

# **Climate Change Response Bill 2010**

## **Regulatory Impact Analysis**

**Climate Change Policy Section  
Department of the Environment,  
Heritage and Local Government  
December 2010**

## Summary of Regulatory Impact Analysis (RIA)

**Department:**  
Environment, Heritage  
and Local Government

**Title of Legislation:** Climate Change Response Bill 2010

**Stage:** Government approval for  
publication of Bill

**Date:** December 2010

**Related Publications:** Framework for Climate Change Response Bill 2010

Available to view or download at: [www.environ.ie](http://www.environ.ie)

**Contact for enquiries:**  
climatechangeinfo@environ.ie

**Telephone:**  
(01) 8882519/ 8882060

### **What policy objectives are being pursued?**

The objective of the Climate Change Response Bill 2010 is to provide a robust and transparent legislative context and underpinning for a new national medium and longer term vision on transition to a low-carbon, climate resilient and environmentally sustainable society.

### **What policy options have been considered?**

- Option 1: Do nothing/no policy change.
- Option 2: Enactment of primary legislation on transition.
- Option 3: Use of carbon pricing to reduce greenhouse gas emissions.

The preferred course is option 2. In contributing to the global effort to address climate change, a proactive cross-sectoral national approach is proposed in which required actions are driven on a bottom-up basis and economic opportunities are taken where they arise, guided by clear policy and principles underpinning a new national policy objective on transition which will complement current national policy in other areas, most notably on developing a smart economy.

## Summary of the Costs, Benefits and Impacts of the 3 Options

	<b>Costs</b>	<b>Benefits</b>	<b>Impacts</b>
<b>Option 1</b>	<ul style="list-style-type: none"> <li>• May not meet our EU commitments at least cost</li> <li>• Lack of sectoral ownership</li> <li>• Inadequate response may undermine opportunity in the green-tech sector.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• No impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<b>Option 2</b>	<ul style="list-style-type: none"> <li>• Increased administrative burden on Departments and public bodies</li> <li>• National targets exceeding EU requirements may have implications for Ireland's competitiveness in the short term, with potential carbon leakage as a result.</li> <li>• Establishment of the Expert Advisory Body will give rise to administrative costs at the EPA.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific, robust, transparent and progressive national response to transition ensuring that Ireland will meet EU and international targets on a least-cost basis</li> <li>• Provides certainty to industry and will encourage investment in low carbon technology.</li> <li>• Sectoral ownership of mitigation and adaptation planning process</li> <li>• Greater sectoral awareness of the importance of adaptation.</li> <li>• Flexible approach to meeting our international targets.</li> <li>• Continuous monitoring and scrutiny of progress in meeting targets</li> <li>• Early identification of potential threats and opportunities</li> <li>• Expert Advisory Body will ensure expert co-ordinated advice to Government.</li> <li>• Successful transition will support other national policy priorities on social and economic development.</li> </ul>	<ul style="list-style-type: none"> <li>• There may be a slight negative impact on national competitiveness in the short term – though long term impact expected to be positive</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• There will be a positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• There may be an impact on compliance burdens</li> <li>• Consideration will be given to any impact on North-South and East-West relations</li> </ul>
<b>Option 3</b>	<ul style="list-style-type: none"> <li>• Financial implications across the entire economy.</li> <li>• Would have an adverse effect on national competitiveness</li> <li>• Increased costs to business could lead to carbon leakage and subsequent job losses</li> <li>• Difficult to project impacts for compliance purposes</li> <li>• Significant additional administrative costs to those not already in ETS</li> <li>• Negative public perception of taxation intervention</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and transparent as those emitting most would pay the most – in line with the polluter pays principle</li> <li>• Direct incentive to reduce emissions to reduce costs</li> <li>• Would bring additional funding into the Exchequer but may involve high administration costs</li> </ul>	<ul style="list-style-type: none"> <li>• Likely to have a significant impact on national competitiveness</li> <li>• There would be a negative impact on the socially excluded and vulnerable groups</li> <li>• There would be a positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>

## DRAFT

### Regulatory Impact Analysis – Climate Change Response Bill 2010

#### 1. INTRODUCTION

- 1.1 This document outlines a number of options to develop national policy on climate change, having regard to progress within the EU as well as at a wider-international level under the United Nations Framework Convention on Climate Change (UNFCCC). The objective is to obtain the views of stakeholders and interested parties on the proposed development of national primary legislation, i.e. the Climate Change Response Bill 2010. This regulatory impact assessment will be updated following this consultation and on an ongoing basis as the proposed Bill moves through the various legislative stages in the Oireachtas.

