

**UK MARINE ENERGY PROGRAMME
PROGRAMME MANAGEMENT GROUP (PMG)
MEETING NOTES**

Date: 21st Nov 2013

Time: 10:30 – 13:00pm

Location: BIS Conference Centre, 1 Victoria Street, London, SW1H 0ET

Attendance:

David Ainsworth (Siemens)	Jerry Biggs (NAREC Capital)
Barry Carruthers (ScottishPower)	Kate Hallett (BIS)
Harvey Appelbe (Vattenfall)	Barbara Garnier-Schofield (DECC)
David Krohn (RUK)	Trevor Raggatt (DECC) - Chair
Richard Yemm (Pelamis)	Karen Dennis (DECC)
Ken Street (Alstom/AWS)	Sian Wilson (TCE) - Guest
Richard Round (Aquamarine)	Sue Barr (Open Hydro) - Apologies

Meeting Chair did the welcome and a quick update reflecting on activities since the last MEPB and the PMG meetings.

Workgroup Updates:

Wave and Tidal Knowledge Network – Sian Wilson, The Crown Estate (TCE).

Since the launch of the website in April, TCE has been working on growing the content and user base. From the feedback collated thus far, TCE made improvements to the site and have also begun collecting data to evaluate the use and demographics of the website. They have engaged in some marketing and promoting activities to achieve this.

Moving forward TCE is seeking an organisation to take over the hosting, building and management of the website. They have already held some discussions and the Catapult have a keen interest.

TCE envision handing over the site to the chosen company by the end of March 2014.

UK Economic Benefits Workgroup – David Krohn, RUK

Extensive work has been done by the group so far in putting together a report which is to be announced at the RUK conference in February 2014 by Minister Greg Barker. At present the report is mainly reinforcing the ask of industry from the Government particularly around the EMR. Advice from BIS and DECC officials was that the report should be more focused to responding to the ask of Minister Barker, which is for the group to demonstrate “why the Government should fund marine energy”. The group agreed to refocus the report to highlight the opportunities for building a UK

Supply chain in the marine energy sector. Such message would be important leading up to the next Spending Review period.

The report is to be completed in time for it to be published at the RUK conference in February. The group plans to meet in January 2014 to review the final draft and make to preparations for the publication of the report.

On the matter of the future of the group, it was felt that there would be work going forward following the publication of the report. Some areas of potential work were:

- Identify the areas of 40-50% benefit and concentrate on building these areas.
- Work around the strategy needed to lock this down.
- Setting out a critical path agenda for the future of the UK Economic Benefits group going forward.

EMR Workgroup – Richard Yemm, Pelamis Wave

The EMR group continues to work hard in responding to a large volume of consultations on the EMR. Getting and keeping consensus has been challenging. Some of the most important outputs were:

- ‘Consensus’ on deployment and the LCoE curves
- £330/MWh (tidal) & £360/MWh (wave) to 2019/20
- Combined ~1% of LCF by 2020
- Other terms (TCW, LSD etc) as per offshore wind
- Need clarity on price ‘glideslope’ – which should be relating to level of deployment not timescales
- Inputs into socioeconomic case

Some future work scope out for the group includes:

- Getting the message across to OEMs and Utilities
- Getting some commitment towards reviewing/removing the 30MW cap limit which is a hindrance to investors.

There were some concerns as to whether industry message on EMR was getting across in DECC, BIS and especially Treasury. A suggestion was made for a small selected group from the industry to hold a session with senior officials and Ministers from these departments to get the message across. It was also suggested that BIS Minister David Willetts be included in this meeting.

DECC and BIS agreed to provide a steer on how to put the message across (e.g. to include contribution of the marine sector to skills and employment.)

It is likely that with the work going forward on the EMR, the EMR work group will be needed for another year.

Consent and Licencing (C&L) Workgroup – David Krohn, RUK

The MEPB has made possible a forum between RUK and regulators. The C&L workgroup did a mapping exercise, contributed some position papers as well as held a series of workshops with regulators. This enabled the workgroup to feed into the work the regulators were doing. The papers from this group are available on the Knowledge network. There were some concerns that the process for applying for consent is complex and somewhat fragmented.

There was a strong sense that there still is a need for the group to carry on.

