

Department of the Environment, Climate and Communications  
29-31 Adelaide Road  
Dublin  
D02 X285

9<sup>th</sup> March 2022

**Reference:** Phase 2 Consultation

Dear Sir/Madam,

Source Energie Summary Response:

Source Energie was founded to accelerate the roll-out of large-scale renewable energy projects as part of the energy transition to a sustainable future. The team behind Source Energie has led over 15GW of wind and solar photovoltaic (PV) projects globally including 5GW of offshore wind projects in UK and Irish waters.

Source Energie is partnered with Galileo Green Energy, a pan-European, multi-technology, renewable energy developer, owner and operator launched in 2020 by HRL Morrison & Co, the international investment manager. Our response is summarised here with more detail in the main text:

- Source Energie supports the Wind Energy Ireland (WEI) preference for prequalification prior to application for MACs without deployment securities.
- Expand scope of Phase 2 to enable greater than 5GW to be installed by 2030
- Facilitate technology that developers are now developing:
  - Deep Fixed Foundations located far offshore
  - Floating Offshore Wind to expand the area of sea that can be developed
  - Green Hydrogen as an energy storage vector
- Enable EirGrid to actively plan with MAC recipients for individual grid solutions for offtake
- Allow projects with MAC to invest in Green Hydrogen or other non-electrical offtake solutions
- Facilitate innovation awards in the short term, by 2024, for innovative technology projects
- Avoid developing complex inflexible processes which will inhibit the delivery of projects
- Validate that all developers, permit recipients, grid allocation recipients, or developers awarded MAC's have access to the requisite large-scale capital and can demonstrate requisite experience to deliver operational projects by the target date, and that proof of these qualifications are updated on an annual basis
- Ensure that MAC and projects developers actively develop projects and sea areas

Introduction to Source Energie:

The team in Source Energie led the development and construction of the Arklow Bank project in Ireland and is now developing four projects in Irish waters. These four projects are geographically spread around Ireland's coast and will accommodate the most advanced turbine technology anticipated to be available at the time of delivery. The site selection process absorbed the emerging view from communities around our coast that

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projects should minimise visual impact, reduce interaction with other users of the sea, optimise the returns arising from access to the resource; and provide sustainable, reliable green energy as quickly as possible.

Source Energie has an informed, contemporary view of the technology anticipated to be available at the time of project construction. This enables us to go further offshore, work in deeper waters and reduce the visual impact from the larger turbines. Moving away from the coastal locations and going further offshore will also minimise the environmental impact.

We are actively developing our projects and will seek Maritime Area Consents (MACs) as soon as the Maritime Area Regulatory Authority (MARA) is established; with the intention of delivering our initial projects prior to 2030.

Source Energie respects the collaborative and open approach demonstrated by the Department of the Environment, Climate and Communications (DECC) and welcomes the opportunity to provide a response to the consultation on Phase 2.

Wind Energy Ireland (WEI) response:

WEI has prepared a detailed response that provides a general industry view on each of the questions. We have worked on this response and support its submission to DECC. In particular, the points around the 2030 cliff edge referred to in their response should be noted as this would effectively halt development activities for most of the projects proposed now.

In addition, we support the WEI preference for a variant of Option B which uses prequalification prior to application for MACs without deployment securities and elements of competition where required to deal with overlapping proposals. We would like to use our individual submission to highlight some areas of specific interest or concern to us and avoid repeating positions adequately dealt with by WEI. Our response aims to outline the key principles that form the basis for the rapid and efficient delivery of the pipeline of projects currently in development in Irish waters.

Consultation scope:

The consultation is ambitious and attempts to cover a wide variety of approaches and outcomes. Many of the topics covered are interacting and may require further consultation, particularly as other elements of the process are crystallised. Given the complexity of the matter under consultation, Source Energie would welcome ongoing interaction with developers and other stakeholders as DECC works through the details. It may be beneficial to initially define the MAC process to provide clarity to all stakeholders on that element before attempting to define, in detail, the principles underpinning other elements of the process.

Potential:

The Maritime Area Planning (MAP) Act enables a significant new Irish industry in a global marketplace – every element of the market design should encourage the development and deployment of offshore wind energy. Policy formation in the last decade has been rightly centred on meeting EU targets – it is now clear that creating abundant renewable energy is a transformative opportunity for Ireland. Whilst 5GW is an ambitious target, a small investment in market design and dynamics at this early stage has the potential to offer significant returns over the next couple of decades. Up to 50 GW is deliverable in Irish waters using currently available technology. We should plan to deliver the 2030 and 2050 targets from this point and facilitate even greater ambitions beyond these.

The potential for transformative change to our electricity system is overshadowed by the potential for change to our overall energy system through the production and distribution of Green Hydrogen and other energy vectors. In a competitive global market for mobile expertise, capital and equipment, Ireland has a world class resource with fresh legislation and the opportunity to design our own future. Everything we do from here should open the door to that potential and not stifle it.

