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COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of Ireland

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 11046/21 INIT; ST 11046/21 ADD 1) of 8 September 2021 on the approval of the assessment of the recovery and resilience plan for Ireland

{COM(2024) 222 final}

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1 EXECUTIVE SUMMARY

Despite having limited direct exposure to Russian gas[1], the consequences of the Russian aggression in Ukraine have substantially impacted the Irish economy. This has highlighted key dependencies in Ireland's energy system and has led to significant affordability issues for many consumers and businesses. Fossil fuels accounted for 88 % of Ireland's gross available energy in 2021[2], which translates into a high energy import dependency on third countries (70 % in 2021[3]). In parallel, the share of Renewable Energy Sources (RES) in gross final energy consumption (13.1 %) has a significant potential for increase. Therefore, the REPowerEU chapter of the Irish Recovery and Resilience Plan (RRP) will contribute towards decreasing the dependency on fossil fuels and imports of the Irish energy system.

Ireland has submitted a REPowerEU chapter that contains measures to accelerate the green transition. Ireland relied on Article 21c of Regulation (EU) 2021/241 to include additional resources from ETS revenues or from the Brexit Adjustment Reserve (BAR) for its REPowerEU chapter. The REPowerEU chapter submitted by Ireland contains measures that help address the key challenges of the Irish energy sector, enhance energy efficiency, decrease primary energy consumption, and increase the renewable energy capacity of Ireland. The proposed measures comprise of 5 investments and 1 reform. The investments support the production of sustainable biomethane in Ireland, sustainable transport through the installation of train battery charging infrastructure, as well as several energy efficiency interventions in public building stock such as schools and hospitals. The proposed reform enables deployment of offshore renewable energy sources through the publication of a policy statement committing to a plan-led deployment regime, adoption of dedicated Maritime Offshore Areas and auctioning of offshore renewables capacity.

The chapter aims to decrease energy consumption and enhance the generation of renewable energy and contributes to REPowerEU objectives. To reinforce security of supply, the REPowerEU chapter aims at reducing demand for fossil fuels and at developing renewable gas supply and generation of renewable electricity. This will ultimately strengthen the resilience, security and sustainability of the European Union's energy system and promote the diversity of its energy supply. The Irish RRP will enhance the flexibility of the energy sector in Ireland by decreasing primary energy use, thereby improving the resilience and security of the EU's energy system. Allocating funds towards the deployment of technologies in the green sector, namely those pertaining to renewable energy, decarbonisation, and energy efficiency, will also bolster the availability of essential technologies required for the Union's transition towards sustainability.

In addition, Ireland has requested an amendment of its current RRP to the Commission. Ireland has relied on the Article 21 to amend the RRP due to objective circumstances hindering the fulfilment of certain measures as originally planned, such as identification of manifestly better

[1] https://economy-finance.ec.europa.eu/system/files/2023-05/IE_SWD_2023_607_en.pdf
[2] Eurostat
[3] Eurostat

alternatives to achieve the original same ambition and the stronger than anticipated post-pandemic recovery of the labour market.

Based on the assessment of the submitted REPowerEU chapter, the Irish plan receives and A-rating on all criteria, except for costing, where the plan receives a B-rating. This means that the initial assessment of the Irish recovery and resilience plan is unchanged, while the criteria related directly to REPowerEU (criteria 12 and 13) receives and A-rating.

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A	A	A	A	B	A	A	A	A

2 OBJECTIVES OF THE MODIFICATION OF THE PLAN

In 2022 and 2023, the supply chain disruptions and rising energy prices following Russia's invasion of Ukraine led to a surge in inflation in Ireland and in the EU as a whole. This further highlighted the need to reduce Ireland's dependency on fossil fuel imports and accelerate its transition towards a climate-neutral energy system, in line with the 2023 Country Report and the Country Specific Recommendation (CSR) 4. CSR 4 also highlighted the need for streamlining the planning and permitting framework for renewables, and support to energy efficiency in buildings to reduce energy bills and energy system costs.

The modified recovery and resilience plan of Ireland adds a new REPowerEU chapter pursuant to Article 21(c) of the RRF Regulation, which aims at addressing some of these challenges. It includes both a reform and investment measures related to boosting energy efficiency in buildings, increasing the production and uptake of sustainable biomethane, supporting zero-emission transport infrastructure, and accelerating the deployment of renewable energy, which also contribute to the reduction of energy demand, in line with the objectives of Article 21(c) of the RRF Regulation.