#### 2. DESCRIPTION OF POLICY CONTEXT AND OBJECTIVES

##### 2.1 Policy Context

- 2.1.1 Climate Change is one of the most fundamental and far-reaching challenges to humanity. In the period 2008-2012, Ireland is required to meet a demanding target for the purposes of the Kyoto Protocol; this target is binding in EU law and Ireland is on course to meet it. In addition, by 2020, under the terms of an EU Decision on Effort Sharing which formed part of the Climate and Energy Package agreed by the EU in December 2008, Ireland is required to achieve a 20% reduction on 2005 levels of greenhouse gas emissions in the sectors of the economy not covered by the EU emissions trading scheme (ETS). The ETS will, from 2013 onwards, operate on an EU-wide basis, replacing the system of national allocations which will terminate at the end of the Kyoto period in 2012. The installations across the EU that make up the ETS sector face a challenge collectively of reducing their emissions by 21% compared to 2005 levels by 2020; some 100 Irish installations participate in the trading scheme which is administered in Ireland by the Environmental Protection Agency.
- 2.1.2 While progress under the Cancun Agreement has been wide ranging, it does not include all the elements we would like to see at this time. It has however, brought the main Copenhagen outcomes formally under the UNFCCC—and in some cases, goes beyond the Copenhagen Accord. Progress was made on a number of fronts including the establishment of the Green Climate Fund, the establishment of the Cancun Adaptation Framework, monitoring reporting and verification, technology transfer, and the framework for preserving forests in developing countries. The Mexican COP Presidency has helped to rebuild confidence in the process and this renewed atmosphere of optimism may help pave the way for a legally binding outcome in Durban in 2011.
- 2.1.3 The EU and wider-international agendas are moving on, albeit somewhat slower than had been expected in the case of the international process established under the

UNFCCC. It is appropriate and necessary therefore for Government to look beyond the immediate, short term situation, and to seek to bring both clarity and certainty to Ireland's response to climate change in the context of an inevitable global transition to a low-carbon future. While the challenges of mitigation and adaptation tend to dominate the climate change agenda, the emerging economic opportunities for low-carbon technologies across the global economy is also a key consideration in framing a comprehensive and cohesive national response to climate change.

2.1.4 Internationally, the United Kingdom has introduced climate change legislation covering policy on both mitigation and adaptation. Building on that, the Scottish Government has also introduced legally binding long term emission targets in the Climate Change (Scotland) Act 2009.

## **2.2 Objectives of the Climate Change Response Bill 2010**

2.2.1 To provide a robust and transparent statutory basis for a progressive and successful course of transition to a low-carbon, climate resilient and environmentally sustainable society; it is intended to reflect a responsible and successful society with a strong focus on development that is both environmentally and economically sustainable in its own interests, and in the interests of the wider international community; and it will complement and support other national policy priorities on economic and social development, including the objective of establishing Ireland as a country with a smart economy.

2.2.2 To make provision for an adequate, appropriate and timely response to climate change by implementing greenhouse gas emissions mitigation measures consistent with a fair and reasonable contribution by Ireland to achieving the ultimate objective set out in Article 2 of the United Nations Framework Convention on Climate Change.

2.2.3 Continued support for a progressive EU policy position on climate change.

2.2.4 To underpin the integration of national policy on climate change mitigation and adaptation into all policy areas.

2.2.5 To put in place the appropriate legislative framework to ensure that the threat of climate change is fully assessed and addressed, so as to enable Ireland to respond quickly and effectively to potential impacts.

2.2.6 To provide greater clarity on Government policy, and to establish the certainty which industry and other stakeholders require to plan for and invest in a low-carbon future.

2.2.7 To establish sectoral responsibilities on developing and implementing economically viable and environmentally effective emission reduction action plans.

- 2.2.8 To establish responsibility at a sectoral level for assessing the impacts of climate change, and to use these assessments to inform the development and implementation of appropriate sectoral adaptation action plans.

### **3. IDENTIFICATION AND DESCRIPTION OF OPTIONS**

#### **Option 1: Do Nothing/No Policy Change**

- 3.1 The first option would involve retaining existing policy on managing national responsibilities through the National Climate Change Strategy process. Ireland has now developed and implemented two national strategies, the first published in 2000, with the second following in 2007. These strategies set out the road map for emission reductions and ultimately meeting EU obligations for the purposes of the Kyoto Protocol. The current strategy is set to run until the end of 2012 but the compliance-based approach to mitigation targets which underpins it does not constitute an appropriate or adequate policy response to the level of emission reductions required across all developed countries post-2012.
- 3.2 In addition, national climate change policy to date has been dominated by mitigation, with the result that Ireland does not have a fully developed national policy position on adaptation to the inevitable impacts of global climate change. This gap in national policy needs to be addressed as a priority; while mitigation is a global problem that requires an effective global response, adaptation gives rise to issues which require country-specific policy responses.

