

Renewed Programme for Government & Renewable

- Fast-tracking the green economy –

1. INTRODUCTION

I'm delighted to be here this morning to contribute to this important conference on the renewable energy sector and its future direction. I think the reference to a green wind blowing across the south-east is rather apt, as I know from personal experience that the earliest signs I detected of a green economy in this region of the country were from contact with those trying to tap into the wind energy market. It has been a long and arduous journey for most, and the sector has changed and the technologies evolved throughout that time, but the interest has remained and grown. I know Joe, who I work with on a regular basis in Kilkenny, will testify to the stronger green winds blowing in the south-east in recent years.

The theme of my speech is the Renewed Programme for Government and what its implications are for the sector. In order to cover this theme I think it is important to look at how the context in which we see renewables has changed over time. This means looking at where the green economy was, and is, and how it is expected to grow. I would also like to outline the Government's delivery on the original Programme for Government between 2007 and 2009. This I think can help explain the new priorities, as reflected in the revised Programme for Government.

2. INCREASED VALUE OF GREEN ECONOMY OVER LAST 20 YEARS

The green economy has grown enormously over the past fifteen years. From once being a sector concerned primarily with the burden of dealing with chemicals and pollution, it has become a sector central to combating climate change and reducing the costs and fines of Governments, businesses and citizens – a sector providing opportunities for some, and avenues to greater efficiency for others. 20 years ago the global market for environmental goods and services was estimated to be worth \$200

million, and was annually growing at a rate of 7.5%. In the EU 12 member states of the time there were 600,000 jobs in the sector. Today, that \$200 million global market is worth over \$600 billion, expected to rise to \$2.1 trillion by the end of 2012. Tidal energy alone is estimated to be worth \$128 billion over the next decade.

In Ireland the green economy is now worth €2.8 billion, excluding construction, with a target of €4 billion in clean tech export sales between 2008 and 2010. This sector has grown significantly in countries where there is great potential for export-led growth, such as Ireland.

3. GREEN PARTY ENTERING GOVERNMENT IN 2007

The Green Party and I entered government in 2007 to implement our policies of linking economic development with a more sustainable society and a protected environment. Reducing greenhouse gas emissions to combat climate change was central to this agenda, a plan to re-structure our economy towards a low carbon future. This was reflected in the 2007 Programme for Government commitment to reduce greenhouse gas emissions by 3% annually. Within this framework we could work to ensure reforms across government to change the economy.

4. ORIGINAL PROGRAMME FOR GOVERNMENT

A change in energy policy was at the heart of this, and the report card of Government delivery on commitments in the original Programme for Government demonstrates this.

The commitments in the original Programme can be divided into three parts: security of supply, environmental sustainability (principally the roll-out of renewable energy) and energy competitiveness.

5. SECURITY OF SUPPLY

Security of supply and renewables are linked in many ways, and in this regard increased interconnection with the UK was – and is – a priority. Without increased interconnection, the possibilities for this country to export renewables in the future would be curtailed. The East-West Interconnector is on schedule for 2012. In March 2009, the Government announced approval of final consent for the development of this project. Egrid then began finalising issues of financing and contracts for the construction of the cable, and the European Investment Bank is lending somewhere in the region of €500 million for this project. Meanwhile the North-South transmission project will substantially upgrade interconnection with Northern Ireland. There has been a lot of public consultation about this project over recent years, and I am pleased that plans for this second interconnector between the jurisdictions are progressing well.

The second commitment regarding security of supply and renewables is the promise to enhance the diversity of fuels used for power generation, especially renewables capacity is essential in this regard. There are approximately 1,400 megawatts of renewable powered capacity generating electricity, while the current REFIT programme has committed support of more than 1400 megawatts of additional capacity. These projects have already secured planning permission. The Commission for Energy Regulation issued a decision last year requiring the grid network to offer connection offers for a further 3900 megawatts of capacity to achieve the 2020 target of 40% of our electricity to come from renewables. There is an additional target to install 500 MWs of ocean energy technologies by 2020, subject to suitable technology development. Renewable energy accounted for 12% of gross electricity consumption in 2008. We are course to meet our targets of 15% by the end of 2010 and 40% by the end of 2020.

6. RENEWABLES

The second pillar of Programme for Government commitments in energy policy is in the area of environmental sustainability. Added to the developments just mentioned are enhancing the REFIT supports, consolidation of the biofuels sector, net metering of renewables for consumers and more support for research and development in the sector.

The REFIT programme has been amended over the past two and a half years, with new terms and conditions provided for biomass, small hydro and wind energy.

Supports for biomass Combined Heat and Power/Anaerobic Digestion, off shore wind and ocean energy have also been announced. A price of €220 per MW/h was announced for ocean energy, €140 MW/h for offshore wind.

