

**BRITISH-IRISH
PARLIAMENTARY ASSEMBLY**

Forty-sixth Plenary Session

3-5 March 2013, Letterkenny

**MEMBERSHIP OF THE
BRITISH-IRISH PARLIAMENTARY ASSEMBLY**

Steering Committee

Co-Chairmen

Mr Laurence ROBERTSON MP
Mr Joe McHUGH TD

Vice-Chairmen

Rt Hon Paul MURPHY MP
Mr Séamus KIRK TD
Mr Peadar TOIBÍN TD
Mr Robert WALTER MP

Members in Attendance

Oireachtas Members

Mr Joe McHUGH TD, Co-Chair
Senator Terry BRENNAN (Associate)
Senator Paul COGHLAN
Mr Séan CONLAN TD
Mr Noel COONAN TD
Senator John CROWN
Senator Maurice CUMMINS
Mr Frank FEIGHAN TD
Senator Jimmy HARTE
Senator Imelda HENRY
Mr Martin HEYDON TD
Senator Cáit KEANE
Mr Séamus KIRK TD
Mr John LYONS TD
Mr Pádraig MacLOCHLAINN TD
Mr Charlie McCONALOGUE TD
(Associate)
Mr Mattie McGRATH TD
Ms Sandra McLELLAN TD (Associate)
Senator Paschal MOONEY
Mr Patrick O'DONOVAN TD
Mr Joe O'REILLY TD
Ms Ann PHELAN TD
Mr Arthur SPRING TD
Mr Peadar TOIBÍN TD
Mr Jack WALL TD
Senator Jim WALSH

British Members

Mr Laurence ROBERTSON MP, Co-Chair
Mr Joe BENTON MP
Viscount BRIDGEMAN
Mr Oliver COLVILLE MP
Mr Michael CONNARTY MP (Associate)
Ms Rosie COOPER MP (Associate)
Mr Jim DOBBIN MP
Lord DUBS
Lord EMPEY
Mr Paul FLYNN MP
Lord GERMAN
Baroness Harris of RICHMOND
Mr Kris HOPKINS MP
Rt Hon Lord MAWHINNEY
Mr Jim McGOVERN MP (Associate)
Mr John ROBERTSON MP
Rt Hon Paul MURPHY MP
Mr John ROBERTSON MP
Mr Andrew ROSINDELL MP
Mr Chris RUANE MP
Lord SKELMERSDALE
Mr Robert WALTER MP
Mr Gavin WILLIAMSON MP

Welsh Assembly Members

Mr David MELDING AM
 Mr Darren MILLAR AM
 Mr William POWELL AM
 Mr Ken SKATES AM

Scottish Parliament Members

Mr Willie COFFEY MSP
 Ms Alison McINNES MSP
 Ms Siobhan McMAHON MSP (Associate)
 Ms Mary SCANLON MSP
 Mr John SCOTT MSP

Tynwald Member

The Hon Stephen RODAN (TYN)

Northern Ireland Assembly Members

Ms Jo-Anne DOBSON MLA
 Mr David McCLARTY MLA
 Mr Barry McELDUFF MLA
 Mr Sean Rogers MLA
 Mr Jim WELLS MLA

States of Jersey Member

Connétable Daniel Joseph MURPHY (SJ)

States of Guernsey Member

Deputy Roger PERROT

Others Attending as Guest Speakers

Dr Brian Motherway, Chief Executive SEAI Mr Pat Rabbitte TD, Minister for Communications, Energy and Natural Resources Mr Brian Britton, Chairman NOWAI Mr David Manning, Director of Corporate Affairs SSE Ireland Mr Neil Stewart, MD Glen Dimplex Ms Sue Barr, Open Hydro Mr Tim Cowhig, CEO Element Power	Mr Eddie O'Connor, CE, Mainstream Renewable Power Mr Philip Lowe, Director General for Energy, European Commission Mr Enda Kenny TD, An Taoiseach Mr Pat O'Doherty, Chief Executive ESB Mr Fintan Slye, Chief Executive EirGrid Ms Madeline Boughton, Culture Ireland
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Officials

Joint Clerks to the Assembly Dr Robin James Ms Sinéad Quinn	Clerks of the Devolved Institutions Mr Steven Bell Mr Peter Hall Mr Robert Lloyd-Williams Media Advisers Mr Peter Berry Mr Martin Macken
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Committee Clerks to the Assembly

Committee A: Sovereign Matters Mr Marek Kubala Mr Frank Power	Committee B: European Affairs Ms Alison Groves Mr Frank Power
Committee C: Economic Ms Judith Boyce Ms Betty Kehoe	Committee D: Environmental and Social Mr Nicolas Besly Ms Betty Kehoe
Irish and British Secretariats Sir Michael Davies KCB Mrs Amanda Healy Ms Betty Kehoe Mr Tony McCreevy	Official Reporters Dr Anna Gruffudd Mr Mike Lowes Ms Geraldine McCarter Mr Tony Minichiello Mr Fintan Murray

Monday 4 March 2013

The Assembly met at 9.35 am.

ADOPTION OF PROPOSED PROGRAMME OF BUSINESS AND BRIEF INTRODUCTORY COMMENTS BY CO-CHAIRMEN

The Co-Chairman (Mr Joe McHugh TD):

I call Members to order. The Assembly is now in public session. I have some brief announcements. First, I remind everybody, because of our sound system, to turn off pagers, beepers, mobile phones and iPads. Knowing that I will not get agreement on that front, however, I ask you to leave them under your chair or below the table. If that compromise can be made it will be much appreciated.

Second, I ask Members invited to contribute from the floor to state their names and legislature clearly. That is important for recording contributions.

Finally, I remind Members that the proceedings of the Assembly do not attract parliamentary privilege. I ask Members to be conscious of that.

Before we move to the formal business of the plenary programme, I want to say a few brief words about the venue in which we are meeting. Letterkenny Institute of Technology, LYIT, is a third level institution built in 1971, in parallel with my own birth so we are both entering our forty-second year. The parallels end here because this college has evolved into a magnificent institution with 3,000 students from more than 30 countries. We acknowledge the college and its team for facilitating the plenary session of the Assembly. This is a departure from our normal practice when plenary sessions are held *in situ* where we have our accommodation. This is a departure and needs to be tested as to whether it can be a precedent for future plenary meetings. We also acknowledge the east-west linkages of LYIT. While the institute looks south it also works in conjunction with the Magee campus of the University of Ulster and with the University of Ulster as a whole. There are synergies and collaborations which we will, no doubt, hear about later. I thank Mr Paul Hannigan, President of LYIT, for the use of these facilities. Mr Hannigan will say a few words shortly.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you and good morning. I echo Joe's welcome to everybody and thank Mr Paul Hannigan for hosting us.

There are new Members of the Assembly since the last plenary session was held in Glasgow in October. It is my pleasure to welcome the following Members: Mr Peadar Tóibín TD, Mr John Lyons TD, Mr Sean Rogers MLA, Mr Danny Kinahan MLA, Mr Lindsay Whittle AM, The Lord Empey OBE, The Lord German OBE, Mr Andrew Rosindell MP and Deputy Roger Perrot.

I also welcome the following associate Members: Ms Jo-Anne Dobson MLA, Baroness Doocey OBE, Deputy Al Brouard and Ms Elin Jones AM.

I also have to inform the Assembly, in accordance with rule 2A, that the following associate Members have accepted the invitation of the Steering Committee to assume the powers and responsibilities of Members for the whole of this session: Mr Sam Gardiner MLA, Baroness Doocey, Deputy Al Brouard and Ms Elin Jones AM.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Co-Chair. Members will have received a copy of the proposed programme of business. The schedule is challenging; we have many speakers from the private and public sectors. Our main theme is the energy sector. This is against a backdrop of a joint declaration by the Prime Minister, Mr David Cameron, and the Taoiseach, Mr Enda Kenny, relating to collaboration efforts on an east-west basis. That declaration was recently followed by the signing of a memorandum of understanding by Mr Ed Davey MP, Secretary of State for Energy and Climate Change, and Mr Pat Rabbitte TD, Minister for Communications, Energy and Natural Resources. The focus in the energy sector is now on achieving an intergovernmental bilateral agreement following the memorandum of understanding. I hope today's session will consider how we can move this forward. Certain challenges and concerns will be highlighted over the next day and a half. I look forward to a diverse range of contributions and an engaging plenary session.

Tomorrow afternoon, we will have a session on cultural linkages. I look forward to hearing Members' contributions on that.

I move the adoption of the proposed programme of business. Is the programme of business agreed to? Agreed.

Programme of business agreed.

WELCOME BY MR PAUL HANNIGAN, PRESIDENT OF LETTERKENNY INSTITUTE OF TECHNOLOGY

The Co-Chairman (Mr Joe McHugh TD):

I invite Mr Paul Hannigan, President of Letterkenny Institute of Technology, to say some words of welcome. Thank you, Paul, once again, for the use of your third level college.

Mr Paul Hannigan:

Thar ceann Institiúid Teicneolaíochta Leitir Ceanainn, ba mhaith liom fáilte chun na hinstitiúide a chur roimh Toscairí agus roimh aíonna an Tionóil. Ócáid an-tábhachtach í seo agus tá áthas orainn a bheith ábalta bhur gcruinniú a óstáil ar champas seo againne.

Distinguished guests, Co-Chairmen, ladies and gentlemen, you are very welcome to Letterkenny Institute of Technology. We are delighted to be in a position to host this meeting.

The theme of the plenary session, Energy across Borders: Delivering the Economic Opportunities, is particularly apt in the context of what the institute is trying to do at present. I take two words from that title, 'energy' and 'borders'. Within the last few years, the institute has opened a wind energy centre on our second campus in Killybegs, which is within County Donegal. We are working towards increased industry collaboration in that centre and

looking forward to engaging more proactively with industry to make it an active training, education and research centre.

With regard to borders, we are very involved in east-west development, as the Co-Chairman has said. The Border is extremely important to County Donegal. In recent years we have seen the cross-Border issue drop down the political agenda, which is understandable in the current economic climate. Considering our location and hinterland, however, and the activities we need to carry out on a day-to-day basis, the east-west cross-Border agenda is extremely important for the economic development of this region and in allowing us to engage with our partners in Northern Ireland for the betterment of our region and to increase our capacity in education provision.

We are delighted the theme of the plenary session addresses those two issues. We are also delighted to see that Dr Brian Motherway, chief executive of the Sustainable Energy Authority of Ireland, SEAI, will address the first session this morning. LYIT has an ongoing partnership with the SEAI. We have had projects of up to €1 million that are improving the energy efficiency of the institute in how we provide services on campus. The energy theme is relevant to our perspective.

When the Co-Chairman came to ask if the institute would be in a position to host the plenary session we were delighted to agree to do so. We hope you enjoy your visit to Donegal and that we will see many of you here again. I was speaking to Lord Empey before the meeting began. This is his third visit to the Letterkenny Institute of Technology. He mentioned that the first time he came here was during the outbreak of foot and mouth disease. We hope nothing like that happens on this occasion.

It is brilliant to have everyone here in Letterkenny. We look forward to your deliberations over the next day and a half and to visiting Rosapenna later this evening. I thank you for giving us the opportunity to host this event and the best of luck to everybody.

INTRODUCTION BY DR BRIAN MOTHERWAY, CHIEF EXECUTIVE SUSTAINABLE ENERGY AUTHORITY OF IRELAND

The Co-Chairman (Mr Joe McHugh TD):

I am now pleased to welcome our first speaker, Dr Brian Motherway, who is chief executive of the Sustainable Energy Authority of Ireland. The SEAI was established as Ireland's national energy authority in 2002. Its mission is to play a leading role in transforming Ireland into a society based on sustainable energy structures and to help advance Ireland to the vanguard of the global green technology movement.

I ask Dr Motherway to make his introduction, which will set the context for our deliberations of the next day and a half.

9.45 am

Dr Brian Motherway:

It is a great pleasure to meet you all, to reiterate Paul's welcome to Donegal and, in particular, to welcome you to talk about energy, which is a subject dear to my heart and to all our hearts in Ireland at present.

More and more we realise that sustainable energy is central to economic recovery in Ireland. It is a focal point for creating new jobs, protecting existing jobs and improving social well-being for all our citizens on these islands. It is a particularly important issue for a country like Ireland in economic terms. We are heavily dependent on imported energy. More than 90% of the energy used in Ireland comes from outside the State. Our transport system is entirely dependent on imported oil. We are heavily reliant on imported gas for heating and for generating electricity. As well as creating strategic vulnerabilities this represents a major flow of euro out of our State every year. It has an economic impact as well as strategic imperative for us.

Extreme weather events, such as we have seen in the past year or two, whatever we may postulate about their cause, impinge on our consciousness of climate risk and what a climate vulnerable future may feel like. Many of us have experienced flooding and other extreme weather circumstances in the last year or two. In many of our towns, cities and villages we are talking about building walls and creating new structures to protect us from the environment. I was struck by some of the debate in New York before Christmas where people were talking about the sea reclaiming Manhattan and the future of Manhattan as a place to live and do business. All of this brings the climate risk issue away from the intangible, the distant and the abstract to what society might be like if we do not become more serious about tackling climate issues as soon as possible.

All of that is the imperative. To set the context for our couple of days here, I want to give a couple of examples of issues we are working on and which may represent success stories for sustainable energy in Ireland.

Let me start with wind. Most of you will have seen some wind turbines on your journeys to Letterkenny. County Donegal is a major centre for wind energy. It has the second highest number of megawatts of turbines in the landscape. Ireland now gets one fifth of its electricity usage from wind, which is one of the highest in the world. It is particularly high when one thinks of Ireland as largely an island energy system with not too many electricity interconnectors. We are proving we can integrate large amounts of wind into the system. Our national operator, EirGrid, which you will hear from tomorrow, has been successful in integrating these intermittent supply sources around the country into the grid. We do not have problems in managing the balance of the grid. We are reaping considerable environmental benefit, amounting to a couple of million tonnes of CO₂ abated every year, because of our use of wind. In the last five years, we have reduced our imports of gas by €1 billion through our use of wind. All of this is not adding to consumer electricity prices in Ireland at present. Wind is a thriving sector. It is growing fast and, as you will hear from the Minister for Communications, Energy and Natural Resources, we have considerable ambition, not just to meet our own needs from this great natural resource, but also to supply others with clean power. This is something in which we have a comparative advantage which we plan to exploit for our economic benefit and for jobs in Ireland.

The second example I will mention is energy efficiency. Mr Paul Hannigan mentioned the work my authority is doing on energy cost reduction with facilities such as LYIT. Energy efficiency is a simple equation, especially for a country like Ireland. Instead of sending

money to other countries to buy gas and oil, why not keep that money in Ireland and spend it on technology and labour in the local economy? More and more people are getting that, and there is much activity in big institutes such as this one, in businesses and in homes. In the last few years, supported by Government funding, we have seen over 250,000 homes in Ireland upgrade their energy efficiency through new insulation and new systems for heating and energy control. All of those homes are enjoying greater comfort and reduced bills. At the same time, thousands of businesses, from the very small to the very large, have worked with us in SEAI to improve their energy efficiency and reduce their costs, whether in large industry, retail or service sectors as well as in education, health and elsewhere.

All of that is saving hundreds of millions of euro in reduced energy costs. It is also directly supporting thousands of jobs, particularly in the construction sector, and is helping to protect hundreds of thousands of jobs in businesses of all kinds which are seeing their cost base lowered and their competitiveness improved.

While these examples are only the tip of the iceberg of what sustainable energy will become in the coming decades, they make real the positive effect sustainable energy can have.

Of course, this is not all uncontested and there is plenty of debate to be had. That is why I welcome the Assembly meeting here today and I look forward to its deliberations. I mentioned some of the economic and environmental benefits of wind, but we know this is a highly contested issue. When I say I believe wind is good for Ireland, which I do, I do not mean we should put turbines everywhere or that there are not places of natural beauty or ecological or social sensitivity where they would not be suitable. It certainly does not mean we should not have anything but the highest planning and community engagement standards when we deploy wind and the wires that go with it. We need to get it right, to have local participation and to make sure people are involved. We must make sure local communities are benefiting from the infrastructure deployed in their region. If we can do that, wind energy is a win-win for a country like Ireland.

Energy efficiency measures, wind energy and infrastructure all tend to involve paying now and saving later. They need considerable investment. Internationally, energy is going into a growth spurt with regard to the investment required. This is something we need to consider. Where does this funding come from? What funding models should we look at? In Ireland, we are exploring new pay-as-you-save models, similar to the green deal being deployed in the United Kingdom. We are looking at ways of attracting investment into something that pays for itself and has an economic return, but sometimes this takes a while. Whether I am a home owner or a national exchequer this is a difficult time to ask people to pay up-front in the hope of future savings. This is a core dilemma for energy policy. It has a long-time horizon. The infrastructure we are planning now might take a decade to roll out. Homes we build today will be with us in 50 years and, therefore, their energy usage is of crucial importance. All of this is about decisions now with very long-term impacts and time horizons. That sometimes makes the debate difficult, both at a national and local level.

We are pleased to be involved in this event and that you are here talking about energy. I look forward to hearing what you have to say and to contributing in any way you would like us to, today or on an ongoing basis. I wish you well with your deliberations.

BRITAIN AND IRELAND: DELIVERING THE BENEFITS OF RENEWABLE ENERGY

The Co-Chairman (Mr Laurence Robertson MP):

We now move on to our next guest speaker, the Minister for Communications, Energy and Natural Resources, Mr Pat Rabbitte TD. I am aware that the Minister signed a memorandum of understanding on co-operation in the energy sector with his United Kingdom counterpart, the Secretary of State for Energy and Climate Change, Mr Ed Davey MP. At the time, it was described as a win-win for both countries, so we look forward to seeing what its benefits are and moving forward in that respect.

I now invite the Minister to make his address.

Minister for Communications, Energy and Natural Resources (Mr Pat Rabbitte TD):

Thank you, Co-Chairman, and thank you, colleagues, for your invitation to speak to you this morning on the opportunity for Britain and Ireland to deliver the benefits of renewable energy.

Among the shared long-term challenges to prosperity on our two islands is the need for secure, competitive and sustainable energy. For the last number of years, our co-operation on energy policy has been intensifying, through bilateral meetings at ministerial and official level and through our liaison and co-operation in various EU forums. This co-operation has been guided and given impetus at the highest political level and at the British-Irish Council. Our co-operation on energy policy is also set in the context of EU legislation on energy market liberalisation which aims to create single electricity and gas markets in Europe.

Most recently, the Secretary of State for Energy and Climate Change, Edward Davey, and I signed a memorandum of understanding on energy co-operation last month in Dublin. That memorandum sent a strong signal of our shared interest in developing the opportunity to export gigawatts of green energy from Ireland to Britain, a win-win for both our countries. Of course, a key objective, from an Irish Government perspective, is to realise the potential for investment, jobs and growth.

By way of background, under the 2009 EU renewables directive, both our countries must plan to ensure that, between now and 2020, there is a steady, progressive and measurable increase in the amount of renewable energy consumed in our electricity, heat and transport sectors. We have each been assigned binding targets for the proportion of renewable electricity we must produce. The targets are challenging, not least in the British context where the Government foresees increasing tightness in future years in terms of the ability to meet growing demand, given that a fifth of the existing generation capacity in Britain is due to be closed down. Meanwhile, expert advice suggests that Ireland has the capability to achieve its national targets for renewable electricity from onshore renewable generation alone, with capacity to spare. This means there is potential for projects of scale onshore that are aimed at export markets. It also means that our offshore wind resource can be developed as an export opportunity.

The EU directive provides a mechanism whereby renewable energy produced in one country can not only be exported to another but can also be counted towards meeting that other country's national target. The electricity so exported is subtracted from the renewable output of the exporting state. This would not of course be permitted if the exporter was failing to meet its own binding targets.

Up to now, while there has been physical flow of electricity across borders, the renewable value of the electricity remained in the country where it was produced and could not be counted towards another country's target. Under the directive, a formal intergovernmental agreement between the two member states is required, under which the Governments agree that a certain proportion of renewable energy produced in one country is counted in the other. It is worth stressing this point because it may not be emerging with sufficient clarity from industry-inspired headlines. We are operating here under the terms of a 2009 EU directive which sets out the ground rules for this exercise. What we are talking about is identifying one or a series of what the directive refers to as joint projects. The directive specifies that it is for the Government on whose territory the project is sited to identify a specific project to the Commission and to specify how much of the energy produced at that project is to be regarded as counting towards meeting the targets in the other country.

Electricity production is of course a commercial operation and we very much expect commercial operators to bid for these projects, but it is for our two Governments to co-operate on the design of what it is we want the market to provide. It may be that none of the products currently on offer will meet our specifications. If so, it will be for the developers to adapt their projects accordingly.

Ireland's over-arching strategic objective is not just to make renewable energy an increasingly significant component of our domestic energy supply by 2020 but also to make it a significant component of our export sector. We have in Ireland a rich and abundant wind and ocean energy potential which I firmly believe can be harvested and exported as a real economic opportunity for this island.

There are as yet unresolved policy issues, for both us and the British. First, we have to be clear as to the strategic benefit in establishing an export market. Is it better that this country host a series of private projects linked via their own private interconnectors to the UK national grid and bypassing our domestic network, effectively off-Wales wind farms that just happen to be sited on Irish soil, or do we want to integrate these projects into our own national transmission system? Second, there is the question of State participation. Apart from any other consideration, the State and its agencies are the largest landowners in the country and wind farms need land. Our energy companies are also major participants in the renewable energy market. Should we be growing their participation, with a view to reaping the major commercial benefits that are down the line, or should we leave this market to be developed by the private sector and simply enjoy rental income? Third, State participation need not be active. It can instead consist of profit sharing, perhaps through our taxation system. Whatever we ultimately decide, the commercial exploitation of our wind resources, which under our Constitution belong to the people, must be accompanied by a very real commercial return to the people.

The memorandum of understanding has triggered detailed analysis of how Irish renewable energy resources, onshore and offshore, might be developed to the mutual benefit of Ireland and the United Kingdom. Trading of renewable energy between the two states must seek to achieve more cost-efficient uses of resources, drive down deployment costs, be sustainable in the long term and reduce dependence on fossil fuels.

An agreed programme of work is already under way so as to prepare for the intergovernmental agreement. This work programme includes economic analysis, addressing

policy and regulatory questions and dealing with grid issues. There are very complex engineering and market issues to be teased out, but the ambition is to settle on an intergovernmental agreement in early 2014. Such a tight timeline is essential if potential projects, which would be selected through an open competitive process, are to start exporting wind energy from Ireland to the United Kingdom by 2020.

For Ireland, there are very clear economic benefits. Significant employment opportunities will arise if we can properly exploit this opportunity. As an example, employment creation arising from a 3 GW project would be expected to be in the order of 3,000 to 6,000 job years in the construction phase alone, with the actual number dependent on the construction schedule to 2020. There would be about €1 billion of construction cost spending on Irish civil engineering works over two to three years. There would also be additional jobs created in the ongoing maintenance of turbines over a 20 year operating life. Further employment opportunities would arise if turbines or components were manufactured in Ireland.

10 am

All relevant State agencies, particularly in the enterprise area, will have to co-ordinate their activities early in the process to ensure we maximise the employment potential of export projects. This opportunity has already been identified by the Industrial Development Authority of Ireland and Enterprise Ireland in their clean technology growth strategies. There would also be a flow of income to local economies in terms of rates, rent to landowners and local community funds. There are also potential significant interconnection benefits, enhancing security of supply, allowing for increased intermittent wind generation and facilitating the operation of the single market.

In terms of costs, some concerns have been expressed about potential amenity and environmental impacts. We all know that securing public acceptance for renewable energy can be a major challenge. Public acceptance is achieved in part by requiring industry to address and mitigate human, environmental and landscape impacts and to deliver the best possible engineering solutions. It is also achieved in part through transparent planning, construction and licensing procedures.

It is important that industry communicates the local as well as the national socio-economic benefits flowing from investment projects. A recent Irish Government policy statement on the matter acknowledges the need for social acceptance and for project developers to examine appropriate means of building community gain considerations into project planning and budgeting. Many energy project developers have already done this and industry as a whole should take the lead from best practice. Irish legislation on the planning process for strategic infrastructure, which is now recognised as an exemplar, allows planning authorities to require developers to build or finance local facilities and services that confer a substantial gain on the community. Any new wind farms will of course be subject to the planning Acts, including the requirements for public consultation. The Department of the Environment, Community and Local Government is currently undertaking a focused review of the wind energy development guidelines. My Department is working closely with them on this. It should also not be forgotten that Bord na Móna has large areas of harvested bogs in isolated locations. These offer potentially unobtrusive sites for wind farm development.

On any cost-benefit analysis, therefore, I am convinced that wind energy presents this country with a new mission into the future, one that secures employment and delivers clean energy.

This renewable electricity export project is under way in a general environment of urgent change and reorientation. In Britain and Ireland, and across Europe, we recognise an urgent need for investment in new energy infrastructure. First, investment in national networks will underpin economic development as well as renewable energy. Second, investment in interconnection and smart grids will critically underpin the single European energy market and enhance security of supply, as well as enabling trade in renewable energy.

Investment in infrastructure is critical if we are to achieve the most ambitious of our energy objectives: completing the internal energy market in both electricity and gas. The European Council has endorsed the goal of achieving a single integrated energy market by 2014. Ireland has a two year derogation from this target. We have already achieved a well functioning single all-island electricity market and now we must redesign that market, while preserving its better attributes, so as to enable us to interact with our European neighbours. This is a major strategic challenge for Ireland. We need to preserve the important features of our existing gas and electricity markets while maximising the benefits integration can bring for Irish consumers and the energy sector itself.

Of course, the market will not expand overnight to include every European customer. The size of the real functioning market will be determined by the capacity of interconnection. Some very fundamental issues need to be addressed before this can become a reality. There are technical issues to do both with the need to align fundamentally different market models and to overcome current interconnector capacity constraints. If these issues are dealt with, then direct interconnection, not just with Britain but with the European mainland, becomes a real possibility. Greater interconnection will enable, but not necessarily guarantee, a gradual greater integration with the UK and France, and perhaps even further. When such trading becomes a reality, relative prices will then influence which way the flows will go, whether we become a net importer or exporter of electricity.

If and when we get the interconnection infrastructure then, in that massively enlarged market, domestic Irish undertakings will be very small players indeed. There are, therefore, high level policy issues about the strategic positioning of Irish utilities, public and private, in preparation for competition in a market of that size. We must confront the challenge of what such changes in the market would mean for Irish companies so as to ensure as best we can that there remains an indigenous Irish energy sector.

In conclusion, there are many challenges to developing the economic relationship between Ireland and Britain, but none of these challenges are as great as if there was to be a material change in the nature of Britain's trading relationship with the European Union as a whole. Continuing EU membership is, of course, a matter for British politicians and British voters, but the issue also concerns our shared future. The Irish Government has made no secret of its view that the EU is stronger with Britain as part of it. We want to see the UK remain in, and central to, the European Union.

At Downing Street last year the Taoiseach and the Prime Minister confirmed that we are, in both capitals, firm supporters of the Single Market. In his more recent Bloomberg speech, I would draw the Deputy's attention to the provisions of the Roads Act 1993 (including

sections 11 and 12) and the Planning and Development Act 2000 (section 180) insofar as they relate to the declaration of roads to be public roads and the 'taking-in-charge' of roads by local authorities.

The booklet 'Rules of the Road' is intended to reflect road traffic legislation and road users are expected to observe them in all circumstances. Enforcement of road traffic legislation is of course a matter for An Garda Síochána. Mr Cameron asserted, 'At the core of the European Union must be, as it is now, the Single Market. Britain is at the heart of that Single Market, and must remain so.' He also said, and I have to agree with him, 'When the Single Market remains incomplete, in services, energy and digital - the very sectors that are the engines of a modern economy - it is only half the success it could be.'

The Prime Minister confirmed that completing the Single Market should be our driving mission and he stressed that continued access to the Single Market is vital for British businesses and British jobs. In that speech, Mr Cameron set out what seems to me to be a compelling case for the UK's continuing and active membership of the EU. This is very welcome. Like all member states, the UK gains from its membership of the Union, but it also makes a valued and distinctive contribution. I believe the EU is stronger for having it on board.

Both our Governments share this desire to complete the Single Market and we both believe that the Single Market should, in particular, take advantage of digital opportunities, reflecting the growing importance of online commerce and trade, it should open up services markets and should establish a genuine, efficient and effective internal market in energy.

Ireland's energy policy remains firmly set in the European and global context. It is also about developing the British-Irish economic space to our mutual benefit. In relation to the renewable energy export project, there is, as I have said, much work to be done over the coming year. Key questions to be answered include the amount of power to be procured, what support mechanisms will be in place and how the benefits will be shared.

I am confident that these matters can be addressed and agreed. I look forward to your discussion on this subject. [*Applause.*]

The Co-Chairman (Mr Joe McHugh TD):

Minister, could I ask you to stay with us while we take some questions from the floor. I thank you for your realistic and frank presentation. You highlighted the commercial and regulatory challenges that lie ahead. You also reminded us of the timeframe and the challenge of achieving an intergovernmental bilateral agreement by 2014.

With that in mind, I will take questions from the floor. The first Members who have indicated are Mr Sean Conlon TD and Mr Chris Ruane MP. I will take questions in batches of four.

Mr Sean Conlon TD:

Minister, a central theme of your speech was the idea of public acceptance. Wind turbines are controversial by nature and we need public acceptance to advance this project. You also mentioned that the issue of community dividend has been dealt with in Irish planning law. While the industry has recognised the need to employ technicians and operatives from within

the region of the development, would you consider a policy whereby the development of a single megawatt class wind turbine generator, owned by the community and within a given radius of the development, would be exempt from the gate process? The benefit derived from such a turbine could be used for local cultural development in that region.

Mr Chris Ruane MP:

My question is in a similar vein. Before I ask my question I would like to point out what a great opportunity this is to debate these important issues. Off the coast of my constituency, the Vale of Clwyd, in north Wales, there are three arrays of 30 turbines at Crosby, North Hoyle, which I switched on eight years ago, and Rhyl Flats. Those are 6 km off the coast. At 12 km off the coast, they are building an array of 200 turbines at Gwynt y Môr. Beyond that, at 50 km, will be the Rhiannon array of 2,000 wind turbines. This will be the biggest concentration of turbines in the world. I am also privileged to have the Irish interconnector go from Dublin to my constituency at Prestatyn and under the Beaches Hotel which is owned by an Irishman who also owns the Castle Hotel in Dublin and whose name, believe it or not, is Fionn Mac Cumhaill. I am privileged to be part of these big energy plans.

The previous speaker mentioned social acceptance. In my constituency, the gas and electricity provider, npower, gives £2,000 per turbine per year to the two local communities of Rhyl and Prestatyn. Is that enough? Not many jobs are created in my constituency from this vast array of turbines but £60,000 is something. Is it enough? What is best practice, not just in Ireland but also in the United Kingdom and around the world? How can our local communities benefit from this in jobs, planning gain, cheaper energy and community benefit?

Mr Jim Dobbin MP:

I think I will throw a bomb into the centre of the discussion and mention the word 'nuclear'. A recent report in one of the national newspapers spoke about capacity and the failure of recent governments to invest in new nuclear plants. The point being made was that if we do not begin to, at least, look at that there is a danger that we will enter a black-out period because we will not have the capacity to keep our energy flow.

Rt Hon Paul Murphy MP:

It is nice to follow Jim, whose point of view I entirely disagree with. We had these scare tactics in 2006 in Britain, when the then Government found nuclear power economically unattractive. Tony Blair was shown a demonstration which persuaded him that within a few years we would run out of capacity and there would be a great gap in supply because the advanced gas-cooled reactors, AGRs, would have to close down. He changed his mind on behalf of the Government to loving nuclear power and then, within 12 months, the life of the AGRs was extended and the gap disappeared.

We are now being frightened by suggestions that the lights will go out. The most likely way the lights will go out is if the world has a disaster like Three Mile Island, Chernobyl or Fukushima. These happen about every ten years. As a result of Fukushima, nations like Germany and Japan have turned their backs on nuclear power. In ten years' time, if another disaster takes place, we could well find that we have half-built power stations in Britain and we will have to look to Ireland to fill the gaps in our supply.

Nuclear is in desperate trouble. In 1976, the Flowers report said it would be irresponsible to go ahead with nuclear without having a place to dispose of the waste. We still do not have that place. In fact, the only possible site was turned down recently. Of the two new nuclear power stations in the world, in Finland and France, one is seven years late and \$4 billion over budget and the other is six years late and \$3 billion over budget. Firms are stampeding away. E.ON, RWE and Centrica have rushed away from nuclear power. The only way nuclear power can come to Britain is if we give a subsidy of £150 billion to a French company. I rest my case.

Mr Pat Rabbitte TD:

Of course community resistance can be a reality and there is a requirement for sensitivity in dealing with local communities. Local communities have rights. It is fair to say that in our planning system those rights can be vindicated. Over and above that, there is an obligation on this sector to be more sensitive than the typical project and to factor in the community gain from these projects. That can be done. I do not want to be drawn into the question of whether £60,000 is adequate or not. It may not be appropriate for me to comment on that. There is, however, no doubt but that developers in this area can do a great deal to win the support and allegiance of local communities through the concept of community gain. In the strategic policy statement we issued last summer we expressly provided for that.

10.15 am

We are talking about the provision of energy. The other side of that coin is that people's living standards and employment prospects today are connected to the adequacy of the provision of energy. There are some strands of opinion that do not accept that. There seems to be a view in some areas, is so far as people think about it, that when we plug in the kettle in the morning it automatically works. It is not, however, as simple as that. The global energy situation is far more complex. In this country at the height of the boom we were on a knife-edge. Apart from that, there are geopolitical events and the kind of experiences we have seen. For an island nation at the end of the pipeline there are real concerns about security of supply. People have to take that on board as well. There is no point in whingeing about economic under-development and, when someone tries to put in the transmission necessary to enhance the prospects of industrial development, wanting to object to it.

There is a balance here and, unfortunately, it is not much debated. The media, generally, find energy too difficult to delve into and write about critically, but huge developments are happening on the global energy scene. The most recent revolutionary development, and I use the word advisedly, is the dramatic impact of the exploitation of shale gas in the United States. This has implications for pricing in the United States and confers a competitive advantage on the United States economy over the European, Europe being wedged between developments in Asia and the United States. This will have far-reaching geopolitical considerations for Middle East politics, for example. This area of energy policy requires more public analysis and debate. This is why I welcome the opportunity presented here, where leading parliamentarians from the British Irish Parliamentary Assembly can focus on it.

I suppose, if Fionn Mac Cumhaill is prepared to tolerate an interconnector under his hotel that should go some way to reassuring those who feel it will be the end of civilisation as we know it if an interconnector passes within a mile of their town. We have to be practical. Inordinate

care is taken to comply with the highest safety standards and in the invigilation of those standards.

I suppose I should avoid the nuclear question. The fact of the matter is that, under our current planning laws, the issue is not one for Ireland. That is not to say that, in good old-fashioned Irish tradition, we would have any objection to importing nuclear fused energy. We have a habit of accommodating ourselves to legislation that facilitates the use of the neighbouring island for matters we do not want to deal with here. There has been a dramatic shift since Fukushima. The implications of the German decision alone, following Fukushima, is quite dramatic. When we look at the British situation, where one fifth of generation is to be shut down, really big questions arise.

There are also big questions to be addressed, in the context of climate change, about decarbonising the system. On Friday morning last, I opened a business conference in Powerscourt, in County Wicklow. One of the speakers spoke on climate change and he put up the traditional shoot of the polar bear, the ice caps melting and all the rest, and professed himself to be concerned about the moral implications. He went on, however, to shock some of the business men by explaining that even if they were not concerned about the moral implications or give a goddam about climate change affecting the polar bear, they ought to be concerned about it frying up parts of the planet where there are enormous numbers of people trying to eke out a living and that those of us who live in parts of the world that are more green and have ample water supply can prepare ourselves for many millions of inward migrants who are climate change refugees. If the polar bear does not motivate us to focus that might do so.

There are huge issues here. For that reason, it is right to seek to exploit our indigenous renewable energy. Both islands, and this one particularly, have propitious wind resources and it is right that we should seek to have that as the material for generating a greater share of energy. As Brian Motherway said, almost one fifth of our electricity is already generated from renewable sources. We can greatly enhance that and I believe we will.

I do not wish to say more than that about the nuclear situation. We have these resources. I do not say there are not economic considerations here. There are. However, if we want to make serious progress in decarbonising the system we should exploit the resources that are indigenous, renewable, safe and clean and have the possibility of creating new industry that would have been unheard of a short time ago.

The Co-Chairman (Mr Joe McHugh TD):

Thirteen Members are offering to contribute. I will take a grouping of six, if that is agreeable. I call Senator Jimmy Harte, followed by Mr Michael Connarty MP. As Jimmy is not here I call Michael Connarty.

Mr Michael Connarty MP:

I think my colleague next to me wants to make a point before I ask my question.

Mr Sean Conlon TD:

I simply wish to make a response to a point the Minister made about an interconnector being one mile from someone's house. Everyone understands the need for energy. However, in the

previous application for the North-South interconnector EirGrid applied to place pylons with a distance of less than 50 metres, which is less than half the length of this hall, from the central line of the interconnector to domestic dwelling houses. That puts in perspective what the community issues are regarding those interconnectors. It was not a mile, but 50 metres, from the central line of the interconnector to domestic dwellings. That was in the application. This may bring into focus for people in this hall much of the reason for community objections to interconnectors and pylons near residential communities.

The Co-Chairman (Mr Joe McHugh TD):

Perhaps, Minister, you would include that supplementary question in the grouping of six.

Mr Michael Connarty MP:

I did not know that point was going to be made. I did, however, sit on a House of Commons commission that examined childhood leukaemia and the problem of very low level radiation from pylons. The science and the epidemiology on the subject show that within 60 to 150 metres from a pylon there is a 170% increase in childhood leukaemia and they should not, therefore, be put that close to domestic dwellings, places where children are at school or similar locations.

I thank the Minister for his visionary and important speech. I wear a few hats. I am secretary of the offshore oil and gas industry group and of the nuclear industry group in the Parliament. I am also an active member of the Associate Parliamentary Renewable and Sustainable Energy Group, PRASEG, which brought Vestas to construct wind farm equipment in Scotland. They did not stay very long. They are now in the Isle of Wight. When I tried to get training for some of my constituents who wanted to get into the industry, having left the electronics industry, I was told there was no demand for such training and nowhere in Scotland where anyone could train to construct wind farms. That was only a few years ago. The Minister used all the forward thinking that has been projected for employment. The reality, as Chris Ruane has said, is not huge, even when there are massive arrays outside one's constituency.

Does Ireland have some magic regulation that will make these jobs come to Ireland rather than, as under the Single Market, be bid for and tendered on a European basis so that people come from all over Europe to construct these facilities rather than, as we often anticipate, bringing employment to our own doors? The worry is that we end up with the wind farms but not the employment.

Senator Jimmy Harte:

I welcome the Minister and delegates to Letterkenny and to Donegal. I live about a mile from here so I walked here this morning. This is the first time I have attended a conference when I could walk from my own door to the conference centre. The walk here was downhill, so I will get a taxi home.

A report was done in the 1990s on the dumping of toxic waste off the coast of Donegal by the British Government in the 1950s. This was not admitted until the 1990s. There is concern, especially in Donegal, about this waste, and this forum may be a starting point in finding an answer to the matter. The toxic material has never been identified and its future effects if it

begins to decompose are not known. Tonnes of toxic, possibly nuclear, waste was dumped off the coast. No one knows its actual content but dumping has been admitted by the United Kingdom Government. I hope, with the help of the Minister and this forum, answers may be got for people who have been campaigning on this issue with little success. Could the Minister and Members of the Assembly help find a definitive answer to this question for the people of the north west of the country? What materials were buried in the sea and are there future plans to deal with decomposition issues?

Mr Kris Hopkins MP:

I thank the Minister for his speech. I am an advocate of understanding climate change and of all of us taking responsibility for addressing some of the issues that come about. I often find myself in areas where we delude ourselves that windmills are going to solve the problem. There seems to be very limited strategic conversation about energy provision. There should be a bigger conversation about consumption because that is the really big issue.

Paul spoke about nuclear power. That conversation is not the solution. We cannot adopt a Luddite approach to modern technologies which may offer solutions. We must find the solution to the problems and to the disasters that come about, as human beings have always done. Nuclear power is one of those alternatives. Rather than turn our back on it we need to find technological solutions to the dramas we face. There is a strategic role for our two countries, the UK and the Irish communities, to come together and address that issue.

10.30 am

Mr William Powell AM:

I thank the Minister, Mr Rabbitte for his comprehensive address on these important issues and for reminding us, particularly those of us from the other side of Irish Sea, of the importance of our continued engagement with the European Union for economic reasons and also for reasons of energy security. I am an Assembly Member for the Liberal Democrats for Mid and West Wales, an area that is particularly engaged at present with issues of renewable energy, especially onshore wind. I have a couple of questions relating to that, particularly as to practice in the Republic of Ireland.

I notice that Mr. Rabbitte's ministerial responsibility includes natural resources. There is great concern among the forestry sector in Wales about the future impact of the development of onshore wind on a sustainable forestry. I would appreciate any guidance regarding good practice from the experience of the Irish Republic on that issue.

A second issue of considerable concern in Wales is the impact of wind generation on the tourism sector. Ireland is a European leader, in terms of its own tourism brand. I would appreciate any guidance as to the impact of onshore wind on that important sector. It is a matter that is regularly raised on the other side of the Irish Sea and it would be helpful for us to have the Minister's thoughts on that.

Senator Jim Walsh:

This afternoon, we will be addressed by someone from the European Commission. The Commission produced a paper on competitiveness and energy prices. Over the last six or

seven years, considerable disparity in energy prices has emerged. The Minister alluded to low energy prices in the United States, which might address part of the problem. According to the report I mention, European energy prices are 50% higher than those in the US and 25% higher than in Japan, and we have seen an increase of almost 40% since 2005. Given our current place on the economic cycle, what remedial steps have been identified to restore competitiveness, which we obviously need, within European and OECD countries?

The Lord Dubs:

Thank you, Minister, for your speech. I am delighted with what you said, not just about energy but also about encouraging the United Kingdom to stay within the European Union. Thank you very much for that. I hope you will repeat that speech in London. Thank you very much indeed.

I want to resist the temptation for British Members to argue among ourselves, although I think the majority view is in favour of nuclear. I accept that Sellafield, in its early days, polluted the Irish Sea and that there were legitimate criticisms from Ireland of what Sellafield was doing. I hope that has been largely put to right. I live within a few miles of Sellafield and Cumbria also has many wind turbines so we have both forms of energy. I believe the nuclear industry has to make an important contribution to Britain's energy mix. After all, 18% of our energy now comes from nuclear and the existing stations will not last forever and will have to be replaced.

