



Public Consultation – White Paper on Enterprise

Submission on policy questions to be addressed

29 July 2022

The Marine Renewables Industry Association (MRIA) represents the principal interests in Ireland engaged in Offshore Renewable Energy (ORE). For further details, please go to the Association's web page, www.mria.ie.

1. Background

MRIA welcomes the *Public Consultation - July 2022 White Paper on Enterprise Policy* which is particularly relevant as Ireland's journey into Offshore Renewable Energy gathers pace. Ireland is among the most energy insecure countries in Europe with a heavy dependence (depending on weather conditions, which affects existing terrestrial wind power) on imported coal (for the key Moneypoint generating station) and gas (more than 50% now imported and this may rise to as much as 90% by 2030 due to increasing electricity demand and the run down of the Corrib field). In addition, our traditional energy feedstock is under pressure arising from national and EU targets to reduce carbon emissions and the impact of the war in Ukraine.

Accordingly, the Government has set ambitious targets to decarbonise the electricity system (up to 80% of electricity to be sourced from renewable sources by 2030) and this inter alia involves the deployment of at least 5GW of offshore wind capacity by 2030. The Government has stated ambitions to develop at least 30GW of ORE capacity (of Floating Wind technology but there may be a Wave element too) off the west coast alone in the 2030s. Moreover, our neighbours have extensive plans for ORE with the UK planning to add 50GW offshore by 2030. A comprehensive effort is underway to prepare the way for Irish offshore renewable energy including new legislation (the recent Maritime Area Planning Act); new institutions (the Maritime Area Regulatory Authority); etc.

2. Economic development and ORE

The one element of Government that has not signalled significant commitment and policy changes to match the ORE challenge is the development element – Department of Enterprise, Trade, and Employment and its agencies. The key agencies – Enterprise Ireland and IDA Ireland - have focused their attention on preparing their client bases for decarbonisation (e.g., of their products) notwithstanding commendable efforts by Enterprise Ireland to open and promote ORE opportunities. The agencies at corporate level, and their parent Department, have not yet grasped the *industrial challenge and opportunity* of climate change, particularly in ORE where Ireland has the leading European offshore wind

resource¹. This position is reflected in the draft terms of reference for the proposed White Paper. They display no ambition for Ireland to develop an industrial sector to support planned local climate change related developments and to grow a position in selected areas in global markets. These views particularly apply to ORE but may resonate in other areas of renewables as well.

The policy development failure to date stands in contrast to the effort over the years in a variety of other fields. These include the development of the IFSC; the comprehensive sectoral policy development and implementation in areas as diverse as the mushroom and pig sectors, biotechnology, software, local sourcing for multinationals etc. Each of these developments was accompanied by initiatives which were unique at the time. For example, a Biotechnology Programme in Advance Technology, involving at one stage c600 researchers in the universities, was established by a predecessor agency of Enterprise Ireland and it was the foundation stone for our thriving national biotechnology industry today. A further example was the establishment within IDA (and later transferred to Enterprise Ireland) of a National Software Directorate led in turn by leading figures in the nascent software sector who were contracted for fixed terms to help formulate policy and to raise awareness of 'software's' potential.

3. Stages of industry - ORE development

There are three stages to the execution of ORE projects - Development (where Ireland already has a number of excellent companies such as XOCEAN, Green Rebel, etc.), Construction and Operations and Maintenance (O&M).

There will be two steps to the execution of Irish ORE. First, the so-called Phase 1 and Phase 2 ORE projects, which should at least match the 5GW by 2030 target, will be focused on 'Bottom Fixed Wind' (BFW) technology, although there will be some Floating Wind (FLOW) provision. BFW is now a mature sector where opportunities for established Irish firms or new entrants to engage in construction (e.g., to manufacture turbine towers) will be limited although there may be opportunities in high value-added development areas such as engineering design, project management and, also, operations and maintenance. Irish industrial participation overall may be quite limited particularly because of the time frames involved in deploying the early ORE projects.

