



Llywodraeth Cymru
Welsh Government

POLICY AND STRATEGY

Response to the call for evidence on the potential of marine energy projects in Great Britain: letter

Minister for Environment, Energy and Rural Affairs' response to the Business, Energy and Industrial Department's Call for Evidence on the potential of marine energy projects in Great Britain.

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Rt Hon Alok Sharma MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
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Secretary.state@beis.gov.uk

1 October 2020

Dear Alok

I am writing in response to the current Call for Evidence about the potential of marine energy projects in Great Britain, which we welcome.

Renewable energy will play an important role in the strong economic recovery from the coronavirus pandemic in Wales, in addition to providing a diverse, more stable and resilient energy supply, in line with Wales' ambitious decarbonisation targets.

The Welsh Government considers the marine energy industry to have significant potential for Wales. We are working closely with the industry to ensure Welsh businesses are well placed to both understand and ready to take up the considerable supply chain opportunities, as well as the innovation challenges, the offshore wind and wider marine energy industry presents.

I wrote to you on 21 September, to raise my concerns in relation to the approach to developing floating wind. This issue is relevant to this call for evidence, highlighting the need for the UK Government and the Crown Estate to ensure Wales has the opportunity to develop a pipeline of floating offshore projects. Only through the existence of a pipeline can we hope to build a credible supply chain.

We have made considerable investment in marine energy over the last decade, particularly through SmartCymru, which supports Welsh businesses to develop, implement and commercialise proposals, as well as WEFO's €100m marine energy programme.

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Our many years of working closely with the sector has provided access to a great deal of evidence, and my officials will be sharing a detailed response with BEIS officials.

In June, this year I also wrote to you about the contracts for difference mechanism, which can act as a low carbon stimulus to help address the significant economic and social impacts of the COVID-19 crisis.

However, financial mechanisms will require careful design to bring forward the full range of marine technologies we will need to reach net zero and create a flourishing economy with strength in supplying and exporting energy technologies. Support mechanisms need to ensure that each marine technology can be supported to reach maturity over the next decade, with a high level of UK content. This requires a balance between driving down the cost of the mechanism and the need to ensure the UK becomes more self-sufficient in construction and maintenance of our energy fleet.

The competition should be between technologies at comparable stages of development, rather than requiring different sectors at different scale and different levels of maturity to compete. As a minimum, we would hope to see all marine technologies – wave, tidal stream, tidal range and floating offshore wind – being able to access a sufficiently sized funding pot, at a strike price appropriate to the level of development. We also consider floating offshore wind should be separate to the other technologies.

The response from my officials includes more detail about how this might be achieved and the benefits, which might be expected. I believe such an approach will provide industry and investors with clarity and certainty.

I remain concerned about the level of engagement with my officials in developing policies in this area. UK Government retains many of the levers needed for Wales to deliver our ambitions for a sustainable marine energy

industry. Despite a lack of engagement as this call for evidence was developed, my officials are sharing evidence openly and encouraging the industry in Wales to do the same. I expect you will ensure your officials involve Welsh Government during the development of the evidence and policy where we can help shape thinking. Only through real and open engagement will we establish policies which are fit for purpose across all regions of the UK.

I am copying this letter to the Secretary of State for Wales.

Regards

Lesley Griffiths AS/MS Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

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