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Offshore Wind Phase Two Consultation

1. Which is your preferred option and why of:

a. The above options?

Option D: Early Enhanced ORESS 2

b. The above options, variations of same, and other possible options within the parameters outlined in this paper, particularly sections 3 and 4?

As above, but I support the proposal to over-allocate capacity in Phase 2, both to account for attrition in Phase 1 and to allow for possible integration with energy storage technologies such as green hydrogen, green ammonia etc., as these become viable.

I also would support a publicly-funded project for one of the grid nodes or regions, in order to test the capability of the public sector to deliver on a project of this scale. This would be achieved through an existing or new state agency or semi-state company—see Q7 b. below for more information.

2. Option A proposes that a deployment security is required for to apply for a MAC in Phase 2.

a. How should the security be calculated and what rate should apply? If the security was to be calculated on the basis of planned capacity, what rate should apply?

Various predictions put the capital expenditure (CAPEX) of offshore wind technology between €1.5 million to €1.8 million per MW capacity (by 2030). The security should be 20% of the projected total cost of the project, or €330,000 per MW capacity proposed, whichever is the greater of the two.

b. Should the security be required to be in place prior to application for a MAC or post-issuing of a MAC? If post-issuing, what is a reasonable timeframe?

The security should be in place prior to application for a MAC.

c. Under what terms should this security be drawn down?

Under the same terms outlined in the Option A section of the consultation document.

d. The security, as proposed, expires with the securing by a project of a route to market. For projects successful at ORESS 2, this is also the stage when the auction performance

security is due be put in place. Would it beneficial for the deployment security to be rolled over towards the RESS performance security? How best this be managed?

Yes, it should be rolled over toward the RESS performance security. This should be tied to the capacity factor which the company forecasts in their initial MAC bid, with penalties applying to projects which fail to reach their stated performances, within a tolerable margin of error. The original security should roll over as a credit to the bidder, with annual rebates if stated performance targets are met.

e. What other terms should apply to this security?

None

3. Option B proposes a competitive MAC process.

a. What assessment criteria should be used in this process? What should the weighting of this criteria be?

The criteria [and weighting] should be:

Capital cost [0.5]
Operating and Maintenance Cost [0.75]
Reliability of the developer (based on their track record) [0.75]
Reliability of the developer (based on interviews, site visits and stress-testing of their financial projections) [1.0]
Technical feasibility (as judged by MARA) [1.0]
Environmental impact [0.75]
Seabed levy auction [1.0]

b. Should a seabed levy auction be included in this assessment? What weighting should the auction result have?

Yes, and it should have a weighting of 100%

c. Should a deployment bond be maintained under this option? Why, or why not?

Yes, in order to winnow the number of application to serious contenders. It should be half of the amount set under Option A, however.

4. All of the above options assume that Phase One projects retain their MACs for Phase Two.

a. Is this the correct approach? Why?

Yes (within a limit, see below), since it reduces duplication of effort and therefore will speed up the delivery of renewable offshore wind energy.

b. Would requiring Phase One projects that are unsuccessful in securing a route to market, within a specified timeframe, to re-apply for MACs result in a better outcome for the sector, the State and consumers? Why?

Yes, because this would create an urgency for bidders to 'use it or lose it'.

c. If Option D was selected would this require unsuccessful Phase One projects to relinquish their MAC before ORESS 2? If so, should these projects be given any preference such as a right of first refusal if they match a winning bidder's terms for their MAC area?

Yes, unsuccessful Phase One projects would have to relinquish their MACs under Option D. They should be given the right of first refusal as suggested, but only if the MARA is satisfied as to the quality of their proposal, i.e. if there are structural problems with the project or the company which contributed to their lack of success in Phase One, then the project should not be given right of refusal.

5. To incentivise swift deployment, discourage speculative hoarding of the marine space, discourage MAC applications by projects incapable of delivering by 2030, and facilitate the coherent transition to a plan-led Enduring Regime, it is proposed that all MACs awarded in Phase One and Phase Two will expire prior to the Enduring Regime, should the holders of these consents be unsuccessful in securing a route to market.

a. Is this the correct approach? Why?

Yes, for the reasons outlined above.

b. Would this approach incentivise deployment and/or discourage hoarding of the maritime space?

Yes.

c. Would this approach discourage MAC applications in Phase Two from projects with poor pre-2030 deliverability?

Yes.

6. What are your views on providing provisional grid offers to projects in the case where all projects receiving such an offer will not be able to obtain a full grid offer?

a. How can and should the award of full grid offers be tied to the auction results?

The award of full grid offers should be to the projects which are successful at auction.

b. Should allowance be made for projects that do not effectively compete in the auction but share a preliminary connection offer with projects that do to remain eligible for a CPPA route to market?

Yes

7. What are your views on auctioning capacity at particular grid nodes or regions in ORESS 2?

a. How should this operate? Should successful projects be required to submit ORESS 2 offers that clear both the overall auction and the auction for a given grid node or region?

The auction should be tied to one or the other, i.e. an overall auction or a grid-region-specific auction. The latter would be preferable.

b. Should any nodes or regions be reserved for non-ORESS routes to market?

