

A Just Transition in Ireland? The case of Bord na Móna and the Midlands

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Research for new economic policies

Outline

- Context
- The immediate challenge of Peat
- Sectoral Alternatives
- Considerations for redirecting employment
- The bigger challenges

Context

- The Republic of Ireland is one of Europe's performers in terms of carbon emissions :
 - 13.5 tonnes of CO₂ equivalent per capita or 55% above the EU 28 average (Eurostat,2019).
 - 32% of emissions arose from agriculture, 6% from Industrial Processes, and 1% from waste (SEAI, 2018).
 - 61% of emissions in 2016 were energy related or 40 Mt CO₂ equivalent (SEAI, 2018) .
- The CO₂ intensity of Ireland's energy supply was 32% above the OECD EU average due to elevated use of high-carbon fuels (SEAI, 2018).
- These fuels include coal, oil and peat.

The Immediate Challenge of Peat

- In late 2018, Bord na Móna announced that peat harvesting will end by 2030.
- Peat accounted for 8.8% of energy related emissions in 2016 or 3.4 million tonnes of CO₂ equivalent (SEAI, 2018).
 - About $\frac{3}{4}$ from electricity generation.
 - Most of the remainder from household fuel use, limited industrial utilisation.
- The Public Service obligation levy supports electricity generation from renewable and indigenous sources.
 - Includes support for Peat, c. €115 million in 2016 (CSO,2019)

The Immediate Challenge of Peat

- Substantial employment both directly and indirectly arising from Peat extraction:
 - C.1,200 direct.
 - Indecon estimate of 1,384 indirect.
- This is concentrated in the Midlands, among the poorer regions in the Republic of Ireland:
 - Unemployment above state average (6.6% vs 5.4% Q4 2018).
 - Labour Force participation low (58.6% vs 62.2% ROI) and it hasn't recovered much since Q4 2012 +2 pts.
 - GVA per person in work is consistently less than 75% of national average, and falls significantly in relative terms after the crisis.
 - Nominal Disposable income per person was over 12% lower than the national average in 2015.

Sectoral Alternatives for the Midlands

- Renewable Electricity Generation:
 - Despite significant progress to date (All-island generation approaching EU28 average), there remains significant space to expand capacity.
 - Further capacity in wind power
 - Solar PV
- Retrofit programme:
 - Improve energy efficiency of stock.
 - Reduces costs and eases burden on generation system.
 - Insulation + Installation of heat pumps etc.
 - Substantial needs across ROI.
- Infrastructure and Public Transport.

Sectoral Alternatives – Renewable Generation

- Ireland advantaged regarding wind energy:
 - Wind speeds favourable
 - Capacity to generate at some of Europe's lowest prices (Teagasc, 2018).
 - Current resistance to these projects may be reduced by community stakes/ownership over projects.
- Solar
 - Irish resources considerable.
 - Can be deployed in home mounts to reduce bills or in larger ground mount projects.
- Renewables can be supported through feed in tariffs, including redirection of existing PSO levy for Peat.

Sectoral Alternatives – Retrofit Programme

- The energy efficiency of ROI's housing stock could be substantially improved:
 - 98% of the household stock has a sub A rating.
 - Over half (53%) have a D1 rating or lower (CSO, 2019).
 - Implies substantial need in the Midlands itself, thought need not be limited.
 - Estimate of savings for a 3 bed semi D D2 –A3 as much as €1530 in energy savings incl. heat pump. -75% emissions (ESB, 2017).
- SEAI estimates the market value of such a programme to be over €35 billion to 2050.
- No reason existing semi-states cannot avail of such a market!

Considerations for Redirecting Employment

- Training
 - New jobs arise in a range of sectors, implying diverse skill requirements.
 - Implies some funding may be required.
 - Issue of skills matching and direction to appropriate training.
 - Sweden's job security councils may be a promising model.
- Employment/Income protections.
 - Pollin (2018) suggests 100% compensation insurance over an extended period.
 - If new job lower paid, insurance compensates difference.
 - Similar model in transition from coal in Alberta, Canada
- Managed Decline?

Other sectors

- **Augmenting Broadband Infrastructure:**
 - ROI speeds poor, particularly bad outside main urban areas. (37th in Fixed Broadband).
 - Coverage is crucial in knowledge based economy.
 - Most of the benefits come from knock on effects like reduced costs of information, improve search efficiency.
 - Insofar as it can enable remote working, it can have direct implications for emissions!
- **Public Transport:**
 - Superior energy efficiency, potentially electrifiable.
 - Provide linkages within the Midlands, rather than simply routes to main urban areas.
 - Source of employment in and of itself.

Green Development for the Midlands

- Institutes of education key nodes in development:
 - Athlone IT identified in NDP as site of investment for STEM.
 - Site for direct upskilling.
 - More broadly, key institution in possible regional innovation system.
 - Green technology could be key frontier for Ireland, allowing capture of high value added supply chains.
- Hints at broader developmental framework a la entrepreneurial state:
 - Agglomeration effects
 - Possibility of new forms of ownership to enhance community participation and economic benefits to same.
 - Possibility of virtuous circle.

The Bigger Challenge

- Fossil fuel use is extensive and Peat is relatively low hanging fruit here
 - Oil and coal play major role in Ireland's energy system.
 - Natural gas may be cleaner but its use will have to be reduced.
- Fossil fuel products are implicated in a number of supply chains, think downstream industries like plastics etc.

The Bigger Challenge

- Beyond that, there is an enormous challenge posed by agriculture in Ireland.
 - 1/3 of emissions
 - Current plans entail growth in the national herd which poses a significant problem.
- Some solutions touted have potential other problems: eg. Electric cars.
 - Strain on generation.
 - Manufacturing process has a carbon footprint.
 - Transport of manufactured cars problematic.



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