ESB & Ørsted Partnership's Response to the Department of the Environment, Climate and Communications' Consultation on **Future Framework** Policy Statement

23/02/202

The ESB and Ørsted Partnership welcomes the opportunity to respond to the Department of the Environment, Climate and Communications' (DECC) consultation on the Future Framework Policy Statement. The objective of the partnership is to deliver up to five gigawatts (GW) of renewable energy projects by combining the respective strengths of both companies. The partnership also encompasses an agreement to explore opportunities from renewable hydrogen produced from the projects in the longer term.

We welcome DECCs recently published 'Future Framework' and note that it is intended to be the long-term model and vision for offshore renewable energy in Ireland. It sets out the pathway Ireland will take to deliver 20GW of offshore wind by 2040 and at least 37GW in total by 2050. Our understanding is that the Future Framework will co-ordinate the delivery of future policy relevant to offshore renewable energy which will be subject to further consultation in time. Given the limited time afforded to comment on this document and supporting analysis, we have focussed our response on key themes rather than responding directly to the questions in the document, but we reserve the right to respond more comprehensively if the consultation is extended.

Policy Coherency: Clarity is needed on how Future Framework will integrate with other key government policies such as the Climate Action Plan, Phase 1 and Phase 2 Policy statements. The Future Framework indicates ambition to deliver 20GW by 2040 and 37GW by 2050, although it lacks explicit guidance for the development of spatial plans or timelines which can ensure targets are realised. Given that 5GW of the total ambition is under Phase 1 and 2 policies, it will be important to understand how Future Framework policies will interact with activities ongoing under earlier phases and ensure that emerging policy will not undermine delivery of this initial 5GW. It will also be important to clarify how the Future Framework will interact with other key policy areas such as the Climate Action Plan; Industrial Strategy; Offshore Transmission Strategy, the Ireland-UK MoU on interconnectors and how relevant actions from these policies will be integrated over time.

Policy Focus: The intention of the Future Framework is to co-ordinate policies for 'components of the offshore renewable energy system' which are identified as technology, grid, storage, interconnection, renewable hydrogen and ports. While we recognise that Future Framework should influence policy across this space, it needs to clearly outline policies it will be directly responsible for and those it will influence but will not drive. For instance, hydrogen policy should not be developed directly by the Future Framework although offshore renewables will be a significant enabler for hydrogen in the longer term. Furthermore, how the Future Framework interacts within the overall energy system needs to be considered, in particular if there are competing priorities for the identified components (e.g., grid access). Conversely, in the absence of the revised OREDPII, the Future Framework should set out

key principles of a spatial strategy for ORE, so as to ensure there is adequate national policy support for sub-regional plans - the DMAPs.

Governance Structure: The governance structure which will manage the delivery of actions going forward should be clarified. Ideally industry should be included as a key partner for delivering these actions. If Ireland wishes to develop a pathway to deliver 20GW of offshore infrastructure within the next 16 years, it is essential that policy is underpinned by the knowledge and expertise to deliver at this scale. Therefore, industry needs to be at the table now to support policy evolution under the Future Framework. Each party has something to contribute to the Future Framework goals. The Offshore Industrial Strategy in the UK has provided an excellent example of this where Ørsted played a prominent role as Industry Chair of OWIC and Chair of the OWIC cluster group Government's role is to provide the policy, but it is the role of industry to implement.

The current model of developing policy and then issuing for consultation is not efficient or effective and has resulted in a number of inadequate policy decisions and in some cases has stymied opportunity to deliver for 2030. If continued it may result in pull back of industry from the Irish system. A new model is needed for engagement on Future Framework with industry and government working together to deliver the ambition.

Plan led Approach: A key principle of the Future Framework is to progress the plan led approach. The policy statement identifies the key components of the plan led approach in section 1.2.1 and table 2- but it does not describe the sequence of these components. Understanding the pathway sequence and the division of the roles and responsibilities between project developers and state authorities is key design decision of the implementation of the plan-led approach. A decision in this regard determines the point of competition for developers and scales the resourcing requirements for project developers and state authorities. The current sequence in Phase 2 is DMAP→ ORESS + Grid → MAC → Planning. While ORESS 2.1 is a positive step towards a plan-led approach, the lack of clarity around the ORESS 2.1 auction, significant uncertainty in the funding and actual delivery of the offshore grid infrastructure and the timing of planning are not traits that should be applied in the Future Framework.