Ireland will benefit from an additional EUR 239 million in grants to support the investments and reforms in the REPowerEU chapter. To this end, Ireland has requested to transfer a provisional allocation from the resources of the Brexit Adjustment Reserve (BAR) and the Emissions Trading System to the Facility. In line with Article 4a of Regulation (EU) 2021/1755, Ireland has requested and benefits from the transfer of resources from the BAR of EUR 150 million and from the revenue from the Emissions Trading System for EUR 89 million to the Facility. Ireland has not requested any loan support for the purpose of the REPowerEU chapter on top of the REPowerEU grants worth EUR 239 million.

In addition, Ireland made a reasoned request to the Commission to make a proposal to postpone milestone 94 of the Council Implementing Decision of 8 September 2021 in

accordance with Article 21 of RRF Regulation. This is on the grounds that unexpected progress in the 6th Anti-Money Laundering Directive discussions at EU level constitute objective circumstances to postpone the milestone to the 5th payment request as doing so would provide for a more effective Anti-Money Laundering reform, in line with the 6th Anti-Money Laundering Directive. With regard to all assessment criteria set out in Article 19(3) of the RRF Regulation this timeline change does not affect the positive assessment of the initial RRP and therefore no further in-depth analysis is needed.

The modified recovery and resilience plan of Ireland also introduces minor changes in the measures in components 2 and 3 in line with article 21 of the RRF Regulation. For all measures for which a change is introduced, the proposed wording equally achieves the objective of the measure without reducing its ambition, but in a different way. With regard to all assessment criteria set out in Article 19(3) of the RRF Regulation, these amendments do not affect the positive assessment of the initial RRP and therefore no further in-depth analysis is needed.

Overview of the REPowerEU chapter

The REPowerEU chapter is the fifth component of the Irish Recover and Resilience Plan. Its main elements are listed below.

The chapter includes investments in the scaling-up of the production of sustainable biomethane in Ireland through the adoption of a dedicated biomethane strategy and an action plan, and the introduction of a capital grant for the building and upgrade of the production capacity of sustainable biomethane (Investment 5.1). The chapter also supports an investment in sustainable rail transport with the installation of a train battery charging infrastructure on the route from Dublin City Centre to Drogheda on the Northern Line, thus facilitating the deployment of battery electric rolling stock (Investment 5.2). The chapter contributes to improving energy efficiency of public buildings with dedicated interventions in community nursing units and hospital assets (Investment 5.3), public schools (combined with the delivery phase of the Energy Profile Programme to identify further cost-efficient energy interventions) (Investment 5.4), and a public office building (Investment 5.5).

The chapter further includes a reform which aims to introduce a plan-led regime in the deployment of offshore renewable energy through the introduction of a policy statement, the adoption of a designated maritime planning area by the Irish parliament (the Oireachtas), as well as an auction of offshore renewable energy capacity. This contributes towards enabling 5 gigawatt (GW) of offshore renewable energy capacity in Ireland by 2030 (Reform 5.6).

The measures of the REPowerEU chapter are listed below:

- Investment C5.I1: Upscaling a Biomethane Industry in Ireland
- Investment C5.I2: Drogheda Charging Infrastructure
- Investment C5.I3: HSE Pilot Energy & Decarbonisation Pathfinder

- Investment C5.I4: Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme and Energy Profile Inventory of Schools
- Investment C5.I5: Retrofit of No. 6 Ely Place
- Reform C5.R1: Offshore Renewable Electricity Support Scheme (ORESS)

Table of new and modified components and associated costs.

Component	**Status**	**Costs (EUR million)**
D/V: REPowerEU	New	239

Other elements not covered by assessment criteria

For components 2 and 3 the description of all aspects of the plan, as reflected in the previous Staff Working Document COM(2021)205 final remains valid.

