

Minister Jack Chambers  
Minister for Public Expenditure, Infrastructure, Public Services Reform and  
Digitalisation  
Government Buildings,  
Upper Merrion Street,  
Dublin 2,  
D02 R583

9<sup>th</sup> June 2026

Dear Minister Chambers, Minister Harris and Minister O'Brien,

As required under the Climate Action and Low Carbon Development Act 2015 (as amended), Ministers and the government as a whole, must have regard to the just transition to a climate neutral economy.

The Just Transition Commission, established as an independent advisory body to provide the government with impartial, strategic and evidence-based advice, representing business, agriculture, community and voluntary, trade union, environmental, and wider interests, calls for a progressive Budget 2027 that applies a just transition lens across all major spending and taxation decisions.

A just transition to a climate neutral Ireland will build a better future for all and ensure no-one is left behind. This will be achieved through social dialogue, promoting decent living standards, and proactive planning to anticipate change. It will support and develop sustainable and quality jobs and employment opportunities, reskilling and training. Through investment in services, infrastructure and social protection, people and communities that may be affected by this transition will be supported in a manner that is inclusive, equitable and fair.

**Budget 2027 must demonstrate that cost-of-living measures, climate action and social progress can be advanced together.**

Rising energy costs, transport pressures and housing challenges are often treated as separate issues from climate action. In reality, they share common causes and are exacerbated by Ireland's dependence on imported fossil fuels. Recent energy price shocks have highlighted the economic risks associated with this dependence and underline the need for a managed transition that not only reduces emissions, but also strengthens energy security, protects living standards and creates new opportunities for communities and workers.

Ireland is entering a period of significant economic and societal transformation as the country transitions away from fossil fuel dependence. This transition will reshape how people heat their homes, travel, work, farm and participate in the economy. Without deliberate planning and sustained public investment, the costs and disruptions associated with this transition risk falling disproportionately on those least able to absorb them.

Ireland cannot continue responding to fossil fuel price shocks with measures that deepen dependence on imported fossil fuels and delay the transition to climate neutrality. A proactive approach to long-term alternatives is required.

Budget 2027 must deliver not only a transition away from fossil fuel dependence, but a transition towards an alternative that is fair, credible and socially sustainable. At present, Ireland is not transitioning at the scale or pace required, nor are the costs and benefits of transition being shared equitably across households, communities and sectors.

The transition to climate neutrality requires action on different timescales. Budget 2027 must respond to immediate pressures facing households and businesses while also investing in the structural changes needed over the coming decade. For this reason, the Commission's recommendations are grouped into immediate, medium-term and long-term priorities.

The Commission therefore calls on Government to ensure that Budget 2027;

- ❖ **Targets cost-of-living supports** at households most exposed to energy poverty and transport disadvantage.
- ❖ **Ringfences and transparently allocates and reports all carbon tax revenue** for investment in just transition measures - housing retrofit, agri-environmental schemes, and social welfare supports.

The annual underspend in carbon tax revenue can no longer continue. Public trust in climate policy depends on people seeing these funds invested in the supports and services they need, particularly as home retrofit waiting lists grow, ACRES remains closed to new applicants, and many vulnerable households cannot access adequate energy poverty supports.

- ❖ **Maintains funding for community climate action projects** and provides long term clarity for funding and funding sources that allows groups to plan for the future and sustain momentum – such as the Climate Action Fund and the Just Transition Fund.
- ❖ **Invests in enduring solutions** including housing retrofit, renewable energy, nature restoration, and public transport infrastructure that provides viable alternatives to private car use. Ensure education and training opportunities are regionally available to maximise employment opportunities and ensure our workforce is future ready.
- ❖ **Applies a just transition lens to all government spending to ensure no-one and no community is left behind.**

## Immediate Priorities: Cost of Living and Fossil Fuel Exposure

While long-term investment is essential, many households and businesses are facing immediate pressures arising from energy costs and economic uncertainty. Addressing these challenges is a necessary first step in maintaining public confidence in the transition.

The Commission is acutely aware of current geopolitical events and Ireland's continued exposure to volatile global fossil fuel markets. This second major fuel price shock in four years is having a real impact on households and businesses across the country.

In addition to contributing to climate change, Ireland's over-reliance on fossil fuels is also deepening the cost-of-living crisis, hitting those least able to absorb price shocks the hardest.

The €750 million emergency support package introduced in April this year applied universal excise cuts to reduce the price of fuel for everyone. This was a similar approach to the energy credits given to all between 2022 – 2024 on the basis that a more targeted approach could not be implemented in time to meet the crisis.

Analysis from the ESRI demonstrates how previous universal subsidies disproportionately benefited high-income or high-consumption households.<sup>1</sup> This approach also disincentivises the investment needed to permanently reduce Ireland's fossil fuel exposure and the transition to carbon neutrality.

Budget 2027 must recognise the economic and social risks associated with continued fossil fuel dependence and prioritise targeted, transition-aligned supports instead of broad universal subsidies.

