks also provide an important means of translating willingness into action at the local level. Sustainable Energy Authority of Ireland (SEAI) research on environmental volunteerism found that community organisations have the potential to accelerate the energy transition through grassroots action, but that sustaining voluntary participation can be challenging.[71] The Council recommends that the Government proactively support and leverage this capacity while ensuring that complex funding, administrative and governance requirements do not place disproportionate demands on volunteers or inhibit local action.

The Council recommends that the Government strengthen the systematic application of behavioural science to climate policy with the intention of increasing the effective implementation of that policy, including by developing sector- and policy-specific behavioural guidance and building capacity to apply it from the earliest stages of policy design. This should use evidence on public willingness, behaviours and barriers to develop targeted interventions that support different groups to take ambitious climate action.

5.2. Carbon pricing and the Emissions Trading System 2

5.2.1. Ireland's national carbon tax

The carbon tax[e] and other indirect taxes on fossil fuels have been the subject of significant attention in 2026, arising from the price uncertainty caused by the outbreak of hostilities in the Middle East. Fossil fuel prices have been much higher in the last 5 years than the preceding 5, with a 34% increase in the 12-month rolling average crude oil price in August 2026 relative to the price in August 2021.[72]

Figure 2 illustrates the extent of the impact of these differing international prices alongside the other changes to excise and carbon tax on diesel prices. The flexibility for governments to insulate consumers against price increases is not as significant for other fuels, such as home heating oil, where the tax components are not as great. During this time of course there have been two major bouts of price fluctuation arising from conflicts in or involving major oil-producing countries, making it all the more urgent that Ireland rapidly reduces and ultimately removes its reliance on fossil fuels.

Carbon taxation can induce behavioural change in the short run by encouraging immediate reductions in fossil fuel use. More importantly, it can induce long-run behavioural change by altering expectations about future relative prices and thereby encouraging investment in lower-carbon alternatives, such as EVs, heat pumps and residential locations with good access to public transport. For this reason, price changes perceived as permanent can be expected to induce larger behavioural responses than changes perceived as temporary.

e See also *Section 4.3* for details of the Budget 2027 announcement.

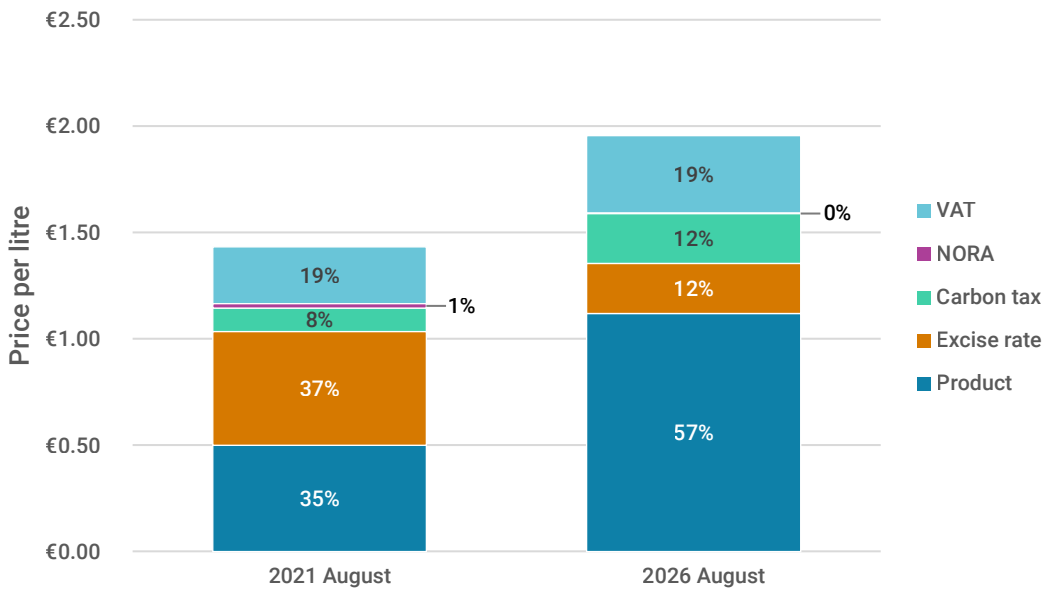


Figure 2: Breakdown of diesel price per litre by component in August 2021 and August 2026. The reduction in excise duty introduced in April 2026 remains evident. The contribution of the carbon tax to the total price, although growing, is still relatively small as a percentage of the total, increasing from 8% to 12%.