Despite the tragedy of Fukushima, I understand the Japanese are thinking of going back to nuclear and the current problems are about the location of Fukushima rather than the principle of it. As far as Germany is concerned, it seems to me that their closing down of nuclear means either increased demand for gas, which will put the price up, or that they will use coal which is environmentally disastrous. My fear is that if we all rely on gas its prices will go very high. It has to be imported from politically unstable regimes so that energy security, certainly to Britain, will be seriously prejudiced. Relying on gas for the future, tempting as it is, is not the right way forward.

I do not know much about the technology of tidal energy, but it seems to be that Ireland is in a wonderful position to use it. I wonder what you think about that, Minister.

Mr Pat Rabbitte TD:

I will take matters globally, to save time. I will not comment on the particular position taken by Kris Hopkins on nuclear energy because we are constrained here by matters that were put into legislation in the past. He is, however, absolutely right that there is not sufficient strategic debate on the energy question, in this polity at any rate and I do not know about the neighbouring one. There was a huge debate recently before Ed Davey brought the Bill into the House and there has been consultation in the United Kingdom. The subject is beginning to get a focus which it has not got here. The mechanical, engineering, regulatory and other issues involved are complex and are not delved into here. That is a pity. There are no easy answers and I would welcome that kind of debate.

The job numbers I adverted to are modest, but significant. Colleagues must look at issues such as getting down our fossil fuel imports. We cannot forget about the significance of that. We are a net importer and, as a result, a price taker. In those circumstances we must address

this issue. We have to address the issue of consumption, which has been referred to. We are hugely wasteful of energy. Last Thursday, I launched a €70 million green energy fund to allow contractors to bid into the fund in order to engage in the refurbishment and retrofitting of public and commercial buildings. Unfortunately, I clashed with the Pope's departure and the media did not get around to reporting the launch, but they might yet. It is the kind of measure we need to take because we have to get our energy consumption down. It is wasteful. The quality of our built environment is poor. The quality of an extraordinary proportion of the housing we added to the built environment during the boom is poor and there are, therefore, tremendous possibilities there. If we believe in decarbonising the system we do not have much choice but to go this way. It is not simply a matter of calculating the number of jobs involved and then deciding the game is not worth the candle. If we are going to take climate change seriously and deal with decarbonising the system and if we have a resource that is especially significant and we have the capacity to create green tech jobs that were unheard of before, then whatever eventual number of noughts are behind the job creation figure, we should do it.

Jim, Alf and others raised the impact on prices of reliance on gas. These are huge questions. We are around long enough now to know there will always be political volatility in the countries where we source our gas. We simply have to have regard to that.

The shale gas revolution must be debated in Europe. Amazingly, it has not been seriously debated yet. In parts of this country, I cannot say for Britain, there is quite a protest movement against fracking. There is no fracking but that does not deter the protesters. There are, however, community concerns which can only be allayed by reliance on the best scientific evidence. Local communities deserve the best research and the transparency of the scientific work in this area. Our Environmental Protection Agency is currently engaged in a study in this area. It took the best part of three years to produce the study in the United States but the impact on prices in the United States is something we cannot ignore by putting our head in the sand. We have to examine it. It is a big factor in trying to deal with the question Alf Dubs and others raised about reliance on gas.

We have considerable potential in the wave and tidal area. It is still at the research stage and we have some interesting research projects under way. We are somewhat fiscally and financially constrained at present, and I hope investment in this area does not unduly suffer, because there is potential in our very propitious wave and tidal resources in this country.

Mr Arthur Spring TD:

I am a TD for a constituency in County Kerry, the most westerly county in Europe. My issue revolves around the ability of parliamentarians to look at linking renewable energy to renewable development. We are transporting energy across the continent and now we are also talking about exporting it. I believe that if we create energy locally we can eliminate social, environmental and economic problems by using that energy at source. There is a correlation between the capacity for rural and peripheral areas to produce energy and those same peripheral areas suffering from the highest level of unemployment with people heading to cities and more developed areas. To put this in a fishing context, one could say we do not want to give away our fishing rights. In a farming context, it is like cutting grass and transporting it to another place to feed it to animals.

The OECD says \$45 trillion should be spent on renewable energy by 2050. Many reports I have read suggest that all the jobs to be created from renewable energy will come from manufacturing. If we do not get our fair share of manufacturing and do not use the energy we produce locally we will face the problems Sean, Alf and other Members alluded to earlier. There is an inverse correlation between transporting energy and what one gets out of it. From my rural area to the nucleus of energy is approximately 200 km. Between 12% and 17% of renewable energy is lost in that distance. This debate has to happen. I want to see energy being used where it is produced to create jobs locally.

Mr Peadar Tóibín TD:

Go raibh maith agat, a Chomh-Chathaoirligh.

My question is about impetus. A couple of weeks ago, I met the management of Tara Mines, which owns one of the biggest lead and zinc mines in Europe and operates in my constituency. The company's electricity costs have increased by €3.2 million this year. The costs of power and energy to all businesses are getting more and more difficult. Dr Brian Motherway said 250,000 houses have experienced some level of retrofit, which is good work. Much of that, however, is at the small end of the scale and consists of work such as attic insulation. Some 1.4 million houses in this State need deep retrofit, which would cost €14 billion. That is the scale of the energy conservation issue. The private pensions industry has said it is interested in investing in a programme such as this. While we are constrained financially, funds are available for that type of work.

Climate change has, at last, come onto the international agenda. It is a significant problem which is causing more damage and needs to be addressed as soon as possible. We do not have time to deal with this issue.

Is there sufficient impetus in resolving these problems?

Senator Cáit Keane:

The debate on renewable energy and energy efficiency is one of the most important in the country and in Europe. We will have another opportunity to debate this issue with the Minister, Mr Rabbitte, in three months' time when Seanad Éireann, in conjunction with the European Parliament and in association with Ireland's Presidency of the EU, will hold a conference in Dublin Castle. Members of the European Parliament, collective bodies and heads of industry will attend and I thank the Minister for agreeing to be a guest speaker at that conference. There will also be input from the EU Commission and the European Parliament. We have not had enough debate on the wider issue of energy efficiency. The conference in Dublin Castle will provide another opportunity for such debate. Seanad Éireann may organise something further in the future.

10.45 am

Senator John Crown:

I have said previously that I believe the Minister occupies the most important ministry in the Government. Food, water and energy are the three critical existential determinants of how our species will do in the next century.

I am a cancer specialist so I am particularly interested in some of the health consequences of energy policy. I am going to ask all Members one question. Do not answer it, just think about it and we will come back to it in about 30 seconds. What was the percentage increase in the incidence of congenital malformations in the Ukraine and Belarus following Chernobyl?

We must end our reliance on fossil fuel because, by definition, they will be exhausted. They cannot last forever. Even if one is a climate change sceptic, they pollute and pollution is not good for us. It is profoundly uneconomical for western countries to have a net transfer of wealth outside the countries to some of the most geopolitically unstable and unsavoury regions of the world. It is critically important that we invest in the science behind renewables and alternative energy.

The debate about nuclear energy has often been incredibly ill-informed. I am not saying we should have nuclear power but we should have a rational, scientifically based debate on nuclear power. First, it is clean. It is vastly cleaner than the fossil fuels we use at present. Second, nuclear fuel is not inexhaustible but relatively abundant compared to fossil fuels. The downside is safety, and I say it is the perception of safety. Three nuclear disasters have been mentioned: Three Mile Island, Fukushima and Chernobyl. We know there were no health consequences to anyone from Three Mile Island other than, perhaps, people who worked in Three Mile Island. We do not know yet about Fukushima, but we can derive huge consolation from what we know about Chernobyl, mainly from British research done by Gerry Thomas of Swansea University acting on behalf of the United Nations scientific committee for the examination of the health effects of radiation. This is what we know. There was an increase in thyroid cancer. It went from being an unbelievably rare disease to being a merely rare disease. There was no increase in any other cancer and no increase in leukaemia. We know for a fact that nowhere in Chernobyl, Russia, Belarus, eastern Europe, northern Asia or anywhere was there any evidence of any increase whatsoever, even 1%, in the incidence of congenital malformations. The incidence of congenital malformations in Chernobyl are the same as in Donegal. It is about 2% worldwide. Sadly, nature gets it wrong sometime.

When we look at the issue of energy policy in the future, it would be unwise for us unscientifically to blind ourselves to the possibility of looking at nuclear energy. This is not a theoretical discussion. It is not that all the other alternatives are safe. Every day around the world, hundreds of people are killed, burned and blown up in accidents involving fossil fuels. People are killed mining fossil fuels. The real concern is that our children and grandchildren may end up fighting wars over fossil fuels. It is critically important that we have a scientifically informed debate on this issue.

Minister, I wish you well in your endeavours and I hope our two islands, our two nations, our group of countries can learn to co-operate fully on all aspects, including scientific knowledge, relating to these matters.

Mr Oliver Colville MP:

I am the Member of Parliament for Plymouth, Sutton and Devonport, soon to be the home of the first UK marine energy park, in our dockyard. I agree with the comments of Kris Hopkins about the need to identify all the capacities available to deliver our energy supply. I thank the Minister for coming and giving his very concise and honest appraisal of how he sees the energy market. He was right to talk about how the United States of America is using shale

gas. My understanding is that in the next five years they are likely to be independent in energy supply.

During the course of your talk, Minister, you made it quite clear that there are some issues here in Ireland. First, it appears you have difficulty with bringing forward nuclear energy supply. Second, you said there are issues to do with developing the shale energy supply. Could you explain how Ireland will deliver more energy capacity into its own market?

Mr Andrew Rosindell MP:

I thank the Minister for his excellent presentation. Could I, however, refer to the closing remarks of his speech when he spoke about Britain's relationship with the European Union and the Single Market which, of course, we all want to be part of? Does he accept that relations with Europe can be at different levels? Jersey, Guernsey and the Isle of Man, who are represented here, are not members of the European Union. Other countries like Switzerland, Norway and others have different types of relationships, remaining in a single market area without, necessarily, being part of the political union. Does he also think the English speaking world, of which the UK and Ireland are part, have great opportunities for trading globally rather than simply looking to one continent?

Hon Steve Rodan SHK:

I am Steve Rodan, from the Isle of Man. Since we own territorial seas up to the 12 mile limit and are, therefore, responsible for marine spatial planning and zoning over some 4,000 sq. km of the Irish Sea, we are geographically well placed as an interconnector hub. The Minister made reference to the British-Irish Council. Could he comment further on the all-islands approach adopted by the council in 2011, when the energy ministers from all jurisdictions agreed to co-operate in exploiting the wind and marine resources around our various islands? In particular, could he comment on the ISLES project, funded by the EU, which is a collaboration between the Scottish Government, the Northern Ireland Executive and Ireland to look at an offshore interconnected transmission network and sub-sea cables, in other words an Irish Sea electricity grid, and which is to consider the Isle of Man as part of that set-up? I would appreciate a comment on the progress of the ISLES project, because it is of great significance for the Isle of Man.

Deputy Roger Perrot:

I am Roger Perrot from Guernsey, and a neophyte Deputy because I was elected only last year.

I echo what some of my colleagues have said and ask the Minister to bear in mind that there are other jurisdictions. We are not just a community. We are a jurisdiction. We, in Guernsey and Jersey, rely on nuclear energy. In the last accounting year, I think 2010-11, we imported 64% of our energy, in the form of nuclear power, from the French grid. It is our intention to increase the percentage of our energy imported from the French grid to 95% . Strategically, we still need to keep full fossil fuel back-up, just in case there is a problem with the link with France. There has been a break in the past so we need a complete fossil fuel power station.

We are trying to do our stuff by having a 20% renewable policy by 2020. I do not share the enthusiasm of many of my colleagues in Guernsey for wind power. I hope there will be, in the reasonably near future, commercial use of both tidal and wave power.

A number of Members have spoken today about the European Union. Of course, we are not in the European Union, and I ask Members to bear that in mind. We get fed up being bullied from time to time by the European Union, particularly with regard to our primary industry which is financial services.

11 am

Mr John Scott MSP:

The Minister spoke of fracking. This has been a game changer in America and will, inevitably, be a game changer here in these islands, given the reserves in Britain and Scotland. I do not know if they exist in Ireland also. This will be driven by the economics of the argument. Given that it has the potential to turn around the North American economy I cannot see us resisting the opportunity to exploit the fracking reserves here, in the United Kingdom and, possibly, Ireland. There is, therefore, a real risk that offshore wind, and even onshore wind, may be rendered uneconomic if fracking is developed. It could almost preclude the development of further nuclear power stations in the United Kingdom simply because, and I am in favour of nuclear, the French will not build nuclear stations at a price. They would far rather sell us electricity produced in their own nuclear power stations and they would then own what used to be our nuclear industry. Fracking is the game changer and the debate must be much more about the future of shale gas oils.

Mr Pat Rabbitte TD:

An extraordinary array of questions has been raised during this session, which gives a very good description of the significance of this area and of why it requires more strategic debate. I am not an evangelist for any view and I welcome the kind of debate we have been having here.

I do not want to go back over the shale gas issue. Hydraulic fracturing is controversial in Europe. The European Union has not yet focused on this phenomenon in the way one might have expected but the EU cannot continue to avoid it because the competitive and other implications of what is happening in the United States are so dramatic. In this country, there are real community concerns and they must be addressed. This takes us back to the intervention made by Senator Crown about science. The science in this regard must be examined in a fashion that has not yet happened here.

Deputy Spring made a point about the transportation of energy and manufacturing jobs. In the United States they are heading towards a situation where, as a result of the shale gas revolution, energy is becoming a feedstock for manufacturing. That has huge implications for Europe, for this country, for Britain, and also for Guernsey. I stand corrected, Roger, please forgive me. It has implications for all of us. The debate on shale gas and fracking is an important one, and there is probably no point in my going beyond what I have said already. Our Environmental Protection Agency which did an initial study has now been given the resources to do a major piece of work. I look forward to debating the issue when that report is published. A number of colleagues raised that issue. It is not going to go away.

With regard to prices, we are an importer and, therefore, a net price taker. The position of the euro, geopolitical instability and volatility in northern Africa all contribute to the prices we now see. Price is always a factor, not just for domestic consumers but also for large energy users and the SME sector, in terms of retaining jobs and creating new employment. It is a big issue.

Steve asked about the work of the British-Irish Council, in respect of the ISLES project for example. That work was immensely valuable. The ISLES project demonstrated that there is no technical impediment to the development of the sub-sea grid to which Steve referred. To my knowledge, the scientists have been universally welcoming of the work done. That work is being progressed. I am not involved in the scientific end of it and I am not sure how far it has got. I attended the launch in Scotland and we also launched the project in Dublin. Innovation has to be at the heart of ongoing developments in this sector. Prices can have a prohibitive economic impact and, therefore, innovation must continue to be nurtured so that we do things smarter, more cheaply and more effectively.

The matter of EU engagement with member states was raised. I must make a confession. A member of the steering committee said to me on the way in that some Members were up so late last night preparing for his meeting that I should say something shocking and that might get attention. It might be best if I do not develop this too much further, except to say this. It is not a question of a member state being merely a pavilion member. The fact that Britain has been at the heart of the European Union has been very good for the European Union. It is a matter for British politicians to say whether or not it has been good for Britain, although I have a view on that. It certainly has been good for the European Union. We work closely and have had good co-operation down the years. We joined together. I do not want to see tariff barriers going up between Ireland and the United Kingdom. I do not think we need barriers, trade or otherwise. That is my view. I know it will not be universally accepted but that is my opinion.

I think, Co-Chairman, if I can sidestep the nuclear debate beyond what I have already said, I have covered most of the questions raised.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Minister. We appreciate your giving us your time. We hope the interventions made today will be helpful in your discussions. We wish you well with the potential intergovernmental agreement early next year. [*Applause.*]

11.15 am

REPORTS OF COMMITTEES A AND C

The Co-Chairman (Mr Laurence Robertson MP):

I add my thanks to the Minister, who has given us a tremendously interesting speech. Thank you very much indeed. Because of the interest that the Minister generated, we are running way over time, so I ask for brevity as we move forward.

COMMITTEE A (SOVEREIGN MATTERS)

The Co-Chairman (Mr Laurence Robertson MP):

We now move on to the reports from Committees. I am very pleased to say that since our last plenary, the Committees have made good progress in their work and, indeed, two of the Committees will present reports to this plenary. In this session, we will consider the work of Committee A on sovereignty matters and Committee C on economic issues. I now call on the Chairman of Committee A, Mr Frank Feighan TD, to update the Assembly on the work of Committee A, please.

Mr Frank Feighan TD:

Co-Chairman, fellow Members, when we met in Glasgow, the Assembly endorsed the report prepared by Committee A on the current decade of commemorations. I am glad to say that that report has received positive coverage in the media and attracted the interest of a variety of individuals and groups. It is clear that this subject will continue to be of wide interest to both political leaders and the general public.

At the last plenary, I advised that the Committee would continue to maintain a watching brief over the issue in the coming years, and in January, I addressed the new year's launch of the Irish Association. This is a group dedicated to promoting reconciliation and co-operation between all people on the island of Ireland. It is very interested in the report, and in particular, in the commemoration of the First World War and how we can mark these anniversaries from next year, which is the centenary of the start of the war.

In Dublin, in February, the Committee also met Dr Maurice Manning and Dr Martin Mansergh, members of the Irish Government's expert advisory Committee on commemorations. We had an interesting exchange of views with them on the commemorations report and the issues arising from it.

The Committee has also now begun to work on its new report on the implementation of the Good Friday or Belfast Agreement and the St Andrews Agreement. I think that it is very appropriate that we begin the work on such a report this year as, in a few short weeks, we will mark the fifteenth anniversary of the signing of the Good Friday Agreement.

While we remain seized of the challenges that still exist in Northern Ireland, it is often too easy to forget just far we have come — all of us — since the dark days of the 1970s, 1980s and 1990s. It is clear from a cursory re-examination of the text of the agreements that a lot has been implemented. Real progress has been made, and that needs to be acknowledged. Our report will, of course, look at those areas where further work is needed, but I hope that it will serve as a reminder of and testament to the hard and difficult work of peace building that has taken place over the past decade and a half.

Last month, as I said, we met representatives of the Irish Government and discussed the implementation of the agreements with them. We shortly hope to meet their counterparts in the British Government and, subsequently, to engage with a range of groups in Northern Ireland: the Executive, parties represented in the Assembly, statutory bodies, and even more importantly, other interested organisations.

We will also look at the east-west elements of the agreement, including the work of the British-Irish Council. There will be a lot of work involved in that. We hope to conclude our hearings by the end of the year, with a view to bringing it to the plenary next spring. However, I have no doubt that members of the Committee are up to the challenge, and we are very blessed with dedicated and hard-working members, including our Vice-Chair, Conor Burns, who unfortunately is unable to attend this meeting. I would certainly like to thank all the members for their assistance and commitment to date, and I look forward to working with them in the months to come. Thank you.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you very much, Frank. Are there any questions or contributions? OK? In that case, I thank and commend the members of Committee A for their work on this issue. We look forward to the further updates and maybe the report at the next plenary in the autumn. Thank you very much.

We now move on to Committee C and the draft report that the Committee has put before the plenary today on credit unions. I would like to call on Jack Wall TD, Chairman of the Committee, to present the draft report.

COMMITTEE C (ECONOMIC AFFAIRS)

Mr Jack Wall TD:

Thanks, Co-Chair. Committee C had two issues under investigation. The first one was credit unions, the report on which we will place before the plenary today, and the second one relates to energy.

Committee C began its report on credit unions in October 2012. The decision to inquire into this area stemmed from the Committee's work on its previous report into small- and medium-sized enterprises (SMEs). During the SME inquiry, the subject of credit unions was briefly touched on in so far as their potential to lend to such businesses. However, we as a Committee decided to investigate further into this area to fully examine the potential scope of the credit union sector in the current financial climate. Our colleague John Robertson MP agreed to act as rapporteur.

For this inquiry we decided to focus on the role and provision of credit unions in BIPA Administrations, what support is available to credit unions and the full potential of the sector. With financial services and the banking sector under increasing public scrutiny, the Committee considered it an appropriate time to examine the contribution of a sector that aims to promote financial inclusion, good management of personal finances and availability of credit facilities for those on low incomes. Over the course of three meetings, in Glasgow, Dublin and London, we heard from a wide variety of organisations. We would like to thank them all most sincerely for the time they dedicated to helping us understand the issues involved from different perspectives.

We found that the credit union sector is more developed in Ireland, but that some credit unions in the UK are innovative in ways that have not been tried in Ireland. The Committee urges the Governments of the UK and Ireland to observe and learn from each other's experiences in developing the credit union sector in each jurisdiction. The implementation of

the Credit Union Act 2012 in Ireland may be of interest to the UK in the development of a credit union sector such as that which is well established in Ireland. The Committee found that a key issue that needs to be resolved is how credit unions can access the necessary expertise for business lending while maintaining their independence. The Committee was of the opinion that, as well as Governments in the BIPA jurisdictions learning from one another, the regulators of credit unions in those same jurisdictions might also learn, through better communication and the sharing of good practice.

It became apparent during the inquiry that it is of great importance, and a challenge going forward, for a solid and skilled voluntary base to be maintained in the sector. Throughout our discussions about credit unions, we have returned frequently to the issue of a potential clash between, on the one hand, the grass roots community-based nature of the sector, and the need, on the other hand, to achieve critical mass, nurture professional expertise and develop services in new ways, including online. Is there a danger that the credit unions might simply end up imitating the banks to which they are supposed to be providing an alternative? That is the question to be asked. It is important that regulation, expansion and expertise do not become too high a barrier for groups of people who wish to set up an organisation on a small scale in a way that will benefit their community and that suits their capacity.

Finally, I thank all our colleagues and wonderful staff for their hard work on this inquiry and the many constructive conversations we have had on the topic. I commend the report to the Assembly and look forward to hearing colleagues' views. Chair, if you will allow, I would like the rapporteur, John Robertson, to make a comment on the report that he has brought before us.

Mr John Robertson MP:

Thank you, Jack.

Jack has said the basics of what we were looking at. The one thing we did find is that there is obviously a complete difference between credit unions in Ireland and those in the rest of the United Kingdom. In Northern Ireland and Southern Ireland, something like just over three million people are members of a credit union, whereas in the UK as a whole we have just over a million. However, it was found that they are growing. The city of Glasgow in particular has something like 17% of the United Kingdom's credit union membership and assets. Probably the Irish influence in the west of Scotland has something to do with that. That having been said, there were some feelings, particularly in Ireland, that although the new 2012 Act had a lot of helpful positioning in it, there still has to be some way forward whereby credit unions can help develop the smaller businesses and look at larger loans in relation to housing, which is happening in Glasgow. If we just stuck to the small loans with a high risk factor, some of the smaller credit unions would certainly struggle, particularly at a time of austerity. So, it was felt that we have to develop the credit unions more. There is absolutely no doubt that the United Kingdom can learn from the Irish example. Hopefully, that will develop. The Glasgow model which seems to have been created will be of use for the rest of the United Kingdom. The only other negative point that came out — and it was not part of our inquiry — is how payday loan companies have created a place for themselves. We feel that, if credit unions got their act together, they could learn from the way that those companies advertise and market themselves. Credit unions would never be able to cover that whole niche, but there is no doubt that payday loan companies are causing a major problem, particularly among the less well-off in our countries.

I thank Judith and Betty, in particular, for all the great work that they did in pulling all this together for us, and obviously my colleagues, who were of great help. I hope that those who turned up in Glasgow the last time enjoyed themselves as much as I told them that they would.

The Co-Chairman (Mr Laurence Robertson MP):

I am sure that everybody did.

The Lord German:

I have two points to make. One is a question for both the steering committee and the Committee, and secondly I have a question for the Committee Chair about the conclusions that have been drawn from the report. Look at paragraph 46, the conclusions. The Committee Chair mentioned in his outline of the report that its principal conclusion is that the jurisdictions should learn from each other. My question is this: have we, as an Assembly, considered a principal recommendation, every time that this sort of recommendation is made, being that the matter should be taken up as an agenda item by the British-Irish Council and for it to report back? In other words, it can become part of the cycle, because, after all, the people who have the chance to implement some of the proposals are represented at the British-Irish council.

My second point has already been talked about slightly, and it is on payday loan companies. As I understand it, a report from the UK Government drew two principal conclusions. One was that interest rates in credit unions ought to rise — which is quite an unusual recommendation — in order to give sustainability to the credit union movement. The second was that there are real benefits to be gained from increasing the size of each of the credit unions, because that produces economies of scale and reduces the costs of individual credit unions.

I wonder whether the Committee reflected on those issues in its report and whether it believes that those two conclusions are accurate.

Mr Jack Wall TD:

In relation to the first question asked, it is obviously for the member's own jurisdiction to develop it further. We had a debate in the House on the SMEs report, and it subsequently went to a Committee. I am sure that that can also happen in relation to this aspect. It is something that we can take up with the steering committee. We will certainly bring the report to the regulator and the Department of Finance and report back to the steering committee.

On the second point, we did not go into the issue of interest rates in the report. That is being debated in relation to the Irish scene at the present time. The regulator is looking at amalgamating small credit unions where there may be a problem in relation to ensuring that the maximum benefit is derived for the members. There is an ongoing debate in Ireland about the size of credit unions. One thing that came out of our reflections on this is that the small credit union is as important as the big credit union. We have credit unions with 35,000 members, but we also have ones with 300 or 400 members. Each one is of equal importance in its own area. We really believe that the whole essence and centre core of a credit union is

its value to its own community. We want that to be a determinant in the regulator's reflection as to how beneficial the credit union is to its own particular community.

Mr John Robertson MP:

We did look at all these things, there is absolutely no doubt. We looked at the fact that the biggest credit unions were the ones that were built on, shall we say, more solid ground. Therefore, we felt that larger credit unions were the way forward. That is where the Glasgow example came in. Glasgow Credit Union is large compared with the smaller credit unions that I have in my constituency. It can only do the small loans that, as we said earlier, are high risk. It cannot do the loans to small businesses or homeowners who are looking for loans that would be a steady income for them. Although we think we should develop larger credit unions, there has to be an element of locality. Obviously, the smaller credit unions would fight tooth and nail to stay in existence if we tried to tell them that they would have to go out of business. There is no doubt that some of them are struggling, and, as such, the best thing that they can do is to amalgamate with other smaller struggling credit unions.

11.30 am

Mr Patrick O'Donovan TD:

Go raibh maith agat, a Cathaoirleach.

Lord German pre-empted my motion for tomorrow. It is hugely important that, in fairness to the committee and the first report, these reports are at least considered by the British-Irish Council. In fairness to both committees and the other two that we will hear from tomorrow, there is a temptation from our ministerial colleagues that consideration would not be given to them, because we do not seem to hear back from them. Following what Lord German said, it is absolutely critical that there is a report back to us from the British-Irish council, at least saying whether it gave those sorts of reports consideration.

I have one question for the committee about the report. Was it given to the Restructuring Board (ReBo)? You talked about the amalgamation of smaller credit unions. The frightening statistic is that there are only a million members in the UK, given the economic backdrop that is there at the moment. Obviously, that backdrop is being filled by unscrupulous money lenders, who, in a lot of cases, are operating on a subterranean level. If this assembly could do anything to promote that, it would be a good job.

Mr Jack Wall TD:

That was raised at the committee meeting this morning. It is something we will consider in further discussions. It is important that the British-Irish Council should look at this. I am asking the steering committee to ensure that it is brought to its attention. We have not referred it to ReBo at this stage, but we will.

Mr David Melding AM:

It is important that the report is passed to the various Executives of our own institutions. In Wales, we have been looking at the development of credit unions. I am particularly interested in what the report says about supporting micro-businesses by giving small loans, often to

young people from relatively deprived backgrounds who do not have access to small sums of capital but have that instinct of entrepreneurship. Trying to get loans from government and local government sources is a long-term process. I often have young people complaining to me that it can take six or nine months to get a start-up loan. They are out of college and they want to get on with it. If credit unions were to develop some business lending in their locality, there is a real gap in the market at the moment, and they could provide that better than government agencies. The high street banks have given up their Captain Mainwaring function, as it is sometimes called. It seems to me that that could come back and that some credit unions really would develop great economic expertise in their localities. They are local enough to be able to deliver that. I welcome the report. It should get maximum exposure throughout the various institutions and Executives of the British-Irish Parliamentary Assembly, as well as the Council.

Mr Darren Millar AM:

I welcome the report as well. To echo what David said: credit unions absolutely need to focus in the future on lending to business. There is no doubt that the business birth rate in the United Kingdom and Ireland has been affected by the lack of availability of access to finance from the traditional banking sector, and credit unions can help to plug that gap. To what extent, though, did the Committee consider peer-to-peer lending and lending circles as competitors to credit unions? Was there any discussion about the increasing share of the lending market that they now take? I know that internet-based peer-to-peer lending circles seem to be experiencing phenomenal growth these days. However, it is a largely unregulated market, which rings alarm bells for me about the direction in which those lenders may go in the future. It would be interesting to hear from the Committee Chair just how that was factored into the discussions.

Mr Jack Wall TD:

It was not factored into the discussions, but it was mentioned this morning, in relation to the report, as being a worrying trend. Obviously, the development of credit unions was the subject of debate and what we reflected on. It may be a new aspect that the Committee can look at in its further reflection in relation to this particular type of financial institutions.

I beg your indulgence. Because we are talking about energy and the other report that we had was on energy, will you allow Ann Phelan to just mention where we are with that report?

Ann Phelan TD:

There was a discussion paper on marine energy for the British-Irish Parliamentary Assembly. I think that my colleague in this will echo exactly what I found. When we went looking for this particular energy development, unfortunately we kept hearing about its potential. When we went to look for the detail, to our disappointment, we really did not find it. So, I look forward very much to the session on OpenHydro. Even the Minister noted that this sector is still only at the research stage. While I did compile a report, again, it is mainly about the potential. The ocean and marine energy sector has huge potential, but I am afraid that we have not got much further than that. There are a lot of difficulties out there. If we are going to move this sector on, a lot of that really has to do with government, and government policy. One of the most important things about that is that we have to see — we referred to this earlier — all of the islands as one jurisdiction if we are really to develop the marine industry.

That depends a lot on policy, and we have to get all our ducks in a row if we are going to develop this energy sector.

The problem in the sector seems to be that private investors tend not to want to talk to us because there are commercial sensitivities. They tend not to want to move on because they are waiting to see what government is going to do. I am afraid that, on this one, governments in all jurisdictions will have to do quite a bit of heavy lifting if we are to see this energy sector deliver its potential. In this, I would like to acknowledge the work of my colleague Arthur Spring. I know that Mary Scanlon would also like to say a word. I would also like to thank the Sustainable Energy Authority of Ireland for their help and expertise in investigating this sector for me.

Ms Mary Scanlon MSP:

Having listened to the Minister this morning, we may agree or disagree on renewable or nuclear energy, but the one thing we all agree on is security of supply. For that reason, Committee C decided to look at marine and tidal energy.

I fully support everything that Ann Phelan said. The European Marine Energy Centre is situated in Orkney, in the region that I represent, and I visit it every year. There are 13 global and local companies, all researching marine and tidal energy in different projects. I got quite excited this year when the centre told me that it was at the commercial production stage on the island of Islay, so I hot-footed it down there for four days in October, only to discover that it is still another two years away.

However, as the convenor of the cross-party group on Scotch whisky in the Parliament, I am delighted to say that, although the marine energy turbines were not producing, the eight distilleries on Islay were doing very well.

I fully agree with Ann Phelan's proposal, which is to look at the drivers that are needed to make greater progress in tidal and marine energy. I hope that we can bring a more focused report to the plenary session in London in October.

The Co-Chairman (Mr Laurence Robertson MP):

I thank all the contributors to the debate and the chairman of Committee C and its members for all their hard work. The Joint Clerks will arrange to send the report from Committee C to the British and Irish Governments.

OPPORTUNITIES FOR GROWTH AND EMPLOYMENT IN ENERGY

11.42 am

The Co-Chairman (Mr Joe McHugh TD):

Our panel discussion will focus on the opportunities for growth and employment in the energy sector. I am delighted to welcome our panellists today, and I ask them to make their way up to the stage as I introduce them. Our panellists are Mr Brian Britton, chair of the National Offshore Wind Association of Ireland, board member of the British Irish Chamber of Commerce and vice chair of its energy committee; Mr David Manning, director of

corporate affairs for SSE Ireland; Mr Neil Stewart, managing director of renewable business, Glen Dimplex; Ms Sue Barr, environment and external affairs manager, OpenHydro; and Mr Tim Cowhig, chief executive officer of Element Power.

In line with what Minister Rabbitte was saying in his contributions this morning, we are following on from a memorandum of understanding between Ed Davey and Minister Rabbitte. We should use this opportunity, Members, to listen to the work in which the various sectoral interests are engaged. More fundamentally, we should use this as an opportunity to debate the micro-elements. While Minister Rabbitte focused very much on the policy and regulation end of the matter, we should examine in detail the micro issues around grid connection, community dividend and, fundamentally, job prospects.

You do not need a lecture from me; you will know what questions need to be asked. I propose that each speaker will have up to five minutes to make their initial contributions. Panellists, please do not follow the precedent set by the Members; we allow a little latitude and flexibility with the Members when they make their observations and contributions. I would like you to stick to the set parameters, because that will allow up to an hour to have an open and engaging interactive session.

I call on the first speaker, Mr Brian Britton, a fellow Donegal man and chair of the National Offshore Wind Association, as I have already outlined. He has also been driving an ambitious plan for Oriel windfarm, looking at the potential for 330 MW of renewable energy exports to the United Kingdom. Brian, I call on you as our first contributor.

Mr Brian Britton:

Thank you, Joe, and good morning, ladies and gentlemen. It is very special for me to address you today in my home county of Donegal. I grew up on the coast not very far from here in Rosstown. I spent my childhood on the Atlantic and, every day, I saw the power of nature as the waves pounded the shore. It will not surprise you that the two great preoccupations of my life are surfing and developing an offshore windfarm.

11.45 am

Ireland, like Scotland and other parts of the UK, has exceptional wind resources, both onshore and offshore. Our Government has set an ambitious target for deploying renewable energy—42% of Irish electricity. This limit is set by grid constraint, not by the availability of renewable resources. Our renewable potential is much greater than the Government's 42% target. By 2020 alone, 5 GW from offshore and 5 GW from onshore could be transported and exported across the Irish sea.

Much of this offshore capacity is already shovel ready. Projects such as our own Oriel windfarm, the Codling wind park, Dublin Array and the Arklow Bank, all on Ireland's east coast, could be generating nearly 3 GW of clean energy for export by 2017. By 2020, we believe that another 2 GW of offshore is possible, following enactment of the proposed foreshore Act legislation. As technology develops, that capacity will grow, particularly in the Atlantic. The east coast of Ireland has many advantages in terms of building our offshore windfarms. We have good seabed conditions, excellent wind speeds and consistencies and, compared to many UK projects, very low water depths. All of these factors mean that our cost of development and operational maintenance will be competitive compared to the UK. It

also means that we can develop these projects quickly. We have been working on them since 2001 and, in most cases, all of the necessary consents have been obtained. We need a route to market.

The memorandum of understanding that was signed between our two Governments in January was a historic step forward in creating that step. The two Governments working closely and producing the intergovernmental agreement will include the mechanisms to make that trade in renewable energy possible. It will benefit both parties, as Minister Rabbitte said. For the UK, it will mean not only meeting renewable targets, it will also help increase security of supply. Alastair Buchanan, the head of Ofgem, made it very clear two weeks ago that the UK is facing a serious energy squeeze in the years ahead. The development of renewable energy in the UK has been impressive. More will be required, but Irish projects can help bridge that supply gap. Irish offshore projects, ready for quick development, can begin that process.

For Ireland, the creation of a route to market to the UK will help kickstart a new export industry. Large-scale renewable projects, such as those in the offshore industry and the energy bridge, only make economic sense in the context of an export market. If we can open the link between Ireland and the UK, and if we can then, through the UK, go into the proposed France-UK-Ireland market, the investment case for projects becomes compelling, because investment leads to project development, which leads to jobs.

Generation is only part of the story. There is a huge supply-chain opportunity. If we take the waters between the UK and Ireland—let us call it the Irish sea zone—and consider UK rounds 2 and 3, the Scottish rounds, Northern Ireland projects and our own Irish projects, there is a total of 20 GW, which means, at €3 million per 1 MW to develop, that there is a €60 billion supply chain opportunity sitting on our doorsteps. We believe that all of the regions can compete to become supply-chain bases for these developments. Ports such as Glasgow, Liverpool, Belfast, Dublin, Holyhead and Fishguard will all be needed. All of these and more are potential development hubs for the offshore wind and marine renewable industries, and can provide a range of both highly skilled and manual jobs. Belfast is already leading the way.

The readiness of offshore projects on the east coast of Ireland for deployment is important in terms of the supply chain. Much of the enthusiasm that the supply-chain companies had following the announcement of 32 GW of UK round 3 has now dissipated. Investment decisions for factories are being delayed because manufacturers do not see a market. That, in turn, is hampering the ambition of the UK to reduce costs and create jobs. The Irish offshore projects can be the bridge to encourage supply-chain investment that will benefit not just Ireland but Wales, Scotland, England, Northern Ireland, the Channel Islands and the Isle of Man. These opportunities are real, but only with co-operation from both sides of the water.

The next steps are important. First, the UK Energy Bill working its way through Westminster is an important step. As Minister Davey said when signing the MOU, it is future proofed to ensure that it will allow for the outcome of the MOU and the intergovernmental agreement that will follow it. This is remarkable here in Ireland: UK legislation is being written to facilitate a regional market incorporating Ireland. That is history.

Secondly, the investment required in infrastructure to meet our energy challenges is significant, and that kind of substantial long-term investment can only happen when there is

economic certainty. The partnership that has evolved between the Irish and British Governments can bring that certainty.

Finally, what will guarantee that certainty is the intergovernmental agreement. It signalled a level of co-operation that has been built up over many years, and which is reaping real benefits for our countries. Important as it is, the MOU is a step along the road. We need the intergovernmental agreement by the end of 2013; 2014 is too late. The opportunity is here now, and offshore Ireland is standing ready to deliver in terms of economic stimulus and job creation.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Brian. I now call on the second speaker in this session—Mr David Manning, director of corporate affairs at SSE Ireland. You have five minutes, David. Just to give you some background, David has been involved in the policy area of energy and the environment for over 10 years now. We are looking forward to your perspective.

Mr David Manning:

Thank you very much, Co-Chairman. It is with great pleasure that I find myself here in Donegal today, which is home to SSE's and Ireland's largest onshore windfarm, Meentycat. That is sited just outside Ballybofey. It is an 88 MW windfarm and it produces enough electricity to power about 45,000 homes, saving around 200,000 tonnes of carbon each year. This windfarm, along with the rest of SSE's 500 MW portfolio in Ireland, has contributed a little over €2.5 million in community gain in recent years.

Thinking toward the title of this session, I was minded to reflect on SSE's own origins and development in recent years, and how this, in itself, is an example of the opportunities for growth and employment through closer co-operation in the energy sector across these islands. Since its formation in 1998, with the merging of Southern Electric in the south of England and Scottish Hydro in Scotland, SSE has grown to become the second-largest utility business in GB, and now employs over 20,000 people. Around the mid 2000s, as SSE looked to the future of its business, it embraced two realities, some of which have been discussed here this morning. First, the energy sector is on a path towards profound change, driven by the need to make supplies more sustainable. It is clear that the electricity sector can provide real low-carbon solutions in light, heat and transport, and, similarly, we can create significant employment opportunities also. Secondly, closer ties with neighbouring markets can deliver greater economies of scale, and support investment that can deliver a competitive, secure and sustainable supply of energy for consumers. Both of these realities are now underpinned by EU regulation. For these reasons, SSE's acquisition of Airtricity in 2008 was a very good fit for our business. As a renewable energy developer and operator, it aligned with SSE's ambition to halve the carbon intensity of its power-generation business by 2020, and it brought us firmly into the all-Ireland energy supply market.

Has this closer integration between Great Britain and Ireland been successful? The answer is undoubtedly 'yes'. Let me give three examples. First, on the successful integration of these businesses, we invested in more than 500 MW of new renewable generation last year alone. Secondly, with its relatively stable market here in Ireland, SSE had the confidence to invest €0.5 billion, acquiring 1 GW of thermal generation in the single electricity market, and is

redeveloping one of these sites into a new, 460 MW gas-fired power plant. Meanwhile, it continues to see rapid growth in its supply and services business, Airtricity.

Finally, and perhaps of most importance to the topic here, since entering the Irish market in 2008, SSE has created over 150 new jobs every year. Today, it is the proud employer of over 900 individuals directly, and a further 500 indirectly, as it continues to invest and grow in its businesses across the island. In fact, SSE is the largest inward investor on these shores in the last five years, with over €1.7 billion invested. With these experiences, SSE views energy integration between GB and Ireland positively, and believes that it can be a vehicle for growth, job creation and innovation.

There are two key areas that I would like to focus on. Renewables is the first. It is almost a cliché to state that Ireland and Scotland have abundant renewable resources, particularly wind. I remember back in 2008, when our chief executive, Ian Marchant, spoke here in Dublin, he made reference to Guinness at St James's Gate, where more than 70% of the product is exported out of the country. Certainly, renewable energy export is a real opportunity for this country—to give it a catchphrase—from onshore wind in County Mayo powering industry in Manchester to pump storage in Scotland providing energy storage on an all-Ireland system. To this end, the MOU, signed between Ministers Rabbitte and Davey recently, is commendable. However, transmission infrastructure on land and across the Irish sea will be a crucial enabler to this opportunity.

Smart energy currently sits within the innovation space, and will form a core pillar to addressing today's energy challenges. Let us take the smartphone, for example. If Alexander Graham Bell appeared here today, he would not recognise the phone that you have in your hand, such has been the advancement in the technology. However, Tesla, who was the originator of our grid system, could easily pick up where he left off. Innovation is fundamental to addressing challenges in this sector, ranging from frequency controlling systems with high penetrations of variable renewables, to iPhone apps that let you control your heating systems remotely, to high-efficiency electricity grids. I believe that the process of integrating the energy sectors on these two island economies can only serve to harness our collective innovation. It is an opportunity that can drive growth and job creation. We find ourselves in a wonderful education centre here, and I look forward to seeing numerous courses being developed in colleges such as this to maximise this opportunity.

We have already seen how new partnerships can deliver benefits, such as the one between SSE and Glen Dimplex. I am sure that Neil will talk to that in his remarks on Quantum. He has worked in Ireland and on Shetland to deliver high-efficiency energy systems. On some of the enablers to realising this, it is not just about infrastructure; it is also the market and how market arrangements will be integrated. They are currently governed by two system operators, two Governments and three regulators. The first integration took place when the single energy market was established in 2007. This larger, all-Ireland market has provided a stable framework that has encouraged new entrants, more competition, efficient and rational investments, all the while maintaining a keen focus on consumer interest. It is reasonable to conclude that those benefits can be repeated through greater GB and Ireland integration. However, integration of energy sectors depends on closer integration between the actors that operate, govern and regulate it. We must be certain to avoid unintended consequences. For example, the implementation of the carbon price floor in Northern Ireland could cause prices for customers in the north to unnecessarily increase.

