

Pat Smyth

From: Michael Daly
Sent: 18 March 2009 14:00
To: Brian Carroll .T- Corporate Finance; Eamonn Molloy
Cc: Sara White; Stjohn O'Connor; Pat Smyth
Subject: RE: ABS
Attachments: Material for ABS (2).doc

Brian/Eamonn,

I have inserted a substantial amount of material re outputs etc. in relation to the three overarching Objectives of the Energy Framework White Paper. While there still some items of information to complete, it is best left until after our meeting We have substantial material on 2009 programme expenditure. While we have included some of it, it may be better to cover also by way of an Appendix.— for discussion.

The energy section has yet to be signed off by he Energy Sector – this is best left until conclusion of today's discussion and the insertion of any changes requested by the Sector.

Sara – Stjohn and myself are meeting Eamonn and Brian at 2.30 to discuss Energy Sector of their paper. (See paper per attachment). Any changes/refinements/additions are best left until after this meeting.

Mike

From: Brian Carroll .T- Corporate Finance
Sent: 16 March 2009 13:03
To: Ciarán Ó hÓbáin; Frank Sheridan; Michael Daly; Martin Finucane; Richard Browne; Kevin O'Brien; Koen Verbruggen
Cc: Eamonn Molloy; Pat Smyth
Subject: ABS

Colleagues

Please find attached **work in progress** material for ABS which Eamonn has asked that I circulate in advance of Wednesday's bilateral meetings. A number of points:

- Text in red indicates further material required
- Outputs section needs further work.
- ABS proposals need more working through in terms of feasibility and best estimates of expenditure/staff savings (again input from the Divisions is important)
- Finally, material on expenditure trends since 2002 needs to be inserted. I have asked Finance Unit to prepare a table showing trends

Pat Smyth has issued e-mails following up on many of these points. Please reply to him ASAP.

Finally, attached material is with Sec Gen. and you may want to circulate to your relevant D/A/Sec.

Regards
Brian

Programme C (as at 1 above): [Energy]

High Level Goals

- To ensure a fully sustainable, secure and competitive energy market underpinned by diverse energy sources, energy efficiency and robust infrastructure
- To address climate change by meeting our obligations in the reduction of energy related greenhouse gas emissions

Impact Indicators

- Consistent and reliable electricity supply and generation adequacy that will meet the needs of enterprise and consumers
- Security of gas supply on the island through infrastructure investment and storage, robust market and regulatory arrangements and Liquefied Natural Gas (LNG) strategies
- The progressive reduction in reliance on imported fossil fuels and reduction in energy related greenhouse gas emissions in line with Government targets
- Growth of renewable energy sources in line with Government targets and support for emerging technologies that underpin sustainable energy use in the economy as well as growth in the green energy enterprise sector
- More efficient use of energy to enhance security of supply, industry competitiveness, affordability of energy and environmental sustainability
- Delivery of the national energy Research, Technology, Development and Innovation (RTDI) programmes and priorities will underpin sustainable energy goals, create a vibrant energy research sector, and underpin innovation and market opportunity in energy technologies products and services
- The setting of clear strategic directions with the Semi State energy bodies to position them strongly to deliver on the challenges and opportunities of the new energy landscape in support of economic and social development and energy policy goals, including renewable energy, energy efficiency and energy security

Programme Rationale and Prioritisation

The rationale for programme intervention in the energy sector is market failure to achieve the key policy objectives in the Energy White Paper: *"Delivering a Sustainable Energy Future for Ireland"* published in March 2007 and the Programme for Government of June 2007:

- Ensuring security of energy supply
- Promoting the sustainability of energy supply and use
- Enhancing the competitiveness of energy supply

The programme expenditure, almost all of which is administered by Sustainable Energy Ireland, prioritises energy efficiency, renewable energy and energy R&D. It addresses market failures in relation to:

- the provision of information to underpin sustainable energy demand and supply decisions
- the development of markets for sustainable energy (including future technologies which carry an associated risk)
- the setting of appropriate standards for these emerging markets
- the undertaking of public good energy research and the building of research capacity which provide the theoretical and technical foundation to enable the private sector to produce the goods and services necessary for future sustainable energy markets

The Department also engages in policy development and governance of the commercial and non commercial energy bodies under the aegis of the Department, which underpin the programme activity outlined above. X In addition to this activity, the Department is active in the development of regulated competitive markets for electricity and gas, which includes the establishment of appropriately regulated natural monopoly network operators.

Inputs

	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure: ¹			
- Current	€12,580	€10,447	€10,478
- Capital	€47,200	€57,325	€125,025
Administration and Other Support			
<i>Pay</i>	€2,708	€2,862	€2,897
<i>Non-Pay</i>	€1,071	€1,167	X €365
TOTAL GROSS PROGRAMME EXPENDITURE			
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	45	42	41
- Other Public Servants ²	51	60	74

Broken down by Subhead as follows:

¹ These figures relate to programmes run by both SEI and the Department; Separate figures for SEI are included at (4) below. Figures for CER and NORA are presented separately, as neither is funded from the vote.

² These figures relate to SEI only

Energy Programme	2007 Outturn / Output Achieved	2008 Outturn / Output Achieved	2009 Estimate / Output Target
Subhead D1 – Sustainable Energy Ireland – Administration and General Expenses	Total - €7,000m	Total - €7,530m	Total - €8,518m
- Current	€7,000m	€7,530m	€8,518m
Outputs		Operation of SEI	Operation of SEI
Subhead D2 – Sustainable Energy Programmes	Total - €47,200m	Total - €43,980m	Total - €100,172m
- Capital	€47,200m	€43,980m	€100,172m
Outputs		Increased penetration of renewable energy in heating sector: 9,543 installations under the Greener Homes Scheme 93 installations under the Reheat Programme	Increased penetration of renewable energy in heating sector: 7,000 installations under the Greener Homes Scheme 120 projects approved under the Reheat Programme
		Energy Efficiency measures applied in an additional 5,285 fuel poor homes	Energy Efficiency measures applied in an additional 8,000 fuel poor homes
			13,000 homes grant assisted under the Home Energy Savings Scheme
			Need targets for Public Sector and Industry
Subhead D3 – Energy Research Programmes	Total - €0,479m	Total - €13,562m	Total - €18,048m
- Current	€0,331m	€0,217m	€0,698m
- Capital	€0,148m	€13,345m	€17,350m

Outputs	Ocean Energy Development Unit established; and prototype fund opened	Need Ocean Energy target
Subhead D4 – Strategic Energy Infrastructure	-	Total - €0.001m
- Capital	-	0.001
Outputs	N/A	N/A
Subhead D5 – Energy Efficiency	€2.500m	€0.998m
Awareness Initiatives	-	-
- Current	€4.957m	€0.998m
Outputs	Power of One energy efficiency awareness programme	?

Delivery Mechanism: A brief outline of how the Programme is delivered. Ensure the outline includes any Agencies involved in the process

Almost all the programme expenditure is administered by Sustainable Energy Ireland. Its role is to promote and assist more sustainable production and use of energy in Ireland. This includes implementing significant aspects of the Energy White Paper: "Delivering a Sustainable Energy Future for Ireland" and the National Climate Change Strategy (2007-2012) as provided for in the National Development Plan (2007-2013). Full details of this programme expenditure are contained in Appendix 1.

The administration and other support costs incurred by the Department underpin its activity in policy development and governance of the energy bodies under its aegis.

Assessment of how this expenditure programme is meeting the policy objectives it is intended to. This assessment should take into account the resources being deployed to achieve the outcomes.

This expenditure programme is, in general, meeting the policy objectives set for it the Energy White Paper. The earlier section on Outputs shows achievements in 2007 and 2008, as well as targets for 2009.

The primary objectives of energy policy as set out in the White Paper are:

- security of supply
- environmental sustainability
- economic competitiveness

Substantial progress has been achieved and is being achieved in relation to a wide agenda of actions covering these three overarching objectives. The following paragraphs summarise some of these major actions/achievements.

1. For the first time the Energy Policy Framework creates policy certainty.
2. Significant structural and market reforms have been undertaken.
 - The Single Electricity Market has been operational since November 2007.
 - The CER-ESB generation divestment strategy has been completed with ESB generation capacity reduced to 40%.
 - There is now a more realistic level of competition in generation with more modern plant displacing old inefficient plant.
 - We are now seeing some real competition in the domestic sector

3. Considerable investment is taking place in distribution, transmission and generation by the State Energy companies.
 - The Government has approved ESB's plans to commit more than €22b to transform the company into a world class, carbon neutral, green utility over the coming years.
 - Bord Gáis Eiréann (BGE) has set out an €5B investment strategy to develop the gas network and clean energy technologies.
 - AirGrid has published its Grid 25 Strategy which has an estimated budget of €4B while the transfer of the national transmission assets from the ESB is expected to be completed by year end.
 - The development of new interconnection capacity is proceeding with the construction of the East West Interconnector between Ireland and Wales which is to be operational by end 2012.
4. Positive progress is being delivered on the electricity target from renewable resources of 40% by 2020. Already more than 1,100 MW is connected to the Grid.
5. A very ambitious Energy Efficiency Action Plan designed to deliver on the State's 20% energy efficiency target, including 33% for the public sector, by 2020 has been launched.
6. Sustainable Energy Ireland (SEI) was founded in 2002, to fund and research a variety of energy efficiency programmes and to assist in the development of renewable energy.
 - More than €45M has been committed to fund the installation of renewable heating projects in over 30,000 homes under the Greener Homes Scheme- €12.35M is budgeted for 2009.
 - This year it has funds of €50m for the installation of insulation schemes in housing – target is some 27,500 homes.
 - SEI's Industry and Business Programme has a budget for 2009 of €5.75M to improve energy efficiency and competitiveness through services that promote structured energy management involving the 100 largest energy users and up to 1,000 small businesses.
 - Under its Warmer Homes Scheme, it hopes to upgrade some 15,000 low income homes this year at a cost of €20M of which some €15M will be funded by the Exchequer.
 - Under its Public Sector Energy Efficiency Target Support Programme its objective is to support the achievement of the Government's energy exemplar target for the public sector of 33% savings by 2020. Potential areas for improvement include buildings, equipment, heating and ventilation systems, vehicles, energy management and staff behaviour.

