Response to Department of the Environment, Climate and Communications Consultation

Draft Offshore Renewable Energy Future Framework Policy Statement

Electricity Association of Ireland

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A decarbonised future powered by electricity.

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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

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to this draft Offshore Renewable Energy Future Framework Policy Statement. Since Ireland's first Climate Action Plan in 2019, there has been commendable progress in the offshore renewable energy (ORE) policy space. This includes the introduction of new consenting legislation through the Maritime Area Planning (MAP) Act and the first Offshore RESS auction in 2023. Phase 1 projects are now preparing to submit planning applications to An Bord Pleanála later this year, another important milestone.

EAI strongly welcomes the re-statement of the 20GW by 2040 target in this draft Policy Statement and the indicative auction timetable published following the recent North Seas Energy Cooperation meeting. Ambitious renewable targets supported by a strong and predictable policy framework will help provide industry and supply chain confidence.

Given the importance of this Policy Statement, our members would have appreciated more time to consider the issues contained therein. More time would have allowed members with the opportunity to provide detailed submission on the draft Policy Statement and the five economic reports which have been published alongside it.

This draft Policy Statement is very high-level and amounts to a first step towards a Future Framework for ORE development. We envisage this is a document which will evolve and be updated on a regular basis in collaboration with industry. In the meantime, efforts should be made to be more specific in the Policy Statement to provide confidence to industry as to how and when these crucial outputs will be delivered. Policy alignment is crucial, and we believe that ongoing work must tie in with the upcoming Industrial Strategy, the previously published Hydrogen Strategy and Offshore Transmission Strategy.

The necessity of meeting net zero by 2050 has placed increased demands on the Department which we recognise. Prioritisation is also key and would provide confidence to industry that crucial matters will be expedited. We recommend the following is prioritised:

- Designation of DMAPs (and maximising the potential of the South Coast DMAP in a sustainable manner)
- An enduring competitive seabed allocation process
- A separate successor Support Scheme (both grid and non-grid connected to facilitate hydrogen) be the key focus of the Department.
- Clear communication of where state-led infrastructure (including grid and port facilities) will be constructed.
- The establishment of a dedicated industry and Government taskforce to further develop and implement the Future Framework.

In the questions below the EAI sets out how we see any future framework should be moulded in order to be successful and create a thriving ORE sector in Ireland.

Questions

Question 1(a). Has this section adequately identified the general key priorities for ORE delivery in Ireland? Are there additional priorities that should be integrated into the holistic, plan-led approach?

The EAI broadly welcomes the key priorities set out in section 1.2 of this framework. While these priorities cover a broad range of areas, the key to the success of any such framework is that its contents provide clear signals and policy stability to any prospective stakeholder.

The designation of Marine Protected Areas (MPAs) and delivery of Designated Marine Area Plans (DMAPs) are a major source of uncertainty within the ORE development industry. The EAI notes that there is a target to have 30% of Ireland's maritime area designated as a protected area by 2030 which will have a significant impact on the location of ORE projects. Therefore, the EAI seeks that the delivery of relevant legislation for MPAs be a priority and site identification be carried out in close collaboration with DECC to ensure that DMAPs can be appropriately assessed for impact. In addition, we seek that the expedited designation of where these protected areas will be is not done in a sequential manner as this lengthens the period of developer uncertainty.

Question 1(b). Has each key priority been adequately described and considered all relevant components?

In priority vi ("Availability of relevant data"), experience from EAI members suggests that it typically takes three years to carry out the geophysical and geotechnical surveys, metocean, and aerial surveys necessary (including procurement, deployment and data analysis). For future frameworks, the standard of the data set to be provided to bidders is unclear and so any issues arising in the data must be addressed and dealt with by the developer. This may ultimately mean that successful bidders will need to carry out their own assessment meeting their own standards. If this happens, it will put significant pressure on delivery timelines, likely to be years rather than months. Therefore, there is an urgent need to ensure that all relevant data collated during previous support schemes by the department be available to stakeholders.

In priority viii ("Industrial alignment including infrastructure, port facilities") the draft states that "ORE project sites must be located within economic distance to key onshore and offshore infrastructure". Given the current scarce grid capacity, this could act as a disincentive to developers who may be limited from developing ORE projects due to this priority. Opportunities

to develop in locations where hybrid connections and/or non-grid opportunities (i.e. private wires to LEUs) are viable should also be considered.

If this priority is to remain in its current form, EirGrid must make themselves available to disseminate key information in relation to the construction of connections assets and related infrastructure alluded to in this priority. Such engagement should include EirGrid setting out a long-term (10+ years) plan as to how it sees the transmission system developing into the future. This is crucial to meaningfully inform participants allowing them to adequately plan their projects.