Measures that align with a just transition include;

### i. **Enduring solutions, not only temporary relief**

The Commission recommends against universal energy credits and broad fuel price cuts, as they risk delaying investment in measures that permanently reduce fossil fuel dependence. Priority should instead be given to targeted supports and enduring solutions that reduce exposure to future energy price shocks.

Targeted Measures should include:

- ❖ Targeted **electricity supports** for low-income households.
- ❖ Accelerated and sustained investment in **retrofit, renewable energy and storage capacity**.
- ❖ Measures to **reduce electricity costs** over time through investment in grid infrastructure and renewable generation.
- ❖ Greater support for **rooftop solar**, particularly for low-income

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<sup>1</sup> Economic Social and Research Institute (2026) *Energy poverty and affordability in Ireland*  
<https://doi.org/10.26504/sustat139>

households and community buildings.

- ❖ Expansion of **community energy schemes** that reduce household energy costs while strengthening local participation in the transition.

## ii. **Social welfare and energy poverty**

A just transition requires a robust social protection system along with appropriate services and infrastructure that prevents poverty and social exclusion for vulnerable groups.

The Commission calls for a clearer link between emergency cost of living measures and climate action to ensure that government policy does not increase hardship, but instead improves wellbeing.

Targeted measures should include:

- ❖ Increasing income thresholds for the **Working Family Payment**.
- ❖ Expanding eligibility and duration for the **Fuel Allowance**.
- ❖ Expanding eligibility for the **Warmer Homes Scheme** and accelerating retrofit delivery for low-income households.
- ❖ **Increasing funding and ambition** for local authority retrofit programmes.
- ❖ Dedicated transition supports for **people with disabilities** in recognition of higher energy and transport costs,

## iii. **Public transport and mobility**

A just transition in transport must reduce emissions while also improving public transport, tackling transport disadvantage and reducing dependence on private car use while making mobility more affordable for households across the country.

Targeted measures should include:

- ❖ **Maintaining** existing discounts on public transport fares.
- ❖ Expanding the **free public transport scheme for children** up to age 15.
- ❖ Amending the **TaxSaver ticket scheme** to reflect the need for greater flexibility - hybrid working patterns, self-employed people, family journeys and those undertaking everyday journeys of care.
- ❖ Sustaining **investment in Connecting Ireland** and other rural mobility services.
- ❖ **Supporting shared mobility and community transport initiatives**, particularly in rural communities.

- ❖ **Reforming universal subsidies for electric vehicles** and targeting supports for low-income, high-mileage and car-dependent households, and introducing greater support for second-hand electric vehicle access, and prioritisation of charging infrastructure and grid upgrades in rural and disadvantaged areas.
- ❖ Examining the role of **weight-based car taxation** as part of the broader review of transport taxation. A review presents an opportunity to ensure that the costs of the transition are shared more equitably, particularly by reflecting the wider societal impacts of larger and heavier vehicles.

#### iv. **Participation and inclusion in the transition**

Public support for climate action depends not only on the outcomes of the transition, but also on whether people feel they have a meaningful role in shaping it. Participation, transparency and long-term community investment are therefore essential components of a just transition.

A just transition is not only about protecting people from the impacts of change, but ensuring that households, workers and communities are active participants in shaping the transition itself.

People and communities must be placed at the centre of Ireland's climate transition and supported through stable, long-term funding commitments.

Across the country, locally-led initiatives have demonstrated their effectiveness in building trust, local capacity and tangible momentum for climate action. These programmes are essential to ensuring public participation in the transition and enabling communities to shape solutions appropriate to local needs.

Budget 2027 should ensure that revenues raised for climate and transition purposes are transparently allocated and reported on, and fully invested in measures that reduce long-term fossil fuel dependence, tackle energy poverty and support community resilience. The continued underspend of ringfenced carbon tax revenues can no longer continue.

The Commission recommends that Budget 2027:

- ❖ **Provides long-term certainty** for local climate and biodiversity programmes.
- ❖ Supports existing projects while **enabling new locally-led initiatives** yet to emerge.
- ❖ Ensures **stable multi-annual funding arrangements** that preserve built capacity, prevent disruption and maintain public trust in the transition process.

## Medium-term Priorities: Enduring Investment

While targeted supports can help households manage current pressures, they will not on their own reduce Ireland's long-term exposure to fossil fuel volatility. Lasting resilience requires sustained investment in the systems and infrastructure that underpin the transition.

Ireland's transition to climate neutrality will require sustained investment across energy, transport, housing, agriculture, nature restoration and community infrastructure. In recent years, Ireland has established a method of funding climate action through the establishment of taxes and levies on fossil fuels, namely the carbon tax,<sup>2</sup> the Nora levy<sup>3</sup> and Emission Trading Scheme (ETS) allowances,<sup>4</sup> based on the polluter pays principle.

These revenues play an important role in supporting climate action, social protection measures and community transition programmes. The Commission is concerned that funding intended to support the transition could instead be diverted toward broad fossil fuel subsidies and temporary fuel price reductions.