In terms of resources deployed to achieve these outcomes, a recent review of Sustainable Energy Ireland clearly set out the increase in the functions, programme budget and remit under its aegis with little consequential current resource adjustment.

- 7 The Commission for Energy Security is to carry out in 2009 a fundamental review of energy prices and tariff methodologies which will take account of the needs of all energy consumers, including the need to support economic competitiveness.
- 8 A framework has been developed to support the development of auto-generation projects by large industry as well as the scheme for micro-generation in small business, agriculture and at a domestic level.
9. Science Foundation Ireland has been expanded to include sustainable energy and energy-efficient technologies, ensuring that cutting edge energy research will be undertaken in Ireland.
- 10.

List the key drivers of the increase in expenditure/numbers since 2002, paying particular attention to 2007 to 2009 and, if appropriate, key demographic pressures arising in future years. How can these drivers be contained?

The key drivers of change in expenditure/numbers *since 2002* are:

- EU climate change Directives and targets –reducing greenhouse gas emissions
- Growing concerns over security of supply
- Increasing volatility in energy prices
- Accelerating the development of renewable energy
- Delivering strategic energy infrastructure
- Improving more competition in power generation and supply
- Government priorities in the energy efficiency area
- Participation in

Over the period *2007 to 2009*:

- Overall current expenditure has been relatively flat and, in real terms, would show a decline
- Capital expenditure has increased and the 2009 Estimate is more than double the 2008 Outturn
- Departmental Civil Servant numbers show a slight decrease

- Sustainable Energy Ireland Public Servant Numbers for 2009 show an increase on 2008

The increase in the 2009 Estimate for capital is driven by the allocation of additional resources to labour intensive energy efficiency capital programmes (i.e. Home Energy Savings Scheme; Warmer Homes Scheme; Industry Programme; and Public Sector Energy Efficiency Programme) as part of the Government's Programme for Economic Recovery.

It should be noted that some of the key drivers of change in terms of achieving the Energy White Paper objectives of security of supply, sustainability, and competitiveness are beyond the control of the State. Key to mitigating against these factors are:

- Increasing the availability of sustainable energy supply at least cost
- Encouraging greater efficiency in the consumption of energy

Both of these approaches are fundamental components of the complement of individual programmes currently in progress.

Outline the likely consequences if this Programme were discontinued entirely?

Ireland is a small island economy with very little indigenous energy resources that relies heavily on importation of oil and gas to meet our energy needs. The likely consequences if this Programme were discontinued would be:

- Failure to meet EU targets on climate change
- Increased exposure to volatile international price trends
- Possible energy shortages
- Short and long term declines in economic competitiveness.

Opportunities and obstacles for rationalising the staffing resources for this Programme (incl. any work practice, mobility issues)

As outlined above Departmental Civil Servant numbers show a slight decrease since 2007; and Sustainable Energy Ireland has significantly increased its activity with little consequential current resource adjustment. As a result it is necessary to identify opportunities for rationalising staffing resources in a broader context. Three possibilities to achieve greater economies of scale in administrative costs and/or reduce overlap have been identified below. Obstacles include:

- Sustainable Energy Ireland is currently based across four locations which would make staffing reductions more challenging to achieve

- The differing roles of Sustainable Energy Ireland and the Commission for Energy Regulation, combined with the legal requirement to maintain regulatory independence, would make merging of the two organisations difficult
- The differing roles of the Environmental Protection Agency and the Marine Institute from one another, and from Sustainable Energy Ireland; and the fact that the former two have headquarters at differing locations outside Dublin; would be likely to reduce savings achievable from merger

List of Recommendations and Options for (1) scaling back or discontinuing this Programme and (2) securing savings / efficiencies on this Programme, including savings / surplus staff arising

Recommendation A: Amalgamate Sustainable Energy Ireland with smaller agencies already operating in similar sectors e.g. Comhar, and with the elements of Forfás operating in the energy research area (including the sharing of back office services with Forfás) More specific detail required on savings/surplus staff

Option B: Merge Sustainable Energy Ireland with the Commission for Energy Regulation More specific detail required on savings/surplus staff

Option C: Merge Sustainable Energy Ireland with the Environmental Protection Agency and/or the Marine Institute More specific detail required on savings/surplus staff

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Pat Smyth

From: Koen Verbruggen
Sent: 19 March 2009 18:11
To: Brian Carroll .T- Corporate Finance
Cc: Pat Smyth; Eamonn Molloy; Peadar.McArdle
Subject: RE: ABS
Attachments: Material for ABS -GSI.doc

Brian

As requested some minor changes with further specific detail for GSI, which I have left in red, on pages 39, 42 and table on page 39. Let me know if you require anything else.

Cheers

Koen
Extn.2864

From: Brian Carroll .T- Corporate Finance
Sent: 16 March 2009 13:03
To: Ciarán Ó hÓbáin; Frank Sheridan; Michael Daly; Martin Finucane; Richard Browne; Kevin O'Brien; Koen Verbruggen
Cc: Eamonn Molloy; Pat Smyth
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Regards
Brian

Programme D (as at 1 above): [Natural Resources]

High Level Goal

- To manage our river, mineral, hydrocarbon and other geological resources in a sustainable and productive manner.

Impact Indicators

Petroleum Affairs

- A higher level of exploration investment to increase the prospect of further oil and gas discoveries and to help deepen knowledge of Ireland's petroleum producing potential
- A robust and clear regulatory framework in place that is consistent with best practice internationally
- Extension of the continental shelf limits westwards beyond 200 nautical miles to open up large new swathes of acreage for licensing

Exploration & Mining

- Stimulating the discovery of additional economic mineral deposits
- The enactment of the Minerals Development Bill
- Effective rehabilitation of old mine sites to reduce the risk to humans and animals as well as to make a positive contribution to rural communities

Geological Survey of Ireland (GSI)

- Underpin better-informed decision-making at national and local authority levels through identifying the potential for groundwater and aggregate resources, identifying the environmental risk posed by old mining areas and implement remediation on selected sites (e.g. Avoca), as well as the possibilities for storing carbon underground
- The provision of services to support effective planning to ensure that vital resources remain available for balanced regional development and that they are not contaminated or sterilised by housing or other development
- Management of the national marine mapping programme, INFOMAR, in conjunction with the Marine Institute, to provide key baseline data for sustainable development of the marine
- Providing access to geoscience databases to support priority research and education services

Ordnance Survey Ireland (OSi)

The provision of timely and accurate spatial data is essential for the efficient delivery of services by many public and private sector organisations. The more accurate and relevant the data provided by OSi to their customers, the greater the potential will be for adding value and increasing the contribution to society as well as the economy

Programme Rationale and Prioritisation

Petroleum Affairs (Subhead E1)

The Department's strategy in relation to exploration for and production of oil and gas is that these natural resources should be used to contribute to achieving the twin objectives of contributing to ensuring Ireland's security of energy supply and providing a fair financial return to the State from its natural resources. Accordingly, the Department's strategy for the period 2008 to 2010 is to continue to actively promote the opportunities for exploration for oil and gas offshore Ireland and to develop and manage the associated regulatory framework in a manner that will encourage effective and timely exploration activities which are conducted in accordance with best international practice

Exploration & Mining (Subhead E2)

The Department's goal is to maximise the contribution of the mining sector to the economy, with due regard to its social and environmental impact and to facilitate the remediation of old mine sites, in cases where the Minister has an identifiable and acknowledged role

Geological Survey of Ireland (GSI) (Subheads E3, E4 and E5)

The GSI is a branch of the Department and is responsible for the provision of geological information and advice which is crucial to infrastructural and environmental policy. The National Geoscience Programme (2007 – 2013) sets out the framework for the GSI over the period of this Statement of Strategy. The Department's goal is to maximise the benefit to Ireland of high quality geoscience information that is relevant to the needs of the country and is provided in a cost-effective manner.

- **GSI Public Services (E3)** is a series of externally funded public contracts which enables GSI to work on a cost shared basis with external partners on projects driven by national and EU priorities
- **Geoscience Initiatives (E4)** are strategic infrastructural linked projects, designed to provide reliable geoscience support for prioritised environmental protection and effective spatial planning onshore, in areas such as the Groundwater Protection

Schemes, Aggregate Potential Mapping, Landslides Mapping, Geoparks and Geoheritage Support

- **INFOMAR Programme (E5) (Integrated Mapping for the Sustainable Development of Ireland's Marine Resource)**, is Ireland's national marine mapping programme. Carried out in partnership with the Marine Institute, its outputs are a range of integrated mapping products which support safety, environmental protection, energy development and research, and underpin the development of marine spatial planning. The programme is meeting information needs of several Departments and agencies and it was recently approved for continuance to 2013 by Government decision (S29341, 16/12/2008).