In closing, experience to date has shown that growth, jobs and innovation opportunities are connected to the energy sector and to closer ties with GB and Ireland. Ultimately, it could lead to the efficient allocation of resources and capital to deliver secure, competitive and sustainable energy and, perhaps of most importance, affordable energy to consumers.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, David. I now call on our third speaker, Mr Neil Stewart, managing director of renewable business Glen Dimplex. I am delighted to welcome Glen Dimplex back again; we had your colleague Sean O'Driscoll at a previous plenary. You are very welcome, Neil, and you have five minutes.

Mr Neil Stewart:

Thank you, Co-Chairman. Good morning, everyone. I will take a slightly different tack to the one David has just discussed. Buildings consume approximately 50% of all the primary energy that is used in a developed economy like ours here today. Of that, more than 70% is used for space heating, cooling and hot water. What we are talking about here is more than a third of all the energy consumed in our economy going on heating and hot water. It is an absolutely enormous share of the total energy consumption. Glen Dimplex is the largest electric heating company in the world. We have substantial businesses in Australia, New Zealand, China, Japan, Canada and the US, as well as the main European markets of Germany, France, Scandinavia, the low countries and, of course, the United Kingdom and Ireland. That gives us a fairly good knowledge of heating markets around the world. Over the last 10 years, we have seen a seismic change in those markets, driven by climate change, rising energy costs and a desire for increased energy security.

All over the world, we are seeing legislatures tackling these challenges. We believe that the European Union's 2020 vision is a world-leading initiative, creating clarity for industry and academia looking forward over a number of years into the future. Those targets around reducing energy consumption and increasing renewable penetration and so on are vital, in terms of driving investment and innovation in manufacturing.

12 pm

There are 29 million homes in Britain and Ireland, with a total heating bill of more than €40 billion per annum. Work done by ourselves, Glen Dimplex, and others suggests that a 20% reduction in this bill is readily achievable. If you add in commercial and public sector buildings, we could reduce our overall heating bills by €10 billion per year. The real question that we should ask is: 'Why are we not doing this?' If we can unlock this saving, most of which goes on importation of fossil fuels from places like the middle east and Russia, as was mentioned earlier, we can create an enormous opportunity for Britain and Ireland to create growth and employment, which are the themes for this morning's discussion.

So, what do we need to do to make this happen? I will summarise my comments under three headings: technology, policy and funding. In the area of technology, I am pleased to say that most of the technology that we need to do this already exists. In Glen Dimplex and with other companies, we have developed technologies in heat pumps, solar energy, smart-energy storage solutions and new insulation techniques. As David said, we have been working closely with companies like SSE to develop smart solutions that enable consumers and

businesses to play a leading and active role in this new energy revolution. The smart grid will enable this revolution to take place, with homes, businesses, farms and communities becoming producers as well as consumers of energy. This will enable the decarbonisation of electricity and facilitate the move towards electrification of heating and transport as we proceed through the first half of this century. However, we need to see these technologies being deployed in homes and businesses. We need to see the market mechanisms to allow individuals, communities and businesses to benefit from these new technologies.

Moving on to the area of policy, we have spent a lot of time in recent years in Brussels, London, Dublin and other key legislative areas to ensure that the right frameworks are in place to ensure that this energy revolution takes place. There are a few great examples of things that have happened in recent years. As mentioned earlier, Germany has stopped its nuclear programme, perhaps for other reasons, but someone suggested earlier that it will use coal to replace nuclear. That is not the case. If you read about the German energy market, it is very much driven by a move towards renewables.

Denmark, which is self-sufficient in fossil fuels, has set out a policy to completely decarbonise its economy by 2050. Interim steps on that path will involve, effectively, banning the use of oil boilers for home-heating systems, initially from 1 January this year for new-build properties, and from 1 January 2016, oil boilers will be removed completely, and for retrofit applications.

We all know about Ireland's 42% renewable electricity target, which is one of the most aggressive in the world. More generally in the EU, we now see the energy efficiency directive, which proposes that 3% of all public buildings are refurbished every year in order to dramatically reduce energy consumption. So, there is much good policy work going on.

I have some further thoughts on this policy area that we would like to see considered. First, we have the 2020 targets. We firmly believe that we now need to see 2030 targets being crystallised, so that we can see, as industry, what the future holds for us and where we need to place our investment. We believe that we need Britain and Ireland to harmonise building regulations, energy efficiency targets and, most importantly, market mechanisms, so that companies can work seamlessly across the markets, reducing approval costs and duplication of processes. We badly need joined-up Government, so that issues of energy policy, climate change, fuel poverty and building standards work together in tandem.

Someone mentioned earlier the need for local communities to benefit from all of this renewably generated electricity that we see coming onto the grid. This is a vital point. On the one hand, we are saying that we are producing all this wonderful renewable energy, but it tends to be in remote rural areas, and we want to find ways to export it elsewhere. If we export all that energy, of course, the conclusion is that we would have to continue importing fossil fuel to provide heating for our own homes and buildings. That seems counterintuitive to me. If energy is available in these local communities, we must use it locally and ensure that the people living in those communities can benefit directly from that investment.

Moving on to funding, despite the attractiveness of large reductions in energy bills, we find that consumers and businesses are not always prepared to make the necessary upfront capital investment. The key point that I would like to make is that for a properly designed, professionally installed heating system with appropriate insulation measures, the technologies that we are talking about pay for themselves through energy savings well within their

economic life. So, our challenge is to make the customer journey as painless as possible and the outcome for the consumer as attractive as possible. This, again, leads to finding ways to reward consumers, communities and businesses for playing an active part in this energy revolution that we are talking about. Some ideas include special tariffs for use of wind or other renewably generated electricity in local community areas, so that the people living in them can see the benefit from having a windfarm on an adjacent hillside. That could, perhaps, be through community dividends, or other special tariffs, as were mentioned earlier this morning. Britain has a wide range of initiatives, such as feed-in tariffs, renewable heat incentive, energy company obligations, and the Green Deal. Ireland should seek to take the best from these policies and consider how best to unlock the savings.

Most of the necessary expenditure to make these changes would be in jobs—creating economic growth and employment. If you consider that €10,000 is spent on retrofitting an existing home, consider the fact that 70% of that money goes on employment, either in manufacturing, supply chain or contracting jobs. So, if we were to refurbish 1 million homes per year across these islands, that would directly create 300,000 jobs. Vestas might have moved jobs away from Scotland, but I can assure you that this deep energy revolution in our buildings within these communities will create local jobs for local people.

The energy revolution can be a driver for growth and employment. It does not need to be a drain on resources, nor will it lead to ever-increasing energy bills. By considering the whole energy market from primary production to end consumption, it is possible to unlock this enormous potential for the common good. Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Neil. I would like to call on our fourth speaker, Ms Sue Barr, environment and external affairs manager for OpenHydro, which currently employs 89 people. I think that you will let us know about that. You are very welcome, Sue. I hope that you do not mind me pointing out to Members that our profession is accused of being very male-dominated—which is the case—and I have found out from my own research that the renewable energy sector is very much a male-dominated sector, so we are absolutely delighted to have you here today and to hear your perspective. Thank you, Sue.

Ms Sue Barr:

That is very kind. I would like to thank the committee for inviting me along to give what I hope will be a very positive spin on this discussion. Thank you to the previous speakers, because they have led me very neatly into some quite positive responses in terms of job creation, the economies and just how the marine industry is progressing.

So, as for an introduction, OpenHydro is an Irish tidal technology company. We are based in County Louth, in Greenore. We have been developing what is called an ‘open centre turbine’ for a number of years now. The turbine itself—this is a bit of a tongue-twister—is a bi-directional permanent magnet ring generator, which means that it uses both stages of the tide to generate electricity. It is telling that the technology, in its early stages, came from America. It was moved over to Ireland in 2004 and we now have over 30 global patents related to the technology.

In terms of how this has become a trans-boundary, trans-national issue—this is something that I really want to press forward—the marine energy industry is not simply an indigenous resource that we should be looking to extract from. It is also an export potential and it has huge potential for economic creation of jobs and also for economies in terms of maritime industry.

We are based in Ireland, but our first project was actually in Scottish waters. We were the first developer to develop a project at the European Marine Energy Centre. This was really our test-bed for the technology. We took the technology to Scottish waters and we have been testing there since early 2006. That has given us seven years of developing the technology to a stage that we now feel is not research and is not an embryonic industry. This is something where we now have a really strong understanding of the engineering requirements, and also the requirements in terms of developing projects in this area. We have really wet our feet in Scottish waters, but we have now moved on to a much wider market, which is an important point.

In terms of the local economy, as I said, we have been operational in Orkney since 2006 and we estimate that between £8 million and £9 million of investment has gone into the local Orkney economy. This comes from ancillary services—electrical engineers, boat services, accommodation, offshore works, cable-laying—and the price that we are paying to use that site. It has been a fantastic opportunity in the local community. One of the strong points there is the wealth of experience that you can draw on from the local communities, particularly in the marine industry. It is a very specialised and localised industry. As we have developed projects on a global scale, we have learned to rely on people local to the source of the tidal power.

In terms of the company's development—and I hope that this might give a positive picture, just in terms of where marine energy industries are going; I speak on behalf of my tidal energy and wave energy colleagues, as I sit on a number of national and international groups looking at development of policy around this area—we started off with a number of people in one room. We developed the twin-pile structure of the European Marine Energy Centre with three people in the company. As was said in the opening remarks, we are now 89 people, and we project that that will be over 100 people by quarter four of this year.

We have seen an astronomical growth in terms of the number of people that we have brought on board. Also, in terms of securing capital investment into the development of this industry, there is a positive spin towards this in terms of the returns. They may be on long horizons, but companies that look to invest into this are seeing that there is huge potential. Some of the early work that we committed to in 2004 looked at global potential. If every site within the global resource market—tidal energy sites globally—were extractable and developable we, as a company, estimate that that is around €2.3 billion of sales. That is a fairly significant company in what is still being considered a research organisation.

The technology that we are developing now is getting to the stage of being what we consider to be pre-commercial. This is a fully submerged tidal turbine. It has come away from some of the issues that onshore wind has seen. I was certainly involved very heavily in Westminster with offshore wind development at rounds 1 and 2, moving towards a fully submerged, almost environmentally benign, technology that we feel is an option that would give good, strong signals in terms of its energy returns. So, the efficiencies of those machines are also increasing.

There are various elements of tidal energy projects that will require skills from all kinds of sectors, from the maritime industry, engineering, electrical, site development, financial, the insurance industry and the certification industry, in terms of moving this industry forward. I do not think that it has yet been captured, in economies of scale in terms of job creation and in terms of how this industry could grow. We are bearing in mind that we are talking about island nations here that have a strong maritime history, and we have heard mention of the marine energy parks that have been announced. There is huge potential here for the supply chain, not only within the UK and Ireland, but also overseas. It is something that we have not quite captured yet, and I think that it is quite important.

One thing that I would draw attention to is our industrial partnership with DCNS in France. We are developing the world's first tidal array. We have heard mention of the Islay project in Scotland. OpenHydro is developing a four-turbine array with EDF Énergies Nouvelles in France, and also with DCNS. So, we are looking at a development across not only the English channel but also in other areas, such as Scotland, Canada and the US. We have a project in Washington state, in the Puget Sound, and also in Scotland. This is becoming a global market, and requires focus on those issues that we mentioned earlier around the policy, the supply chain and incentivisation. It is a question of how we maintain a market that will increase investment into this industry and allow companies like our own to go forward.

12.15 pm

I should also mention not only that, but the global market. We have heard some talk of Fukushima and other areas where tidal energy could spring to the fore. In our travels, we have worked in Japan, Korea and China, looking at potential there. There is a huge appetite for tidal energy. So, the focus is not only on our indigenous resources, that security of supply, the increase of economies and getting jobs into this industry, but also on our export potential. When I travel the world and talk to people about what tidal energy is and what marine energy is, they reference Scotland, they reference what is happening in Ireland in terms of technology companies and they reference what is happening in the UK in terms of policy and the establishment of not only test centres, but marine energy parks. There is a huge amount of potential here, and we should stay positive. This is an industry that is moving forward, and I hope that it will continue to do so.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Sue. Our final speaker in this session is Mr Tim Cowhig, the Ireland chief executive officer of Element Power. Tim has been a chartered accountant for over 20 years—we will not hold that against you, Tim. You are also involved in the ambitious plan to export 3,000 MW of wind energy from the midlands. You are very welcome and we look forward to your presentation.

Mr Tim Cowhig:

Thank you, Co-Chairman. I thank the organising committee for giving me the opportunity to present the opportunities for growth and employment in energy. It is great to see energy issues being discussed at length in fora like this today. I will cover the sharing of onshore wind resources between Ireland and the UK. As Minister Rabbitte said this morning, this can be a win-win situation for both countries. However, that requires a co-ordinated approach

from all stakeholders: that is, you the policy makers, the regulators, grid operators, investors and manufacturers.

To give you a bit of background on Element Power, it is funded by Hudson Clean Energy Partners, which raised over €1 billion to invest in clean energy technologies, set up Element Power, which operates in 10 different jurisdictions, and the management team has led some of the largest companies and transactions in the renewable energy sector over the last 20 years. It has a track record in delivering thousands of megawatts of projects. Element Power has built up a development portfolio of over 10 GW in 10 different countries, and Element Power Ireland, which is the company that I represent, has been involved in the renewable energy sector in Ireland for over 15 years.

The project that I would like to talk about specifically today is called Greenwire, which is exporting over 3,000 MW from the midlands of Ireland directly to the UK by developing 40 individual wind projects using two dedicated cables at a capital cost of over €8 billion. The project is located in counties Meath, Westmeath, Laois, Offaly and Kildare. Why does this opportunity arise? It is because Ireland has an abundance of renewable resources, it has set a target of 40% of its electricity from renewables by 2020 and it is already 50% there. Enough planning permissions and grid connections have been given out to achieve that target; that is, once the proper policies are put in place, we shall have no difficulty in achieving those targets. As Minister Rabbitte said, the precondition for any export industry is that we achieve our own targets.

On the other hand, the UK has a target of 30% of its electricity from renewables by 2020. It is at 8% and it has choices to make: it can import electricity from Ireland or from other jurisdictions, or it can look to offshore. The opportunity that we believe is here is that, by developing onshore in the midlands of Ireland, in the short-to-medium term, it will give other sources of electricity time to develop, be they offshore tidal and wave or offshore windfarms.

On some of the high-level issues, to give you an idea of the scale of the issues that we have to deal with, planning permission is probably one of the biggest issues. What we are looking to do in the midlands of Ireland, as there has been no development there to date, is to put up something like 750 turbines. In the south-west of Ireland, in the counties of Cork, Kerry, Clare and Limerick, there is already planning permission for 750 turbines in windfarms. So, we are looking to do nothing different to what is already done in other locations in Ireland. In Ireland, we are presently undertaking a review of the planning guidelines. We welcome that review and one of the important things is to get public buy-in to the whole concept of what we are doing.

One of the other issues is the grid interconnection between Ireland and the UK. We are looking at developing 3,000 MW. We have been in negotiation with National Grid in the UK and it has asked us to develop a 5,000 MW interconnector. That is 10 times the size of the interconnector that was built between Ireland and the UK, and opened last September at a cost of €650 million. This interconnector will cost over €2 billion to put in place, and it is a piece of infrastructure that will bring a lot of benefits to both Ireland and the UK.

That is the whole issue of the supply chain. One issue that has been discussed here a lot today is the issue of jobs. It is important for both Ireland and the UK, which are committed to renewables. In the UK, over £100 billion will be invested in renewables between now and 2020, and in Ireland, we are talking about investing over £10 billion in renewables between

now and 2020. That is a huge commitment, and we should be able to get a large part of the supply chain. We have companies that have set up in the UK and have left because there is no firm commitment to the long-term sustainable development of renewable energy. If we are serious about getting the number of jobs that can be had from renewable energy, we will have to give the proper signals to the developers out there to ensure that a manufacturing supply chain follows where the investment is going to happen.

From a regulatory and statutory environment point of view, we have done a lot. We had the draft UK Energy Bill in December, and here in Ireland the Department of Communications, Energy and Natural Resources did a strategy for renewables, which included the export of wind power as a strategic goal. In January we had the memorandum of understanding between the Governments, which is a good step, giving the right signals. However, there is a lot to do if we want to see an export opportunity like this develop in the short to medium term; there have to be other things done. Developers need to see early indication of progress between the two Governments. It is no good if we hear nothing for the next 12 to 18 months, while the intergovernmental agreement is being developed and if there will be no development in developing out this export opportunity. There is a long lead time in developing out a project like this, and if we are serious about achieving our 2020 targets, and using this as one of the solutions, the developers will have to get signals that this will happen. There will have to be changes, both in UK and Irish legislation, which is all very time-consuming. We can spend a lot of time discussing what needs to be done, and how it needs to be done, and we will miss this opportunity if it is not going to be done by 2020. Again, there are some very high levels.

As time is an issue, what are the benefits to the UK? There is over €7 billion in savings in using renewable energy in midland Ireland rather than offshore wind at present. There are some issues to be discussed in the bilateral agreement, and there could be changes made to that €7 billion saving. We were talking about community contribution this morning. There are lots of ways of having community contribution to a development like this, be it through the provision of jobs, through the payment of some levies, or such things. In the UK, we are not saying that it should be all wind, or that there should not be a portfolio approach to any energy, so that there would be less dependency on either nuclear or offshore wind. Again, manufacturing is a big win-win for us. From an Irish point of view, there are construction jobs from the development of the project, there are rates and rent of over €50 million to local landowners, there is a community benefits scheme, and again, that is very important, but it should be done in a co-ordinated and organised way. Corporation tax is running into billions, and again, one of the biggest pieces is a legacy interconnector between Ireland and the UK. That brings benefits to both the UK, where there are fewer lines because they will be able to wheel electricity between north and south Wales, and here in Ireland we have issues like security of supply that we can deal with and price parity with the rest of Europe when the full interconnection between all jurisdictions happens.

So, what are we saying? The numbers stack up, the economics work, the technology works. We believe that we can get planning for it. There are challenges, both from a regulatory and legislative point of view. It is complex, but we believe that it can be done in the timescale that is required. The obstacles, very quickly, are a lack of clear policy from Government, delays in implementing that policy, giving the investors the right appetite to invest in renewables, and having the right skill sets to ensure that we take full advantage of this opportunity that is there. What are the benefits of achieving our ambitions? A new energy business can run into billions of pounds very quickly. We can have real job creation—the type of numbers that the

Minister talked about this morning are, I think, the jobs that you can get directly from a project such as this, but the prize can be much higher, again, if there is buy-in from all the various stakeholders, including the policy makers, and, again, it will send strong market signals that Ireland and the UK embrace renewables and are open for business.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Tim. Now, I want to invite questions from the floor. I ask Members to please specify the panel member to whom the question is addressed. I will call on Jim Wells, followed by David Melding.

Mr Jim Wells MLA:

I am sorry to rain on some of the panel members' party, but your enthusiastic view on turbines is not shared by a lot of people, particularly my constituents. Turbines are not entirely green, because there is a large carbon footprint in their manufacture and erection.

The Co-Chairman (Mr Joe McHugh TD):

Sorry, Jim; could I ask you to specify who—

Mr Jim Wells MLA:

Well, they are all very enthusiastic about turbines, apart from the lady from OpenHydro, so I suppose that whoever is the most enthusiastic proponent of these monstrosities can take this. [*Laughter.*]

There is a large carbon footprint in their manufacture and installation. Secondly, we basically industrialise our landscape by putting these up: they are very unpopular, they are bleached white and, frankly, they are ugly. That is my honest view and the view of a lot of my constituents: they are ugly. There is a perception that, because of opposition in GB from local amenity groups, what we are doing is exporting the problem to Ireland, where there seems to be less opposition to turbines—at least, to onshore turbines—and re-exporting the energy back, rather than confronting the view in many parts of GB, where there is considerable opposition.

I therefore see offshore as a much better solution to this problem, because you do not have the same amenity problems and you do not industrialise your landscape by putting these up all over the place. I understand from some of my own constituents in South Down that, if we added one more turbine to the offshore proposal off Kilkeel, we would negate the need to destroy any landscapes in South Down within the area of outstanding natural beauty, because we would simply have the excess capacity. Surely, the way forward has to be offshore, where you get the maximum scale and a huge investment without the destruction of what makes Ireland—north and south—so important.

The Co-Chairman (Mr Joe McHugh TD):

Okay, Jim. We will allow you, members of the panel, to use your own discretion as to who is the most enthusiastic about wind energy. You can decide that among yourselves. David Melding is next, followed by Baroness Harris.

Mr David Melding AM:

Thank you, Chair. I am from the National Assembly for Wales. I was particularly interested in what Mr Stewart was saying about energy efficiency and the need to focus on homes in particular, as they consume so much energy. The whole issue of retrofitting and improving efficiency has a big impact on the labour market, and also on apprenticeships and training locally. I have a particular question here about older properties. In Wales, we have a lot of properties from before the first world war. I do not know what the situation is in Ireland, but I think that it is generally true that poorer people tend to live in older and less fuel-efficient houses, and that part of the market has not been very well developed, because most of the advances that have been made so far in insulating homes have tended to be for the newer homes and, generally, for homes where people probably have a bit more of the wherewithal to withstand the price increases that they are paying. So, I just wonder whether we are seeing retrofitting, particularly for older homes. Also, what, really, are the job opportunities for people locally? I do notice that, in some of the south Wales Valleys, the people who come in to do a lot of this work do not live there; they come from quite a long way away, often. It seems to me that these long-term projects that are going to do so much work could focus on the local labour markets and training.

My second question is to Ms Barr. How close to the market are these turbines? Though they are large individually, as far as I am aware, they can be placed in many parts around the coast. Are they an alternative to the old-fashioned big technologies, like a barrage, for instance? How much will the UK and Ireland be able to capture the market in terms of manufacturing? With wind turbines, whatever you think about their aesthetic quality, it is pretty much the Danes and the Germans manufacturing them, and we just have maintenance contracts. Potentially, there is a big market there. Nevertheless, how robust are they? Are we talking five years to market? Also, how international could this be, given that that a large proportion of the world's population lives near a coast, many of them in quite tidal areas?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, David. Baroness Harris is next, followed by Darren Millar.

12.30 pm

The Baroness Harris of Richmond:

Thank you, Co-Chair. I thank everybody who has spoken this morning. From the Minister onwards, it has been an absolutely fascinating morning. You have all spoken at great length about the huge industries that you will bring to us in relation to renewables. However, my question is a very small one: I was just out chatting to one of the members of Garda Síochána who is working, or has a charity that he is involved with, and he was telling me that his charity generates its own electricity and it has extra to spare. I think that it is generated using a wind turbine. However, he cannot sell the extra back to the national grid. How can I tell him that he can do this? There must be many more small generators of electricity who have this very same problem. So, while we are talking about huge, big things, can we remember the little people in this?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Baroness Harris. I call on Darren Millar to speak, followed by Ken Skates.

Mr Darren Millar AM:

My constituents, too, are not particularly taken with onshore windfarms, nor, I think it is fair to say, are they taken with offshore windfarms, particularly along some parts of the heritage coastline in north Wales, in terms of the impact on our seascapes. So, I was particularly interested to hear Sue Barr's presentation about marine turbines. I am very impressed with the hand-out she gave showing how many partners are involved in this technology and the development of it, and there is clearly huge potential in it. In terms of the environmental impact on wildlife, the turbines look very much like aircraft turbines, to be honest, and it is probably no coincidence that Rolls Royce is involved; how do these compare to some of the other technologies that are looking at taking advantage of the entirely predictable currents around our coast? You may also want to comment on the Skerries tidal stream array project in Welsh waters off the coast of Anglesey, which has just been given consent. This, for us, is quite an exciting project and we are looking to see more of those around the Welsh coast in the future.

I have a brief second question for Neil Stewart. He mentioned the need to harmonise building regulations; in a devolved context within the UK, with powers over planning and building regulations now devolved to Wales and Scotland, as well as England, how feasible is that and how easy does he think it might be, given that there is increasing divergence in terms of planning policy and building regulation policy?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Darren. I call on Ken Skates, followed by Dan Murphy.

Mr Kenneth Skates AM: Thank you, Co-Chair. My question is also to Neil Stewart and concerns the retrofitting of pre-1919 buildings—buildings that have a single skin. I have concerns that the UK Government's new Green Deal will offer people the opportunity to externally insulate their properties in a way that could see many red-brick and stone houses being cladded in foam panels. It could be the twenty-first century pebble dash in our communities. The guidelines are very poor at the moment and, furthermore, external insulation of this type prevents buildings from being able to breathe. There is growing concern about ventilation. Could you give us an indication of what methods should be employed prior to external cladding? What methods of energy conservation should be exhausted before this particular method is considered?

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Ken. I call on Daniel Murphy, followed by Seamus Kirk.

Connetable Daniel Murphy:

I am speaking with my other hat on today; my second job is as chairman of Jersey's Renewable Energy Commission. Most of my questions are addressed to Sue Barr. I am sorry, Sue, but I cannot really face you when I am asking the questions, as I need to talk into the microphone.

We have identified our sites around the island and we have done a lot of groundwork on bringing in tidal power. At the moment, we are negotiating the ownership of our seabed. I believe that Guernsey has the same problem, but I think that it is following on from us and, in a couple of years' time we will be ready to move. We also need some clarification on the feed-in tariff for the energy going into Europe, because we are outside of Europe for these purposes. We need to know that, if we are going to go to the trouble of harnessing the tidal power and having extra, we will get paid for it. We are advised that the technology will not be fully identified until after 2017, after all the test beds up in Islay have terminated; I believe that there are about 12 or 15 different pieces of machinery up there being tested in hostile conditions in order to establish which is going to be best. OpenHydro is there working on it. We are watching very closely the Paimpol-Bréhat project in France, which is just down the road from us for the sake of argument, because we need to know how that is going to go. I understand that two turbines were put in originally and that only one is there now. I also believe that it had a project up in Alderney, which we have heard nothing about, and I would like to know what is happening with that one as well. Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Dan. I call on Seamus Kirk, followed by Bob Walter.

Mr Seamus Kirk TD:

Thanks, Co-Chair. I cannot help but make the observation, as preliminary remarks, that the top table has a very significant presence from my constituency. We have Brian Britton, Sue Barr of OpenHydro in Greenore, and Neil Stewart, who is very much involved with Glendimplex in Dunleer and Newry. It is clearly a very worthwhile discussion, and I think that we all welcome the different papers that have been read. I have a couple of questions that I would like to pose, although I am not sure who they should be directed to.

On the issue of transmission infrastructure, we have the interconnector and the actual development—whether it is in Dundalk bay or Greenore, or wherever it might be—so there is going to be additional investment needed in the infrastructure to get the connections. There will be a similar challenge in the midlands development. How is that to be handled?

The business, by its nature, is capital intensive. It is expensive to develop alternative energy sources. How is that to be funded? Will it be a corporate effort? Is there a feeling that there should be some state support in this regard? What sort of end-of-the-day package does one see?

Minister Pat Rabbitte mentioned earlier in his address the revolution that is taking place in America with the issue of shale gas and the reduction in energy prices. What, if any, implications does that have for any of the projects, whether it is Brian Britton's windfarm projects, OpenHydro or Glen Dimplex?

On the issue of the storage of electricity, the generation of electricity is the primary objective of the people who are on the panel. On the development of technology for storage, what progress, if any, has been made in that regard? How does one see the technology evolving down the road?

I think that Neil Stewart made the observation that energy consumption is generally about the need for hot water and the heating of buildings, which has a surprisingly high threshold—I think that he used a statistic of around a third of the total energy needs, which seems very high to me. On solar panelling, how do you see it fitting into the arrangements? With regard to the interconnector—its capacity provision—is it adequate? Is it something that might have to be upgraded with the passage of time? On the issue of the market for the energy, I am sure that OpenHydro falls into a slightly different category in the sense that its market will be the world, whereas the other projects may be more local in that sense. Could I ask for general observations on those areas?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Seamus. I impress upon Members that 14 people have indicated and time is running slightly against us, so I call again—in vain—for brevity, and for you to specify the person that you want to ask a question to.

Mr Robert Walter MP:

As long as your call is in vain, Mr Chairman, that is fine, because my question is probably directed at three panel members—Mr Manning, Neil Stewart and Mr Cowhig. I was rather depressed by what Mr Cowhig outlined in terms of covering this beautiful island with industrial structures—thousands of wind turbines. In my constituency, in Dorset, we have had several proposals over the last 10 to 15 years for windfarms, and we have successfully resisted all of them. The most recent one went to two applications before the planning authority, where they were rejected, and then, last year, we had a public inquiry before an inspector appointed by the Secretary of State, which lasted some three weeks. The application was formally and finally rejected by the inspector on the grounds of the impact that it would have on the landscape and on heritage buildings nearby. It is that landscape factor that I was concerned about.

I was also concerned—this was not a subject of the inquiry—about the fact that, in that particular location, in Dorset, all the available evidence indicated that the wind only blows for about 20% of the time, and that 60% of the revenue stream would be subsidies and not from the commercial sale of electricity. I wonder what the situation is in Ireland, in terms of the economics of onshore wind.

My second point is that Neil Stewart was talking about domestic efficiencies. If I can use a couple of examples from my constituency, I have one company, Blackmore Vale Dairy—in an industry not uncommon to Ireland—producing a whole variety of dairy products, such as cheeses, yoghurts et cetera. This company had two issues. One was its energy costs from production, and the other was what to do with its waste. It solved those problems with an anaerobic digester, so it is now self-sufficient in energy and has minimal waste, and it has some surplus electricity that it can feed in to the National Grid.

I have another company, called New Earth Solutions, which is running a similar scheme for local authorities. It has one big scheme for the city of Bristol, in which it basically takes organic waste from the city, turning it into electricity. I wonder whether there are any moves here in Ireland to do similar things.

My final question is probably a controversial one. In all the energy mix that you have talked about, nobody has mentioned what is probably going to be 20% of the UK energy mix, which is nuclear. That is, of course, very clean and it is technology that is available. It is not cheap, but it is certainly available.

The Co-Chairman (Mr Joe McHugh TD):

Okay, Bob; thank you. Paul Flynn is next, followed by Cáit Kean.

Mr Paul Flynn MP:

We have enjoyed enormously the presentations this morning; they have been very positive. Why not stop talking about all these projects as something that is in the future and experimental? For 47 years, we have had a power station on the Rance river producing, from tidal power, 540 GW a year. Its turbines are in pristine condition and the fuel is for free. There is another example, in South Korea, producing twice that amount of energy, in Sihwa. It has been going for 19 years. Tidal power is proven, and a very simple technology. My constituency is alongside the second-highest tidal rise and fall in the world, in the Bristol channel, where this great, moving cliff of water comes up and down the estuary twice a day. It is huge, immense power that is being wasted. I would like to ask this: is anyone looking at the most efficient way of using that with a series of turbines—underwater; not building a brick wall across the channel, to which there are serious objections—linked to a pump storage scheme? That would mean that, when the energy comes at 3 am, the power can be stored in the surrounding hills. This is not just theoretical; it is practical, simple and proven.

12.45 pm

As someone who has been arguing for science as the basis of Government policy for most of my 25 years of parliamentary life, I would like to say to my colleague here, John Crown, that I am afraid that most decisions by politicians are not based on evidence or science: they are based on prejudice, on pressure and, most of all, on perception. The perception is that people like the idea of tidal power, but that they do not like the idea of nuclear power.

The Co-Chairman (Mr Joe McHugh TD):

Okay, Paul; thank you. Cáit Keane is next, followed by Reg Empey.

Senator Cáit Keane:

Thank you. My question is addressed to Sue Barr and it follows on from what Paul Flynn has said. You have been in operation for nearly 10 years now and I was also keeping an eye on Wavebob, the company operating in tidal energy on the west coast of Ireland. Why is it taking so long? We had the Shannon scheme in 1929, when computer technology was not as efficient as it is now. Research into tidal energy is taking an awfully long time. We heard the Minister here today saying that most of it is still at the research stage. I would like to see further advancement with this; it is under the tide and you cannot see it, but we have not looked into the effect on marine development either. I would like to ask a question on the effect on marine life and how far out is our capacity. The other thing—in deference to my friend here from Louth, it would not be the first county that would come to mind—when I looked at a map of the predicted peak flow of tidal energy generation, I would have presumed

that its peak would be on the north-west coast, but obviously not, because you have chosen the east coast and Scotland. Where is the predicted peak of what I would call spring tidal velocity around Ireland? Hopefully, we will see more of it coming to market. We can see wind turbines and the effect on the environment, but a lot of the turbine is under the sea, so my final question is on that effect.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Cáit. Reg Empey is next, followed by Willie Coffey.

The Lord Empey:

Thank you, Co-Chair. My questions are for Brian, David and Tim. Are the costs of availability contracts for generating electricity when wind turbines are not working built into the costs and assessments of the efficiency of wind power? We all know that wind is erratic. In this part of the world, it is usually not around during high pressure in winter time, such as we saw two years ago. However much wind power you have, you still need an equivalent generating capacity that is not wind driven. So, are the costs of that availability included in the costs of wind generation? Secondly, what is the current level of operational efficiency that you believe that you are achieving in Ireland?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Reg. Willie Coffey is next, followed by Martin Heydon.

Mr Willie Coffey MSP:

Thank you very much, Co-Chair. I am Willie Coffey from the Scottish Parliament. My question is for Mr Britton. We heard Dr Motherway in his opening remarks, which were echoed by Minister Rabbitte, saying that Ireland currently generates 20% of its electricity through wind renewables. At the moment, I understand that the position in Scotland is 36% and we hope to achieve and break through the 50% barrier by 2015. The simple question for Mr Britton, and others, perhaps, is: what are the impediments to Ireland in achieving a faster progress towards these kinds of targets? Mr Cowhig, I think, mentioned one or two of the barriers, but I would appreciate some understanding from Mr Britton as to what the reasons might be. As I see it, Chair, Scotland and Ireland have similar capabilities in terms of renewables, because of the unique position of where we are in this part of the world, so I would like to hear what Mr Britton's views are on that.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Willie. Martin Heydon is next, followed by Arthur Spring.

Mr Martin Heydon TD:

Thanks, Co-Chair. I would like to ask a question to Tim from Element Power. Being a TD for Kildare South, one of the potential locations for wind turbines, I know that there will be considerable concern. Around the time of the signing of the memorandum of understanding, there was an article on the BBC website that alluded to great gains and benefits for Britain, but no particular benefits for Ireland. I would like you to outline what would be the benefit to

the Irish people and the people of Kildare South, who might have large wind turbines imposed on them.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Martin. Arthur Spring is next, followed by Joe Benton.

Mr Arthur Spring TD:

Thank you, Co-Chair. I have a question for Mr Cowhig. Some of your competitors have used a form of funding through such agencies as the GEA as a way of gathering support in the locality. I wonder whether this is appropriate or is it an ethical stance, and whether you are practising the same yourself. What is the best way of addressing it in a way that educates people and gives them the long-term effects, benefits or downside of having wind turbines in their area, along the lines of what the previous speaker has also said?

I also have a question for Mr Stewart and Ms Barr in relation to technology. The Sustainable Energy Authority of Ireland hosted the world tidal wave offshore wind energy conference in Dublin, to which 800 or 900 people came from across the world, before Christmas. It became apparent that there is no technology that has cracked this, just yet. Why are people not working together on this and is there enough funding available for it? I have a specific question for you Ms Barr. In relation to OpenHydro, you had a problem with creating barges, where you had to have a custom-made barge in each location. Have you overcome that problem at this point? Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Arthur. Joe Benton is next, followed by Terry Brennan.

Mr Joe Benton MP:

Thank you, Co-Chair. My question was intended for Sue Barr, but I think that it has been adequately covered by Darren Millar and Paul Flynn. However, when she referred to ‘latest technology’, she spoke about submergence; I think that that was the word that was used. I wonder whether she could elaborate a little bit more on that.

The Co-Chairman (Mr Joe McHugh TD):

Okay; thank you, Joe. Terry Brennan is next, followed by John Scott.

Senator Terry Brennan:

Thank you, Co-Chair. I must admit, colleagues, that I live within 2 km of OpenHydro. Somebody—I am not sure which of the panellists—said that it was important to benefit one’s own community wherever, whether it is England, Ireland, Scotland, or Wales. I have to acknowledge the benefit that OpenHydro brings to my community. Some 89 or 90 people work there, and I understand that that will increase in time to come. Fossil fuels are increasing in price all the time, but wind, tidal waves and currents on the ocean bed are free. Therefore, I would like to ask Miss Barr what the difficulties are. Somebody has said that it is a lack of clear policy from my Government. I would love for somebody to elaborate on what

they think that lack of policy in Ireland is, and on the difficulties, Ms Barr, that you are having? Your technology is on the sea bed, it is not visible. What difficulties have you had with planning and local people, whether in Scotland, Canada or France? Do you have any plans, where tidal waves and currents are most favourable for your turbines around the coast of this country, but where you have had difficulties tying into the national grid? Go raibh maith agat.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Terry. You have directed a question at Sue Barr, but I think there was a question to a panellist who made an observation about the lack of clear Government policy, if you want to pick up on that. I have John Scott followed by Steve Rodan.

1 pm

Mr John Scott MSP:

Thank you, Co-Chair. To follow on from Terry's points, I have questions for Sue Barr. Would she like to talk about the potential of the energy in the Pentland Firth, given that she has been experimenting up there, around Orkney? How close are we to harvesting the enormous potential of tidal energy, which is the one genuine renewable source that we have? As long as the moon continues to go around the earth, we will have renewable tidal energy, and it is very clean. Also, could you say more about the costs? Maybe you spoke about it in the presentation, but what is the cost of harvesting your type of energy at the moment relative to other renewables?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, John. We will now have Steve Rodan followed by Jim Dobbin.

Hon Steve Rodan SHK:

My question is to Mr Britton. How onerous or effective is the marine licensing process, which includes environmental impact assessment and accumulative assessment? Acknowledging that all of the developments are within the Irish territorial limit, I would like to think that, in the United Kingdom, the licensing and planning process will be effective. My doubts are, however, highlighted by the very interesting handout that we have been given, which shows a map of the Irish Sea on page 2 of the handout, and which was produced with your association name at the top. It shows, as far as the Isle of Man is concerned, how right we are to be concerned about offshore windfarms. The licensing system has not stopped other companies—DONG Energy being a prime example—making proposals for an extension to the Walney windfarm, which is in Morecambe bay and which will cut right across the Isle of Man ferry routes. If the proposal by Celtic Array—which again is a venture between DONG Energy and Centrica—for a north-east extension to the Rhiannon windfarm, which my good friend Chris Ruane referred to earlier, comes about, which is right on the edge of the Isle of Man territorial sea, it will be right in the middle of the shipping route from Douglas to Liverpool. I know that the Northern Ireland Government is concerned about these matters. I appreciate that it is not within your area of interest, but I would like a comment as to how it is that companies can possibly submit proposals that cut across vital shipping lanes that threaten the economy of the Isle of Man, not to mention other ports on the Irish Sea.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Steve. I now call Jim Dobbin, followed by Frank Feighan.

Mr Jim Dobbin MP:

My question is probably directed to Neil and Brian. I have a 27-turbine windfarm in my constituency. During the consultation process, 50% of the constituents were against and 50% were for, so I called for a public inquiry, which got me off the political hook, in a way. However, appeared on the scene, a short time afterwards, during the consultation process, was David Bellamy, who is a quite prominent environmentalist. He was arguing and campaigning—I understand that he does this all over the country—against the windfarm, basically because of the so-called damage that he was claiming would happen to the landscape and to wildlife, as has been mentioned previously. I wonder whether you could comment on that, because he is an environmentalist himself—or he portrays to be one—and here he is, speaking against the construction of these windfarms. It is rumoured that this windfarm's turbines will be doubled in number to 54. The terrain would probably be able to take that. The land itself is owned by Peel Holdings, which is one of the largest landowners in the north-west of England. I am wondering who benefits most from that windfarm from the increased number of turbines: is it the local community or Peel Holdings?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Jim. We will go to Frank Feighan, followed by Seán Conlon.

Mr Frank Feighan TD:

Thank you, Co-Chair. We are talking about tidal, wind, renewable, hydro and nuclear energy. I would like to direct one issue to Neil about the savings of €40 billion or €50 billion. I go into houses around the country and see that there is a new invention in them, which is the wood-burning stove, and everyone seems to be very happy with it. Why are we coming to terms with this? It seems to have been a phenomenon on the continent for 20, 30 or perhaps 50 years, and it is saving people huge amounts of money. Wood is free, and I was wondering whether there is one available for turf. Turf is an issue that is very close to my heart [*Laughter.*] Indeed, it has broken my heart on numerous occasions. It is an issue to consider, instead of looking at all the various other energies and spending billions; this is something that is saving householders huge amounts of money. How would you address it? Should we bring in some form of grant? It is a new phenomenon.

Mr Seán Conlan TD:

Following on from Frank's point, for big business, I suppose that the major technologies of tidal energy and windfarms are sexy and money can be made out of the industry. I will direct this point to Neil: if we are talking about being truly green and looking at renewables, we should consider having small solar panels that allow hydrogen to be used on a domestic level to power homes. That does not need the big plant, the large interconnectors, or the major input from large manufacturers to develop grid across the country. It is self-sustainable on a domestic level for small residential units to have solar panels that can use hydrogen to heat homes. That is a self-sustained environment. If we are truly going to deal with the green

agenda and renewables in the future, that is a way in which we do not have to have these massive issues for communities or the difficulty for politicians in dealing with communities when putting this infrastructure in place. So, Neil, how far is this technology advanced? I understand that in some parts of Scotland it is being used already.

Also, I have one point in relation to wind turbines. I understand that, in a lot of places, these wind turbines are put on bogs. Bogs are large carbon sinks. It seems to me outrageous to destroy large carbon sinks by putting in wind turbines, which are somehow supposed to help us in relation to using less carbon. That is just a secondary point, but the main point is in relation to how far advanced hydrogen technologies are at the domestic level.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Members. We have had 21 contributors and, from those, not just 21 but multiple questions. I know that we are hitting 1 pm but, at the same time, Members need a response to these various questions. So, I ask panellists to use their dexterity and ingenuity in trying to condense responses to that range of questions within a short period. I will start at the end of the panel with Tim, and I will be quite rude this time; after five minutes, I am going to knock on my glass to give you an idea of the time, because you will not be able to time yourself.

Mr Tim Cowhig:

I will deal with the questions in the order that they were asked. The first was from Jim Wills about the UK exporting the problem over to Ireland. We disagree with that contention. The UK Government has a huge energy target—30,000 MW—and it is utilising all of its onshore resource in the UK and has plans to develop over 12,000 MW. The opportunity that Ireland is looking at is the target over and above that 12,000 MW. There is an opportunity there for us to take. So, it is not a problem that is being sent over to Ireland; Ireland is looking at an opportunity and it is going to take it. It is up to us to step up to the mark to provide cost-efficient electricity from the midlands of Ireland into the UK.

The other issue was the site of turbines. It is very important that there is proper planning; turbines should not be put at every crossroads. Technology is improving all the time and we can now put the technology on lower landscapes; they are not as visually intrusive, but there will always be that debate: do you like turbines, or do you not like them? That is very subjective. If you just use the setback of 500m for planning from residential houses, that means that only 25% of land in Ireland is available for the siting of turbines, and if you start putting environmental designations on top of that, you are down to less than 20% of land available in Ireland where you can put turbines. That is the footprint that we are working within.

