

B9 Energy Offshore Developments Ltd and THETIS Energy Ltd

In response to the consultation on the Electricity Market Reform, please note the following response from both B9 Energy Offshore Developments Ltd and THETIS Energy Ltd. THETIS Energy Ltd was formed in 2008 to develop the marine tidal resource around the coast of Northern Ireland and is currently a wholly-owned subsidiary of B9 Energy Offshore Developments Ltd. B9 Energy Offshore Developments Ltd itself was formed in 2002 and works on offshore wind and other marine renewable development around Ireland.

Having reviewed the consultation, we believe that the implications of the EMR for Northern Ireland should have been considered in the preparation of the proposals for market reform and should have taken account of the nature of the electricity market in Northern Ireland, specifically as part of the All Island Single Electricity Market. Given the importance of the UK electricity market to the Northern Ireland Renewables Obligation, any significant change to the UK's electricity market that affects the operation within GB of the Renewables Obligation will also have a major impact on energy policy in Northern Ireland. Before major change is made, the Government should therefore give its close consideration to what its proposed market reforms will mean for Northern Ireland generators operating in the Single Electricity Market.

The NIRO, the RO and the SRO have been operating effectively for almost a decade and, within NI, have had the desired impact of significantly increasing the amount of renewable generation. Indeed, Northern Ireland makes a much greater contribution, proportionately, to UK renewable energy targets in terms of land mass and population than the rest of the UK. In terms of carbon reduction targets and renewable energy targets, Northern Ireland does not have access to nuclear power or CCS schemes and is therefore heavily reliant on building renewable generation to meet its share of carbon reduction targets and given the available resources, the marine renewable sector will play a proportionately more significant role in Northern Ireland in meeting these targets than in the rest of the UK.

The current system is designed to allow Northern Ireland ROCs to be traded in the GB markets and vice versa. The different ROC obligation levels set under the four different administrations allow for trading to meet individual obligations in the most cost effective manner. In ending this, the reforms might force the Northern Ireland consumer to support a disproportionate contribution to the UK renewable energy targets, which would be neither reasonable nor affordable. As development companies, we are familiar with the NIRO and, given the absence to date of an assessment of the implications for Northern Ireland, we can see little benefit in removing a policy which is stable and is achieving its desired outcomes. Nevertheless, given the government's intention to move to a new system of support, we are open to consider any system that can effectively accelerate the penetration of renewable sources of energy in Northern Ireland and secure the marine energy potential along the Northern Ireland coastline. We believe that such a system should allow for a degree of continued sharing of the burden of the development of a diverse portfolio of generation in Northern Ireland across the whole UK as the current system provides.

We recognise that different generation technologies are at different stages in the development cycle and some require more support than others. It is therefore reasonable that any new support mechanism should be technology specific as is currently the case with the RO. This is particularly important for Northern Ireland where, as has been mentioned, the marine renewable sector will play a proportionately more significant role in Northern Ireland in meeting these targets than in the rest of the UK.

In relation to the critique of the relative merits of the different proposals put forward, we support the consultation responses submitted by the Northern Ireland Renewables Generation Group and the Renewable UK trade association, both of which organisations we are members.

Regards

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B9 Energy Offshore Developments Ltd

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