NORA, National Oil Reserves Agency; VAT, value-added tax.

(Sources: Derived from CSO, 'National average price'[73] and Revenue, Excise Duty Rates.[74])

Carbon taxation also provides a predictable, carbon-based price signal. The carbon tax is determined purely by the carbon content of fuel; it is therefore independent of transitory supply-side shocks, including supply-chain disruptions, geopolitical instability, extreme weather events and transport constraints. While many factors affect fossil fuel prices, a uniform carbon tax provides a direct and stable signal linked to carbon content. There is substantial empirical literature showing that changes in fuel taxation can induce larger behavioural responses than equivalent changes in pre-tax or market prices.

Li, Linn and Muehlegger[75] found that gasoline consumption is substantially more responsive to gasoline taxes than to non-tax gasoline price changes, and suggest that this may reflect the greater perceived permanence and salience of tax changes. Rivers and Schaufele[76] found a similar result for the British Columbia carbon tax, showing that it reduced short-run gasoline demand by more than an equivalent market price increase. Bardazzi and Pazienza[77] likewise found that Italian household demand for transport fuels is more responsive to the tax component of fuel prices than to the oil price component, in both the short and long run.

It is estimated that changes to the carbon tax announced in Budget 2027 will reduce revenues from the tax by approximately €177 million.[78] To offset this loss of revenue, the Government has committed to make the same allocation of €1.114 billion carbon tax revenues hypothecated to climate action in 2027 as was allocated in 2026.[49] It is worth noting that previous modelling, published in 2024, projected that total carbon tax revenues would increase by between ~€64 and €120 million between 2026 and 2027, and the hypothecated allocation would increased by between ~€81 and €124 million.[79] Therefore, while nominal revenues hypothecated to climate action have

remained the same as in 2026; this is lower than what was expected, restricting the scale of climate action achievable.

The impacts of this price increase are not experienced evenly across households and businesses. It is acknowledged that in the short term there are certain sectors that are particularly exposed due to the difficulty of substituting away from fossil fuels for heating or transport. There are also particularly vulnerable cohorts who would not have the resources for or access to less fossil-fuel-intensive alternatives or technologies, even where there are technical options available to them (e.g. public transport, EVs, heat pumps). Single-adult households and households with lower incomes and/or that rent rather than own their homes tend to experience higher levels of inflation at times of high fossil fuel prices because of the larger proportion of their incomes that is spent on fossil-fuel-based heat and transport.[80]

There are mechanisms included in the current carbon tax hypothecation that can be used and further developed if necessary to shield those who are most vulnerable while keeping the tax in place. Other elements of the redistribution provide extensive and important funding to retrofit schemes and to improving the sustainability of Ireland's farms. This stream of funding is vital in helping to ensure a Just Transition and needs to be protected (see *Sections 5.2.3* and *5.5.2* for additional commentary on the longer-term issues relating to carbon taxes).

5.2.2. Household environmental taxes and subsidies

Each year, households pay a significant amount of tax and other charges relating to environmental damage, while also receiving subsidies for taking actions that should help to make their homes, vehicles and businesses more energy-efficient or less damaging to the environment, or to lessen the economic impact of the various taxes and charges. The carbon tax is a good example, whereby there is a direct and explicit link between the taxes being paid and the funding of a range of measures. The CSO publishes annual estimates of the environmental taxes and charges paid and the environmental subsidies received.[81,82] Table 5 focuses on a single sector – households.

Table 5: Environmental taxes paid by, and environmental subsidies and transfers received by, households in Ireland, 2021–2025.
(Sources: CSO, 'Environmental subsidies and similar transfers'[83] and 'Environment taxes, energy taxes, transport taxes and pollution and resource taxes'.[19])

Year	Environmental taxes paid by households (€ million)	Environmental subsidies/ transfers received by households (€ million)	Net difference (€ million)	Subsidies as a % of household environmental taxes
2018	€3,256	€133	€3,123	4.1%
2019	€3,309	€192	€3,117	5.8%
2020	€2,860	€190	€2,670	6.7%
2021	€2,977	€179	€2,798	6.0%
2022	€2,733	€274	€2,459	10.0%
2023	€2,940	€421	€2,519	14.3%
2024	€3,353	€443	€2,910	13.2%
2025	€3,468	€495	€2,973	14.3%

