

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

Attendance:

Paul Jones (Siemens)	Richard Yemm (Pelamis Wave)
Lynne Bryceland (ScottishPower)	Adam Bond (BIS)
John Thouless (DP Energy) – via phone	Barbara Garnier-Schofield (DECC)
Dan Pearson (MeyGen) – via phone	Trevor Raggatt (DECC) – Chair
John Leggate (Carnegie Wave)	Karen Dennis (DECC)
Andrew Balchin (EdF Energy)	
Graham Barlow (ABB)	
Stephanie Merry (REA)	
Dee Nunn (RUK)	

Date: 15th August 2014

Time: 10:30 – 13:00pm

Location: Room 501, 3 Whitehall Place, London, SW1A 2AW

Welcome & Update:

This meeting was the first sitting of the PMG following the 1st rotation of members. Meeting chair Trevor Raggatt gave the welcome followed by round table introduction by members. Trevor Raggatt then gave a brief headline overview of the aims of the PMG.

Actions from previous meeting:

Minutes from previous meeting were endorsed. Outstanding actions relating to the Consent and Licensing and Grid Access workgroups were carried over. All other actions were completed.

DECC/Policy Update:

New Minister:

DECC now has a new minister Amber Rudd who will now chair the MEPB. In giving the update, Barbara Garnier-Schofield reported that the new minister has so far shown a lot of interest in marine and has been keen on taking up meetings/commitment by previous minister Gregory Barker. Since her appointment,

Minister Rudd visited the FloWave facility and her speech was viewed as positive and was well received by the sector.

Minister Rudd will also be attending the Ocean Energy Forum in Paris in early October.

EMR:

Barbara Garnier-Schofield explained the budget allocation for wave and tidal stream in the recent budget announcement on the EMR. The proposal to include a 10MW indicative budget allocation for wave and tidal stream in the October 2014 auction was made on the basis that the Renewable Obligation (RO) scheme is still open. It, therefore, reflected that, given this and the deployment pipeline in the sector, Government only expect a limited number of wave and tidal stream bids in the CfD's first allocation round (Oct 2014). The minima for wave and tidal stream means that these technologies will be given 1st preference up to the allocated budget in Pot 2 in each budget allocation round up/auction until reaching 100MW deployment across the RO and CfDs. If the capacity equivalent in the budget allocation (10MW proposed for Oct 2014) isn't used up in a given allocation round then that budget would become available for the other technologies in Pot 2 for that allocation round. The minima of 100MW would remain for as long as there was sufficient budget unallocated within the Levy Control Framework. However, overestimating how much capacity is likely to come in a given allocation round could reduce the remaining budget available in the LCF and therefore risk the money being used up before the 100MW minima of wave and tidal stream was reached.

It is therefore vital that Government and the sector work together to ensure that each CfD budget allocation round forecast is as accurate as possible – to ensure that there is enough budget in a given allocation round so that all possible project can access a contract but without overestimating the need for budget allocation and therefore risking sterilisation of part of that budget.

DECC plans to publish the final budget allocation notification in mid-end September 2014. There is a window of opportunity up until early/mid-September to modify the indicative Oct 2014 budget allocation if needed. DECC asked the REA and RUK to contact their members and asked them to notify DECC in confidence of their readiness and intention to bid in the Oct 2014 round so that DECC could get the best possible budget allocation for the sector for this round. This is an exercise that will need to be carried out for future rounds too.

Spending Review:

The next Spending Review discussions will commence post general elections next year. DECC asked the Finance Working Group to set up a work stream to identify key innovation needs for wave and tidal stream for funding to be best allotted. Trevor Raggatt underlined the need, given the likelihood of increasingly constrained budgets, to ensure that any proposals for support should be strictly prioritised and reflect those actions which were critical for the on-going development of the sector.