A more appropriate and less risky pathway (from the perspective of likely project success) would be DMAP→ Grid → MAC → Planning →ORESS. This pathway de-risks delivery and allows for the most successful project to progress, it ensures that the system (and stakeholders) have had adequate input into decision making process via interaction at DMAP and Planning stages. It is also the most suitable pathway for technology agnostic competitions as it allows developers to select most suitable site and corresponding technology and permits opportunity to collect project level data to inform planning applications and auction bids relevant to that technology. Furthermore, the fact that ORESS is the last step in the process means that developers have confidence that projects are consented and

understand any constraints and so can price appropriately. Due consideration should be given to the timing between stages and particularly between MAC and ORESS to ensure robust data gathering and planning application can be prepared.

If this is the Future Framework pathway, then industries interaction becomes clear and commences at the MAC stage. DMAP and grid planning remain under state level plan led approach. This sequence also means that government can commence DMAP identification in conjunction with future grid planning as outlined in action 5 and 11 of the Future Framework. However, if the Government mandate moves to delivery of planning, windfarm design or mandating specific offtake contracts, then the offshore sector risks being delayed significantly, or worse not progressing at all.

Planning System Reform: The overall reform of the planning system is key to the delivery of new at-scale renewables infrastructure and the attainment of climate objectives. It is acknowledged that the delivery of offshore renewable projects under Future Framework will be in the context of existing maritime legislation – and we are highly supportive of the mechanisms that have been put in place, including the creation of a dedicated directorate within An Bord Pleanála. To support the work of the Board – and ultimately An Coimmisiun Pleanála, the availability of key resources both at the Board / Commission and within Coastal Planning Authorities will be critical. Furthermore, with Government's decision to meet offshore wind energy targets via a plan-led system, the availability of expertise within the competent Government Departments – DECC and DHLGH will be essential in ensuring consents are delivered on the basis of robust and holistic spatial plans which can ultimately withstand legal challenge.

It will also be important that the implications of changes proposed under the Planning Bill 2023, which is currently underway, will be reflected in timelines for delivery under Future Framework and that principles under REDIII to streamline consenting processes and designate renewable accelerated areas (RAA) be considered when developing DMAPs..

Focussed delivery: A significant challenge with the current policy statement is that it does not clearly focus on the areas of policy for which it will be directly responsible. We believe this clarity will be key to ensure successful delivery of the Future Framework. We suggest that the focus for actions should be on policy development relevant to:

1. Marine spatial planning (DMAPs) for ORE
2. Competitive auction design (ORESS or MAC)
3. Grid developments required to support rollout of ORE
4. Route to market and demand
5. ORE technology

While there are actions in the proposed consultation with respect to these areas (and more) we recommend that DECC review and prioritise to focus on the following 5 areas:

1. **Marine spatial planning (DMAPs) for Offshore Renewable Energy:** The primary focus, and number 1 action of the Future Framework, must be the delivery of a clear plan led system in 2024. Time and care should be applied in delivery of the DMAPs appropriately, the delivery of planning for offshore assets, linking of grid infrastructure (timing, costs, availability profile etc) and the routes to market.. Action 5 does propose to 'provide the structures and supports necessary to establish a DMAP roadmap', however, it is not clear what is meant by this. In the absence of a revised OREDP2 / NSSORE, we propose that a 'Strategy for DMAP Proposal Areas' is outlined by Q3 2024 at the latest, which will:
    i. Identify the proposed DMAP areas - ensuring these are sufficiently sized to meet 2040 targets, with an allowance for attrition and sufficient scope to accommodate project level decisions on site suitability.
    ii. Base the selection of DMAPs on the work already done under OREDP2 and data collected under data procurement rounds.
    iii. Position DMAPs in locations which have access to sufficient grid and/or opportunities for alternative route to markets and to significant energy demand and/or can accommodate industrial development to create this demand (e.g., Cork Harbour on the South coast and Shannon Estuary on the West coast).
    iv. Propose mechanisms for selecting and awarding project areas within the DMAPs. Ideally a number of project areas within each DMAP should be identified. This will improve pipeline visibility and give more transparency to industry and other stakeholders as to future site locations. It will allow a more robust SEA process which could account for the cumulative impacts of the overall project areas. The mechanism for identifying sites should be flexible to allow for grid connected or non-grid connected sites and to allow for technology agnostic sites, eg by providing depth profiles to clearly identify fixed or floating opportunities.
    v. Be aligned with MAP Act, DHLGH guidelines and RED III with respect to streamline consenting timelines and renewable accelerated areas (RAA) to enable agile and responsive public policy in support of deployment of large-scale renewables.
2. **Competitive auction design (ORESS or MAC):** It is too premature to discuss auction criteria in detail until we have further information on the detailed delivery process for the Future Framework and we strongly recommend that terms and conditions for auctions associated with

