

ORE FUTURE FRAMEWORK CONSULTATION

FINAL SSE Submission

February 2024

Introduction

SSE wishes to make the following submission to the consultation on a Draft Policy Statement for an ORE Future Framework.

Who we are

At SSE, we are driven by our purpose: to provide the energy needed today while building a better world of energy for tomorrow. SSE develops, owns, and operates low carbon infrastructure to support the transition to net zero, this includes onshore and offshore wind, hydro power, electricity transmission and distribution networks, alongside providing energy products and services to customers. With current interests across the island of Ireland and Great Britain, in addition to carefully selected international markets, including East Asia, Europe and North America, SSE is both growing its footprint and its range of expertise in our bid to lead the transition to net zero.

Since entering the Irish energy market in 2008, we have invested significantly in our Irish businesses, with a total economic contribution of over €1.2bn in the last 3 years, supporting over 2,400 jobs in 2022/23. SSE Renewables owns 684MW of onshore wind capacity across the island, and operates a total of over 1,000MW. This includes Galway Wind Park, Ireland's largest onshore wind farm (co-owned with Greencoat Renewables). SSE Renewables is currently constructing additional onshore wind capacity in Ireland, and is actively developing solar and battery projects, as well as offshore wind at Arklow Bank Wind Park. SSE Renewables has operated a voluntary Community Fund in Ireland since 2008, and in 22/23 distributed €1m to 377 community groups in the vicinity of our onshore assets.

SSE Airtricity supplies electricity and gas to over 700,00 home and business customers across the island and delivers home energy upgrades through our one stop shop, the Generation Green Home Upgrade, which aims to deliver 50,000 home energy upgrades by the end of the decade.

In addition to our renewable generation assets, SSE Thermal owns and operates c.672MW of dispatchable generation in Ireland providing vital security of supply. SSE Thermal has secured capacity contracts for the delivery of new low-carbon capacity through two stations in Kerry and Meath for 26/27.

SSE is committed to sustainability. We have built the largest renewable electricity portfolio in the UK and Ireland and in 2020 committed to achieve net zero greenhouse gas (GHG) emissions across all operations by 2050 at the latest, covering scope 1, 2 and 3 GHG emissions. Recognising the international importance of decarbonising the power sector as quickly as possible, SSE also aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest including through investment in low-carbon dispatchable power generation options such as Carbon Capture and Storage, Hydrogen and electricity storage.

SSE submission

SSE wishes to make the following submission to the consultation on a Draft Policy Statement on a Future Framework for ORE. Since Ireland's first Climate Action Plan in 2019, there has been commendable progress in the offshore wind policy space including 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.

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

The Draft Policy Statement is a welcome first step towards a Future Framework for ORE. We welcome indications from the Department that the intention is to initiate further consultations and collaboration with industry under the Offshore Wind Delivery Taskforce. SSE believe that increased industry involvement (including the involvement of individual Developers) in this Taskforce is required to develop the enabling policies necessary to deliver the Future Framework. 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 crucial outputs will be delivered.

Given the tight consultation timeframe, we have focused our submission on the areas we believe should be prioritised.

Recommendations

- **Prioritisation:** There are a number of actions in the Draft Policy Statement. These are all important but the urgency and significance of these actions varies. Prioritisation should focus on:
 - o **Designating DMAPs and maximising the potential of the South Coast DMAP in a sustainable manner**
 - o **Developing a competitive MAC process and auctioning multiple sites**
 - o **Developing a separate, successor ORESS scheme**
- **Resourcing the plan-led model and engaging with industry on its evolution**
- **Ensuring greater industry involvement in offshore wind policy development and implementation**

We provide additional detail on our recommendations below.

1. *Prioritisation*

There are 21 actions in the Draft Policy Statement. These are all important, but the urgency and significance of these actions varies. SSE is also conscious that the necessity of meeting net-zero by 2050 has placed increased demands on the Department. Prioritisation would help provide confidence to industry that matters crucial to the development of the offshore wind industry in Ireland will be expedited.

SSE recommend that a focus on expediting DMAPs, auctioning seabed under a competitive, qualitative process and route to market auctions for grid and non-grid connected projects. We believe these are the crucial steps necessary to set Ireland on a path to delivering on its 2040 targets.

a. Designate DMAPs and maximise potential of South Coast DMAP in sustainable manner.

The designation of DMAPs is a crucial first step for offshore development under the plan-led regime. Meeting the 20GW target by 2040 is going to require multiple DMAPs. SSE welcome the commitment to produce a DMAP roadmap in Q3 2024. We hope this will include information on where future DMAPs will be located, the sequencing and timelines for when these DMAPs will be completed. Given that DMAPs will underpin the allocation of seabed and the offtake auctions that will follow, it is critical that these be resourced sufficiently within the Department.

SSE also recommend that the State maximises the potential of the South Coast DMAP in a sustainable manner. We understand considerable resources are being invested by the Department and State Agencies in the development of the South Coast DMAP and that multiple candidate areas for development will be identified – 900MW of which will be auctioned under ORESS2.1. We would encourage the Department to auction the other candidate areas under a competitive, MAC process as soon as possible thereafter as we outline below.

To ensure we have the best chance of meeting our targets, it is critical that a technology neutral approach be adopted to the identification of DMAPs. SSE would caution against designating separate DMAPs for fixed and floating. It would be more appropriate for the Department to identify DMAPs that enable developers to choose the most feasible, cost-effective and appropriate technology for that location and justify this from an environmental perspective in their consent documentation (i.e., alternatives considered in any Environmental Impact Assessment Reports and/or Appropriate Assessment documentation that may be required). Mandating one type of technology over another through spatial planning risks adding unnecessary expense for the Irish consumer.