The second phase will deal with the 'Enduring Regime' projects which will take off towards the end of the 2020s and will be aimed at the Government's target of 30GW of Floating Offshore Wind off the west coast; there will also be opportunities in Wave and Tidal Energy². The market at home and abroad by that stage will extend beyond domestic requirements to electricity exports and to hydrogen applications.

These second phase opportunities will be based on emerging technologies (FLOW and Wave) where there are no dominant manufacturing or services 'players' at this stage and

¹ And wave resource. Wave energy is at the development stage and will reach commercial and technical viability in the 2030s

² We have a promising Tidal energy devices and components sector which will be focused on export markets but which has a limited domestic tidal resource

where Ireland's ORE resource (in the Celtic Sea and the Atlantic) combined with our excellent ORE R&D infrastructure (e.g., the National Ocean Test Facility in Cork) provide a major opportunity to develop an early lead - based on FDI, adaptation of local companies and new domestic start-ups - to supply the local market and, in particular, to build a significant position in global markets notably in high value added areas. It is notable that the UK, which is a 'veteran' of ORE, has built a significant supply chain with major job creation investments by e.g., GE and Siemens but this is still regarded *as inadequate by both the ORE sector and by local communities*. There is tension between ORE and local communities and between ORE and Government in Scotland, which is a policy and technical leader in ORE, over a perceived failure by ORE to source 'local content' and to create jobs. The UK has taken various steps to address these twin challenges of easing community relations and developing the local supply chain which may provide a useful reference point for Ireland – a key initiative is the *Offshore Wind Growth Partnership*³ under the *Offshore Wind Sector Deal*⁴. Moreover, the UK Government has also established a fund to support innovative technology development in Floating Wind⁵.

4. Challenge

The challenge for the planned Enterprise White Paper, specifically in regard to ORE, is to set out a national ambition, and a framework to attain it, to support the ORE sector. The choice ultimately is either to adopt a 'laissez faire' approach (the de facto current position) whereby the enterprise side of Government confines itself to raising awareness among its clients of ORE or a proactive, ambitious approach which seeks both to facilitate the implementation of the national ORE policy and to build a position for Irish industry in the higher value-added part of the global supply chain, particularly in the new technologies. A continuation of the current laissez faire approach will hinder the wider national decarbonisation effort as supply chains elsewhere will be stretched due to local ORE targets (e.g., the UK) and may contribute to social tension in Irish coastal communities affected by ORE but without a significant local 'payoff' in terms of job and wealth creation.

Key features of the framework referred to above would include:

1. A 'map' which matches Ireland's industrial base to the national ORE targets and to international opportunities. This exercise would be the foundation stone of our ambition and should identify existing capabilities and gaps in our national capacity and identify those areas where existing local firms could participate and those areas where new entrants (either local start-ups or FDI) will be needed
2. Policy initiatives to adapt local firms to the ORE future, support local start-ups and attract FDI. One small example of an initiative would be to provide an 'accelerator' to support the commercial development of start-ups in this technologically demanding industry
3. A requirement for cross Government engagement in designing the framework, particularly including joint work by IDA, Enterprise Ireland (and SEAI). It may prove desirable to allocate responsibility for ORE business development exclusively to

³ <https://owgp.org.uk/>

⁴ <https://www.gov.uk/government/publications/offshore-wind-sector-deal/offshore-wind-sector-deal>

⁵ <https://www.gov.uk/government/news/60-million-boost-for-floating-offshore-wind>

Enterprise Ireland in light of the local wind and wave resource and the initial focus on local market opportunities. A useful precedent lies in the food industry where Enterprise Ireland has responsibility for the sector, including in respect of FDI.

5. Additional policy question

The policy questions addressed in the White Paper should include:

- A national ambition and associated fulfilment framework for industry to support ORE