Ordnance Survey Ireland (OSi) (Subhead E6)

The Ordnance Survey Ireland has been engaged since 1824 in developing national mapping services. In 2002 the OSi was established by statute as a state body with the strategic aims of continuing to develop its public interest role as well as developing a more commercially focused mandate for its mapping products and services. The OSi came under the aegis of the Department with effect from 1st January 2008

Inputs

Natural Resources Programme	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure:			
- Current	1.760	6.422	8.299
- Capital	9.087	12.254	10.605
Administration and Other Support			
- Pay	4.450	4.864	4.923
- Non-Pay	2.588	2.768	1.323
TOTAL GROSS PROGRAMME EXPENDITURE	17.884	26.309	25.150
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	97	80	
- Other Public Servants			

Broken down by Subhead as follows:

Natural Resources Programme	2007 Outturn / Output Achieved	2008 Outturn / Output Achieved	2009 Estimate / Output Target
Subhead E1 – Petroleum Services	Total - €0.300m	Total - €0.631m	Total - €0.517m
- Current	€0.300m	€0.631m	€0.517m
Outputs		New application from Shell E&P Ireland to construct a gas pipeline processed in accordance with Section 40 of the Gas Act 1976	Continue to administer the statutory processes for existing and new Corrib Gas Field
Subhead E2 – Mining Services	Total - €1.181m	Total - €3.920m	Total - €7.558m
- Current	€0.628m	€0.303m	€2.558m
- Capital	€0.553m	€2.987m	€5.000m
Outputs		Phase 1 works on Silvermines Rehabilitation work completed Elements of Phase 2 brought forward and completed	Ensure effective implementation of specific mine rehabilitation plans Need more detail New Minerals Development Act Regulatory framework for geothermal energy
Subhead E3 – GSI Services	Total - €0.684m	Total - €0.383m	Total - €0.585m
- Current	€0.684m	€0.383m	€0.585m
Outputs	15 External projects managed.	13 external projects managed.	Up to 18 projects being

	<p>Outputs included Terafirma Stability study of Cork City, ISDE Project website launched, Groundwater Source protection schemes and training courses.</p>	<p>Outputs included Assessment of all island carbon storage potential, Groundwater training courses delivered, West Clare CO2 geostorage project commenced.</p>	<p>managed. Outputs to include Historic Mine Sites inventory and Irelithos projects completed and initiation of 2 new marine FP7 projects.</p>
Subhead E4 – Geoscience Initiatives			
- Capital	Total - €1.295m	Total - €2.683m	Total - €1.228m
	€1.295m	€2.683m	€1.228m
Outputs	<p>Publish 15 maps and 8 reports 7 digital databases created Completed 2 County Groundwater Protection Schemes</p> <p>Initiation of new NDP funded Geoscience Initiative projects and Griffiths Geoscience Research Awards schemes</p>	<p>28 maps and 7 reports made publicly available 33 digital databases created or upgraded</p> <p>€1.899m funding provided to 8 research projects under the Griffith Geoscience Research Awards</p>	<p>Publish 20 maps and 10 reports 10 digital databases created Complete 3 County Groundwater Protection Schemes</p> <p>Secure annual reports and presentations from 8 funded research projects</p>
Subhead E5 – INFOMAR/National Seabed Survey			
- Capital	Total - €5.258m	Total - €3.937m	Total - €3.392m
	€5.258m	€3.937m	€3.392m
Outputs	<p>SW Priority area completed. Mapping carried out across 4 other bays. Interactive Web Data Delivery System launched.</p>	<p>Mapping completed for Bantry, Dunmanus, Galway, Sligo, Donegal and Tralee Bays. Data incorporated into a commercial</p>	<p>Map two further priority bays (Shannon & Dingle), commission new inshore launch. 8 research reports to be delivered.</p>

		electronic charting system.	
Subhead E6 – Ordnance Survey Ireland (Grant-in-Aid)	Total - €5.250m	Total - €5.970m	Total - €5.485m
- Current	€4.000m	€4.970m	€4.500m
- Capital	€1.250m	€1.000m	€0.985m
Outputs		7,500 large scale maps revised	?

Delivery Mechanism: A brief outline of how the Programme is delivered. Ensure the outline includes any Agencies involved in the process

Petroleum Affairs

The Department, through the Petroleum Affairs Division, works to:

- Maximise the level of oil and gas exploration and production activities in Ireland with a view to optimising the return to the State
- Ensure that the regulatory framework in place is robust, clear, promotes certainty and is in keeping with international best practice, while encouraging exploration, development and production activities to be carried out in an effective and timely manner
- Maximise the area of Continental Shelf under Irish jurisdiction

Exploration & Mining

The Department, through the Exploration and Mining Division, works to:

- Maximise the contribution of the mining sector to the economy with due regard to its social and environmental impact
- Develop the regulatory and general policy framework
- Require and facilitate sustainable practices in the minerals sector
- Oversee specific remediation projects and to provide well-informed policy and decision-making advice in relation to old mine sites

Geological Survey of Ireland (GSI)

- **GSI Public Services (E3)** is delivered through joint projects with local authorities, agencies (including EPA, SEI, MI) and charitable/voluntary status bodies, sometimes involving the hire and supervision of contract or consultancy staff. EU INTERREG and FP7 projects are carried out in conjunction with international organisations including European Geological Surveys and Universities
- **Geoscience Initiative (E4)** projects are delivered mostly through procurement of external specialist services with technical and project management by GSI senior managers, while the Griffith Research awards is an all Ireland Scheme that provides grants to specific third level institutions and other organisations for priority geoscience research and geology education services. They support the development of the knowledge economy and government initiatives in the expansion of science and engineering

- **INFOMAR Programme (E5)** is delivered through a Departmental funded joint venture between GSI and the Marine Institute with approximately equal staff resources and expenditure on both sides. Final products, principally a suite of integrated mapping products of the seabed and associated reports are delivered to customers via an online web delivery system. In addition the programme provides guidance and funding to research allied to the programme goals and acts as a knowledge centre for marine mapping for stakeholders including state agencies, other government departments, marine infrastructural projects and the EU

Ordnance Survey Ireland (OSi)

The Department exercises corporate governance oversight of the OSi such that it continues to develop its commercial remit, while meeting national interest objectives. The grant-in-aid is to cover the non-commercial part of the OSi remit

Assessment of how this expenditure programme is meeting the policy objectives it is intended to. This assessment should take into account the resources being deployed to achieve the outcomes

Petroleum Affairs

The earlier section on Outputs shows achievements in 2007 and 2008, as well as targets for 2009. A minimum critical mass of resources is required to continue Departmental activity in Petroleum Affairs. The administrative overhead associated with the programme is at a minimum

Exploration & Mining

The earlier section on Outputs shows achievements in 2007 and 2008, as well as targets for 2009. A minimum critical mass of resources is required to continue Departmental activity in Exploration and Mining. The administrative overhead associated with the programme is at a minimum

Geological Survey of Ireland (GSI)

- The programmes meet broad natural resources policy objectives including protection of environment; promotion of tourism, lifelong learning and education expenditure; and inclusion of Irish data/case studies in EU programmes and policy
- The impact on the competitiveness of the economy of the increased research capacity and knowledge arising out of the Griffith Research Awards can only be completely

assessed on conclusion of the programme. However it has already succeeded in leveraging and additional €3m in research funds.

- The INFOMAR programme is meeting its policy objectives by providing vital baseline and interpreted data which can be used across a range of initiatives supporting marine development, protection and spatial planning, including the planning of offshore renewable energy. As a result the project is acknowledged at EU and international level as best practice. The alternate approach, as undertaken by the UK is for different government funded bodies to carry out separate and sometimes overlapping survey work to different standards and far greater cumulative cost. In 2008 an independent external cost benefit analysis of INFOMAR indicated a net present value of €356m by completing the project by 2026 at a cost of €80m and a Benefit to Cost ratio of 4.4.
- Specific Departmental energy policy objectives are supported by GSI involvement in national climate change actions by proactive contributions to carbon capture and storage (CCS) solutions and geothermal energy developments, and INFOMAR inputs into offshore conventional and renewable energy development

Ordnance Survey Ireland (OSi)

OSi is delivering accurate and relevant the data to their customers. In the current economic climate there is a real risk of a significant deterioration in commercial revenue that will have to be managed by the Department

List the key drivers of the increase in expenditure / numbers since 2002, paying particular attention to 2007 to 2009 and, if appropriate, key demographic pressures arising in future years. How can these drivers be contained?

Petroleum Affairs/Exploration & Mining

The key drivers of changes in expenditure in recent years are:

- an increase in the level industry activity
- the taking on of new tasks (e.g. remediation of old mines; preparation of new legislation; and the Corrib Gas Field development)

It should be noted that staffing resources have not increased in line with this new level of activity

Geological Survey of Ireland (GSI)

- Drivers across all GSI programmes are increased legislation and planning requirements, implementation of EU Directives such as the Water Framework Directive, and demand by stakeholders such as Local Authorities for defensible geoscience information in support of planning
- Similarly for INFOMAR, increased EU legislation and national proposals for development and planning in the marine sector have led to an increased demand for the outputs of the programme to be available earlier
- Expenditure and staff numbers across the GSI programmes have both decreased over recent years, with staff numbers reducing by c.50% since 2003

Ordnance Survey Ireland (OSi)

- The grant-in-aid has remained flat in recent years and is provided to cover the non-commercial part of the OSi remit. A fall in commercial revenue is likely in the current economic climate

Outline the likely consequences if this Programme were discontinued entirely?

Petroleum Affairs/Exploration & Mining

An immediate discontinuation of the programmes is not an option as existing authorisation holders have a contract with the State and are legally entitled (and obliged) to carry out agreed work programmes. Discontinuing the programme by granting no new authorisations would result in a loss to Ireland of the inward investment associated with exploration activity and a loss of revenue from mining and petroleum production

Geological Survey of Ireland (GSI)

- Non delivery of planning tools, maps and data, and increased risk of failure of compliance with national legislation and EU Directives, ultimately resulting in a range of potential negative outcomes including fines, ground water pollution, non recognition of hazards such as mine waste and landslide susceptibility and possibly loss of life
- Cessation of the INFOMAR programme would likely result in the Irish government being fined by EU under Environmental legislation (Marine SACs and inadequate designation/protection of Natura 2000 sites), and potentially under Safety of Life at Sea (SOLAS) convention. Loss of international reputation as world leader in this area. Direct staff lay offs of c. 15 contract staff (mostly at MI) and indirectly similar

number. Withdrawal from InterReg, R&D (SFI and other) and FP7 projects resulting in damage to DCENR reputation and Irish R&D reputation and sector

- The Griffiths Research awards are contractually bound and is underway at this stage with the recruitment by the third level institutions of the researchers involved, therefore any proposed curtailment or discontinuance of the Programme would in all likelihood lead to legal actions by the participants which would be costly to defend and which would be unlikely to be successfully defended unless it can be proved that the grantees failed to meet the terms of the contract

Ordnance Survey Ireland (OSi)

The discontinuance of the grant-in-aid would have a detrimental impact on the operation of OSi in an environment of declining commercial revenues that could jeopardise the public interest in the provision of timely and accurate spatial data that is essential for the efficient delivery of services by many public and private sector organisations.

