

Western Development Commission response to Department of the Environment, Climate and Communications Offshore Wind – Phase Two Consultation

Introduction

The Western Development Commission (WDC) is a statutory body with a remit to promote and encourage economic and social development in the Western Region (counties Donegal, Sligo, Leitrim, Mayo, Galway, Roscommon, and Clare). The WDC operates under the aegis of the Department of Rural and Community Development. We welcome the opportunity to submit its views to the DECC consultation on Offshore Wind Phase Two.

The WDC regards the provision of quality energy infrastructure and supply as essential to underpin the economic development of the region. Likewise, the WDC recognises the importance of the low carbon transition and is particularly concerned that the issues for our region are addressed¹. Our region has very significant on and offshore renewable energy resources and it is important both to the economic development of the region, and to the achievement of the national renewable energy targets, that these resources are used to best advantage.

Our focus in relation to energy and energy policy is the development of renewable energy opportunities in our region, network development and enabling the low carbon transition while ensuring this transition is Just², and that our region can benefit from it.

Recent geopolitical events have highlighted the need to accelerate our transition from imported fossil fuels. We believe that the resources within our region have the potential to make Ireland an exporter of energy if exploited effectively.

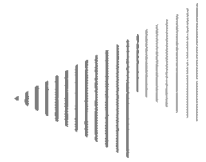
Our Submission

The Western Region has some of the best conditions for offshore wind in the world, with a long coastline and consistently high wind speeds. We need to unlock the potential of our deeper waters and stronger winds on the west coast.

Floating offshore wind (FOW) is the key to the energy transition in Ireland to allow us to meet our long term net zero target. This is where the opportunities lie. The Programme for Government specifically refers to at least 30GW of floating offshore wind potential off the west coast. FOW beyond the horizon may be subject to less planning challenges than onshore or fixed offshore. In addition, it has the potential to provide alternative income streams to marine communities negatively affected by Brexit and fish quota reductions. There is more potential for projects off the West coast than is shown in the roadmap for Phase Two. There is grid capacity for connections at

¹ <https://westerndevelopment.ie/policy/publications/making-the-transition-to-a-low-carbon-society-in-the-western-region-key-issues-for-rural-dwellers-august-2020-full-report/>

² <https://westerndevelopment.ie/wp-content/uploads/2021/12/WDC-Renewable-Energy-An-Opportunity-for-a-Just-Transition-to-Net-Zero-on-the-Atlantic-Coast.pdf>



Moneypoint and into Clare as well as off North Kerry, outside Western Region but on the Atlantic Economic Corridor (AEC).

We believe that the focus on projects off the east coast in this Phase is too narrow and failing to include an expectation for offshore floating wind development in this Phase Two policy could stall development. Companies and developers with capacity may look elsewhere for investment opportunities leaving Ireland behind.

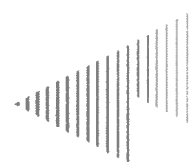
The speed at which FOW technology has developed has been very rapid, and this pace of growth is likely to continue up to and beyond 2030, so it is important that we allow for these projects to develop as soon as possible. While it is not clear how long floating offshore wind projects will actually take to reach commissioning stage in Ireland, and whether they might be complete by end of 2030, it is also important to recognise that 8 years ago there was little expectation of such rapid development. Thus it is important not to block the development of these through unnecessarily restrictive policy approaches.

Furthermore, the nascent technology provides an opportunity for early adopters of the technology to develop a supply chain without the need to compete with more established markets. Indeed, the unused port capacity around Moneypoint, Shannon Foynes, Port of Galway, Rosaveel and Killbegs positions the region ideally to participate in all aspects of the supply chain. For example, a report completed by BVG Associates on behalf of ESB demonstrated that the construction and assembly of a 400MW floating offshore windfarm off the west coast that uses the existing Moneypoint power station site as the construction and assembly hub could create a total gross value added (GVA) of €934m to the Irish economy with over 7,000 direct person years employment and almost 5,000 direct person years employment. Much of this spend and the majority of the jobs would be local. The WDC in collaboration with the Regional Enterprise Plans for the West, Mid West and North West are currently conducting a feasibility study examining the development of this supply chain.