On gender equality and equal opportunities for all: Ireland has explained that several REPowerEU measures will have a positive impact on gender equality and equal opportunities for all. In general, the investment and reform measures outlined in Ireland's REPowerEU chapter will contribute towards diversification opportunities for people impacted by the transition to a low-carbon economy, as well as decrease the dependency of the Irish energy system on imported fossil fuel. These initiatives also aim to mitigate the consequences of high and volatile energy costs, which disproportionately affect individuals with a smaller disposable income. The measure on sustainable transport on the route from Dublin City Centre to Drogheda is further expected to contribute toward increased collective mobility, which can increase the accessibility for persons with disabilities and other mobility restrictions while contributing to the green transition. Furthermore, in contrast to men (80%), fewer women (66%) own or have access to a vehicle in Dublin, according to research[4]; therefore, enhanced public transport services will benefit a greater proportion of women. Improving the environment (and security) of stations as well as the frequency and reliability of public transport services have been shown to be advantageous in encouraging more women to utilise public transport[5]. Along with the Health Service Executive Pathfinder Programme, the retrofit programmes outlined in the chapter will increase sustainable employment in green enterprise, improve the quality of school buildings and hospitals for all, and assist in mitigating the effects of climate change and the transition to a low-carbon society on those who are most adversely affected by it.

On state aid**:** State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the

[4] Transport Infrastructure Ireland (2020), Travelling in a Woman's Shoes - understanding women's travel needs in Ireland to inform the future of sustainable transport policy and design
[5] Transport Infrastructure Ireland (2020), Travelling in a Woman's Shoes - understanding women's travel needs in Ireland to inform the future of sustainable transport policy and design

RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[6]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Ireland in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Ireland considers that a specific measure contained in the recovery and resilience plan entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Ireland to ensure full compliance with the applicable rules.

3 SUMMARY OF THE ASSESSMENT OF THE PLAN

The revision of Ireland's RRP includes the addition of a REPowerEU chapter. This addition is based on Article 21c of the RRF Regulation to include additional non-repayable resources from ETS revenues and transfers from the Brexit Adjustment Reserve (BAR). The primary focus has thus been placed on assessing the impacts deriving from this addition on the REPowerEU criteria emanating from the RRF Regulation. In addition, the revision includes an amendment of Ireland's current RRP due to objective circumstances based on the Article 21.

3.1 Comprehensive and adequately balanced response to the economic and social situation

Table 1: Coverage of the six pillars of the Facility by the new RRP component

	Green transition	**Digital transformation**	**Smart, sustainable & inclusive growth**	**Social and territorial cohesion**	**Health, and economic, social and institutional resilience**	**Policies for the next generation**
5 REPowerEU	●		●	○	●	●

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

[6] Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 167, 30.6.2023, p. 1–90, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1315.

Table 2: Coverage of the six pillars of the Facility by the unchanged or modified components

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
1 Advancing the green transition	●	○	●	●	●	
2 Accelerating and expanding digital reforms and transformation	○	●	●	●	●	●
3 Social and economic recovery and job creation	○		●	●	●	●

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

The Irish RRP, as well as the inclusion of the REPowerEU chapter, continue to comprehensively cover the six pillars structuring the scope of application of the Facility. This concerns (i) green transition, (ii) digital transformation, (iii) smart, sustainable & inclusive growth (iv) social and territorial cohesion, (v) health and economic, social, and institutional resilience, and (vi) policies for the next generation. For components 1 through 3, the contribution to the six pillars has not been modified in this table compared to the original RRP. The modifications associated with the introduction of the REPowerEU chapter do not affect the assessment of the criteria compared to the original RRP and the subsequent revision. All pillars are covered by at least one component, while a component may contribute toward multiple pillars. The introduction of the REPowerEU chapter entails the further contribution towards several pillars.

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Taking into consideration all reforms and investments envisaged by Ireland, its modified recovery and resilience plan continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Ireland into account. This would warrant a rating of A under criterion 2.1 in Annex V to the RRF Regulation.

3.2 Link with country-specific recommendations and the European Semester

Overall, Ireland's modified RRP still represents a comprehensive and adequate response to the economic and social challenges faced by Ireland. Through the introduction of a new reform and several new investments in the context of the REPowerEU chapter, the plan continues to address all or a significant subset of challenges identified in the relevant country-specific recommendations.

Components 2 and 3 do not materially change their contribution to addressing a significant subset of the challenges identified in the relevant CSRs. The overall ambition of the existing RRP of Ireland remains the same and continues to address all or a significant subset of CSRs, in line with the original assessment.

The REPowerEU chapter supports addressing the country-specific recommendations on reducing overall reliance on fossil fuels (country-specific recommendation 4.1 in 2022 and 4.1 in 2023) by accelerating the deployment of renewable energy, in particular offshore wind, and streamlining the planning and permitting framework for renewables (country-specific recommendation 4.2 in 2022 and 4.4 in 2023), as well as implementing additional measures that support energy efficiency in private and public buildings to reduce energy bills and energy system costs (country-specific recommendation 4.5 in 2023).