#### **Option 2: Development and enactment of primary legislation**

- 3.3 This option would involve the development and enactment of primary legislation which would set a statutory basis for key national policies and principles to underpin a progressive course of transition to a low-carbon future. For the purposes of transition, it would establish a national institutional framework around policy integration at a sectoral level, national emission reduction targets for 2020, 2030 and 2050, a national mitigation and adaptation action-planning process, a Climate Change Expert Advisory Body to advise Government, and an annual transition statement process which would replace the current annual carbon budget. It would prioritise both mitigation and adaptation, and provide for the placing of appropriate statutory responsibilities and duties on all public bodies.
- 3.4 The proposed legislation would establish national policy on transition as a key national priority, complementary to other national priorities such as competitiveness and a smart economy.
- 3.5 Appendix 1 provides details on the main provisions of this legislation – the Climate Change Response Bill 2010.

**Option 3: The use of a greenhouse gas levy structure to meet International commitments**

- 3.6 This option would involve a broader greenhouse gas-pricing approach, including a possible extension of the carbon levy introduced in the Finance Act 2010, and the wider application of similar levies to other greenhouse gas emissions such as methane and nitrous oxide. Such an approach would be in keeping with the polluter pays principle for environmental protection purposes, as well as the likelihood that it would be highly effective in increasing public awareness of the damage being caused by greenhouse gas emissions. The effectiveness of pricing interventions for environmental protection purposes in other areas – the plastic bag levy for example, albeit a much simpler intervention without the pressure of a binding EU target – provides precedent and encouragement on this option.

#### **4. ANALYSIS OF COSTS, BENEFITS AND IMPACTS FOR ALL OPTIONS**

4.1 A qualitative analysis of the costs and benefits associated with the key Sections of Bill is set out below and this analysis will be developed further as the Bill progresses through the various legislative stages in the Oireachtas.

#### **4.2 Costs**

##### ***Option 1***

4.2.1 An inadequate medium and longer-term response to transition that may not allow Ireland to meet binding EU targets and wider international commitments on a least-cost basis.

4.2.2 An inadequate policy response will result in higher overall mitigation and adaptation costs in the longer term; transition is inevitable – how it is approached and managed is key to how much it will cost.

4.2.3 A misrepresentation of Ireland's vision on global transition to a low-carbon future may undermine new economic opportunities in the emerging green-tech sector; missed opportunities will further increase the overall cost of transition.

##### ***Option 2***

4.2.4 Certain aspects of the proposed Bill may lead to an increased administrative burden on Departments and public bodies; appropriate engagement and the benefit of effective responses will minimise/offset this burden in the medium/longer-term.

4.2.5 Establishment of a new expert advisory body will give rise to administrative costs for the Environmental Protection Agency.

4.2.6 The establishment of national targets where there are no EU or International targets in place is likely to give rise to cost implications for competitiveness in the short term.

4.2.7 The costs associated with each Section are detailed in tabular form at Appendix 2 and include the following:

- (a) Administrative burden on Departments and public bodies.
- (b) Implementing measures to reach targets may impose financial costs to the economy and could result in a short-term competitive disadvantage relative to other countries.
- (c) The Expert Advisory Body will be statutorily independent, with no Departmental control over its output.
- (d) Measures introduced in the Annual Transition Statement may have cost implications across the economy.
- (e) Administrative burden of preparing the statement on an annual basis; however, the carbon budget is an established annual commitment.

##### ***Option 3***

4.2.7 A sufficiently broad and effective suite of greenhouse gas-pricing measures would have financial implications across the economy including on sectors not currently affected to a significant extent by the carbon tax, such as agriculture.

- 4.2.8 Negative perception of tax interventions – association with broader taxation issues may undermine public goodwill on environmental protection issues.
- 4.2.9 May have an adverse effect on national competitiveness as inelasticity would demand strong pricing measures that would impact on costs.
- 4.2.10 Increased costs to business could lead to carbon leakage, resulting in job losses.
- 4.2.11 Difficult to project actual impact for compliance purposes.
- 4.2.12 Ensuring sufficiently broad and fair implementation likely to raise significant administrative challenges and possibly costs.

### **4.3 Benefits**

#### ***Option 1***

- 4.3.1 There are no benefits associated with maintaining existing policy; the implications are entirely negative in the medium and longer-term.