The potential for offshore wind project as outlined in the Phase 2 consultation document is based on EirGrid's Shaping our Electricity Future (SOEF) assumptions on offshore wind development and potential network connections. The WDC believes that the very rapid development of offshore floating wind development elsewhere (particularly in Scotland, but also elsewhere) shows that some of the assumptions used about opportunities for offshore generation underestimate the potential for rapid development of offshore wind on the West coast. In addition to the technical possibilities there is also network capacity for connection of offshore projects on the West coast especially around the Shannon estuary and off the Clare coast.

While it is currently difficult to estimate the timescales involved in the development of offshore wind in Ireland, the rapid pace of development in this sector globally indicates that any delays in development in the next 8 years are less likely to be due to technology, than to the process, policy supports and potentially, also supply chain issues. It is therefore important that this current policy in development does not place any barriers in the way of the development of offshore floating wind projects, and that all offshore wind projects of various types can be included here. At the very least there needs to be an update of the SOEF to take account of the 80% target, and the potential for FOW as well as increased onshore wind and solar.

While we are aware that this consultation is focused on the additional offshore energy generation projects required to achieve the 5GW target by 2030, and that projects which are expected to



complete post 2030 will be covered by policy under the Enduring Regime, we believe it is important to have a continuous flow of projects coming through various stages of development so that there is no break in project flow around 2030, or between Phase Two and the Enduring Regime.

A very narrow focus on achieving 5GW under this policy has a number of risks. The complexity of offshore wind generation development projects means that unforeseen delays can occur at all stages of the process. This is particularly possible in Ireland where very few offshore projects have been commissioned. Thus, this policy tranche must be designed to ensure that there are back up projects in development even if this could mean either earlier achievement of the 5 GW target or an excess of 5GW before 2030. If there are additional projects which could be supported under Phase Two, there should also be a straightforward mechanism for their transfer to the Enduring Regime.

While the 2030 target is important, it is a staging post to the larger 2050 target. It is essential to design for ease of movement of projects into the next stage and that there is early encouragement for project development. Otherwise, there is a risk of a stop/start policy process (as was seen previously in relation to Renewable Heat) which leads to gaps in project flow, and will deter developers who currently have many alternative investment options in Europe and globally.

We welcome the suggested Innovation option, which would allow for the development of a variety of technologies including green hydrogen for which a number of projects are in development in our region (Mercury Renewables being the most advanced, but others at are early stages of development). This innovation support could allow the areas of the Western Region with low network capacity to make the most of abundant wind resources (both on and offshore). There is a growing demand for green hydrogen (and hydrogen derivatives such as ammonia) in mainland Europe that is manufactured from renewable energy (so called green hydrogen) as opposed to hydrogen created from fossil fuels. The expected performance of floating offshore wind farms means that hydrogen manufactured in Ireland will be cost competitive with other global sources and that opens a real export market opportunity. There has already been exploratory engagement with the German authorities in this regard.

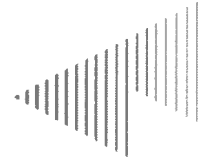
While there are significant options for Power-to-X, it is also important that there is focus on grid development in the Northwest which has some of the most abundant wind resources, on and off shore, and which has very poor network capacity (see our submission on Shaping our Electricity Future for more detailed discussion of this³).

Finally, while the details of a community benefit scheme for offshore wind have yet to be decided, the Western Development Commission is ideally placed to manage a Community Benefit Fund, having a regional remit and significant experience of community funding through its operation of the Community Loan Fund which is a part of the WDC Investment Fund which has, to date, provided €8.5m in loan finance to 89 communities.

Options for Discussion

The WDC will not comment in detail on the Options for Discussion for Phase Two. We do, however, think it is important that projects have MAC before progressing to ORESS. This provides greater certainty that the projects bidding in ORESS 2 will progress to completion. Difficulties in planning are

³ <https://westerndevelopment.ie/wp-content/uploads/2021/07/WDC-Submission-Shaping-Our-Electricity-Future-EirGrid-14.06.21.pdf>



not unusual in Ireland and many of the issues with offshore planning and consent have yet to be tested. Early testing of these system, and projects at a more developed state by ORESS 2 would provide more certainty in the system.