Opportunities and obstacles for rationalising the staffing resources for this Programme (incl. any work practice, mobility issues)

Petroleum Affairs/Exploration & Mining

- No opportunity was identified for rationalising staffing resources for these programmes

Geological Survey of Ireland (GSI)

- Staff resources involved in the delivery of GSI programmes are minimal concentrating on the administration, technical guidance and management of the projects, which in some cases are delivered by external contractors. As GSI staff available to deliver these projects has reduced by c.50% since 2003, opportunities for rationalisation are considered to be limited
- GSI and OSi could be amalgamated to achieve greater economies of scale in administrative costs. However, it is considered that there is not a neat fit between geological survey and mapping activities

Ordnance Survey Ireland (OSi)

- OSi could be merged with the Property Registration Authority to achieve greater economies of scale in administrative costs. It is considered that there is not a fit between their respective activities

List of Recommendations and Options for (1) scaling back or discontinuing this Programme and (2) securing savings / efficiencies on this Programme, including savings / surplus staff arising:

Recommendation A: Merge OSi with the Property Registration Authority More specific detail required

Option B: In relation to the INFOMAR Programme, the planned commissioning of a dedicated inshore survey launch in 2009 should yield savings of up to €6m, over the completion of the project by displacement of more expensive externally contracted services. This will be realised by either the earlier completion of the targeted mapping by 2024 (currently scheduled to 2026) or its completion over the same time scale at a budget of less than the approved €4m per annum (c.€3.65m).

Option C: Potential for increased revenue earning through increase in GSI Public Services with external funding (provided accounting and contracting mechanism can facilitate this). Specifically these projects, being externally funded, are vote neutral. Thus engaging in this work results in increased output and productivity at no extra cost to the exchequer, resulting in greater VFM and optimising available committed permanent technical and professional staff and resources.

Pat Smyth

From: Michael Daly
Sent: 20 March 2009 12:43
To: Brian Carroll .T- Corporate Finance; Pat Smyth
Subject: FW: ABS
Attachments: Material for ABS (2).doc

Pat/Brian,

I believe I have addressed most of the issues already discussed (there is one outstanding item for which we are awaiting material) See revised attachment. There is probably some repetition in relation to outputs. As already stated, we have a good story to relate in relation to energy.

In the possible options section, we have not included consideration of the transfer/amalgamation Of climate change functions with those of energy within DCENR.

MIKE

From: Michael Daly
Sent: 18 March 2009 14:00
To: Brian Carroll .T- Corporate Finance; Eamonn Molloy
Cc: Sara White; Stjohn O'Connor; Pat Smyth
Subject: RE: ABS

Brian/Eamonn,

I have inserted a substantial amount of material re outputs etc. in relation to the three overarching Objectives of the Energy Framework White Paper. While there still some items of information to complete, it is best left until after our meeting We have substantial material on 2009 programme expenditure. While we have included some of it, it may be better to cover also by way of an Appendix.— for discussion.

The energy section has yet to be signed off by he Energy Sector – this is best left until conclusion of today's discussion and the insertion of any changes requested by the Sector.

Sara – Stjohn and myself are meeting Eamonn and Brian at 2.30 to discuss Energy Sector of their paper. (See paper per attachment). Any changes/refinements/additions are best left until after this meeting.

Mike

From: Brian Carroll .T- Corporate Finance
Sent: 16 March 2009 13:03
To: Ciarán Ó hÓbáin; Frank Sheridan; Michael Daly; Martin Finucane; Richard Browne; Kevin O'Brien; Koen Verbruggen
Cc: Eamonn Molloy; Pat Smyth
Subject: ABS

Colleagues

Please find attached **work in progress** material for ABS which Eamonn has asked that I circulate in advance of Wednesday's bilateral meetings. A number of points:

- Text in red indicates further material required
- Outputs section needs further work.
- ABS proposals need more working through in terms of feasibility and best estimates of

- expenditure/staff savings (again input from the Divisions is important)
- Finally, material on expenditure trends since 2002 needs to be inserted. I have asked Finance Unit to prepare a table showing trends

Pat Smyth has issued e-mails following up on many of these points. Please reply to him ASAP.

Finally, attached material is with Sec Gen. and you may want to circulate to your relevant D/A/Sec.

Regards
Brian

Programme C (as at 1 above): [Energy]

High Level Goals

- To ensure a fully sustainable, secure and competitive energy market underpinned by diverse energy sources, energy efficiency and robust infrastructure
- To address climate change by meeting our obligations in the reduction of energy related greenhouse gas emissions

Impact Indicators

- Consistent and reliable electricity supply and generation adequacy that will meet the needs of enterprise and consumers
- Security of gas supply on the island through infrastructure investment and storage, robust market and regulatory arrangements and Liquefied Natural Gas (LNG) strategies
- The progressive reduction in reliance on imported fossil fuels and reduction in energy related greenhouse gas emissions in line with Government targets
- Growth of renewable energy sources in line with Government targets and support for emerging technologies that underpin sustainable energy use in the economy as well as growth in the green energy enterprise sector
- More efficient use of energy to enhance security of supply, industry competitiveness, affordability of energy and environmental sustainability
- Delivery of the national energy Research, Technology, Development and Innovation (RTDI) programmes and priorities will underpin sustainable energy goals, create a vibrant energy research sector, and underpin innovation and market opportunity in energy technologies products and services
- The setting of clear strategic directions with the Semi State energy bodies to position them strongly to deliver on the challenges and opportunities of the new energy landscape in support of economic and social development and energy policy goals, including renewable energy, energy efficiency and energy security

Programme Rationale and Prioritisation

The rationale for programme intervention in the energy sector is market failure to achieve the key policy objectives in the Energy White Paper: "*Delivering a Sustainable Energy Future for Ireland*" published in March 2007 and the Programme for Government of June 2007:

- Ensuring security of energy supply
- Promoting the sustainability of energy supply and use
- Enhancing the competitiveness of energy supply

The programme expenditure, almost all of which is administered by Sustainable Energy Ireland, prioritises energy efficiency, renewable energy and energy R&D. It addresses market failures in relation to:

- the provision of information to underpin sustainable energy demand and supply decisions
- the development of markets for sustainable energy (including future technologies which carry an associated risk)
- the setting of appropriate standards for these emerging markets
- the undertaking of public good energy research and the building of research capacity which provide the theoretical and technical foundation to enable the private sector to produce the goods and services necessary for future sustainable energy markets

The Department also engages in policy development and governance of the commercial and non commercial energy bodies under the aegis of the Department, which underpin the programme activity outlined above. X In addition to this activity, the Department is active in the development of regulated competitive markets for electricity and gas, which includes the establishment of appropriately regulated natural monopoly network operators.

Inputs

	2007 € million	2008 Outturn € million	2009 Estimate € million
Programme Expenditure: ¹			
- Current	€12,580	€10,447	€10,478
- Capital	€47,200	€57,325	€125,025
Administration and Other Support			
- Pay	€2,708	€2,862	€2,897
- Non-Pay	€1,071	€1,167	X €365
TOTAL GROSS PROGRAMME EXPENDITURE			
Public service numbers for Programme (Whole Time Equivalents):	2007 WTE	2008 WTE	2009 WTE
- Civil Servants	45	42	41
- Other Public Servants ²	51	60	74

Broken down by Subhead as follows:

¹ These figures relate to programmes run by both SEI and the Department; Separate figures for SEI are included at (4) below. Figures for CER and NORA are presented separately, as neither is funded from the vote.

² These figures relate to SEI only

Energy Programme	2007 Outturn / Output Achieved	2008 Outturn / Output Achieved	2009 Estimate / Output Target
Subhead D1 – Sustainable Energy Ireland – Administration and General Expenses	Total - €7,000m	Total - €7,530m	Total - €8,518m
- Current	€7,000m	€7,530m	€8,518m
Outputs		Operation of SEI	Operation of SEI
Subhead D2 – Sustainable Energy Programmes	Total - €47,200m	Total - €43,980m	Total - €100,172m
- Capital	€47,200m	€43,980m	€100,172m
Outputs		Increased penetration of renewable energy in heating sector: 9,543 installations under the Greener Homes Scheme 93 installations under the Reheat Programme	Increased penetration of renewable energy in heating sector: 7,000 installations under the Greener Homes Scheme 120 projects approved under the Reheat Programme
		Energy Efficiency measures applied in an additional 5,285 fuel poor homes	Energy Efficiency measures applied in an additional 8,000 fuel poor homes 13,000 homes grant assisted under the Home Energy Savings Scheme Need targets for Public Sector and Industry
Subhead D3 – Energy Research Programmes	Total - €0,479m	Total - €13,562m	Total - €18,048m
- Current	€0,331m	€0,217m	€0,698m
- Capital	€0,148m	€13,345m	€17,350m

Outputs		Ocean Energy Development Unit established; and prototype fund opened	Need Ocean Energy target
Subhead D4 – Strategic Energy Infrastructure	-	-	Total - €0.001m
- Capital	-	-	0.001
Outputs		N/A	N/A
Subhead D5 – Energy Efficiency Awareness Initiatives	€4.957m	€2.500m	€0.998m
- Current	€4.957m	€2.500m	€0.998m
Outputs		Power of One energy efficiency awareness programme	?