The next question was from Seamus Kirk, on the transmission interconnector, its usage and the costing of it. Minister Rabbitte again mentioned a planned approach to the grid development. I think that that is correct in that we should not have a whole load of cables criss-crossing between Ireland and the UK, and that it should be done in a structured way. That is why you need the proper, strong policy signals from both Governments on how this will be done. My belief is that this infrastructure can be funded by the wind projects, and that is why we are talking about a large scale. People might say, ‘Why don’t you try a smaller scale and export it or whatever?’, but to be able to fund the cost of the infrastructure, you have to build a large windfarm.

There was a question by Robert Walter on the capacity of windfarms. On windfarms, the energy blows 90% of the time. Again, with the improvement of technologies, we are looking at using a technology in the midlands of Ireland where you can get a capacity factor in the high 40% mark. So, there would be tall turbines with large blades. By the time that that electricity has landed in the UK, you will have a mid-30% capacity factor, which is very efficient for wind technology.

The other question, from Reg Empey, was on curtailment and constraint, and whether that is built into the cost of our electricity contracts. Again, it is part of the overall costs. In terms of how we minimise the cost of curtailment and constraint, you have storage and interconnection, which help to reduce the amount of curtailment and constraint that is out there, and the system.

Martin Hayden asked a question about the benefits for the locals in the midlands of Ireland. Again, there is rent for the local landowners and rates for the local authorities. A county like Donegal gets over 50% of its rates from wind technology at present. There are no rates in the midlands of Ireland from windfarms at present. There has been very little development because the technology has not been there. There is community contribution and jobs, which are all benefits that you can directly relate to the local community.

Arthur Spring asked a question about contributions to bodies like the GEA. We have not made a commitment to any specific body or whatever, and we do believe that community contribution will be an important part of acceptance by the local communities of having an industry like that in their businesses, which we believe should be done as part of the consultation. Developers like us—and this is where you need the clear signals—do not know whether, through the SID process, there will be a direction given. Any community contribution might be given to the local authority and distributed by the local authority. These are very important points. I believe that funding should be made available to the local community, but it must be done in a proper and structured way. Large amounts of money will be available through these projects.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Tim. We appreciate you doing it in that time period. I now call on Sue.

Ms Sue Barr:

Thank you for that. I seem to get the lion's share of the questions, and I hope that it is not just because I am the obligatory female on the panel. [*Laughter.*] I will try to keep up with Tim's good start there. The first question was from David Melding in terms of the proximity to market. We look at this by considering that you are very much driven by where the resource is. We have identified a number of resource areas globally. I must say that the UK and Ireland have some of the best resources in the world for wave and tidal energy. That is obvious in terms of the mapping that we have done. In terms of proximity to grid and inshore areas, you often see that, unlike wave, tidal energy is closer to the shore due to the biogeographic nature of what tides do with the seabed conditions. Around headlands, water moves faster than it does in the open ocean. So, we feel that there is a clear link between the use of the electricity and tidal energy, and we think that that is very important.

You also talked about barrages and how that has a link in terms of tidal current and tidal range, which is the difference between a tidal barrage and the technology that our company develops. It is a matter of capital cost and environmental impact; so, if you think about the capital cost of a tidal barrage—I did some early work with the Sustainable Development Commission some 10 years ago, looking at this issue—you will find that it is huge compared with what we could possibly gain from tidal current. However, the win is much bigger in terms of energy yield. So, it is around the financial and environmental impacts, which need to be looked at much further. As we have heard, a tidal barrage could have the potential to provide a lot of energy.

1.15 pm

To Darren Millar from Wales, in terms of environmental impact, this is a key area for tidal current. A lot of the policy mechanisms that we are seeing and a lot of the consenting that we need to go through have a precautionary principle in relation to environmental impacts. The marine environment is poorly understood, particularly in highly dynamic, high-flow areas. Fishermen do not like going there as their gear does not stay there, and putting down scientific equipment to measure the tide there is challenging. So, it is a challenging environment. The work that we have done and, I know, the work that other tidal energy developers have done is showing a negligible effect on the environment. The whole point of this is to get a net benefit and not a net loss. We have looked at collision rates with killer whales and so on, at how quickly we could interact with seals and at whether fish aggregate around our turbine, at underwater sound and changes in sea bed conditions. To date, we are not seeing anything noticeable. We have a number of papers coming out in the scientific peer review press that is supporting that. However, it will take time to build that evidence approach, but certainly it is very benign.

To Dan Murphy from the Channel Islands, in terms of the Paimpol-Bréhat update and the EDF project, we had one turbine deployed that was operating onto a load bank last year. That turbine has now been removed, and we are looking to deploy a further two turbines. These are 16m-turbines of which you will see in your pack a lot of images of DCNS lifting. So, that will be a two-turbine array in a lobster fishery. It is a French project, and we see it as a cornerstone to our commercial development. This proves the ability to tie into two turbines, to condition that electricity and bring it ashore, so the subsea infrastructure will be important there.

We are still operating on Alderney. I joined the company because I helped establish some of the laws to look at the management of Alderney's territorial waters, which are a non-Crown dependency. There is huge potential between France and Ireland in an area called Le Raz, the Race of Alderney, and the French area Le Raz Blanchard. Again, there is a huge export potential between France, Alderney and the other Channel Islands and the UK in terms of interconnectors. So, this is a really strategic area in terms of tidal energy development, and we estimate around 3 GW of potential development in that area.

In terms of the storage of energy, that is an important point, and, technologically, it will need to be looked at further. We have looked at areas of combining that with tidal energy in terms of pump storage, and we have looked at the commercial and environmental viability of doing that.

Paul Flynn raised the issue of large barrages in Korea and La Rance. We have been working closely with EDF on the optimisation of turbines. The turbines in a tidal barrage use the head of water or the flow of the head of water, namely the Kaplan turbines. They are very different to the turbine that we have. There are a number of key engineering difficulties that I will not go into. Barrages are capital intensive and they produce high volumes of energy, but they can be seen as being environmentally damaging. In Korea, they have seen large opposition to the future of large-scale tidal barrages from fishermen on tidal flats there. So, there is a next stage of development that could look at a combination of technologies to deliver these high yields of megawatts that are required. Once the technology comes to fruition and has been through the engineering process, we will have a competitive technology that can work with other forms. It is all about that energy mix.

To respond to Cáit Keane and the question of why so long, I gave a presentation that illustrated that the Persians were looking at tidal energy in 200 BC, so it has taken a long time to reach this point. I noted a number of key issues here: the capital, the policy and the precautionary principle. There is a lot of hesitancy around tidal, the unknowns, what is next and looking at the financial returns, and it is taking time to build that evidence approach to get people's confidence in the regulatory field and also the financial and capital fields to bring this technology to fruition. We have taken huge steps. I was involved in policy in Westminster in 2000, looking at wave and tidal, and in the 13 years between now and then, there has been a huge amount of activity. We should not lose sight of the fact that we are the focus globally in terms of this technology development.

You also asked, 'Why Louth?' and I asked that as well when I first joined the company. Louth is equidistant between Scotland and Alderney. That was the first reason. We have a technical centre there and we build the turbines there. For a manufacturing base, it has a deep-water port and we have excellent resources in terms of the people who we have on board—we have some great manufacturing teams and a great engineering team. So, it has worked very well for us, and people love living in the area, so it has been a great opportunity for us. We mentioned the environmental impact, so I think I have covered that one.

I think it was Arthur Spring who raised the issue of why we are not working together, and the issue of the barges, which was seen as a problem. Actually, the barges are the only economic solution for deployment. Deployment offshore for tidal energy is around 70% of the overall capital cost of the project. In the very early days, we had a twin-piled system at the European Marine Energy Centre; that was not cost-effective. It cost an awful lot of money and took a very long time to install. If you are trying to pile large structures into high tidal flows that are running up to 9 knots, the forces on the barges and the machinery that you need to do that is absolutely huge. The economic and safe way to do this is with the system that we have, and we are seeing convergence from other technology developers looking at this deployment technique. We lower the turbines on to the sea bed rapidly, within half a tidal cycle, so it is very quick, accurate and safe. It means that you are not going to market for very high-cost DP vessels, which can cost multiple thousands of pounds a day on standby rates. So, this is how we are trying to bring down the levelised cost of energy and make tidal energy economic.

Mr Joe Benton mentioned submergence. We use what is known as a gravity-based foundation, and that means that our turbines are fully submerged, and are in up to 80m of water, so they are largely sitting well below navigable depths and under-keel clearances. The sea bed requires no preparation, so we are not looking to drill. The gravity base holds the turbine in place with some very specific engineering that we have on the feet of the turbine,

and all tests to date have shown that that is a very cost-effective way of doing that. You are not engaging in the environment before you have to, which is very important in terms of cost and safety. I thank Terry Brennan from Louth for raising the issue. We have been delighted to be operational in Louth. We have a great team there, and we have really been building the base as an Irish company. We have been working very closely in France, but we will always be an Irish company with a base there in terms of our research and development.

What are the difficulties? It is a two-way conversation, and it is very much about education. I have heard a lot of comments today about what tidal energy is; that it is embryonic, closely related to wave, and it should be a simple solution. There are a lot of issues, and it is not just about the regulatory aspect, the market incentivisation, the planning and local communities. It is around the early-stage precautionary principle. At this stage, whether it is about investment or gaining your consent or the support of your local stakeholders, there is still a lot of education to be done in order for people to understand what tidal energy is. It irks me often that we are quoted in newspapers and such as being a wave technology. They are very different power resources, and we need to get that message out there.

To John Scott, in terms of the Pentland Firth and Orkney waters, there is huge potential in the area of the north coast of Scotland. We have a project with SSE, a 200 MW project, just off South Walls, which is one of the southerly islands in Orkney. As I said, we have been operational in Orkney since 2006. We recognise that there is an enormous amount of support and potential in Scotland for the development of tidal energy. We are developing that project. It is in the development stage. We are looking at resource assessment and environmental impact assessment, and that will be the largest tidal array anywhere in the world at the moment.

In terms of the cost relative to other renewables, this is a key issue. We have heard that nuclear is very expensive at the moment, and tidal remains very expensive. We have looked at the cost reduction curve that offshore wind took, and we have strong business plans in place to meet a levelised cost of energy that will be highly competitive if not less than offshore wind at this stage. We would not have a business if we were not getting down to a cost of energy that was highly competitive. So, tidal will have a part to play in a highly competitive energy market.

Ann Phelan earlier raised the question of where the information is; I have provided—and I may regret saying this—my e-mail address. If there are any further questions, or if I can help in any way in that education process, I am more than happy to take questions via e-mail in terms of the technology and the industry per se. Thanks.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Sue. We did allow a bit of latitude because you did get the bulk of the questions, but we will be quite ruthless, Neil, from here on. We will knock the glass after five minutes.

Mr Neil Stewart:

I noted about 12 questions, and I will attempt to answer six. To those who do not get an answer, I apologise in advance.

A couple of questions were posed on the issue of insulating older properties that have solid walls and what measures could be deployed. There are two things to bear in mind when you are looking at retrofitting an existing property. One is that the energy you use must be produced efficiently and, once you have produced it, you must try to use less of it. There has been an awful lot of talk in this discussion about insulating properties, but, actually, the way in which the energy is produced in the first place is as important, if not more important. For example, if you replace an oil-fired boiler heating system of the sort you would find in many rural areas with a new technology like a heat pump, you will reduce the energy bill by half in the home before you do any insulation at all. You should then insulate to avoid wasting energy unnecessarily. If you do have to insulate a solid-wall home—we talked about this—with the external cladding that is being deployed under the Green Deal and other measures at the moment, you will, of course, need to ventilate the property to prevent problems with condensation, mould and other things that can happen. There are technologies, and, again, in my company, as well as heat pumps, we have a device called a mechanical ventilation heat recovery system. It ventilates the property and recovers the heat from the exhaust air so that it is not lost to the outside environment. So, as I said in my talk earlier, there are technologies available today that can tackle these issues. It is not a lack of technology that is the problem; it is a lack of willingness to deploy it.

Another question was on the area of local jobs and the fact that people are concerned that the jobs that will emerge here will not be enjoyed by local communities. I think that it depends on how you want to address it. People need to be upskilled. Plumbers, electricians and insulation fitters all need new skills to be able to take part in this energy revolution. For my own company's part, at Glen Dimplex, we have already installed 12 regional training centres right across Britain and Ireland, and we are taking literally hundreds of contractors and installers and plumbers through these new technologies and bringing them up to accredited standard for things like heat pumps and solar panels, so that the jobs can be done professionally under the standards, such as the microgeneration certification scheme in the UK.

Another questioner mentioned energy storage. In this whole debate, at the European level and at national level now, we are seeing energy storage as the emerging new technology that is going to be very important in the next number of decades. The very nature of many of the renewable generation technologies is that they are intermittent. So, if you can store the energy and keep it in a useful form for use at a later time, clearly, you can then deploy more renewable energy in the electricity grid, which helps with decarbonisation and reducing bills. Again, my company, in association with Scottish and Southern Energy, is working on two key projects with a new technology that we are calling Quantum, which is a new take on the old technology of night storage heaters. Effectively, what we are doing is to allow a flexible thermal energy store, whereby we can store this wind and tidal energy when it is available, and then make it available for the consumer to use later on in the day. So, we have two projects—one in Shetland and one in Dublin—where we are working with SSE at the moment on this very interesting technology area.

On community dividend, the idea that I mentioned earlier was that we want to use the energy locally, where it is generated. Many rural communities, by their nature, are not connected to the gas grid, so people in these homes have to rely on fossil fuels—oil, LPG and other sources—to heat their homes, quite expensively at times. If you have all this lovely zero carbon renewable electricity available in the local area, let us look at ways to use it locally,

and also to reward communities and individuals through some sort of community dividend, so that they can benefit from having these renewable generators nearby.

Wood-burning stoves: I am all for them, because we also manufacture those. They fall into the category of biomass, as I see it. So long as the wood is grown and produced sustainably, they are absolutely a valid way to keep people's homes in future, but turf, I am sad to say, is a fossil fuel and is not.

Solar panels with hydrogen: I would like to take that one off-line, because I think that you are mixing two technologies together there. You are possibly talking about hydrogen fuel cells, and I do not want to get into that just at this moment in time, but I would welcome the opportunity to discuss it with you in due course, if we can.

1.30 pm

The final point was on divergence in terms of the building regulations of the various devolved authorities in these islands. I was raising it as a problem; I am afraid I do not have the answer to it, but we are seeing the effects of it, because we have to comply with multiple different legislative requirements in different regions to try to deploy these technologies into people's homes and buildings. So, it is an emerging and growing problem for us in the building sector.

Mr David Manning:

A number of macro-level questions came in my direction, so I will endeavour to be as brief as possible. I am around for the rest of today and tomorrow, so if anybody would like to come back to me and ask further questions, I am available. Perhaps the first thing to say is that a lot of the conversation tends to end up being about renewables. Why is that? There is an objective, or desire, to decarbonise the energy mix—to remove carbon from it and move away from fossil fuels. That is one end of the spectrum. At the other end, there is the desire to deliver that in an affordable way for the consumer, because, as many of you who deal with local constituents and businesses will know, energy cost is a huge concern. So, there is a very fine line between managing the two.

Also, we often get into absolutes: it must be onshore wind; it must be offshore wind; it must be nuclear; it will be tidal. The reality is that there is a lot of energy demand out there and to meet the type of demand that exists and continues to grow, we will need a mix of all of those technologies. We look to deploy those technologies in the areas where they are the most economically rational, so that, ultimately, the cost to the consumer is the lowest possible cost that they can pay. That is also the advantage that market integration brings in terms of being part of a larger market and being able to play to each market's natural opportunity. So, here in Ireland, we have a considerable amount of onshore renewables, which can be good at a regional level and for the local economy.

If we consider what our business in SSE is doing, we would traditionally have been very much a fossil fuel-based business with a big chunk of coal in the portfolio. However, we are now rapidly moving towards 40% conventional fuels, which will be predominantly gas; 40% renewables, which will be made up of hydro and onshore and offshore wind—hydro is very much a cornerstone of our business and it is where we came from originally—and 20% solid fuels, which will include coal, probably with carbon capture and storage, and biomass, if we

can square the circle on the sustainability of biomass. So, that is just to give you a sense that it is a portfolio effect to achieve the goal.

Some of the questions were about the local micro level. In local areas where there are sustainable energy solutions, we are developing those as well. That is not just our business; it is across the sector. For us, it materialises in the business called SSE Ventures. What we do is work with local communities or small businesses to deliver solar, combined heat and power and small-scale hydro schemes. So, sometimes, from the outside, we can look like ‘big business’, but, in reality, our business is at the local level, because that is where the energy gets consumed. So, if we can work with local communities, we do.

So, that last three minutes was just a synopsis: it is not just one thing; it is going to be all of these things combined together.

I have three points, and the second point is the industrialisation of the landscape. Like you, we are concerned about that. Why do we push for onshore wind or why are we developing onshore wind? The reason goes back to the decarbonisation agenda and because it is the most economic of renewable resources in the market at the moment. So, when the customer gets concerned about cost, wind is one of the most advantageous and lower cost technologies. We can see this in Ireland because we have a single electricity market. In that market, when the wind blows, the price falls, because it does not have a fuel cost. So, it provides a natural hedge against fossil fuels. I will leave that as a statement; there is lots of research there—you can go to the single electricity market website that shows you that, but if anybody wants to talk to me about it afterwards, they can do so. So, renewables, in effect, provide a hedge against fossil fuel prices and is also the lowest cost solution for the customer, so it provides a portfolio hedge.

There must also be the aspect undoubtedly of community gain. I am always quite comfortable in this space because SSE as a business is the leader in community gain, in the delivery and deploying of renewables, both in Scotland and in Ireland. We work with a community long before we ever build a wind turbine, and we will adjust our site design to cater for any local needs associated with the visibility of a wind turbine, or whatever the case might be. At the back end of it, we also have a very robust community contribution. So, if we have 500 MW of renewable generation in Ireland at the moment, each year we pay out just shy of €1 million to those local communities for various local initiatives and local projects. A keen focus of that is actually in the space of energy efficiency. We work with people like Neil’s company to focus on how we can improve energy efficiency at the local level.

The final point that I want to make, which is on the renewables front again, is the importance of storage. Electricity is a product that is consumed on an as-needed basis. So, in every minute of the day, the system is out there delivering enough electricity to meet the demand. Storage will be a fundamental piece of the longevity of the system; there is the small-scale distributed stuff that Neil has, and then the other aspect is pumped storage. Pumped storage effectively is a large battery that uses water. So, it is an evolution of the hydrospace. We will need to drive that forward in the UK, Ireland and Scotland over the next couple of years.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, David. I will give the final word to you, Brian.

Mr Brian Britton:

I want to make a macro point first. As David said, the mix of energy sources for the future will be a mix of gas, nuclear, and renewables. No government will want to be energy-dependent on one energy source. It is also important that this Assembly should perhaps consider something that Fatih Birol from the International Energy Agency suggested: there is around €700 billion of fossil fuel subsidies at the moment, and I know that the EU is taking this up, but what is the real cost of energy types when you compare one with the other?

I will go back over some of the questions. Ann Phelan, we, as a corporate, will meet you anytime, anywhere. In terms of costs I think that DONG Energy issued a statement last week after a strategy review. It is targeting £100 per megawatt hour for offshore, and costs are coming down. When you start to look at the different costs of the different renewables, you will find that the cost of offshore is now more competitive than onshore.

In terms of impediments, a question was asked by a Scottish gentleman; I think that Jim Wells also referred to it. The reason that Ireland has no offshore windfarms at the moment is because the Irish Government has decided that it will meet its targets from onshore and biomass. Therefore, Ireland needed the path to market in order to develop its offshore industry. That is the reason the IGA is so important.

Darren Millar asked about the environmental impact. The Foreshore Act to be introduced in Ireland in 2014 is looking at the different uses for different parts of the ocean. This is being done in co-operation with the Crown Estate.

Seamus Kirk talked about infrastructure. As Tim Cowhig said, the developers are proposing that we will pay for our own infrastructure. I know that we in Oriel in County Louth are going underground; we have gone contestable. I know that all developers working together with National Grid and with Eirgrid will mean that we will be a lot more cost-effective and that we can co-operate in terms of perhaps getting some EIB support. However, I think that infrastructure is important so that everyone works together and so that there might be a special purpose vehicle for the grid infrastructure in time to come across the Irish Sea.

There was a question from Reg Empey in relation to the costs when the turbines are not blowing. That is already borne into our costs. As David just mentioned, we in Ireland have 20% penetration of wind in our energy system. There have been days when we have had over 50% when the wind has been blowing.

In terms of the question about government policy, overall, fuel prices will increase. It was a question from the Isle of Man. Both the Crown Estate and the Irish consenting process have very strict rules. I know, for example, that on our own windfarm just to the south of the mountains of Mourne, we had to restrict where we were going to locate our windfarm relative to shipping lanes in and out of Warrenpoint, Greenore and so forth. I know that, overall, the new department of the environment policy that is coming into play is taking that into consideration. So, there is no way that shipping lanes that are already in existence will be allowed. I know that Belgium and Holland have also had that problem at their ports of Rotterdam and Antwerp. I have been to the Isle of Man and I have met members of your economic committee; by the way, you have one of the best wind resources in the Irish Sea, just off your south-east corner, so good luck with developing it when you get going.

In conclusion, I want to make one overall point that relates to us in Ireland. We have two strong indigenous sectors in agri-food and tourism, and we depend, to a large extent, on foreign direct investment, but we cannot depend on foreign direct investment forever. We have a renewable resource, where our ocean is 10 times the size of our land and, in times to come, we shall seek to develop that. I referred to the historic day of 24 January 2013, when that MOU was signed between UK and Ireland. This is the first step in our developing an indigenous resource that means that we will be able to replace €6 billion of fossil fuel with €10 billion of renewable exports by 2050, and that our children and grandchildren will have a great wee country to live in.

The Co-Chairman (Mr Laurence Robertson MP):

I thank all our panellists very much indeed. It has been an extremely comprehensive and interesting session. With no further ado, thank you very much for coming today and for everything that you have said. [*Applause.*]

Before we break for lunch, may I make an announcement? All official delegates are to have lunch in the canteen, just off the main reception, and all observers, whom we are delighted to see with us today, are welcome to use the canteen in the main building, because of limited space. I would like everybody to gather back here at 2.45 pm for the official photograph. In advance of that, at 2 pm, there will be a tour of the institute for those wishing to go on it. Dr John Doran, who is head of the renewable energy programme here at the institute, will accompany you and you will get an opportunity to see some of the students of the programme and view their work. Finally, I remind the members of committees B and D that those committees will be meeting at 2 pm. Thank you.

The sitting was suspended at 1.42 pm

The sitting was resumed at 2.45 pm

A FUTURE VISION FOR CLEAN ENERGY IN EUROPE

The Co-Chairman (Mr Joe McHugh TD):

I would like to welcome Mr Eddie O'Connor, Chief Executive of Mainstream Renewable Power, who will make a contribution on 'A Future Vision for Clean Energy in Europe'. The theme of this session follows on from our talks this morning and we welcome the opportunity to continue the discussion.

I know Eddie has been involved in the industry for quite a number of years—in fact, quite a number of decades, if I may say so. You have been instrumental in the industry in Donegal as well. We look forward to your contribution. The core business of Mainstream Renewable Power is to develop wind and solar plant on land as well as at sea. You are a global company, having onshore projects across Canada, Chile, South Africa and the US, so we will be interested in your perspective.

Mr Eddie O'Connor:

I thank the British-Irish Parliamentary Assembly for its kind invitation to speak here today at this plenary session. I have been specifically asked to talk on 'A Future Vision for Clean

Energy' and I do so in the context of being the CEO of a company which is developing a 6,000 MW offshore wind project off the coast of Yorkshire and a 450 MW project off the coast of Scotland, which we hope to bring to a financial close this year, having just built a project in Ireland.

Mainstream is a global company. As the Chairman said, we have developments in Canada, the US, Chile, South Africa, Germany and, of course, Ireland and England. All in all, we have a pipeline of 7,000 MW of onshore wind; 7,500 MW of offshore wind; and 3,100 MW of solar PV. Those figures confirm that we are the largest independent developer of wind and solar power in the world.

The company is the successor company to Airtricity, which we developed from 1998 until 2008 and which was sold to Scottish and Southern Energy and E.ON for a consideration of £1.8 billion in 2008. At Airtricity we began and brought to fruition the Greater Gabbard site in the outer Thames estuary, which is now the largest offshore wind farm in the world at 500 MW.

In addressing the future, my starting point is as follows. The world is on a one-off transition to sustainability. That will involve profound change in the way we live, work and travel, and it will all have to be done within the next 40 years. Above all, that transition will mean a fundamental change in the way we generate electricity. The use of coal, oil and gas is coming to an end. The use of renewable energies such as wind and solar is just at its inception.

By 2050, all power generation will have been completely decarbonised and in Europe power generation will consist of 40% wind, 40% solar, 10% other renewables and perhaps 10% nuclear. That is my broad vision for the future of clean energy. It is also the vision of the European Commission and of most of the constituent Governments. I foresee the great bulk of wind power being generated off our coasts. The many parliamentary bodies that are assembled here will see enormous developments in and outside our waters. We will go on to provide the bulk of electricity in northern Europe from our seas and oceans. The supergrid will be linked to a solar PV supergrid in southern Europe. It will be taking its electricity from the huge solar reserves in southern Europe and north Africa. Building those supergrids will constitute one of the biggest engineering projects in the world—certainly the biggest in Ireland.

Decarbonising power generation is not something we can avoid. Climate change is a reality and the biggest ever threat to our collective existence as a species. As you know, the concentration of CO₂ in the atmosphere has risen from a historical 80,000 to 270,000 parts per million to over 400,000 PPM today. Our object is to limit the concentration to 450,000 PPM by 2050. That would limit the rise in global temperature, which currently stands at an average of 6 degrees to 8 degrees. But to be successful we will have to cut the 1990 levels of greenhouse gas emissions by no less than 80% and that is a tall order.

We were reminded in the months leading up to Christmas of just how great a task we face by three international organisations with no axe to grind other than our collective welfare as inhabitants of this planet. Perhaps the most ominous warning came from the World Bank, which published a report called 'Turn Down the Heat', prepared by a team in the Potsdam Institute led by Professor Schellnhuber. They warned that there would be a 4 degree rise in temperature by 2050 unless we accelerated plans to reduce greenhouse gas emissions. They

even suggested that the rise in temperature could go as high as 6 degrees, an increase that would have devastating consequences for us all.

The International Energy Agency, consisting of all OECD countries, recently launched a report led by its chief economist, Fatih Birol. The IEA was equally uncompromising in its forecasts of rising temperatures and believes the increase will be of the order of 3.6 degrees. We have nearly passed the time when we can hold it to a rise of 2 degrees.

At the same time, the United Nations Environment Programme published its annual report on the gap between what emissions should be in 2020 and what they are likely to be. The conclusions are chilling. The situation is bad and getting worse. The UN Under-Secretary-General, Achim Steiner, who heads up the programme, said in his introduction to the report that, unless urgent action is taken to close the gap, the longer-term challenge may be insurmountable or, at best, very costly.

You will all be very aware, in any event, that these are similar to the conclusions reached by Lord Stern in the report commissioned by the British Government on the economics of climate change, in which he described climate change as the greatest potential human disaster. He said that, if we did not deal with it now and put 1% of our GDPs towards ameliorating the situation, we would have to spend an awful lot more, if we could indeed recover from that situation.

That report was in 2006. Lord Stern called for urgent action. You know whether or not that call has been answered. The World Bank, the IEA and UNEP say that it has not and so do I. That is my starting point for a vision of clean energy in Europe. Quite simply, I regard the development of clean energy as a categorical imperative. We have no choice in the matter. Simply put, we cannot bargain with nature. We cannot seek a derogation from what we have to do. We cannot secure a postponement of the inevitable or a delay in the unavoidable. We have to begin to reduce greenhouse gas emissions soon on the basis of what is technically feasible, commercially attractive and politically possible.

Let me start by looking at what is technically feasible in respect of renewables. I will start with wind. As you all know, onshore wind is competitive with gas and is hammering coal in South Africa and Australia. The wind is free, infinitely renewable, utterly secure and of course clean. In contrast, gas is polluting and it is not the answer.

It is a basic fact that gas pumps carbon into the atmosphere. Something that will not be known here and is not said often is that, if you burn a tonne of coal, you release 2.8 tonnes of CO₂. If you burn a tonne of gas, you release 2.6 tonnes of CO₂. Therefore, just shifting from coal to gas will not deal with the issue.

If power generation is to be completely decarbonised by 2050, if 40% of electricity is to come from wind and, further, if there are societal and technical limits on what we can erect on land, we will have to install a minimum of 1 million MW of wind offshore. Depending on the rate of growth, that could rise to 1.5 million MW. Those turbines will be grouped in units of 500 MW, as at Greater Gabbard. They will be fed into the supergrid. That grid will take the power by direct current to people in Europe, who more and more will be living in cities. The transmission of electricity as high voltage direct current is technically feasible and is already in use throughout the world, particularly in China and the US. It has the advantage of

relatively low transmission losses and can convey bulk electricity over long distances efficiently and effectively at low cost.

3 pm

In summary, the supergrid is the technical answer to a number of challenges. First, it is the means of collecting, and then transmitting, power generated over a vast geographic area, such as the ocean. It is the technical solution to what we engineers call distributed generation. Secondly, it is also the answer to the variability inherent in all forms of renewable energy. Self-evidently, wind does not blow in the same place at the same speed at all times of the day. But it is a meteorological fact that it blows somewhere at every given moment of the day and it is an engineering reality that it can be captured, used to generate electricity and then transmitted to where the electricity is needed by the people. That is how the supergrid overcomes the problem of variability, which seems to cause some non-engineers more concern than it should.

The supergrid concept can also be applied to solar PV in the south. The costs have been coming down. In the IT industry, Moore's law has applied since 1962. We have Swanson's law as it applies to PV. According to *The Economist* this law indicates that unit costs of solar panels fall by 20% with each doubling of manufacturing capacity. As *The Economist* went on to demonstrate, unit costs have fallen by a factor of 10 over the past two decades, and are continuing to fall. That is why I foresee a bright future for solar, with vast solar farms being built across southern Europe, particularly Spain, and being linked to the same supergrid that is balanced up by wind in the north.

On a continental scale, I foresee the interconnection of wind and solar supergrids supplying, as I indicated earlier, about 80% of Europe's electricity needs by 2050. When you build such a supergrid, you can help to balance the whole situation by connecting to Norway and Switzerland, the two great stores of hydro power in Europe, and by having, for example, the batteries in cars. That vision for the future of clean energy in Europe, based as it is on wind and solar power, is technically feasible.

With regard to the balance of the renewable portfolio there is something to be said for ocean power. But it is quite a long ways away yet and I am not sure we can ever really get there. I do not place much faith in biomass. I was chief executive of the Irish Peat Development Authority, Bord na Móna. It is the biggest biomass company, so we know about the economics of biomass—they are quite difficult and tricky. I do not see biomass contributing a great percentage in time to come.

I should add that I do not regard clean coal or any other variation of so-called clean fossil fuels as part of the answer or technically feasible. The concept of carbon sequestration is, like nuclear fusion, no more than a mirage. As an engineer, I cannot see how you can overcome the problem that CO₂ is a basic molecule that needs a hell of a lot of energy injected into it if you are ever to do something with it. The costs are enormous. Alberta in Canada has just abandoned its last two CCS projects, following Europe's decision a month ago to abandon most of its CCS projects.

As far as those northern latitudes are concerned, wind is the one renewable on which we can build a clean future. For that reason I was most encouraged by last month's decision of the British and Irish Governments to sign a memorandum of understanding. The MOU should

lead to an intergovernmental agreement allowing Irish wind power to be imported into Britain and would be the first of its type within the EU. Clearly that is the way to go in creating a common future in clean energy.

I remember launching that idea some six years ago at a conference that the Taoiseach held in Dublin. It included the vision of what we should be interested in at this conference: how can we integrate the need for energy with the need for employment, the need for growth with the need for sustainability? We can do that by parliamentarians collaborating and building a future on the enormous resource that is out there, which has gone untapped and on which no value has been put up to now.

We in Mainstream have put together a 5,000 MW project that we call the energy bridge. In the first phase of that, we will be able to transmit power into Britain of about 1,500 MW by 2017. It so happens that the Irish midlands are eminently suitable for large-scale wind generation in terms of terrain, population density, wind speeds, infrastructure and what I can only describe as an 'energy culture' arising from over 60 years of electricity generation from peat.

Besides meeting a real need for electricity in Britain, we intend the energy bridge to act as a proving ground for the various pieces of technology that go to make up the supergrid. In that regard, I recently described the bridge as phase a half of the supergrid and will talk about what phase 1 will look like.

We will use the energy bridge to create the kit that is needed to build the supergrid, like the supernode. The solution to offshore grids will be nodal, so we will have to move electricity from node to node to offer the same reliability as the grids on land currently do. There will be many cables under the sea and we have to find safe ways of transmitting electricity over vast distances offshore into where the people are.

Furthermore, the creation of a 5,000 MW wind project will attract manufacturers and service providers and encourage them to set up business in Ireland and Britain and so capture the supply chain for our domestic economies. I see those two nations acting as one to supply probably 30% of all Europe's power by 2050. If we work together on that and we put aside disparities in wealth, attitude and culture, we will finish up as the big winners in a Europe that is sustainable.

The employment potential of wind energy is enormous. I have studied the position in Germany for a number of years. It employs 15 people for every megawatt of wind. In Britain, two people are employed for every megawatt; it is less than that in Ireland. We did not move in time. We did not capture the supply chain or have coherent policies emanating from our Parliaments in good time to capture the supply chain and the jobs that come with it.

Let me look beyond the energy bridge and start focusing on the offshore supergrid for Europe. The prize in terms of jobs and revenues becomes enormous and here is the reason why. Europe can gain 'first mover advantage' in developing the suite of technologies that will go to create the supergrid and use that advantage to develop exports to the US, China, and the rest of the world.

We in the northern latitudes, in these islands, can develop a clean energy sector that will lead the world in technology, information and control systems, logistics, financial products, insurance and other supply services. There is absolutely no reason why we cannot build a new industrial sector in these islands based on this enormous resource that is currently largely untapped.

The British authorities aim to have various projects in round 3 built by 2020. In effect that means 18,000 MW of offshore wind by then. We hope to have 450 MW built off the coast of Scotland by the close of the financial year.

The obvious thing is to join those and similar projects and link the British and German markets. There is tremendous advantage to be gained when you put the two great markets, one of 80 million people and one of 65 million, together in the first leg of the supergrid. When you do that, you do not need to have two sets of spare plant waiting for when the wind does not blow. In fact, you capture wind over such a big distance that the wind is always blowing somewhere and you would help to deal with the variability of wind. When you link up those two markets, you abolish the semi-monopolies that everyone enjoys now and the utilities are completely in. You create a single market where the price goes down for the customer and you allow a lot more offshore wind to be connected to both grids.

My vision is that the first phase of the supergrid will be between Germany and Britain and the subsequent phases will link more and more wind farms as they get built, first in the north sea and shallower waters, and then into the deeper waters. The energy bridge will require an investment in excess of 10 billion euros; it will probably be in the order of 13 billion euros. As I said, it is a large engineering project.

Financing for projects of this type normally consists of 80% debt and 20% equity, which means they must be bankable. To be bankable, they require a guaranteed income stream for a period of say 15 or 20 years, and equity must be rewarded commensurate with the risk involved. The income stream, in turn, depends on the price to be paid for the power and the security of the contracts based on the price regime. This is where public policy becomes important. If Governments want projects of this scale and technical risk to go ahead, then the financial risk has to be minimised, if not eliminated. The cost of delivering wind power from Ireland to Britain will be competition, but the pricing regime agreed by the two Governments needs to provide investors with an adequate rate of return to assure the banks that the debt will be paid off and the equity providers will be remunerated according to the risks they undertake. In short, major clean energy projects need policy certainty and that is the task of Governments, parliamentarians and politicians. Without that certainty, there can be no future for clean energy for the simple reason that investment will not be forthcoming.

We all know that it is extremely difficult to raise equity at present, so politicians must act to reduce the risk for all potential investors in this crucial sector. In those circumstances, there is much to be said in favour of project bonds issued by public authorities at national and European levels to finance major infrastructure projects.

The Growth Commission in Britain, of which Lord Stern is a member, has just published a ground-breaking report called 'Investing in Prosperity'. It proposes a framework to support growth which would include an infrastructure bank and that would be another way forward. Given that infrastructure is always long-term in nature, such policy innovations are essential if we are to realise the vision of a new energy future. It is essential that those people who

formulate policy and decide on it, including those assembled here today, take a longer-term view than has been taken up to now.

The clean energy future depends on bold new thinking, motivated by a desperate sense of foreboding as to the consequences of failure to act on greenhouse gas emissions. Our whole way of life and our whole culture are under threat. What we do next cannot be an add-on to a 'business as usual' scenario. We need set targets for 2030 and 2040. Are we even going to be able to fly aeroplanes with that amount of energy going into the atmosphere in 15 or 20 years? That is what I call "the new thesis" for the political class, for parliamentarians like yourselves. In short, we are about to build a new society in which policies on energy, the environment, industry and employment all come together in a coherent whole.

3.15 pm

Can parliamentary democracy meet the challenge of the longer term? Can the dichotomy between the short term and necessarily election-seeking officials be reconciled with the statesman who has to say, 'I have to take decisions that will go beyond five of my election years, something that will change the course of humanity'? Can democracy rise to that challenge? I suggest only one group of people can decide: you guys.

We need to measure the dangers by synthesising the reports I mentioned at the outset and explaining those dangers to the people, so that they understand why we need to act and what we intend to do to protect the planet, and why change, even where unpalatable, is unavoidable. We must decarbonise society. There is no room for fossil fuels. It is interesting. When your grandchildren are around, they will not be using any fossil fuels. They will wonder why we did because we have the technology right now to change all that. It is not technology that is the issue. We could do it technically; it is feasible. There is money out there to burn. Even if you do not go to China to get the money, there is money available if the risk-return ratio is correct. All the problems we have are man-made and they are all political. The people who do politics—this is the message I want to leave you with—are the only people who can manage the risks so that people such as me can risk an awful lot but have the main risks controlled so that we can all work together to decarbonise society. Thank you for listening.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Eddie. I am conscious that another guest is due to speak before the Taoiseach arrives at 4, and time is rather tight. If there are specific questions for Eddie, please ask them now.

The Lord Skelmersdale:

You describe yourself as an engineer and therefore a quantifier. Can you tell me how much the average temperature of the climate in the world has gone up in the last 10 years?

Mr Eddie O'Connor:

I think it has gone up by about 0.8 of a degree.

The Co-Chairman (Mr Joe McHugh TD):

Any more specific questions? Thank you, Lord Skelmersdale, for setting a precedent.

Mr Arthur Spring TD:

At a European political level, what support is there for such a supergrid? What will the cost be initially? What will the return on investment be?

Mr Jim Wells MLA:

My question is similar to the one I asked this morning. A large offshore wind farm is being built off Kilkeel, which is generally accepted by the public; there is not much opposition at the moment. However, we have been told that if one more turbine is added, it will indicate the need for a huge raft of onshore wind provision. Why are we putting so much effort into onshore when the capacity could be easily built into additional offshore?

Mr John Scott MSP:

Is solar PV, by which you set so much store, a possibility in Scotland, in the latitudes that Scotland has? I declare an interest.

Mr Eddie O'Connor:

They are very good questions. I will answer the third one first because it is probably the easiest. Regrettably not. I do not think that PV is cheap enough yet to start supplying bulk solutions in Scotland, Ireland or in many places in England, although England is better off because it is further to the south with slightly less cloud cover. However, I do not see why every roof in future should not be made out of solar PV, with a battery in the basement. Over the lifetime of the house, it would probably pay for itself over 20 years. It would be well worth doing.

Why do we do onshore wind? Because it is cheaper than offshore wind. The support scheme in Ireland for onshore wind is about 7.5 euro cents. The support for offshore wind in the UK is about 15 or 16 pence, so there is a vast disparity. One question was not asked: why can we do it in Ireland and why is it so politically difficult in England? The reason is that the population density in the UK is some 400 per km sq. In Ireland it is about 62 per km sq. So there is more than a 6:1 difference in density. If we in Ireland had that density, we would not be able to contemplate the 5,000 MW that the energy bridge project is all about.

The first question, which was very interesting, was about the cost of the supergrid. If we connect Britain and Germany with initially 21,000 MW, a figure which we arrived at after doing some sums, as a previous contributor said, that will allow the development of twice the amount of wind power that is currently foreseen. It will add about 0.2 of a euro cent to every bill in Germany and Britain. Remember that with offshore we get a capacity factor of 48% versus what we are planning on in the energy bridge onshore wind project in Ireland, which is 35%. So going offshore always gives you a lot more energy bangs for your buck. You would only have to have one set of spare capacity to cover for when the wind does not blow if you linked Germany and Britain, instead of having two sets of gas-fired and coal-fired plant, which you have to have now to cover for the variability of wind.

Mr Seamus Kirk TD:

Eddie presents a doomsday scenario, and I do not disagree with it—the issue of climate change and the fact that we are not taking it seriously enough. I want to ask about finding a solution to it in the global context. Apart from what will happen at the commercial end of the development of alternative energy sources, is there a need for the statutory bodies and the Governments across the globe to have a much more co-ordinated approach to finding the totality of the solution to what is a serious problem coming down the track?

Mr Peadar Tóibín TD:

You may have mentioned this already but what is the project implementation time typically from blueprint to switch-on in Ireland compared with internationally? How does that affect risk management?

Mr Sean Rogers MLA:

You posed the question, how can we integrate the need for energy with the need for jobs? Is it not more likely, as we push this clean agenda, that the large manufacturing centres in places such as Germany, will still employ 15 people per MW as opposed to the two people per MW in Ireland?

Ms Ann Phelan TD:

The supergrid is a very large development and your confidence on the project is infectious. What impact will that have on our marine environment, which is of particular importance?

Mr Eddie O'Connor:

Do we need joined-up thinking on a global basis to handle global warming? Absolutely. That is a key point. When you put a tonne of CO₂ in the atmosphere, it does not matter whether it is in Ireland, China or Antarctica—those molecules diffuse around the planet. So we must deal with the issue, and work with China and India. We would like those countries to have our level of wealth. We must work with them in finding the solution. So it must be a global solution; there is no question but that that is the case. The more global it is, the easier it will be for any one nation to do it.

How long does it take from blueprint to switch-on? I take it that that question referred to onshore wind, although my answer will range more broadly than that. If you conceive a wind plant in Texas, it will take about a year because you have no planning. If you want to do a wind plant in Ireland, our planning system is time-bound. This is wonderful for us. If you go to the planning system, it is two months until you get your answer and it is four months at An Bord Pleanála and anyone can object. The problem with British planning—I have discussed this with two Prime Ministers—is that it is not time-bound, there are 38 statutory consultees, and you go at the pace of the slowest consultee. So for onshore wind in Ireland, it is about three to four years. For offshore wind, it is about 10 years.