#### ***Option 2***

- 4.3.2 The Bill will provide for a specific, robust, transparent and progressive national policy response based on transition, thereby ensuring, inter alia, that Ireland can meet its EU mitigation targets and wider-international commitments on a least-cost basis.
- 4.3.3 Setting out clearly Ireland's intentions will provide more certainty for industry and will encourage investment in low-carbon technologies.
- 4.3.4 Assigning responsibility for mitigation and adaptation at a sectoral level will encourage a greater degree of ownership of the national plans and build greater awareness of the importance of addressing the impacts of climate change.
- 4.3.5 The structure of the Bill will provide flexibility in terms of adjusting national targets in line with developments at EU and wider-international level.
- 4.3.6 The establishment of an Expert Advisory Body will bring a high level of co-ordination and coherence to policy advice available to Government.
- 4.3.7 A progressive Climate Change Response Bill will complement and support other national policy priorities on social and economic development, including quality of life and competitiveness in an emerging smart global economy.
- 4.3.8 The benefits associated with each Section are detailed in tabular form at Appendix 2 and are as follows:
  - (a) The Bill will underpin a shift from a target-based compliance response to climate change mitigation to a more progressive approach based on transition to a low-carbon future.
  - (b) The Bill will bring about a greater awareness of climate change across all sectors and will provide for greater buy-in or ownership of the climate change agenda across all levels of governance.
  - (c) Statutory targets will give certainty to business on Ireland's climate change ambitions and the path to meeting international commitments, which may lead to greater investment in low carbon technology.
  - (d) Statutory targets will provide milestones for measuring progress on transition.

- (e) Achievement of EU targets and wider international commitments.
- (f) Reputational benefit – shows vision in addressing climate change in a proactive manner.
- (g) The Expert Advisory Body brings together experts from various fields to provide co-ordinated advice on climate change matters.
- (h) The independence and composition of the Expert Advisory Body will ensure the impartiality of its advice to Government.
- (i) Sub-groups can be established by the Expert Advisory Body to examine particular matters and other experts can be brought in to sit on these groups.
- (j) The Annual Transition Statement will provide an appropriate vehicle to introduce new or enhanced initiatives on both mitigation and adaptation.
- (k) The Annual Transition Statement can be used to increase public awareness of climate change and how people, on an individual basis or in groups, can play their part in reducing our greenhouse gas emissions.
- (l) Mitigation plans and adaptation action plans will have to be prepared at a sectoral level in the first instance, which is where the expertise and knowledge exists; a greater sense of ownership and commitment will underpin success in implementing these plans.
- (m) Sectoral mitigation and adaptation plans will feed into the national plan which will provide a more co-ordinated approach to climate change planning.
- (n) The Expert Advisory Body will provide expert advice to sectors prior to the preparation of sectoral mitigation and adaptation plans.
- (o) Provisions for public consultation are key to transparency and public awareness.
- (p) Integration of national policy on mitigation and adaptation into the strategic planning and reporting of public bodies will lead to a greater sense of ownership and engagement.

### **Option 3**

- 4.3.10 Could be more widely accepted as a fair response, on the grounds that those emitting most would pay most.
- 4.3.11 Direct incentive to reduce costs by reducing emissions.
- 4.3.12 Potential to generate new revenue streams but administrative costs may be high.
- 4.3.13 Transparent – pay as you emit, along the lines of the polluter pays principle.

## **4.4 Impacts**

### **Impacts on national competitiveness**

- 4.4.1 Option 1 would have no negative implications for national competitiveness in the short term. The introduction of national targets under Option 2 may increase costs to business in the short term but medium and longer-term impacts on competitiveness are expected to be positive. Option 3 would increase costs across the economy and could, depending on the level of taxes or levies introduced, have serious impacts on competitiveness and employment unless accompanied by a very well designed revenue recycling mechanism.

#### **Impacts on the socially excluded and vulnerable groups**

- 4.4.2 There would be no impact on the socially excluded and vulnerable groups by the adoption of options 1 and 2. However, the adoption of option 3 could lead to increased living costs for these groups.

#### **Impacts on the environment**

- 4.4.3 Option 1 would have no negative impact on the environment in the medium and longer term. Options 2 and 3 would have a positive benefit to the environment by reducing greenhouse gas emissions along with co-benefits such as improved air quality and quality of life. Option 2 has the further benefit of providing a structure for adaptation planning which will contribute to reducing the impacts of climate change on ecosystems, water resources, marine resources, society in general and the economy.

#### **Whether there is a significant policy change in an economic market including consumer and competition impacts**

- 4.4.4 Options 2 and 3 would constitute a significant policy change in terms of a proactive approach to lowering the carbon intensity of society as a whole. The extent of the impact on economic activity will depend on a number of factors, including the extent to which Ireland (a) maintains pace with global transition to a lower carbon base, and (b) anticipates and takes opportunities in new emerging markets.