Yes, consideration should be given to the creation of a new state agency or semi-state company which will develop a project at specified node or region. This particular node or region should then be closed off for all bidders, in order not to have a public company undercutting private competitors (or at least the perception of same). The public company will then be mandated to deliver electricity at the lowest possible cost to consumers. The success or failure of this model will serve as a useful natural experiment for policymakers as to the benefits (or drawbacks) of the competitive private marketplace model.

This particular node or region would need to be carefully chosen: in the event that the public company was completely unsuccessful, that it would not unduly impact upon the overall target of 3 GW.

8. In order to utilise grid capacity realisable by 2030 in totality, most options require the award of greater capacity in ORESS 2 than is realisable by 2030, and establishing reserve projects on grid orders of merit, possibly grid region.

a. What are your views on grid orders of merit? How best could reserve lists be established in a robust manner that does not give rise to legitimate expectations by reserve projects?

Reserve lists should be created from ranking the projects submitted for each grid region and selecting the top-scoring. The ranking should be published, with the criteria used in the ranking stated. Every project on the reserve list should be aware of what position it stands in on the reserve list.

b. How should grid orders of merit be established? Is using ORESS 2 bidding order, possibly by grid node/region, an appropriate methodology?

As above, based on the same criteria used to select the successful projects in the first place. Yes.

c. What obligations should be placed on reserve projects and what, if any, compensation should be provided?

They should maintain a project team ready to begin the planning process with ABP immediately if they are selected by MARA. They should be compensated based on

the submission of annual claims for all reasonable labour and expenses undertaken to maintain the project at reserve status. In return, they should submit an annual report to MARA with the latest changes to their project, based on prevailing technological and economic conditions.

d. How should reserve projects be serviced so that they can readily progress if required?

As above, through maintaining a team on the project and submitting an annual report to MARA.

e. How should reserve projects be held to the terms of their ORESS 2 offer?

It would be incumbent on the reserve project managers to notify MARA if they could no longer meet the conditions of their ORESS 2 offer. MARA could then decide to revise the terms of the ORESS 2 offer and maintain the project on reserve status. If a reserve project was chosen to proceed, then the project sponsors would need to front a deployment security to hold them to the terms of their original offer.

9. Option D outlines an auction with mutually exclusive offers and multiple bidders specifying the same MAC area and/or connection point allowing multiple bidders to specify the same MAC area and/or grid node/region and using ORESS 2 results to allocate the MAC area and/or grid node/region capacity.

a. What are your views on the feasibility of this option? What are your views on the feasibility of solving the auction using an optimisation approach?

This option seems to be the least convoluted from a planning process, but (as mentioned in the consultation document) leads to the risk of perception of a developer-led process. In terms of the optimisation process, the criteria need to be clearly and transparently stated to all stakeholders to avoid any perceptions of unfairness.

10. Hybrid grid connections are defined in this paper as single grid connections which facilitate the connection of both an existing or proposed thermal generation plant and a proposed offshore wind project.

a. Do you support the facilitation of such connections, as defined? Why?

Yes, but only on the proviso that the negative externalities of carbon emissions are factored into the bid for a MAC.

b. Are you aware of any other jurisdictions where such connections are permitted? Describe how hybrid connections are treated from a technical and regulatory perspective in these jurisdictions.

No

c. Are there potentially unintended consequences associated with permitting hybrid grid connections, such as potential impact on grid system services provided by the associated thermal plant or potential impacts on the reliability of the thermal plant?

Not that I am aware of.

d. How should proposed projects with hybrid connections be treated so as not to distort competition or afford undue competitive advantage to the incumbent owners and operators of the associated thermal generators?

The negative externalities of carbon emissions should be worked into the bidding process for a MAC, based on a carbon price (tax) which is set at the current EU rate but rises at 5% per annum until 2030 and 10% per annum thereafter.

e. Do you support the facilitation of such connections, if the definition was adjusted to, e.g. an existing or proposed onshore battery, solar or other generator?

I would be more supportive of the facilitation of such connections in these circumstances.

11. Should any special allowances for innovation technologies be included in the Phase Two process?

a. What technologies should be provided with special allowances and why?

Any project with the potential for energy storage, e.g. pumped hydroelectric storage, green hydrogen production etc. These have the potential to smooth out the intermittency inherent in wind power, and so will have a disproportionately positive impact on the grid.

b. What allowances should be made? At what stage(s) of the Phase Two process? Should capacity be reserved in the MAC and ORESS processes for any of these technologies?

The advantage of reserving space for storage technologies is that they will not need to be postponed or curtailed if they fail to secure capacity on the grid. Therefore these projects can be incentivised without sacrificing capacity for conventional offshore technology.

c. Should these types of projects also be required to deliver by 2030?

They should be incentivised to deliver by 2030 but, taking into account the lower level of commercial readiness of their technologies, they should not be penalised for not doing so.

d. What level of offshore wind capacity could be deployed before and after 2030 that does not depend on the Irish grid for offtake? i.e. generation that is instead utilised for non-grid offtakes such as green fuel generation or export by cable to another jurisdiction?

Since this type of capacity is not limited by the 3 GW of grid capacity, this latter type of offshore wind has no limits to its development. Instead, development should be incentivised for geographical locations (such as the West of Ireland) where grid capacity is low, but energy potential is high.