Where are jobs going to go? Germany, Denmark and Spain have more than Ireland and England because they had a policy to support wind that was clear. The politicians in those

countries said, 'We are going to give you a certain price per kilowatt hour.' That price was the basis for banks to lend 80% or 90% debt into projects and those countries immediately built their supply chain.

3.30 pm

We in Ireland and England went for competitive processes. If a company such as Siemens—a multinational company where nationality does not matter—has the choice to build in Germany, Ireland or England, it will take Germany because there is clarity about the income you will make in Germany. If we had adopted the same policy of giving a fixed price in a new industry such as wind, we would now have eight people employed per MW. We have the chance with offshore wind because Germany can probably do 20,000 MW of offshore wind in total forever. We in Ireland and England can do 2 million MW if we really want to when we get out to the north Atlantic. We are at the dawn of the industry. We are like Germany was 15 years ago. That is the opportunity for us.

The last question was on the environmental impact of sub-sea grids. Everything that you do is going to have an environmental impact but contrast putting a cable along the sea bed or better still underneath it with putting up more CO₂ into the atmosphere. We really do not have much of a choice. It is one or the other. Ultimately, that's it.

There are planning regulations and there are extreme planning statistics. On the hearing of dolphins, it did not hold up our project off the coast of Scotland but we put about two man years into experimenting with curtains of air in the water to try to protect the dolphins' ears. We are really up into that and the planning authorities are well on top of that, so I say to people, particularly politicians, the planners are there. There are many more planners than politicians. Every country has to build its own housing and factories. The planners are on top of things. Just set the guidelines and let them get on with it—that would be my advice. Do not be too concerned about it if we want to bring about the change that we are talking about.

The Co-Chairman (Mr Joe McHugh TD):

I thank Eddie for his comments and Members for their questions. Eddie, we appreciate your coming here today. You are synonymous with one technology and being a pioneer for a long number of years, so we appreciate your perspective. There is frustration there as well as obvious enthusiasm, but that is the business we are in. We have to reflect the public mood and community needs, so we appreciate your input and thank you for your time.

EU ENERGY TARGETS: CHALLENGES AND OPPORTUNITIES

The Co-Chairman (Mr Laurence Robertson MP):

Our next guest will speak on the theme of 'EU energy targets: challenges and opportunities'. We are privileged to have Mr Philip Lowe, director general for energy, from the European Commission, who has come especially from Brussels to speak to us today. Thank you for coming and I invite you to address the meeting.

Mr Philip Lowe:

Thank you for the invitation. Just to say one thing on Eddie's question, do we at a European level support the idea of the supergrid? The answer is yes, very strongly, but we equally want to ensure that it is done and constructed through the kind of regional, bilateral initiatives that are taking place between Ireland and the UK. There is also the dimension of local generation for local consumption, which brings a new vision to part of the renewable world, which is different from the issue of big industrial wind farms feeding industrial centres elsewhere.

That brings me on to one basic fact about energy: it may have a lot of global issues to address and global characteristics, particularly the coal and oil markets, but it is of absolute concern at national level in terms of keeping the lights on and the heating going. It is of absolute concern at local level in terms of having an acceptable source of energy for the society in which you live. I have to say there is no energy technology in Europe that is not disliked by at least one constituency somewhere, whether it is nuclear, onshore wind or some aspects of offshore wind, so the role of those who represent and dialogue on a day-to-day basis with local communities is essential, notwithstanding what can be done at national and at European levels.

At the European level, there are several things that unite countries beyond the basic idea that everyone has of providing safe and secure energy that is affordable for households and competitive for business. The long-standing objective of all the EU member states, and countries such as Norway around the EU, is that given our fossil fuel dependence it is a good idea to create an open, integrated, interconnected market across Europe. That makes huge sense where the level of interconnection is already very strong. It brings more competition to everyone's markets. At the same time, it offers a lot more security of supply. I will come on to the progress with respect to that, which involves not only applying the same legislation but making sure that the infrastructures are there to support that vision.

At the same time, in the opposite direction, we are encouraging public bodies to step back from markets. Let the market work and provide the services that energy users and the energy services people want, but with climate change policy there are necessarily drivers in the other direction to correct the markets' underestimate of what is needed not just to mitigate climate change but to ensure that the temperature increase is contained. The latest reports of the IEA and other bodies point to the urgency of doing that in the next decade. Time is running out to avoid a significant rise in temperature.

In 2008-09, EU countries, led by the UK and Germany, set themselves some climate change targets: 20% reduction in CO₂ emissions by 2020; 20% coverage of energy consumption by renewables; and a 20% improvement in energy efficiency. Those targets were national targets. Sometimes I hear that they have been imposed by Brussels, but they have not been imposed—they were offered as targets by each of the member states in relation to what they thought they could do. There was encouragement of national support schemes to ensure that the low levels of renewables in the system could be substantially increased from a level of around 20% or 30% of energy consumption in 2008.

Another rule that was introduced at the time across the EU was that there would be priority dispatch for renewable energy. The choice of technologies, whether tidal, onshore or offshore wind, is something that the market has to determine. Companies have to determine what they believe is the most viable, given the level of public support that is offered.

Where have we got to since then? We are in the middle still of an economic recession. The result is that, whether we planned it as 27 Governments or not, we are going to meet the CO₂ emission target of a 20% reduction in emissions, but not because of anything else but the fall in economic activity.

We also have a European trading system designed to provide a carbon price that incentivises renewable, low carbon energy. Because in particular of the recession, but also because of the vast surplus of certificates that were issued at the beginning of the scheme, we have a carbon price of something between 4 euros and 6 euros, instead of the estimated 25 to 35 euros by 2020. So things do not look as rosy as far as CO₂ emission reduction is concerned if one relies entirely on the European trading system.

3.45 pm

That is why, if it is broken, it has to be fixed. It is planned to fix it by back-loading a lot of the surplus certificates but also by looking at the period beyond 2020 to give people such as Eddie and others a much clearer framework. That will not necessarily mean that there will not be a higher level of renewables compared with gas, but the move from oil to gas and from coal to gas will not happen under present circumstances, with a carbon price dictated as it is at the moment by the ETS. If we do not have that, we will probably have one, two, three, four or five national prices.

To put that in a wider context, the integration of markets in Europe is now quite considerable. There is low interconnection between the Iberian peninsula and the rest of Europe, and there is a relatively low level of interconnection between the UK and Ireland and the continent, but on the continent it is difficult to talk about national markets for electricity any more because the flows across the borders are substantial. They can vary from 20% to 30%.

When the wind blows in the north of Germany, there is not enough infrastructure to absorb the energy inside Germany and as yet there is no storage capacity interconnection to Norway and Switzerland. The result is that those electrons pass into Poland, the Czech Republic, Hungary and Austria and come up from the bottom into Germany. People running generating plants in eastern Europe are not very happy because that interconnection without proper planning or balancing of the network is leading to problems. Independent national decisions on electricity markets are very difficult for countries that already have a high level of interconnection.

There has been massive progress in terms of convergence of electricity prices at the wholesale level. The level of electricity prices at the retail level is a major concern for everyone. At the wholesale level at least, there are some signs of progress. In the past 10 years, the rise in the wholesale electricity price averaged across the EU has been half the rise in the commodities price used to make electricity. There is a lot of convergence between markets.

For example, two years ago, before market coupling on the German-Dutch border, only 10% of the time were prices the same. Now, after market coupling, in 97% of the minutes of the hour in 24 hours, the price is the same and there is a downward pressure. Therefore there are signs of the market working. On the other hand, markets across Europe at the retail level are still quite heavily regulated and taxed. That does not give the right signals to future investors.

Look at it in terms of a reality check for energy markets across the world and the impact of shale gas on the United States economy. In practice, as you are aware, gas is being used to make electricity in the States. It is giving the US economy a huge competitive advantage compared with Europe and elsewhere. As a result coal is no longer being used in the US for the generation of electricity and coal from the US, South Africa and Australia is coming to Europe. Despite our major challenge to reduce emissions in Europe, which every Government wants to achieve, in 2011 and 2012, the US reduced its CO₂ emissions significantly due to the substitution of coal by gas, but also because of the implementation of the fuel efficiency standards in the vehicle sector, which are equivalent to what Europe imposed 10 years ago. Therefore, coal is driving the electricity price in Europe at the moment and unless we find a way to ensure that the ETS gives the right signals, or there are national carbon floor prices, that trend will continue and there will be a lot of stranded assets in gas-fired capacities.

What can we do to provide the predictability needed for people to invest in the low carbon economy? I mentioned the reform of the ETS but we have carried out two exercises in the past 18 months to look at what the contribution of the energy sector has to be to the reduction of carbon emissions. It is the sector that has to effectively decarbonise. Transport will take a longer time. With respect to the energy sector itself, what are the ‘no regrets’ options for investors in generation, transmission and distribution infrastructure?

With all our systems, whether a country chooses nuclear, onshore or offshore wind, there will be a lot more electricity in the system and there will be a substantial level of renewables in the system. We have seen already how intermittency is creating the challenge of ensuring system stability. That means we need much smarter infrastructures and grids at the transmission and distribution levels, managing supply and demand and taking advantage of the opportunities that Eddie mentioned of a diversified technology mix across Europe in the network. At the same time, there are different conditions for supply and demand. Therefore, smarter infrastructures need to be built. They need to be built primarily with re-engagement of the financial sector. Our estimate of that bill is about 200 billion euros—that is the estimate of the cost of tackling the obstacles that the financial sector raised with us as the most important.

The heads of state of the EU— *[Interruption.]* I am sure that the protest outside is against us; it is always against us. The European Parliament agreed a new regulation three months ago with some basic objectives. The first was to define a limited number of strategic priorities for interconnection and the development of supergrids. They include the northern seas grid initiative, north-south connections across Europe in gas and electricity, the south-west to north-east connections joining the Iberian peninsula. The second and most important regulation is to establish projects that are declared as strategic and of common interest to member states. These projects will obtain a legally binding streamlined procedure for permit granting of three and a half years with one single appeal procedure. That is based on the German model but other countries have developed it too.

You know the situation today. The average project takes 10 to 12 years from conception to implementation. If we can identify some key projects that need to go ahead, providing that there is sufficient dialogue, discussion, debate, and information to local communities, that procedure should result in considerable acceleration of decisions for such projects. There must be only a limited number of them. Competitiveness and the security of supply of our industry are key.

Thirdly, I do not know whether you realise this but there are energy regulators for the island of Ireland, for the south of Ireland and for Northern Ireland. There is also Ofgem in the UK. Our regulators are paid to assess the costs and benefits to consumers in their own country, but if you have a piece of kit that is designed to benefit the consumers over the border, that is not taken into account in the regulated asset base, and that fixes the rate of return that the promoter can get on his project. There was an example recently. One of the gas transmission system operators in the north of Germany wanted to install a compressor, which would vastly increase supply to southern Denmark, but it was not allowed to earn the return necessary and could not go ahead with the project.

In the Nordic pool, in Scandinavia, it is not done like that. The regulators of different countries sit together and look at the costs and benefits of projects across the borders. Whether they are physically cross-border or whether it is just impacts, it is in the cost-benefit analysis. Then they work out who should share the costs and who should get the benefits. That is part of the whole process.

I am not going to mention the issue of improvements in energy efficiency because I am squeezed for time. All I want to say is that if we look at the situation beyond 2020 a lot of people are worried that there are too many targets, including in the European Commission. What kind of framework can we give investors that will give them the impetus to invest further in renewables but remain cost-effective and leave the market the choice between different alternative sources of energy, provided that public opinion in the countries concerned accepts them?

That probably means some differentiation in the amount of support given to different technologies. The original aim with renewables was not to subsidise them permanently. They were supposed to be subsidised in order that they could be rolled out on a major scale and costs could come down. For onshore wind and for solar PV, costs have come down considerably and we expect them to be competitive at grid parity before the end of this decade, without any difficulty. Do you need therefore some binding regulatory target which includes those technologies? Should you not differentiate the type of support you give according to the maturity of the technologies concerned?

If you have a lot of intermittency in the system, one way of dealing with it is to have more interconnection between countries to develop and use storage capability, such as in Scandinavia, and to manage demand more intelligently. Equally, some member states and Governments have thought that it is necessary now to think about supporting reserve capacities. Supporting reserve capacities will reassure everyone, if you pay people to keep capacity in reserve, that the lights will never go out and the heating will never go off. The question though is the extent to which those schemes, if conceived purely nationally, will have a negative impact on the way the market functions for electricity across the continent.

The same applies to the level of support for renewables as a whole. If renewables are 20% to 25% of energy consumption, it is no longer simply a marginal issue if the level of support in one country is twice that in another. It affects the competition for energy on the market. So we will have to look at that, too. The general mood as I feel it at the moment around the Council of Ministers, which Pat Rabbitte is chairing, is that there is a need for some more targets for the 2020 to 2030 period, but not too many, and there must be a full realisation of the need for cost-effectiveness of the support provided and a full awareness that the world

outside Europe—I am not talking about the EU; I am talking about energy Europe, economic Europe—is a competitive place and not a consensual place.

There are not hundreds of Governments rushing to a consensus on the reduction of CO₂ emissions. They are all taking a different bet on it. The US takes the bet that technology will solve this. China is saying, ‘We do not know yet but we need renewables as well as you do, we need energy efficiency as well as you do and we will probably invest twice or three times more in them than you do because we need every bit of energy we can get hold of.’ They are so greedy for energy because of their growth rates. We have to bear it in mind that we are no longer necessarily in the industrial policy lead in the area of renewals. We are in a situation possibly of catch-up already.

4 pm

Some people have referred to carbon capture and storage as one possible way beyond nuclear of getting emissions down. There are no demonstration projects in Europe, outside two pilot projects in Norway, which are likely to go ahead. Some may imply that that is fine, but it contradicts the fact that coal is being used at the moment substantially in Europe, and we need to get indigenous development of some technologies and retain a lead there.

Are we forgetting about indigenous sources of energy in Europe? We will still need fossil fuels for certain sectors of the economy. The exploration for conventional gas off the coasts of Bulgaria and Romania, and even around the northern seas, the North sea and around Ireland, will go on, and if there is an indigenous source of gas it will be competitive with pipeline gas, which we continue to get only from a limited number of sources, in particular from Russia. The issue of the potential contribution of unconventional gas, whether shale gas or coal bed methane, has to be looked at, whether or not we can be assured that those sources of gas can be produced under environmentally good conditions.

Thank you very much for your attention.

The Co-Chairman (Mr Laurence Robertson MP): Mr Lowe, thank you very much for your comprehensive speech and for your frank comments on the targets and challenges of EU energy policy.

4.02 pm.

ADDRESS BY THE TAOISEACH (MR ENDA KENNY TD)

The Co-Chairman (Mr Joe McHugh TD):

Taoiseach, you are very welcome. We have been discussing energy all morning, and obviously there is a bit of energy outside as well. So we are being positive and proactive in here, and no doubt the Members are looking forward to your contribution. We are absolutely delighted to see you again. This is your third plenary as Taoiseach: you have been to Cork, Dublin, and now Donegal. We are very conscious of your ongoing commitment to east-west co-operation, and we are also conscious of your summit meeting and your joint statement with the British Prime Minister, David Cameron, in March 2012. A key focus of that was around energy. I suppose that we are trying to build on that collaboration and co-operation.

We are very focused on the challenges around renewable energy and the export of energy across borders.

So, without further ado, Taoiseach, I would like you to say a few words, obviously. You are welcome to Donegal. I know that it will be a short visit because you have a very busy schedule with the presidency of the European Union. We are certainly very appreciative of your time and commitment to the British-Irish Parliamentary Assembly. Thank you very much.

The Taoiseach (Mr Enda Kenny TD):

Go raibh maith agat.

Welcome to Donegal—there is a lot of energy inside and a lot of energy outside. Thank you for the warmth of the welcome.

Co-Chairs, distinguished Members, fellow parliamentarians, ladies and gentlemen, first let me say that it is my pleasure to be here in Letterkenny to join you today and to thank you for the time you have taken to be here and for the work that you are doing with the Assembly throughout the year. I hope that those who are visitors have enjoyed their stay today. I am sure that after your appearance at Rosapenna in Downings this evening you will leave with very happy memories indeed.

I met with you in Dublin last May and at your very successful meeting in Glasgow, on which I commend you. I know from my own time as part of this body—I was part of the first group set up for the British-Irish body—that it has played an important part over many years in building relationships between parliamentarians across these islands as well as on the island of Ireland. Key to the success of the British-Irish Parliamentary Assembly has been the inclusion of the representatives of the Northern Ireland Assembly as well as the Scottish Parliament and the Welsh Assembly and the legislatures of the Crown dependencies. This allows the building of understanding, recognition, trust and a mutual appreciation of the differences as well as the recognition that we share so much together. Although political differences are always necessary to the functioning of a healthy democracy, we are all here in our respective roles to work in the best interests of those whom we represent, wherever and whoever they may be.

In working for our citizens, clearly we live in very challenging times. Two years ago this week the Government that I lead were given a very strong mandate by the Irish people to implement a core plan of fixing our economy and getting our economy back to work. It was just two years ago that the Irish economy which we inherited was in freefall with unemployment soaring—250,000 jobs were lost in the private sector in the three years prior to that. Public finances were unstable and out of control; money was haemorrhaging from banks and we were locked out of the markets. So although I know that we have a very long way to go and there are serious challenges up ahead, the Irish economy has stabilised, our international reputation has been restored, and it is clear that we are heading in the right direction and the plan is beginning to work.

The core of that plan is job creation. Our unemployment rate remains much too high, and the Government have unashamedly focused on taking major steps to address it. In 2013, the action plan for jobs which we published last week will build on this as we work towards

achieving our target of 100,000 new jobs by 2016. If we are to meet this target—and we will meet it—we have to work together. We must work not just harder but smarter, being innovative in finding new solutions, in supporting business, in growing our economies and in delivering jobs. In this respect your association is again playing an important role.

I have to say that I was struck, Joe, by the focused nature of the programme of the plenary. I congratulate you and your Co-Chair, Laurence, and your respective teams for what you have done in putting together a very relevant and important series of discussions. As you will have heard earlier today from Minister Rabbitte and from others, energy policy and energy co-operation is an element that goes to the very core of the British-Irish economic relationship. This is evident from the strong focus in the joint statement on British-Irish relations that Prime Minister Cameron and I agreed last year. When I spoke to you in Dublin in May I had only previously met with Prime Minister Cameron. We had agreed an ambitious programme for co-operation but, at that point, we had yet to advance many provisions of the statement. So I am happy to say here in Letterkenny today that substantial work has continued across a broad range of areas covered in that statement to turn the aspirations and ambitions contained within it into concrete results.

The signing of the memorandum of understanding on energy co-operation earlier this year is a clear example of this. Another example is the joint study on the economic relationships which will highlight where co-operation can bring advantages to both the Irish and the British economies. I look forward to meeting the Prime Minister again on 11 March in Downing Street to review progress with him and to consider our program of further co-operation for the coming year. As well as developing and growing our close economic ties and our beneficial and co-operative relations as partners in the European Union, both Governments remain committed to working together to realise fully a peaceful, prosperous and reconciled Northern Ireland. And, of course, the positive impact—the potential—of a peaceful, prosperous and reconciled Northern Ireland will resonate across these islands nowhere more particularly than here in Donegal, which, other than a 20-kilometre strip at its southernmost tip, is bordered fully by Northern Ireland.

And let me say that I deplore the activities of the potentially violent and catastrophic dissident group. I commend both the PSNI and the Gardai for the extent of their awareness, their vigilance and their activity in bringing that potentially disastrous situation to a halt. I want you to understand that, irrespective of our political differences, the situation in so far as the co-operation between the Government and the British Government, between the Oireachtas and the Assembly, between the PSNI and the Garda Síochána will remain very, very high indeed. There will be full co-operation and full sharing of information in dealing with these people who have a view that we should go back to the dark old days of the Troubles. As far as I am concerned, as far as the Government are concerned and as far as you are concerned, we want no part of that. We will use the activities and the vigilance of the security forces, sharing support, information and confidence with each other, to see that that does not become a reality. It is important in the interests of all the generations coming behind us for the future that we do not allow that to take root again.

4.15 pm

That is why, despite budgetary pressures, I see the Government maintaining our commitment to the vital infrastructure projects like the North/South gateway. We have discussed that at the North/South ministerials across a whole range of activities. This is one example of the

potential North/South co-operation both on the economy and in the delivery of public services.

Speaking of North/South co-operation, I should say publicly that I wish to offer my condolences on the sad passing of Sir George Quigley at the weekend. I met him on many occasions when I was Minister for Tourism and Trade many years ago in regard to his views on the developments North and South and how co-operation and collaboration in economic and a whole range of areas would mean so much for peace and prosperity in Northern Ireland. He was a tireless champion in that regard for peace and prosperity and for the bringing together of ideas and their translation into real impact. To his family and all those who knew him I pass on my condolences and my sympathies.

More generally, significant sections of unionism feel that the benefits of peace and economic opportunity have not been evenly spread, while many nationalists are quite frustrated that, 15 years on from the Good Friday Agreement, there has been only limited progress on a number of what are deemed to be pivotal issues. These include dealing with the past and reconciliation, promoting genuine respect and esteem for differing cultures and identities; dealing with contentious parades; finding alternatives to segregation in housing and in education; and—fundamental to all of these—the rejection of sectarianism. These are difficult issues; these are sensitive issues; these are contentious issues, and no number of votes for any political party or in any border poll can in itself and on its own resolve them. They require a very broad societal and political response. Above all, they require clear, decisive and courageous political leadership if we are genuinely to break new ground, to build on the foundation of the Good Friday Agreement and to deliver the real and lasting reconciliation and peace that so many people have worked for and that so many people desire.

Since September 2012, I have initiated a series of meetings with families on all sides of the community in Northern Ireland as a sign of the priority that I and the Government attach to helping to find a lasting resolution to the deep hurts of the past. I met with the sole survivor and with family members of the 10 Protestant workmen who were killed in the 1976 Kingsmill massacre in South Armagh. I invited the families to Dublin so that I could hear at first hand their stories, their emotions and their recollections of how their families and their lives had been affected by one of the worst atrocities of the Troubles. This is a very important part of a healing process. Many of those families were speaking out for the first time about what happened to them and about the impact that it had on their lives and their families.

I also met a delegation from the South East Fermanagh Foundation which was led by Minister Arlene Foster. These were mostly farming families whose lives and livelihoods were so affected by the malign activities of the IRA.

I also attended a Remembrance Day ceremony in Enniskillen on Sunday, 12 November—the same day, indeed, as the Tánaiste attended a Remembrance Day ceremony in Belfast. I want to pay my respects to all of those from all traditions who gave their lives in the Great War, and in particular to remember those killed in the Enniskillen bombing as they attended the corresponding ceremony on that Remembrance Sunday 25 years ago.

I also attended a service of remembrance in St Macartin's Cathedral at which the former Archbishop, Lord Eames, delivered a very powerful homily indeed on the need for and the importance of reconciliation. After that service I met privately with some of the families of

the victims and those injured in the bombing. I also met with the members of the British Legion and their families at the British Legion hall. I have to say that I was deeply touched by the stories of some of the victims, and the families of victims, at these meetings, and their deep personal commitment to the peace process to make sure that those kinds of atrocities never happen again. That is why yesterday's intervention is so important.

In each case I had the opportunity to express my deep sympathy with the families for the indescribable loss that they suffered. I assured them that, in so far as we are concerned, there is no hierarchy of victims, and their concerns are every bit as important to me as the concerns of all other victims and all other families.

So the Good Friday Agreement and the resultant peace process have moved Northern Ireland on immeasurably from darker days. That agreement is the bedrock on which much progress has been made and upon which we have to seek to build further progress for the future—because that Good Friday Agreement, ladies and gentlemen, is not owned by any one political group or by any one generation of politicians; it is the expressed will of the people of Northern Ireland and more widely across these islands, and it does provide for the peaceful coexistence of people with different traditions, different cultures and different aspirations. It is the responsibility of those of us who have the privilege of holding political office to defend, to underpin and to reinforce its principles, its values and its institutions.

Therefore, as co-guarantors of the Good Friday Agreement, the British and the Irish Governments are keenly aware of our responsibilities in this regard. It is clear that the vast majority of people in Northern Ireland and elsewhere across these islands want to see peace and want to see prosperity flourish, and they reject the attempts of a tiny minority whose offering is only a return to the emptiness of terror, of bloodshed and of murder. Far better that our collective effort be on tackling sectarianism and, symbolically, aspiring to the ending of the so-called peace walls which serve to reinforce division and difference rather than support cross-community engagement and reconciliation.

When I meet with Prime Minister Cameron in London next week we will discuss these issues, the importance of these issues, and the importance of the principles, values and institutions of the agreements in underpinning the goal of peace and prosperity for all of the people of Northern Ireland.

Our approach to dialogue on this island is characterised by openness and respect, which aims to harness and nurture relationships with those within troubled communities who have the will and the ability to work to resolve issues peacefully, using politics to succeed where violence never can. Positive engagement can build a virtuous cycle of respectful and honest conversations and give community leaders the impetus to carry on when it seems, as it may sometimes do, that the fear and anger are too big and too intractable to be overcome. Well, they can be overcome, as has been proven here and in many other locations around the world. Many good people are working long and very hard to ensure that we will learn and grow from the challenges that we face.

Without embarrassing Deputy McHugh, I want to acknowledge publicly the work that he has done in his capacity as chair of the Joint Committee on the Implementation of the Good Friday Agreement in this work of outreach.

As Governments, we are united in our view, in the context of forthcoming parades, that the Parades Commission's determinations must be respected. Dialogue between parade participants and resident communities continues to be the most effective way to prevent outbreaks of violence.

Many local communities in Northern Ireland continue to be affected by the blight of sectarianism which I referred to earlier. This can be particularly pronounced for those living close to interfaces, such as in the Short Strand, and I am acutely conscious of the potential for further increased tensions during periods around contentious parades in particular. I was up there some time ago and saw at first hand the work that people are doing voluntarily on both sides of the communities. It is for them that we who have political responsibility need to focus on the potentially very beneficial outcome of that work and not to lose sight of the fact that there is always a better and different direction to take young people.

The persistence of sectarianism in Northern Ireland, with the absence of political agreement on how to make progress towards a truly reconciled society, contributes to the likelihood of incidents such as those that we have witnessed in recent weeks and before and after Christmas. This crisis will not be resolved other than by a cross-party, cross-community response. In my view, therefore, all party leaders must live up to their responsibilities and agree a framework to address the issues that have arisen in relation to flags and to symbols. These are political issues that require a political solution. The sooner the framework is agreed, the better it will be for everybody.

4.30 pm

In the mean time, in terms of helping the process of reconciliation and integration on the ground, there has been very welcome progress in securing practical support for ongoing programmes to address sectarianism in Northern Ireland, in particular the inclusion of a new EU Peace Programme (PEACE IV) with funding of €150 million in the EU budget proposed for 2013 to 2020. I have to say to you that this was an issue of our incoming presidency when speaking to President of the Council Van Rompuy before Christmas, and in speaking to Prime Minister Cameron—to make sure that PEACE IV funding was delivered. As you are aware, the European Council has signed off on the multiannual financial framework in which it included that €150 million for PEACE IV. However, the mandate now given to the Irish Government is to secure the support, consent and approval of the European Parliament, which is a requirement following the Lisbon treaty having been endorsed a number of years ago. Of course, in a Parliament of that size there are clearly divisions and different views and policies, with different sectors taking different paths. That will not be an easy process either. However, we hope to achieve it towards the end of our presidency so that the other 70 pieces of legislation can actually be dealt with in parallel, with reforms of major policy areas such as the CAP, the CFP and so on. This is an important element of working to see that the budget is actually approved, because that money will maintain important and sensitive jobs working on the peace lines in both communities, with beneficial results for young people.

Healing divisions within Northern Ireland remains a challenge. And yet it is also the case that across Northern Ireland there are truly inspiring stories and examples of communities and grass-roots organisations which are challenging ingrained sectarianism and whose lives are inspired by reconciliation. Just over the border in Derry there are remarkable examples such as the Leafair Community Association, which brings together former combatants, victims and others to engage locally on difficult issues through practical projects and events; or

YouthAction Northern Ireland, which builds life skills and tolerance in young people living at sectarian interfaces; or the City Centre Initiative, which has established a Parades Forum and which together with the Apprentice Boys of Derry and the Grand Orange Lodge are leading examples in showing how engagement based on respect—based on respect—can be to the advantage of everybody.

The co-operation last year between Orange Lodges in Donegal and the County Museum, which resulted in an exhibition and public lectures to increase understanding of the Donegal signatories of the Ulster Covenant, is another such example. Last year also saw a series of events not just in Northern Ireland but across Ireland, as well as in Britain, marking the centenary of the signature of the Ulster Covenant, a key event in Irish history and the first of many significant anniversaries that we will mark over the coming decade. I know that Minister Deenihan is up here and will be working with you in Rosapenna or in Downings later on.

In the course of the forthcoming decade we will remember not just important events on this island but also global events 100 years ago which shaped our history. In particular, the tragedy of the First World War casts a shadow over the period. It decimated communities in every corner of Ireland and was truly a shared tragedy irrespective of the differing motives of those who went to fight. The history of those men who died on the battlefields of France, Belgium, Gallipoli and elsewhere was for too long almost forgotten entirely in the newly independent Ireland. I am glad that in more recent times their stories have been rediscovered in all their complexity, and their sacrifice is now marked on both sides of the border.

Just as we will mark the 15th anniversary of the signing of the Good Friday Agreement in a few weeks, next November will also see the 15th anniversary of the opening of the Island of Ireland Peace Park, in Messines, by President McAleese, Her Majesty Queen Elizabeth and King Albert II of Belgium. As you know, located on the site of the Battle of Messines Ridge—where men of the 36th Ulster and the 16th Irish Divisions, from all corners of this island, fought side by side—the peace park stands as a testament to how a shared and sensitive reflection on the past serves to bring us together in the present. I would like to pay tribute again to the key role played by our Donegal colleague—and my colleague in politics—Paddy Harte, as well as Glenn Barr and others, in the development of the park over many years. It stands as a testament to co-operation and collaboration in remembering a tragedy of so many years ago.

As we remember the events of the past over the next decade, including the legacy of the First World War, I would hope that our commemorations will be more than just a recollection of the past. We have to be brave, we have to be imaginative, and we have to seize the opportunity to reflect carefully on who we are as a people and as countries, on how we have arrived at where we are and on where we want to be, and the part that we want to play in 10 years' time both in the Union and in a world which is changing at bewildering speed.

In that context, I want to acknowledge the work of the British-Irish Parliamentary Assembly itself, and the excellent report on the decade of commemorations which you produced last year. However, it is not just in remembrance of the past that we grow closer together; it is also in what we do every day—how we live, work and relax together, meeting each other in formal and informal settings, through work, sport, cultural activities and so on.

Derry is, of course, the closest neighbour of Donegal. I know many people cross the border either way each day for work, or to see family and friends. I am certain that a great many people from Donegal are enjoying, and will enjoy, the event of the Derry UK City of Culture year. The profile of Derry and of the whole region is being raised as a consequence. Artists from all over the island are working together to show the rest of the world what we have to offer. I have no doubt that the benefits for this region, and the whole island, will continue for many years.

Whether it be in art, culture, music, sport, literature, politics or economics, we are viewed very differently in a global scale. This is a wonderful opportunity for Derry, for Northern Ireland and for the island as a whole to celebrate Derry as the UK City of Culture this year. I know that this will be embellished by the Fleadh Cheoil and leave lasting memories for very many people. I hope that it will be beneficial in fostering those relationships to a new level.

The ‘Other Voices’ television series is an Irish success story, with a tradition of bringing together international and Irish artists in performance, which has reached beyond this island. It now attracts audiences, as you know, from around the world. The recent recordings in Derry have given an international profile to the city, to its wonderful music venues and, most importantly, to the outstanding and exceptional local talent. To see young musicians from all parts of the island being given such a wide audience, is an example of the kind of impact the City of Culture can have for Derry and its people. It has long been known for gifted musicians and writers. It is wonderful to see a younger generation coming through who share those talents and can exhibit them in a different way and at a different time.

I am aware that you will be having a discussion tomorrow on developing cultural links. I am sure that that will be a very productive session, and I know that in the course of your deliberations the vital role that culture can play in bringing people together will play a key part. It is in reflecting on our culture, on our pasts and on the symbols that represent our own identities that we learn to appreciate not just our differences from others, but what we share. It is by reaching out to others, to those of differing traditions within our communities, as well as to those from different countries, that we build a stronger and peaceful future for all our citizens.

The British-Irish Parliamentary Assembly has been at the forefront of such work for many years. I thank you for everything you have done and wish you continued success for this conference. I also know that you lay the foundations for an even more fruitful future in the time to come. Thank you very much indeed. [*Applause.*]

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Taoiseach, and thank you Members. A number of Members have indicated that they wish to speak. Taoiseach, I take it that you have a few minutes left of your valuable time. A few Members want to make a few observations. I call Peadar Tóibín, followed by Paul Coghlan.

Mr Peadar Tóibín TD:

Go raibh maith agat, a Thaoisigh, as an gcur i láthair suimiúil.

I suppose that it is impossible to make observations today without mentioning the elephant outside the room. I would like to voice solidarity, first of all, with the substance of the demonstration outside. I ask that it remain peaceful and respectful. Peaceful and respectful demonstrations are core to a functioning democracy. It is on the issue of austerity, which is doing enormous damage to society, especially low and middle-income earners. I ask the Taoiseach to do all in his power to ameliorate the damage that has been done to that sector of society.

I agree with your words, Taoiseach, on the issue of the dissidents. One of the best ways to take energy away from dissident republicans is to ensure that all democratic routes to full Irish independence and unity are open. If the Good Friday Agreement taught us anything it is that if there is a vehicle for the expression of legitimately held aspiration towards independence and unity, it gives an opportunity for peace to develop. The border poll is part of the Good Friday Agreement, and it is important that the debate is had. It may be won or lost—nobody can say at this stage—but democracy would be at a loss if the democratic debate of the border poll, which is so central to the Good Friday Agreement, were blocked.

The Co-Chairman (Mr Joe McHugh TD):

Thanks Peadar. I call Paul Coghlan, followed by Bob Walter.

Senator Paul Coghlan:

Thank you, Co-Chair. Those were good, strong words, Taoiseach, for which we are grateful. Thank you. No one here doubts yours or indeed the Prime Minister's commitment to peace and reconciliation and to building further on it. However, given what you say about the disaffection among some loyalists and indeed nationalists after 15 years of the Good Friday Agreement concerning some pivotal issues contained therein, and by way of bringing out further positive engagement, is there anything further which you would add to what you have already said about what this Assembly could or should be doing, or indeed that the Members in their respective Parliaments could or should be doing? Or is it something more for the people on the ground themselves? Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Paul. I call Bob Walter, followed by Barry McElduff.

Mr Robert Walter MP:

Thank you very much—and thank you, Taoiseach, for your address, particularly your words about your co-operation with David Cameron, which I think is very important. You were both at the recent European Council meeting which set the budget through to 2020. There is nobody, I think, in these islands who has not been affected by the financial crisis and the situation that we live in. That austerity has extended right through to the public sector, where programmes have been cut, civil servants have lost their jobs or taken pay freezes or had their salaries and remunerations reduced. I think that taxpayers across these islands feel that neither the European Commission nor the European Parliament is or should be immune to that environment in the financial situation that we are all in. This is the same Europe.

May I ask you whether you support the budget deal that was concluded at the recent European Council meeting and whether or not you will use your powers in the presidency of the Union to convince the European Parliament that they are answerable to the same taxpayers as you and I are answerable to?

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Bob. I call Barry McElduff, followed by William Powell.

Mr Barry McElduff MLA:

Go raibh maith agat, a Chomh-Chathaoirligh. Ba mhaith liom mo bhuíochas a ghabháil leis an Taoiseach as an ráiteas go dtí an pointe seo.

I thank the Taoiseach for his statement so far and agree with Peadar on the right to protest of the people outside. However, on the section of the Taoiseach's address dealing with the past and the comment that he made about there being no hierarchy of victims, I would genuinely ask him if his door as Taoiseach is open to a meeting with victims of British state violence who come from my constituency in West Tyrone.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Barry. I call William Powell, followed by Jo-Anne Dobson.

Mr William Powell AM:

Thank you, Co-Chair; and Taoiseach, thank you very much for being with us today and sharing with us what was a very profound address at a difficult time. My question relates to what has already been raised by my colleague Robert Walter in relation to the European presidency. Committee B, the European Committee of the Assembly, has decided to do a piece of work on the Irish presidency once it is concluded. Self-assessment these days seems to form quite an important part of public policy. I wonder if you would, please, share with us your assessment of how the Irish presidency is going. There have been some significant plaudits in certain areas, particularly around progress on the CAP and, indeed, on the multiannual financial framework. Perhaps you could share with us in a few words your assessment of how things stand and what your key priorities are for the remainder of the presidency.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, William. I call Jo-Anne Dobson, followed by Brian Mawhinney.

Ms Jo-Anne Dobson MLA:

Thank you. I am Jo-Anne Dobson. I am from the Northern Ireland Assembly and am the Ulster Unionist Party agriculture spokesperson. William has stolen my thunder a wee bit but maybe I will elaborate on it. William and I have been entrusted as rapporteurs on the review of the Irish presidency. Taoiseach, perhaps I can ask you again—it is very similar to William's point—whether you can outline what benefits you believe your Government's presidency of the European Council will bring given the considerable agriculture community

of the Republic of Ireland, and indeed of Northern Ireland, as we continue the process of negotiation of a new CAP.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Jo-Anne. I call Brian Mawhinney, followed by Reg Empey.

Rt Hon The Lord Mawhinney:

Taoiseach, thank you very much for what you said. Thank you for the generous and inclusive nature of your reflections and your determination that hope will prevail in the future. But the relations between the UK and Ireland extend beyond Northern Ireland, no matter how important that is. You will know that Prime Minister Cameron has indicated that he wishes to have a referendum in 2017 or 2018 about whether the United Kingdom should remain in the European Union, and he has said very clearly that he wishes that answer to be affirmative. Given that at the moment you occupy the presidency of the EU and that, of the 26 other countries, your country, of which you have the privilege and honour to lead, must be the least welcoming of the thought that the UK might leave the EU, what do you think, either as presidency or as Taoiseach, you might be able to offer to Prime Minister Cameron by way of review and change of existing EU structures that would make his job of getting a positive vote in that referendum more likely?

4.45 pm

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Brian. I call Reg Empey, followed by Frank Feighan.

The Lord Empey:

I, too, thank the Taoiseach for his address. As one of the very few people in this room who were involved in the negotiation of the Good Friday Agreement, I would like to ask the Taoiseach his opinion on the purpose of having a referendum proposal in that agreement and what actually triggers that agreement. My understanding is that it would be triggered if there is evidence that the people of Northern Ireland would wish to change the constitutional status. In the absence of that evidence—and there is absolutely none—is it wise to focus on the most divisive conceivable issue, when what we should be doing is concentrating on rebalancing and restoring our economic position?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Reg. I call Frank Feighan.

Mr Frank Feighan TD:

Thank you, Taoiseach. You alluded to the young men who came from probably a nationalist background, but mostly from what is now in the Republic, who fought side by side in the Great War and sacrificed their lives for the sake of smaller nations. I applaud you and the Tánaiste for going to these remembrance celebrations and would urge that that happen more frequently. Why do you think that our country for so long forgot about these young men? Do

you have any views on that? I think that what has happened here has been a huge injustice. After 90 years we are beginning to come to terms with it and at last recognising that these young men were indeed forgotten by our state.

The Co-Chairman (Mr Joe McHugh TD):

Thanks, Frank. Members, our final contributor is Patrick O'Donovan.

Mr Patrick O'Donovan TD:

Go raibh maith agat, a Thaoisigh.

Just in relation to the forthcoming G8 summit in County Fermanagh, I am wondering what your thoughts are in terms of opportunities for the island resulting from that. Following from the Queen's historic visit to Dublin and other parts of Ireland in the early days of your Government, do you anticipate a reciprocal visit by the President of Ireland to the UK at any time soon?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Members. Okay, Taoiseach, I hand it back to you.

The Taoiseach (Mr Enda Kenny TD):

Thanks, Joe.

Peadar, you commented on peaceful and democratic demonstrations. This is par for the course and it has been part of my life for a long number of years. I have never objected to anybody having a peaceful or democratic protest. However, that does not extend to preventing people from going to work and going about their business equally legitimately and equally democratically.

As for the austerity programme, the situation certainly is not going to get any better unless we do something about it. That is why two years ago this Government set out a very specific strategy and plan to sort out our public finance problems, to do business differently from how we did it before and to work with our colleagues in Europe to reduce the level of debt imposed on our people. As you are aware—I also say this for those who are not from here—the tools that are available now for dealing with economic challenge were not available then, with the result that our people were required to borrow €64 billion and pay it back. That has placed an unenviable and unfair burden on people. The discussions and the agreements and decisions taken at the European level and nationally are currently under assessment by the trades unions, arising from the Labour Relations Commission document before them. This is all part of a strategy to deal with this problem. We have to borrow €12 billion this year, €9 billion next year and €5 billion the year after. That is not going to go away unless we deal with it. In dealing with it, Peadar, we have to be conscious and cognisant of the impact that it is having on many people. That is why, for instance, we want to be able to deal with the banks and the Central Bank with the regulator and the extra powers that we have given to the Cabinet sub-committee, to get those 100,000 distressed mortgage holders back into the economy and to arrive at a resolution of their problem so that they can contribute to the local economy and have some spirit of hope and confidence that things are getting better. It is not

easy, but it has to be dealt with. It certainly will not improve if we sit on our laurels and do nothing.

I have given my answer on the border poll in the Dáil. This is not the time for a border poll, as Reg Empey said. We have to be in a position where the economies of Great Britain and Northern Ireland and of the Republic of Ireland are thriving and prosperous before people can reflect on these things. Some people want to play with issues here—that is their entitlement—but now is not the right time to focus on a border poll. It is part of the agreement and has to be triggered in the event that there is a changed economy and a situation where there might be a wish for constitutional change. Obviously, a referendum is promised for Scotland for 2014, which may have influenced the views of some, but for me we have more than enough to do now in focusing on improving our economy, getting our people back to work and growing our prosperity, rather than focusing on the question of a border poll. I do not believe in opinion polls at all, but I see reflected in those the views of people in Northern Ireland from both sides of the divide.

In response to Senator Paul Coghlan, I remember being asked to serve on the first British-Irish Parliamentary Association. The objective was to make everybody understand that we did not have horns in this country. That meant going over to London and engaging with our counterparts over there and it meant bringing them over to Ireland. Whether it was the golf rounds or the formal settings, it led to a situation where, after some engagement, it was quite possible to pick up the telephone and speak to any of these people, saying, ‘Look, this is the true story of this allegation, incident or rumour.’ That is the way it should be. All of you, as colleagues here, should feel free to make connections on a very regular basis with those with whom you get on best or from whom you want to get a view, from whatever jurisdiction or association. That is the fundamental thing that you can do, Paul. The Co-Chairs here will appreciate that. It is very important to keep those relationships stable, understanding and fully informed at a political level.