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and of the adequacy of its response to the economic and social situation of Ireland, as reflected in the previous SWD COM(2021) 205.

3.3 Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

The Irish RRP and inclusion of a REPowerEU chapter continues to contribute towards economic cohesion and to address vulnerabilities of the economy. Measures in the REPowerEU chapter are expected to contribute to decrease the dependency of the Irish economy on gas imports through development of renewable energy sources, such as offshore wind and biomethane, combined with energy efficiency interventions to reduce the consumption of primary energy. The addition of the REPowerEU chapter also addresses slightly the aspect of social cohesion through the provision of energy efficiency interventions to decrease the primary energy consumption of the public sector building stock. Such modernisation efforts of both school- and hospital buildings contributes towards the provision of adequate public services, which increases the responsiveness and accessibility of both healthcare and education services. Additionally, investments in sustainable public transport will contribute to increased labour mobility, which is particularly relevant for increasing mobility for disadvantaged community workers and people with disabilities. Such efforts should contribute towards the implementation of the European Pillar of Social Rights.

At the same time, the REPowerEU chapter does not make additional contributions to mitigating the economic and social impact of the COVID-19 crisis.

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the previous SWD COM(2021) 205.

3.4 The principle of 'do no significant harm'

Ireland's RRP and REPowerEU chapter assesses compliance with the "Do No Significant Harm" principle (DNSH) for each of the six objectives under Article 17 of the Taxonomy Regulation (EU) 2020/852. The assessment follows the methodology as set out in the Commission's technical guidance on the application of "Do No Significant Harm" under the RRF Regulation (2021/c 58/01). As required by the RRF Regulation, the environmental impact of each reform and investment is assessed, also for the new measures introduced in the REPowerEU chapter. None of the measures included in the REPowerEU chapter makes use of the targeted exemption from the DNSH principle for those reforms and investments that contribute towards the first REPowerEU objective of improving energy infrastructure and facilities to meet immediate security of supply concerns.

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) that no measure for the implementation of reforms and investment projects included in the plan is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'), as reflected in the previous SWD COM(2021) 205.

3.5 Green transition

The inclusion of a REPowerEU chapter to the Irish RRP has increased the contribution of the plan to the green transition, with respect to the initial assessment. The measures contained in the Irish REPowerEU chapter contributes towards attaining the European Union's 2030 climate targets and Green Deal objective of climate neutrality by 2050. The REPowerEU chapter contributes towards significant reductions in energy demand as well as further deployment of renewable energy.

Three investments in the chapter aim to decrease primary energy consumption in public building stock through investments in energy efficiency interventions. These interventions have the objective of reducing primary energy demand by at least 30% on average. Energy used for heating and cooling accounts for 24% of Ireland's greenhouse gas emissions[7]. Therefore, such investments provide a significant contribution to reducing emissions stemming from the built environment and the public sector in Ireland.

Oil is the main source of energy in Ireland (48% of the total energy available in 2021)[8]. In 2022, oil products demand was primarily in the transport sector (70%), followed by buildings (18.5%) and industry (8.5%)[9]. Investments into sustainable transport will therefore contribute to reducing emissions associated with the transport sector of Ireland. The provision of battery electric trains and charging stations for the Dublin to Drogheda route will enable zero-emissions transport for a large number of commuters, contributing to both increased public mobility and a reduction of transport emissions.

The reform on plan-led development of offshore wind deployment and investment in increasing the production of sustainable biomethane are expected to facilitate the integration of energy from renewable sources. Currently, Ireland is lagging behind the rest of the EU when it comes to overall share of energy from renewable sources[10]. Ireland ranked 27 among the 27 Member States on production capacity, with 13 % energy from renewable sources.

Climate target

On the basis of the assessment guidelines provided for in sub-criterion 5b, the measures in the modified RRP, including the REPowerEU chapter, supporting climate change objectives account for 50.2% of the plan’s total allocation, ahead of the 37% requirement. This is based on the methodology for climate tracking set out in Annex VI to Regulation (EU) 2021/241. Additionally, the measures included in the REPowerEU chapter supporting climate change objectives account for 81.6% of the chapter's allocation, ahead of the 37% requirement, based on the methodology for climate tracking set out in Annex VI of that Regulation.

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Taking into consideration the assessment of all the measures envisaged, the modified recovery and resilience plan, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contributes to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.