Net metering has also been facilitated through the commencement of a micro-generation programme. Consumers can sell surplus electricity back to the grid. There is a guaranteed price of up to 19 cent per kilowatt hour available for electricity produced and exported to the national grid. This feed-in tariff will apply to the first 4,000 micro-generation installations countrywide over the next 2 years. There is also the Greener Homes Scheme for people who want to install solar panels etc, and grants for businesses, schools and hospitals who install biomass-fuelled and anaerobic digestion CHP Units.

7. DEPT OF ENVIRONMENT MEASURES

Two important measures implemented by the Department of the Environment during the 2007-2009 period complimented this work. Firstly, the amended building regulations of 2008, which meant 40% increased energy efficiency in houses, brings about an obligation to have a renewable energy component for the first time. The regulations are expected to be amended again this year to increase energy efficiency

by a further 60%, and my colleague Minister Gormley has publically stated his intention to ensure Ireland's new housing stock is carbon neutral by 2013.

The other initiative was the announcement of exemption from planning permission for micro-renewable technologies. After a three month period of consultation in late 2007/early 2008 a list of exemptions was published for certain renewable energy technologies in the industrial, agricultural and commercial sectors. As we seek to fast-track the green economy, providing certain exemptions so as to ensure renewables become mainstream in the planning process makes sense.

8. RESEARCH INTO RENEWABLES

Research and development in renewables is also vital, and support from the Government for this is pivotal if Ireland is to be at the forefront of developing renewable technologies in Europe and beyond. If we are to create a smart economy as well as a green one, then the two must overlap. Ireland's renewable energy capacity should be complimented by a research environment in which we are immersed in green R&D. An example of delivery in this regard was the establishment of a dedicated ocean energy development unit within SEI. The unit has commenced full implementation of the ocean energy research programme. €7m was spent by the unit in 2009, its first full year in existence. €26 million will be spent over three years. The remit of Science Foundation Ireland has also been amended so as to include a third research pillar: sustainable energy and energy efficient technologies. This should help create a culture of research into renewables is fostered in our third level institutions.

There was also a commitment to biofuels in the original Programme for Government, with a statement to introduce a Biofuels Obligation Scheme which is coming in this year, which would replace the Mineral Oil Tax relief which runs out this year. This

scheme would compliment implementation of the Bioenergy Action Plan, which includes supports such as the National Energy Crop Premium.

9. SUSTAINABLE SEMI-STATES

In the energy competitiveness component of the original Programme for Government there was a commitment to ensure a sustainable future for the semi-State energy companies. The new strategic frameworks of both ESB and Bord na Móna bear this out. In the case of ESB, a €22 billion strategy aims to make the company carbon neutral by 2035.

10. RENEWED PROGRAMME FOR GOVERNMENT – CONTEXT

In October of last year the two government parties sat down for ten days to review the Programme for Government. The Green Party and I felt it was necessary to re-define the agenda of Government in response to a changed socio-economic landscape, recession and a dramatic change in the public finances, and the need for new economic focus. In my mind the previous two years after the original Programme for Government was produced several events I believe had consolidated and enhanced the importance of renewables and the green economy on the political agenda.

Firstly, there had been a growth in awareness, both domestic and global, in the need for an urgent move to a low carbon economy so as to combat climate change. The regularity of international summits on climate change, or summits where the issue was raised; the latest report of the Intergovernmental Panel on Climate Change, the Stern Report, all served to reinforce in our minds the urgency of de-carbonisation. New predictions of the impact of climate change contained forecasts of ice caps melting quicker than we had expected, sea levels forecasted to rise higher. Perhaps even unusual weather patterns in Ireland over recent years such as the extremely

wet summers of 2008 and 2009 struck a chord with sceptics about what climate change might entail for this country.

The second development, not new but linked, was the rise in oil prices. Oil prices have risen and fallen over the decades, but the rising trend that was evident in the summer of 2008 – peaking at \$147 a barrel I think – along with the vulnerability of gas supplied because of the Russian invasion of Georgia reminded us of Ireland's vulnerability to the geopolitics of fossil fuel importation. The demands of the west and the economic rise of the east have shown little sense of abatement, and were it not for the financial collapse which ensued in the autumn of September 2008 one wonders where prices would be now.

Thirdly, as I outlined at the outset, people have increasingly realised the value of the green economy in recent years. From occasional reportage of renewable energy potential in this country to a steady flow of coverage about the new “green economy” it seemed that government, businesses and entrepreneurs had discovered a sector with high growth potential, a way of business which could reduce costs and pollution, and, if capitalised on, a key component in the smart economy. 15,400 jobs have been created in Ireland in the green economy since June 2007. The green economy was soon associated with economic stimulus. One can see that in some of the commitments outlined in the Smart economy document published by the Government in December 2008. To take one example, whereas the original Programme for Government committed the Government to spending €100 million over 5 years on a national attic and wall insulation grant scheme, this policy changed with the need for economic stimulus to one where €100 million was allocated in 2009 alone. A Government taskforce was established to identify how this sector could be enhanced.

