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WHAT IRELAND'S SOCIAL CLIMATE PLAN MUST INCLUDE: SIX KEY PRIORITIES

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Introduction

Ireland is required to submit a Social Climate Plan (SCP) to the European Commission by 30 June 2025, outlining how it will allocate resources from the EU Social Climate Fund (SCF).

- The SCF was established to accompany the introduction of the EU Emissions Trading System 2 (ETS2), which extends carbon pricing to the buildings and road transport sectors.¹
- The SCP serves as a framework through which Member States, including Ireland, will access and implement SCF resources, translating the Fund's overarching goal – mitigating the social impacts of ETS2—into targeted, country-specific measures that protect vulnerable groups and support a fair transition.

Although Ireland applied for a derogation from the ETS2 between 2027 and 2030—due to its existing national carbon tax, which already covers the affected sectors—this does not lessen Ireland's responsibility to protect those most affected by the costs of the transition.² Nor does this derogation exempt Ireland from its obligations under the SCF Regulation (Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060).³ Regardless of the derogation, Ireland must still implement an SCP to ensure that the social impacts of carbon pricing are addressed effectively and equitably.⁴ **For a summary of the SCF requirements at a glance, see Appendix 1.**

This document presents **six key priorities**, which EJNI believes are important to the Irish context, and which must be included in the SCP to ensure it is fit for purpose. The priorities are:

1. Ensure policy credibility and early action despite ETS2 derogation
2. Accurately identify and target vulnerability
3. Strengthen implementation capacity to ensure effective and equitable use of the SCF
4. Deliver measures, milestones, and targets for energy efficiency, building renovation, sustainable mobility, and emissions reduction
5. Provide targeted, time-limited income support that is tied to long-term transition pathways
6. Align with Ireland's broader social and climate objectives

To achieve these priorities, Ireland's SCP must include strong national co-financing to maximise impact and meet SCF goals.

¹ Recognising that this could lead to higher energy and mobility costs, particularly for lower-income households and small businesses, the SCF is designed to ensure that the social impacts of ETS2 are addressed and that the transition to climate neutrality is fair and inclusive.

² It is worth noting that Ireland's revenue allocations from carbon tax and other climate-related funding streams include some vulnerability targeting—particularly in social welfare and parts of retrofitting—but other areas lack targeting to the most climate-exposed or income-constrained households, and risk reinforcing inequality (e.g. EV grants without modal shift support for rural non-drivers).

³ European Parliament and Council (2023) *Regulation (EU) 2023/955 of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060*. Official Journal of the European Union, L 130, 16 May, pp. 1–46, available [here](#). These requirements are outlined in a previous resource briefing from EJNI. See: Catherine Devitt and Alison Hough, 'The EU's Social Climate Fund and Social Climate Plan: Implications for Ireland', EJNI Briefing Paper, March 2025. Accessed 13 May 2025, available [here](#).

⁴ The current derogation from ETS2 lasts until 31 December 2030. From 1 January 2031, Ireland will be fully subject to ETS2 requirements, including annual allowance surrender by fuel suppliers and the associated pass-through of carbon costs to consumers. Ireland is expected to receive approximately €1.4 billion from the European Union's SCF for the period 2026–2032.

Priority 1: Ensure policy credibility and early action despite ETS2 derogation

Ireland's derogation may reduce near-term exposure to ETS2 compliance costs, but not the real-world social impacts of carbon pricing. A credible SCP must show that Ireland is using the SCF not just to meet minimum legal obligations, but to lead on climate justice, even in the absence of immediate ETS2 requirements. If Ireland uses SCF funds during the derogation period without a convincing link to ETS2-related vulnerability, it may face scrutiny from the European Commission and civil society, and risk undermining public trust in the fairness of climate action. Ireland's SCP must therefore show that the derogation provides a proactive window to deliver early, socially targeted climate measures. Specifically, the Plan must:

- **Align with the core purpose of the SCF.** Demonstrate full alignment with the purpose of the SCF—to address the social and distributional impacts of carbon pricing, particularly on vulnerable households, transport users, and micro-enterprises. This should include a clear explanation of how Ireland's national carbon tax is currently impacting vulnerable groups, and how SCF-funded measures will mitigate these impacts in a just and targeted way.
- **Use the derogation period strategically.** Use the derogation period to prepare for full ETS2 integration by investing in long-term solutions such as home energy upgrades, clean mobility, and local transport services.
- **Front load delivery.** Ensure early delivery of action supported by a frontload investment plan—not backloading action to the post-2030 period when ETS2 obligations resume.
- **Evaluate and adjust.** Commit to evaluating and adjusting the SCP by 2029 as required under Article 18(5) of the SCF Regulation, to ensure readiness for full ETS2 implementation.

Priority 2: Accurately identify and target vulnerability

The SCF Regulation requires that assistance be directed primarily at *vulnerable households*, *vulnerable transport users*, and *vulnerable micro-enterprises*—defined in relation to their exposure to the impacts of carbon pricing. According to these definitions, vulnerability includes those already experiencing energy or transport poverty, as well as low-income individuals and businesses significantly affected by rising carbon costs who lack the means to invest in lower-emission alternatives, such as home retrofits or clean transport options. Key to the SCF definition of vulnerability is that this firstly (but not only) includes households that already experience energy and transport poverty.

While the SCF is designed to target vulnerable households and reduce emissions, the discretion granted to national governments, however, introduces a risk of policy drift or that funds could be diverted to short-term relief or unrelated spending rather than directly addressing structural inequalities or supporting clean, inclusive investments. These risks may be heightened by Ireland's derogation from the ETS2, and there will need to be much stronger emphasis on accountability and ensuring that SCF revenues are spent transparently and equitably for targeted social and climate outcomes. Ireland's SCP must:

- **Be grounded in a comprehensive and inclusive assessment of vulnerability.** This means going beyond narrow metrics of income and energy costs to fully capture the complex realities of energy and transport poverty across the country. The Plan must be based on an understanding of vulnerability as being shaped by a range of intersecting factors including housing conditions, rural isolation, disability, household composition, tenure status (particularly among renters), and access to services.

- **Pay particular attention to communities at higher risk of exclusion.** This includes rural households, Traveller and island communities, and people living in the private rental sector—groups often underrepresented in traditional vulnerability assessments.
- **Adopt a multidimensional and data-driven approach.** The Plan must operationalise this inclusive understanding of vulnerability by including:
 - A transparent methodology for identifying and mapping vulnerable groups. Targeting methodologies should be built into the design of all SCP measures from the outset, with flexibility to adjust as data and needs evolve.
 - The estimated number of vulnerable households, vulnerable transport users, and vulnerable micro-enterprises, including details on the process used to identify them and how the definitions of energy and transport poverty were applied.
 - Disaggregated data, particularly gender-disaggregated statistics, to reflect the disproportionate impact of energy poverty on women, especially older women living alone or on lower incomes.
 - Indicators that capture the social, economic, and spatial dimensions of vulnerability.
 - Mechanisms for tracking, evaluating, and targeting support over time to ensure resources reach those most in need.
- **Commit to partnering with local and marginalised communities.** Collaborate with local authorities, Traveller organisations, island communities, and tenant advocacy groups to improve the accuracy and inclusivity of vulnerability mapping and targeting.

Applying a multidimensional approach, the **SCP should recognise the following profiles of vulnerable groups:** low-income renters, especially in poorly insulated homes with no control over energy upgrades; rural households without access to public transport or clean heating alternatives; Travellers and island communities facing structural service deficits; older people and single parents, particularly women, facing cumulative social and economic disadvantage; micro-enterprises in energy-intensive sectors or poorly served regions, unable to afford clean upgrades; and people with disabilities or health needs, for whom poor housing and high energy costs pose compounding risks.