Delivery Mechanism: A brief outline of how the Programme is delivered. Ensure the outline includes any Agencies involved in the process

Almost all the programme expenditure is administered by Sustainable Energy Ireland. Its role is to promote and assist more sustainable production and use of energy in Ireland. This includes implementing significant aspects of the Energy White Paper: "*Delivering a Sustainable Energy Future for Ireland*" and the National Climate Change Strategy (2007-2012) as provided for in the National Development Plan (2007-2013). Full details of this programme expenditure are contained in Appendix 1.

The administration and other support costs incurred by the Department underpin its activity in policy development and governance of the energy bodies under its aegis.

Assessment of how this expenditure programme is meeting the policy objectives it is intended to. This assessment should take into account the resources being deployed to achieve the outcomes.

This expenditure programme is, in general, meeting the policy objectives set for it the Energy White Paper. The earlier section on Outputs shows achievements in 2007 and 2008, as well as targets for 2009.

The primary objectives of energy policy as set out in the White Paper are:

- security of supply
- environmental sustainability
- economic competitiveness

Substantial progress has been achieved and is being achieved in relation to a wide agenda of actions covering these three overarching objectives. The following paragraphs summarise some of these major actions/achievements.

1. For the first time the Energy Policy Framework creates policy certainty.
2. Significant structural and market reforms have been undertaken.
 - The Single Electricity Market has been operational since November 2007.
 - The CER-ESB generation divestment strategy has been completed with ESB generation capacity reduced to 40%.
 - There is now a more realistic level of competition in generation with more modern plant displacing old inefficient plant.
 - We are now seeing some real competition in the domestic sector

3. Considerable investment is taking place in distribution, transmission and generation by the State Energy companies.
 - The Government has approved ESB's plans to commit more than €22b to transform the company into a world class, carbon neutral, green utility over the coming years.
 - Bord Gáis Eiréann (BGE) has set out an €5B investment strategy to develop the gas network and clean energy technologies.
 - AirGrid has published its Grid 25 Strategy which has an estimated budget of €4B while the transfer of the national transmission assets from the ESB is expected to be completed by year end.
 - The development of new interconnection capacity is proceeding with the construction of the East West Interconnector between Ireland and Wales which is to be operational by end 2012.
4. Positive progress is being delivered on the electricity target from renewable resources of 40% by 2020. Already more than 1,100 MW is connected to the Grid.
5. A very ambitious Energy Efficiency Action Plan designed to deliver on the State's 20% energy efficiency target, including 33% for the public sector, by 2020 has been launched.
6. Sustainable Energy Ireland (SEI) was founded in 2002, to fund and research a variety of energy efficiency programmes and to assist in the development of renewable energy.
 - More than €45M has been committed to fund the installation of renewable heating projects in over 30,000 homes under the Greener Homes Scheme- €12.35M is budgeted for 2009.
 - This year it has funds of €50m for the installation of insulation schemes in housing – target is some 27,500 homes.
 - SEI's Industry and Business Programme has a budget for 2009 of €5.75M to improve energy efficiency and competitiveness through services that promote structured energy management involving the 100 largest energy users and up to 1,000 small businesses.
 - Under its Warmer Homes Scheme, it hopes to upgrade some 15,000 low income homes this year at a cost of €20M of which some €15M will be funded by the Exchequer.
 - Under its Public Sector Energy Efficiency Target Support Programme its objective is to support the achievement of the Government's energy exemplar target for the public sector of 33% savings by 2020. Potential areas for improvement include buildings, equipment, heating and ventilation systems, vehicles, energy management and staff behaviour.

In terms of resources deployed to achieve these outcomes, a recent review of Sustainable Energy Ireland clearly set out the increase in the functions, programme budget and remit under its aegis with little consequential current resource adjustment.

- 7 The Commission for Energy Security is to carry out in 2009 a fundamental review of energy prices and tariff methodologies which will take account of the needs of all energy consumers, including the need to support economic competitiveness.
- 8 A framework has been developed to support the development of auto-generation projects by large industry as well as the scheme for micro-generation in small business, agriculture and at a domestic level.
9. Science Foundation Ireland has been expanded to include sustainable energy and energy-efficient technologies, ensuring that cutting edge energy research will be undertaken in Ireland.
- 10.

List the key drivers of the increase in expenditure/numbers since 2002, paying particular attention to 2007 to 2009 and, if appropriate, key demographic pressures arising in future years. How can these drivers be contained?

The key drivers of change in expenditure/numbers *since 2002* are:

- EU climate change Directives and targets –reducing greenhouse gas emissions
- Growing concerns over security of supply
- Increasing volatility in energy prices
- Accelerating the development of renewable energy
- Delivering strategic energy infrastructure
- Improving more competition in power generation and supply
- Government priorities in the energy efficiency area
- Participation in

Over the period *2007 to 2009*:

- Overall current expenditure has been relatively flat and, in real terms, would show a decline
- Capital expenditure has increased and the 2009 Estimate is more than double the 2008 Outturn
- Departmental Civil Servant numbers show a slight decrease

- Sustainable Energy Ireland Public Servant Numbers for 2009 show an increase on 2008

The increase in the 2009 Estimate for capital is driven by the allocation of additional resources to labour intensive energy efficiency capital programmes (i.e. Home Energy Savings Scheme; Warmer Homes Scheme; Industry Programme; and Public Sector Energy Efficiency Programme) as part of the Government's Programme for Economic Recovery.

It should be noted that some of the key drivers of change in terms of achieving the Energy White Paper objectives of security of supply, sustainability, and competitiveness are beyond the control of the State. Key to mitigating against these factors are:

- Increasing the availability of sustainable energy supply at least cost
- Encouraging greater efficiency in the consumption of energy

Both of these approaches are fundamental components of the complement of individual programmes currently in progress.

Outline the likely consequences if this Programme were discontinued entirely?

Ireland is a small island economy with very little indigenous energy resources that relies heavily on importation of oil and gas to meet our energy needs. The likely consequences if this Programme were discontinued would be:

- Failure to meet EU targets on climate change
- Increased exposure to volatile international price trends
- Possible energy shortages
- Short and long term declines in economic competitiveness.

Opportunities and obstacles for rationalising the staffing resources for this Programme (incl. any work practice, mobility issues)

As outlined above Departmental Civil Servant numbers show a slight decrease since 2007; and Sustainable Energy Ireland has significantly increased its activity with little consequential current resource adjustment. As a result it is necessary to identify opportunities for rationalising staffing resources in a broader context. Three possibilities to achieve greater economies of scale in administrative costs and/or reduce overlap have been identified below. Obstacles include:

- Sustainable Energy Ireland is currently based across four locations which would make staffing reductions more challenging to achieve

- The differing roles of Sustainable Energy Ireland and the Commission for Energy Regulation, combined with the legal requirement to maintain regulatory independence, would make merging of the two organisations difficult
- The differing roles of the Environmental Protection Agency and the Marine Institute from one another, and from Sustainable Energy Ireland; and the fact that the former two have headquarters at differing locations outside Dublin; would be likely to reduce savings achievable from merger

List of Recommendations and Options for (1) scaling back or discontinuing this Programme and (2) securing savings / efficiencies on this Programme, including savings / surplus staff arising

Recommendation A: Amalgamate Sustainable Energy Ireland with smaller agencies already operating in similar sectors e.g. Comhar, and with the elements of Forfás operating in the energy research area (including the sharing of back office services with Forfás) More specific detail required on savings/surplus staff

Option B: Merge Sustainable Energy Ireland with the Commission for Energy Regulation More specific detail required on savings/surplus staff

Option C: Merge Sustainable Energy Ireland with the Environmental Protection Agency and/or the Marine Institute More specific detail required on savings/surplus staff

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Pat Smyth

From: Brian Carroll .T- Corporate Finance
Sent: 07 April 2009 12:41
To: 'Keane, Pat'
Cc: Pat Smyth
Subject: RE: Attendees for Bord Snip

Pat

Attending will be:

Aidan Dunning, Secretary General
Sara White, Deputy Secretary
Eamonn Molloy, Assistant Secretary
Peter O' Neill, Assistant Secretary
Brian Carroll, Principal Officer

Sec Gen has requested a list of attendees from your side – can you supply?

Brian

From: Keane, Pat [mailto:Pat.Keane@finance.gov.ie]
Sent: 07 April 2009 10:09
To: Brian Carroll .T- Corporate Finance
Cc: Eamonn Molloy
Subject: Attendees for Bord Snip

Brian,

Can you give me a list of who will be attending from DCENR for Bord Snip tomorrow?

Thanks,

Pat

Pat Keane,
Communications, Energy & Natural Resources Vote Section,
Sectoral Policy Division,
Department of Finance,
Upper Merrion Street,
Dublin 2,
Ireland
Tel: + 353 1 604 5563
Email: pat.keane@finance.gov.ie

Attention:

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Tabhair aire:

Tá an r-phost seo faoi phribhléid agus faoi rún. Mura tusa an duine a bhí beartaithe leis an teachtaireacht seo a fháil, scrios é le do thoil agus cuir an seoltóir ar an eolas. Is leis an údar amháin aon dearcaí nó tuairimí a léirítear.

Scanadh an r-phost seo le Sophos agus deimhníodh go raibh sé saor ó víoras leis an bpatrúnchomhad atá in úsáid faoi láthair. Ní féidir a ráthú leis seo áfach nach bhfuil ábhar mailiseach ann.

Pat Smyth

From: Pat Smyth
Sent: 23 April 2009 12:45
To: Brian Carroll .T- Corporate Finance
Subject: An Bord Snip
Importance: High

Brian,

Koen Verbruggen sent an e-mail last week to us relating to ABS – I seem to have deleted it! I think he was looking for the Natural Resources part of the final version of the template which was sent to ABS. Will I send him the full document or just the Natural Resources part? Should all the members of the In-house Group get the final version of the papers which were sent to ABS for their information?

Regards,

Pat S.