[7] Sustainable Energy Authority of Ireland, *Heating and Cooling in Ireland Today*, 2022.
[8] Eurostat, *Shedding light on energy*, 2023.
[9] Eurostat
[10] Including both primary and secondary energy coverage

3.6 Digital transition

Given that the primary objective of the REPowerEU is to support the green transition, there is limited digital content. However, one example of a measure that is relevant from a digital perspective is the Energy Profile Inventory of Schools. The project, when completed, will provide the Department of Education with the ability to dynamically review and interrogate digital data on up to 4,000 schools to support reductions of greenhouse gas emissions.

Digital target

Based on the methodology set out in Annex VII to the RRF Regulation, the plan's contribution to digital objectives accounts for 34.2% of the modified plan's maximum financial contribution (excluding the REPowerEU chapter). This is above the 20% target set out in the RRF Regulation.

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to the digital transition and to the digital target, as reflected in the previous SWD COM(2021) 205.

3.7 Lasting impact of the plan

The modified recovery and resilience plan, including a REPowerEU chapter, is expected to continue to have a lasting positive impact on the Irish economy, increasing the ambition of the initial plan as concerns especially the green transition.

The new measures included in the REPowerEU chapter are complementary to the existing measures, they are in line with the country-specific recommendations and can be expected to have a lasting impact on the green transition of Ireland and the economy overall. For instance, the Offshore Renewable Energy Support Scheme (ORESS) and the introduction of a plan-led regime in the deployment of offshore wind will ensure a faster and more efficient deployment of offshore renewable energy, which will enable deployment of offshore renewables beyond the lifetime of the RRF. The increase in biomethane production will reduce demand in fossil fuel in bring long term benefits to Ireland's security of energy supply. The REPowerEU measures are also expected to incentivise the reduction of energy demand on the long term by increasing the resilience of the public building stock. Investments in energy efficiency interventions in the public building stock will also free up excess resources that can be channelled into ensuring the provision of quality public services, such as education and healthcare. Lastly, the REPowerEU measures will also contribute to provide for sustainable public transport. Investments in train battery charging infrastructure will allow the increased provision of zero-emission public transport. In the long term, such a measure will contribute towards a modal shift from private transportation towards increased usage of public transportation.

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the lasting impact of the measures proposed by Ireland, as reflected in the previous SWD COM(2021) 205.

3.8 Milestones, targets, monitoring and implementation

The milestones and targets of the modified Irish RRP enable an adequate monitoring of the implementation of the plan. Each of the new reform and investments introduced in the REPowerEU chapter includes at least one milestone and/or target outlining the key elements of the measure and allowing for the assessment of its achievement. The REPowerEU chapter includes 13 new milestones and targets.

The arrangements proposed by Ireland in its modified recovery and resilience plan are expected to adequately ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V to the RRF Regulation.

3.9 Costing

Ireland has provided individual estimated costs for all the new measures in the REPowerEU chapter that entail a cost in the recovery and resilience plan.

The cost information provided by Ireland is generally detailed and well substantiated. Ireland provided detailed estimates and assumptions on costs. Moreover, Ireland submitted separate documents including more elaborate descriptions of the methodology underlying the cost calculations.

The assessment of the cost estimates and inherent supporting information shows that the majority of the costs of the new measures are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing and are commensurate to the expected economic and social impact of the envisaged measures.

Reasonable costs

Overall, the assumptions used by Ireland to estimate the costs of the new measures under the REPowerEU chapter provide a reasonable explanation of the key cost drivers of the measures. The calculations are generally clearly spelled out allowing to identify the methodology used, even if for a limited number of measures the information provided is more limited or less clear. Nevertheless, there is no evidence that would allow doubting the costing estimates provided.

The new measures included in the REPowerEU chapter comply with the eligibility criteria set out in the RRF Regulation. All costs are incurred for reforms and investments after February 2022 for the measures in the REPowerEU chapter. Value-added tax (VAT) is not included in any of the cost estimates.

In this context, the reasonability of the cost estimates, taking into account the new measures in the REPowerEU chapter, has been established to a medium extent.

Plausible costs

The amount of the estimated costs of new measures in the REPowerEU chapter is in line with the nature and type of the envisaged reforms and investments. For most of these measures, Ireland provided supporting documents to substantiate the cost estimates, including explanations of how past projects relate to the cost estimates of the new measures. Nevertheless, in a limited number of instances the comparability of past projects to the ones proposed in the plan could not fully be established, partially due to the novelty of the measure.

