



**RESPONSE TO DEPARTMENT OF COMMUNICATION MARINE
AND NATURAL RESOURCES CONSULTATION ON ENERGY
RESEARCH, DEVELOPMENT AND DEMONSTRATION**

13th May 2005

Overview

IBEC is the employer's body which represents the Irish business community. In the last number of years, Energy policy has become a key issue for all sectors of society, especially business. In response to this, Irish industry has identified Energy as a strategic business issue and the corresponding necessity for programmes to meet all stakeholders' requirements in a cost-effective and environmentally sound manner. The business community has and will continue to play a positive and constructive role in the development and implementation of Energy policies, which will bring clear benefits to Irish society.

The IBEC Energy Policy Committee represents a broad cross section of Irish industry, indigenous and multinational, for whom energy legislation and policy is of critical importance to their business operations in Ireland.

The Energy Policy Committee plays a proactive and positive role in ensuring the future of security of supply can be safeguarded in a manner compatible with the sustainable management of resources and continued economic development and does not compromise competitiveness or hinder inward investment.

The overall aim of the Energy Policy Committee is to support the development of a sustainable energy market, having regard to the particular needs of the small island economy.

The promotion of research, development and demonstration in all aspects of energy provision and use is of primary importance to the sustained growth of Ireland's economy. IBEC considers this paper an important first step in harmonising the provision of financial and intellectual supports for innovation in the energy sector in a simple, transparent and equitable manner.

1 Introduction

- 1.1 IBEC would like to thank the Department of Communication Marine and Natural Resources for the opportunity to submit comments on this consultation. Innovation through research, development and demonstration is considered the cornerstone of continued economic growth for Ireland.
- 1.2 IBEC believes that the current mechanism of Research, Development and Demonstration (RD&D) support lacks coordinated strategic planning, is fragmented between state agencies and is difficult to access.
- 1.3 While Sustainable Energy Ireland offers grants for renewable energy projects, funding for RD&D initiatives in the wider energy sector are undefined and generally reactive/short term in nature. Accordingly, a strategic harmonising structure is required facilitating enhanced coordination and support. This new approach must be consistent, simple, equitable and transparent in nature and must link readily with existing State funding bodies.
- 1.4 A significant part of government policy aims to increase the amount of private sector RD&D undertaken in Ireland. This is an important element in ensuring that Ireland continues to compete in a global economy where, increasingly, competitive advantage will be maintained by operating at the highest level of value added activity.
- 1.5 Expenditure on R&D has increased dramatically over the last 10-15 years, as has the number of R&D performers. Coupled with the increased spend by industry, Government policy and funding has played a major part in achieving this.
- 1.6 Ambitious targets have been set by Government based on the Lisbon strategy. IBEC supports these targets and is working with Government in order to increase Business investment in R&D from €917 million in 2001 to €2.5 billion in 2010 (1.7% of GNP). IBEC is of the view that it is crucial for all relevant stakeholders to be involved in the development and implementation of strategies for achieving this target.
- 1.7 On this basis, IBEC welcomes this initiative from the Dept of Communications Marine and Natural Resources (DCMNR) and believes if adequate support and structure is put in place, RD&D within the Energy sector could be at least

doubled by 2010. It is vital however that this initiative is part of the overall Science Innovation and Technology governance structure and feeds into both the Cabinet Sub Committee and the Interdepartmental Committee. IBEC is aware that an implementation plan to achieve the RD&D targets is currently being drafted by the Interdepartmental committee. This plan will provide an RD&D roadmap for the country, and it is vital that any RD&D initiative emanating from DCMNR is part of this overall Implementation Plan.

- 1.8 IBEC supports DCMNR in its approach and would like to make the following comments under the headings: Institutional and Governance Options, All Island Approach, EU Perspective, Environmental Perspective, Funding and Project Focus.

2 Institutional and Governance Options

- 2.1 A key failing in Energy RD&D is the shortfall in strategic planning, the lack of coordination between supported projects and the fragmented nature of funding provided. IBEC welcomes proposals for an energy research council which it believes should act as an umbrella group to:
- draw together the resources of all agencies at National, EU and International level
 - identify priority areas in energy research
 - award funding for priority research projects
 - establish strategic planning for support of both long and short term projects
 - represent Irish interests at EU and international level.
- 2.2 In order for such a group to operate to its maximum potential it is essential that all stakeholders, including industry, are appropriately represented. Furthermore, the swift establishment of this body should be prioritised.
- 2.3 Regarding administrative support for the Group, IBEC recommends that the selected body should have a focus on all facets of research in the energy sector not on any one particular area.

3 All Island Approach

- 3.1 The Commission for Energy Regulation and the Northern Ireland Authority for Energy Regulations are presently defining detailed rules for the establishment of an all island energy market. The promotion of RD&D should take place in a similar context with synergies North and South developed where appropriate.

4 EU Perspective

- 4.1 For many Irish companies RD&D supports in a European context have to date proven complex and inaccessible. In order to simplify the application process, the Research Council should act as a facilitator assisting companies in gaining access to the supports offered and link companies involved in similar research activities.

5 Environmental Perspective

- 5.1 Irish Business is fully committed to the principles of sustainable development. The Kyoto Protocol and resulting carbon constraints will have significant implications for Ireland's competitiveness unless checked by innovative techniques to improve energy intensity. The promotion of research and development in the energy sector and the goals of environmental protection are inextricably linked. Accordingly, RD&D funding must also consider innovative energy-environment related projects focused on improved technologies.

6 Funding

- 6.1 As highlighted in the consultation there are a number of fragmented funding programmes currently available which are awarded on an ad-hoc basis. The establishment of an energy research council provides a vehicle to draw these disparate funds together. The convergence of these financial resources should also include those available from EU and International sources.
- 6.2 The consultation also mentions the addition of public financing to the existing funds, however, there is no clear indication as to a total budget. The initial function of the research council should involve the clear identification of existing funds available and the projection of an appropriate budget for the funding of both long-term and short term projects.

7 Project Focus

- 7.1 In defining and assessing projects suitable for RD&D funding it is imperative that the Research Council consider projects of varying scale, time-frames and should incorporate primary and applied research including demonstration projects.
- 7.2 As highlighted earlier, current ad hoc funding tends to be reactive and short-term. Many projects in the energy sector require a long-term focus thus requiring a long-term support mechanism.
- 7.3 In addition, projects of varying scale must be considered from large scale industrial initiatives to smaller scale research programmes. Support should also be available to academia to encourage studies in energy-related disciplines at both graduate and undergraduate levels.

8 Conclusion

- 8.1 IBEC welcomes this consultation and supports the proposed establishment of an Energy Research Group which represents all appropriate stakeholders. The primary objectives of such a group should include the combining of all current supports of RD&D at National, EU and International level; strategic planning for support mechanisms; and evaluation and apportioning of grant aid to projects. The group should work within the current Science Innovation and Technology governance structure with a focus on all facets of the energy sector. Synergies should be sought between companies (all island, EU, International) and should vary in scale from small to large and span short to long term projects. Business looks forward to working with the Department Of Communication, Marine and Natural resources in achieving the goal set out in this consultation and looks forward to participation in the proposed Energy Research Group.