



Climate Change Advisory Council
McCumiskey House
Richview
Clonskeagh Road
Dublin 14, D14 YR62

Mr. Denis Naughten, TD
Minister for Communications, Climate Action and Environment
29 – 31 Adelaide Road
Dublin 2, D02 X285

14th June 2016

Dear Minister,

I would like to take the opportunity to introduce the Climate Change Advisory Council. This is an independent, statutory body established under the Climate Action and Low Carbon Development Act 2015, charged with advising Ministers of State and the Government on national policy relating to climate change.

The Council is mandated to offer policy recommendations, primarily through two publications; the Annual Report and the Periodic Review Report. We aim to provide a first Council report later this year, which will offer preliminary recommendations on the development of climate change policy. The Council is concerned that the current pace of decarbonisation is not compatible with our 2050 low-carbon transition objective and Ireland may not meet emissions targets agreed under the 2020 Climate and Energy package¹. Our forthcoming reports will therefore provide initial advice on appropriate policies to meet these objectives.

An essential part of this process will be to decarbonise electricity generation: this would facilitate the electrification of heat and transport, which must also be decarbonised to meet national objectives and EU targets. However, we are concerned that, to date, the EU Emissions Trading Scheme (ETS) has not provided appropriate incentives to decarbonise electricity generation across the EU.

This item will be discussed at EU level over the summer. In this context, the Council would like to make a recommendation to you that Ireland should support certain reforms to make the scheme more effective. Operation of the EU ETS to date has not encouraged adequate decarbonisation of electricity generation and heavy industry because prices for EU ETS emissions allowances (EUAs) have been too low. There is

¹ http://ec.europa.eu/clima/policies/strategies/2020/index_en.htm



evidence to suggest that remedial measures recently announced by the EU Commission may be insufficient to address this problem and that further action is required.

As the accompanying background document shows, a suitable minimum EUA price could initiate a path of sustainable decarbonisation with greater certainty. This minimum price should rise over time to drive reform across the EU. The Council recommends that Ireland support any future proposals to introduce a minimum EUA price.

Support from EU Member States, including Ireland, is important for any minimum price proposal to receive adequate consideration at EU level. Council research suggests that national competitiveness is not an obstacle to a minimum EUA price. Indeed, given Ireland's relatively low dependence on coal-fired electricity generation, such a measure could improve Ireland's competitiveness relative to some other major EU economies.

A well-functioning EU ETS is the most effective way to ensure decarbonisation across all EU Member States and is of the utmost importance in achieving Ireland's climate change ambitions. We look forward to further constructive collaboration with your department as we work together to achieve our national transition objective to 2050, as well as meeting shorter-term EU 2020 targets.

Yours sincerely,

A handwritten signature in black ink, which appears to read "John FitzGerald". The signature is written in a cursive, flowing style.

Prof John FitzGerald

Chair

Climate Change Advisory Council