More generally, the acceleration to a plan-led approach, wherein EirGrid are responsible for the delivery of the offshore transmission infrastructure, introduces additional 'grid risk' to offshore projects. The developers of the offshore wind farms are wholly reliant on a third party delivering high-quality grid connection on time. Mitigations for cost and programme impacts need to be in place to protect the developer and reduce their exposure to a risk that is beyond their control.

In terms of port facilities, a recent Wind Energy Ireland report investigated the capacity of Ireland's ports to support ORE development. It found that there is a critical lack of port facilities to support ORE development and that Belfast harbour is currently the only port that has the infrastructure in place to support ORE development. The EAI notes that a review of national ports policy is underway. However, given the critical lack of port infrastructure, the EAI believes that priority viii should not be as restrictive as it currently is worded.

Question 1(c). How best should the 2GW of non-grid limited offshore wind capacity be procured?

The EAI sees that this 2GW of non-grid limited offshore wind capacity is essential to delivering security of supply to Ireland whilst achieving decarbonisation targets. In terms of the non-grid aspect, large scale hydrogen and other power-to-X systems are still in their infancy thus requiring support mechanisms. We suggest a separate public consultation on the design aspects for the 2GW of non-grid capacity.

Question 1(d). What are your views on the design parameters for the successor scheme to ORESS, what else should/should not be considered?

The aim of any successor scheme is to create a strong, competitive market that provides stability to ORE investors. In this regard the EAI welcomes the suggestion that a competitive MAC process will be developed. We note, however, that no timeline has been given for when this will occur or what models are being considered. The EAI believes that the following points are crucial to delivering this:

- That seabed award is uncoupled from Offshore RESS. Seabed should be auctioned off using a competitive process separately to offtake auction which should follow later.
- We recommend auctioning seabed through a qualitative, capped-bid process akin to Scotwind under a plan-led model. This would ensure a sufficient pipeline of projects and account for attrition at planning permission and route to market stages.
- The Department should move to auction off multiple seabed / MACs as soon as possible. The EAI sees the South coast sites could be a possible first batch.

The allocation of seabed would allow developers to start progressing projects and prepare for route to market auctions whether they be grid or non-grid connected. Since non-grid connected projects may be considered it makes sense to uncouple seabed from ORESS from that perspective. Regardless of the precise model adopted, it is important to ensure that areas auctioned off are sufficiently broad to allow developers sufficient scope to progress projects.

The EAI believes that planning permission should be a pre-requisite for participating in a future successor support scheme. We recognise that the Irish Government has decided to run a combined seabed/offtake auction with planning permission to follow for ORESS2.1. A risk associated with this is that successful projects would not obtain planning consent or fail for another reason. This may not be known until c. 2030 and the whole process of auctions would have to recommence further delaying ORE delivery. We would discourage the Department from replicating the ORESS2.1 approach given these risks.

In addition to the above points, the EAI believes that the following parameters are essential to any successor scheme:

- Considering state aid conditions (which will be subject to renewal for successor schemes), 20 years remains an appropriate support length.
- Indexation arrangements should be retained in its current form.
- The price cap should continue to reflect the risk and uncertainty that remains for this sector.

It is critical that the successor schemes to ORESS consider grid and non-grid connected projects. According to the Future Framework consultation paper, this successor ORESS will be in place until 2030, with projects deploying from 2033. We believe hydrogen production supports should form part of the design framework for the ORESS successor. This would ensure that renewable

hydrogen can be derived from offshore developments from the early to mid-2030s. To achieve this, EAI strongly believes that business models for hydrogen need to be considered covering production, storage, transport, and offtake. In the short timeframe available to develop the ORESS successor, we encourage DECC to develop a work programme and delivery timeline to consult and seek State Aid approval, ensuring that it can accommodate hydrogen production in the design.

Question 1(e). What frameworks and/or supports are required for alternate routes to market such as CPPAs, Power-to-X projects, interconnector-hybrid projects and export projects?

The EAI notes that the 2023 National Hydrogen Strategy sets out great potential for the production of hydrogen in Ireland. Key actions from this strategy include:

- Developing and publishing data sets showing the likely locations, volumes, and load profile of surplus renewables on our electricity grid out to 2030.
- Establishing an early hydrogen innovation fund to provide co-funding supports for demonstration projects across the hydrogen value chain.
- Adopting EU standards for renewable and low carbon hydrogen and develop a national certification scheme to provide clarity to end users as to the origin and sustainability of their hydrogen.
- Developing the commercial business models to support the scale up and development of renewable hydrogen, targeting surplus renewable grid electricity pre-2030 and an initial 2 GW of offshore wind from 2030.