So the sector came into sharper focus, the agenda changed, and whilst I believe the Green Party had been quite focused on this issue from the off, the events just mentioned perhaps created awareness amongst our coalition partners about the green economy and renewables.

11. RENEWED PROGRAMME FOR GOVERNMENT SPECIFICS

There are several specific renewable energy commitments outlined in the Renewed Programme for Government, which were not found in the agenda of 2007.

GRID 25

Firstly, there is a commitment to implement the GRID 25 plan in order to facilitate our renewable energy targets and the increased capacity demand which Ireland now faces. Without implementation of this, there is nothing. Following on from the all-island grid study, published in 2008, the State has produced a framework for developing our national grid so that we can fulfil our potential in terms of regional development, interconnection with the UK and beyond, and the supply of renewables into the grid. This €4 billion investment over the coming fifteen years is vital to the renewable energy project. As the plan itself states, without it the drive to meet our renewable energy targets would be seriously undermined. I look forward to hearing more about this plan today.

ELECTRIC VEHICLES

The second new commitment in the Renewed Programme for Government is that of rolling out a fleet of electric vehicles: the Government will continue to work with the ESB and international motor companies to see a deployment of some six thousand electric vehicles over the next three years. This is an area of green innovation which had developed considerably between 2007 and 2009. What is exciting about this project is that it could serve a dual purpose. By rolling out a fleet of these cars we can substantially reduce our transport emissions - a sector which has seen a significant rise in greenhouse gas emissions and which now accounts for some 34% of our national emissions - whilst potentially finding an outlet for wind energy generated here. Wind energy, as with all electricity, is difficult to store. The hope is that by day our emissions would be reduced whilst at night these cars could be re-charged by wind energy which might not be utilised otherwise. Incidentally I recently

drove a MIEV a nippy little number that can do 160 km without recharging. Mind you if you listen to George Hook or Pat Kenny or use the wipers you might do less – or so they tell me!

ACCELERATED CAPITAL ALLOWANCES

The third commitment relates to the expansion of accelerated capital allowances available for businesses investing in energy efficient equipment. These allowances were first introduced for energy efficient equipment in the 2008 budget, and allow companies to write off 100% of the purchase value of qualifying energy efficient equipment against their profit in year of purchase. Amongst the equipment listed for allowances are electric and alternative fuel vehicles, and heating and electricity provisions in the renewable energy areas. Budget 2010 is extending the list of equipment within the remit.

FORESHORE LICENSING

Fourthly, the Government committed to transferring foreshore licensing from the Department of Agriculture to the Department of the Environment to assist the development of ocean energy resources. This is a welcome development, and I am pleased to say the Government delivered on this commitment soon after the Renewed Programme for Government was agreed. The planning process for foreshore developments is a complicated and detailed process, and in this regard anything the State can do to expedite the planning of such projects, giving due consideration to the national interest and environmental and community sensitivities, is to be welcomed. I know also the Department of the Environment is planning on updating legislation in this area through a new planning bill, which should enhance the fast-tracking agenda.

OTHER COMMITMENTS – GREEN SKILLS AND BANKS AND THE FUTURE

There are several other commitments. One is to providing incentives to employees to up-skill in preparation for the smart economy skills as set out in Comhar's 'Green New Deal' document.

Another is in the area of banking. We all know too well the problems which have besieged our banking sector in recent years. It is important to remind ourselves that the green economy and the renewables sector will not develop to the extent that they can without a steady and reliable flow of credit and capital from banks to viable green enterprises. My colleague, Minister Ryan, has engaged with the banks to ensure that both of the two big banks established lending funds ring-fenced for green projects. To add to this, the renewed Programme for Government states that institutions participating in NAMA will be obliged to offer a deposit account to customers which will be ring-fenced for lending to green projects. This is welcome.

The Government's commitment to implementing the recommendations of the taskforce on green enterprise (that I mentioned earlier) is stated in the new Programme, as is the Government's commitment to a high voltage off-shore electricity grid to connect with a European super-grid.

These commitments continue to command the daily attention of Government, whether it is at Ministerial level, the Cabinet sub-committee on climate change and energy security, or every time the cabinet asks itself the question: what are we doing to revive our economy?

12. CONCLUSION - VISION

I will end with our vision in the area of renewables and the economy, as without vision the journey contains unnecessary diversions. Our vision is for a carbon-neutral country. It is one in which economic development is sustainable, not growth sustained for the sake of itself. It is one in which real value is added to goods and services, not value based on speculation, greed or the sale of risk. At the heart of our vision for Ireland is an economy fuelled by renewable energy: energy that is clean, that works with the planet not against it, an energy we can export to other countries to enhance our prosperity; an export that enhances international connectedness

based on common interest, not corporate connectedness defined by the movement of capital. Bit by bit this vision comes closer to meeting reality.