Based on the data presented in Table 5, there would at least appear to be a strong rationale for the direction of more supports towards households. A Parliamentary Budget Office report[84] suggests that direct payments to households can be an effective means of protecting vulnerable households from the distributional impacts of environmental taxation. However, the Council is concerned that these payments do little to help reduce households' underlying dependency on costly fossil fuels and exposure to volatile prices. Therefore, a combination of targeted supports and schemes that make poorer households less exposed to volatile fossil fuel prices is essential.

5.2.3. Emissions Trading System 2 for buildings and roads

The full implications of the introduction of the EU Emissions Trading System 2 (ETS2) for buildings, road transport and additional sectors are not broadly understood. The primary aims of the scheme are to extend EU carbon pricing beyond the sectors currently covered by the existing ETS1 and to accelerate emissions reductions from fuel combustion in the road transport sector, buildings, energy, and the manufacturing and construction industries.[85]

Recognising that some countries in the EU/European Economic Area, such as Ireland and Norway, already apply national carbon taxes to the emissions covered by ETS2, Article 30e(3) of the EU ETS Directive[86] provides for a derogation from the requirement to surrender ETS2 allowances.[87] In December 2023, Ireland notified the European Commission of its application for a derogation for the years 2027–2030; there is no certainty on what will happen thereafter.[87] The derogation means that, subject to the levels of the carbon tax in Ireland being equivalent to or higher than the average ETS2 auction price, regulated entities will be exempt from the obligation to surrender ETS2 allowances.

Regulated entities, or permit-holding Irish fuel distributors, will however be subject to monitoring and reporting obligations under the directive and will need to submit data to the EPA on the amount of fuel they supply into the market, with compliance necessary to obtain the derogation.[87] However, they will not need to buy and surrender emissions allowances in the manner that power generators in Ireland, for example, have to do on an annual basis under ETS1.[88]

The opposite also applies. Should Ireland's carbon tax be less than the average auction clearing price for these allowances in any given year, then those fuel distributors would be required to buy and surrender ETS2 allowances corresponding to their verified emissions.[89] Such a condition could arise deliberately, by pausing or reducing the carbon tax on certain areas, as has been undertaken in Budget 2027 for home gas and heating oils, or inadvertently, if prices in ETS2 grew beyond what is currently anticipated.[f]

The costs of this eventuality would, presumably, be passed on to consumers in Ireland, who would therefore continue to face a carbon price element on fuels for transport and heating their homes for the foreseeable future, regardless of any budgetary decisions in Ireland in this regard. In fact, in the event of the price comparison rule failing (i.e. the average ETS2 auction price being greater than the national carbon tax) for any of the reasons outlined above, consumers in Ireland would be subject to the full impact of *both* the ETS2 price and the national carbon tax charges at once.

A further implication of the derogation is that the State must ensure that Ireland's emissions in these sectors are consistent with overall limits of the ETS. To do this, an annual reconciliation will take place that compares Ireland's overall share of ETS2 allowances against the verified emissions of regulated entities in Ireland. If the verified emissions exceed this share, then Ireland will need to buy and surrender allowances up to this difference. Conversely, if emissions are less than this share, then Ireland can auction allowances to the extent of this difference. In any event, Ireland will need to surrender allowances up to the quantity of its overall emissions levels (Directorate-General for Climate Action, personal communication, July 2026).

Current EPA projections for the relevant sectors suggest that Ireland will need to buy and surrender allowances rather than having additional allowances for auction. This implies additional costs beyond those considered in the report A Colossal Missed Opportunity, the Council's March 2025 collaboration with the Irish Fiscal Advisory Council.[1] However, these additional costs need to be seen in the context of the fact that Ireland will also be entitled to a significant funding allocation through the Social Climate Fund (€663 million over the years 2027–2032[90]), contingent on having a Social Climate Plan in place and agreed with the European Commission (see also *Section 5.5.1*).

Estimates produced by the Öko-Institut suggest that Ireland's share of the overall auction proceeds (up to and including 2032) would have been in the range of €2.7 to €15.4 billion, based on a wide range of average allowance price forecasts (€45 to €200 per tonne), had Ireland not opted for the derogation.[91] These revenues will not be accrued, as the auction allocation will not be placed on the market as a result of the derogation. Previous estimates of future carbon tax revenues are of a similar order of magnitude.