In regard to Robert Walter’s question, yes, I support the budget. The reason why I support it is that I sat around the table with 27 members. Very different views were given. It was important for us, as the incoming presidency, to be able to state our view that you need a budget which is fit for purpose and is able to deliver what the European Union stands for and which does not neglect those outside the eurozone. The agreement was reached on the basis of what every country was doing to reduce the budget by 3%. Within that, people obviously had very different views. We started with the European Parliament, the European Commission and the European Council. In individual countries, from the far right to the far left, there was a wide spectrum of opinion about what the budget should be. However, it was agreed and accepted by the Council. There is not any point in having a pyrrhic victory by saying, ‘Yes, we’ve got an agreement from the European Council,’ if it is not going to pass the test of approval and consent from the European Parliament. That is why, in the discussions that we now have to have with the European Parliament, we are focused on the fact that we are not going to attempt to increase this budget, because that will not work.

In respect of the question of own resources, flexibility and a mid-term review, because the economies of Europe and the economies of the world will be in a very different position in 2016, 2018 or 2020, it is difficult to predict that accurately, so it is only right that there should be the opportunity to reflect and review halfway through. Yes, we support the budget, because we think that it is important that a budget is in place and that we do not have to go back to having annual budget negotiations, which would take up an inordinate amount of

time and in my view would not do the business in the first place. We support the budget and will work for its adoption. We hope to discuss the questions of flexibility between headings, own resources and a mid-term review with the sectors in the European Parliament. I met President Schulz last week and spoke to the leader of the European People's Party, Mr Daul, as well as to the other sectors. The Tánaiste, the Minister of State for European Affairs and I work diligently on this issue.

I do not believe in a hierarchy of victims, as I made perfectly clear. I am regularly asked in the Dáil whether there is a hierarchy of victims. The only case on which I have held out specifically for a public inquiry was the Finucane case. That was because Judge Cory recommended it. Both the British Government and the Irish Government said quite clearly that, whatever the judge recommended, we would both agree to it. The Irish Government accepted the judge's recommendation that there be a public inquiry into the death of Buchanan—that was in the Smithwick Tribunal, which is ongoing. For reasons of their own, the British Government decided not to follow the recommendation on Finucane and appointed Queen's Counsel de Silva to go through the million papers. That was rejected by the family. There is a long-standing all-party agreement in the Oireachtas that, because the judge recommended it and arising from the Weston Park agreement, there should be a public inquiry. That still stands. My answer to your question is that, yes, of course my door is open.

5 pm

With regard to priorities for our presidency, one of the big issues relates to the fact that, in less than a decade, 95% of the world's trade is going to take place outside the borders of the European Union. If we do not get our act together as the eurozone and the European Union, the world will pass us by. In the next 20 years, you will see the rise of Japan, India, China, Russia, South Africa, Brazil and the United States. Europe is not mentioned, because of what I saw when I attended my first European Council meetings, where the lack of trust and lack of truth about decisions that were being made were immediately reflected in the market downturn. We have to understand that in Europe we have the best cluster of the best developed economies on the planet. We have to get our act together about what we want to do about that. Another 500 million people live on the fringes of the European Union, extending into North Africa and growing at 5%, 6% and 7% a year. We need to be in there, too, selling our goods and all the rest.

At the moment in the Republic, we are selling about €2.7 billion on the internet. That is going to grow to €5 billion by 2015. The problem is that 75% of it is coming in, so people are buying stuff abroad from their own homes. If we are marketing, selling or manufacturing, we had better be in a position to sell globally, because we are no longer insulated, isolated or independent. We are all interconnected. For us, it is about finishing the trade talks with Canada, Japan and Singapore. I am glad that one of our priorities as the incoming presidency is to use the potential of free trade between Europe and the US. A high-level report recommended that favourably. We have been ready to go with it for a while. When I spoke to President Obama, congratulating him on his re-election, we said that we should address this issue. He spoke about it specifically in his State of the Union address. I hope that during our presidency we will get a mandate to begin those negotiations formally, although they will not start until after our presidency. Prime Minister Cameron will be interested in that, as Britain has been a driver of the single market and this will allow for the potential of increasing economies by 2% or 3%, with at least 2 million jobs to be created throughout Europe. Britain

is an essential component of that jigsaw. This is an issue on which the Prime Minister would focus.

We also want to look at the question of e-signatures, the data of the digital single market and the recognition of professional qualifications across the board. One of our other priorities is to look at the scourge of youth unemployment, which is 50% plus in Spain and Greece, and 27% or 28% in Ireland. That is not good enough. Putting €6 billion into the MFF over the period 2014 to 2020 for countries where youth unemployment is in excess of 25% means that, if we put in really effective programmes here, a young person under 25 leaving the system or losing a job will, within four months, have a decent opportunity at getting an apprenticeship, training or another job.

One of our classic cases has been the Job Bridge scheme begun by private enterprise together with the state in the Republic. Ten thousand people have been employed in that already and it is employing graduates now. Most of them get employment on a full-time basis. We need to see what other countries do best. According to the Prime Minister in Vienna on the way back from Budapest, their unemployment rate for young people is 3%. What are they doing differently? They offer a youth guarantee to young people if they leave the formal education system at 15 or 16. These are the kinds of things that we need to reflect on and put into practice in our countries. You can give young people a sense of inspiration, hope and confidence that there is a future and that they are going to be able to step up to the mark some day and carry on the responsibility of driving this forward.

Jo-Anne asked about the benefits of the presidency and the CAP. One of the issues arising here in connection with the CAP was the question of its disintegration or a really big reduction in it. In fairness, I have to say that the contributor countries such as Britain, Germany, France, the Netherlands and Sweden all said in the course of difficult discussions about the MFF that you could reduce the budget without entirely shafting the CAP. This is important for the island of Ireland. We have a number of people from Northern Ireland and give them access to the permanent representation in Brussels so that they are fully informed and fully updated on the issues arising.

I have to say that by and large the farming communities really are happy with a reduction of 3%, as distinct from 10%-plus as has been mentioned. Now we have a different argument about whether or not you have flat payments. On that, I might just say that if you were to have a situation where eastern European countries favoured a flat rate across the board for everybody, that would mean that somebody running 400 acres of an intensive dairy outfit who was producing really quality material would be paid on the same basis as somebody who had 400 acres but was not producing very much indeed. That would leave a huge gap in the fact that our exports have risen to unprecedented figures over the last period. So the single market, youth unemployment, e-signatures, the digital market and the trade talks—those are all the advantages. I assure you that when we are past our 50th day of the presidency, we are going to work just as hard for the remaining period.

Lord Mawhinney mentioned the referendum on the European Union. I do not speak for the British Government and I do not speak for the British people but I would say that there are 50,000 Irish people on the boards of British companies. They are our closest neighbour and our biggest trading partner—both ways. I attended the recently set up chamber of commerce for business between Ireland and Britain. I have never seen 600 people in Dublin so excited or so energised by the possibilities for connection that exist either way. We are going to keep

those gates and ports open. At the same time, Irish people voted 60-40 in favour of retaining our place in the euro and being central to the European Community. We have been a member of the Union for 40 years. We are still a recipient country, which speaks for the value of our membership in transforming Ireland over the past 40 years, be it through the Social Fund, the Cohesion Fund, the Structural Funds, the CAP or whatever.

In our deliberations on whether or not the people should vote for the fiscal stability treaty, one of the voices that was very different, fresh and real was the voice of business, irrespective of the political situation. Business said, 'We are in a country where there is a good tax system, a good talent pool, a lot of technology and a great track record, and we want to continue to be able to grow our business, pay our employees and get on with it, so don't put that at risk.' That was quite independent of any of the political cycle that was going on; they made their point very clearly.

I think that British business will stand up and say, 'The single market is important for us. The European Union is important for us. Beyond that, the globe is important.' I spoke to the Norwegian Prime Minister the other day. They are not members of the Union but they are members of the single market in the sense that they participate in it and contribute to it as if they were full members. That is very important for them. Yes, they subsidise their farmers very heavily and there is a €16 tariff on a kilo of Irish beef going in there but that has been their business for many years. The future is the potential. The future is the only place where we all have to live. If we do not understand that it will pass us by unless we grasp it with both arms, we are badly mistaken.

Finally, I know that we have discussed energy today. We should think about this. I met with some multinationals last week. One of them was in a position to get a 15-year fixed-price gas price in the United States at about one-third of the cost that we would get it in Europe for. America is retrenching. It will deal with its fiscal cliff. It will become independent in the sense of energy. It will start to export energy. If cost ratios are going to be like that, Europe will have a problem unless it decides that it, too, should have its grid and to get on and work with that. It requires political courage and leadership to make these decisions for the future. That is an issue that I would like to drive at the European Council, and we should refer to it on a regular basis because it affects everyone in Derry, in Letterkenny and in every town and village in this country and in Britain. If we do not get that together, we just fail the generation behind us. That is why I was happy to see Minister Rabbitte sign the memorandum of understanding coming from the agreement that we had last year with Prime Minister Cameron. I look forward to discussing all these things with him when I meet him in Downing Street next week.

Frank, I do not know why—I cannot speak for the mood or the emotion of the time. After the war of independence, after the treaty and after the civil war, they were all in a boiling pot for many years. I have to say that when Her Majesty came to Ireland and recognised the importance of the Garden of Remembrance in Parnell Square and paid her due respects at the Islandbridge Memorial to those who fought in the Great War, she said better than I could that it closed that circle of history. At Dublin Castle she said that, 'History teaches us many lessons,' and on reflection that, 'some things might have been done differently and some things might not have been done at all.'

Only recently, our own Government gave a pardon to those soldiers from the Irish Army who deserted during World War II to fight for the allies. The vast majority of young men fought

for king and country and for the freedom of small nations, and did so either for a sense of adventure, for a sense of belief or whatever. But that is in the past and needs to be emotionally understood as a question of the times. I hope that in the decade in which centenary celebrations will take place that issue will be addressed by the team of professional historians who are working with the political personnel to deal with this.

Patrick mentioned the G8 summit. Yes, that will be an opportunity. Obviously, Ireland is not a member of the G8, but when the Prime Minister informed me last year that he was going to have the G8 summit in Fermanagh, he said that he would invite me as the presidency anyway. I am honoured to accept that. There are opportunities here simply because of the exposure that the island of Ireland will get from the most important political leaders in the world attending here.

It will also be an opportunity to be able to say that we have such potential, in the sense of Ireland being gregarious, inquisitive and curious, and having had a disproportionate impact on the diaspora around the world. It will feed into the gathering which is the major series of tourism events this year for Ireland. In fact I said in the Dáil recently that the G8 will be the most important and most influential gathering of all when it comes here this year. It is a pity that we do not have the Pope elected to come to it as well—but anyway.

In a couple of years the Giro d'Italia will start in Ireland. Rory is having some little difficulty at the moment but it is great to have the number one golfer in the world from the six counties.

Mr Jim Wells MLA:

He's ours.

The Taoiseach (Mr Enda Kenny TD):

He's yours—of course, I know he is. I played with him down in Killarney and he did nothing wrong that day. It is all about approach, if you know what I mean.

Finally, I think Patrick mentioned the President visiting England. There is a strict protocol here, of course. I understand that the protocol on business is in train with the President. That may happen in 2014. I am not sure of the time yet because there is a matter of schedules, both for Her Majesty and for the President, but it will happen as a reciprocal visit to the visit of Her Majesty here. I think that that deals with most of the issues that were raised. Thank you again for your attention.

The Co-Chairman (Mr Laurence Robertson MP):

Taoiseach, given that you were a former and founding member of this Assembly, it is a great pleasure for us to have welcomed you here today. You made an extremely powerful speech covering many issues: jobs and prosperity; peace and reconciliation; the legacies that we have to deal with; the good relations that we can build from all that, and the opportunities which those good relations will then give us.

I thank you very much for coming here today. We wish you well with your presidency and with the very difficult work which you have as Taoiseach. We do, of course, share many of

the problems. We share many of the aspirations as well, so we wish you well and, particularly, we thank you very much indeed for coming here today. Thank you.

The Taoiseach (Mr Enda Kenny TD):

Thank you, Joe; thank you, Laurence; thank you, ladies and gentlemen. I hope that you enjoy the evening and your visit out to Downings and Rosapenna. It is a wonderful place, believe you me, and if you need to clear your head in the morning go for a walk on the Trá Mhór. It is only six miles long.

The Co-Chairman (Mr Laurence Robertson MP):

Taoiseach, if you get the chance to come to the racing at Cheltenham, you will be very welcome.

The Taoiseach (Mr Enda Kenny TD):

Well, listen to this. Last year we discussed that—not as a matter of major international consequence—and I said to the Prime Minister that it was my intention to go to Cheltenham. He said that he would love to go as well, so we had tentatively agreed that we might go up there the same day. My idea was that we would walk the last 100 metres of the Gold Cup track before the race so that we would have the crowd on our side. Unfortunately I have to go over on the Monday, as there is a European Council meeting on the Wednesday, the Thursday and the Friday, so that means that we cannot make Cheltenham this year. But you never know; hope springs eternal. Thanks.

The Co-Chairman (Mr Laurence Robertson MP):

I now adjourn the session. Perhaps I may remind Members that we will meet again at 9.30 tomorrow morning. More immediately, the coach will leave the hotel tonight at 6.15 pm. Thank you very much.

Adjourned at 5.13 pm.

Tuesday 5 March 2013

The Assembly met at 9.34 am

PROGRESS REPORT OF COMMITTEE B (EUROPEAN AFFAIRS)

The Atlantic Strategy: Benefits for Britain and Ireland

The Co-Chairman (Mr Laurence Robertson MP):

Good morning. We now resume in public session.

Before we return to the work of the committees, can I mention that one of our Members, Sean Rogers MLA, was taken into hospital last night. The Co-Chairman, Joe McHugh, is following that up this morning. I am sure we all wish Sean very well for today.

We now return to the work of the committees and consider the draft report of Committee B, which deals with matters relating to Europe. The report is titled, The Atlantic Strategy: Benefits for Britain and Ireland. Copies of the report are available on the documents table. We will then hear a progress report from Committee D, which deals with social and environmental issues.

I call on Mr Robert Walter MP to present the draft report of Committee B, The Atlantic Strategy: Benefits for Britain and Ireland.

Mr Robert Walter MP:

Thank you, Co-Chairman. Perhaps, before I go into the detail of our report, I can give a quick update of the ongoing work of the committee. We intend to present a report at the next plenary on Ireland's Presidency of the Council of the European Union and to sum up the achievements of the Irish Presidency. Looking forward to this time next year, we are engaging on a slightly longer term report on the work of the European Investment Bank in the various jurisdictions covered by our Assembly.

We had a very good turnout at our committee yesterday. We have one or two enthusiastic new Members who will be very engaged in these two new reports.

I move now to our short report on the Atlantic strategy and the benefits for Britain and Ireland. The report has been distributed and should be on Members' desks. This is an ongoing inquiry. I would like to inform the Assembly of the work done so far by the committee and how we look to proceed in the future.

In 2010, we conducted an inquiry into a British and Irish regional economic space and concluded that there was a high level of political support for the creation of a regional and economic space within the European Commission and among member states. Since then, the European Commission has come forward with regional economic strategies for the Baltic Sea region and the Danube region and, in 2011, published a proposal for an Atlantic strategy. The Atlantic strategy is a pilot sea basin strategy covering the five European countries with an Atlantic coastline. They are Portugal, France, Spain, Ireland and the United Kingdom.

At the Glasgow plenary in October of last year, we decided to inquire into this Atlantic strategy and to look at how it could benefit the UK and Ireland. We wanted to ascertain how successful the previous strategies have been and whether an Atlantic strategy would be the best way forward, as opposed to our previous discussion on a regional economic space for Britain and Ireland only. In January of this year, the committee travelled to Brussels for two days of meetings on the inquiry. Among those we met were the Irish permanent representative to the EU, Mr Rory Montgomery, representatives from the UK, Scottish, Northern Ireland, Welsh and Irish Governments and a number of Members of the European Parliament.

The first question to be answered was, what is the Atlantic strategy. There is no one definition of the strategy and its objectives. We would summarise it as a macro-regional strategy in all but name, where the five countries involved can pinpoint projects where multilateral action can add value and stimulate economic input. It could act as a real economic stimulus to coastal areas and create jobs and growth.

Of course, the Atlantic strategy does not preclude more co-operation between the British and Irish Isles, but Britain and Ireland will benefit from being part of the Atlantic strategy and working on joint projects with other member states. There is clear government support for the strategy from France, Spain, Portugal and Ireland. Indeed, we commend the Irish Government on using its Presidency of the European Union to push the benefits of the strategy and to work for real progress. The enthusiasm of the United Kingdom Government is less apparent and we hope that in future the UK Government recognises the merits of the strategy and fully engages with it.

In this period of austerity, it is important that we are as fiscally prudent as possible. No additional funding is available to support the Atlantic strategy and all proposed actions are to be financed within existing programmes. The Atlantic strategy is well known within the European Council, the European Parliament and the European Commission but the wider community and public, including Members of Parliament and members of the devolved assemblies, are generally unaware of the strategy. We hope our report stimulates interest among Members of the British Irish Parliamentary Assembly and leads to further debate on this specific strategy and other macro-regional strategies in the parliaments and assemblies of the United Kingdom, Ireland, the Isle of Man, Jersey and Guernsey.

The European Commission is currently working on an action plan which should be produced by Easter and it is hoped that the conclusions of the action plan will be considered, and possibly endorsed, by the European Council in June. The strategy could then be implemented from 2014 onwards.

We will continue to follow the Atlantic strategy through the publication of the action plan and the implementation of projects in 2014. We believe this should be a key focus for the British Irish Council as well, and we hope when the report is transmitted to the BIC that we can engage in a genuine dialogue on its implementation in these islands. We hope to publish a final report at a later date, probably next year.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you very much indeed for a comprehensive summary. Does anyone wish to ask any questions?

The Lord German:

Could I flesh out a number of the issues that come out of this report? The first thing to say is that the previous strategies that crossed member state boundaries largely focused on the Baltic and the Danube basin where they have had political drive and initiative which has brought them forward. The Directorate General of the European Commission that managed them was regional policy, DG REGIO. The Atlantic strategy is managed by the Directorate General for Maritime Affairs and Fisheries, DG MARE, which has its focus on the growth and potential of the sea.

There are some underpinning tensions in what might come out of this. There is no new money, but the experience of the Danube basin and the Baltic strategies is that member states have contributed European funding to joint projects and ventures. The over-arching ambition for these macro-regional spaces is to create a strategic approach across themes and member state boundaries. It will, undoubtedly, be the case that member states will be contributing some of the European funding they can use domestically, Structural Funds and others, towards undertaking these projects and themes. There are, then, a couple of tensions. The fact that the strategy is managed by DG MARE means one would expect the sea to feature greatly in every project. In our meetings with DG REGIO they made it clear that they did not see this as narrowing the set of priorities. In fact, they saw it as expanding them. In the action plan, which is to be published at the end of this month, DG MARE asks for a number of meetings of the five or six member states engaged - I believe there have been meetings in Cork and Cardiff - and asked what they call 'actors' to provide their views on what sort of projects should be involved. That is where the engagement of member state governments is crucial in order to be able to steer the strategy toward what they might want to see for their countries.

The first tension is about what does economic development and the sea mean and does it rule out any other form of economic development that is not, necessarily and wholly, to do with the sea. There is no clarity on that issue, in my view. It is also possible that will come out in the document to be published which will give a better steer to governments.

9.45 am

The second tension is how far back from the sea front do we go? It was made clear to us that the strategy does not rule out any form of economic growth activity related to more than one member state, in our case the UK and Ireland, providing it had a relationship between the two countries. That was a little unclear to me. One of the key rapporteurs on this issue in the European Parliament said he felt it could involve activity between 50 km and 100 km back from the coastline and that anything that related to the countries involved could be applicable. Whether or not that will appear in the action plan is another question. If one were to go 100 km back from the coast of the United Kingdom one would, in most cases, have covered nearly everywhere in the country. It surprised me that the United Kingdom Government has not yet engaged as strongly in this issue as it could do, given that there will be pressures to spend some of the European Structural Funds it has coming to it.

The other issue is one that needs a little more in-depth analysis, and will come out over time. The change from being run by the regional policy Directorate General to the sea Directorate General is, in European Commission terms, a bit of an experiment. I think there has been

pressure from DG MARE to undertake this work because they felt there was an underdeveloped economic resource and growth and potential which the sea could provide. Of course, this Parliamentary Assembly has the great advantage that the director of DG MARE is from Wales and has a great interest in relationships between the UK and Ireland. In the future, we will have to examine the question of whether or not we are seeing this as a real potential.

The other option which might well come up in future years and months is whether there ought to be a North Sea strategy for the east coast of the United Kingdom and the countries that border the North Sea, such as Belgium, Holland, Denmark and so on. That may well be another opportunity coming up in the near future.

There is no doubt that the use of these greater than one member state areas and the increasing use of Structural Funds and European funding to make it happen will be a feature of the future. It is worth keeping a watching brief on this. In years to come we will probably see this as a natural development across the whole of the European Union.

Deputy Roger Perrot:

It is much to be hoped that Britain and Ireland will benefit from such a strategy. Could I make a point, yet again, about the Channel Islands? The sea is of over-arching importance to the Channel Islands. Something that comes from Europe as a vague strategy and sounds warm and cuddly to begin with can turn into something pernicious, which may be too harsh a word but we have seen it happen with tax harmonisation, fisheries and all the rest of it.

Any implementation of this strategy would, I hope, respect the jurisdictions of the non-European parts of the Atlantic that fall into this basin. Here, of course, I talk about Guernsey. I will not talk on behalf of Jersey, my colleague can do that.

Mr Michael Connarty MP:

I thank Robert for his very interesting report. He talks, in the report, about the strategy for the Atlantic Ocean area. Was consideration given to deep water Atlantic fishing which is outwith the jurisdiction of most of the territories but has a massive impact on the shoaling of fish that we rely on within the EU?

Mr John Scott MSP:

This seems like a very good idea, from a Scottish perspective as well. Given the endorsement of Lord German, it is something we should all be pursuing and I would want it to be known that Scotland would want to be in there too, in an entirely proper way.

Connetable Daniel Murphy:

I agree wholeheartedly with my colleague from Guernsey. We have certain rivalries but when it comes to facing the outside world we stand shoulder to shoulder. Our fisheries are terribly important to us and I would like to think we would be consulted on every future move on this one. Already, while we are not having troubles with the French, we have to liaise with them on a close basis because of our boundaries. I would like to think we would be consulted every step of the way. We would like to put into the issue whatever we can.

The Co-Chairman (Mr Laurence Robertson MP):

As there are no more contributions, I invite Bob to wind up.

Mr Robert Walter MP:

Thank you very much indeed, Co-Chairman. I will respond briefly to the points that have been made.

Mike German was very comprehensive. Of course, he was with us on our investigation into this. There is one point I would make. In my contribution, and also in the report, there is an implied criticism of the enthusiasm of the United Kingdom Government. Of course, the devolved administrations are involved in this as well, and there is a varying degree of enthusiasm from the devolved administrations. I would say Scotland and Wales are a little more enthusiastic than Northern Ireland. That is the fact.

May I pick up on the points Roger Perrot and Dan Murphy made with regard to the Channel Islands? Of course, the Channel Islands and the Isle of Man are not part of the European Union and, therefore, tend not to be in the focus of the European Commission's strategy. I made the point, on a number of occasions when we were in Brussels, that if we are to have an Atlantic strategy we ought to be considering the interests and co-operating with Iceland, the Faroe Islands and Norway as well as the Channel Islands and the Isle of Man, which are all part of the Atlantic. They said, 'Well, let's get this off the ground first', but I am very conscious of the matter. The rapporteur on this in the European Parliament, Alain Cadec, is a French Member of the European Parliament from Brittany. He may have some common interests with the Channel Islands but they may be conflicting interests. Nonetheless, it is a point well made. In all reports of this Assembly and the British-Irish Council we should emphasise that we do not forget the interests of the dependent territories.

Mike Connarty made a point about going further out and deep seas. From evidence taken from Members of the European Parliament and also from the Irish Presidency, they are looking much further than at what happens just off shore. The Irish permanent representative was looking right across the Atlantic to co-operation with the United States and Canada and saw this fitting in with the evolution of a North Atlantic trade relationship with the US and with the existing negotiations with Canada. That point is well taken. The strategy would include deep sea fishing.

I think that I dealt with John Scott's point by saying the Scottish Government seems to be enthusiastic about this programme. If I might say so, Co-Chairman, the report is a good starting point and I humbly ask the Assembly to approve it so we can transmit it to the Governments and to the British-Irish Council.

The Co-Chairman (Mr Laurence Robertson MP):

I am happy to put to the meeting the question that the plenary take note of the report of Committee B on The Atlantic Strategy: Benefits to Britain and Ireland. Is that agreed? Agreed.

I thank Robert and his team for that report, which will be sent to the British and Irish Governments.

PROGRESS REPORT OF COMMITTEE D (ENVIRONMENTAL AND SOCIAL MATTERS)

People Trafficking

The Co-Chairman (Mr Laurence Robertson MP):

We now come to the progress report of Committee D on environmental and social matters, presented by Lord Dubs.

The Lord Dubs:

Thank you, Co-Chair. As you say, this is a progress report, so I will update colleagues on where we stand.

First, Mr Nic Besly, who has been our very effective UK clerk for the last few years is moving on to other responsibilities at Westminster. I want to thank him for the work he has done for the committee and for all of us.

We have a very excellent committee who are working hard. This is an interim report. We expect to produce the final report on people trafficking for the next plenary. We have already been to Cardiff, Belfast and Edinburgh and still have to take evidence in London and Dublin so that we can get the report finalised in time for the next plenary.

The sort of findings we have come up with, bearing in mind there are two capital cities still to go, relate to the need for co-ordination of all the agencies and organisations involved with people trafficking. The better the co-ordination the more likely it is that justice can be done, the people who bring people in brought to justice and better support provided for the vulnerable people who have been trafficked. Co-ordination is one issue. We saw a very good model in Wales of how this is happening and good models are found elsewhere, I am sure.

One of the difficulties is that police tend to see people who have been trafficked as liable to be charged with being illegal immigrants rather than as victims. The threat of that deters people from presenting themselves and deters non-governmental organisations, NGOs, from reporting traffickers. Therefore the whole thing is a bit stuck. We noticed some very interesting initiatives on police training, for example in Scotland, and the better the police can be trained the less likely it is that NGOs will withhold information about trafficking. Under the heading of co-operation, there is an important need that the voices and all people who have any involvement with the issue should be heard and brought together to give the fullest picture in every jurisdiction where trafficking happens. NGOs are close to the action. They sometimes pick these things up sooner than other people. It is, therefore, important that NGOs should be central but there is a list of other agencies and organisations, such as the police, the health service and local authorities, who all have a part to play.

We understand that some people are given visas to enter our jurisdictions even though, on all the evidence, it is fairly clear they are likely to have been trafficked. We want to talk to the UK and Irish border authorities to see how much note they take of this. Sometimes one can

nip these things in the bud if border controls are sufficiently tight. This is only a hypothesis at present. We have not put that one to the test. There should be a full report for the next plenary.

We then had a discussion about where we go next. We have decided to do the tough thing and look at travellers. This is a pretty contentious political issue and quite uncomfortable but we felt it should be done. Nobody else is doing it so the committee has agreed that the next study will look at travellers' housing, education, movement and public hostility to them in local areas.

That is my report.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you, Alf. Are there any comments or contributions?

10 am

Mr Jim Wells MLA:

I concur with what the committee chairman has said. The shocking information we discovered in the Cardiff hearing is that the overwhelming majority of people we are dealing with are not smuggled. They are trafficked, and there is a very important distinction. A smuggled person is someone who comes into the United Kingdom without any visa or entry documents. A trafficked person invariably has those documents. The other shocking fact is that the same countries, places like Vietnam, Nigeria and some of the eastern European countries that are not part of the EU, come up time after time. If there is a huge surge in people from Vietnam applying to be household staff and a large proportion of those who are trafficked are household staff from Vietnam, the penny must begin to drop with the UK Border Agency that this is an obvious way of trying to bring this under control. It is totally wrong to traffic someone, particularly a vulnerable woman for the sex trade, by giving her the appropriate documentation to come into the country. That is not doing anybody any favours, particularly that lady. The committee's hearing with the UK Border Agency will be crucial.

Some of the listening we have had to do as part of this inquiry has not been pleasant. This is a very nasty evil trade. As a collective group of nations, we have not got to grips with just how ghastly this all is and with taking the appropriate action. If ever there was an activity that encompassed all our jurisdictions it is this. Women for the sex trade and men for agricultural labour are trafficked across all of our borders regularly according to demand. We should give more time to this report because it is so important.

Ms Siobhan McMahon MSP:

On a point of information for the committee, the Scottish Parliament has been looking into the issue of gypsy travellers for the past year. The Equal Opportunities Committee, of which I am a member, has just finished a report on social care and we are now looking at a second report on gypsy travellers and where they live and work. The report has had considerable media attention in Scotland. The Equal Opportunities Committee looked at this issue ten years ago and we are now looking at the progress made since. If there is any information we can give to Committee D we will be more than happy to do so.

The Baroness Harris of Richmond:

Hearing that work was started ten years ago is an indication that we have not moved on. Some years ago, when I chaired one of the select sub-committees in the House of Lords, we looked at some areas where these instances were happening. I remember going to London Airport and having a look at what the police were doing about trafficking in those days. The ports of exit, where these traffickers are coming from, need to be looked at as well. It is not all about women being trafficked. A great many children are being trafficked for all sorts of reasons. That must be at exit ports. I would like an answer to that.

Mr Michael Connarty MP:

I am vice-chair of the All-Party Parliamentary Group on Human Trafficking in the UK Parliament. There is a large organisation called Parliamentarians Against Human Trafficking which is funded by the European Union and run through the Human Trafficking Foundation in the UK. We are trying to gather all the jurisdictions in the EU to set up similar organisations, whether ombudsmen or some kind of over-arching independent organisation, to look at what their governments are doing on human trafficking. We had a very good meeting in Northern Ireland. We have active members from the SDLP and the DUP on our committee. There is much to be gained from looking at what other groups are doing rather than trying to re-invent the wheel.

I recommend that people look at the work of the Gangmasters Licensing Authority in the UK. Although it is about to be downgraded, under-resourced and re-orientated, to such an extent that that the chief executive of Sainsbury's has criticised the Government's action against a protective organisation for people who are trapped in modern day slavery in the agricultural industry, it is a very effective organisation and has exposed some vile practices in the agricultural industry. There are initiatives the committee should look at, so we do not try to re-invent the wheel.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you for a very useful contribution on this very important subject. We are already running over time, but this is a very important subject.

Ms Ann Phelan TD:

I am very well aware of what Alf is trying to do. We are also colleagues on the Organisation for Security and Co-operation in Europe, OSCE. I am also trying to compile a report on human trafficking.

The committee ought to be aware that 80% of trafficked people are from the Romany population. We have a huge difficulty with this across Europe. A common thread through all the people who are trafficked is a low level of education. They have little education and want to better themselves. That is a huge reason people find themselves vulnerable and being trafficked. Across Europe, we need to look at our education systems and make sure these people get the education they deserve.

Is the committee aware of a sad case that happened in Dublin almost 18 months ago? Even in our Parliament, the Dáil, I was the only Member who raised the issue. An 18 year old Romany girl, although not trafficked for the sex industry which is the case with most trafficked women, was captured by a criminal gang, tortured for an entire weekend and subsequently found dead. The girl could not read or write. She had a mobile phone and could ring her brother in Romania but she could not give him her address. If she had been able to do that she might have been set free. In that one case we see all the human rights issues we need to fight for, as democracies.

Senator Cáit Keane:

I sit on Committee D with Alf, Jim Wells and others. Our report is not all about trafficking. It also looks at the legalisation and decriminalisation of prostitution. Trafficking is a major aspect of the report but it is not the only one.

The Joint Committee on Justice, Defence and Equality in the Oireachtas is examining the issue of legalisation or decriminalisation of prostitution. We are tick-tacking with the committee on this issue. The London meeting of Committee D will be held before the Dublin meeting because the Oireachtas committee is also working on this issue, as it happens. This is a pressing issue. I am sure many Members read a report on this issue in yesterday's *Sunday Independent*. This is a wide issue.

The committee will next look at the issue of travellers. The Romany gypsy issue is not a traveller issue. There are cultural issues. All of it is interlinked.

Mr Jim Dobbin MP:

I wonder if the committee is aware of the Council of Europe's ONE in FIVE campaign which is associated with the Lanzarote Convention which tries to raise awareness of the issue of trafficking, particularly of children.

Approximately 22 countries have ratified the convention. I am not sure what the situation is with Ireland. The UK has signed up to the convention but has not ratified it. It might be worth having a look at what is happening there. I am the United Kingdom's representative on the ONE in FIVE campaign, which is part of the Council of Europe health committee. Our next meeting will be in Berlin on 14 and 15 March.

The Lord Dubs:

I thank colleagues for their contributions. This becomes a bigger and bigger topic the more we discuss it, which is why the committee is taking rather longer. We are aware that much work has been done in parliaments and assemblies within the British Irish Parliamentary Assembly and in the Council of Europe. We, clearly, do not want to re-invent the wheel. The bottom line is that we are looking at trafficking across the jurisdictions and at examples of best practice which could be transferred from one jurisdiction to another. For the rest, we want to dip into work that is being done so well in many of the parliaments and assemblies. We cannot quite do everything we would like to do.

I agree with what Jim Wells said about border controls and visas. I thank Siobhan for her information about the work in Scotland. We will take advantage of that when we come on to

looking at travellers. Baroness Harris asked about looking at countries of exit. We can pick that up, although we want to rely on work done in national parliaments as well. We are not quite geared up to doing all that. Otherwise we would take another year. It is, however, an important point.

Michael talked about parliamentarians against trafficking. I have attended some of their meetings and discussed with them the work our committee is doing, so we dovetail with them. They have been very encouraging of our work. We want to dip into that. We want to have another look at gangmasters legislation because it has a bearing on the work we are doing.

Ann talked about the Romany. I am in some doubt as to whether, in looking at travellers, we should include the Romany population. My instinct is to say we probably should, but the committee may want to have another think about that before we start doing it.

Cáit mentioned prostitution. It is a big issue. In Belfast, there is a private member's Bill, which we discussed, that proposes to make it a criminal offence for men to pay for prostitution. This is a very big issue and may go beyond the parameters of what the committee can do. We have, certainly, got involved with it and we will take some more evidence on the subject to see if we can come to a conclusion. It is, in some ways, a more contentious subject than some of the others we are examining. I thank Jim Dobbin for his suggestion. I will check that we are fully aware of the Council of Europe campaign.

If any colleagues have other information on the subject of people trafficking it would be very helpful if they would draw it to our attention. We are trying to pick up what is going on in each parliament and assembly, but it is quite a big task and we do not have the resources to make this study as comprehensive as we would like it to be.

I thank you very much indeed. We will deliver a report and go on to travellers after that.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you, Alf, and members of the committee for that update. We look forward to the full report.

SEVENTEENTH ANNUAL REPORT 2012

The Co-Chairman (Mr Laurence Robertson MP):

The Steering Committee has agreed the Seventeenth Annual Report 2012, as amended, copies of which are available on the documents table. I ask that the Assembly take note of the Seventeenth Annual Report 2012. Is that agreed? Agreed.

GOVERNMENT RESPONSES

The Co-Chairman (Mr Laurence Robertson MP):

I ask that the Assembly take note of the following Government responses, copies of which are available on the documents table:

Response from the Minister for Justice and Equality re issues raised in relation to co-operation between Ireland and the UK in the context of the common travel area;

Response from the Minister for Arts, Heritage and the Gaeltacht to the report of Committee A on The Decade of Commemorations.

Is that agreed? Agreed.

I have also received a response from the Minister for Foreign Affairs. As it has not been circulated I will bring it forward at the next plenary.

10.15 am

ENERGY IN THE NEXT DECADE

The Co-Chairman (Mr Joe McHugh TD):

We now move on to our next session which comprises of panel discussions on ‘How energy will evolve in the next decade’ and ‘Delivering secure, sustainable and competitive energy to all consumers’. I have sought and obtained agreement from our next two speakers to do a joint session, so we are departing slightly from the agenda. Are members agreed that we take the next two contributors in a joint session?

Members indicated assent.

The Co-Chairman (Mr Joe McHugh TD):

Before we call on our next two speakers—Mr Pat O’Doherty, chief executive of the Electricity Supply Board (ESB), and Fintan Slye, chief executive of EirGrid—it is important that we take stock of yesterday’s debate. Obviously, there were a lot of policy and regulatory challenges espoused by Members. To borrow a phrase from Baroness Harris’s contribution—and I hope that I do you justice here, Baroness Harris—you asked how we create a community dividend for the small person who wants to connect to the grid, or how communities can reap the economic dividend from the renewable sector. Those are not your words exactly; I am paraphrasing, but I hope I have the spirit right.

The Baroness Harris of Richmond:

Thank you. Indeed.

The Co-Chairman (Mr Joe McHugh TD):

I think it important to have that in mind because we had a lot of presentations yesterday from big business, which is obviously important because big business creates jobs. Obviously, a thriving economic sector is good for society and the economy. At the same time, Members know that, in their respective constituencies, there are people with good ideas who want to build their own one-generation at a community level and there are difficulties from regulatory point of view. I hope that that backdrop does not steer debate in any way, but no doubt Members will have their own questions after I introduce the two speakers.

With that in mind, I call Mr Pat O'Doherty, chief executive officer of the ESB. The ESB was founded in 1927. At that time there was a TD, Patrick McGilligan who lived not too far away across the border in Derry, who was instrumental in the ambitious plans of ESB at that time. Obviously, ESB has evolved over the years and you have an outline there, Pat, of how your plans are going to evolve over the next decade.

I would also like to acknowledge Pat's commitment to attend the plenary meeting at a very early stage, and we appreciate his being here with us today. So, without further ado, I introduce Pat O'Doherty.

Mr Pat O'Doherty:

Thank you and good morning. Co-Chairman, distinguished Members, ladies and gentlemen, I am delighted to be here today at the 46th plenary meeting of the British-Irish Parliamentary Assembly to contribute to this very important discussion on how our two jurisdictions can work together more effectively in the area of energy policy. I commend the British-Irish Parliamentary Assembly for promoting debate on the subject.

Today, energy and energy-related issues are at the heart of industrial and economic policy across the globe. What happens in the energy sector over the next two, three or four decades will determine the capability of policymakers and industry leaders across Great Britain and Ireland to create jobs, promote growth, and meet vital social and environmental targets.

The topic that I have been asked to speak about today is 'How energy will evolve over the next decade'. What strikes me about this question is that a decade is a very short time in our sector. Ours is what is called a long-cycle capital-intensive industry. The assets that we build today are financed through debt raised on the international markets and, in many cases, will be with us for the next 40 years — and that is a very important policy consideration.

I can give the example of Moneypoint coal-fired station in County Clare. It was planned in the early 1970s; construction began in the late 1970s; it was commissioned in the mid-1980s; and it will be with us up to 2025 and beyond.

So, to some extent, we can predict how the energy sector will look in 10 years' time in 2023 because, by and large, it reflects the investment decisions that we are making today and, indeed, those we took over the past 10 to 20 years.

However, that is not the full story. The energy landscape is going through a period of huge transition and we are facing challenges of unprecedented scale and complexity. In that context, we will see developments in innovation unfolding over the next 10 years, prompted by the need to address climate change and facilitate market integration in an environment of severe capital constraints. Those developments will be underpinned and enabled by new technologies and approaches. It is critically important that we all remain open to the wide range of options that will emerge over the coming years.

In some ways I would characterise the electricity sector now as being in a position similar to the telecoms sector in the late 1980s and early 1990s. Back then, we knew that the telecommunications industry was facing an era of technology-driven change. However, I doubt whether anyone back then could have predicted the dot-com boom and bust or that that

would be followed by such widespread penetration of web and smart technologies into our everyday lives.

There are lessons there for the electricity sector as we face a similar period of technology-driven change. Before I step into the future, however, I want to take a little step into the past. For much of the last century, the electricity system in Ireland and Great Britain has been dominated by large-scale, centralised fossil generation interconnected by transmission grids with simple radial distribution networks, bringing power to, by and large, passive consumers of energy. Energy was plentiful, electricity was provided by utilities and customers were passive recipients in the electricity value chain.

Over that period, keeping electricity prices low was the dominant driver of energy policy. For the past 20 years or so, market competition was considered the best way to achieve that. Although security of supply was always considered important, it ranked after price and, by and large, was considered as a given. Sustainability did not feature at all on the socio-economic or political radars, or in energy policy considerations.

However, things have moved on and our current and future energy world is and will be very different from that of the past. Policymakers now face the so-called tri-lemma of balancing three vital, but often conflicting, priorities: security of supply — known as keeping the lights on; protecting the environment; and ensuring that energy prices remain affordable and competitive.

Although we have relied on market competition as the primary vehicle for delivering energy policy over the past 20 years in Great Britain, and the past 10 years in Ireland, there are serious questions as to the market's ability to address not just the issue of price but all those three policy priorities that we face. We are starting to see market forces being supplemented by a much stronger hand of government in addressing policy targets and objectives. The UK's Electricity Market Reform (EMR) programme is a case in point.

That is a really important development in Great Britain, where it would appear that there is now an acceptance in the most competitive and liberalised electricity market in Europe that markets have not delivered on the policy outcomes of policymakers and governments. I think that that is paving the way for a debate in Europe on that issue.

What does that mean for the energy sector in Great Britain and Ireland? Of the three policy priorities that we are facing, climate change policy will have the greatest impact in not just avoiding the potentially catastrophic effect of climate change but in driving new commercial opportunities and new ways of working and living. With climate change, we are facing one of the biggest challenges of our time and all EU member states have signed up to binding carbon-reduction targets, with the objective of achieving full decarbonisation of our economies by 2050.

As one of the largest producers of carbon, the electricity sector — my industry — is expected not only to lead the way by decarbonising itself but also to carry the burden for other sectors. ESB's vision is of a decarbonised electricity sector providing the engine for a decarbonised society.

We are already starting to see industries that traditionally relied on fossil fuels such as transport and heating shifting to electricity as a means of meeting their own carbon reduction

targets. In yesterday morning's panel session, Neil Stewart of Glen Dimplex talked about sustainable heating and energy storage technologies. That trend is likely to continue as the electricity sector remains at the forefront in adopting new low-carbon technologies. At ESB, we say that if we decarbonise electricity and electrify transport and heat, that that will lead to the decarbonisation of the economy and society.

With increasing dependence on clean, green electricity, industries across all sectors will be attracted to countries with the most efficient, sustainable and reliable electricity supply. Electricity will, therefore, have a strategic and pivotal role in industrial and economic policy. In that context, it appears that our abundant wind and wave resources in Ireland have the potential to provide a silver bullet solution, not just for Ireland but for Great Britain in the form of renewable exports. However, while it is tempting to look on renewables as a fast track to the future, the answer, unfortunately, is much more complicated.