Update from BIS:

Update from BIS was on two capital support programmes which are open at the moment with focus on job creation and the manufacturing supply chain. They are:

- The Regional Growth Fund (<https://www.gov.uk/understanding-the-regional-growth-fund>) – At least £200m funding available and applications must be received by 30th September 2014.
- The Advanced Manufacturing Supply Chain Initiative (<http://www.financebirmingham.com/amsci/2014/>) - Applications are accepted up to 31st December or when funding runs out. £100m funding available in this round.

Given the early stage of development of the wave and tidal stream deployment, it was suggested that the Marine Energy Parks (MEPs) maybe be best placed to take advantage of these funding or coordinate bids. Should sector members wish to apply, BIS would be keen to assist in developing the arguments to support DECC and BIS objectives on jobs and growth.

Update on the Innovation Strategy (DECC Science & Innovation Group – SIG)

SIG were unable to attend but provided a written update for the meeting (see Annex 1).

The question was raised on plans for industry engagement and timings. Barbara Garnier-Schofield who will be participating in the kick off meeting in September will seek clarity on the matter and report back.

The MEPB Subgroup Updates:

Economic Benefits Workgroup:

An update on the Economic Benefits Workgroup which is undertaking work on UK Supply Chain capability was given by Dee Nunn. An initial discussion with DECC, BIS, RUK and the Catapult was held to agree scope and content. A draft a document outlining the scope of work was circulated to the MEPB, Scottish Renewables Strategy Group and the RUK Marine Strategy Group for input in June before it was finalised. Following a tendering process the contract for undertaking the work was awarded to BVG as they had previous experience looking at supply chain capability in the UK. BVG will interview 27 companies looking at 12 priority areas vital to the marine energy sector.

The 1st analysis of the BVG's work is expected at the beginning of November with a draft report expected around mid to end of November for review with the final report expected in early January 2015 ahead of the MEPB meeting in March. The next meeting of the group will be in the coming weeks to review the questions for the interviews.

Some PMG members questioned the validity of limiting the research to 27 companies amid concerns that the sample size was too small. The group lead confirmed that the original sample was much larger and that 27 was the smaller sample for in depth interviews. This was taken into consideration by the workgroup leads and steps were taken to ensure that a representative group of companies was

reflected in the sample and there is potential to circulate the interview questionnaires to the long list of supply chain companies (~60 additional companies) to capture wider views. It was noted that the quality of the data returned with a survey approach is unlikely to be as high as from interviews but it will be considered by the MEPB economic benefits workgroup.

Twenty seven (27) interviews was as much as could be negotiated given the budget which is just under £20k and is funded by RenewableUK and Scottish Renewables. Both DECC and BIS were asked if they could possibly find some money to assist. DECC stated that there isn't any money remaining within this spending review period. Adam Bond from BIS responded that it would be highly unlikely given the constraints in Government but will investigate.

Finance Workgroup:

An update was given by Richard Yemm. Canvassing for membership and co-chair went out in May. David Ainsworth from MCT appointed co-chair and a kick-off teleconference was held on 12th August 2014. The Secretariat is being looked after within the group itself. All agreed that more finance skills from the private sector are needed within the group and the group explored a few names for possible engagement. Richard Yemm recapped activities over the last year noting, partial success on EMR/CfD but expressed disappointment that the sector had not managed to obtain the strike price level recommended. Discussions moved on to identifying what actions are critical within the sector, with a focus on getting the first arrays away, visibility and size of an onward market for tidal stream and sustaining and securing investments between now and the first arrays for wave. The group agreed to continue engagement through the trade associations but would need to find a way to include developers and overseas companies which are not part of the trade associations. Discussions are on-going until the next meeting on the 10th September to agree the work plan for the group.

Richard Yemm indicated that an early indication of the Minister's expectation from the finance group would be helpful. Also, he would discuss further with DECC the tidal chair position with the group as David Ainsworth will be departing Siemens at the end of next month.

Wave & Tidal Knowledge Network (WKTN):

Formal transfer and migration of the WTKN from the Crown Estate to the ORE Catapult is now completed. The Catapult is now entrusted to maintain, operate and develop the network for at least the next 3 years. The Link to the website is <http://www.waveandtidalknowledgenetwork.com/>. Any comments or feedback on the site can be sent via Karen Dennis or can be made directly via the website to the Catapult. This formally closes this work within the MEPB on the WKTN.