#### **Impacts on the rights of citizens**

- 4.4.5 Options 1, 2 or 3 would not give rise to any impact on the rights of citizens.

#### **Impacts on compliance burdens**

- 4.4.6 Option 1 and 3 would have no impact as compliance burdens may not arise.

Compliance with some of the reporting requirements associated with Option 2 may have an administrative burden. However, it is not intended that these would lead to significant increases in costs.

#### **Impacts on North-South and East-West Relations**

- 4.4.7 Options 1 and 3 would have no fundamental policy impact on North-South and East-West Relations. Both options could give rise to further fuel tourism issues which would require consideration.
- 4.4.8 Option 2 provides for consideration of North South issues in the Sections of Bill.

### **4.5 Summary of Costs, Benefits and Impact**

- 4.5.1 The table below summarises the costs, benefits and impacts of the 3 options.

4.5.2 It is clear that Option 1 does not represent an appropriate or adequate national policy response to climate change in the medium and longer term. Option 3, while transparent and revenue generating, and possibly seen by some as a more equitable option, could prove extremely costly for many sectors of the economy and could have serious implications for national competitiveness. Option 2 represents the most appropriate approach to national policy, reflecting a longer-term vision informed by the need for global transition to a low carbon future, establishing Ireland as a leader in that transition, and presenting Ireland as a progressive and successful society in economic and environmental sustainability.

4.5.3 Option 2 is the preferred option.

## Summary of the Costs, Benefits and Impacts of the 3 Options

	Costs	Benefits	Impacts
<b>Option 1</b>	<ul style="list-style-type: none"> <li>• May not meet our EU commitments at least cost</li> <li>• Lack of sectoral ownership</li> <li>• Inadequate response may undermine opportunity in the green-tech sector.</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• No impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<b>Option 2</b>	<ul style="list-style-type: none"> <li>• Increased administrative burden on Departments and public bodies</li> <li>• The establishment of national targets where there are no existing EU on International targets may have implications for Ireland's competitiveness in the short term.</li> <li>• Establishment of the Expert Advisory Body will give rise to administrative costs at the EPA.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific, robust, transparent and progressive national response to transition ensuring that Ireland will meet EU and international targets on a least-cost basis</li> <li>• Provides certainty to industry and will encourage investment in low carbon technology.</li> <li>• Sectoral ownership of mitigation and adaptation planning process</li> <li>• Greater sectoral awareness of the importance of adaptation.</li> <li>• Flexible approach to meeting our international targets.</li> <li>• Continuous monitoring and scrutiny of progress in meeting targets</li> <li>• Early identification of potential threats and opportunities</li> <li>• Expert Advisory Body will ensure expert co-ordinated advice to Government.</li> <li>• Successful transition will support other national policy priorities on social and economic development.</li> </ul>	<ul style="list-style-type: none"> <li>• There may be a slight negative impact on national competitiveness in the short term – though long term impact expected to be positive</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• There will be a positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• There may be an impact on compliance burdens</li> <li>• Consideration will be given to any impact on North-South and East-West relations</li> </ul>
<b>Option 3</b>	<ul style="list-style-type: none"> <li>• Financial implications across the entire economy.</li> <li>• Would have an adverse effect on national competitiveness</li> <li>• Increased costs to business could lead to carbon leakage and subsequent job losses</li> <li>• Difficult to project impacts for compliance purposes</li> <li>• Significant administrative costs</li> <li>• Negative public perception of taxation intervention</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and transparent as those emitting most would pay the most – in line with the polluter pays principle</li> <li>• Direct incentive to reduce emissions to reduce costs</li> <li>• Would bring additional funding into the Exchequer but may involve high administration costs</li> </ul>	<ul style="list-style-type: none"> <li>• Likely to have a significant impact on national competitiveness</li> <li>• There would be a negative impact on the socially excluded and vulnerable groups</li> <li>• There would be a positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>

## **5. CONSULTATION**

- 5.1 The Department has consulted with key Government Departments in the course of developing the Sections of the Climate Response Bill and account has been taken of their comments and concerns. A full stakeholder consultation will be undertaken when the Bill is approved by Government and this RIA will be updated to reflect comments submitted, as appropriate.

## **6. ENFORCEMENT AND COMPLIANCE**

- 6.1 The Bill does not contain enforcement and compliance mechanisms. Its provisions will establish institutional arrangements and requirements to ensure transparency, accountability, effectiveness and efficiency in the development, implementation, assessment and reporting on future national policy on climate change. It is intended to create a new mindset and approach to environmental and economic sustainability. The annual transition statement will be key to oversight and accountability for national policy.