While these actions illustrate great potential for the role of hydrogen in providing an alternative route to market for offshore wind, hydrogen production is in its infancy in Ireland. Therefore, the production of hydrogen will need to be underpinned by supports or at least de-risked in its infancy. A model to support production should form an action from this strategy with an appropriate body tasked with designing a route to production mechanism.

Multi-purpose interconnectors may be a subject to be investigated as an alternative route to market for offshore wind. The EAI notes that there are multi-purpose interconnector projects currently on the EU Projects of Common Interest (PCI) list. This connection technology has the potential to reduce the overall infrastructure needed to be built (and overall cost) as it has the potential to connect an offshore wind farm as well as act as an interconnector.

Given that previous support schemes are heavily structured around government supports it is not clear how CPPAs would interact with any future framework. Would the State act as a guarantor given the time length needed to have a feasible project? EAI seeks greater clarity as to how such CPPAs would interact within the framework.

Given the potential for CPPAs and alternative routes of market, including the 2GW non-grid target, we would like to stress the importance of delivering enabling policy frameworks, such as a private wire framework. We would like to highlight the need for the private wire framework to be expedited to support offshore projects, particularly in 2030 and beyond.

Question 1(g). How can Government facilitate a more comprehensive and streamlined engagement process with developers to ensure national ORE targets are delivered?

The EAI notes that in April 2022, Minister Eamon Ryan established a cross-Departmental Offshore Wind Delivery Taskforce to accelerate and drive delivery of ORE projects. Given the cross-departmental nature of this taskforce and the attendance of stakeholders such as EirGrid, the EAI sees value in industry stakeholders being involved in this taskforce. We believe that industry inclusion provides a clear route for industry stakeholders to communicate issues within schemes that can better inform government decisions which are crucial to ensuring ORE development.

For any future work in this area, the EAI recommends that a combined government and industry taskforce should be established to further develop and deliver on the Future Framework.

Question 2(a). What grid infrastructure should be of particular focus in facilitating the build-out of capacity to support ORE generation targets?

As alluded to in question 1(b) there is a critical need for EirGrid to set out a long-term (10+ years) plan as to how it sees the transmission system developing into the future. Without a clear direction of travel, developers are left in limbo as to what direction EirGrid plans to take with regard to its approach to future grid development.

Question 2(b). In relation to National Security/Department of Defence interaction with ORE development, are there any issues you would like to highlight?

The EAI believes that critical offshore grid assets as well as ORE installations be fully integrated into the National Risk Assessment for Ireland. As these projects become more integral to how Ireland produces its energy, there needs to be the appropriate level of awareness of them.

Question 4(a). What structures, measures, and interventions can the State and State agencies implement to assist in the development of a long-term, sustainable skills and workforce pipeline? Provide any recommendations on what the State can do to promote careers in ORE across a range of educational backgrounds and movement from other relevant sectors.

The EAI believes that skills related to the ORE sector should be integrated into the National Skills Strategy. This industry will be a fundamental component of Ireland's energy sector and thus there must be the appropriate skills pipeline in place to facilitate the growth of this sector.

As outlined in the fourth working paper, economic analysis shows that the majority of the Gross Value Added (GVA) to the local economy comes from the operation and maintenance (O&M) of ORE projects. Therefore, there must exist the existing infrastructure e.g. ports with the capacity to facilitate O&M work, to complement the skills pipeline. Without such facilities nearby foreign ports such as British ports that have this capacity may be the areas which see this benefit rather than Irish ones.

Question 4(c). To what extent should an emphasis be placed on multipurpose sites for ORE delivery, including the colocation of devices? What Government structures should be developed to encourage and facilitate progress in this aspect?

In the first instance, the EAI believes there needs to be appropriate studies into the feasibility of the co-location of ORE projects such as the co-location of wind and wave energy assets. Such studies may be most appropriately carried out by research institutions.

Hybrid connections have been shown to facilitate great developments between wind and solar installations onshore. Therefore, the feasibility of extending the same principle to an offshore context should be investigated. However, there may be challenges to do this as it may not be feasible to extend large grid infrastructure to respectively small tidal / wave projects.

Question 4(d). How can Government ensure policy is kept in line with evolving technological innovation and developments in ORE devices? What structures and government procedures should be implemented to future-proof the ORE planning process and account for technological shifts?

As referenced in question 1(g), industry should be allowed to participate in relevant task forces regarding ORE developments. Industry participation would also offer an opportunity for industry stakeholders to update relevant government / state agency officials on upcoming technological advances and how policy should respond to support such advances.