Priority 3: Strengthen implementation capacity to ensure effective and equitable use of the SCF

To achieve its targeted goals, the SCP must be implemented with strong safeguards to maintain SCF integrity, and robust administrative support.⁵ The limited allocation of SCF funds for administrative capacity—capped at just 2.5%—is concerning. Therefore, Ireland’s SCP must:

- **Be supported by national co-funding** to supplement SCF administrative resources, in order to strengthen implementation capacity, reduce delays, enhance transparency and accountability, and build institutional infrastructure that can be leveraged in future social or climate-related crises.
- **Leverage existing systems** such as the Department of Social Protection’s welfare infrastructure to deliver targeted support efficiently.

⁵ Experience across the EU with the Just Transition Fund highlights the risks of slow and uneven delivery. As of August 2024, just 1% of JTF funds had been spent and only 26% of the total budget allocated—far below the 70% target set for 2026. This sluggish rollout has delayed real benefits for the communities the fund was designed to support. Tagliapietra, S., Wolff, G.B., Garside, B., and Ghilès, F. (2022) *Making the best of the new EU Social Climate Fund*. Bruegel. Available at: <https://www.bruegel.org/policy-brief/making-best-new-eu-social-climate-fund> [Accessed 13 May 2025].

- **Establish a dedicated SCF Delivery Unit** to coordinate action across departments, oversee targeting strategies, and manage the use of linked administrative datasets for evidence-based decision-making.
- **Invest in local authority capacity** and engage community-based organisations to ensure that place-based vulnerabilities—such as rural transport poverty—are addressed in a fair and responsive manner.

Priority 4: Deliver measures, milestones, and targets for energy efficiency, building renovation, sustainable mobility, and emissions reduction

Ireland's SCP must include a coherent set of measures and investments that directly address the structural drivers of energy and transport poverty, especially among low-income households, renters, rural communities, and other socially or spatially disadvantaged groups. These actions **must be guided by the principles of additionality, equity, the 'do no significant harm' principle, and long-term impact**, as required under Article 13(2) and Article 7(2) of the SCF Regulation (see Appendix 1).

In addition, while the SCF provides support, its funding envelope is limited. To ensure Ireland's SCP delivers meaningful and scalable outcomes, the **Plan must be underpinned by clear national co-financing commitments that go beyond the mandatory minimum of 25%**, in line with the SCF Regulation's call to maximise impact through complementary funding.

Energy poverty and housing decarbonisation: Energy efficiency is a cornerstone of both climate mitigation and social protection. Despite progress under Ireland's National Retrofit Plan, many households still face barriers to accessing these programmes, particularly tenants in the private rental sector and those in older, inefficient homes. Ireland's SCP must:

- **Prioritise deep retrofit delivery in social housing.** SCF funding should support a phased programme of deep retrofits and renewable energy upgrades in social housing, beginning with the worst-performing buildings. Priority should be given to homes occupied by low-income and vulnerable households, ensuring that those most affected by energy poverty benefit first.
- **Expand free retrofit access for all low-income households.** The Warmer Homes Scheme should be expanded beyond its current eligibility criteria to include all low-income households, including those in rural areas and non-owner-occupied homes. SCF-funded retrofits should be fully subsidised for eligible households, with no co-payment required from those facing financial hardship.
- **Support renters at risk of energy poverty.** Targeted retrofit grants should be provided to low-income tenants—particularly those receiving Housing Assistance Payment (HAP)—to ensure equitable access to energy upgrades for renters and homeowners alike. Retrofits should be carried out with tenants in situ to prevent displacement and safeguard housing stability.
- **Establish community energy advice services nationwide.** Independent Community Energy Advice Services should be established in every county to offer tailored retrofit guidance and support

to vulnerable households. These services can be funded under the SCF, as advice, outreach, and awareness-raising are recognised eligible expenditures.^{6 7}

- **Pilot area-based retrofit programmes in vulnerable communities.** Use SCF funding to pilot localised, area-based retrofit schemes in regions with high levels of energy poverty (e.g. rural areas, Traveller sites, island communities). These pilots can deliver efficiencies of scale and serve as models for national expansion, with robust monitoring and evaluation of social outcomes.

