

Department of the Environment, Climate and Communications
29-31 Adelaide Road
Dublin 2
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14 June 2024

By email: southcoastdmap@decc.gov.ie

Response to Consultation on the Draft South Coast Designated Maritime Area Plan for Offshore Renewable Energy

Dear Sir/Madam

Etchea Energy Partners LLP (“**Etchea Energy**”) welcomes the Department of the Environment, Climate and Communications’ (“**DECC**”) Consultation on the Draft South Coast Designated Maritime Area Plan for Offshore Renewable Energy published on 3 May 2024 (**the Consultation**).

Etchea Energy is a private developer and leading advisory firm providing focused services to investors and operators in the energy sector. We specialise in identifying and structuring investment opportunities in the electricity transmission, power generation, environmental infrastructure, midstream gas, and energy services sectors. The Etchea Energy team have deep knowledge and experience of interconnection, with a particular understanding of the Irish energy market. Our team members have been involved in the East West Interconnector, the Celtic Interconnector and the Greenlink Interconnector. Etchea Energy is currently developing the MaresConnect Interconnector between Ireland and Wales, which is scheduled for operations by 2030. Further information about Etchea Energy can be found on our website at www.etchea-energy.com.

Firstly, we would like to sincerely commend DECC for the recent landmark launch of the ‘Future Framework for Offshore Renewable Energy’, which is rightly being acknowledged as one of Ireland’s most exciting industrial opportunities for decades. It sets a framework which will benefit such a wide range of industries and communities, and from Etchea Energy’s perspective, alongside the DMAP, the framework will be an enabler for delivery of other offshore assets, such as offshore grid infrastructure and point-to-point/ multi-purpose interconnectors. This is the primary focus of our response.

We set out below our response to selected questions set out in the consultation.

1. Do you agree with the four maritime areas identified for future offshore wind development in the draft SC-DMAP? If not, why?

Yes. While acknowledging that the existing grid capacity is limited to circa 900MW up to 2030 along the south coast, the SC-DMAP correctly sets out a detailed geographical plan for post 2030 offshore transmission development, by appropriately identifying the four regions, and the anticipated generation capacity of each region.

We agree that the SC-DMAP prioritises the sustainable development of offshore and onshore transmission infrastructure that supports and enables the sustainable development of offshore wind capacity within the SC-DMAP area. Furthermore, the SC-DMAP enables the development of transmission infrastructure for both grid-connected and non-grid connected ORE projects, as well as projects seeking to connect to neighboring country(s) via hybrid-interconnection.

This approach sends clear signals to market as to the capacity and timing of delivering FOR these offshore assets, and importantly, allows EirGrid and interconnector developers, to develop the necessary infrastructure, to not only find a route onto the Irish transmission grid, but equally as important, to establish an interconnected route to other markets, to maximise the value of the wind generation.

We agree that this approach will provide the best prospect of accelerated achievement of Ireland's offshore renewable energy and decarbonisation objectives, and enhancing energy security.

SC-DMAP an enabler for future Interconnection

In Commitment 7 of the Irish Interconnection Policy¹, DECC provides for the integration of interconnector forward planning with “a. Offshore renewable energy (ORE) forward planning, identifying site specific electricity export requirements” and “b. terrestrial grid planning to identify and develop opportunities both for traditional point to point cable and the growth of renewables” , which will further serve to maximise benefits for all parties, collectively increasing energy security and market diversity.

We endorse this approach and believe that planned integration of point-to-point and hybrid interconnectors will unlock the real potential of the offshore assets within the DMAP.

We further recognise that DECC, within the Interconnection Policy, addresses the need to “feed the necessary inputs into the proposed Designated Maritime Area Plans (DMAPs) for

Given the lengthy duration associated with the development of interconnection, the SC-DMAP (and associated offshore transmission infrastructure) will provide a potential opportunity for private developers to reduce the development time (typically 10+ years for interconnection) and therefore help to realise the huge export opportunities that come with the SC-DMAP.

The SC-DMAP is also ideally positioned to further develop the opportunities identified in DECC's interconnection policy, wherein the policy specifically refers to "...c. a connection to Belgium/Netherlands, potentially a hybrid or multi-purpose project. d. A further connection to Great Britain potentially a hybrid interconnector, beyond 2030 seeking to give effect to the April 2023 Ostend declaration of energy Ministers."³ The DMAP, given its geographical position on the south coast of Ireland, is ideally placed to deliver on these ambitions, to map out interconnection right in the heart of Irelands south coast offshore wind resources.

The interconnection policy, in Commitment 15, again outlines the ambition to explore the multipurpose interconnectors to maximise export opportunities and "*facilitate ORE development*"⁴. The DMAP sets out the backdrop for such exploration of opportunities and allows for co-operation and direct co-ordination between EirGrid (in their planning of the offshore transmission infrastructure), and developers of interconnectors and/or hybrid assets.

2. Do you agree that the draft SC-DMAP policy objectives and governance approach, including for environmental protection, will support and guide its sustainable and coherent implementation?

We agree that the draft SC-DMAP policy objectives will support it's sustainable and coherent implementation. The specific objective of "*Building upon and informing national, regional and local land and marine planning policy, policy objectives set out in the SC-DMAP will inform future decisions on proposed offshore renewable energy projects..., including for electricity transmission offshore and onshore.*", will facilitate more effective and efficient feasibility studies for enabling infrastructure such as multi-purpose interconnectors, and enhance the likelihood of delivering the necessary infrastructure when it is needed.

