Sectoral Engagement on Carbon Budgets

Summary

July 2021

Meetings

- Meetings to Date;
  - Agriculture (already reported back)
  - Residential
  - Enterprise/Industry
  - Transport
  - Electricity
- Meeting Planned
  - Finance

Common Themes

- Great participation from all sectors
- 51% target puts us at the limits of what can be achieved
- Question how this process matches up with Government's CAP2021 process
- Longevity/sustainability of employment opportunities if delivery of transition is compressed to a 10-year timeframe
- International supply chains also a concern – a lot of competing demands
- Importance of sectoral modelling and 'on the ground' sense checking

Residential

- Delivery of housing is one of the highest government priorities; overlap in skills needs
- Overlap between low income and poorly insulated homes – affordability issues
- Shallow retrofit – high risk of rebound effect
- Would like to see more discussion of innovative solutions (with enterprise potential) such as mechanisation of retrofit solutions
- Embedded life cycle emissions important too
- The total number of households that have to be visited across shallow and deep retrofits and heat pump installations is a concern
- Potential for shallow retrofit might be limited because of prevalence of hollow-block builds.
- Assumed level of retrofit in CB1 is unachievable

Enterprise & Industry

- What happens on the ground is different to what is technically feasible
- Planning and licensing delays
- Unit price of electricity in the model is different to price faced by companies – divergence of response
- Limited opportunity for fuel switching vs. Price of gas might increase as less customers sharing the fixed costs; CHP has greater flexibility than the model shows vs Assumptions on biomass concerning
- Ireland's electricity price higher than other EU MS and EU's are higher than world prices – implications for competitiveness with electrification
- Food/drink compete in international market – cost increases from fuel switching etc could have implications
- Also need to demonstrate internationally that Irish produce is clean green etc.
- Questioned the economics of some required investments
- CCS in cement/alumina is not feasible for 2030
- Question of where burden of cost lies

Transport

- 1.5m EVs is very very big number (age of retirement of cars?
- TCO already there for high mileage drivers. Ireland ideal for Evs
- Climate justice concerns for low income isolated households that can't afford EVs. How to deliver EVs in climate just way.
- Concerns on high assumption on electric vans – limited options on market, and drivers constrained by weight limit on licence (EVs are heavier)
- Department modelling has less reliance on EVs and more modal shift to meet 51% target – due to affordability and willingness to pay concerns on EVs.
- Livable cities is the 'easy' part; Need modal shift in the longer journeys to give emissions reduction results
- Big changes required at provincial town level and therefore need to bring communities on board
- Preference for backloading due to uncertainty on TCO shift happening in mid 2020s
- Link between construction activity and transport levels

Electricity

- Security of supply concerns in electricity grid are acute
- What part(s) of the economy do we need to slow down where no low carbon solutions exist yet?
- Necessity to prepare for negative emissions
- Importance of including estimation of grid costs – all scenarios require reinforcement of grid infrastructure
- Onshore wind constraints due to new guidelines etc
- Urgent need for offshore pilots to discover price
- Important to ensure that low carbon solutions don't assume reliance on electricity imports as the interconnector capacity is very limited and market is unsure
- Need to retain gas in the system for longer
- Storage solutions needed; Hydrogen is the most likely contender
- Impact on SMEs if electricity price rises