#### Urgency:

The Irish Government has formally recognised the climate emergency and we are all acutely aware of recent events in Ukraine. The energy sector's response to these emergencies is evident – we need to build unprecedented amount of renewable energy as quickly as possible. The scale is necessary – it enables momentum in the sector, feeds our own demand, encourages growth, and provides product and services that can support our economy. The decisions made in this consultation should recognise this urgency and support the widespread deployment of renewable energy projects, at scale, in Ireland.

Decisions should include projects which feed the electric network, as the energy transition intensifies, but also realise the potential of Green Hydrogen produced by offshore wind. It will be helpful if we can fast track a process for offshore wind sites, specifically designed for Green Hydrogen production, where a traditional grid connection process is not chosen. Source Energie is already involved in such projects in the Celtic Sea in collaboration with ERM.

#### Scope of the “Phase 2” process:

The consultation states that a phased policy was adopted in April 2021 which limits the scope of Phase 2 to projects which can be delivered before 2030 to meet the target of 5GW. This policy related to the development of the transmission network required to connect offshore wind capacity to the national grid. The policy does not provide direction on the processing of MAC applications. The MAP Act was a significant milestone for the sector because it reformed marine governance, facilitating the large-scale deployment of offshore wind for the first time. Source Energie urges DECC to avoid limiting applications to MARA for MAC applications at this early stage in the sector's development. In particular, the MAC application process should be opened for offshore projects which will deliver after 2030; and projects proposing Green Hydrogen production; to facilitate timely development of these projects. The roll-out of these projects should not be held back due to current restrictions on transmission capacity.

#### Simplified processes:

Developing offshore wind farms is a complicated endeavour. Specialised resources, significant capital and time are required to successfully deliver a consented, buildable, financeable project. It is acknowledged that there are elements specific to the Irish market which add complexity – the presence of the relevant projects, the capacity constraints on the national grid, the boundaries of the Offshore Competition under the Renewable Electricity Support Scheme (ORESS) process and the short timelines to deliver. There is a risk that efforts to accommodate all possible eventualities will make that process more complicated. Source Energie proposes to simplify the process of obtaining development consent, grid and gas connections and a route to market by separating each of those elements and avoiding any interdependencies.

This proposal introduces the risk of developers hoarding resources such as seabed, electricity or gas connection points or ORESS awards. Appropriate mechanisms can be put in place within the context of each process to ensure elements are not hoarded. For example, in line with the WEI response, we believe MAC should be time limited and returned to the Minister if the developer is unable to deliver after a period.

The type of process proposed instead is outlined below:

1. Set transparent and fair MAC prequalification requirements that allow DECC to determine if projects are credible and applicants are serious developers.
2. Allow all interested parties to apply for a Maritime Area Consent (MAC). Charge a fee appropriate to cover the costs of processing the preapplications. Accept all the MACs and use application fees to fund the work. Utilise third party resources, if required. Set timelines for processing applications and providing a MAC.
3. If there are resource constraints, put the projects in order of processing using clear and transparent criteria – these could be determined through consultation or dialogue with the sector. Projects which are closer to realisation, including those which meet 2030 targets could be processed faster.
4. Deal with overlapping MAC applications – provide opportunities to collaborate or adjust boundaries. Design and execute a qualitative competitive process for overlapping projects that are unable to resolve the matter bilaterally.

MAC applications for Green Hydrogen projects and infrastructure can be dealt with via the same process. A focus on 2030 electricity generation targets should not delay or exclude projects with different methods of delivering renewable energy.

This approach will provide visibility for all stakeholders involved in the Irish Offshore renewable energy (ORE) sector. Developers will be able to understand the impact of neighbouring or overlapping projects on their own project giving them an opportunity to deal with this proactively early in the development process. EirGrid will have a good understanding of the extent and location of projects that need to be connected. There will be visibility of what projects will seek development consent making issues around cumulative impact easier to manage as developers know where the other projects are located. The potential pipeline of projects for RESS (Renewable Electricity Support Scheme) will be available for all to understand.

Enduring approach:

Source Energie supports the development of a comprehensive long-term plan to manage the development of the substantial marine resource available. Such a plan will provide sustainable certainty to the sector over the long term whilst protecting the environment and ensuring equitable return from granting access.

When a plan led approach is introduced, it should acknowledge that significant work has taken place already. Ireland should benefit from the work that the developers have done up to now and plan to do beyond 2030. The data collected in those development activities should help inform the choices of Ireland's plan led approach. The enduring regime should also ensure that the projects initiated before the introduction of the regime are facilitated. Processes to integrate projects into the enduring regime should be subject to consultation at the time. In the meantime, projects should be allowed to proceed in the robust environmental and planning framework that current legislation provides for. These projects can contribute to both the 2030 targets and post 2030 targets.

The enduring approach should recognise the rapidly changing technology and capabilities of the offshore wind sector globally. More challenging projects with varying foundation types in deeper water, with different electrical connection types and energy generation, storage and distribution methods are now possible. The enduring regime should be designed to accommodate the rich potential of the sector combined with the available resource whilst protecting and sustaining the unique marine environment.

Publication of the details of the planned enduring regime will help the seamless transition from the current arrangements. This transition needs to be transparent – more information and consultation will encourage confidence which leads to more investment and activity.