**Budget 2027 should therefore ensure that revenues raised for climate transition purposes are transparently allocated and fully invested in measures that reduce long-term fossil fuel dependence, tackle energy poverty and support community resilience.**

The Commission recommends that Budget 2027:

- ❖ **Re-open ACRES to new participants** and support those who choose to participate in this agri-environment results-based scheme to do so.
- ❖ Maintains the **Climate Action Fund** and commits to the next phase of the **Community Climate Action Programme**.
- ❖ **Establish a fund for nature restoration** and implement the recommendations of the Independent Advisory Committee on Nature Restoration.
- ❖ Sustain investment in **renewable energy, community energy and grid infrastructure**.
- ❖ **Improve access to financial support** for decarbonisation in the business sector.

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<sup>2</sup> The Programme for Government commits to the use of carbon tax revenue to shift away from fossil fuels and invest in a sustainable future with revenues to be used for fund social welfare measures, agri-environmental schemes and retrofitting. <https://assets.gov.ie/static/documents/programme-for-government-securing-irelands-future.pdf>

<sup>3</sup> The Climate Action Fund is supported through the NORA levy. The purpose of this fund is to fund activities and supports that contribute to Ireland's climate and energy targets or projects and initiatives to support regions and sectors impacted by the transition to a low carbon economy. In 2024, the fund supported The Community Climate Action Programme; Schools Photovoltaic Programme; Bord na Móna Bog Rehabilitation scheme; Smart Demand Responsive Transport; Public Sector energy efficiency; and LIFE Programmes. [https://opac.oireachtas.ie/Data/Library3/Documents%20Laid/2025/pdf/DECCdoclaid031225\\_135830.pdf](https://opac.oireachtas.ie/Data/Library3/Documents%20Laid/2025/pdf/DECCdoclaid031225_135830.pdf)

<sup>4</sup> Members States are required to use all collected revenues from the EU Emissions Trading System (ETS) (or an equivalent financial value) to support climate action and energy transformation.

## Long-Term Priorities: Infrastructure and Structural Resilience

Beyond the investments required over the coming budget cycle, Ireland must also plan for the large-scale infrastructure and workforce changes needed to achieve climate neutrality over the coming decades.

Ireland is legally committed to achieving a climate-resilient, biodiversity-rich, environmentally sustainable, and climate-neutral economy. Budget 2027 must be a progressive budget that moves decisively toward this goal.

Long term, a commitment to significant funding will be required to adequately fund the climate transition and ensure the transition is fair. Ireland's transition to climate neutrality must create pathways for workers and communities across the country to participate in and benefit from the transition. Without deliberate planning, the costs of climate transition risk falling disproportionately on lower-income households, rural communities, and those most vulnerable.

**Applying a just transition lens to Budget 2027 is essential to ensure that climate action delivers environmental gains and social and economic benefits for all, supporting the most vulnerable in society, this year and into the future.**

Long term investment must prioritise;

- ❖ **Public Transport Infrastructure:** The Commission recommends that public transport, shared mobility, walking and cycling be prioritised to reduce car dependence.  
  
This should include **accelerating the delivery** of major public transport projects and sustaining investment in services such as Connecting Ireland, with particular attention to hard-to-reach communities and real mobility needs, including care journeys.
- ❖ **Social welfare and energy poverty support:** The Commission recommends the Department of Social Protection ensure relevant social welfare supports are aligned with climate action and to support workers and communities affected by the transition.
- ❖ **Reductions in electricity bills and increasing renewable energy:** The Commission recommends that consistent efforts are made to reduce electricity bills for Irish consumers. This requires an investment in grid infrastructure, renewable energy and storage and an analysis of standing charges and the impact of high energy users on consumer bills to ensure Irish householders and businesses are receiving the lowest price for electricity.
- ❖ **Workforce Transition and Regional Opportunity:** The Commission recommends; expanding regional education, training and green skills programmes; supporting apprenticeships, retraining and upskilling opportunities for workers affected by transition; and ensuring public investment in retrofit, renewable energy and public transport supports

quality employment across all regions.

- ❖ **Apply just transition principles across all major public investment decisions.**

## Conclusion

The Just Transition Commission believes that Ireland's transition to climate neutrality can and must improve quality of life, reduce inequality, strengthen communities and create new opportunities for workers, households and regions across the country.

A just transition is not solely a programme of investment and support measures. It also requires changes in how public policy is designed, funded and implemented. Budget 2027 should help embed just transition principles across Government decision-making, strengthen accountability for climate-related revenues and expenditure, and support greater participation by workers, communities and regions in shaping and benefiting from the transition.

Budget 2027 presents an opportunity to build public trust in the transition by demonstrating that climate action can deliver tangible social and economic benefits, particularly for those most exposed to energy poverty, transport disadvantage and economic disruption.

Delivering these outcomes will require coordinated action across government. A just transition cannot be achieved through climate policy alone; it must be reflected in decisions on housing, transport, social protection, enterprise, education and regional development.

We urge Government to use Budget 2027 to invest in enduring solutions, expand opportunities for participation in the transition, and ensure that Ireland's pathway to climate neutrality is fair, inclusive and resilient for communities across the country.

Yours sincerely,



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