Consent & Licensing:

Update was given by Karen Dennis who sought from the PMG views on a way forward for this group. With the decision at the end of July that a Joint Industry Programme for wave and tidal stream sector will go ahead, Karen conveyed this via email to the workgroup (and PMG members) with some proposed options for a way forward. The group was asked to consider:

- i. Whether the JIP is the right vehicle for the environmental issues to be taken forward. The group would also need to consider whether there are other issues outside of what the JIP would be doing which would need to be addressed. If other issues are identified and are seen as a priority then a group would need to be reform to take the work forward.
- ii. Whether consenting and licensing issues are indeed a priority and the MEPB is considered the right vehicle to address the issues to then reform the group.
- iii. Consenting and licensing issues are not a priority for the sector at present and a MEPB workgroup may not be the best place to address current issues.

Should the decision be either of the two options to reform a group, volunteers would be needed as well as for persons to step forward for the Chair as well as the Secretariat role. The group has up to the 29th August to send comments to Karen.

Discussions broadly support option (i) noting the risk associated with funding for the JIP and historic challenges in implementing similar programmes. The PMG noted that they would need sight of activities within the JIP so that the position can be reviewed against changing priorities in the sector. Karen indicated that an arrangement will be put in place to facilitate the sharing of information between the MEPB-PMG and the JIP. The view of the PMG together with the comments received from the workgroup will be taken into consideration before a decision is made. This decision will be communicated to the group around mid-September.

Grid Access:

A new Delivery Forum from the Scottish Islands Renewable study met in June. Among others, the Forum established a working group to look into research and development funding to address the grid connection issues in Orkney. DECC and the Scottish Government have been involved in these discussions. The workgroup is intended to include key stakeholders and discussions are on-going with regards to industry representation on the Delivery Forum and its workgroups. The PMG feels the Delivery Forum with the trade associations could progress with the specific issues on grid around the Scottish Island. However members were insistent that there should still be a strong message that grid was a key issue that needed resolving and that there would still be a role to play for the MEPB to ensure that the message for the need for a grid issue resolution was conveyed.

The next meeting of the Delivery Forum will be the end of August and Karen Dennis will follow-up and inform the PMG on progress with discussions.

MEPB Survey:

See attached for the MEPB survey analysis report with recommendations which was discussed and agreed by the PMG.

European Commission Plans for Marine Energy:

EU Horizon 2020 funding is currently open for bids for next year. Closing date is April 2015. The point was made that consideration should be given to how this money could be accessed to support the 1st arrays. The importance of the UK maximizing benefits of the EU funding was emphasised.

The discussion then moved on to an issue which was highlighted and discussed at the previous Ocean Energy Forum. There was general concern within the marine energy space that the right type of funding is not available at the right time to support projects. With the recent push by the Commission to kick-start an Ocean Energy industry in Europe, there is great optimism that this issue will be addressed. The finance working group of the EU Ocean Energy Forum is meeting in September to progress the work discussed at the last forum meeting in Dublin. The next Forum meeting will be in Paris on 1st October and will have a Ministerial segment which Minister Amber Rudd is due to attend.

AOB:

No new business was raised.

Summary of List of Actions

Action No.	Action On:	Action	To be completed by:
1	Barbara Garnier-Schofield	DECC agreed to provide more information on the likely mechanism for a mini auction within the wave and tidal stream minimum if more projects bided than there was capacity available in a given round.	30 th September 2014.
2	REA/RUK	To inform members to report directly to DECC or through them their	Immediate – Information needed to feed back to EMR team by end of