For example, one estimate by the Department of Finance, which predated the recent Budget 2027 announcement and assumed the legislated increases in the carbon tax were implemented, estimated total net carbon tax receipts of between €1.24 and €1.37 billion per annum between 2026 and 2030. Of these receipts, between €876 million and €1.07 billion would be hypothecated to climate action

f Some market analysts are forecasting prices for ETS2 in excess of the €100 per tonne carbon tax rate scheduled for implementation in 2029/2030. See, for example, the Öko-Institut study.

over the same period.[92] In the event, Budget 2027 allocated €1.114 billion from the carbon tax to climate measures. This maintained the level of funding from 2026 in nominal terms.[49]

Another important implication of the possible implementation of ETS2 in Ireland is that the relative certainty around revenues generated by the carbon tax would be replaced by the relative uncertainty of revenues under the scheme (which is replaced by greater certainty on the level of emissions at the EU level). As mentioned previously, ETS2 revenues could vary over a 6-year period from €2.7 to €15.4 billion,[g] whereas carbon tax revenues are quite predictable, at a little over €1 billion per annum,[79] most of which is due to be hypothecated for climate action.[93]

While ETS2 auction revenues are also allocated towards climate action (under Article 30d(6) of the directive as amended[94]), it would be difficult to plan particular programmes or projects in the context of such uncertain funding. While ETS2 does unequivocally create a mechanism by way of the Social Climate Fund for the hypothecation of revenues towards reducing the impacts of the price mechanism on more vulnerable households, this is limited in scale (*c.*€110 million per annum over 6 years, or about €145 million if the mandatory co-financing by Member States is included) relative to the amount of revenue currently being hypothecated from the carbon tax towards climate action measures and social supports (*c.*€1 billion per annum).

In conclusion, the Council believes it is critical that the Government returns Ireland to the original carbon tax pathway committed to in the Programme for Government at the earliest opportunity, to:

- maintain price signals, especially in times of lower international fossil fuel prices, that encourage moving away from harmful, high-emission fossil fuels,
- ensure a reliable and predictable revenue flow from the carbon tax to deliver funds that support decarbonisation measures for a Just Transition,
- minimise the now increasing risk of losing the derogation from ETS2.

5.3. Adopting a common reference trajectory for adaptation planning

Global temperatures in the past 3 years (2023–2025) averaged more than 1.5°C above the pre-industrial level (1850–1900). This marks the first time a 3-year period has exceeded the 1.5°C limit.[95] In September, a UNEP report concluded that exceedance of 1.5°C is now widely considered unavoidable under current trajectories.[2] This reinforces the urgency for governments to strengthen mitigation commitments and plan for resilience in a warmer climate. UNEP identified that returning to below 1.5°C later this century remains possible only under a pathway that limits peak warming to around 1.8°C. Achieving such a pathway would require global GHG emissions to be reduced by 18% by 2030, 45% by 2035 and 69% by 2040, compared with 2025 levels.[3]

The Council stresses that pursuing mitigation targets and policies aligned with the Paris Agreement's long-term temperature goal remains the most effective way to limit the most severe climate risks and impacts. It is imperative that Government policy to mitigate emissions consistent with that goal remains. However, adaptation planning must be informed by the range of climate futures that remain possible under current emissions trajectories.

g The ETS Directive does include quantity- and price-based mechanisms to intervene in the market in the event of growing price pressures or oversupply of the market; however, ultimately, the price will be determined by the balance of supply and demand over the EU-27 as a whole and not by national considerations.

According to the Intergovernmental Panel on Climate Change, compared with the 1850–1900 period, the global surface temperature averaged over the 2081–2100 period is very likely to be higher by 1.0°C to 1.8°C under the very low GHG emissions scenario (shared socio-economic pathway (SSP) 1–1.9); by 2.1°C to 3.5°C in the intermediate GHG emissions scenario (SSP2–4.5); and by 3.3°C to 5.7°C under the very high GHG emissions scenario (SSP5–8.5).[96] As Europe is warming approximately twice as fast as the global average, these scenarios would translate into higher levels of warming across Europe.[97]

According to this year's UNEP Emissions Gap Report, in the most optimistic scenario, where all nationally determined contributions and net-zero commitments are fully achieved and sustained, there is a 66% probability that warming would be limited to around 2.1°C this century, approximately 0.7°C lower than under the current policies scenario.[3] It is therefore necessary, in line with the precautionary principle, to plan for climate conditions consistent with at least the intermediate emissions pathway, equivalent to global warming of 2.1°C to 3.5°C by the end of the century.

