

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i Botensial yr Economi Forol yng Nghymru	Inquiry into the Potential of the Maritime Economy in Wales
PME 18	PME 18
Ynni Morol Sir Benfro	Marine Energy Pembrokeshire



# Consultation questions

## Role of Government

### Question 1

Do you think the Welsh Government is taking a strategic approach to developing the potential of the maritime economy?

Please note that the comments below relate to marine energy and in particular wave and tidal stream. Tidal Lagoon Power will be submitting a more detailed response on the opportunities for tidal lagoons which will create further huge potential for tidal range in Wales.

Welsh Government have thus far taken an evidenced based approach to the potential development of marine energy in Wales. The MRESF project mapped out resource areas and potential constraints in Welsh Territorial waters (2011). This was followed by the Marine Energy Infrastructure study in 2012 which looked at grid and onshore support required. Regeneris then looked at the Economic Impact of marine energy and what the sector could do for Wales in 2013.

These studies have shown a logical strategic approach to developing marine energy in Wales. However due to the huge opportunity detailed below Wales is now in need of a clear marine energy strategy/policy/road map which is lacking in "Energy Wales – A Low Carbon Transition Delivery Plan." MEP welcomes the recent move by the Minister for EST to put together an industry led marine energy task and finish group to assist with the above.

Welsh Government will need to ensure the Marine Plan for Wales balances use in a way that does not sterilise areas of resource potential and links with necessary terrestrial planning.

MEP welcomes the improved approach to linking to and supporting wider UK initiatives such as ORJIP and the Offshore Catapult.

Due to the wider importance of Welsh seas Government could consider developing a strategy for the Maritime Economy encompassing Marine Planning, Marine Transition Programme, Visit

Wales etc.

## Background

In October 2014, Marine Energy Pembrokeshire carried out a report that highlighted that the marine energy industry has already had a positive effect on the Low Carbon Economy in Wales providing green jobs and growth in a challenging economic climate. Technology and project developers have spent £34.5 million, helping to create over 174 person years of employment. This contribution increases, when gross value total added effects are considered within the wider supply chain and demonstrates the important contribution the sector has already made to the economy before device deployment. The Welsh supply chain has been involved in this new sector at levels of almost 50% for tidal stream and 60% for wave energy.

## The opportunity

In February 2015, a report for the UK Marine Energy Programme Board, highlighted that the UK could capture a slice of the global marine energy market worth up to £76 billion and, separately that this could contribute around £4 billion cumulatively to UK GDP by 2050.

The Regeneris report highlighted that 300MW in marine energy capacity (two 30MW wave installations and eight 30MW tidal stream installations) would deliver just over £300 million of GVA for Wales. It could provide 8,500 person-years of employment during development and installation phases. The operational phase would support £7.8 million in GVA and 180 jobs per annum across Wales.

For tidal range energy a separate report 'The Economic Case for a Tidal lagoon Industry in the UK' estimates that Tidal Lagoon Swansea Bay project will involve an investment of £1,046 million (in 2014 prices) stating that close to half of this investment will be retained within the Welsh economy. Approximately 1,900 jobs will be created at the height of the construction programme with annual operation of the lagoon amounting to approximately 181 FTE jobs.

Are there any examples of best practice in this area?

Scotland  
Regen South West

### Question 2

How can we use existing EU funding sources to support the sector?

By balancing the portfolio of EU structural funding prioritised for marine to focus on projects ready for deployment, Demonstration Zones, Welsh technology developers and ensuring inward investment and project development has a high welsh supply chain content.

Explore potential of high value EU funding via Horizon2020, INTERREG, Atlantic Area and its links to current Structural funding for marine energy.

What should Welsh Government and others do to identify and make use of these?

Welsh Government could provide overarching support, particularly to SME's in identifying and ensuring project fit, partners and maximum impact. Large funding programmes are often more suited to larger organisations and academic institutions who have specialised teams to deal with the often complex applications.

### Question 3

Please can you give an assessment of the way in which Wales is engaging with EU level initiatives such as the Ocean Energy Forum and Ocean Energy Europe.

MEP is not aware of Welsh Government being actively engaged with OEE or the OEF. A number of MEP members are engaged at company level. Scotland, Ireland and other member states are members and potentially gain higher profile and cross border learning on issues such as finance, infrastructure, consenting and research than Wales.

## Ports

### Question 4

How effective are the Welsh ports and hinterland connections in Wales in promoting connectivity to Ireland and the rest of Wales?

Ports are a significantly important and critical part of Wales' economic infrastructure and are crucial to delivering Wales' ambitions in marine energy. They also provide transport links and are hubs for potential further development.

How do the Enterprise Zones help to promote the ports and related businesses?

Enterprise Zones offer a number of incentives including Business Rate Schemes and Enhanced Capital Allowances to cover the capital cost of investment in plant and equipment. MEP promotes the use and benefits of EZs and marine energy companies have benefited from being located in the area.