Pat Smyth
 Finance Unit
 Corporate Finance & Planning Division
 Department of Communications, Energy and Natural Resources
 Elm House
 Earisvale Road
 Cavan

Tel: 01 6782071
 Fax: 01 6783058
 E-mail: pat.smyth@dcenr.gov.ie

Note

I spoke to BC today - he said to circulate the final template to members of the in-house Group

Pat Smyth

24/04/09

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Pat Smyth

From: Pat Smyth
Sent: 24 April 2009 16:45
To: Michael Daly; Ciarán Ó hÓbáin; Kevin O'Brien; Koen Verbruggen; Dave Hanley
Cc: Brian Carroll .T- Corporate Finance; Eamonn Molloy
Subject: DCENR's Template submitted to An Bord Snip
Importance: High
Attachments: Templates Final.doc

Tracking:	Recipient	Read
	Michael Daly	
	Ciarán Ó hÓbáin	
	Kevin O'Brien	
	Koen Verbruggen	
	Dave Hanley	
	Brian Carroll .T- Corporate Finance	Read: 24/04/2009 16:47
	Eamonn Molloy	

Colleagues,

Attached for your information is the template as submitted to An Bord Snip.

Regards,

Pat Smyth,
Secretary, In-house Group.

Pat Smyth
Finance Unit
Corporate Finance & Planning Division
Department of Communications, Energy and Natural Resources
Elm House
Earlsvale Road
Cavan

Tel: 01 6782071
Fax: 01 6783058
E-mail: pat.smyth@dcenr.gov.ie

(65)

Pat Smyth

From: Brian Carroll .T- Corporate Finance
Sent: 04 June 2009 11:36
To: Pat Smyth
Subject: FW: Letter to Colm McCarthy
Attachments: FINAL Colm McCarthy re Public Service Nos and Exp Programmes (3).doc

Pat

For the file.

Brian

From: Susan Lowen
Sent: 02 June 2009 16:56
To: Colm Ó Conaill
Cc: Eamonn Molloy; Brian Carroll .T- Corporate Finance
Subject: FW: Letter to Colm McCarthy

Colm,

Please find attached letter for the Minister's signature. Hard copy file on route, approved by SG with the following comment:

"Minister, it is recommended that you send the attached letter to the Chair of An Bord Snip Nua."

Susan

From: Brian Carroll .T- Corporate Finance
Sent: 02 June 2009 13:42
To: Susan Lowen; Dorothy McCauley
Cc: Eamonn Molloy; Aidan Dunning
Subject: Letter to Colm McCarthy

Please find attached final draft of letter to Com McCarthy. Peter O'Neill cleared Comms/Broadcasting material and added a few lines to the end of the material on spectrum. Hard copy submission is with Eamonn for clearing.

Brian

June 2009

Mr Colm McCarthy
Chairperson
Special Group on Public Service Numbers and Expenditure
Department of Finance
Upper Merrion Street
Dublin 2

Dear Mr McCarthy,

In the context of my Department's meeting with the Special Group on 8 April last about which I have been briefed by my officials, I want to address a number of issues raised at the meeting. I also wish to emphasise some cross-Government policy proposals that I believe will enhance service delivery while simultaneously achieving savings by improving operational efficiency and effectiveness. The details are set out in the attached paper. I hope that you will give these full consideration before the Group arrives at their recommendations in respect of my Department.

Yours sincerely,

Eamon Ryan T.D.
Minister for Communications, Energy & Natural Resources

cc: Mr. David Moloney, Assistant Secretary, Department of Finance
Mr. John Palmer, Secretary to the Group

**Note for Special Group on Public Service Numbers and Expenditure
Programmes – Department of Communications, Energy & Natural Resources**

POLICY FRAMEWORK

The Department of Communications, Energy and Natural Resources (DCENR) has a pivotal role to play in the delivery of sustainable economic growth and specifically in relation to implementation of the Government's recent policy document "Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal". High quality and sustainable energy and telecommunications infrastructure are fundamental to the attainment of the objectives in this policy paper and more generally sustainable economic growth and social development. Optimally functioning markets in these areas are also key to competitiveness and sustainable growth. The policies and programmes of DCENR are critical in this regard. Against this background it is the view of the Minister that the comparatively small, in money terms, programme and human resources budget of DCENR must be protected and indeed augmented.

HR Issues (Department Specific and Cross-Government)

It is understood that the Group will produce proposed revised authorised numbers in respect of each Department. It should be noted that in the case of DCENR total numbers employed have been reduced by about 50 or 14% since November 2007. Whilst some of this was due to a divestment of functions to Department of Agriculture, Fisheries and Food much of it arose from a conscious policy to reduce numbers. The Department is now below its current authorised level. It would strongly argue that its authorised numbers should not be reduced any further in the light of the progress made over the recent years. In fact, in view of its central role in promoting sustainable economic development and the diverse functions it must discharge the Minister is strongly of the view that the authorised numbers should be increased in a targeted and agreed way. The position is exacerbated by the rigidity in the system arising from the fact that out of 232.64 administrative staff, 51.4 are based in Cavan and are not available for redeployment within the Department. The position will be further updated arising from the implementation of the various measures in the Supplementary Budget.

The Minister fully accepts the imperative of a global reduction in public service numbers. This should be done on a basis that allows deployment of resources to priority areas which are key to delivery of economic recovery, notably, in the areas with the greatest future economic potential. Energy, telecommunications and broadcasting are key areas in this regard. In the view of the Minister it is imperative that appropriate and robust redeployment arrangements are put in place to ensure that resources are allocated to priority areas.

The Minister would also put forward the following specific proposals for consideration.

Prioritise filling of Mission Critical Technical Posts

Maintaining specialist technical services requires a minimum level of experienced specialist technical staff. The requirement to continue to operate specialist technical services should be prioritised.

Lateral Mobility Policies to Enhance Staff Mobility

It is important that managers, especially senior managers in the public service have as broad a range of experience as possible and also that Departments have access to an up-to-date mix of business and technical skills. The public service should be enabled to operate lateral mobility schemes, including with commercial State bodies and the independent regulatory agencies, as well as the private sector for middle and senior management positions across both the technical and general service streams.

Internship/Stagiaire programme in the civil and public service for recent graduates

There is a danger that low intake levels combined with low staff mobility within the public service has and will continue to give rise to skill deficits at junior and middle management levels. To offset this, a special internship programme should be considered for graduate and post-graduate degree holders in key disciplines – engineering, sciences, legal, economics, accountancy and financial services.

In addition, a **stagiaire programme** should be considered as a means of recruiting technical and specialised graduates onto key projects on a shorter term basis, particularly at a time of rising unemployment amongst college leavers.

It is the view of the Minister that a time-limited Intern/Stagiaire Programme could be targeted at key Departments for relatively low cost but with significant skills and capacity gains.

Centralise consultancy support for specialised commercial procurements in Departments

Procurement and implementation of specialised commercial contracts such as telecommunications and broadband services requires complex and highly demanding procurement operations. Often, the only way in which this can be done is through extensive use of consultancy and this is very expensive and raises its own challenges and risks. Government Departments should have the possibility of calling on dedicated centralised support arrangements for such procurements.

Mandate Across-the Board Sharing of Back Office Services

Currently most Departments operate a full-range of back office services and support facilities on an independent basis. This can lead to inefficiencies. Departments should be encouraged to share back-office services and support services in accordance with business needs and the ability to re-deploy staff operating in regional centres in the same locations with other Departments. In this regard, the Minister is very supportive of the initiative currently underway with respect to payroll. This initiative should be extended to cover all back office services. These arrangements will need to be planned and organised on a national basis across all Departments.

PROGRAMME ISSUES

The following comments relate to key issues raised at the meeting between the Department and the Group.

Sustainable Energy Ireland (SEI) Schemes

The Minister would strongly assert that energy efficiency programmes should operate in tandem with any carbon tax. Targeted energy efficiency measures can significantly impact on household/business energy usage at relatively small cost to the Exchequer. The Home Energy Savings Scheme introduced earlier this year is an example of this. In addition, it should be borne in mind that energy efficiency programmes/schemes have several primary objectives including, but not exclusively, carbon abatement. They are aimed at achieving a range of energy/economic and social policy desired objectives by addressing multiple market failures and providing counter cyclical employment/economic activity benefits. Analysis by the International Energy Agency and the European Union all point to the key contribution of energy efficiency to addressing security of energy supply, sustainability, competitiveness and energy affordability. This is in addition to its carbon abatement potential. While energy prices (globally as well as in Ireland) provide strong incentives for efficiency actions by business and consumers, international/EU experience, as well as our own, points to the need for programmatic intervention/ incentivisation as well as information transfer. In terms of overall societal economic impact, energy savings contribute considerably more to societal net present value benefits than carbon savings. In addition there are valuable positive employment effects.

Competition in the Electricity Market

Since 2006 significant changes have taken place in the energy landscape on the island of Ireland. The publication of the Government's Energy Policy Framework 2007 - 2020 gave policy certainty and set clear directions. The establishment of the Single Electricity Market (SEM) in November 2007 was a further critical milestone. The competitive dynamic in the Irish electricity market has changed as a consequence and the development of a fully competitive electricity market is tangibly in progress. The SEM has established an all-island wholesale pool market, setting the wholesale price in a newly transparent competitive manner. The pool is designed to ensure that the lowest cost generation is utilised to meet customer demand.

On generation, the successful negotiation/conclusion of the Commission for Energy Regulation (CER)/Electricity Supply Board (ESB) Asset Divestment Strategy has seen the disposal by the ESB of 1,500 MW of plant and sites to Endesa, a global utility which introduces a major international player into the market. Endesa has signalled intent to re-power Tarbert and Great Island. Also, the acquisition by Scottish and Southern Energy (SSE), a significant UK utility, of Airtricity in 2008 introduces another major and active generation and supply player to the market. In addition, Viridian/Energia operates two Combined Cycle Gas Turbine (CCGT) plants at Huntstown and is actively pursuing renewable opportunities. Bord Gáis is completing build of a 440 MW CCGT plant at Whitegate which will be commissioned in 2010 and is developing its renewable portfolio. Eirgrid is constructing the 500 MW East-West Interconnector with the UK which will be commissioned in 2012. Over 1,000 MW of wind power is now connected to the grid. The ESB will commission the new

CCGT at Aghada early in 2010. Overall, the ESB's market share of power generation in the SEM is now at just below 40% compared to a monopoly position a small number of years ago.