Conservative assumptions in relation to water depth and technological capability also need to be avoided. Fixed bottom wind continues to be deployed in deeper and deeper waters and technology is continuously progressing. Policy needs to avoid making assumptions that will limit the ability of Ireland to harness these innovations in 5-10 years' time. Our Seagreen project will be the deepest fixed bottom offshore wind project in the world once completed; The deepest foundation was installed at a depth of 58.6m in 2023. When the project was consented in 2014, it was not possible to install turbines in these depths. More recently, SSE applied for consent in 2022 for the Berwick Bank Offshore Wind farm project in water depths of 68m which we hope will commence operation by the end of the decade. It is also important to note that the oil and gas industry has decades of experience of routinely installing platforms in depths greater than 60 m. It is important, therefore, that conservative water depth limits do not dictate the location of DMAPs under the Future Framework.

b. Auction multiple sites under a competitive, MAC process using qualitative criteria

SSE welcomes the suggestion that a competitive MAC process will be developed. We note, however, that no timeline has been given in the Draft Statement for when this will occur or what models are being considered by the Department.

Once DMAPs are identified, allocating candidate development areas or seabed is the critical next step. Once seabed is awarded, Developers can begin early-stage development works and begin preparations for planning permission and route to market auctions. Such an approach is needed to account for project attrition (which can occur at the planning permission or route to market stages) and to ensure Ireland is well placed to meet its 2040 targets.

SSE is of the view that an approach akin to Scotwind would be the most optimal for Ireland whereby seabed is auctioned off as part of a qualitative, capped-bid process with planning permission and route to market auction to follow. We believe qualitative criteria should include, for example, '*Relevant experience of the applicant*' and '*ability to deliver and contribute to renewables targets*'. Such an approach would align with the move towards Non-Price Criteria at a European level which has been signalled in the EU Net Zero Industry Act.

SSE Renewables broadly supports the use of NPC in renewables auctions, so that they focus on rewarding the developers and project which can deliver long term best value to society and the environment, rather than simply the lowest cost projects, or which bidder is willing to pay the most for seabed. We note, however, that NPC need to be approached carefully. If not well designed, implemented, assessed and monitored, NPC risk making auctions overcomplicated, untransparent, at risk of legal challenge, and lead to bidders making commitments which they cannot or will not deliver on.

c. Successor ORESS scheme

The Draft Policy Statement notes that the State Aid approval for ORESS expires in 2025. A successor scheme therefore needs to be developed, approved and operational by 2026. This needs to be prioritised to avoid a gap in support emerging. Such a stop-start approach would be detrimental to Ireland's targets and compare poorly with other markets where annual auctions are the norm.

As noted in the consultation, the successor ORESS will also need to consider how non-grid connected, alternative routes to market like hydrogen can be supported. This will require a holistic approach and alignment with the Hydrogen Strategy implementation. SSE believes that business models for hydrogen need to be considered across the sector as a whole, considering the needs for and interactions between production, storage, transport and offtake to ensure the industry can progress. We welcome the recognition in the economic analysis of the role hydrogen can play in flexible generation. In our view, flexible generation will continue to be needed both in support of increased renewables penetration and Ireland's security of supply. It has the potential to be an early offtaker for hydrogen.

SSE continue to be of the view that planning permission should be a pre-requisite for applying for any renewables 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. One risk associated with this approach is that the successful project may not obtain consent or may fail for another reason. This may not be known until later in the decade. We would discourage the Department from replicating the ORESS2.1 approach given these (and other) risks.

Careful consideration should also be given to the use of non-price criteria in these route-to-market auctions. The approach taken should align with the approach taken at the MAC award stage to avoid duplication and ensure a robust and streamlined process.

2. Plan-led model

Ireland has moved to a plan-led model for offshore wind development. For ORESS2.1, this will involve the State identifying a candidate development area within the South Coast DMAP. As noted above, for ORESS 2.1, one site will be auctioned off as part of a joint seabed/offtake award with the successful bidder then

taking the site through the planning system. While we understand the rationale for this, it is a risky approach and one which we would strongly caution against replicating for future auctions or the Future Framework.

It is important to note that there are different variations of plan-led models. Whatever model Ireland chooses, it needs to be resourced and planned effectively. All arms of the State need to be geared towards this and target delivery. For example, EirGrid's planning horizons need to shift to take account of our increased ambitions and their capability developed if they are to play a more active role in offshore wind delivery.

The evolution of Ireland's plan-led model in the coming years needs to be considered carefully to ensure resources of both the state and the private sector are used efficiently and to facilitate the timely delivery of targets. SSE would urge the Department to engage with industry on future development models to ensure Ireland is well placed to deliver on its targets and attract investment.

3. Increased industry involvement

SSE welcome proposals to establish a joint Government and Industry Working Group under the Offshore Wind Delivery Taskforce to progress this policy area. We believe increased industry involvement (including the involvement of individual Developers) in this Taskforce is required to develop the enabling policies necessary to deliver the Future Framework. Our experience with the Offshore Wind Industry Council in GB (which we have been a member of for 15 years) has highlighted the value of such collaborative efforts and we recommend a similar approach be adopted in Ireland.

Conclusion

SSE would urge the Department to prioritise and expedite the above actions to ensure continuity and to lay the foundations for 20GW by 2040.

SSE welcomes the establishment of the Offshore Wind Delivery Taskforce and the suggestion that a joint industry/government Working Group will be established within it. Industry involvement in the Future Framework workstream is required to develop the enabling policies necessary to deliver on our offshore wind ambition.

We look forward to continuing to engage with the Department on the evolving Future Framework policy for ORE.