Considering the limitations of an ex-ante assessment of cost estimates, the amounts proposed for financing were deemed appropriate and seen as establishing the plausibility of the cost estimates to a medium extent.

No double Union financing

Ireland has indicated for each individual new measure in the REPowerEU chapter that the costs to be financed by the RRF will not be funded at the same time by other Union funding sources. Any additional funding will be sourced directly from the national budget.

Commensurate and cost-efficient costs

The total cost of the modified Ireland recovery and resilience plan is commensurate to the expected social and economic impact of the envisaged measures. The plan is expected to effectively address a significant subset of challenges identified in the CSRs. The plan also contains measures that are expected to foster economic growth and economic cohesion in an inclusive manner, to boost the growth potential of the Irish economy, to stimulate job creation, and to mitigate the adverse effects of the crisis. The economic and social impact of the plan in combination with the positive cost assessment, indicates that the cost is in line with the principle of cost-efficiency.

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The justification provided by Ireland on the amount of the estimated total costs of the modified recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Ireland provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing.

This would warrant a rating of B under criterion 2.9 of Annex V to the RRF Regulation

3.10 Controls and audit

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the adequacy of the control and audit arrangements proposed by Ireland, as reflected in the previous SWD COM(2021) 205

3.11 Coherence

The newly added REPowerEU chapter is coherent, with mutually reinforcing or complementary measures. It shows thematic interlinkages and synergies with the different components of the Resilience and Recovery Plan. It reinforces in particular measures in the green transition component to further boost building energy efficiency, strengthen sustainable rail transport or bolster the deployment of renewable energies.

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The nature and extent of the proposed modifications to Ireland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the coherence of the actions proposed by Ireland, as reflected in the previous SWD COM(2021) 205

3.12 REPowerEU

The implementation of the measures included in the REPowerEU chapter are expected to contribute notably to the objectives in the following articles of Regulation (EU) 2021/241:

- Article 21c (3), points (b) and (e) by increasing the production and uptake of sustainable biomethane, accelerating the deployment and integration of renewable energy and supporting zero-emission transport and its infrastructure, including railways (Investments C4.I1, C4I2 and Reform C4.R1);
- Article 21c (3), points (d) by incentivising reduction of energy demand (Investment C4.I3; C4.I4 and C4.I5).

As a result, the measures help reducing reliance on fossil fuels and contribute to increasing energy security and diversification of the Union's energy supply.

Addressing Energy Poverty

While none of the measures included in the Irish REPowerEU chapter are directly targeting energy poverty objectives, several of the measures will have an indirect effect on energy prices and reduction of energy demand, which indirectly will address some of the underlying factors contributing to energy poverty. Therefore, considering also the limited scope of the Irish REPowerEU envelope, the contribution toward addressing energy poverty is assessed as adequate.

Coherence with other efforts of the Member State

While none of the measures included in the Irish REPowerEU chapter are scale-ups of existing measures in the existing recovery and resilience plan, there are several complementarities and synergies, also with broader, national policy efforts.

The measures included in the REPowerEU chapter will complement the Carbon Tax reform of the recovery and resilience plan. The Carbon Tax Reform (Reform 1.9) encourages emission reduction by taxing carbon-intensive activities and consumption, providing for a fiscal incentive to decrease energy consumption among companies and consumers. Simultaneously, energy efficiency measures (Investment 5.3, 5.4 and 5.5) directly support investments aimed at reducing energy consumption through interventions like insulation of building envelopes and renewal of electrical appliances with high energy efficient ones.

There are also complementarities with the investment to scale up the sustainable biomethane industry in Ireland (Investment 5.1). The introduction of carbon pricing associated with the carbon tax reform makes fossil fuels and related by-products more expensive, rendering renewables as a relatively more attractive investment opportunity. As carbon-intensive energy becomes costlier, investments in renewables become increasingly economically viable. In this way, a carbon tax sends a clear signal to investors and energy producers. It encourages them to transition away from fossil fuels and invest in renewable infrastructure. Therefore, the carbon tax reform also catalyses the impacts of the Offshore Renewable Energy Support Scheme (ORESS) (Reform C5.R1) by making investments in offshore renewable energy more economically viable.