Action No.	Action On:	Action	To be completed by:
		intentions to bid or not to bid for CfDs during this allocation round.	August.
3	Barbara Garnier-Schofield	DECC to give a clearer timetable on the process for the Comprehensive Spending Review (CSR).	6 th October 2014.
4	Barbara Garnier-Schofield	To report back to the PMG on industry engagement for the TINAs.	26 th September 2014.
5	Barbara Garnier-Schofield	To feedback any views from Minister Rudd on the MEPB Finance Workgroup to Richard Yemm (chair).	By 30 th September 2014
6	Karen Dennis	To agree the change of co-chair for the Finance workgroup.	19 th September 2014. DECC agree to Paul Jones who is taking over from David Ainsworth at Siemens to take on the role.
7	Adam Bond	To investigate if BIS could contribute some funding towards the Supply chain work.	30th September 2014. Investigation completed. BIS was unable to find any funds to contribute towards this work.
8	Karen Dennis	To report back to the PMG and the MEPB the outcome of discussions with the consent and licensing workgroup on the way forward.	By 13 th October 2014.
9	Karen Dennis	To report back to the PMG and the MEPB information on progress with the Scottish Renewables Delivery Forum.	By 13 th October 2014.

Action No.	Action On:	Action	To be completed by:
10	Karen Dennis	<p>Re: The MEPB Survey</p> <p>To review and update the MEPB website reflect the recommendations from the MEPB Survey</p> <p>To obtain short updates on workgroup progress from workgroup leads ahead of each PMG meeting to communicate to MEPB members on a quarterly basis.</p>	<p>By 29th August 2014.</p> <p>Website updated: Link: https://www.gov.uk/government/groups/marine-energy-programme-board.</p> <p>In line with PMG meetings.</p>
11	Karen Dennis	To draft meeting notes and circulate for comments to PMG	12 th September 2014.

Annex 1: SIG Readout for the PMG Meeting – 15th August 2014

Overall innovation strategy for marine

Future innovation strategy for marine, as for other low carbon technologies, rests on the availability of up-to-date and robust evidence to inform decision making. The Government's shared evidence base for innovation in low carbon technologies, the Technology Innovation Needs Assessments (TINAs) is now beginning a significant refresh. A number of the TINAs were completed a few years ago, and they now need updating to reflect the current position for aspects such as progress in technology development, costs, likely deployment scenarios etc. The marine TINA is among those being prioritised for an update between now and early 2015. Discussions on innovation strategy for marine among members of the Low Carbon Innovation Coordination Group (LCICG*) will not begin in earnest until the updated evidence becomes available via the TINA process. Assessment by LCICG members of potential future innovation support for marine will be against the background of the next Spending Review, and in the context of the need for investment in a range of low carbon technologies between now and 2020.

The latest agreed LCICG view on the prospects for marine and the priorities for innovation investment can be found in the LCICG's Strategic Framework, published in February 2014 and [available at: http://www.lowcarboninnovation.co.uk/working_together/strategic_framework/overview/](http://www.lowcarboninnovation.co.uk/working_together/strategic_framework/overview/)

Progress and timetable for the TINA

LCICG has tasked the Carbon Trust to undertake the TINA refresh project, including the marine TINA, with DECC providing project management oversight. Current thinking is that the marine TINA will be split into two new TINAs – tidal stream and wave. It is also likely that the tidal stream TINA will include a consideration of tidal range technologies. Work on the marine TINA update is only just getting underway, with an early step being the establishment of a (primarily virtual) working group drawn from LCICG members with an interest in the sector.

Subject to review and agreement by the core LCICG members, we expect the updated marine TINA(s) to be published in spring 2015.

Strategy for wave

Future innovation strategy for wave technologies will need to be considered by DECC and other LCICG members in the context of wider marine technologies, and in relation to priorities for support among other low carbon technologies. These strategic discussions in preparation for the next Spending Review are yet to take place and will need to be informed by updated TINA evidence.

END

* The Low Carbon Innovation Coordination Group (LCICG) is the coordination vehicle for the UK's major public sector funding and delivery bodies. Core members are BIS, DECC, ETI, TSB, EPSRC, Carbon Trust, the Scottish Government and Scottish Enterprise. Associate members include Ofgem, DfT, the Crown Estate, UKTI, CLG, MoD, Defra and the Wales and NI Governments.