

# Submission to ORE Future Framework Policy Statement

19 February 2024

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Ørsted is recognised on the CDP Climate Change A-List as a global leader on climate action and was the first energy company in the world to have its science-based net-zero emissions target validated by the Science Based Targets initiative (SBTi). Headquartered in Denmark, Ørsted employs approx. 8,000 people.

Across the island of Ireland, Ørsted employs over 100 people in our Cork office and operates over 378 MW of wind assets powering almost 250,000 homes. Our development pipeline is multi technology, including onshore and offshore wind, solar, hybrid, repower and storage. As such we offer a balanced renewable multi-technology view that we believe will contribute to a resilient energy generation and ancillary service mix.

Ørsted welcomes the opportunity to respond to the consultation “Draft Offshore Renewable Energy Future Framework Statement 2024”. We commend the Irish State for its ambitious targets in the offshore sector as highlighted by the non-binding commitments in the North Seas Energy Co-operation and the indicative timeline published in this regard<sup>1</sup>. We also support the plan-led approach to development in the offshore sector.

Being the largest offshore developer in the world we understand more than most the importance of clear planning and programmes to deliver assets, and so we are happy to see the Future Framework Statement being published but highlight that the process to set the development for the next quarter of a century to 2050 cannot be rushed. The development for the next 25 years won't be achieved in the 30 days for the consultation. Rather, we see this Future Framework statement as the beginning of the journey where industry and Government can work together to achieve our respective goals.

To that end we have not responded to each question specifically in the consultation: the issues are too nuanced, the items too important to be answered effectively without further engagement. We have, however, highlighted five key themes from the consultation which we believe deserve special consideration.

## Central Themes

- 1) Future Framework is about building offshore wind energy, yet the consultation sets out the process for achieving these targets but not the timelines. 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 (including auctions).

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<sup>1</sup> <https://www.gov.ie/en/press-release/d2ba3-minister-ryan-welcomes-publication-of-long-term-plans-for-offshore-wind-auctions-in-ireland-and-the-north-seas/>

The Future Framework statement does not set out the timeline or the process for achieving this. This should be clear in subsequent processes. In addition, it is too premature to discuss auction criteria until we have further information on the detailed delivery process for the Future Framework. We strongly recommend that terms and conditions for auctions associated with Future Framework offshore projects are subject to separate consultation in the future.

- 2) Leverage the skills within Government and industry effectively: 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 the Offshore Wind Industry Council (OWIC). Government's role is to provide the policy, but it is the role of industry to implement. 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. We propose the establishment a joint Government and industry working group to progress the actions and priorities set out under the Future Framework. If the Offshore sector is successfully executed, then we believe a separate Government and industry working group should be established in relation to industry. We welcome the publication of the upcoming Industrial Strategy by the Department of Enterprise Trade and Employment (DETE). A focus on energy parks and a means to best utilise the valuable resources available to Ireland at locations where electricity is plentiful should be supported from the Department to local Council level.
- 3) ORESS 2.1 – a positive step but not the template for the Future Framework. In point 1 above we have highlighted the importance of timing of the various sections in delivering offshore wind. While ORESS 2.1 is a positive step in a plan-led approach, the timing of the DMAP process, the rules around the ORESS 2.1 auction, and significant uncertainty in the funding and actual delivery of the offshore grid infrastructure are not traits that should be applied in the Future Framework.
- 4) Demand - the Irish State should apply its focus to decarbonising and supplying the domestic economy initially but also build the policy for further interconnection in parallel. We welcome the opportunity presented by the IE-GB interconnection MoU and it is essential that supportive policy now follows. To facilitate domestic demand, we are in favour of a plan-led approach for demand and looking to align these load centres with positions where offshore wind is coming ashore.
- 5) Technology agnostic - we understand the approach to have a Technology Roadmap carried out by the SEAI but would not agree with the Future Framework being limited by the output from this report. The Terms of Reference for this report would be important to understand but we have seen how limitations in water depth around 60m in the Phase 2 Policy Statement required significant resources to respond to highlight that this was not a limiting factor in developing fixed bottom offshore. Closer interactions between Government and industry would help avoid these issues, but being technology agnostic would also help in terms of Future Framework<sup>2</sup>.