With regard to supply, prices in the large electricity user end of the market are no longer regulated. Viridian/Energia, Bord Gáis, SSE/Airtricity, as well as ESB International, are competing in the Large Energy User (LEU) supply market. This competition is leading to a pattern of switching of supply as is evidenced by an estimated 30% churn of customers. There is also active competition in the Small and Medium Enterprises (SME) customer segment from the independent suppliers. The entry of Bord Gáis into the residential segment in early 2009 has already seen over 100,000 customers switch. SSE/Airtricity is also actively pursuing the residential market. Viridian, with over 750,000 customers North and South, are an important force in the all-island supply market. While major challenges remain, there is a sea change taking place in supply with robust competition developing across all segments. The development of competition and aggressive competitive offerings for customers is set to continue with ESB market share of supply in all segments set to reduce steadily. The exit by CER from the regulation of tariffs altogether has been clearly signalled as part of the progressive move to a fully competitive market. The objectives for the policy and regulatory environment are firmly focused on the interests of business and domestic consumers.

Broadcasting Authority of Ireland (BAI)/ComReg

The Minister is opposed to the amalgamation of ComReg and the Broadcasting Commission of Ireland (BCI)/BAI.

The principal rationale for this position is that the two regulators address very different sectors and as a consequence require very different skill sets. In essence the BAI is intended to be a content regulator e.g. the content of advertisements or impartiality in news and current affairs, whilst Comreg is a network or distribution regulator i.e. access to telecommunications infrastructure.

While a small number of EU states have adopted a combined broadcasting-telecommunications regulator, the majority continue to opt for the broadcasting-media model e.g. Denmark, Norway, Sweden, the Netherlands, the Baltic States, Poland, France and Belgium.

There is no doubt that there needs to be close liaison as necessary between the two regulators, as is the case at present between the BCI and Comreg in, for example, the allocation of spectrum for radio services and digital terrestrial television services. Indeed, there may be scope for the proposed BAI and Comreg entering into an agreement to share common services in an effort to achieve necessary administrative savings.

Content Regulation

With regard to the issue of agency rationalisation, the Minister has proposed that the BAI be combined with other content regulators - primarily the Irish Film Classification Office (IFCO) - given that very similar functions are carried out regarding assessing of audiovisual content. This could also achieve greater economies of scale in administrative costs and/or reduce overlap. Both offices have officials

employed in content regulation. If content regulatory functions were amalgamated, it could be possible to free up some of the BCI staff to carry out the new and additional functions of the newly formed BAI, which will come into existence on the enactment of the Broadcasting Bill.

Funding of Broadcasting

The Minister would stress that any proposals in relation to funding of broadcasting must take account of the public service broadcasting remit of RTE and TG4. RTE are currently facing a very serious financial situation to which they have responded by introducing a range of cost-cutting and efficiency measures. The Minister would also stress that a more robust performance based system is being put in place to measure RTE's performance in the context of the annual review of the licence fee.

Spectrum

The radio spectrum is a unique natural resource, the rights of use to which are assigned by ComReg, to support a wide range of services and applications in telecommunications, broadcasting, emergency services, national and public security, research and development, scientific services and leisure uses. Spectrum is a key enabler in economic development, whether in promoting innovation in the ICT sector or in the provision of enhanced mobile telephony services or wireless broadband.

Ireland's geographic location on the western edge of Europe and low population density provide a key natural advantage in promoting innovation and development of new applications and services for consumers. This natural advantage, when taken together with the rapid evolution of wireless technology, provides Ireland with an excellent opportunity to attract global leaders to choose this country as a test-bed for new product or service concepts.

Assignment of spectrum is done by way of licences for specific applications or general authorisations. The design of assignment mechanisms, such as an auction, is determined by the particular circumstances prevailing in the sector and the particular markets at a given time. The objectives of spectrum assignment are to ensure a fair return to the State for the use of this resource; ensure that competition and innovation are promoted; and to protect public service interests. Operators in this field range from large-scale to small-scale, and from existing to new entrants. The assignment of spectrum thus requires a balanced approach that recognises these objectives and the various types of players. The Minister is empowered under legislation to issue policy directions to ComReg in relation to the allocation of particular bands of spectrum for specific categories of services e.g. broadcasting or mobile telephony and the means by which entitlements to use such spectrum may be assigned e.g. auction or administrative assignment (including appropriate fees).

66

Pat Smyth

From: Brian Carroll .T- Corporate Finance
Sent: 10 June 2009 11:52
To: Pat Smyth
Subject: FW: Draft letter to Colm McCarthy, SGPSN&EP
Importance: High
Attachments: 09-06-10 Colm McCarthy re Public Service Nos and Exp Programmes.doc

Pat

For the file.

Thanks
Brian

From: Susan Lowen
Sent: 10 June 2009 11:04
To: Colm Ó Conaill
Cc: Eamonn Molloy; Brian Carroll .T- Corporate Finance; Suzanne Duke; Morgan Bazilian
Subject: Draft letter to Colm McCarthy, SGPSN&EP
Importance: High

Colm,

Please find attached a draft letter for the Minister to Colm McCarthy, Chairperson of the Special Group on Public Service Numbers and Expenditure Programmes. The draft has been approved by the Secretary General who requested the draft be submitted to the Minister as soon as possible please.

It is advised that the letter issue as soon as possible to allow for consideration by the Special Group, ahead of finalising it's recommendations in relation to this Department. It is understood that they are nearing completion of this work.

I would appreciate if you could bring this to the Minister's attention at the earliest opportunity please.

Regards,
Susan

Susan Lowen
Private Secretary to Secretary General
Department of Communications, Energy & Natural Resources
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Tel. +353-1-6782032
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Email. Susan.Lowen@dcenr.ie
Web. www.dcenr.ie

June 2009

Mr Colm McCarthy
Chairperson
Special Group on Public Service Numbers and Expenditure Programmes
Department of Finance
Upper Merrion Street
Dublin 2

Dear Mr McCarthy,

In the context of my Department's meeting with the Special Group on 8 April last about which I have been briefed by my officials, I want to address a number of issues raised at the meeting. I also wish to emphasise some key cross-Government policy proposals that I believe will enhance service delivery while simultaneously achieving savings by improving operational efficiency and effectiveness. I also wish to set out a summary of the innovative measures to be included in the forthcoming Department of Communications, Energy and Natural Resources publication on the Knowledge Society and the details are set out in the attached paper. I hope that you will give these full consideration before the Group arrives at their recommendations in respect of my Department.

Yours sincerely,

Eamon Ryan T.D.
Minister for Communications, Energy & Natural Resources

cc: Mr. David Moloney, Assistant Secretary, Department of Finance
Mr. John Palmer, Secretary to the Group

Note for Special Group on Public Service Numbers and Expenditure Programmes – Department of Communications, Energy & Natural Resources

POLICY FRAMEWORK

The Department of Communications, Energy and Natural Resources (DCENR) has a pivotal role to play in the delivery of sustainable economic growth and specifically in relation to implementation of the Government's recent policy document "Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal". High quality and sustainable energy and telecommunications infrastructure are fundamental to the attainment of the objectives in this policy paper and more generally sustainable economic growth and social development. Optimally functioning markets in these areas are also key to competitiveness and sustainable growth. The policies and programmes of DCENR are critical in this regard. Against this background it is the view of the Minister that the comparatively small, in money terms, programme and human resources budget of DCENR must be protected and indeed augmented.

HR Issues (Department Specific and Cross-Government)

It is understood that the Group will produce proposed revised authorised numbers in respect of each Department. It should be noted that in the case of DCENR total numbers employed have been reduced by about 50 or 14% since November 2007. Whilst some of this was due to a divestment of functions to the Department of Agriculture, Fisheries and Food, much of it arose from a conscious policy to reduce numbers. The Department is now below its current authorised level. It would strongly argue that its authorised numbers should not be reduced any further in the light of the progress made over the recent years. In fact, in view of its central role in promoting sustainable economic development and the diverse functions it must discharge the Minister is strongly of the view that the authorised numbers should be increased in a targeted and agreed way. The position is exacerbated by the rigidity in the system arising from the fact that out of 232.64 administrative staff, 51.4 are based in Cavan and are not available for redeployment within the Department. The position will be further aggravated arising from the implementation of the various measures in the Supplementary Budget.

The Minister fully accepts the imperative of a global reduction in public service numbers. This should be done on the basis of deploying resources to priority areas which are key to delivery of economic recovery, notably, in the areas with the greatest future economic potential. Energy, telecommunications and broadcasting are key areas in this regard. In the view of the Minister it is imperative that appropriate and robust redeployment arrangements are put in place to ensure that resources are allocated to priority areas.

To assist the Group in its difficult deliberations in this area the Minister would put forward the following proposals for consideration.

Prioritise filling of Mission Critical Technical Posts

Maintaining specialist technical services requires a minimum level of experienced specialist technical staff. The requirement to continue to operate specialist technical services should be prioritised.

Lateral Mobility Policies to Enhance Staff Mobility

It is important that managers, especially senior managers in the public service have as broad a range of experience as possible and also that Departments have access to an up-to-date mix of business and technical skills. The public service should be enabled to operate lateral mobility schemes, including with commercial State bodies and the independent regulatory agencies, as well as the private sector for middle and senior management positions across both the technical and general service streams. For example, a regular programme of six month exchange at Administrative Officer/Higher Executive Officer equivalent and up to one year at Assistant Principal equivalent would benefit both the Department and commercial State bodies/independent regulatory agencies. In addition, there could be scope for seconding staff into the Department on a project specific basis (e.g. the common arrangements for gas, the transfer of transmission assets, etc.). This would give the Department access to specialised expertise and reduce the requirement for engaging external consultants.