Island Transmission and Charging (ITC) Workgroup - Richard Round, Aquamarine

Karen Dennis gave an update on the progress of the work by the cross Government Scottish Island Renewable (SIR). The ITC workgroup has been feeding into the process so far including sending in a response to the recently concluded consultation. Karen highlighted some of the main messages coming from the industry on the consultation which were:

- Broad agreement with the approach being taken and the analytical basis for proposals.
- The “uplift” being proposed for onshore wind on the Scottish island should also be applied to marine projects as the same grid cost applies.
- Greater certainty on the level of support for marine projects beyond 2019 would be helpful to secure investment.

The outcome from this consultation will be fed into the EMR for which the decisions on the strike price and the Delivery Plan will be announced next month (December 2013).

As from the SIR report, marine was seen as in the early stages of development hence it was difficult to demonstrate a clear case for island specific support. Hence as part of the work going forward, consideration if any specific measure should be put in place for marine should be put in place for the 2nd delivery period.

Questions/comments raised by the group for Karen to feedback SIR are:

- There isn't a real rationale not to give the same 'uplift' as wind to wave and tidal projects as the problems are the same.
- Until that 'uplift' is defined, investors will assume it is not available – there cannot be an 'uplift' without having information on the operating charges.
- A need case for Orkney is needed as the case is different from that on the western isles.
- The level of charging proposed was based on the cheapest link for wind (at 0.15p) – not ideal
- Some work needs to be done on the better utilisation of cables.

The SIR has indicated that it will next do a study on broader grid access issues. It was agreed that the MEPB should continue to input in the grid access study process however it was felt that a different membership/leadership from the ITC may be needed to reflect the new focus of the SIR work. DECC offered to request expressions of interest from across the MEPB membership to participate, lead and provide secretariat to this new group.

The MEPB Agenda

The draft agenda for the PMG was revised as attached to be more engaging and move away from a mini conference feel.

- Open with the UK Economic Benefits report in response to the Minister's challenge to the industry at the last MEPB.
- Next the tidal arrays :-
 - o focus on the common challenges going forward
 - o Open forum on attracting investment (OEMs, Utilities and others should be in the audience; how to address the gap to bring them in at the right time.)
 - o Should also bring into the discussion the lack of OEMs' interest in wave
 - o Need to have the GIB (Green Investment Bank) in as their backing would send strong signal to the rest of the investment community – also EIB (European Investment Bank).
 - o Need to also tackle the issue of investment beyond the 1st arrays.
- Progress on SIR which would lead into open forum on Grid Issues.
 - o Lesson learnt from a mature industry -
E.g. Oil & Gas, Wind
 - o Issues around grid and other environmental issues
- Updates on MEPB work groups should be included in the DECC policy updates
 - o Workgroup lead to prepare and send in summary reports.
- Along with the policy updates, the meeting should open with key actions from the last meeting and other issues arising.

Points made on matters to consider in preparation for the meeting were:

- Give early indication of Minister's view to MEPB members so they can prepare
- As the new DEFRA Minister, George Eustice has been invited to attend the MEPB by Minister Barker. Should Minister Eustice attend there may be a re-focus on some of the programme to concentrate more on environmental and consenting issues. As MP for the WaveHub constituency, it was also indicated that George Eustice may challenge the industry in making

better use of the public sector investment in the facility. Expected positive development at WaveHub in the coming months may help moderating this challenge.

The meeting concluded with the group saying goodbye to David Krohn who will be leaving RUK shortly and showing their appreciation of his work in support of the sector.

List of Actions

Action On:	Action	To be completed by:
All:	All to think about ways to improve the W&TKN site and report back to TCE or Karen Dennis.	28 th Feb 2014
David Krohn:	To redraft the Economic Benefits report and to circulate for comments before his departure in early December.	1 st Dec 2014
DECC/BIS	Work out what messages would be useful for a delegation of marine energy representatives meeting with Ministers.	30 th Jan 2014
Karen Dennis:	To issue a call for interest for the new ITC group to look at the wider issues of Grid Access.	29 th Nov 2013
“	To revise MEPB agenda as discussed (see attached).	29 th Nov 2013
“	To take back comments (listed in minutes) to John Costyn (SIR Lead).	1 st Dec 2013