



19 July 2021

Ms Marie Donnelly
Chair
Climate Change Advisory Council
McCumiskey House
Richview, Clonskeagh Road
Dublin 14
D14 YR62

Dear Marie

Firstly, allow me to take this opportunity to thank the Climate Change Advisory Council (CCAC) for its extensive contribution to date in advising Government on climate policy development and assessing progress towards Ireland's climate objective. As you will be aware, the Climate Action and Low Carbon Development (Amendment) Act 2021 (Climate (Amendment) Act 2021) was signed into law by President Higgins on 23 July 2021. This is a significant milestone in supporting Ireland's transition to a climate resilient, biodiversity rich, environmentally sustainable and climate neutral economy.

The Climate (Amendment) Act 2021 has established a legally binding framework with clear targets and commitments set in law, including the process for the adoption of a series of economy-wide carbon budgets, with the CCAC having a central role in their development.

Bill Amendments

The Climate (Amendment) Act 2021 enacts a number of commitments set out in the Programme for Government. The provision that the first two carbon budgets should achieve a 51% reduction in greenhouse gas emissions versus 2018 levels by 2030 will put us on a pathway to achieve a climate neutral economy by no later than 2050.

The original Bill introduced to the Oireachtas made provision for emissions removals to be taken into account as part of our transition towards a climate neutral economy. To maximise the transparency and legal robustness of the Act, and following further consultation with the Office of the Attorney General, it was considered prudent to clarify further the intent of the Bill with regard to the use of emissions removals, and more specifically, the process of how they will be determined and used in complying with carbon budgets and sectoral emissions ceilings.



It was decided that the most appropriate and comprehensive approach to achieve this was for the Climate (Amendment) Act 2021 to make provision for regulations to be prepared by the Government. These regulations will have regard to the rules applied by the European Union in respect of determining how the removal of greenhouse gas emissions may be taken into account, and in particular the method of calculating and accounting for such removals, including the base year to be applied to such removals.

In essence, the regulation will need to determine the detailed form of accounting for land use emissions and removals and their interaction with the carbon budgets and sectoral ceilings under the Climate (Amendment) Act 2021.

Proposed Approach to Regulation

Having carefully considered the matters which the Government Regulation must address, the following outlines the approach I am minded to propose to Government for their consideration.

Carbon Budget Development

- (i) Ireland should use the latest Global Warming Potential (GWP) values from the IPCC Fifth Assessment Report (AR5) values from 2021 for GWP in line with EU accounting requirements.
- (ii) Carbon budgets should be based on 2018 emissions and removals in Ireland's national inventory, as produced by the Environmental Protection Agency.
- (iii) Emissions and removals from Ireland's national inventory should be accounted for in three different groups:
 - o Group 1 – All emissions and removals, except those from land use and forestry
 - o Group 2 – Land use emissions and removals
 - o Group 3 – Forestry emissions and removals

Group 1 Emissions Accounting

- (iv) This is provided for in the Act which states that the first two carbon budgets proposed by the Advisory Council shall provide for a reduction in greenhouse gas emissions such that the total amount of annual greenhouse gas emissions in the year ending on 31 December 2030 is 51 per cent less than the annual greenhouse gas emissions reported for the year ending on 31 December 2018.



Group 2 and Group 3 Emissions Accounting

- (v) Group 2, land use categories for the regulation should align with the Common Reporting Format (CRF) of the UNFCCC reporting guidelines (Cropland; Grassland; Wetlands; Settlements; and Other). It is noted that the European Commission's proposed revision to the EU Land Use, Land Use Change and Forestry (LULUCF) Regulation will see the accounting rules for Member States align with the CRF from 2026 onwards.
- (vi) Group 3 forestry category for the regulation should align with the Common Reporting Format (CRF) of the UNFCCC reporting guidelines (Forestry).
- (vii) The accounting of emissions and removals should be based on actual emissions and removals values for each year (as opposed to reference level accounting). Again, this is consistent with the approach proposed by the European Commission from 2026 onwards in the LULUCF Regulation.
- (viii) Separate carbon budgets will be created for Group 2 and Group 3 emissions and removals.
- (ix) These should be accounted for using carbon budgets over the periods 2021-2025 and 2026-2030 and on the following basis:
 - a) The budgets should be set against 2018 emissions in the national inventory
 - b) The budgets should be set in order to achieve a reduction in our land-use emissions that is ambitious yet achievable
 - c) Emissions reductions that are achieved in order to meet the Group 2 and Group 3 carbon budgets cannot be accounted for in Group 1
 - d) Only emissions savings beyond what is required to achieve Group 2 and Group 3 carbon budgets (i.e. emissions come in under budget) should be used to offset emissions from Group 1 emissions over the same budget period

My Department is considering what might be an appropriate target for Group 2 and Group 3 carbon budgets. In doing so, due consideration will be given to the fact that emissions reductions from land-use can often have longer time horizon to be realised than is the case for other emission types, for example from fossil fuels. In addition, it is recognised that our forestry sector will move from being a net remover of emissions to a net emitter over the decade.

Furthermore, the measurement of land-use emissions and removals continues to evolve and figures can change considerably as our science does.



Emissions Accounting from 2031 onwards

- (x) At this point Ireland would move to gross-net accounting, essentially meaning that the three defined groups are no longer required, and that our carbon budgets cover all emissions and removals

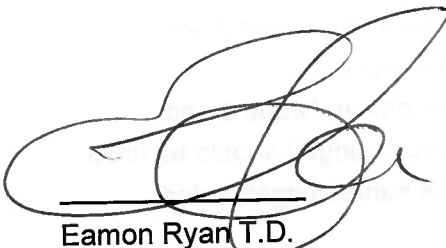
This approach is consistent with the approach that the EU have set out in their Fit for 55 proposals and would also allow for the creation of a joint Agriculture, Forestry and Other Land Use (AFALOU) sector from 2031, should the Government choose to do so. Further, a joint AFOLU sector would also help to incentivise early action for forestry which will be required to ensure that Ireland's 2050 climate neutrality objective is met.

Advice Sought

I would very much welcome the advice of the CCAC on this proposed approach to the regulation.

I would also welcome your views on how the regulation might address the issue of evolving science for emissions and removals in Group 2 and Group 3 above. It will be important that carbon budgets for these sectors maintain the level of ambition that is set in our carbon budgets.

Yours sincerely



Eamon Ryan T.D.

Minister for the Environment, Climate and Communications