Both the national policies of the Energy Poverty Action Plan and the National Hydrogen Strategy complement the REPowerEU objectives by addressing energy poverty and promoting sustainable energy alternatives. This is further complemented by the National Retrofit Plan, which sets out the actions for Ireland to achieve its retrofitting targets across three areas (demand and activity; financing and funding; supply chain, skills and standards) and governance. Lastly, the Green Skills for Further Education and Training (FET) Roadmap 2021-2030, launched by SOLAS in July 2022, sets out some key areas for the Further Education & Training (FET) sector and responds to the future skills requirements of the green economy. This builds on and complements the existing green skills action programme under the SOLAS Recovery Skills Response Programme (Investment 3.2) of the recovery and resilience plan.

Consultation Process

For the process of drafting the measures included in the REPowerEU chapter, the Irish authorities undertook several public consultations.

For investment 5.1 (Upscaling a Biomethane Industry in Ireland), development of the investment is a standing item on the agenda for the Biomethane Working Group, comprising stakeholders across the government. Furthermore, as part of the biomethane strategy included in the investment, the Department of Food and Marine (DFAM) contracted a consultant to perform stakeholder consultations with over 60 consultees across Ireland. One of the main conclusions from the stakeholder interviews was that there is significant appetite for the development of a Biomethane Industry in Ireland, with overwhelming support noted across all stakeholder groupings.

For investment 5.4 (Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme and Energy Profile Inventory of Schools) the authorities undertook several consultations with other departments, such as the Department of Public Expenditure and the Sustainable Energy Authority of Ireland. The department also undertook several consultations at various levels of engagement with the school Patron and Management Bodies, the wider school community and the construction and design community. Generally, the feedback received concerns the potential to significantly reduce the energy consumption of public schools as well as refining the teaching and learning environments with a comfortable internal environment.

For reform 5.6 (Offshore Renewable Electricity Support Scheme (ORESS)), the Department of the Environment, Climate and Communications held public consultations in 2022 to gather input for the policy statement. The Department held a further public consultation in 2023 on aspects of the auctioning design to ensure that the ORESS auctions would be attractive to the offshore wind industry. Each of the Designated Maritime Area Plan proposal is further subject to statutory consultation, including a public information period, environmental assessment, and appropriate assessment.

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation

3.13 Cross-border or multi-country dimension or effect

Cross-border infrastructure and multi-country projects are important for achieving the REPowerEU objectives in the medium term and are encouraged under REPowerEU. Member States must include in their REPowerEU chapters measures with a cross-border or multi-country dimension or effect for an amount representing 30% of their REPowerEU chapter. On the basis of the methodology for cross-border or multi-country dimensions or effects, as laid down in Regulations (EU) 2021/241 as amended by (EU) 2023/435, the Irish REPowerEU chapter contributes to the target in 98% of the REPowerEU chapter estimated costs.

Investment 5.1 (Upscaling a Sustainable Biomethane Industry) provides cross-border benefits in various dimensions. By expanding the capacity for renewable energy sources domestically, Ireland will become less reliant on imported energy and fossil fuels. This diversification therefore contributes towards the wider benefits of the Union by reducing vulnerabilities of the Irish energy system to supply disruptions and geopolitical tensions. Increasing the production of energy domestically will free up transmission capacity which enables a better flow of energy between Member States. This leads to overall cost savings, enhancing grid stability and reliability. Lastly, increasing the share of renewables in Ireland will contribute towards the climate objectives. This alignment supports Ireland in reaching the targets of the European Green deal, for the benefit of all Member States.

Investment 5.2 (Drogheda charging infrastructure) provides cross-border benefits in various dimensions. First, the introduction of battery electric multiple units will reduce the dependency of the transport sector on fossil fuels. Considering the revised trans-European transport network (TEN-T) Regulation, the charging facility in Drogheda will decarbonise a portion of Ireland's Core Network between Dublin and Drogheda, considered a vital route for cross-European transport. It therefore responds to the need to increase connectivity across Europe to foster the resilience of the transport system and shift more passengers and freight to sustainable modes of transport through the provision of sustainable urban mobility. The charging facility in Drogheda will decarbonise a portion of Ireland's Core Network between Dublin and Drogheda.