While there is, of course, a strong policy focus on commissioning of offshore projects before 2030 in this Phase Two the application of a Deployment Security may be complicated and subject to legal delays and reviews. It might also act as a disincentive to developers to enter the Irish market, and in turn require higher prices to be paid to overcome any perceived risk by developers. It is important to remember that in the current buoyant market for offshore energy, there are many rivals to Ireland, as other countries also seek to rapidly develop their offshore wind industry. While developer commitment is very important there may be other ways to incentivise pre 2030 completion, and to ensure that project which may become subject to delay can be completed post 2030 (for example under ORESS, earlier completion could be rewarded). DECC should explore options for incentivising completion alongside any exploration of penalties before deciding the best option. It should also be borne in mind that the costs of getting planning and MAC, along with other early stage development costs may be seen as indicative of commitment to develop.

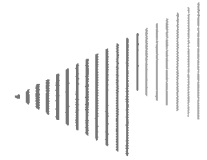
As noted earlier, there are significant project risks when developing offshore wind generation, and given the early stage of development of offshore energy in Ireland and the untested planning and MAC procedures, as well as grid connections from offshore, a high level of over subscription in ORESS will be required. Additionally, it will be important to have a clear process for reserve projects accepting that, while potentially costly if development of the offshore sector is more rapid than expected, that also brings benefits.

The WDC welcomes the proposal for Innovation Categories which would provide additional support for selected technologies, such as floating wind and other less advanced offshore generation technologies, green hydrogen, ammonia and others to help them to progress to Phase Two. In addition to increasing the technology options within Phase Two it would also bring significant benefits for the post 2030 Enduring Regime as the incentives should ensure a wider range of technologies in development and in operation at the start of the Enduring Regime period.

Converting renewable electricity to hydrogen for use as a direct fuel or to be used to fuel generation of electricity when other renewables are not available is increasingly being viewed as a viable option for increasing the share of RES in the energy system. The MaREI Net Zero study for 2050 sees a role for green hydrogen in decarbonising Irelands gas grid and dispatchable gas generation fleet while the forthcoming Hydrogen Strategy should provide more clarity about how to include this in an innovation category.

Conclusion

We believe there is significant opportunity for offshore floating wind off the west coast of Ireland and are disappointed that this has not been considered in the SOEF and hence in this Phase Two consultation. While EirGrid is concerned that it might not be achievable within the short timeframe of the SOEF, we believe some west coast offshore wind can be developed by the end of the time period and that in the longer term it can make a very significant contribution to achieving our long-term targets for renewable electricity. We therefore believe that offshore floating wind on the west coast should be incentivised in this phase.



The emphasis on connecting offshore wind on the east coast in this phase is a very narrow approach and we feel it is risky to assume that one generation type in one location can provide the necessary solution. Many of the east coast offshore wind farms still need to go through planning consenting and renewable support scheme auction processes. There is potential for significant delays in these areas.

The programme for government set out an ambition of 30GW of offshore floating wind capacity in the Atlantic. Moneypoint 400kV substation can facilitate offshore wind capacity located off the Clare coast. However, any offshore wind generation located north of Galway along the Atlantic will require the development of new grid infrastructure. Meeting longer-term goals will require using our best renewable resources, which include both onshore and offshore wind across the WDC region.

Finally, it is important not to over focus on the arbitrary 2030 target but to balance the policy and incentives with those necessary for the longer term 2050 targets. Otherwise there is a risk of turning on and off policy phases to the detriment of project development. This Phase Two needs to be considered as a part of the longer term 2050 process and be designed so as to have a relatively seamless switchover to the Enduring Regime.

The WDC is pleased to make this submission to the Consultation on Offshore Wind Phase Two. If there are any queries concerning this submission, please contact me.