To respond to each of the sections in the consultation we have specific comments for each:

### Practical Considerations

With points 1 and 3 in mind from our Central Themes we believe good planning and (most crucially) delivery of the DMAPs, planning, grid and routes to market are essential for the successful execution of the Future Framework.

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<sup>2</sup> <https://www.gov.ie/en/publication/f3bb6-policy-statement-on-the-framework-for-phase-two-offshore-wind/>

For instance, the proposal for the Government delivering fully consented projects should not be taken lightly. It will take time for the Government to develop the knowledge and capability to scope and plan surveys; technically develop a project and take a project through the consent process. Surveys need to be fit for both technical and EIA requirements. For example, the current ORESS/Phase 2.1 geophysics survey will not, in its current scope, allow the consenting programme to be expediated due to the exclusion of side scan sonar and magnetometer surveys.

Furthermore, by way of example, in the UK The Crown Estate (TCE) are progressing Leasing Round 5 (Celtic Sea), which is also a plan-led approach. TCE have identified three Project Development Areas (PDAs), which will be available via a competitive seabed auction (akin to the MAC). The identification of the PDAs has required extensive engagement with government departments, industry stakeholders and other users of the seabed. This process has been challenging for TCE, as despite the maturity of the industry in the UK, it has limited experience in the development of fit-for-purpose survey scope and the identification of PDAs which are considered consentable. The development of the leasing round has been protracted with the initial Position Paper released in November 2021. The Information Memorandum was only released in October 2023 with the commencement of the PQQ stage expected at the end of February 2024 and seabed award in June 2025. These timeframes demonstrate the lengthy process of the development of Leasing Round 5 seabed auction in the UK, which Phase 2.1 is considered comparable to.

Contextual survey data is welcome to inform early technical feasibility, but our recommendation is that developers undertake surveys to inform technical design and environmental assessment.

The same point can be noted for the DMAPs. Sufficient time should be allocated for the appropriate assessment and engagement with stakeholders to ensure the process is robust to challenge. This has not been the case in ORESS 2.1.

In respect of MACs we are in favour of competitive processes where projects can be delivered by credible players, within the given timelines and with specific routes to market achieved. Non-price factors such as deliverability, supply chain plans, community and enhancing biodiversity could be included in such proposals to give access to seabed while also achieving Ireland climate goals. The details around the 2 GW off grid solutions should be expanded further with information around private wires and hybrid connections being in the public domain. Clarity should also be provided as to what “partial connections” and “green data” mean specifically to avoid ambiguity.

### **Domestic Industry and Infrastructure Consideration**

It makes sense to locate demand to where offshore wind will be coming ashore, to build these areas in terms of new industries and avoid new power lines to move the power to alternative areas where possible. If we can use renewable power where it lands this should be supported. To that end a coordinated approach between generation and demand should be expanded to have a plan-led set up for demand. Demand such as datacentres, pharmaceuticals and food have the ability to connect where the generation is, if given the correct market signals and should be encouraged to do so.

As per previous comments on the Future Framework we believe Government is best placed to set out the policy and areas where co-development for generation and demand could occur, but that it is up to the respective industries to deliver.

As with all intensive electrical projects, grid is key. The plan-led approach to demand should help reduce the requirement for onshore grid infrastructure but the delivery of the offshore grid is then critical. Developers need to know the availability model, cost base and penalties for non-delivery of grid far in advance of any auctions be that for seabed, ORESS or planning.

### Interconnection

The economic analysis presented with this consultation provides interesting reading but requires further scrutiny. We advocate for greater electrical connection and would like the assumptions around what is achievable in terms of interconnectors given further context.

Ørsted is a developer of large-scale grid infrastructure for our projects so we do not underestimate the challenges associated with building interconnectors. At present, it is unclear how interconnectors would be brought forward in Ireland within the new plan-led framework in terms of seabed, MACs and planning. Further clarity should be provided around as to how this can be achieved, and whether the Future Framework provides the basis for future interconnection. Further, streamlining of consenting processes for interconnector projects should also be given prioritisation alongside ORE development to provide clarity and predictable consenting and regulatory frameworks, thus providing certainty for the industry, statutory stakeholders, and communities.