## **7. REVIEW**

- 7.1 The Expert Advisory Body will be required to report on an annual basis the progress in meeting Ireland's objectives set out in the Bill and make recommendations in relation to the most cost-effective emission reductions that can be undertaken. This report will be based on annual updating of national inventories and projections by the EPA.
- 7.2 In addition to this annual report the Bill will require a periodic review to be undertaken. The periodic review is designed to ensure that climate policy in Ireland remains up to date with the latest scientific, technological and policy developments nationally and internationally. It also provides a means of ensuring that where progress is not sufficient to achieve established targets and policy, the Expert Advisory Body can make recommendations to Government on how to improve the situation. The Minister may at any time request the Body to carry out such a review.

## **8. PUBLICATION**

- 8.1 This RIA and further updates to it will be made available on the Department's website, [www.viron.ie](http://www.viron.ie).

**Climate Change Policy Section  
Department of the Environment,  
Heritage and Local Government  
December 2010**

## **Appendix 1**

### **Key Features of the Bill**

#### **Sections 1 to 3 (Title, Interpretation and Effect of the Act)**

Sections 1 and 2 are the standard title and interpretation provisions. Section 3 clarifies that the Bill does not affect obligations under the Strategic Environmental Assessment and Emissions Trading System Directives, the Effort Sharing Decision setting out the obligations of EU Member States to reduce their GHG emissions in the non-traded sector of the economy, any international agreements or any associated domestic legislation. Section 3(2) of the Bill addresses the issue of the justiciability of the Bill's provisions, in line with the approach agreed at the Government meeting on 15 December 2010.

#### **Section 4 – Emission Reduction Targets**

An emissions reduction trajectory of an average of 2.5% per year until 2020 compared to net carbon emissions on 1 January 2008 will be established. Emission reduction targets of 40% by 2030 and 80% by 2050 will also be established. These targets may be reviewed by the Government on the request of the Minister for the Environment, Heritage and Local Government, and after consultation with the Expert Advisory Body.

#### **Section 5 – National Climate Change Plan**

The Bill provides that the Minister must publish a National Climate Change Plan on a periodic basis and at least once every seven years. The first Plan must be made within 12 months of the commencement of the Bill.

Each National Climate Change Plan will set down mitigation and adaptation policy for the purposes of transitioning to a low carbon, climate resilient and environmentally sustainable society and, as a minimum, achieving greenhouse gas emission reduction targets. The Minister may prepare 2 separate plans, one in relation to climate change mitigation (Greenhouse Gas National Mitigation Plan) and one in relation to adaptation to climate change (National Adaptation Plan).

This section provides that the Government may request a Minister to prepare a Sectoral Plan specifying the measures, in relation to matters for which he or she has responsibility, that he or she proposes to adopt for the purposes of achieving a reduction in emissions and enabling the State to adapt to the impacts of climate change.

The Expert Advisory Body may be consulted by the Government, the Minister for the Environment, Heritage and Local Government or any other Government Minister regarding the development of national or sectoral climate change plans.

In making plans under this Section the following matters must be taken into consideration:

- (a) the need to take a long-term view having regard to -
  - i. likely future commitments of the State, and
  - ii. the requirement to be able to act quickly in response to economic occurrences and circumstances;
- (b) the need to promote sustainable development;
- (c) the likely economic impact of a national plan or sectoral plan, as the case may be;
- (d) the need to secure and safeguard the economic development and competitiveness of the State;
- (e) the need to take advantage of economic opportunities both within and outside the State;
- (f) that the objectives of a national plan are achieved at the least cost to the national economy and that any measures adopted to achieve those objectives are cost effective;
- (g) the need to maximise economic efficiency at a national level and within particular sectors of the economy;
- (h) that a policy should be based on such scientific evidence as would tend to indicate that its implementation will result in the achievement of its purpose;
- (i) the findings of any research that supports the development of suitable and effective mitigation and adaptation measures,
- (j) any sectoral plans approved by the Government, and
- (k) any recommendations or advice of the Expert Advisory Body.

This Section also provides for public consultation prior to the publication of national or sectoral plans.

### **Section 6 - Annual Transition Statement**

The Bill provides that, no later than 31 December every year and following the approval of the Government, the Minister for the Environment, Heritage and Local Government must present an Annual Transition Statement to Dáil Eireann. The Annual Transition Statement, previously known as the carbon budget statement, will

- (a) record the policy measures adopted to achieve emissions reductions aimed at supporting transition to a low carbon economy,

- (b) contain an assessment of the effectiveness of the measures referred to in paragraph (a) in the achievement of their purpose,
- (c) record the policy measures adopted to enable the State to adapt to the effects of climate change, and
- (d) contain an assessment of the effectiveness of the measures referred to in paragraph (c) in the achievement of their purpose.

