ELECTRICITY ASSOCIATION OF IRELAND

Response to Consultation by

the Department of the Environment, Climate and Communications

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Offshore Wind – Phase Two Consultation

Electricity Association of Ireland

Status: Consultation Response

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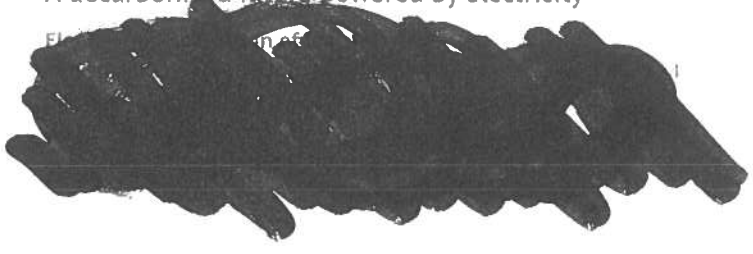
A decarbonised future powered by electricity



The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. Our members have a significant presence in Ireland, Northern Ireland and Great Britain across the sector value chain. We represent the interests of the all-island market in all relevant jurisdictions, including the EU via our membership of the European electricity representative body Eurelectric.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

Our ambition is to contribute to the realisation of a net-zero GHG emissions economy by 2050 or sooner, in order to limit the impact of rising temperatures. Electricity offers opportunities to decarbonise the Irish economy in a cost-effective manner.

Introduction

EAI welcomes the opportunity to respond to the consultation on Offshore Wind – Phase Two Consultation and have made specific comments in the sections below.

Ireland should aim maximise offshore build out for 2030 and should therefore seek to identify and prioritise projects that can be operational in that timeframe. We would urge Government to make as much progress as possible in all parts of the offshore wind eco-system now. This can be done by for example;

- ensuring that the Marine Area Regulatory Authority is up and running on time and that there is no delay between establishment and acceptance of MAC applications. This could include consultation on processes and procedures before the establishment date.
- An Bord Pleanála preparing itself to accept planning applications for offshore wind farms including relevant staffing and issuing guidance on procedures etc.

We remain concerned that the trajectory of progress to date will struggle to see offshore wind operating at scale in 2030. Recent geopolitical events highlight the importance of rapid progress in reducing fossil fuel use and increased renewables.

Give the level of uncertainties in all parts of the process to deliver offshore wind projects, we would urge caution on the decision to expire MACs ahead of the enduring regime. Ultimately this should be guided by progress in delivering projects rather than a process driven decision. For example, if there is a high attrition rate in earlier projects, or excessive delays, some fundamentally sound phase two projects could be unfairly terminated despite being close to ready to build and having incurred significant expenditure.

Consultation Topics

Phase Two Process Options

Of the options put forward, Option B: Competitive MAC process would appear to be the most appropriate to take forward. It would appear that this option can successfully award MACs to the most suitable projects given the wider constraints that exist. DECC should strongly consider including planning permission as a pre-requisite for ORESS2, given its fundamental importance with respect to whether a project can ultimately be delivered.

To make this option work, it is important that MARA is established in Q1 2023 and that this isn't an establishment in name only. Establishment must mean a functioning body, already staffed and with any consultations on processes and procedures completed. We would therefore expect to see evidence progress on MARA pre-establishment in 2022 to gain confidence in the process.

EAI questions whether the deployment security is required with this option. Firstly, the criteria to be applied by MARA will be known by developers before making a MAC application and so will reduce the number of applications that might be deemed overwhelming. Secondly, there are significant external risks for a developing project which might see security drawn down for reasons outside of their control (e.g planning delays, JR, commencement of enduring regime).

Significance of the "Shaping Our Energy Future"

The consultation paper envisages a significance reliance on the Shaping our Energy Future document in allocating MACs. While EAI understands that the plans of the TSO are important, we have some concerns regarding the governance arrangements for the SOEF. Unlike the Generation Adequacy Statement and the Transmission Forecast Statement, the SOEF has no legislative or licence grounding. The CRU does not appear to have any role in the approval of the document's terms of reference nor in its final approval.

The current SOEF document is not in line with Governments 2030 renewables targets and appears not to deliver a carbon budget compliant renewables rollout but it will form the basis of whether offshore projects will proceed or not.

Given the above, EAI would like to see more rigour associated with the SOEF in the future including an oversight role for the CRU either in the terms of reference or in the document's approval.

Hybrid Connections

Projects with hybrid connections should not be discounted and should be allowed to proceed. Hybrid connections offer savings from better utilisation of existing infrastructure which should ultimately lower the cost of electricity to customers.

Hybrid connections have already been embraced and approved for RESS 2 onshore and there is no principled difference between onshore wind/solar and offshore wind constituting the hybrid connection.

DECC has many levers at its disposal to address the concerns set out in the consultation should any of them be material and require actioning. Given the level of offshore wind needed for 2030, it would be wrong to rule out the hybrid asset class now.

Innovation Categories

Innovation can play a role in meeting 2030 targets and is a must have for delivering a net zero energy system by 2050. Therefore, innovation categories should be a consideration in the second phase. Smaller scale technology such as wave and tidal can be complimentary to wind output, should be encouraged and should be automatically given a MAC once their meet the general criteria recognising a limit on overall capacity might be required. A dedicated or specific route to market should also be considered for such technology.

There are numerous projects in development which propose to produce hydrogen in conjunction with offshore wind. Hydrogen will likely be a key requirement in the net zero energy system and given carbon budgets and general climate ambition, this will be needed sooner rather than later. Some of these projects might not use the electricity grid at all and so should be considered in such light when considering MAC applications.

Floating offshore wind will be required to meet Irelands carbon budgets and net zero ambitions while moving Ireland to energy independence. It can also unlock new economic opportunities for Ireland. We know we ultimately need the technology to match the ambition and so effort should be made to unlock the technology in this decade where projects are deliverable. If there is grid capacity available for floating projects (on top of the 5GWs in the CAP) and it doesn't unfairly disadvantage other projects, such floating projects should be facilitated in receiving a MAC and a route to market.

The Electricity Association of Ireland, 9th March 2022