Interconnectors can provide significant value, but Ireland still has work to do to establish what is hoped to be achieved with the Memorandum of Understanding recently signed with the UK for example<sup>3</sup>. While the UK has clear definitions related to Interconnectors (including for multi-purpose interconnectors – MPI and Non-standard interconnectors – NSIs), this parlance has not been implemented in Ireland showing how far we must go. Further policy clarity should be provided on planning, grid and route to market for interconnection in all its forms from multi-purpose, to non-standard and this must be actively pursued via each relevant consultation and policy publication.

In addition, we see a need for the publication of a detailed offshore network development plan, including interconnection, that aligns and is co-ordinated with the onshore ten-year network development plan. 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. For example, the market analysis document published alongside the Future Framework Policy Statement does not model onshore grid. While we accept that it is unrealistic to know exactly what the system will look like by 2050, it is a rather large assumption to assume there would be no constraint due to onshore grid by then, even with the most aggressive development plans for onshore and offshore. Eirgrid is already forecasting significant volume of dispatch down as per ECP2.3 constraint reports, which included 5GW of offshore and an additional 2.6GW of interconnection on top of Moyle and EWIC in the future grid scenario. A co-ordinated view of onshore and offshore grid is required.

### Domestic Opportunities

Ireland has set out clearly what it hopes to achieve for the domestic economy with the development of offshore renewables. The community benefit funds associated with ORESS will bring significant value

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<sup>3</sup> <https://www.gov.ie/en/publication/3d96f-national-policy-statement-on-electricity-connection-2023/>

to local economies but should be administered such that it is clear that offshore renewables are bringing to the area rather than be seen as part of a broader, central taxation process.

In relation to community benefits, we note that in England, by the end of 2023, Ørsted had invested over £9.6 million in 692 local social and environmental projects with community funding from our Burbo Bank, East Coast (Hornsea 1+2 and Race Bank) and Walney Extension funds.

From a wider economic perspective, the Humber region offers a useful case study. Here the offshore wind cluster includes eight operational windfarms, two in construction, and five in development. It provides power to 4.4 million homes and approaching 15 million homes powered by 2030. It is supported by a workforce of 4,700 expected to rise to 14,750 by 2030. Industry and Government have worked together to make this happen and with steady route to market and industrial strategy Ireland can write its own version of this story.

In terms of industry Ørsted has seen in our global business that if local content is too prescriptive it can be to the detriment of project delivery. We believe Ireland can strike a good balance between encouraging local supply chain and encouraging the industry. Ørsted were delighted to be a part of the EviView story where Irish software business is entering the market <sup>4</sup> services in the O&M part of the business. This type of local content should be endorsed and supported.

Finally, given the volume of new renewable energy policy and initiatives arising from DECC, we take the opportunity to highlight that sufficient Government prioritisation, cross-Government co-ordination and resourcing must be considered to allow for the increased administrative burden of processing a significant demand of ORE and interconnector workload.

## Conclusion

The Ørsted vision is a world that runs entirely on green energy. Our ambition for our Irish operations is to significantly grow our asset base across wind, solar and storage in the coming decade to play a significant role in delivering a green, indigenous and affordable electricity supply for Ireland.

Being the largest offshore developer in the world we understand more than most the importance of clear planning and programmes to deliver assets, and so we are happy to see the Future Framework Statement being published but highlight that the process to set the development for the next quarter of a century to 2050 cannot be rushed. The development for the next 25 years won't be achieved in the 30 days for the consultation. Rather, we see this Future Framework statement as the beginning of the journey where industry and Government can work together to achieve our respective goals.

Should you have follow-up queries related to any of the points raised in this submission, please do not hesitate to get in touch.

Regards

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<sup>4</sup> <https://www.eviview.com/eviview-celebrates-renewable-momentum-with-orsted/>