In this context, the Council recommends that the Government recommit to achieving Ireland's national GHG emissions reduction targets, while simultaneously adopting a common reference trajectory for adaptation planning and communication. A nationally agreed climate reference trajectory is needed to safeguard lives, livelihoods and the economy. It should be based on global warming levels (GWLs) and associated climate scenarios that reflect the current inadequate levels of mitigation efforts nationally and internationally.

GWLs are used in climate projections to describe the expected climate that a region will experience when the global average temperature reaches a particular level of warming (e.g. 1.5°C, 2°C and 3°C) compared with the pre-industrial era (1850–1900). Compared with emissions-based scenarios, such as representative concentration pathways (RCPs) or SSPs, GWLs are easier to communicate and can make climate information more accessible to policymakers, practitioners and non-expert audiences.

This approach is consistent with emerging European policy and scientific guidance.[97] On 27 October 2026, the European Commission presented the EU Framework for Climate Resilience, which proposes a European Climate Resilience Law. It sets out a common European approach to managing growing climate risks and planning for adaptation. The legislative proposal includes a common reference global warming trajectory for resilience planning, based on projected warming of 1.5°C by 2030, 2°C by 2050 and 3°C by 2100 above pre-industrial levels.[98]

France was one of the first EU Member States to incorporate a reference trajectory for climate change adaptation (TRACC) into its environmental regulatory framework in January 2026, establishing an official climate reference that public policies and adaptation planning must take into account.[99] The French TRACC is based on a global warming pathway of an approximately 3°C increase by 2100, corresponding to around 4°C average warming in metropolitan France.

In July 2026, the UK Government announced a more ambitious approach to climate adaptation, including the adoption of a cross-government planning assumption of a minimum of 2°C of global warming by 2050 and a commitment to setting stronger, measurable objectives for climate adaptation.[100,101]

In Ireland, Met Éireann, through the TRANSLATE programme, already provides standardised national GWL data and associated climate scenarios, allowing practitioners to view how Ireland's climate could change as global temperatures increase to 1.5˚C, 2˚C, 2.5˚C, 3˚C or 4˚C above pre-industrial levels.[102] This information is publicly available through Climate Ireland[103] and provides a scientific evidence base for adaptation planning and risk assessment. However, there is currently no nationally

agreed common reference trajectory or adaptation targets against which policies and actions can be planned and assessed.

Establishing a common reference trajectory, such as planning for a possible 3˚C of global warming by 2100, would align Ireland's adaptation planning framework with the approach proposed under the EU Framework for Climate Resilience. It would ensure that Government departments, local authorities, infrastructure providers, financial institutions and businesses plan on the basis of consistent climate assumptions. This would improve the comparability of climate risk assessments, strengthen adaptation planning and communication, and provide a consistent and robust basis for long-term investment planning across sectors.

5.4. Development of a National Adaptation Finance Strategy

Businesses, infrastructure, farmers, communities and the natural environment in Ireland continue to face increasingly severe climate change impacts. The actions required to adapt to these changes – how they will evolve over time, how much they will cost and who should pay – remain poorly understood. The second iteration of the sectoral adaptation plans (SAPs), published in November 2025, set out the planned adaptation actions across sectors until 2030.[104]

However, there was no costing of activities included within the SAPs, no indication of investment needs and no clear commitment of available funding to support implementation in most cases.[105] The Council and Central Bank of Ireland have previously highlighted the need to scale up investment in adaptation to build up the resilience needed to withstand future climate shocks.[106]

The Council welcomes the subsequent initiative of the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation to assess the costs of implementing the actions planned in each SAP. This should serve as a starting point for a broader national assessment of required short- and long-term climate adaptation investment costs covering all sectors with SAPs and for the periods from now until 2030, 2030–2050 and 2050–2100.