While we acknowledge that, a potential multi-purpose interconnector, would still have to attain all necessary environmental assessment and State permits, the SC-DMAP sets out a clear line of sight for the development of interconnectors to provide a route to market for the offshore wind.

3. Do you agree that the draft SC-DMAP includes sufficient provisions for co-existence

We agree that DECC's view that the new plan-led regime for future ORE development provides a significant opportunity to ensure the successful co-existence between ORE and other maritime uses, as well as marine biodiversity. We agree that the draft SC-DMAP includes sufficient provisions for co-existence between offshore renewable energy and other maritime activities.

4. Do you agree that the plan-led framework set out in the draft SC-DMAP will effectively support and drive economic and employment opportunities, including opportunities along the south coast?

The SC-DMAP presents a transformative opportunity for Ireland to leverage its rich wind resources, creating substantial long-term economic value through energy exports. This strategic initiative not only enhances economic resilience and diversification but also positions Ireland as a leader in the global renewable energy market, driving sustainable growth and innovation.

Harnessing Offshore Wind Potential

The SC-DMAP positions Ireland to exploit its offshore wind potential. With the goal of deploying 900 MW of offshore wind capacity by 2030 and additional to meet Ireland's ambitions of becoming a net renewables energy exporter⁵.

Strategic Export Opportunities

Ireland's geographical location and abundant wind resources provide a strategic advantage. The SC-DMAP facilitates the development of offshore wind farms capable of generating more energy than the domestic market requires, creating a significant opportunity for exporting renewable energy. This could involve direct export of electricity through interconnectors to neighbouring countries or converting wind energy into green hydrogen for international markets.

Economic Diversification and Resilience

By focusing on the export of renewable energy, Ireland can diversify its economy. The renewable energy sector, driven by offshore wind, can become a cornerstone of Ireland's export economy, reducing reliance on traditional sectors. This diversification enhances economic resilience, providing stable long-term revenue streams even as global economic conditions fluctuate.

Attracting Investment and Innovation

Ireland can attract leading international energy companies and investors. This influx of capital can drive innovation, leading to advancements in wind technology and ancillary industries.

At the same time, Ireland should recognise the challenges are considerable for realising this potential.

Significant Capital Investment Requirements

Scale of Investment: The development of offshore wind farms and the associated infrastructure to facilitate energy exports requires enormous capital investment. The scale of these investments is likely beyond the financial capacity of existing network providers.

Upfront Costs: The initial costs of setting up wind farms, including turbine manufacturing, installation, grid connection, offshore infrastructure, interconnectors and MPIs are substantial.

Attracting Private Capital

Fostering an Attractive Investment Environment: Ireland needs to continue its successful precedents to create a regulatory and business environment that attracts private capital. This includes ensuring policy stability, offering incentives, and providing clear and predictable returns on investment.

Competitive Financing: To compete with other countries, Ireland must offer competitive financing options, potentially including green bonds, public-private partnerships, and other innovative financing mechanisms.

Regulatory Adaptations

Inclusive Regulatory Framework: Existing regulations must allow private capital to invest alongside incumbent network providers without diluting the plan-led approach.

Streamlining Permitting Processes: Simplifying and accelerating the permitting process for offshore wind projects and offshore transmission can reduce barriers to entry for private investors. This involves coordinating across various governmental agencies to ensure efficient regulatory procedures and build on the recent creation of MARA.

Infrastructure Development

Grid Expansion and Modernisation:

Interconnectors for Export: Export transmission lines will need to be considered to monetise surplus electricity and send pricing signals to wind developers that periods of high wind will not lead to excessive falls in wholesale prices and or curtailment but rather create attractive export opportunities. Developing new interconnectors and MPIs to link Ireland's grid with neighbouring countries is key for exporting electricity. This infrastructure is capital-intensive and requires international cooperation and coordination.

Building Relationships with Export Destinations

Diplomatic and Trade Relationships: Establishing strong relationships with potential export destinations is essential. This involves diplomatic efforts to negotiate bilateral and multilateral agreements that facilitate energy exports.

Market Access: Ensuring access to foreign energy markets requires navigating complex regulatory landscapes and building long-term partnerships with foreign utilities and governments. Ireland is already building such relationships (North Seas Treaty, Energy MOU with the UK, Energy Communique with UK and Belgium) and further work, including implementing the terms of the Trade and Cooperation Agreement with the UK, will be required to ensure wind power can be exported seamlessly to its neighbours.

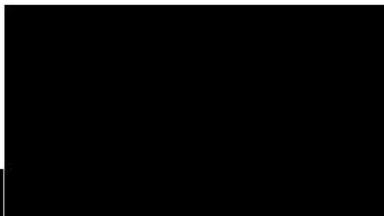
Long-term Contract Structures

Evolving Contract Models: Traditional energy contracts, including CfDs may not be suitable for the large-scale and long-term nature of offshore wind projects. New contract structures need to be developed to provide certainty and stability for investors.

Power Purchase Agreements (PPAs): Developing robust PPAs with long-term commitments from buyers can provide a solid financial foundation for wind projects. These agreements need to account for the variable nature of wind energy and ensure that financial risks are mitigated.

We are available to discuss further any of the points made above.

Yours sincerely,



CEO

Etchea Energy Partners