Internship programme in the civil and public service for recent graduates

There is a danger that low intake levels combined with low staff mobility within the public service has and will continue to give rise to skill deficits at junior and middle management levels. To offset this, a special internship programme should be considered for graduate and post-graduate degree holders in key disciplines – engineering, sciences, legal, economics, accountancy and financial services.

In addition, a **stagiaire programme** should be considered as a means of recruiting technical and specialised graduates onto key projects on a shorter term basis, particularly at a time of rising unemployment amongst college leavers.

It is the view of the Minister that a time-limited Intern/Stagiaire Programme could be targeted at key Departments for relatively low cost but with significant skills and capacity gains.

Centralise consultancy support for specialised commercial procurements in Departments

Procurement and implementation of specialised commercial services such as telecommunications and broadband services requires complex and highly demanding procurement operations. Often, the only way in which this can be done is through extensive use of consultancy and this is very expensive and raises its own challenges and risks. Government Departments should have the possibility of calling on dedicated centralised support arrangements for such procurements.

Mandate Across-the Board Sharing of Back Office Services

Currently most Departments operate a full-range of back office services and support facilities on an independent basis. This can lead to inefficiencies. Departments should be encouraged to share back-office services and support services in accordance with business needs and the ability to re-deploy staff operating in regional centres in the same locations with other Departments. In this regard, the Minister is very supportive of the initiative currently underway with respect to payroll. This initiative should be

extended to cover all back office services. To be meaningful, these arrangements will need to be planned and organised on a national basis across all Departments.

PROGRAMME ISSUES

The following comments relate to key issues raised at the meeting between the Department and the Group.

Sustainable Energy Ireland (SEI) Schemes

The Minister would strongly assert that energy efficiency programmes should operate in tandem with any carbon tax. Targeted energy efficiency measures can significantly impact on household/business energy usage at relatively small cost to the Exchequer. The Home Energy Savings Scheme introduced earlier this year is an example of this. In addition, it should be borne in mind that energy efficiency programmes/schemes have several primary objectives including, but not exclusively, carbon abatement. They are aimed at achieving a range of energy/economic and social policy desired objectives by addressing multiple market failures and providing counter cyclical employment/economic activity benefits. The International Energy Agency, the European Union and the Department's own analysis all point to the key contribution of energy efficiency to addressing security of energy supply, sustainability, competitiveness and energy affordability. This is in addition to its carbon abatement potential. While energy prices (globally as well as in Ireland) provide strong incentives for efficiency actions by business and consumers, international/EU experience, as well as our own, points to the need for programmatic intervention/incentivisation as well as information transfer. In terms of overall societal economic impact, energy savings contribute considerably more to societal net present value benefits than carbon savings. In addition there are valuable positive employment effects.

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There is no doubt that there needs to be close liaison occasionally between the two regulators, as is the case at present between the BCI and Comreg in, for example, the allocation of spectrum for radio services and digital terrestrial television services. Indeed, there may be scope for the proposed BAI and Comreg entering into an agreement to share common services in an effort to achieve necessary administrative savings.

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Classification Office (IFCO) - given that very similar functions are carried out regarding assessing of audiovisual content. This could also achieve greater economies of scale in administrative costs and/or reduce overlap. Both offices have officials employed in content regulation. If content regulatory functions were amalgamated, it could be possible to free up some of the BCI staff to carry out the new and additional functions of the newly formed BAI, which will come into existence on the enactment of the Broadcasting Bill. A broader review of content regulation could consider whether the functions of other state organisations with a content regulation aspect could appropriately be included within the organisational structure of the BAI.

Structure and Funding of Broadcasting

The Minister would stress that any proposals in relation to funding of broadcasting must take account of the public service broadcasting remit of RTE and TG4. RTE are currently facing a very serious financial situation to which they have responded by introducing a range of cost-cutting and efficiency measures. The Minister would also stress that a more robust performance based system is being put in place to ensure RTE's performance in the context of the annual review of the licence fee.

The Department is proposing to undertake a fundamental review of the structures and funding mechanisms underpinning Irish public service broadcasting. A number of significant changes are set to take place in the coming years that warrant such a review. Broadcasters are expected to move entirely to competitive multi-channel digital platforms by 2012 in the context of analogue switch-off and, on an ever-increasing basis, content is expected to be consumed on-line in a 'non-linear' fashion. Such changes, coupled with a blurring between the television set and the personal computer, raise questions as to the suitability of the current TV licence collection model as the primary source of independent funding for public service broadcasting. Within the context of a sector where revenues are predominately generated through subscriptions (cable and satellite) and advertising, a review of the structures and funding mechanisms can consider the public funding needs of RTE, TG4 and public service broadcasting generally. It is expected that the Department will commence planning of this review upon establishment of the BAI.

Spectrum

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Ireland's geographic location on the western edge of Europe and low population density provide a key natural advantage in promoting innovation and development of new applications and services for consumers. This natural advantage, when taken together with the rapid evolution of wireless technology, provides Ireland with an excellent opportunity to attract global leaders to choose this country as a test-bed for new product or service concepts.

Assignment of spectrum is done by way of licences for specific applications or general authorisations. The design of assignment mechanisms, such as an auction, is determined by the particular circumstances prevailing in the sector and the particular markets at a given time. The objectives of spectrum assignment are to ensure a fair return to the State for the use of this resource; ensure that competition and innovation are promoted; and to protect public service interests. Operators in this field range from large-scale to small-scale, and from existing to new entrants. The assignment of spectrum thus requires a balanced approach that recognises these objectives and the various types of players.

The Knowledge Society

In support of the key role which DCENR plays in funding sustainable economic activity the Minister would refer to The Knowledge Society Strategy Report: *Enabling Technology and Actions to Support the Smart Economy* which will be published shortly by his Department. The report contains a number of very innovative actions which should lead to significant job creation as follows:

Establishment of an Exemplar Smart Communications Network: Ireland is leading the world in a technological breakthrough which simplifies the manner in which high quality images (e.g. interactive video) are transmitted. The technology uses specific colours (tunable lasers) to transfer images and data. The simplification of the system reduces the energy use by approximately 75% over current technology. It can plug into existing fibre and so can be implemented without disruption to the existing communications system. The technology has been developed by an Irish company, Intune Networks, which employs 92 researchers based in Dublin and Belfast. Intune has strong links with university-based research groups such as the Tyndall Institute. Full patents have been granted to protect the technology.

The planned network would be the first in the world dynamic optical communications network and would attract international attention to Ireland. It will provide a unique test-bed facility for telecommunications and related companies to test and develop their new products.

When Ireland invested in Global Crossing, the transatlantic communications connection, second generation ICT companies (Google, Facebook, etc) were attracted to Ireland. Similarly this development will allow these companies further develop their products and will attract a wide range of new applications. It will directly support foreign direct investment and indigenous development. Currently the Internet is struggling to cope with the growing demands for video streaming, mobile television, interactive video and other such applications.

It is planned that the Exemplar Network will be established in 2010. This development is at the centre of the most rapidly growing section of the Internet, and it is conservatively estimated that it will generate in the range of 5000 new high skilled jobs based on the smart network system over 5-10 years.

Establishment of an International Digital Content Centre in Dublin: This action is at an earlier stage than the smart communications network but is directly related to it. The concept is being developed together with the Digital Media Forum (a group of

500 SMEs). The main objective of the initiative is provide a solution to the problem of piracy of digital content and provide a state-of-the-art facility to trade and distribute digital content. This is a convergence of technology-law-arts and the model is based on the International Financial Services Centre. Ireland is suited to this development as many of the main potential clients already exist here (i.e. distributors) and we are also strong in the development of digital content (e.g. games, eLearning tools, video and film). Jobs will be created in the distribution and content developers. The centre will have a strong legal base which could support a digital legal subsection, and would directly support the development of the existing 5000 or so (generally 1-10 person) companies. The development is strongly supported by the technology sector. Job potential is in the range of 3000 new jobs over 5-10 years.

Ireland as a location for energy efficient data and cloud computing centres: This action is essential to establish Ireland as a smart economy. Ireland already has a wide range of data centres in the country and IBM has established its EU cloud computing centre here. Similarly Microsoft will open its state-of-the-art data centre in Dublin this September. Data centres, while not of themselves big employers, support skilled applications associated with the centres. International and European headquarters are generally supported by data centres. The company EMC in Cork employs 1,700 people around their data centre. This would be typical of European/international headquarters. A series of actions are being developed to create an enabling environment for the development of such centres. The direct number of jobs is small but associated jobs are likely to be in the order of 5,000-10,000 in a 5-10 year period.

A series of actions related to ICT and Energy Efficiency: A central theme of the report is that for Ireland a smart economy is a low carbon economy. The range of proposed actions includes the implementation of a smart electricity grid and network; smart products for energy efficiency in transport and in buildings; low energy communication networks and data centres; and real-time eco-monitoring (another area where Ireland is showing technological leadership). The job creation potential in the energy efficiency/green energy sectors is very high. The development agencies and others forecast that this will become a dominant employment sector.

The implementation of the proposals outlined will establish Ireland as a leader rather than a follower in key areas which will directly support us as a smart economy.

Natural Resources

The Minister wishes to reiterate his proposal that the supervision and oversight of Coillte and Coford be transferred to the Department of Communications, Energy and Natural Resources to exploit the synergies that can evolve from the development of these organisations alongside Bord na Móna. In addition, the Minister is of the view that the Inland Fisheries function should be transferred to the Department of the Environment, Heritage and Local Government where there is considerable scope for synergies with the National Parks and Wildlife Service in terms of conservation of habitats and species in Ireland.