This assessment should support the development of a national adaptation finance strategy that would mobilise increased funding from public and private sources and clearly define public and private sector funding roles. This strategy would provide strategic direction on a range of possible financing mechanisms, such as government financing approaches and concessional finance, and on risk mitigation mechanisms, aggregated project structures, and supports for local authorities to leverage EU funding mechanisms.

5.5. Demonstrating climate leadership at home and abroad

Ireland's international leadership on fossil fuel phase-out must be matched by decisive domestic action. It is acknowledged that there are elements of the transition that will take time to deliver and that will require significant stakeholder consultation in order to maximise the probability of successful outcomes. In addition, the recent fossil fuel crises have pointed to weaknesses that need to be addressed systemically and with greater urgency.

5.5.1. Making the transition more affordable for all

It is vital that the Government identifies and implements measures that help the most vulnerable consumers and businesses to deal with extreme and sudden price movements. This should combine income support measures and expanded funding for mitigation measures that protect these consumers from price swings.



In business sectors where cost-efficient measures are not available, other price-based support mechanisms may be justifiable from a competitiveness perspective. A plan that details how Ireland should transition away from fossil fuels should include details of structural taxation and welfare-based measures that can be deployed based on significant but quantifiable price movements above those projected, including the current carbon tax plans.

Under the EU Social Climate Fund,[107] financed through revenues from the new ETS2 carbon pricing system, Ireland can access substantial funding to support a Just Transition, with up to €663 million in EU resources available over the period 2026–2032 to address energy (and transport) poverty. These funds should be augmented by a national contribution of approximately an additional one-third. Access to these funds is contingent on the submission of a national Social Climate Plan, which was required by 30 June 2025, setting out targeted measures to mitigate the disproportionate impact of rising fossil fuel costs on vulnerable households.

However, Ireland has not yet submitted its Social Climate Plan, despite undertaking a public consultation in late 2025 (see *Section 4.1*). This delays Ireland's ability to draw down funding and implement large-scale decarbonisation measures that would have positive impacts on energy affordability for lower-income households. This delay represents a missed opportunity to deploy early supports at a time of elevated energy costs, particularly given the Social Climate Fund's explicit aim of addressing structural drivers of energy poverty through investment in energy efficiency and access to renewable energy.

Irrespective of the derogation discussed in *Section 5.2.3*, the European Investment Bank's ETS2 Frontloading Facility offers an additional mechanism to accelerate such investments by providing upfront financing measures such as building retrofits and renewable energy deployment before ETS2 revenues fully materialise.

While acknowledging that there is work ongoing by the National Energy Affordability Taskforce, the Council urges the Government to urgently complete and submit the Social Climate Plan, ensuring that it prioritises funding for structural, long-term measures that reduce energy costs, expand access to renewable energy and protect vulnerable groups from future energy price shocks. Ten countries have submitted their Social Climate Plans for Commission assessment, with Sweden, Lithuania, Latvia, Malta and Greece the first to have their plans formally adopted.[108]

It is important that Ireland moves to quickly adopt an ambitious and well-targeted Social Climate Plan that can be shown to be an additional source of funds and not simply a replacement for other sources, and that it is implemented fully and reported upon comprehensively and annually. The net revenues raised should be used to promote decarbonisation and to fund, inter alia, the national share of the costs of the Social Climate Plan.

5.5.2. Converting international and EU ambition into action at home

Ireland has assumed a leadership role at international discussions of the Transition Away from Fossil Fuels (TAFF) initiative and is set to co-host its second meeting along with Tuvalu in 2027.[109] The first meeting of this initiative took place earlier in 2026 in Santa Marta, Colombia.[110] This positive signalling needs to be backed up by strengthened ambition at home. Ireland needs to show the maximum level of commitment, leadership and ambition for reducing its emissions.

It is important that Ireland's positive international signalling at the TAFF conference and under the Global Methane Pledge initiative is backed up by taking leadership in these forums and in the context of negotiating for the highest possible level of ambition for emissions reduction targets in the EU post-2030 framework. This ambition should in turn be illustrated by Ireland taking a leadership role

in respect of the transition away from fossil fuels and by adopting maximum ambition in respect of methane and other gases.

This ambition can be demonstrated by, inter alia, committing to an ambitious target in the forthcoming post-2030 framework, while ensuring that the impacts of the required transition are carefully set out and that plans are put in place to ensure these impacts are mitigated in line with the findings of the Just Transition Commission. It can also be demonstrated by encouraging European partners to ensure that all elements of the framework (including the proposed amendments to the ETS Directive) achieve the highest possible levels of domestic ambition.