Transport poverty and sustainable mobility: Transport poverty is not merely a question of fuel prices, but a lack of viable, affordable, and accessible transport alternatives—particularly in rural, peri-urban, and underserved areas. Without targeted intervention, Ireland’s car-dependent model will continue to entrench exclusion and expose low-income households to high mobility costs. While the SCF cannot, on its own, finance a full transformation of Ireland’s transport system, the SCP can make strategic use of limited resources to deliver targeted, equity-focused solutions—especially in areas where transport poverty is most acute. Ireland’s SCP should prioritise:

- **Targeted, place-based interventions** in communities most affected by transport poverty—particularly rural, island, peri-urban, and underserved areas. These should include demand-responsive transport, community mobility schemes, and reduced fare programmes for vulnerable users.
- **Piloting scalable models** of shared, low-emission transport—such as electric car-sharing cooperatives, on-demand minibuses, or subsidised e-bike access—in selected regions. These pilots should be co-designed with local stakeholders and evaluated for social impact, economic viability, and potential for expansion through national or local co-financing.
- **Establishing policy and planning standards**, such as a national definition of “sufficient accessibility” to guide transport and spatial planning. These reforms do not require large budgets but are essential to embed social equity in long-term mobility planning.
- **Framing accessibility as a right**—not just a policy goal—by ensuring all SCF measures are tied to improving access to employment, education, healthcare, and services for groups currently excluded from reliable transport.
- **Building local authority capacity** to design and deliver sustainable transport strategies, by investing in staff training, planning tools, and peer learning networks. This includes leveraging CAP25 initiatives like the Smart and Sustainable Mobility Accelerator.

Priority 5: Provide targeted, time-limited income support that is tied to long-term transition pathways

The SCF allows for temporary direct income support to cushion the impact of the transition to a fossil-fuel free future, but only under strict conditions. To ensure this support contributes to a fair, effective, and time-bound transition, Ireland’s SCP must:

⁶ While the Regulation does not set a specific cap for such measures, allocating approximately 5–10% of Ireland’s SCF budget to advice services would demonstrate a credible and strategic use of funds, strengthening the SCP’s effectiveness and alignment with EU expectations.

⁷ Articles 22 of the Energy Efficiency Directive (EED) and 18 of the Energy Performance of Buildings Directive (EPBD) require Member States to establish and operate technical assistance facilities, including inclusive one-stop shops (OSS). These OSSs must provide comprehensive support to all households, with a particular emphasis on those experiencing energy poverty, and must offer dedicated services tailored to their needs.

- **Use income support strategically and within SCF limits.** The SCP should ensure that spending on direct income support remains within the 37.5% cap set by the SCF Regulation. Payments must be time-limited and designed to phase out as structural solutions—such as home energy retrofits and sustainable mobility options—become accessible. However, the SCP should also include a contingency mechanism to extend or adjust support where vulnerable households have not yet been reached by these long-term measures, ensuring that no one is left without adequate protection during the transition.
- **Link income support to participation in long-term transition pathways.** Recipients should be supported—and encouraged, not penalised—for engaging with state-supported programmes that reduce fossil fuel use. This could include, for example, energy efficiency upgrades or retrofits, and/or switching to clean heating systems. Participation should be accessible and supportive, never punitive. One way of achieving this is by tying income support to long-term transition pathways by using payment delivery as an outreach tool: recipients should be proactively offered guidance and opportunities to engage with retrofit schemes, mobility supports, or local energy advice.
- **Ensure payments are clearly communicated as part of Ireland’s climate strategy.** Payment should be labelled as a “Climate Bonus” or “Carbon Dividend” to increase public understanding that the funding is sourced from carbon price revenues. This builds trust in climate policy and strengthens public support for carbon pricing mechanisms.
- **Keep the process simple and accessible.** Application procedures should be simplified to maximise uptake among eligible populations, and delivery mechanisms designed to minimise bureaucracy, especially for low-income households, older people, and those with limited digital access.
- **Define a clear timeline and exit strategy.** Payments should be limited to a defined period (e.g., 12–18 months) and include a transparent phase-out plan aligned with the roll-out of structural supports.
- **Integrate income support with broader social policy.** Climate-related income supports should complement, rather than replace, core social protection measures. The SCP will need to ensure monitoring and evaluation of the impact of the scheme to avoid creating long-term dependency and to ensure it addresses real needs effectively.