### Question 5

How can Welsh ports, ferry operators and related businesses benefit from and support the development of the Maritime economy, including ocean energy?

Ports are critical to the delivery of marine energy ambitions and are "selling points" for worldwide developers looking at deploying projects in Wales. Due to the proximity of ports to resource areas and grid they will be instrumental in the delivery of the sector. There are huge opportunities for supply chain companies situated in proximity to ports with transferable skills and diversification.

Welsh Ports and supply chain companies can also support project development outside Wales and this should be viewed as an opportunity e.g. steaming distance to Wave Hub is almost identical as that from Falmouth.

What support should be provided to ensure this benefit is properly realised?

The realisation of supply chain companies to diversify into marine energy e.g. there are a large number of small SME's that are not aware of the opportunity, development plans and where they can fit into project development lifecycles.

### Question 6

What are the implications of the St David's Day announcement which proposes to devolve the responsibility of ports policy to Wales?

The proposal could bring opportunities for Wales with strategic planning and support to deliver Wales' ambitions in renewable energy which may differ from Whitehall. Ports are critical to delivering marine energy and wider policy ambitions such as aquaculture, tourism and fisheries and recreation. Having responsibility for Welsh Ports in Wales could see a better strategic link to wider Welsh policy.

How can this support connectivity and the development of the Maritime Economy?

Significant plans for tidal lagoons and wave and tidal stream have been outlined above in Q1. Ports will be critical in delivering these projects but will also rely on planning, consenting, energy networks and road links to be considered and developed in a cohesive way. Having the legislative power and importantly the resources to deliver this within Wales should assist in the development of the Maritime Economy.

## Energy

### Question 7

How can Wales realise the strategic importance of planned initiatives such as the tidal lagoon projects in West Wales and the Anglesey Energy Island Programme?

In simple terms, understanding the opportunities detailed in Q1 and the huge potential in Wales for exportable skills and knowledge on a worldwide scale. Fully supporting the sector so this opportunity is not lost to other countries. Wales is well positioned to play a global leading role in marine energy. The sector is here now and wanting to develop projects in Wales. The significance of the Tidal Lagoon sector being created in Wales and the need to move quickly to capture the benefits.

At a recent Energy Wales Strategic Delivery Group Meeting MEP suggested that Marine Energy policy/strategy was in need of further development and clarification due to the significant opportunity. We welcomed the Minister for EST response in setting up an industry led Marine Energy task and finish group to assist in this process. MEP would hope that the recommendations from this group will be supported and implemented by Welsh Government.

## Question 8

Please tell us what you think are the key barriers and risks to development of ocean energy and how Wales can help overcome these.

The task and finish group will be looking at a number of barriers and risks. Some of the headings are listed below and are relevant to the sector in Wales.

- Finance, Investment – look at risks and potential for European Investment Bank, Green Investment Bank etc
- Consenting – Implement MEP consenting recommendations sent to NRW and Welsh Ministers in 2015 ensuring that adequate skilled resources are available within NRW to service the development plans. Welsh Government to create a policy to allow NRW to take more consenting risk e.g. Scotlands Deploy, Monitor, Survey
- Political leadership – Ministers to represent and promote Wales at high profile conferences outside of Wales. This has not yet happened.
- Supply chain Skills, training – Build on work by Tidal lagoon for tidal stream and wave, diversification opportunities

- EU links – Needs strengthening
- UK links – Needs strengthening but welcome support for ORJIP and Catapult
- Policy – Needs development
- Research – Implement MEP recommendations on research evaluation carried out on behalf of the Minister for EST.
- Infrastructure – grid, ports
- Community benefits

## Further information

Please tell us anything else you would like to mention this topic.

The Marine Energy Pembrokeshire working group contains all wave and tidal developers who are interested in Welsh Territorial Waters and includes Welsh Government, The Crown Estate, Pembrokeshire County Council, Welsh European Funding Office, Natural Resources Wales – Marine Licensing, The Port of Milford Haven, RenewableUK, Marine Management Organisation, Tidal Energy Limited, Marine Energy Limited, Wave Dragon, Pelamis, Marine Current Turbines, OWEL, Marine Power Systems, OpenHydro, Minesto, Tidal Stream, Atlantis, SeaCatt, Swansea Bay Tidal Lagoon, Seabased, Carnegie, Ledwood, Mustang Marine, Nova Innovation, Wave Power, Repetitive Energy, Instream, Harris Pye, Pembroke Port, Anglesey Energy Island, the Energy Technology Institute, Offshore Catapult, Low Carbon Research Institute, Seacams, Innovate UK, Menter Mon and Wave Hub.

**PLEASE NOTE** Whilst all of the above are integral members of the working group the comments raised within this letter **do not contain their individual or organisational input or viewpoint as MEP members.**

Thank you for contributing to our inquiry