For example, the proposed amendment to ETS1 will increase cumulative emissions, weaken investor confidence and undermine the credibility of climate commitments. Ireland, in its role as President of the Council of the European Union, should strongly advocate for the highest level of ambition at the EU level and accelerate the implementation of national policies and measures necessary to phase out fossil fuel use in line with the National Climate Objective.[111]

This ambition can then be put into operation through the domestic planning and implementation of actions that deliver the highest levels of decarbonisation of fossil fuels by 2040 alongside reductions in other GHGs. This should be communicated by way of a clear and concise long-term strategy, detailed in a comprehensive National Energy and Climate Plan and supported by regular updates to the national Climate Action Plan. Elements that could inform the next long-term strategy include an explicit plan to transition away from fossil fuels in a just, orderly and equitable manner in line with Ireland's involvement in the TAFF process, alongside a commitment to produce and implement a national methane reduction strategy in line with Ireland's commitments under the Global Methane Pledge.

A vital subcomponent of a plan to transition away from fossil fuels is a time-based commitment that sets out how fossil fuel taxation will be further developed and amended over time. This could include elements such as compensatory measures to address temporary time periods of very high fossil fuel prices during the transition, but recalling that the transition aims to stop Ireland using fossil fuels as soon as possible. By necessity this includes a clear plan to phase out fossil fuel subsidies in Ireland by 2040 (see also *Section 4.3*). As there are a wide range of beneficiaries of these subsidies, such a plan needs to be subject to a detailed and inclusive period of multi-stakeholder participation.

An additional component of this plan would be setting a long-term trajectory for carbon pricing in Ireland, with the aim of rendering carbon taxes redundant in the context of a fossil fuels phase-out and the replacement of the revenues they generate. In the interim, it should also be possible to improve the implementation of carbon taxes by way of two changes to the current regime.

Firstly, it is evident that while carbon tax receipts are largely generated by motorists, the current hypothecation profile supports decarbonisation of other sectors, predominantly but not exclusively the Built Environment and Agriculture sectors. By way of illustration, the total amount of energy consumed by private car transport exceeded the combined amount of oil and gas energy used for the purposes of residential heating, according to SEAI.[h] Meanwhile, less than 2% of the carbon tax revenues were allocated to the Department of Transport[112] (see also *Section 5.2.2*, which deals with the breakdown of taxes paid and subsidies received by households).

Perceived fairness of market-based measures is a strong predictor of policy support for carbon taxes (see Box 5.11 of the Working Group III contribution to the Sixth Assessment Report[113]). This misalignment should be addressed, ensuring that future revenues from the carbon tax help

h See, for example, the energy balances for 2024 published by SEAI.

to transparently and coherently assist in providing for feasible transition pathways for the Transport sector.

Secondly, it is paramount that reporting of carbon tax revenues and their hypothecation become part of an annual cycle of reporting on climate and energy revenues and expenditures. The provision of annual reports that include plans on how revenues have been redistributed in the past and how they will be distributed in the future provides evidence of transparency, credibility and the commitment of the Government to execute a carbon tax as originally intended.[114] Reporting on carbon tax revenue allocations has improved in recent times. The post-Budget report by the Department of Finance[112] should act as a useful model for further development. The reporting should also address the actual use of funds that were raised, as was done, for example, by the Comptroller and Auditor General in their report.[93] This should also include how revenues from the ETS, Social Climate Fund and Climate Action Fund are used. The Government needs to closely examine the relative merits of a continuing derogation and the likely implications for the carbon tax trajectory post 2030 under a variety of plausible auction price forecasts.

The final report of the first TAFF conference[110] also included a set of design principles for roadmaps. These included the importance of a rights-based approach, the promotion of diversification and value creation, the importance of a Just Transition for workers and communities, and the importance of the mobilisation of direct, accessible and non-debt-creating finance. The Government should, as a priority, commit to and deliver a roadmap away from fossil fuels.