If it is the case that the annual target has not been achieved in the previous year, the annual transition statement should include a statement on the reasons for the target not being met and proposals and policies to compensate for this slippage in future years.

The Transition statement shall include -

- (a) a record of emissions in respect of the year immediately preceding the presentation of the statement to Dáil Éireann,
- (b) in circumstances where there has been a significant increase in emissions, a statement of the reasons for such increase.

### **Sections 7, 8, 9 and 10 – National Climate Change Expert Advisory Body**

The Bill provides for the establishment of a National Climate Change Expert Advisory Body that will have a range of duties in relation to the provision of advice and recommendations to Government on all matters related to climate change, and in particular, the achievement of the policy and targets set out in the Bill. The Body is to be pitched at a very high level, with members from a range of backgrounds, but is not to be a representative body per se.

The Expert Advisory Body is given a range of responsibilities for the purposes of carrying out its functions, including the gathering of information, the commissioning or undertaking of research, requesting the Agency to undertake research, the conducting of meetings with any party and engagement in outreach or consultative activities. The Body may also establish sub-Committees.

Administrative support for the Body shall be provided by the EPA.

Section 9 of the Bill establishes duties of the Body for undertaking an annual report on progress made in achieving emission reductions and the transition to a low carbon economy. The annual report will contain:

- (a) a summary of the most recent national inventory prepared by the Environmental Protection Agency,
- (b) a projection of future emissions,
- (c) recommendations as to the most cost effective ways of achieving the emissions reduction targets specified in section 4,
- (d) such other recommendations or advice as the Expert Advisory Body considers necessary or appropriate for the purposes of achieving those emissions reduction targets, and
- (e) a summary of -
  - i. the activities of the Expert Advisory Body under subsection (2) of section 8,
  - ii. the activities of the Environmental Protection Agency pursuant to a request under that subsection,
  - iii. any information gathered in accordance with that subsection, and
  - iv. the findings made as a consequence of any research conducted in accordance with that subsection.

The annual report shall, following Government approval, be made publicly available.

Section 10 of the Bill establishes duties of the Body for undertaking periodic reviews.

Reviews can be initiated in the following circumstances:

- (a) on foot of the publication of the fifth Assessment Report (AR5) of the Intergovernmental Panel Climate Change (IPCC)
- (b) if the Body considers it appropriate to do so having regard to:
  - i. any significant developments relating to scientific knowledge in relation to climate change,
  - ii. any significant developments in the law of the European Union or international law relating to the control and reduction of greenhouse gas emissions, or
  - iii. the need to maintain progress in achieving the purposes of this Act,

- (c) if the Minister requests the Body to conduct such a review in accordance with the criteria set out above in (b).

The periodic review should contain:

- (a) a statement of the reason for the periodic review (except where initiated following the publication of the AR5),
- (b) a consideration of the emissions reduction targets specified in the Bill and any matters relating thereto that the Expert Advisory Body considers appropriate,
- (c) such advice or recommendations in relation to the emissions reduction targets specified in section 4 as the Expert Advisory Body considers necessary or appropriate,
- (d) such advice or recommendations in relation to the national plan as the Expert Advisory Body considers appropriate,
- (e) such other advice or recommendations as the Expert Advisory Body considers necessary or appropriate for the purpose of the development and implementation of national policy regarding climate change.

The periodic review shall, following Government approval, be made publicly available.

### **Section 11 – Public Bodies**

This Section is designed to ensure that public bodies perform their duties in a manner that is consistent with the most recent National Climate Change Plan and the transition to a low carbon economy and that facilitated and furthers the achievement of the policy objectives in relation to the mitigation of greenhouse gas emissions and the adaptation to climate change in the State.

It provides that Ministers may at any time require a public body to produce a report detailing the measures taken to achieve national objectives set down in the most recent National Climate Change Plan.