### Offshore Renewable Electricity Support Scheme :

Source Energie believes that the ORESS auctions should not be linked to the grid connection process. The two processes will need to run in parallel to each other to deliver projects in the shortest time frame. Efforts to link the two processes are understandable and may make sense for the enduring approach. In the current situation making either ORESS or a grid connection offer a prerequisite for the other adds complexity that is not required or helpful. This is particularly relevant in the situation where a project has an alternative route to market and does not require ORESS.

At the same time, it is reasonable to require projects to prove they are credible and can deliver to meet the ambition of a particular auction. Methods to do this should be discussed once the process for MAC applications is decided. Source Energie's preference is that projects should demonstrate how they intend to meet the objectives of the auction before being allowed to proceed to the bidding stage whilst levers within the ORESS process can be used to ensure developers are compliant with the terms and conditions of the auction.

Finally, Source Energie would like to suggest that some flexibility is considered around the timing of the auction. The time available from the first possible MAC application is limited; allowing a little bit more time should result in greater competition in the auction.

#### Innovation:

Projects utilising floating foundations or power-to-X solutions such as Green Hydrogen are innovative technologies which are evolving towards commercial deployment sooner than previously or generally expected. Whilst there is a need for demonstration projects, there is a growing international demand for real projects at scale which take advantage of the characteristics of these technologies. At the same time, we are witnessing a realisation that the energy products produced by these projects are needed urgently.

Source Energie encourages DECC to provide appropriate paths towards delivery for large scale projects using these technologies. Measures which should be taken include:

- Allow MAC applications for projects which utilise these technologies.
- Provide opportunities for these projects to participate in ORESS (if relevant).
- Direct EirGrid to engage with developers to find connection solutions projects in locations that can utilise these technologies optimally.

Source Energie, together with our partners, is already developing sites which utilise floating foundations and hydrogen production in the Celtic Sea. These sites could be expanded to equivalent locations in Irish waters. We would welcome the opportunity to do so.

#### Supply chain:

Ireland is competing for limited resources in a global market – expertise, supply chain, capital, etc. There are enough constraints in the Irish market already – we should avoid making any further constraints in the process. Providing clarity via a simplified process as outlined here, will offer the supply chain assurances that Ireland is an attractive market for offshore wind.

Innovative technologies such as floating foundations or Green Hydrogen are likely to experience supply chain shortages in the short term. Securing access to these technologies in the early stage of their commercial realisation will give Ireland an opportunity to position itself as a market leader and enjoy success similar to that experienced by the UK and Denmark following their early adoption of offshore wind technology. Market design should make it clear that Ireland is open for these types of projects whilst DECC should engage with providers of this type of technology to understand their requirements.

#### Grid Capacity:

Following the process outlined above will generate a considerable number of projects seeking grid connections. This is one of the biggest challenges associated with the energy transition and demands novel and ambitious solutions. Focusing on point-to-point connections for nearshore offshore wind farms now is required to meet short term targets however we would like to make the following proposals:

- Develop, as an urgent national imperative, an approach to connecting, managing, exporting and benefiting from the vast renewable energy resource available to Ireland
- Ask EirGrid to engage with and connect each project that has a MAC – using a process similar to Gate 3 perhaps. The transparency provided by allowing MAC applications from all pre-qualified bidders and projects enables a strategic approach to this– the scale and location of projects is available.
- Provide options to developers to process competing grid applications together and explore the possibilities to provide offshore transmission networks.
- Fund the work with accumulating grid deposits – if projects fail then another project will come on board to use the capacity.
- Enable EirGrid to continue its pioneering work on maximising the level of renewables on the system whilst providing clear signals to developers on the type of connection available and using technical and commercial solutions to resolve challenges.

#### Resources:

The development of this new industry in Ireland relies heavily on the hard work and ingenuity of public and civil servants across a range of state organisations such as DECC, An Bord Pleanála, MARA, EirGrid, National Parks and Wildlife Services and other stakeholders. Delivery of the 2030 targets and realisation of the potential in the sector will lean heavily on their capabilities, knowledge, judgement and capacity. Some of the proposals in the consultation appear intended to manage the pressure on these state entities. Source Energie would like to tackle the problem from the other direction by recognising that these organisations are on the front line of climate change and act accordingly. An abundance of resources should be made available to these organisations to deliver the projects that protect us from climate change. Where resources are not immediately available, use third parties if required. Application fees for MACs, grid connections, ORESS and development consents can be used to fund the expansion of these vital services.

We live in weeks where decades are happening. Policy responses to changing accelerating geopolitical, technical and climate change need to be agile and responsive. Our view on this consultation and the direction of the Irish energy market is summed up by a statement from European Commission President Ursula von der Leyen on the 8<sup>th</sup> of March 2022 *"The quicker we switch to renewables and hydrogen.....the quicker we will be truly independent and master our energy system<sup>1</sup>."*

We look forward to working with you to deliver this vision.

Yours faithfully

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**Chief Executive Officer**

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<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1511](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511)