Priority 6: Align with Ireland’s broader social and climate objectives

Ireland’s SCP must form a core part of the country’s climate justice architecture. It cannot operate in isolation. Instead, it must be deeply embedded within—and reinforce—the wider ecosystem of national strategies and EU objectives that aim to deliver a fair, inclusive, and climate-resilient society. Ensuring consistency across these plans will increase the SCP’s impact, policy coherence, and eligibility for EU approval. It will also help avoid fragmented, siloed measures and strengthen public trust in the transition. To achieve this, Ireland’s SCP must:

- **Align with key EU frameworks**, including the European Pillar of Social Rights (EPSR), and the National Building Renovation Plan. Assessments by EJNI have identified major gaps in Ireland’s NECP, particularly in its approach to energy poverty.⁸ The SCP must go significantly further than the NECP—embedding a multidimensional understanding of energy poverty that considers income, housing conditions, geography, and access to services.

⁸ Environmental Justice Network Ireland (2025) *Assessment of Ireland’s final draft NECP*. Available at: <https://ejni.net/wp-content/uploads/2025/02/Assessment-of-Irelands-final-draft-NECP.pdf> [Accessed 13 May 2025].

- **Demonstrate consistency with EPSR principles**, particularly:
 - Principle 20: the right to access high-quality, affordable essential services (energy and transport)
 - Principle 11: the right of children to protection from poverty
 - Principle 19: access to decent, affordable social housing
- **Integrate measures that advance Ireland’s national anti-poverty targets**, ensuring that SCP actions directly contribute to reducing the number of people at risk of poverty or social exclusion, in line with the EPSR’s 2030 headline goal.
- **Support the creation of sustainable, quality jobs**, especially in sectors such as retrofitting, clean mobility, and community energy—prioritising fair work opportunities in the green transition.
- **Include social impact assessments for all SCP measures**, showing how actions reduce inequalities and uphold EPSR principles, with gender- and age-disaggregated data to track progress over time.
- **Align the building sector measures with the forthcoming National Building Renovation Plan**, in accordance with the timelines and obligations set out under the Energy Performance of Buildings Directive (EU) 2024/1275, and **establish a clear connection between short-term SCP investments and longer-term NBRP objectives**, ensuring continuity, scalability, and consistency across Ireland’s housing decarbonisation strategy. Given that both the SCP and NBRP are due to be developed in parallel—with the draft NBRP required by 31 December 2025—the SCP should serve as a foundational input into the national strategy for building renovation.
- **Coordinate with complementary funding streams and avoid fragmentation:** Given Ireland’s relatively modest allocation from the SCF, leveraging other funding streams is essential to deliver impact. The SCP must be designed to work in synergy with Cohesion Policy Funds; The Just Transition Fund; The Recovery and Resilience Facility; and relevant national schemes.⁹ The SCP must clearly define its unique role, showing how SCF-funded measures fill critical gaps left by other programmes, particularly for vulnerable households, micro-enterprises, and transport users. To achieve this, Ireland SCP must:
 - Map overlaps and synergies across funding streams to design coherent and complementary interventions
 - Coordinate implementation across departments, agencies, and local authorities—including SEAI, the Department of Transport, and local government
 - Establish clear accountability mechanisms, ensuring SCF measures are additional to, not substitutes for, other EU- or nationally funded actions

A well-integrated SCP will strengthen the overall climate and social investment framework—ensuring public money delivers maximum value and impact.