## Appendix 2

### Cost, Benefit and Impact analysis of Sections of the Bill

	<b>Cost</b>	<b>Benefit</b>	<b>Impact</b>
<b>Section 1</b>	n/a	n/a	n/a
<b>Section 2</b>	n/a	n/a	n/a
	n/a	n/a	n/a
<b>Section 4</b>	<ul style="list-style-type: none"> <li>• Financial costs of achieving the targets – may have to purchase more Kyoto units.</li> <li>• Implementing measures to reach targets may impose financial costs to the economy and could result in Ireland being at a competitive disadvantage relative to other countries in the short term.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory targets will give certainty to business on Ireland's climate change ambitions and the path to meeting international commitments which may lead to greater investment in low carbon technology.</li> <li>• Achievement of international commitments.</li> <li>• Efforts to cut emissions, particularly in the area of fuel usage will lead to better air quality and other, related, co-benefits.</li> <li>• Social benefit – better quality of life and well being.</li> <li>• Reputational benefit – shows Ireland's willingness to address climate change in a proactive manner.</li> <li>• The Bill provides for a more structured approach to assessing distance to target which will enable early corrective action where mitigation is not progressing as expected.</li> </ul>	<ul style="list-style-type: none"> <li>• There may be an impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<b>Section 5</b>	<ul style="list-style-type: none"> <li>• Administrative burden on Departments &amp; Bodies in preparing national and sectoral plans</li> </ul>	<ul style="list-style-type: none"> <li>• The preparation of sectoral plans will bring about a greater awareness of climate change among Ministers and Officials across the sectors.</li> <li>• Will provide for greater buy in or ownership of the climate change agenda across all levels of governance.</li> <li>• Both Greenhouse Gas Mitigation Plans and Adaptation Action Plans have to be prepared at a sectoral level which is where the expertise and knowledge resides making the plan more likely to succeed.</li> <li>• Sectoral Plans will feed into the national plans which will provide a more co-ordinated approach to climate change planning.</li> <li>• The Expert Advisory Body will provide expert advice at national and sectoral level.</li> <li>• This Section provides for flexibility in the development and implementation of a new plan in certain circumstances.</li> </ul> <p>The Bill provides for public consultation on the content of the plans.</p>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• There may be an impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>

<p><b>Section 6</b></p>	<ul style="list-style-type: none"> <li>• Measures introduced in the annual transition statement may have cost implications across the economy.</li> <li>• Administrative burden of preparing the statement on an annual basis, however the carbon budget is already being prepared annually.</li> </ul>	<ul style="list-style-type: none"> <li>• Can be used as a vehicle to introduce new environmental initiatives</li> <li>• Can be used to increase public awareness of climate change and how citizens can play their part in reducing our greenhouse gas emissions.</li> <li>• Provide concise report on progress made on achieving the objectives of the Bill.</li> </ul>	<ul style="list-style-type: none"> <li>• May have an impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<p><b>Section 7 and 8,</b></p>	<ul style="list-style-type: none"> <li>• There will be a cost of administering the Body.</li> <li>• The Body is independent so no Departmental control over its outputs</li> </ul>	<ul style="list-style-type: none"> <li>• The Body brings together experts from a range of backgrounds to provide co-ordinated advice on climate change matters</li> <li>• The independence of the Body should ensure the impartiality of its advice.</li> <li>• Sub-groups can be established to examine particular matters and other experts can be brought in to sit on these groups.</li> <li>• Its membership will reflect the emissions profile of the economy.</li> <li>• The Directors General of the EPA and SEAI will both be members of the Body.</li> <li>• It will assist Government making difficult choices.</li> <li>• As members are intended to be experts, its reports will be respected.</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<p><b>Section 9</b></p>	<p>Administrative burden of preparing the annual report</p>	<ul style="list-style-type: none"> <li>• Publication of emission projections on an annual basis allows for better planning of future mitigation policies.</li> <li>• Expert advice on how best to achieve emission reduction targets.</li> <li>• Transparency in regards to the work programme of the Body.</li> <li>• Publication of the annual report will allow for greater public scrutiny of policies.</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>

<p><b>Section 10</b></p>	<ul style="list-style-type: none"> <li>• administrative burden attached to the preparation of national adaptation action plans. However, as these plans are only developed on a periodic basis this should not be a huge burden on Sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• This Section provides for flexibility in initiating a review in certain circumstances.</li> <li>• A review of the IPCC's AR 5 and its implications will be carried out.</li> <li>• Allows the Minister to request a review to be carried out where he believes it is necessary.</li> <li>• Provides advice in relation to the national climate change plan.</li> <li>• Provides advice or recommendations on the development of national climate change policy.</li> <li>• Publication of periodic reviews will allow for greater public scrutiny of policies.</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>
<p><b>Section 11</b></p>	<ul style="list-style-type: none"> <li>• Provisions under this Section may increase the administrative burden on public bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Integration of national policy on mitigation and adaptation into the strategic planning and reporting of public bodies will lead to a greater sense of ownership of the issue.</li> </ul>	<ul style="list-style-type: none"> <li>• No impact on national competitiveness</li> <li>• No impact on the socially excluded and vulnerable groups</li> <li>• Positive impact on the environment</li> <li>• No significant policy change in an economic market including consumer and competition impacts</li> <li>• No impact on the rights of citizens</li> <li>• No impact on compliance burdens</li> <li>• No impact on North-South and East-West relations</li> </ul>