

## **ICOS Submission to the EPA on Ireland's Draft National Allocation Plan 2008 – 2012: Public Consultation Process**

The Irish Co-operative Organisation Society Ltd (ICOS) wishes to make the following comments on the Draft National Allocation Plan, 2008-2012.

ICOS is the representative organisation for co-operatives in the agri-food and rural sector in Ireland. Our members include all the dairy co-ops which are involved in the processing of milk and dairy products, co-ops involved in pig meat processing livestock marketing, animal feed manufacture and grain purchasing, etc.

### **1. Background**

The Irish dairy processing sector is going through a period of significant change which is influenced by E.U. Agricultural Policy changes (Luxembourg Agreement 2003), World Trade Round negotiations, market changes and competitive pressures. It is expected that the number of processing locations will be reduced in the next few years as part of the co-op business response to increase scale and consolidate processing of milk in a smaller number of larger processing sites. This would be consistent with the findings of the Prospectus "Strategic Development Plan for the Irish Dairy Sector" – March 2003.

### **2. Provisions for Rationalisation**

Provision should be made in the NAP2 for the transfer of 100% of the allocations from installations, which are being closed as a result of rationalisation of processing. The dairy sector faces significant change and account should be taken of the strong likelihood that milk processed at some sites will be transferred to other processing sites. The closure of sites for this reason should permit the transfer of 100% of the allowances to the other processing site.

### **3. Combined Heat and Power Plants and Early Actions**

Proactive and early actions to reduce emissions and increase energy efficiency should be provided for in the allocations to dairy sector processors. A number of dairy sector processors invested in CHP technology in the 1990s but there is inadequate provision for the benefits of these actions in their allocations. This gives rise to a double negative in that these processors who took early actions are not being given recognition for it and secondly, the scope for them to reduce emissions by such actions is more limited because of their proactive earlier actions.

Recognition should be given for the benefits of reduced emissions which arise from existing C.H.P. facilities. The DNAP does not recognise the benefits of those who have reduced emissions by the installation of such installations. The objective of incentivising the technology in the trading scheme is worthwhile, but at the same time recognition should be given to those who have taken initiatives on this in the past. It is proposed that tax or carbon credits should be granted for existing CHP users

#### **4. Irish Dairy Comparison with Denmark**

A comparison of allocations under the NAP for the Irish dairy industry with that of the Danish dairy industry indicated that the Irish dairy industry has fared more poorly by in excess of 30% compared with its Danish equivalent. This created an inequality that needs to be rectified in the NAP2 allocation to Irish dairy processors.

#### **5. Unused Allocations**

Unused allocations set aside for new entrants should be returned on a proportional basis to all of the installations in the sector instead of the suggestion that unused allocations would be cancelled.

#### **Key ICOS Recommendations**

1. Provision must be made for the 100% transfer of allocations from plants which are closed as a result of consolidation of milk processing.
2. It is proposed that tax or carbon credits should be provided for existing CHP users.
3. Provision should be included for early actions to reduce emissions and increase energy efficiency.
4. The Irish dairy industries allocations are less attractive than those of competing countries, such as Denmark, so this needs to be improved under NAP2.
5. Unused allocations should be returned on a proportional basis to all installations within the sector.

If you require any further information please contact ICOS.

ICOS  
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