Future Framework offshore projects are subject to separate consultation. However, we welcome the intention to progress an application to the EU for ORESS supports post 2026 as outlined in Action 9. We agree with introducing non-price criteria that will reward sustainability, innovation and support for local supply chain within this new mechanism. We believe it will be important for projects to demonstrate the value add to Irish society, via supporting local supply chain or enhancing biodiversity.

With respect to Action 8 and the design of a competition for non-grid limited opportunities we recommend that MACs form the bases of this. The initial auctions could be considered for sites in the current south coast DMAP. Criteria for MAC competition should be developed in consultation with industry but should take account of requirements to meet tests for fit and proper person, financial viability, and technical capability. Additional criteria which go beyond this could be considered for sustainability, innovation, and support for local supply chain. In addition, partnerships with large demand energy users could be considered as part of the criteria and would provide proof of viable offtake.

3. **Grid developments required to support ORE:** There are significant challenges currently with grid capacity to support offshore development but there is also considerable work planned to alleviate the deficiencies within the electricity system within the next decade. Future proofing of grid infrastructure to enable phased development of generation through anticipatory investment is key. It is important to note that the Future Framework will have a part to play in influencing the future electricity and energy system evolution, but it will not be the only driver. In order to understand how best to ensure a sustainable and secure integrated energy system, we propose an integrated energy system modelling approach going forward rather than 'electricity system' only modelling. It would be more appropriate that this is managed at a Climate Action Plan level- rather than directed by the Future Framework.

   However, there will be a need for Future Framework to influence grid and energy policy on areas such as interconnectors, private wires and hybrid connections (dynamic sharing of MEC and private wires). The key will be to develop grid and transmission systems in tandem for both onshore and offshore opportunities. Failure to account for the existing and future limitations of the onshore grid could send misleading signals to industry about the future trajectory and requirements of a system with significant ORE. It would be useful to get more clarity on Action 11 and 12 in the Future Framework to understand the steps that will be progressed to deliver them. It will also be important to understand how the future offshore transmission system

strategy will integrate with the Future Framework- as this will be a key for successful delivery and enablement of future offshore infrastructure.

4. **Route to Market and Demand:** ORE projects will require significant demand in order to be viable. Options to develop this demand and route to market will be essential and we welcome the efforts by DETE to explore domestic demand and supply chain considerations as part of the development of the National Industrial Strategy for Offshore Wind. We also welcome indications that future policy development is expected to include a consideration of the co-location of industrial demand for renewable energy with development of large offshore wind projects. This aligns well with the JV partnerships plans to explore opportunities from renewable hydrogen produced from the projects in the longer term for domestic and export use. To facilitate the domestic demand, we are in favour of a plan-led approach which aligns load centres such as energy hubs to locations where offshore wind is coming ashore. In order to achieve this, it will be important to ensure that the Future Framework is positioned to adapt and be responsive to outputs from planning and enterprise policy (eg Industrial Strategy; Net Zero Industry Act, Policy on Large Energy Users). Clarity on how this policy integration will be achieved will be essential in the final draft of the policy statement.

5. **Technology Development:** We support that future DMAPS should be technology agnostic to allow for most suitable technology to compete. We acknowledge that Ireland has considerable deepwater resources over 100m that should be considered for development of Floating Offshore Wind. We support the actions in the Future Framework to consider a site specifically for Floating Wind and propose that the capacity proposed be in the order of 400MW, anything less than this will not attract attention from the market, particularly for delivery in the early-mid 2030s. It will also be important to ensure that DMAPs which include options for floating technology should be located in reasonable proximity (circa 24hr tow (3nm/hr)) to ports that would allow for optimal marine operations during the construction phase and operational phases.

   Finally, we acknowledge that the SEAI technology roadmap will be issued with considerations for future technology development, but would caution limitations initially outlined in the draft report with respect to assumed depths (40M for fixed wind) and an assumed cap of 10GW national capacity for fixed wind, without adequate supporting studies (eg constraints mapping). We reserve the right to respond more comprehensively on assumptions made once the SEAI report is issued publicly.