Finally, and as part of a renewed commitment to its national and international climate objectives, the Government should take meaningful actions in support of Ireland's commitment to the Global Methane Pledge and demonstrate the impact of these measures at international forums. This should include the creation of a National Methane Reduction Strategy, as requested by the Global Methane Pledge, as well as increased engagement with the pledge's food and agriculture pathway to showcase leadership within the EU for agricultural methane reductions.[115]

The Global Methane Pledge was launched in 2021 at the UN Climate Change Conference in Glasgow with the aim of reducing global anthropogenic methane emissions by 30% by 2030. The Global Methane Budget 2024[116] estimated agriculture to be responsible for 40% of anthropogenic emissions; the fossil fuel sector responsible for 34% of emissions; and waste management responsible for 19% of emissions. The remaining 7% of emissions come largely from biomass burning and biofuel use.

Anthropogenic emissions of methane account for 60% of total emissions, with natural sources, such as natural wetlands, termites and wildfires, accounting for the remaining 40% of emissions. The recently published EU Livestock Strategy,[117] which seeks to navigate the complex and diverse challenges and opportunities for the Agriculture sector in addressing environmental, social and economic sustainability, has noted Ireland's leadership role in the consideration of biogenic methane emissions.

Ireland's mix of methane emissions sources stands in sharp contrast to the global situation, especially with respect to the share of fossil fuel sources. The Agriculture sector is responsible for 76% of national methane emissions, while land use management is responsible for 19% of emissions. Waste management is responsible for 4% and fossil fuels 1%. Ireland's total methane emissions fell by just 4.1% in 2025 relative to 2018. Projected emissions reductions of between 4.6% and 15.0% by 2030 have been estimated under the WEM and WAM scenarios.[10]

Analysis undertaken to inform actions in support of the methane pledge identifies plausible measures within global agriculture to reduce agricultural emissions by approximately 30% by 2030 relative to 2020 levels.[118] However, much of this potential exists in developing economies where

adoption of modern, sustainable practices would achieve reduced emissions and improved performance simultaneously. The pledge has attracted 159 signatories (including Ireland and the EU). Emissions reduction at this scale would avoid more than 0.2°C of global warming by 2050.

UNEP reports that projections of global methane emissions indicate a slowdown in the rate of emissions since the launch of the pledge. However, the trajectory for emissions remains off track in meeting the 2030 goal, with global methane emissions still increasing.[119]

Typically, national and EU policies for emissions reductions have not been gas specific but rather use global warming potential evaluated over 100 years (GWP_{100}) as the agreed common metric to compare emissions of each gas. However, the Global Methane Pledge is gas specific, and therefore Ireland should commit to identifying and implementing targeted mitigation measures to reduce methane emissions.

Both globally and in the EU context, the most cost-effective mitigation potential exists within the Energy and Waste sectors.[120] Because of this, much of the focus and initial momentum under the Global Methane Pledge has been within these sectors. Ireland has the opportunity to take a leadership role in the development and implementation of mitigation actions within livestock agriculture. Teagasc's Marginal Abatement Cost Curve analysis has identified a range of measures that have significant potential to reduce methane emissions in the context of Irish farming practice.

The Global Methane Pledge requested signatories to create a national methane reduction plan. To date, Ireland has failed to follow up signing the pledge with the relevant action. A national methane mitigation strategy should be consistent with the broader National Climate Objective and requirements to meet both national and EU mitigation targets. Additional methane reductions beyond those identified within the Climate Action Plan are required to meet national commitments.

Another area where Ireland can take a leadership role is in the progressing of carbon removals, especially within the Agriculture and LULUCF sectors. With the recent implementation of the EU's Carbon Removal Certification Framework; the publication of supporting carbon farming methodology; and the recognition of the potential for carbon removals by mineral soils, the governance landscape is clear.[121] Teagasc and others have invested strongly in establishing a network of carbon monitoring sites. These can form the core of a robust monitoring and verification system to support the certification of carbon removals at the level of farm type and farm practice.[122]

In addition, the sector can effectively leverage the private sector through the GHG Protocol, scope 3 declarations, the Science Based Targets initiative and the Land Sector Removals Guidance and Standards, also launched in 2026.[123] However, farmers and landowners will require specialist advice and supports to effectively engage with these initiatives and to fully realise their emissions reduction potential and enhance removals.

About the Council

The Climate Change Advisory Council is an independent advisory body tasked with assessing and advising on how Ireland can achieve the transition to a climate-resilient, biodiversity-rich, environmentally sustainable and climate-neutral economy.

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