So, what will our sector look like in the future? In terms of generation, the future energy landscape will comprise a range of different technologies; some traditional, large-scale and centralised, and some distributed, some renewable and some thermal. Some will be based on technologies available to us now, and others will be based on new innovations. Low-carbon generation will be the order of the day.

Renewables clearly have an important role to play in that new scenario from the point of view of addressing climate change. However, while wind offers a free low-carbon and plentiful energy source, wind technology currently has limitations in price and security of supply. From a security of supply perspective, the question is: how do we ensure that the lights stay on when, for example, the wind fails to blow? On price, the question is: are we willing to pay more for renewable generation than, for example, gas generation? At ESB, we hear from our customers, particularly industrial customers, that price is the single biggest issue for them today.

So, why the debate? The cost structure of renewable technologies is very different to that of thermal generation. With renewables, all the investment costs are upfront as fuel is free. With gas generation, approximately half of the costs are upfront and half are incurred over the life of the plant as gas is purchased. The economic argument in favour of wind depends very much on assumptions about future gas prices. In truth, some renewable — onshore wind in particular — are reasonably competitive with gas generation today, when gas prices are medium to high as they are at the moment. However, renewable wind generation is not competitive with gas at low gas prices, and that is one the single biggest policy considerations.

Right now, we do not really know with certainty how the dynamics of the gas market will play out. We heard yesterday that gas prices in the US are significantly lower than in Europe or Asia, and analysts are even predicting that the US could soon become self-sufficient in gas. That is all down to the so-called shale gas revolution, which could see the USA being a net exporter of gas and, if some predictions are to be believed, could herald an era of cheaper gas. Philip Lowe from the EU Commission brought that up yesterday in the context of the competitiveness of the US versus Europe and said that the US is heading for long-term low gas prices and being an exporter of gas.

The extent to which nuclear power and clean coal generation technologies are adopted will also impact on the demand for and the price of gas. However, the coming decades are also

likely to bring significant advances in technologies, which could bring down the price of renewable generation and, in doing so, make it more competitive against gas. It is too early to tell how the energy costs of the various technologies will play out.

Where does that leave us with the future of our generation mix? Given that uncertainty, I do not think that we should put all our money on a single solution, be that wind, other renewable technologies or traditional generation such as gas or nuclear. We need a range of different generation types and fuel sources operating together across our two islands. The challenge will then be to select the right mix of clean, diverse generation to achieve the best policy outcomes.

10.30 am

In ESB, we are planning on a generation mix by 2030 of what we call ‘one third, one third, one third’ on an all-islands basis. Now, 2030 is not that far away because the lifetime of investments being made today falls within that timescale.

Of that generation mix by 2030, one third will be from high-efficiency unabated gas — gas that comes from an existing gas plant — one third will come from predominantly existing renewable technologies such as wind and hydro and one third will come from new clean generation technologies of a mix yet to be determined.

That final one third is the most interesting piece. It will be a mix of technologies at various stages of deployment, such as onshore wind in Ireland, offshore wind, ocean, biomass, CHP, clean gas or clean coal, and truly distributed technologies such as solar PV, micro-CHP, fuel cells and energy storage.

In time, unabated gas or CO₂ producing generation technologies will be displaced beyond 2030 towards 2040 to achieve complete decarbonisation between 2040 and 2050.

New nuclear power is also likely to be part of the mix in Great Britain. So, by 2030, in our scenario, two thirds of electricity production will be CO₂ free as a stepping stone towards full decarbonisation by 2050. It is that mix of generation and fuel technologies that will ultimately determine the price of electricity and, thereby, economic competitiveness for decades to come.

In the area of renewables, ESB is investing in wind generation on both sides of the Irish Sea. By the end of this year we will have almost 400 MW of wind in operation. A British-Irish agreement on renewable exports would be hugely helpful in harmonising electricity market arrangements and bringing about an integrated electricity market.

That brings me on to the subject of renewable energy source (RES) exports. As we all know from yesterday’s discussion, a number of very exciting and ambitious projects are being considered around Ireland which seek to build high-capacity onshore wind farms and export the energy to Great Britain through interconnectors. Some interesting offshore projects in the Irish Sea are also being advanced.

Is ESB interested in these projects? Yes, of course we are. Will these projects progress? Well, in my mind, the jury is still out on that. The viability of those projects rests on three things. First, will the projects qualify for the renewable support schemes that are available in Great

Britain and, to date, aimed at offshore wind generation? Quite possibly, they will, and the recent memorandum of understanding that was signed by the British and Irish Governments makes that prospect more likely and is to be welcomed.

Secondly, can projects be structured to ensure that the Irish exchequer, landowners and local communities get a dividend from having such developments onshore in Ireland?

The third question in my mind about RES exports is how the planning authorities will view the projects and, perhaps more importantly, the degree to which Irish people accept wind farms, the primary function of which is to export energy, albeit on a commercial basis, to the Great Britain market.

I hope that the answer to those questions is yes, but that will require much effort on the part of legislators, regulators, policymakers, communities and industry participants.

It is also important that the full integration of the Great Britain-Ireland electricity market happens in parallel. It is only in that context that the ability to trade Irish renewable generation with complementary technologies in Great Britain such as offshore wind and nuclear energy, will help to improve competitiveness and stabilise energy prices going forward.

Moving away from generation, I also anticipate that we will see major changes in electricity networks and the way in which electricity is delivered to customers. I am sure that Fintan Slye, the chief executive of EirGrid, will say more on that subject in the next part of the discussion.

Power networks will evolve from being relatively passive systems, in which electricity flows from producers to consumers with little dynamic interaction on either side, into very sophisticated smart networks. Smart networks will enable customers to become much more active in the energy value chain in the same way that customers interact in a much more interactive way with their telecommunications providers today. Equipped with real-time data on energy prices, consumption patterns and usage, and with new technology devices, and, presumably, web-enabled services, they will be able to manage their energy consumption much more effectively.

In response to that, energy supply companies will introduce innovative new products and services to customers based on smart in-home and energy efficiency technologies. As with the evolution of mobile technology, that is likely to bring about solutions that we cannot even begin to imagine right now.

All of those changes will take place against the backdrop of regional market integration across the EU electricity sector. The integration of the Irish and British electricity markets is one of the biggest changes that we will see over the next decade and is one that will deliver huge benefits for customers in both jurisdictions. Those benefits will primarily derive from increased scale and the ability to draw on a pool of different generation sources to meet our energy needs. That diversified mix of generation would allow us to trade complementary generation technologies such as wind and nuclear between Ireland and the UK, which will be critical for managing costs and ensuring security of supply.

Two key things are needed to achieve that, however. First, we need significant physical interconnection between the two markets. That is vital for achieving the market integration as much as for RES exports. That is really important. I believe that we should view market integration in the context of much wider electricity network integration and systems integration than just for RES exports. However, it may be the case that RES exports will actually be instrumental in bringing about that market integration.

Secondly, we need common institutional frameworks across all markets. That means common market rules across all participant markets. At the moment, there are huge variations between the market rules in the single electricity market (SEM) in Ireland and the British Electricity Trading and Transmission Arrangements (BETTA) in Great Britain. Current policy thinking seems to favour joining the two sets of rules, rather than fundamentally putting in place a new set of rules for market integration.

Full market integration also means having a common regulatory approach to ensure that networks, whether they are in Great Britain, Ireland or Northern Ireland are regulated in the same way. That is important because all network companies are competing for the same pool of funding, so inconsistencies in regulatory approaches across the different regions may have implications on how infrastructure develops across the two islands.

At present, there is no common regulatory framework or approach across the jurisdictions where ESB operates — in Great Britain, Ireland and Northern Ireland. In an environment where we collectively face very complex and difficult challenges, we need a co-ordinated approach that is informed by strategic thinking, with a deep understanding of the bigger and long-term picture. All of those pieces of the jigsaw have to be in place if we are to move from having a loosely connected market to realising the full benefits for customers, society and our economies of a fully integrated market

To sum up, the energy sector is more uncertain, more complex and more global in its nature than ever before, and energy policy is increasingly being influenced by factors outside of our domestic control. In Ireland and the UK we face many of the same challenges. We have very little indigenous fossil fuel resources, we are at the end of the line in terms of gas connectivity, and energy prices have been steadily rising in recent years. We both have binding decarbonisation targets, and addressing those issues will require huge investment.

In Ireland alone, a study by Deloitte estimated that the investment needed to transform the electricity sector will be in the region of €50billion over the next two decades. That means doubling historical levels of investment. That poses a significant political leadership challenge. Investment in long-cycle energy projects can only take place in the context of long-term market and regulatory certainty. Governments and politicians must therefore look beyond short- or medium-term horizons to develop policy frameworks that focus on the long term, while encouraging investment in the short to medium term. I acknowledge that that is not easy, particularly given the need to act now to take advantage of wind export opportunities before 2020.

In summary, what we need is long-term thinking informing a series of decisions and initiatives that can be activated immediately. We have an opportunity now to leverage huge synergies between our two countries by working together to create a truly unified electricity market. For parliamentarians on both sides of the Irish Sea, the challenge will be to jointly develop a vision for a unified energy market stretching well beyond the next five to 10 years.

That is an area where a cross-parliamentary body such as the British- Irish Parliamentary Assembly has the potential to play a unique and critical role in exploring how a common framework might be developed across distinct jurisdictions to bring about a fully and truly integrated, sustainable energy market. Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Pat, for that realistic account of the next decade and future decades up to 2050.

I now call on Fintan Slye, chief executive of EirGrid, who will talk a little about grid infrastructure. Thank you, Fintan, and your staff for inviting me and one of my officials to HQ in Dublin in the past number of months. It was a very interesting perspective. It was a very windy day. Members, if you happen to be in Dublin on a very windy day, it is a good day to go in because EirGrid has a great graphic illustration and analysis of where the renewable energy is being produced at a given time on a very windy day. It was very interesting and educating, so thank you for that. Fintan, I look forward to your presentation.

Mr Fintan Slye:

Chairman and distinguished Members, good morning. Thank you very much for the invitation to address you here today.

I will start with a few words about what EirGrid is and what we do. We operate and control the electricity system across the island. In addition to the control centre in Dublin, we have one in Belfast. They, effectively, keep the lights on in real time. We also run the wholesale single electricity market (SEM) across the island, which Pat referred to. That clears about €3 billion annually in energy. We also plan for the future development of the electricity system by considering what new infrastructure and interconnection is required, how increasing levels of wind will be managed in real time and how customers can participate more in the energy markets of the future.

As is illustrated by the focus of this Assembly here in Donegal, it is clear that energy is now moving into a new, exciting and challenging period. The focus on sustainability is driving a paradigm shift in how power systems are constituted and managed. There is a move away from traditional linear value chain models to more integrated dynamic joined-up approaches, where energy and information and communication technology (ICT) are increasingly interlinked and intertwined and the customer is increasingly to the forefront. That shift is taking place alongside a move towards more integration with Europe, with increased physical interconnection and coupling of wholesale energy markets.

Through all those changes, the pillars of energy policy — sustainability, security of supply and competitiveness — remain unaltered. A key enabler in delivering across all those pillars is the grid. That is the strategic critical national infrastructure that ensures that power gets from where it is generated to where it is needed all day every day, supplying industry, businesses, farms and homes. It is in that context that I focus on three key requirements this morning.

The first is the delivery of the strategic network infrastructure to expand and extend the grid to move the power from where it is generated to where it is needed. The second is the further

interconnection of the grid with the neighbouring island and continental Europe. The third is the need for new and innovative solutions and ways of operating the grid to maximise the use of our natural resources in a cost-effective way while, of course, ensuring that the lights stay on all day every day. That is where the links between energy and ICT come to the fore. They open up vast opportunities in the arena of what has become known as smart grids.

Our nationwide investment programme, GRID25, is under way. It will deliver the twenty-first century network infrastructure that is needed in a modern society and economy. That includes over 200 projects, with a capital investment of over €3 billion, to upgrade, renew and expand the transmission grid right across the country, from Cork to Kildare and Galway to Donegal, which will support economic development and facilitate the harnessing of renewable resources around the country.

During the next few months, three of those major 400 kV projects will come into the public domain. The first is a 400 kV line into the west to harness renewable resources and strengthen the grid in the Mayo area, which is the Grid West project. The second is the North/South interconnector, which will further link the transmission grids of Northern Ireland and Ireland with a 400 kV line from Meath to Tyrone. The third is the Grid Link project, which is a 400 kV line from Cork through Waterford up to just south of Dublin. It will completely reinforce the transmission network in the south-east of the country. As I said, all of those will enter the next phase of public consultation.

10.45 am

The projects are essential parts of the backbone of the GRID25 programme and are essential to ensuring that robust and efficient power supplies are in place to support industry, jobs, renewable energy, the economy and communities. Your input and support, as political and community leaders, is critical in all of that. In fact, today, we are launching the next phase of consultation on the Grid West project: a €240 million project for 100 km of 400 kV line into Mayo to strengthen the grid there and to harness the vast renewable resource that exists in that part of the country.

Given that we are in Donegal, I will also note an upcoming project that we are working on, the renewable integration development project, or RIDP, as we affectionately call it. It is a joint development between EirGrid, Sony, which is the system operator in Northern Ireland, and Northern Ireland Electricity. The aim of this project is to identify the optimum reinforcement of the transmission grid across the north-west between both jurisdictions to facilitate new renewable energy connections. Over the coming months, we will be coming back to talk to many of you about the next steps in this critical project.

We recognise that the transmission grid is a major piece of infrastructure and that expanding it impacts upon the environment and communities. We are committed to working with all stakeholders to ensure that issues and concerns are taken into account and that everyone has the opportunity to understand our proposals, engage with our team, provide input and to influence how these projects are delivered.

In this context, we are working hard to get better at engaging with people and communities to explain what we are proposing to make the grid less abstract and to demonstrate how it impacts both on people's lives and on the overall economic attractiveness of regions to businesses. We are doing this, for example, by extensive public consultation initiatives and

by running different programmes that are tailored towards engaging with different stakeholders. We have a schools programme and an agricultural colleges programme. We hold open days in local hotels, we have temporary information stands in supermarkets and marts and we have a tent at the ploughing championships. We have a network of regional offices.

Another critical element in all of this, of course, is engaging with our public representatives at all levels, recognising that public concern is very often channelled through our public representatives. Our aim is to keep this conversation two-way, with us listening to your point of view while providing you with up-to-date information on projects and plans.

The second topic that I want to talk briefly about is further interconnection with Europe. In tandem with ensuring that our grid is fit for purpose, we are also looking at the opportunities for further interconnection with Europe. Last year, we completed the construction of the east-west interconnector, a new 500 MW high-voltage direct current (HVDC) connection between Ireland and the UK, more than doubling the interconnectivity between these two islands. This will increase competition, push down energy prices, increase overall security supply and provide a route to market for the vast renewable resources that we have on this island. We are now looking beyond this at what additional interconnection options will be appropriate and will deliver benefits to consumers. Initial feasibility studies on an Ireland-France interconnector that are being done jointly with our colleagues the Transmission System Operator (TSO) in France are currently drawing towards a conclusion.

Through this forum, there has been much discussion about significant interest in additional connections between Ireland and the UK, particularly in the context of the memorandum of understanding that was recently signed between the two Ministers around the export of renewable energy. In relation to this, we recently completed a joint study with our counterparts in the UK, National Grid, looking at some of the options for configuring any such connections to facilitate large-scale exports of wind energy from Ireland into the UK. This analysis clearly showed that, where the scheme was integrated and interconnected to both grids, Ireland and the UK, there were significant benefits for consumers against the alternative scenario, where wind farms were not connected to the Irish grid at all and just had a set of direct connections from the wind turbines to specific points in the UK. We are continuing to work and engage with all stakeholders on how best this renewables export concept can be delivered.

I turn to the third and, you will be glad to hear, the final of three topics, smart grids. As I said earlier, the complexity of the electricity system is increasing exponentially as the renewable levels increase and as user participation in energy systems rises through the deployment of smart devices, smart meters and electric vehicles. To illustrate this point, if we think about the level of wind penetration, the power system here in Ireland and Northern Ireland is leading the way, with some of the highest levels of wind penetration on any synchronous power system anywhere in the world. Although some regions or countries might individually have equally high targets, none have to do it as an isolated system. This is where the challenge is, and this is where we are leading the world.

To ensure that we can meet those challenges, capture this opportunity and continue to deliver against the three pillars of sustainability, security of supply and competitiveness, we have developed a comprehensive smart-grid programme, which has four distinct strands. The first is the DS3 programme, which is delivering a secure sustainable power system. This is about

changing how the power system is operated, including changing market arrangements and deploying new and advanced tools in control centres. It is a multi-annual programme that EirGrid is running, around which we have put in place an industry advisory council to ensure that the required joined-up thinking and approaches are baked into the process from the beginning.

The second is technology and infrastructure, which is about maximising the utilisation of the infrastructure that is in place or being built. In this space, for example, we have had significant success in deploying new transmission upgrade technologies to minimise the overall costs of the grid infrastructure.

The third is our smart grid innovation hub, which is an initiative that we have launched with the National Digital Research Centre (NDRC). We are looking at smart-grid concepts and providing an environment where they can be developed, nurtured, tested and, ultimately, turned into commercial propositions — effectively a commercial incubator with a smart-grid sandbox attached to the side of it.

The fourth strand is the demonstration projects. We are taking commercial technologies and testing their applicability to specific problems seen on the power system here. We have two collaborative projects under way at the moment with a further healthy pipeline of projects on the way.

The electricity sector around the world is changing and this presents opportunities. EirGrid is committed to ensuring that Ireland and Northern Ireland have a power system fit for purpose: one that delivers secure, reliable, economic and sustainable power where and when it is needed to support industry, jobs the economy and society. To ensure that that happens, we have a nationwide investment programme to deliver the upgraded and expanded strategic network infrastructure that is required and, in tandem, we are evolving the operating paradigm with innovative new systems and smart grid solutions.

Delivering on all of this requires extensive consultation and engagement, which we are absolutely committed to. It also requires support from community, business and political leaders such as you. If I could leave you with one message, it is this: the transmission grid is vital strategic infrastructure; it is the lifeblood of our energy system and it must be developed if we are to ensure that we have a secure, sustainable, competitive energy supply that supports economic growth, regional development, jobs and investment, and the effective harnessing of our renewable resources now and into the future.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Fintan, for that analysis of a very ambitious programme, both locally and nationally on an east-west basis and, obviously, internationally as well, with your ambitious plans with France. We wish you well. There will be opportunities for communities to contribute to the consultation. It would be remiss of me not to reference your plans for the north-west in our renewable integration project there. I wish you well with that.

Members are indicating that they wish to speak. We are OK for time, but that does not allow too much flexibility. The first contributor, because he made the effort to walk up to the Table, is Alf, followed by John Robertson.

The Lord Dubs: Thank you, Co-Chair.

I had not expected to be first. Those were very interesting presentations.

You would not expect the morning to go by without a question on the article on electricity prices and the map that is in today's 'Independent'. There are such dramatic differences in electricity prices: they are very high in Ireland and the UK but very low in some of the east European countries. I was trying to discern from what you both said whether there were hints as to why that should be, given that price is not the only consideration — you mentioned that there were three of them. Would you care to comment on these very dramatic differences, and on whether there are plans in the pipeline, to which both of you referred, that will help to deal with these very high prices, certainly in Ireland and the UK?

Mr John Robertson MP:

As somebody who has been involved in energy and climate change for a number of years, I have heard some of the statements before. When businesses talk about medium and long term, they mean that they cannot deliver in time and in budget. When they talk about exciting and challenging times, they say 'trust me'. Unfortunately, and I am sure that it is not the case in Ireland, the energy companies in the United Kingdom are not trustable and we do not trust them. The general public have little faith in them. The companies have made excessive profits and imposed excessive price hikes, particularly in the past three years. Therefore, we have come to treat them with a certain amount of distaste and distrust. In austere times, can we really afford renewables at the end of the day?

We are carrying out R&D in various areas. While sitting beside each other and having a nice evening, Fintan and I chatted about the price hikes and various other things yesterday, including the fact that £140 billion that we do not have is needed to bring the UK national grid up to standard. How much do you think the grid in Ireland would need to bring it up to the standard to connect all this new technology?

Regulation was not mentioned. Pat: do we need more regulation? Companies usually say they want less, but we are now in the position of having Ofgem keeping an eye on things. Many people in the UK want to get rid of Ofgem or to beef it up, so that it can impose greater fines on companies. So, should the Government also get involved in setting prices? I know that you like the idea of a free market, but the free market means that wee old ladies who live in my constituency, and particularly those in its poorer areas, cannot afford to switch on their lights never mind pay the bills. What do you see as the way forward, particularly for people who will struggle in years to come?

Mr Seamus Kirk TD:

I thank Mr O'Doherty and Mr Slye for coming in. I have a few points but will not hold up proceedings. Yesterday, I mentioned power storage: off-peak generation and the incorporation of wind generation as a renewable. It seems to me that the capacity and technology to store power are key. Do you have any comments on technological developments in that area?

Individual customers, such as farmers, householders or, for that matter, an organised community may wish to incorporate a wind turbine in their power supply. I suppose that

EirGrid or maybe ESB would be directly responsible for the general policy position on that, but is there a need to easily facilitate an application from a community or an individual? Complaints that I have got in my constituency suggest to me that there is a problem.

11.00 am

On the matter of off-peak pricing — as you know, we have the night rate and the day rate — you have the big challenge of meeting power demands at peak times. Is there any room for or potential in the area of restructuring pricing to make it more attractive for the larger, industrial users, in particular, to move and shift their use? It is not so easy to restructure domestic users. Alf Dubs referred to the article in today's 'Independent'. It makes disturbing reading. It is important that, in any discussion about this issue, balance is needed. The relevance and importance of ESB charges to competitiveness in the economy cannot be understated. It is vital, not only here and in Britain, but pretty well everywhere.

Pat O'Doherty, in his contribution, mentioned infrastructural development, particularly the significant sums that are having to be invested in infrastructure. What sort of strategy do you envisage is needed to be co-ordinated by ESB, EirGrid and others? Obviously, on the basis of papers that we read here yesterday, others are planning to invest. Quite clearly, there will not be two transmission systems that run in parallel. Some integration is needed. That is it, Co-Chair.

Mr Jim Wells MLA:

As I mentioned yesterday, I am not a great fan of onshore wind turbines. Indeed, as one objector said to me, 'Why can't they bury them underground?' I suspect that that is not an option. I accept that they are a necessary, albeit ugly, option that we must have. No one will ever convince me that wind turbines are anything but extremely ugly, particularly when they are in area of outstanding natural beauty (AONB).

I am intrigued by the contention that we will always need a back-up supply of fossil fuels — that no matter how many wind turbines we have, we will always have to have the equivalent in generation capacity fossil fuels; oil, coal, gas, etc. Yesterday, we were told that the wind always blows somewhere. So, I am intrigued, from Fintan's point of view, that, if we have an interconnection between both parts of Ireland, can we guarantee that if the wind is not blowing in Londonderry, it is blowing in Kerry, and if it is not blowing in Wexford, it is blowing in Antrim? If we were linked to the UK, would it always be blowing in Caithness if it were not blowing anywhere in Ireland? I remember that, three years ago, we had a terribly cold winter in Ireland. A temperature of something like minus 26 degrees was recorded in Castlederg — the lowest ever. The wind was not blowing anywhere. There literally was not a leaf rustling. Therefore, you had the maximum demand on electricity and the minimum amount of renewables. Does the interconnection offer a chance to get out of that problem of whether we will always be able access wind from somewhere?

Mr Martin Hayden TD:

I would like to thank the gentlemen for the very interesting presentations from both of them. I have a question for Pat on ESB. I am mindful of negotiations that have happened recently on a new Croke Park deal, whereby we seek to make savings on public sector pay. The issue of pay to staff in semi-states is, obviously, not covered by that. Perhaps, you would outline what

efficiencies or savings have been found or what strategies are in place to try to reduce the cost. This morning, many of my colleagues have mentioned the cost to business. Rising energy costs have a significant impact on small businesses. At times, particularly high wages on salaries in organisations such as ESB can be upsetting to people who pay those costs. Perhaps, you could outline efficiencies or savings that are happening.

The Baroness Harris of Richmond:

With great respect, my question from yesterday about the small user of renewables still has not been answered. The commission's Garda Síochána member has a small charity. They have a wind turbine, which they use to run what they need it for. They have excess that they want to sell back to the grid. The grid cannot cope with it. Does the grid want small entrepreneurs, of which Ireland, North and South, has plenty? Does it want to encourage them to have their own wind turbines in small businesses or not? How will they be connected to the grid?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Baroness. Your question will be answered today—that is a commitment.

Senator Jim Walsh:

Pat O'Doherty mentioned Philip Lowe's presentation yesterday about competitiveness. Over the past six or seven years, in particular, we have lost competitiveness with the USA and, indeed, Japan, and I think that there is a disparity of 50% and 25%. I just want to say to both of you—I do not want to be provocative—that competitiveness is not a word that readily comes to mind when we think of ESB or EirGrid. I just wonder what can be done to remediate the disparity that is there. What plans do have you to do that?

Emphasis was laid on doubling investment over the next 20 years. Obviously, that will have a unit cost in relation to electricity costs. What impact will that have, and what kind of trade-off will there be if we have less fossil fuels?

On the issue of wages, which one of my colleagues raised, when I was on the energy Committee, I remember hearing that the average wage in ESB some years ago was in the order of €70,000 per annum, whereas the average wage for people living in urban areas in France at that time was €23,000. So, it was three times higher here. That just shows, in general, how much we were out wages-wise in our economy. ESB has always argued that wages were a very small proportion of the overall production costs for electricity, because of the importation factor. However, in a scenario where we are moving to renewables, and where you are talking about capital costs, to what extent do wage costs become a greater feature in overall consumer costs?

I know that this was not the project that you had in mind, but at the time, there was a lot of discussion about hydro, and in particular, a project called Spirit of Ireland, which some private investors were doing. That appeared to be a good concept. ESB has a hydro-generating plant, and I just wondered whether you knew anything about that. Does ESB have any plans, for example, to create such plants going forward? That would give you continuity.

I had a question about storage, but Seamus Kirk asked it, so that is fine.

Will you elaborate just a little bit on the issue of interconnection and, in particular, on the potential for importing electricity from areas and countries that are, in fact, much more competitive than here? If we could achieve that, it would, in fact, have the effect of driving down costs here, which I think needs to be done, particularly in this small economy where there is not any real competition for EirGrid or ESB.

Mr Paul Flynn MP:

I would like to take this unique opportunity to speak on behalf of the Liberal Democrats this morning. [*Laughter.*] I am described in here as a Liberal Democrat, to the surprise of my colleague, who is described as a Conservative.

There is an important dimension here because, about six weeks ago, in Parliament, the splendid real Liberal Democrats Martin Horwood and Simon Hughes initiated a debate about new nuclear. They are both fiercely opposed to it, and they reminded the House and the party that the Liberal Democrats went into the last election opposed to new nuclear and certainly opposed to subsidies for it. There is a potential problem here, because the Liberal Democrats, as we know, have found new vigour after Eastleigh and have gone up in the polls slightly. They are looking for an opportunity to redefine themselves, and this may be one on which they want to detach themselves from the Government. There are other considerations as well.

This morning, 'The Daily Telegraph' and Robert Peston on the BBC talked about the negotiations between Treasury and Électricité de France and said that they are on the point of collapse. I was struck by what my colleague said when he asked whether we can afford renewables, because the question is whether we can afford new nuclear. The situation is that the anticipated price of new nuclear has doubled. It has already invested £1 billion in the Hinkley Point project, which is 17 miles from my constituency. There are no jobs there for my constituents because we are separated from it by the Bristol Channel. However, my constituency is within the area that would become uninhabitable if there were a Fukushima-type disaster, caused by human error, technical failure, terrorism or natural disaster, such as a tsunami, which we had a long time ago, and which do occur in the Bristol Channel.

The Treasury is resisting their demands. They are claiming a return of 10% based on their very optimistic figures, which have never been achieved in any new nuclear station. According to Tom Burke, a former adviser to the Government on energy, it would require a subsidy of £30 billion in the short term and £150 billion in the long term. We can imagine what that would do to the price of electricity and Électricité de France is asking for a 40-year contract.

I think that there will be political problems as that information comes out and the stories that were in the newspapers this morning become widely known. All three major British companies have pulled out and abandoned their losses, including Centrica, which spent £200 million. We will see that the real costs of nuclear energy are before us.

One thing that the British Weightman report into Fukushima was silent on was cost. The additional safety costs after Fukushima are £2 billion per station and we never looked at that. The lesson that we can take from Fukushima is that it had 52 generating nuclear reactors. It has one now. No others will open this year and the lights have not gone out.

Mr Frank Feighan TD:

One issue that we are facing cross-border and cross-country is infrastructure. EirGrid and ESB have a huge issue regarding infrastructure. The Flagford-Srananagh power line project started in my area 10 years ago and it is up and running in just the past few months. That is an example of how not to carry out an infrastructure project.

11.15 am

First of all, the companies obviously had the power. Secondly, they had a blank cheque book. A lot maybe had to do with the planning system, with landowners looking for planning permission, and sometimes a farmer looked for planning permission for two properties. County councillors were then going in to ensure that they did not get planning permission. It was absolutely the worst way possible to proceed. It was using state funds but obviously abusing state funds because landowners were told to apply for planning permission for one or two houses near the project. If they could not get planning permission for two houses, that was the amount of compensation that EirGrid or ESB paid out.

That left politicians in an unenviable situation. That was the first time that I ever went into a planner looking for him to say that a landowner would not get planning permission because the infrastructure was coming through. The project has also taken 10 years and must have cost hundreds of millions of euros. Even today, normally law-abiding people are taking the electricity companies to the High Court because they would not put a lot of the cables underground. Has that changed or are we still in the situation where you just use a blank cheque book and push the project through? That project took 10 years. There was consultation on the ground but you showed no compromise when it came to people's feelings.

A lot of speakers mentioned wages and pensions but I will leave it at that. I have enough, there. Thanks

The Co-Chairman (Mr Joe McHugh TD):

I hope you are feeling much better, Frankie, after getting that off your chest. *[Laughter.]*

Mr Peadar Toibín TD:

Go raibh maith agat, a Chomh-Cathaoirligh.

Business in the South of Ireland is operating under the most hostile conditions for many years. Demand has fallen on the floor. The cost base is obviously a serious issue. As I said yesterday, I met with Tara Mines Limited a couple of weeks ago, and that company said that its electricity bill was increasing by €3.2 million this year. That is a direct threat to jobs in the mines. Each of the businesses around the state has experienced that. Will you detail and quantify for us the components of the differential of the electricity cost in this state vis-a-vis the European average? As parliamentarians, we need to understand exactly what elements have driven that cost differential.

Yesterday, we had a presentation from a number of renewable-energy producers. Many of them have detailed in the past that they seek to deliver that energy underground, and some of

it will be along 400 kV lines that they are looking to deliver, which is quite high. The interconnector that runs through my own county, County Meath, through to County Tyrone is roughly of the same level. Obviously, one of the blockages to that is the community disagreement with the overgrounding of those lines. What would be the reasons behind the decision for yourselves to forcibly overground it, while the providers we heard from yesterday want to underground it?

Mr William Powell AM:

I am a Liberal Democrat Member of the National Assembly for Wales and I welcome on board our new comrades. [*Laughter.*]

I would like to thank Pat and Fintan very much for their presentations. In the last few days, I have learned more about the Irish Government's advance plans to abolish town and community councils, which I think would cause a degree of civil unrest if it were replicated in the United Kingdom. I wonder whether, given the importance that has been attributed to community engagement by both speakers today, and indeed by colleagues yesterday, the process of community engagement will be facilitated or enhanced by that abolition, and whether you have any other particular best practice, with regard to community engagement, that you could share with us? This is a particular difficulty in the part of Wales that I represent and also further afield.

Mr John Scott MSP:

I thank you gentlemen, for your presentation. This is a point that I referred to yesterday but, even today, the tone of the debate has moved on. Concerns about the costs of renewable energy are even more prominent in today's debate than they were in yesterday's. My concern is whether there is a game-changer out there: oil gas, shale gas, fracking or whatever?

We heard yesterday about how we are going to be going down the path of renewables, particularly through wind and solar energy; but where is the money going to come from? The energy companies, as far as I can see, do not have it, given their well-known indebtedness. Our Governments do not have the money to invest. We are in Ireland, the land of the low-cost airline Ryanair, with whom I will be flying later today. We are perhaps in need of a low-cost solution to all of this. Can we afford to decarbonise our electricity and energy supply? Of course we want to; we must; and indeed we are being directed to. However, if the rest of the world is not doing it and we thereby place ourselves at a competitive disadvantage, how wise is that with regard to economic growth? So, if oil gas or fracking provides a low-cost solution — as it appears to have done in America — we would be a bit daft to ignore it, would we not?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, John, for your wise observations.

Mr Kenneth Skates AM:

It is fair to say that, at this conference, the three issues that have been most contentious have been nuclear power, shale gas extraction and onshore wind farms. Is it possible for our

territories to achieve energy security, energy independence and affordable energy sources without one of those, or indeed without the three of those?

The Co-Chairman (Mr Joe McHugh TD):

I will hand the question back to the panel. Pat or Fintan, who wants to go first? Decide amongst yourselves.

Mr Pat O'Doherty:

There was a broad range of questions there.

This morning's article was on price, and a number of people mentioned price, so I will talk a little bit about that. Price in the Republic of Ireland is 60% driven by the cost of fuel. We are 80% dependent on fossil fuels for electricity generation. Volatility in price is driven by international fuel markets. Ireland has at times been below the European average and at times above it. We are above the European average for domestic prices according to the latest report, and we are below the European average for industrial prices. Britain's prices for domestic consumers are lower than in Ireland and lower than the European average, but Germany's prices are higher. Price is not a simple thing to get your head around. Fuel is a big component of it and historical investments are a huge component of it. That is the reality of price in the electricity system.

ESB's contribution to price was an element of some of the questions as well. ESB is 50% of the single electricity market. We have less than a 50% share. We are one player in the electricity market. Network prices are regulated by the regulator. In recent price reviews, the regulated component — the networks component — of electricity prices in Ireland compares favourably with the distribution network operators and the Ofgem pricing rounds in Britain.

Another question that was directed at ESB and at me was in relation to pay costs and salaries, and there was a reference to Croke Park II. ESB has been on a number of major transformation drives in the past decade to lower the overall cost of our operations. A number of years ago we made a groundbreaking agreement with our trade unions and our staff on pensions. So we have moved to a very different form — the first in the public sector in the Republic of Ireland to move to career-average pensions from a current date. Nobody else has done that, and that has had a significant impact on pension conditions both for pensioners and serving ESB staff. We also have a performance improvement programme and agreement to take 20% of our payroll cost out of our system — to reduce our payroll cost by €140 million between 2011 and 2015. We are well on track for that. As part of that agreement we are moving into another round of discussions and negotiations to reduce pay further by looking at the terms and conditions, and moving from the old legacy terms and conditions of ESB to new, different terms and conditions. So 20% of our staff in ESB are not on traditional ESB semi-state sector terms and conditions. They are on market-facing terms and conditions, through a number of subsidiaries including our international business, ESB International.

There was a question about whether we need more or less regulation and whether the Government should get involved in price setting. That brings up the whole issue of fuel poverty as well. There are a lot of people in fuel poverty with difficulties paying their energy bills. From ESB's point of view, we are regulated, we welcome regulation and have no problem with it. We do not need less regulation. I suppose that, over 20 years of regulation on

the two islands, regulators now have a basket of tools at their disposal and have become very good at benchmarking and measuring the performance of different network companies and different regulated entities. That drives efficiencies and economies. Over successive price reviews, the costs in regulated network activities have been driven down by the regulatory process.

Should government get involved in price setting? That is an interesting point. It goes back to the point that I made in my presentation. The markets in Great Britain and Ireland are quite different. The electricity market in Ireland is more regulated and the price outcome in Ireland is more regulated than the price outcome in Great Britain. I am observing a dissatisfaction at legislative and policymaking with the outcomes that have happened in the British market over 25 years of competition. The competition has not driven the kind of policy outcomes and the investment outcomes that policymakers and legislators have wanted. I think that we have come to a defining point. As you increase renewables in the generation fuel mix, renewables can only happen with subsidy. Therefore, subsidy is an intervention by government in market price.

The nuclear debate in Britain is a direct subsidy that will impact price. The carbon price at €5, which we heard Philip Lowe talk about yesterday, does not give investment signals to investors to invest in new technologies. Therefore, the British Government's answer to that is a carbon price floor, and it looks like Europe is going to follow with something equivalent. It strikes me that more and more governments are intervening in markets to get the price outcome that they want.

I will hand over to Fintan. I will come back if I have missed anything.

Mr Fintan Slye:

I will try to pick out the key questions. There was a question on pricing competitiveness, and part of it related to the National Grid UK and a figure of €140 billion. The question was this: what was the equivalent in Ireland. The transmission investment required to 2025 is estimated at €3.2 billion. That is a step-up of about twice on what the investment would have been in the previous relevant period. Obviously, it is a very significant investment. As Pat pointed out, the make-up of the final electricity cost is about 60% from generation and only about 10% from transmission networks, so it is a relatively small part of the cost. The key part of it is that it enables you to access the cheapest generation facility, whether it is in Derry, Belfast, Dublin or Cork, and it allows you to use that. It is mitigating constraints across the island.

There were questions on competitiveness and time-of-use pricing, and that, potentially, is one of the key areas that can help. As we go forward, it is not so much time-of-day pricing, because the marginal cost of energy will be dictated largely by whether the wind blows or not. When there is a lot of wind blowing, the marginal cost of energy would be very low, and that would be a shift away from the traditional peak usage times and directly corresponding to the peak price times of between 5.00 pm and 7.00 pm to a point where the price of generating that electricity and providing it will vary day to day and hour to hour. Providing the ability for people to interact with the energy market and to adapt their usage based on that will be critical.

Although I am quite engaged in the electricity industry, I do not think that my wife would look at the price of electricity every day to see whether she should turn on the washing

machine or the water heater. That is not what will happen, even in my house, much less people who are less engaged with it. However, we need smarter devices so that the householder can tell the system the utility that he or she wants. You want hot water when you wake up in the morning and you want it in the evening, and you want your house to be at a certain temperature. The householder should be able to let the system optimise how you consume energy against price so that you take the energy when it is cheapest. There are silly things, such as the defrost cycle on fridges. It does not really matter what time of day or night that that happens: it is just hardwired into a lot of devices at the moment. There is huge potential for a lot of smartness to be installed in homes and that will happen behind the scenes. We will not have to engage with it; we will be able to tell it what we want to optimise.

11.30 am

When it comes to driving down prices, interconnection can be hugely beneficial. At the moment, the majority of power in the existing interconnectors — the Moyle interconnector between Scotland and Northern Ireland and the east-west interconnector between Wales and just north of Dublin — flows from the UK into Ireland. That is because cheaper baseload power is available in the UK and people are bringing it in, which is having a downward effect on energy prices. Obviously, as we go forward and build further interconnection, that dynamic between the two markets can only increase and help.

One questioner asked me to say a little bit more about how interconnection can help. We are looking at interconnecting with the French market, and the initial feasibility studies, which, I mentioned, are nearing completion, are quite positive on the overall benefits that can be delivered to both markets.

In Ireland, there are two benefits. You get security of supply, because when the wind is not blowing you get access to cheap nuclear power from France into Ireland, and when the wind is blowing you get the ability to export that power to a market. From the French perspective, they get an injection into a relatively weak area of their network in the north-west. A lot of work is going on in that context.

There were a few questions about storage. Taking a very selfish view, as system operators we love storage because it is incredibly flexible. There is a storage facility at Turlough Hill in the Wicklow mountains, which is incredibly valuable for the system. The capital cost of building storage facilities tends to be quite expensive, which is why not many of them have come around.

To some extent, storage tends also to compete against interconnection for the same set of benefits. However, a number of proposals are being actively pursued, including pumped hydro storage at various locations around the island and a proposed advanced compressed air project, which can provide some benefit.

I was asked whether the wind always blows somewhere and whether interconnection can help with that. I can say categorically that the wind does not always blow somewhere in Ireland or Great Britain. We have seen that, in the depths of winter, high pressure can sit across both islands with not a breath of wind anywhere, in the face of freezing cold and extremely high electricity demand. That can extend for significant periods, beyond a week.

Therefore, we need to have alternative sources of energy supply. Interconnection helps; it increases the geographic diversity across the UK and you connect to France and, obviously, into a much wider European market. However, it is not a panacea or a silver bullet.

In that context, the last question was about whether we could survive without one or all of nuclear power, shale gas energy or offshore wind. Renewables will probably be a part of the fuel mix, and whether that is onshore or offshore wind, it has largely been onshore to date in Ireland and I see that continuing.

Current technology gas will continue to be a very significant part of the fuel mix across both islands. I am not sure what the other part of the fuel mix will be. Will it be nuclear power, or will someone crack carbon capture and storage? I am not sure. Will someone make nuclear power commercially viable? I take the points that were made about the escalating costs of that, and I am not sure that anyone will crack that to the point that they can build out a nuclear programme. I do not know the answer to that.

However, I suspect that one of those things will have to happen. Wind as a renewable source, plus gas, is not enough as a fuel mix into the future. You need some other part of it for diversity.

There were some questions about overhead cables versus underground and community engagement. One questioner asked about the Flagford-Srananagh project, which is a 220kV line that runs from Carrick-on-Shannon to the north and the west. That project was completed last year and is currently operational. It was a difficult project to get through. We would like to think that we are always learning about how to engage with communities and planning authorities and to move the projects forward in a better and more constructive way.

We have run through the North/South project and have continued to learn from what has happened on that with the Grid West and the Grid Link projects. The advent of the strategic infrastructure board and that sort of one-stop shop for strategic infrastructure certainly helps in that regard, and we also welcome the specific commitment to community gain in the Government's recent policy statement and the fact that there should be a framework for community gain. We have engaged with Department of the Environment on that, and we know that it is very seized of the issue and is keen to bring forward a national framework within which that can work. That is most definitely the best way. We do not think that that is a silver bullet, but we think that it is part of the solution.

There was a question about overhead versus underground, specifically in the North/South context. In probably about six or eight weeks, we will publish our re-evaluation report, which will include an analysis of the constraints through corridors indicated, preferred line route and a preferred technology. The last time we were out on public engagement to take feedback, our preferred solution and technology was overhead line. The vast majority of transmission projects being built around Europe are with overhead line technologies, and, as with all these things, it is about trying to balance the various constraints, including impact on the environment, economics and technical viability. We recognise that overhead lines are obviously more visually intrusive than underground cables, but most of the other dimensions of overhead lines are less impactful on the environment.