Conclusion

Ireland’s SCP represents a pivotal opportunity to embed climate justice into the heart of its decarbonisation strategy. With a clear mandate under the SCF Regulation, the Plan must go beyond minimum compliance to

⁹ This integration must be strategic and carefully managed. For example:

- The JTF is focused on the Midlands and peat phase-out communities, whereas the SCF must address broader national vulnerabilities tied to ETS2-related energy and transport costs.
- Cohesion Policy supports regional development, and the RRF funds time-bound climate and digital initiatives—each with distinct priorities and timelines.

deliver tangible social and environmental benefits for those most exposed to the costs of the green transition.

This briefing has outlined six interlocking priorities that are essential to ensure the SCP is effective, equitable, and future-proof: early action despite the ETS2 derogation; accurate identification and targeting of vulnerability; strengthened implementation capacity; delivery of targeted and additional climate-social measures; time-bound income support linked to long-term pathways; and full alignment with Ireland's broader social and climate commitments. Ireland's SCP must also uphold the principles of additionality, equity, long-term impact, and do no significant harm, while also recognising the limited size of the SCF. Delivering meaningful outcomes will require clear national co-financing commitments to complement EU funding and scale up impact.

Ireland must now seize this moment to show leadership—not only in reducing emissions, but in building a transition that is inclusive, fair, and credible. The SCP should serve as both a bridge to long-term structural change and a shield for those most at risk of exclusion or hardship.

Appendix 1

What Ireland's Social Climate Plan Must Comply With: SCF Requirements at a Glance

(Based on SCF Regulation (EU) 2023/955, Commission Guidance C(2025) 881 final, and Ireland's ETS2 derogation context)

#	Compliance Area	Check
1	Target Vulnerability	
1.1		Are vulnerable households, vulnerable transport users, and vulnerable micro-enterprises clearly defined?
1.2		Does the SCP include disaggregated data (e.g. by income, gender, region)?
1.3		Are impacts of ETS2 modelled even though Ireland has a derogation?
1.4		Are energy and transport poverty addressed beyond ETS2-specific exposure (for structural measures only)?
2	Additionality	
2.1		Are measures new or demonstrably scaled-up (not replacing national carbon tax measures or NECP actions)?
2.2		Is SCF funding clearly not substituting national or EU sources?
3	Do No Significant Harm (DNSH)	
3.1		Do all structural measures comply with DNSH technical guidance?
3.2		Are any fossil fuel-linked supports explicitly excluded?
3.3		Are DNSH declarations provided per measure using the Commission's template?
4	Milestones & Targets	
4.1		Are all SCP components supported by quantified, time-bound, and disaggregated targets?
4.2		Do targets address: (i) energy efficiency, (ii) renovations, (iii) low-emission mobility, (iv) GHG reductions, (v) vulnerable group reductions?
5	Budget Rules Compliance	
5.1		Are admin costs \leq 2.5% of total estimated costs?
5.2		If direct income support is included: is it $<$ 37.5% of the budget, time-limited, targeted, and declining over time?
6	Policy Coherence	
6.1		Is the SCP aligned with Ireland's NECP, Climate Action Plan, draft Building Renovation Plan, cohesion policy and EPSR targets?
6.2		Are social goals and just transition principles clearly integrated?
7	Public Participation & Transparency	
7.1		Was there a full public consultation on the draft SCP?
7.2		Were vulnerable groups, civil society, youth, and local authorities involved in plan design?

7.3		Is the SCP publicly accessible with a plan for ongoing progress reporting?
8	Ireland's ETS2 Derogation Context	
8.1		Does the SCP explain Ireland's national carbon tax and how SCP measures complement or scale-up related national supports?
8.2		Are ETS2 carbon price impacts analysed using the Commission's common values, even under derogation?