Investment 5.3 (HSE Pilot Energy & Decarbonisation Pathfinder) and Investment 5.4 (Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme and Energy Profile Inventory of Schools) will support energy efficiency and decarbonisation in the health and school sectors. This will contribute to reducing greenhouse gas emissions and lowering energy consumption, which reduces the impact on the climate and the environment, reduces the cost of the green transition, reduces vulnerability to fluctuations in energy prices and increases the security of supply. The same logic applies to Investment 5.5 (Retrofit of No. 6 Ely Place)

REPowerEU measure with cross-border or multi-country dimension or effect	**Costs (EUR million)**	**Contribution to the target in % of the REPowerEU chapter estimated costs**
Upscaling Biomethane Industry	40 000 000	17%
Drogheda Charging Infrastructure	56 000 000	23%
HSE Pilot Energy & Decarbonisation Pathfinder	48 000 000	20%
Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme	76 850 000	32%
Retrofit of 6 Ely Place	15 000 000	6%
Total	**235 850 000**	**98%**

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

ANNEX I: CLIMATE TRACKING AND DIGITAL TAGGING[11]

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
IE-C[C1]-I[I2.1]	Accelerate the Decarbonisation of the Enterprise Sector - Enterprise Emissions Reduction Investment Fund	30	047bis	40%	-	0%
IE-C[C1]-I[I2.2]	Accelerate the Decarbonisation of the Enterprise Sector - Climate Planning Fund for Business	25	047	40%	-	0%
IE-C[C1]-I[I3]	Public Sector Retrofit Pathfinder Project	59.64	026bis	100%	-	0%
IE-C[C1]-I[I4]	Enable future electrification through targeted investment in Cork commuter rail	164	069bis	100%	-	0%
IE-C[C1]-I[I5.1]	National Grand Challenge Programme (i) - green	50.18	022	100%	-	0%
IE-C[C1]-I[I5.2]	National Grand Challenge Programme (ii) - digital	21.43	-	0%	009bis	100%
IE-C[C1]-I[I6]	Enhanced rehabilitation of peatlands	107.93	050	40%	-	0%

[11] While the total cost of the Ireland's recovery and resilience plan exceeds the total allocation of non-repayable financial support to Ireland, Ireland will ensure that all spending related to the measures mentioned in this table as contributing to climate objectives are fully financed by the funds from the Recovery and Resilience Facility.

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
IE-C[C1]-I[I7]	River basin management plan- Enhanced ambition programme	20	041	0%	-	0%
IE-C[C2]-I[I1]	Development of a shared Government data centre	39.08	055bis	40%	055bis	100%
IE-C[C2]-I[I2]	Programme to drive the digital transformation of enterprise in Ireland	85	-	0%	010	100%
IE-C[C2]-I[I3.1]	Programme to provide digital infrastructure and funding to Schools (i) - Provision of high speed broadband connectivity for primary schools	13.5	-	0%	012	100%
IE-C[C2]-I[I3.2]	Programme to provide digital infrastructure and funding to schools (ii) - Provision of funding to schools to address the digital divide	50	-	0%	012	100%
IE-C[C2]-I[I4]	Online response option for the census of population	9.7	-	0%	011	100%
IE-C[C2]-I[I5]	Using 5G technologies to drive a greener more innovative Ireland	18.7	-	0%	054bis	100%
IE-C[C2]-I[I6]	Suite of e-Health projects	75	-	0%	095	100%
IE-C[C3]-I[I2.1]	Solas Recovery Skills Response Programme	29	01	100%	-	0%

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
	(i) - green skills action programme					
IE-C[C3]-I[I2.2]	Solas Recovery Skills Response Programme (ii) - skills to compete Initiative	85	-	0%	-	0%
IE-C[C3]-I[I3]	Technological Universities Transformation Fund	40	-	0%	-	0%
IE-C[C5].I[I1]	Upscaling a Biomethane Industry in Ireland	40	-	-	-	-
IE-C[C5].I[I2]	Drogheda Charging Infrastructure	56	069bis	100%	-	-
IE-C[C5].I[I3]	HSE Pilot Energy & Decarbonisation Pathfinder	48	026bis	100%	-	-
IE-C[C5].I[I4.1]	Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme – Sub-measure 1	76.85	026bis	100%	-	-
IE-C[C5].I[I4.2]	Expanded School Sector Pathfinder Decarbonisation and Retrofit Programme – Sub-measure 2	4.15	-	-	-	-
IE-C[C5].I[I5]	Retrofit of No.6 Ely Place	15	026bis	100%	-	-

Measure/ Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Climate**		**Digital**	
			Int. Field	**Coeff. %**	**Int. Field**	**Coeff. %**
IE-C[C5].R[R1]	Phase Two Policy Statement of the Offshore Renewable Electricity Support Scheme (ORESS)	N/A	-	-	-	-