A key consideration is the technical viability of undergrounding it, the robustness of a technical solution built on undergrounding and the cost. The Government commissioned an

independent expert commission to look at the case for undergrounding that specific North/South project. It reported last year and found a multiple of three for the HVDC underground solution. There has been a lot of discussion about costs, the impact on business and the importance of competitiveness for the economy, and applying a factor of three across one project, or, indeed, across the Grid25 programme of €3.2 billion, is a huge number and would be a significant burden on business. So, it is about the balance of all those factors in individual projects.

I have a final point to address. The lady asked a question and, Co-Chair, you promised us an answer. However, I am not sure that I will answer it; Pat might be able to complete the answer. You asked about providing a way for wind connections. At EirGrid, we are responsible for where they connect to the transmission system, and that tends to be the larger projects and those of 30 MW-plus. So, you are talking about a €50 million investment in those projects. A queue system is operated to do that, and it is a function of the scale of the resource that is available here that that queue is currently very long. We are working through gate 3, where 3,000 MW of offers have made been. Outside that, a further 10,000 MW have applied to us for connection.

We need to find a way to address all those, and we cannot just step through them all sequentially. Once we have gone through gate 3, which is under way, we need to find a way to deal with the rest of the offers. Part of the changing paradigm of the power system is around increasingly having distributed generation as part of the overall mix, and that is the small wind turbines at a distribution level of maybe 0.5 MW to 1 MW.

To answer your question, we need to find a way to make it easier for people to connect up with that. I think that advances in technology will allow us to more readily provide the control and visibility back to a central control centre, so that it can manage the overall systems. I hope that we would be able to facilitate that more going forward. Traditionally, it has been a bugbear of people out there that it has not been easy, and I definitely recognise that. I do not know whether Pat wants to say any more about the connection and distribution system.

The Co-Chairman (Mr Joe McHugh TD):

Pat, I just want to say that we have gone over the time. A couple of Members indicated that they wanted to ask more questions. I am precluding that. Perhaps, if it is OK, you could provide a final, brief summary and we will close the session.

Mr Pat O'Doherty:

I agree with Fintan's last point. Today, the traditional distribution networks are not configured to cater for wholesale distributed technologies, smart grids and smart networks. New technologies will facilitate that. I agree that there is a demand for that from network companies. It is something that we need to do.

I agree with Fintan on the three contentious issues that he mentioned. Wind and gas are not the answer. Something different is needed. I want to link that to the question of whether there is a game changer. That is the real problem. At the nub of energy policy is that we do not know whether there is a game changer. Because those are long-run investments, if you invest in nuclear energy today, you are stuck with that investment for 40 years. If you invest in

offshore wind today, you are stuck with it for, probably, 20 to 30 years. That is the real problem: you make a bet. In policy terms, governments make a bet. The utility companies, energy companies and developers make a bet. Then, some game changer comes along and we are stuck with high pricing and stranded investment. If developers get a sense that you will be stuck with stranded investment, you will not get the investment that is needed. That is the real policy dilemma.

For that reason, I think that the approach has to be some big-picture approach, which puts a stake in the ground where we want to get to with regard to carbon intensity and the decarbonisation of industry. I do not believe that we can afford not to decarbonise. That is a planet issue. It is a climate-change issue. We must decarbonise. The question is at what rate? What technologies are deployed? What policy instruments are used to get those technologies deployed, including the role of government in intervening when markets do not work? I liken it to picking your way through a forest of uncertainty. There is huge uncertainty in technology terms, regulation, policy, markets and funding. Picking our way through that and making decisions as we go through it is, I believe, the route to the future. There is no one-off transition to the future or one-off silver bullet.

The Co-Chairman (Mr Laurence Robertson MP):

We will have to end the session there. We have had two very interesting discussions. Pat and Fintan, thank you very much indeed for giving up your time and sharing your expertise with us today. It has been very useful. Thank you very much.

11.43 am

MOTIONS

The Co-Chairman (Mr Laurence Robertson MP):

There were three motions; there are now two.

Question proposed,

‘That the Assembly examines its relationship with the British Irish Council with the view to deepening the engagement and interaction between both.’

Mr Patrick O’ Donovan TD:

Go raibh maith agat.

I thank the Members of the Assembly from the different institutions who seconded my motion. In the last plenary session in Glasgow, I raised with the Secretary of State for Northern Ireland, Theresa Villiers, the east-west relationship, particularly in light of strand 3. I know that the Council of the Isles has been established under the British-Irish Council, but I firmly believe that a much stronger role at parliamentary level could be played by this Assembly, based on the harmonised work on the east-west relationship.

I grew up in the 1980s and saw some of the people who were actively involved in the delivery of the peace deal that we are enjoying and the peace dividend. Little did I know at

the time that I would be sitting beside the likes of Paul Murphy, Lord Mawhinney and Lord Empey, who were active participants, as were others, in the delivery of the peace deal to this island. Their experiences, together with those of new Members, are essential in delivering a parliamentary perspective on the east-west dimension. I firmly believe, and the Taoiseach alluded to this yesterday and during previous contributions in Dublin and Cork, that the personal relationships that have developed in this Assembly will be critical in the delivery of a better relationship on an east-west basis.

For too long there has been an emphasis on the north-south dimension in the Assembly, for good reasons, but now that that relationship has been harmonised through the North South Ministerial Council and the Oireachtas committee that deals with the Northern Ireland Assembly, the focus of this Assembly must be almost to shoe-horn itself into a position where the British-Irish Council at least shows regard to the work that the Assembly does.

11.45 am

I said yesterday in relation to Jack Wall's presentation on credit unions that, considering the work that has gone into reports, including the Committee A report on the decade of commemorations, at the very least, the Assembly deserves to know that the reports commissioned by the four different committees in the Assembly, which is where the work takes place, are being considered. There is a temptation in the Assembly to overlook this issue. We saw it at first hand in the previous plenary Session, where we had a human rights report that did not consider, for example, that some of the Crown dependencies are not members of the European Union and the impact that that would have. There is an opportunity in this Assembly to grow that relationship even deeper and to ensure that the reports and deliberations here get the air time and consideration that they deserve.

The British-Irish east-west relationship needs to grow not only on an executive basis between the Prime Ministers and in relation to the executives in the Crown dependencies and the devolved assemblies but at parliamentary level. Strand 3 of the Belfast-Good Friday agreement is particularly silent on inter-parliamentary work. That is where this Assembly needs to get itself into the picture and develop a strong concrete role, perhaps even underpinned by legislation, between east and west.

We have a lot to offer that relationship. That was proven here yesterday by the Taoiseach, when he said that it was more important for us to develop personal relationships than to be worried about the politicking that can go on sometimes at the higher level. This is important. We need over the next couple of plenaries to discuss in an open forum such as this how to push this Assembly into the spotlight in developing real concrete relationships on an east-west basis, mirroring almost what is done in the Nordic countries.

Rt Hon Paul Murphy MP:

I agree with every word that Patrick said in his very good presentation. When I last visited this county, I came as the British Government Minister in charge of the British-Irish Council and I promised to do this, that and the other. I was succeeded by the present Administration, who also promised to do this, that and the other, and not much has really happened. We have to keep on stressing to the Governments how important this is as the parliamentary wing of strand 3.

I want to make two suggestions. The first is that at every plenary Session of this body, there should be either in person a Minister representing the British-Irish Council to report on the activity of the council, or in the absence of a Minister, less happily, a written report on the activity of the council in that intervening period.

Secondly, each delegation here should go back to their own Administrations and press their Governments on this important issue. We have been sent a report on human trafficking and one is coming on the Atlantic strategy. Both are hugely important. My guess is that they will disappear into the ether unless we press this point heavily and we are assured that the reports that we painstakingly produce are properly discussed by the Ministers concerned.

There is going to be—I do not know whether it has been set up yet—a secretariat separate from any particular Administration. That should ease matters, but we have not had sufficient progress. There should be progress and I fully support what Patrick has said.

The Lord Empey:

I support the motion as drafted. There is nothing to be lost in examining the relationship. I have sat in the British-Irish Council. The people who attend there report back to their legislatures and executives and they will not want to be seen to be effectively having to report to somewhere else.

Having said that, there is no point in trying to re-invent the wheel. If work is done here that would give an advantage to those different bodies, I do not see any reason why that material and the work that has gone into it should not be shared with the various Administrations as it applies. The minutiae of how that would be done is the purpose of this motion; it is to start a debate within this body. That is fine, but we must be careful to recognise that the British-Irish Council has its own existing reporting lines and it is important that we do not interfere with that. It is a question of how we can add value to it. That is a debate that I look forward to this body having.

Senator Cáit Keane:

I support the motion wholeheartedly. I want to ask a question and it will probably entail another motion. Debate needs to happen at a local level as well, at local authorities level. The Confederation of European Councillors was a north-south, east-west link between local government. That has now disbanded. It was founded under peace 2. There was just one administrator under peace 2. Often national politicians do not like local politicians, but it is local politicians, non-governmental organisations and community groups that tick-tack on the ground. I was on that group and I got to know people; it was a friendly body. You could ring up if there were a problem north, south, east or west and say, ‘What do you think about this? Give me feedback on this. Where is it coming from?’ That is not mentioned in the motion, so I will tick-tack with the Chair. We may need another motion to discuss the matter fully and to ask whether there is a road we should be looking to go down and whether this Assembly should make a recommendation on the issue.

Rt Hon The Lord Mawhinney:

I congratulate Patrick on introducing the motion. He has put his finger on an important issue and I share his view that we should start the process by talking among ourselves. I suggest

that an unstructured conversation is probably not going to be helpful, so the Steering Committee, perhaps with input from Patrick, as it was his motion, should produce a document with suggestions that can help to focus the conversation, rather than just everyone throwing ideas around. Part of that initial conversation does need to be on whether we envisage east-west more in relationship terms or more in activity-based terms. Paul Murphy mentioned the reports we have. The truth is that all sorts of people produce reports. Perhaps the strength of east-west would be more impressive if it were more relationally based, rather than just pieces of paper-based, but I commend Patrick's motion and support it wholeheartedly. I look forward to a response from the Steering Committee in due course.

Mr David Melding AM:

I am sure that I speak for the whole Welsh delegation in supporting the motion. It is apposite. This body flourishes because it is capable of change and development. I thought that Paul Murphy's remarks were highly relevant, as were Lord Mawhinney's. Perhaps the Steering Committee could frame something for a more specific debate at a future plenary, which would be very helpful.

Mr Robert Walter MP:

As I indicated earlier when we debated the report from my Committee on the European Union's Atlantic strategy, there were some issues that could be referred to the British-Irish Council. Our colleagues the Crown dependencies raised the issue of their role in that or the implications for them of an Atlantic strategy which involved Britain and Ireland and the devolved Administrations but did not involve them. I also referred to the fact that, within the two sovereign Governments and the three devolved Administrations, there were those who were pulling at different speeds on the issue. The British-Irish Council would be a body within which there could be a little more co-ordination of approach. Paul Murphy has put his finger on the problem that we have had over a number of years because this is not the first time we have discussed this. We are not doing it at the moment, but we have raised it with Ministers. We have raised it with two Taoiseachs, I think. Everyone has said, 'Yes of course' and then nothing happens. There seems to be resistance within the BIC to engage with us.

A number of practical suggestions have been made by colleagues, one of which I would like to suggest through you as the British co-chair, Mr Robertson. At our meeting in London, we should invite the Deputy Prime Minister, who is the British Minister who specifically sits on the British-Irish Council, to come and give us a report on the work of the British-Irish Council and see what happens. If he says, 'I do not know anything about it' of course we can make our own conclusions from that, but otherwise I thank Patrick for bringing this matter forward and wholeheartedly support the motion.

The Lord German:

I support the motion. The level of disconnect between this Assembly and the previous body and the BIC has been a consistent theme that has come out of many discussions here. The challenge now is getting some action. Paul Murphy asked some appropriate questions, which we could approach. Lord Empey put his finger on the problem, which is easily overcome by discussion and debate. The time for action is upon us. There is a role now for the Steering Committee to undertake the work before the next plenary session. We need to know where

we are going on this matter and the Steering Committee needs to engage at every level with the Administrations, Governments and jurisdictions that we represent.

At our next plenary we need to have some cogent sign of where we stand, so I welcome this discussion. Discussion and debate have gone on. I can remember asking the Taoiseach this question in Cork and he was very enthusiastic about the relationship that we should have, so we have done enough internal talking. It is now down to the Steering Committee to give us some action and see a response at our next plenary in London.

12 pm

Mr Frank Feighan TD:

I support the motion. So we do not beat around the bush, perhaps the Steering Committee could allow the co-Chairs to attend the next BIC on behalf of our groupings and perhaps it could be open to committees; we have four committees. Perhaps we could start to attend the BIC on an informal basis effectively to build relationships because these things take time and by the time the Steering Committee makes a decision it could be three or four months and this will go on for another year. If it is in order, perhaps the co-Chairs could attend the next BIC and that would be movement.

The Co-Chairman (Mr Laurence Robertson MP):

We might have to see whether we can engineer an invitation for that. This is a matter I have raised at certain levels but I will come back of that in a minute.

Mr John Scott MSP:

On behalf of the Scottish delegation, may I voice support for the motion? We are in favour of what Patrick has proposed in his very good presentation.

The Co-Chairman (Mr Laurence Robertson MP):

As I say, I have taken up the matter at certain levels. May I suggest that, in advance of the June Steering Committee meeting, Patrick put something together—a brief paper—with proposals?

Mr Patrick O'Donovan TD:

Suggestions have been made by Paul Murphy, Lord Mawhinney and Frank Feighan, among others. There is the question of the co-Chairs regularly attending the BIC, submitting reports and withdrawing from the proceedings. The reports, whether they are on human trafficking, credit unions, or the decade of commemorations, contain very good work, but if we do not get to the zone that the Taoiseach talked about yesterday, people will not keep up that momentum; they will not keep up that engagement unless there is fruit on the bush that they can take off at some stage. I appreciate the remarks of my more experienced colleagues. It is not the first time the matter has been discussed here, but I hope that the Steering Committee—I bow to your suggestion—will take this on board.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you. Anything you can provide us in advance of that, perhaps summarising today's debate, would be useful. Thank you to everyone who has contributed.

Rt Hon The Lord Mawhinney:

Excuse me for interrupting but until 30 seconds ago we were doing fine. The Steering Committee and the leadership of this organisation, inasmuch as it falls to the committee and the Clerks, have a responsibility to do leadership. I am sympathetic to Patrick having an input, but this should be generated by the Steering Committee, with the multiplicity of views and experience from both sides of the Irish sea that are held in the committee. The idea is that the committee would like Patrick to write a paper. This is no reflection on his ability to write a paper, but it runs the risk of conveying that the committee itself is not that enthusiastic about the whole thing and is trying to get someone else to do it. I would like—I hope Patrick does not mind—the paper to come from the Steering Committee; he could have an input into that paper. That is quite an important emphasis.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you. I am certainly not trying to push the matter away from the Steering Committee or imply any lack of enthusiasm. We had a similar situation with regard to the proposal for an extra committee to look at devolved matters. David produced a document, which we will consider in more detail at that Steering Committee, so it was more a matter of suggesting that we could do it that way. The committee should take the issue on, so thank you for those remarks. All I am suggesting is that, given that Patrick has moved the motion, and received a lot of support for it, it would be useful to have those put together, but I will ensure that the Steering Committee takes the issue seriously.

Question put and agreed to,

‘That the Assembly examines its relationship with the British Irish Council with the view to deepening the engagement and interaction between both.’

The question is that motion No. 2, in the name of Mattie McGrath TD, is deferred.

Motion deferred,

‘That the Assembly consider relationships in relation to the orderly wind up of Bank of Scotland Ireland.’

We come to the third motion.

Question proposed,

‘That this Assembly recognises the close trading relationship between the Irish and UK food industries and supports the ministerial agreement that the FSAI and the UK Food Standards Agency will work closely together and jointly agree an approach for protecting the authenticity of meat ingredients used in the manufacture of meat based products.’ ‘

Mr Martin Heydon TD:

I thank the members of the different institutions for supporting the motion and for allowing me to move it today. The problems of traces of horse DNA being found in beef products were first discovered by the Food Safety Authority of Ireland, which was carrying out DNA testing. For those who do not know, DNA testing is a highly sensitive test that was not being done throughout Europe on any large scale before the problem was uncovered. The problem has since been proven to be Europe-wide.

Since initial traces were found, Minister Coveney, the Irish Minister for Agriculture, who chairs the EU Council of Agriculture Ministers, has convened a meeting of the Council and Commission representatives, which led to the EU-wide testing programme being rolled out. Ireland has taken a number of other key measures, having established the national DNA testing protocol: more extensive testing for phenylbutazone, the establishment of a central database for equine identification and an enhanced labelling inspection programme. Consumers rightly expect not to be misled by inaccurate labelling and must have confidence in what they are eating. An FSAI survey has shown Ireland to be at the forefront of controls on food production and signifies the importance placed on ensuring not only safe food for consumers but the integrity of the food supply chain.

A couple of statistics will show the relevance of this issue and why it is important to raise the matter at the Assembly plenary today. Irish beef exports in 2012 to the UK were about 240,000 tonnes, with a value of 949 million euros. In 2012, the value of beef exports to GB excluding Northern Ireland was 860 million euros—216,000 tonnes. I welcome the regular contact there has been between Minister Coveney and his UK counterpart, Owen Paterson. Given our extremely close trading links, north and south and east and west, it is imperative that Ireland work closely with the UK Food Standards Agency on the issue. That is why I believe that the motion is important and timely. It is important that the Assembly encourage and support the FSAI and the UK Food Standards Agency to jointly agree an approach for protecting the authenticity of meat ingredients used in the manufacture of meat-based products.

Mr William Powell AM:

I am grateful to Martin for introducing this important motion. It is vital that, in the British isles and further afield, there is consumer confidence in our meat industry. I make an appeal particularly to our colleagues in the Dáil. It relates to a couple of articles that I have read recently on the Irish Food Safety Authority and recruitment issues. I understand that there were a number of significant gaps and vacancies, which have now been filled. It is important that, on both sides of the issue, we are at full strength and that full resources are poured into this vital work. It is critical that we get this right.

We know how difficult it was when, for example, UK exports to Russia were banned for a number of years. The time to act is now. Great work has been done by Minister Coveney and his colleagues and by my colleague in the National Assembly, Alun Davies, the Deputy Minister for rural affairs. I know how much he values that work. It is important that the Government are kept up to the mark and that this is fully resourced. We must do our part, too.

Mr Frank Feighan TD:

I very much support the motion and thank Martin for bringing it to the Floor. It has been a difficult time. In this country, we value our food exports, which are very important. The two Governments—effectively, the four or five different Assemblies—should work together.

Mr Patrick O' Donovan TD:

I also support the motion. There is another aspect, which the Ministers for Agriculture in Britain and Ireland can take on board. The issue is not only labelling of exports but labelling of imports. In my constituency, in Limerick, the poultry industry has a strong tradition. Someone could import chicken that has been reared in south-east Asia, scatter bread crumbs on it, put it on a tray, shrink-wrap it, put a tricolour on it and call it 'Product of Ireland.' That needs to be dealt with, too. I ask that, in correspondence to the Ministers for Agriculture on the issue, the European Union needs to get its act together in relation to country of origin labelling. It is essential that people know where the product has come from, rather than just what it is.

Mr Jim Wells MLA:

First, I declare a non-interest as the only vegetarian probably in the entire conference. This issue, although it has concerned me as a constituency representative, has not concerned me as a human being.

On a more serious note, may I say how grateful we are in Northern Ireland to our colleagues in the Irish Republic for detecting this? The sad thing is that we did over 15,000 tests since BSE and never once tested for horse meat. We tested for sheep, pigs, you name it, but never for horse meat. I find it extraordinary that that never happened, so well done to the authorities for finding horse DNA and for publicising it so quickly. It is a good example of cross-border co-operation.

There is some good news coming out of this. A press release issued by Tesco yesterday said that, as a result of the crisis, over the next six weeks, all its food products would be sourced within either Britain or Ireland and that it would no longer go for the lowest common denominator and buy food in the open market from other parts of Europe; frankly at times we haven't a clue what is in it.

If recent events force the consumer to go back to the primary producer and local butcher and source locally home-bred food, it will be a good thing. We know that, in both the Irish Republic and GB, in terms of welfare, use of hormones, treatment of animals and quality of the product, we have infinitely higher standards than the competition, so if the whole process forces people to re-examine where they buy their food, that will be a good thing.

If you can buy five burgers for £2, there has to be something seriously questionable about the source of that produce. Therefore, one has to go for quality. If that happens and there is that move to quality in both Britain and Ireland—for example, in Northern Ireland, our meat industry is worth £1 billion a year—it is a win-win situation for Britain and Ireland. Certainly on quality, we win hands-down.

The Co-Chairman (Mr Laurence Robertson MP):

I know that this is a matter than Owen Paterson takes extremely seriously.

Mr Martin Heydon TD:

I thank Members for their comments and engagement on the issue. I would like to pick up on Jim Wells's points. It is probably accepted that from time to time issues will arise around food that may cause concern or affect confidence. It is not so much about avoiding those things ever happening; it is about ensuring that we handle them in a way that maintains confidence.

Jim mentioned Ireland's handling of all this. As soon as horse DNA was discovered, it was publicised and immediate measures were taken to deal with the problem. The fact that we were doing sensitive testing, which others countries were not doing, to highlight the issue should reinforce people's confidence in Irish beef. I accept Patrick's points on labelling, which were interesting. One of the multiples, Tesco, was mentioned earlier. There are the processors and there are the producers. It is yet to be seen whether processors acted fraudulently, or whatever the case may be, but they have definitely acted inappropriately—negligently at best. The processors are one part of the issue.

I am not letting them off the hook, but the multiples have a case to answer, too. It is not as if the multiples can wash their hands of it. One box of six burgers, an own-brand for a multiple, was retailing at 1 euro 20 cents, which meant that those burgers were 20 cents each. I believe that the multiple was paying the factory 8 cents a burger. A multiple that pays 8 cents for a beefburger cannot morally expect that to be of the highest meat standard. Perhaps they too have a case to answer in relation to the pressure that they put on for the lowest price—the bottom line. In all the discussions, as we try to ensure that this never happens again, that is a key component. I thank members for supporting the motion.

The Co-Chairman (Mr Laurence Robertson MP):

I thank everyone who has contributed.

Question put and agreed to,

‘That this Assembly recognises the close trading relationship between the Irish and UK food industries and supports the ministerial agreement that the FSAI and the UK Food Standards Agency will work closely together and jointly agree an approach for protecting the authenticity of meat ingredients used in the manufacture of meat based products.’

The Clerks will bring the motions to the attention of the Irish and British Governments. The latter one will certainly be brought to the attention of the European Commission.

BRITAIN AND IRELAND: DEVELOPING CULTURAL LINKS

Ms Madeline Boughton:

Good afternoon, distinguished guests and everyone else. My name is Madeline Boughton and it is a great pleasure to be here today on behalf of Culture Ireland to share with you some of our plans and initiatives, along with a bit of background about what we are doing around the theme of Britain and Ireland cultural links.

For those of you who are not familiar with Culture Ireland, the organisation was established in 2005 by the then Minister for the Arts with the remit to promote Irish arts abroad. Located within the Department of Arts, Heritage and the Gaeltacht, Culture Ireland is a small but perfectly formed animal comprised of a team of seven people with two external project managers, of whom I am one. In the context of the meeting today, it is important to note that Culture Ireland is an all-Ireland agency. We support artists across the island of Ireland. As I say, that is an important point. The body has an advisory committee of 13 people who act as the guides, if you like, of the organisation. They establish the policy and they oversee the programme. The committee is appointed by the Minister for the Arts, and the chairperson is Micheál Ó Súilleabháin. The committee has representatives of the arts across the art forms and representatives from state agencies such as Enterprise Ireland, the Irish Film Board and the Arts Council. The funding for Culture Ireland comes from the department. It started off at €2 million in 2005, it rose to €4.75 million in 2008 and currently it stands at €3.16 million for 2013.

12.15 pm

The core remit of Culture Ireland is to create and support opportunities for Irish artists to present their work at strategic international festivals, venues and showcases. We also support the development of Ireland's international cultural policy by acting as an adviser to the Minister and other government departments around arts and culture policy. We build relationships, networks and contacts with international promoters and arts organisations for artists, and we work closely with the Government agencies I have already mentioned: Enterprise Ireland, the Irish Film Board and, most important, the Department of Foreign Affairs and the Irish embassy network abroad.

Culture Ireland is different from other cultural agencies in that its core remit is to promote just the arts. We do not have any education, governance or other remit except to promote the arts. It is also unique in that, unlike the British Council which has offices around the world, it has only one Dublin-based office. However, Culture Ireland relies heavily on the support of our embassy network, which is key to us for delivering our mission abroad.

How does Culture Ireland achieve its objectives? That is done in three main ways. We have a quarterly grants programme whereby artists, Irish artists or international presenters can apply for funding to present their work. We also run a showcase programme, the area that I am specifically familiar with and which I want to talk about later. The showcase programme is where we have identified markets with a large number of international presenters present, which enables artists to develop their opportunities. Examples would be the London Book Fair, the Venice Biennale, the Edinburgh Festival, which I will talk about later. Large groups of international buyers are present and they are looking for the best of arts practice. We operate a showcase programme in many of those key art markets. The other vital programme that we operate is a funded scheme called See, Hear whereby we bring international delegates in to Ireland to see work, so that they can then programme that work into their festivals and venues.

In addition to the core programme we also run special initiatives. Some of you may have heard of Imagine Ireland, which was a year of Irish arts in America during 2011. We supported over 1,500 events across 42 states during that year. Currently we are also running a programme called Culture Connects, and I have brought along some programmes for it. Some of you may be familiar with the Culture Connects programme. It specifically marks Ireland's

presidency of the European Council of Ministers. It is a programme of over 500 events that will take place across the European Union for the first six months of this year, so we are in the middle of the programme at the moment. Finally, we have a strategic focus on the BRIC countries, with which many of you will be familiar, and particularly China in 2014 and 2015. That is looking forward in terms of our objectives.

I turn specifically to issues around Ireland and Britain, because that is what we are here to talk about today. Since 2005, when the organisation was formed, Culture Ireland has invested over €5.5 million in over 600 projects across England, Scotland and Wales. That is a significant investment into presenting Irish work across the islands. In 2012, we invested €730,000 in over 70 projects. Other areas in which there is huge cultural co-operation are between ourselves and, for example, the British Council in Northern Ireland where we shared an opening. The pavilions were side by side at the Venice Biennale, which again is a huge international marketplace. It offered great scope for Culture Ireland and the British Council Northern Ireland to promote their artists collectively and together, and to gain a higher profile and momentum for them. We also work closely with our colleagues in Creative Scotland and Wales Arts International on the European fora of cultural institutes called EUNIC, which again some of you may be familiar with. It is the European Union of National Institutes of Culture.

Let me point out some selected highlights from our programme last year because they will give you an idea of the work that we have been supporting. Druid's award-winning productions of Tom Murphy's plays were presented in London and Oxford before they toured to New York. The director, Garry Hynes, won Best Director in one of the most important UK award ceremonies. We supported the Abbey Theatre and National Theatre co-production of 'Juno and the Paycock', which again played in London and Ireland. We were present across a number of different projects for the Cultural Olympiad in London. There was an exhibition by John Gerard called 'Exercise', which used emerging film and digital technologies to explore issues around competitive sport and military training. We also supported musicians from across the island of Ireland in a wonderful project called Green Fire Islands, a joint initiative between Maori and Irish musicians. It was an extraordinary piece which played in the River of Sounds project, a music project along the River Thames. Those are just some examples of the projects we supported in 2012.

Briefly, I want to hone in on two particular partnerships which for us symbolise the strength of British and Irish cultural links. Earlier I talked about the Edinburgh Festival. Many festivals take place in Edinburgh during the month of August; it is literally festival city. There are three with which Culture Ireland works very closely: the International Festival, which is a curated programme of very high-scale and high-quality work, and the Edinburgh Festival Fringe, which is just extraordinary. It is the largest arts festival in the world in which literally thousands of performances take place in venues all over the city. Thirdly, there is the Edinburgh International Book Festival, which is a unique opportunity to international authors to come to Scotland to reach audiences and presenters. Edinburgh is a global platform—the world comes to Edinburgh in August. The world of international promoters comes to Edinburgh and they are looking to buy work. Culture Ireland works closely with the festivals around presenting Irish artists during this event. We also work closely with particular venues like the Traverse Theatre and Dance Base. We talk to them throughout the year in order to work on programmes and share supports and partnerships for artists.

I should mention the role of the Irish consulate in Edinburgh, which in August is critical for us. It enables us to get that additional and extra lift for artists. We will have a Minister present. He can meet his counterpart, which has happened for the past two years, and talk about how the connections between Ireland and Scotland can be made even stronger. The benefit to Culture Ireland and to the Scottish organisations we work with is immeasurable. Artists have an opportunity to be seen on a world stage. They can generate bookings and tours outside Edinburgh. Irish artists have consistently won awards—Fringe First and the Herald Angel award—at Edinburgh. There is also an opportunity for our Edinburgh partners to present some of the best of Irish work that is being done at the moment that otherwise they might not be able to do.

We reciprocate in this by bringing Scottish partners to Ireland to see work. Where we can, we will try to make sure that Scottish partners are aware of opportunities in Ireland to present Scottish work. It is an ongoing conversation that carries on throughout the year and which culminates in August where there is a platform of artists who would not be able to do the work they are doing without the support of the Scottish partners we work with.

The other example I want to talk about is WOMEX, which is a world music expo that takes place every year. It is probably the largest platform for folk, roots and traditional music across the world. It involves the showcasing of bands as well as a trade fair. Literally thousands of delegates arrive at WOMEX every year to see what is the latest thing in terms of traditional folk music. All of the agencies working across England, Scotland, Ireland and Wales, including Wales Arts International, Creative Scotland, the Arts Council, have made WOMEX a strategic priority over the past few years. They do so because they realise, as we do, that it offers a great opportunity for artists to develop their tours, bookings and profiles.

WOMEX travels to a different city every year. Dublin, Cardiff and Glasgow competed to host WOMEX in 2013. It was a very friendly competition. Cardiff was successful as the winning city and it will host WOMEX this year. However, instead of Cardiff taking that moment for itself, it has generously asked all of the other partners, including Culture Ireland and Creative Scotland, to work towards making Cardiff the best city it can possibly be for WOMEX. We have formed a partnership called Horizons. Artists from all of these territories will have a chance to showcase at WOMEX, not just Welsh artists. That is a very generous gesture by our Welsh colleagues and it has resulted not only in opening up an opportunity for all our artists to showcase at WOMEX, but also that we have all committed to a legacy beyond WOMEX this year. All of the organisations are committed to ensuring that the results which come out of the expo this year will lead to further opportunities for the artists in the years to come. That is an important and practical result of conversations that have been taking place over the past year. It will come to fruition at WOMEX in October when the bands get to showcase and, it is hoped, there will be thousands of delegates in attendance. What we are particularly pleased about is that WOMEX does not end in Cardiff in October; there is actually much more potential in it.

Those are just two examples of very live, important and ongoing relationships that Culture Ireland is developing with our partners. Let me outline some highlights that are coming up in our programme this year. We have a tour by Camerata Ireland, which has already started. It is the Northern Ireland orchestra under the baton of Barry Douglas. We saw a range of artists at Celtic Connections in February, which was very successful. In Edinburgh this year we will have the Gate Theatre and Pan Pan presenting five shows by Beckett, as well as a programme of work across the Fringe and the Edinburgh Book Festival. Later this year, Fabulous Beast

will present 'The Rite of Spring' in the Barbican, working with Irish and English choreographers and performers. Some of you may be familiar with the acclaimed Irish group, The Gloaming, with Martin Hayes and Dennis Cahill at the helm, which will be touring the UK this year. Also at the Barbican later this year there is to be a wonderful screening of the film 'Guests of the Nation'. There is to be a festival of Irish film for young audiences, which has been co-curated by the Riverside Studios and the Irish Cultural Centre in Hammersmith. There will be exhibitions by a whole range of visual artists including Gerard Byrne, Dorothy Cross, Eilis O'Connell and Jesse Jones, to name but a few. So a wide-ranging programme of arts practice is to take place all over England, Scotland and Wales.

In conclusion, I want to reassure you that the Irish Government is very committed to Culture Ireland and to the benefits that can be generated not just for artists but for audiences and presenters by promoting Irish arts abroad. Building stronger links between Britain and Ireland is a key priority for Culture Ireland; it is something that we are absolutely committed to. As well as funding, Culture Ireland offers workshops, advice, promotion and marketing in order to help artists to build sustainable careers. Showcasing platforms like the Edinburgh Festival, WOMEX, the London Book Fair and the Venice Biennale are all very important in terms of building career opportunities for artists and fostering sustainability for them. It also speaks to the programme for Government in terms of jobs.

12.30 pm

With Creative Europe coming down the tracks, which is the next programme for culture that is to be developed by the European Union, it is critically important that we start those partnerships by working with our neighbours first. That is really what we are going to be about in future years. We will build on what we have already started and make it more substantial. Also, this year marks the 40th anniversary of EU membership as well as the presidency and the Derry/Londonderry City of Culture and The Gathering. There will be every opportunity for us to share our creative strengths and to promote them collectively to a wider global audience.

I have not spoken at length about the Derry/Londonderry City of Culture because I know that it is close to what is happening here today. However, I will say that we are working closely with its representatives in terms of programming. There is no doubt that there will be some fantastic events and programmes that come out of the City of Culture. Our priority is to help get that to the wider world, as well as helping people outside of Ireland to appreciate some of that amazing work.

I am happy to answer any questions and I will be here later on if anyone would like to talk to me outside the meeting.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you very much for an extremely interesting address. I call Frank Feighan to ask the first question.

Mr Frank Feighan TD:

Thank you, Madeline. I am very conscious that where I live there are a lot of artists. I always wonder how they access the market, so it is reassuring to see that there is a network there—congratulations on that.

Over the years, the Irish market has proved much too small. The UK market has been huge, along with North America and Europe, especially Germany. How big is the new market in China? I hear from a lot of people that China is the new destination. How big is it on your radar?

Ms Madeline Boughton:

It is very important. That is why I mentioned that for 2014-15, Culture Ireland has a strategic focus on China. There was a cultural programme in 2004 that built links between Ireland and China, and there has been some, shall I say, sporadic work happening with artists touring China. But it is difficult, and without a strategic focus it does not have the same impact. That has become really significant for us, and will definitely be something that we will push strongly in future.

I should also say that, for artists, I would not underestimate the importance of the European market, or indeed the American market. We find that there is a strong appetite for work by Irish artists in Europe. Certainly the Culture Connects programme is putting a huge foundation in place that we hope will also yield future results for artists. So I would not overlook the European dimension.

Mr Michael Connarty MP:

Thank you very much. I find that very exciting. Last night at dinner when you spoke, I thought it was very stimulating. I am a new member of this organisation and this is my first meeting. There is a great deal in what you said about what people think we should be doing to build cultural links. When I return tonight I will be going to a new supper club called Pop and Politics. I would like to ask you about new culture. I happen to chair the Scottish National Jazz Orchestra and also Jazz in Parliament. We are driving pop music and new music, with great support from Creative Scotland, and taking it abroad. We have been to Norway and are going to five paid gigs in the USA—it is important not just to be subsidised. We find that there is a huge appetite for new music coming out of old cultures; people do not just want to play bagpipe music and dance. I wonder how much success you are getting in driving new music. It was good to hear you talking about WOMEX. People want to hear their traditional heritage, but they also want to see where their heritage is going.

Ms Madeline Boughton:

We also work very closely with an organisation called First Music Contact. We showcase bands, for example at South by Southwest, which is happening at the end of next week, as well as The Great Escape in Brighton and Eurosonic in the Netherlands. We try to give bands the opportunity to get bookers, agents and publicists. We are very conscious of that. We work very closely with a dedicated music resource organisation that helps us deliver that on the ground. We will have 17 bands at South by Southwest next week, and another 10 will go on to Canadian Music Week. They will form part of our showcase programme.

In addition, we constantly encourage bands to think of Culture Ireland because we are there to support them. If a band such as Heathers, who are touring the States at the moment, can get opportunities to tour, we are there to help them. That is really important. Culture Ireland's mission is to help the companies I mentioned, some of which are very established. We try to give emerging artists a leg up, which is critical. Sometimes you need an established company on the front line that can open doors for emerging artists. That is our mission: to get them a foot on the ladder. We are very conscious of doing that.

Ms Ann Phelan TD:

Madeline, I am particularly interested in arts festivals. My constituency is Carlow-Kilkenny. We have our own arts festival in August. I was particularly interested in the Edinburgh example. Could we form any links, or are the links already there? What struck me is that our festival week is one of the biggest drivers in the local economy. What it means to Kilkenny is absolutely huge—not only the city but the county. I was wondering how we could further links with Edinburgh, perhaps to give it a more international flavour.

I was also struck by the fact that last year was the first time that actors from the famous Globe Theatre appeared in Kilkenny. I was amazed that it was the first time that they had been in Ireland, so well done to the people of Kilkenny on that as well. The aim is really to try to learn best practice. Edinburgh has such a successful festival and we should try to be more successful in that area as well. Thanks, Madeline.

Ms Madeline Boughton:

Edinburgh invests hugely in its August festival. It has an enormous economic impact on the city and on the artists who present work during that time. Interestingly, the Edinburgh International Book Festival has developed a partnership with the festival in Galway to try to share programming—and similarly with Dublin, because Edinburgh and Dublin are UNESCO Cities of Literature. So there is a huge openness to try to find opportunities to work in partnership, either in presenting artists or learning from festivals. I am familiar with the Kilkenny festival, which has a strong reputation internationally for the quality of its work and programming. We would be very interested in bringing in international people to the festival to see the work and talk about it, and in some sort of shared programming between festivals.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you very much. I apologise on behalf of a number of people who cannot be here for this session because they had to catch an earlier flight. Obviously a lot of interest has been generated by what you have said, so on behalf of the Assembly, I wish you well in your work in promoting the City of Culture this year, and more generally in promoting Irish arts worldwide. You have a lot to promote. Thank you very much for coming here today to tell us about some of your work.

Before I hand over to my co-chairman, I thank Joe, Sinead and all the staff for all the work they did preparing for this Assembly and for giving us such an excellent time. I said on Sunday evening, before we started, that I was sure we would have very good discussions and would further our friendships. I certainly think that we achieved that. I thank also the Gardai for their close attention, and the staff and caterers at the Letterkenny Institute of Technology.

It has been a tremendous three days and we look forward to carrying on the Assembly in the near future.

The Co-Chairman (Mr Joe McHugh TD):

Thank you. Before calling on Kris Hopkins to move the adjournment, I, too, would like to acknowledge Madeline's contribution. You mentioned that we presented Derry City of Culture last night; we also featured elements of it at the gathering on Sunday night, so there was a cultural theme and we were delighted that you were here to close proceedings.

I also thank Paul Hannigan, President of the LYIT. In particular I pass on our thanks to Sheila King, the point of contact, and to all Paul's staff, who were very helpful, courteous and professional. We very much appreciate your allowing us to blend in with your day-to-day running of the institute. The college went ahead, the students were here and they were still in learning mode. Please pass on our thanks to John Doran, the head of the renewable energy course here at the college. We had a great opportunity yesterday with the British ambassador. Different conference delegates had an opportunity to meet and engage with class members. It was very opportune to do that in light of the theme of the conference.

12.45 pm

I join Laurence in thanking An Garda Síochána, whose presence, diligence and obvious vigilance came into operation yesterday. Our British participants and members had an introduction yesterday to all facets of democracy here. This is an element of politics in Ireland at the moment, and also a by-product of having to bring in very difficult measures at a difficult time in order—as the Taoiseach said yesterday—to bring us into a better space. So I thank the Gardai for their presence here yesterday.

I thank all the panellists and contributors, as well as the observers who attended yesterday and today. I thank the national and local media for their participation—and Martin and Peter for their help. I thank all the officials, including Robin and Sinead at the top table, and in particular—as it is an Irish-held event—Sinead for her ongoing work in preparing for this. There were a few logistical challenges as we departed from the normal course of having everything in situ in one building, so I thank Sinead for all her endeavours in putting together a very comprehensive programme.

In conclusion, I thank my Co-Chair, Laurence, for his help over the past few months in the build-up to this conference. I know that the engagement continues. Your Northern Ireland Select Committee has you over to the north and back, and you are also up and down to Dublin. This ongoing engagement is helpful to the work in which we are involved, and certainly to the challenges that lie ahead. Thank you, Robin, for your help and courtesy, as always. We look forward to the next plenary, but before that we will meet in the Select Committee in June.

I hope that everyone got a flavour of Donegal. A lot of people have been here before. To those who have not, I say that it was an absolute delight to have you here. When I spoke to the British ambassador on Sunday evening, he told me that he had come on Saturday and enjoyed the pleasures of Slieve League. He went walking and took in Donegal at its best. I hope you enjoyed some of our local cuisine last night, and in particular the Mulroy Bay scallops. I hope they went down a treat, Jim. I also hope that the non-alcoholic connoisseurs

enjoyed the McDaid's Football Special on Sunday night. I now call on Kris Hopkins to move the adjournment.

ADJOURNMENT DEBATE

Mr Kris Hopkins MP:

I beg to move

That the Assembly do now adjourn.

Thank you, Co-Chairman. I appreciate the opportunity to say a few words. This is my fourth plenary. Each has been a pleasure to attend, and each has been rewarding and informative both in its content and in the delegates' contributions. The themes around energy and climate change and economic opportunities demonstrated an extensive knowledge and interest from members, but also highlighted the enormous challenges we face in meeting our treaty targets and achieving our national ambitions, as well as in securing energy security.

As always, the external contributions, both public and private, were of an exceptional quality. I thank the Taoiseach and his Ministers, who not only brought status to this event but demonstrated the huge commitment of the Irish Government to this Assembly—something that perhaps our Government could work on. The work of the committees is detailed and thoughtful, and key in securing the aims of the Assembly. We need to talk, deliberate and find common purpose.

The topics of human trafficking, credit unions and European affairs could hardly be described as lightweight. The influence of such papers could be seen in the reference to the paper from Committee A made last night by the Arts Minister in the context of a decade of commemoration. We are talking about a measured and informed set of recommendations, taken seriously and appreciated by a member state.

Last night we gathered in a magnificent hotel and enjoyed exceptional hospitality. However, much as the food and hospitality is appreciated, the highlight for me is the dialogue and debate that come out of that. Friendships are made, as well as links across all our borders, as we cement a peaceful path for all our peoples. Those social gatherings are just as important as formal sessions.

I thank our staff and ask our joint clerks to pass on our appreciation. I had the privilege earlier of meeting Aidan and Peter, a couple of students here at LYIT who came to observe our sessions. If they are representative of the calibre of your students, you have much to be proud of; they were very well informed individuals.

I wish the city of Derry a very successful year while the spotlight of the world is on it. It is a really special time for our country and your city—and the country over here. I did not realise the real connection between this part of the world and the city.

Finally, I thank our very able Co-Chairs and move the adjournment.

The Co-Chairman (Mr Laurence Robertson MP):

Thank you very much. I now declare the Assembly closed. We look forward to seeing everybody in Westminster in October.

Adjourned at 12.48 pm.