Ireland's Energy Transition: Recent Policy Developments in Offshore Renewables

Background

Ireland has ambitious offshore renewable energy targets – aiming to deliver 5 GW of offshore wind by 2030, at least 20 GW by 2040 and 37 GW by 2050.

The Department of the Environment, Climate and Communications ("**DECC**"), coordinated through the Offshore Wind Delivery Taskforce ("**OWDT**"), recently announced a suite of policy initiatives intended to support these ambitious targets. These include:

- The Future Framework Policy Statement for Offshore Renewable Energy ("**Future Framework**");
- The Draft Offshore Renewable Electricity Support Scheme 2.1 ("**ORESS 2.1**") Terms & Conditions; and
- The Draft South Coast Designated Maritime Area Plan ("**Draft SC-DMAP**").

We have set out below an overview of these key policy developments.

Future Framework

On 1 May 2024, the Future Framework was published. It sets out DECC's long-term (post-2030) ambitions to realise Ireland's offshore renewable energy targets, laying down a roadmap for how these targets will be achieved.

The state-led development of the Future Framework means that DECC, in consultation with other government departments and agencies such as the Maritime Area Regulatory Authority ("**MARA**"), the National Parks and Wildlife Service and the Department of Agriculture, Food and the Marine, will decide on the location of offshore renewable energy generation development sites (under the relatively new regulatory regime introduced in the Maritime Area Planning Act ("**MAP Act**")).

The Future Framework sets out 29 key actions including the following seven priority actions to develop Ireland's long-term, plan-led, approach to offshore renewable energy:

1 **Providing the structures and supports necessary to establish a future Designated Maritime Area Plan ("DMAP") roadmap**

DMAPs, as further discussed below, will determine the marine areas where all future offshore renewable energy projects can be developed and coordinated.

2 **Exploring the feasibility of implementing a competitive Maritime Area Consent ("MAC") framework**

MARA will explore the potential to develop a competitive MAC process, taking into account experience from other jurisdictions who have put in place similar processes.

3 **Exploring the possibility of a roadmap for future offshore renewable energy development**

In Q1 2025, DECC will explore the possibility of developing a more detailed roadmap for future offshore renewable energy development, including the potential for interim offshore renewable capacity targets and sub-targets for innovative technologies.

4 **Designing and developing a successor support scheme to ORESS**

The ORESS scheme expires at the end of 2025. A successor scheme is therefore required and, in order to avoid market disruption, will need to be designed, state aid approved and in operation by 2026.

5 **Maximising capacity from alternative routes to market**

DECC recognises alternative routes to market emerging in other offshore markets (ie, projects financed by merchant means or via corporate power purchase agreements) as well as new project types (ie, power-to-X, multipurpose interconnectors and non-grid limited projects). DECC is taking action to identify and assess the enabling supports required to maximise capacity from such alternative routes to market.

6 **Aligning infrastructure efficiencies to consider generation, grid and route to market**

DECC is seeking to align infrastructure efficiencies in a manner which considers offshore generation, grid and routes to market to ensure offshore renewable energy targets are coordinated with existing, planned and / or prospective infrastructure development. For example, through the implementation of EirGrid's Grid Implementation Plan.

7 **Assessing the potential to deploy floating offshore wind at scale in Irish waters**

In order to identify floating offshore wind opportunities, DECC proposes to conduct a study to assess the potential to deploy floating offshore wind in Irish waters, analysing capacity at key strategic locations (taking account of, and learning from, the upcoming global auctions dedicated to floating wind).

ORESS 2.1

On 3 May 2024, DECC published the draft terms and conditions for ORESS 2.1 for a circa 900 MW site off the South Coast of Ireland, known as Tonn Nua (the "**ORESS 2.1 Project**").

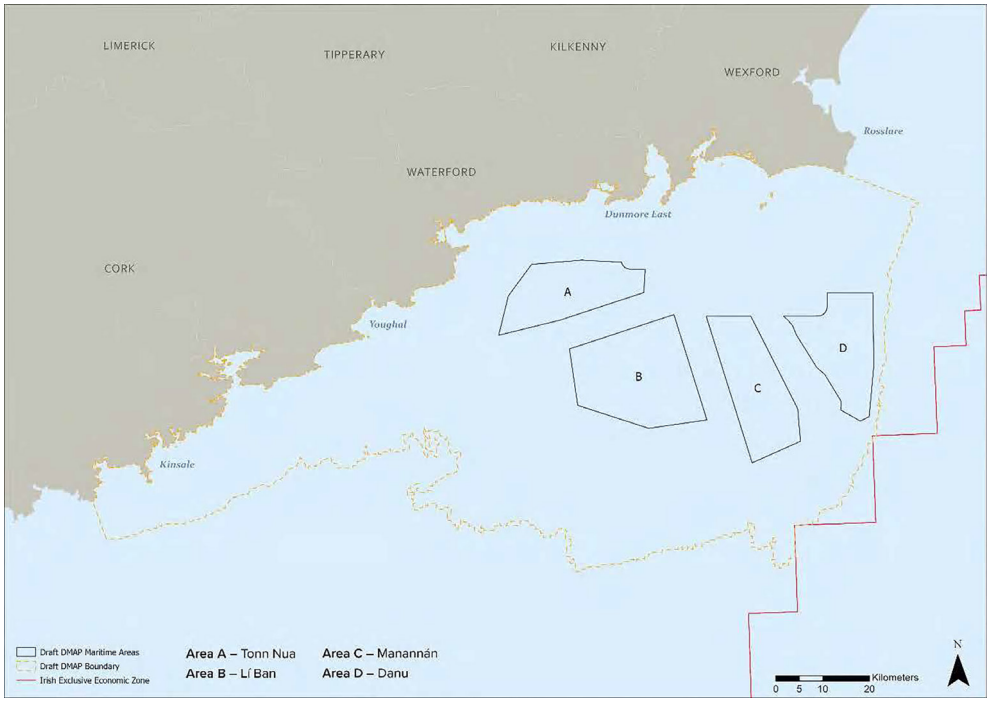
Whilst the final terms and conditions remain to be confirmed (and will follow in due course), we have summarised some of the key differences against the ORESS 1 terms and conditions below:

ORESS 1 Conditions vs Draft ORESS 2.1 Terms and Conditions	
Item	**Key difference**
MAC Application	Due to a change in sequencing, prospective applicants who will bid into ORESS 2.1 are not required to have a MAC. It is only the successful applicant who must apply for a MAC, after that applicant's success in the ORESS 2.1 auction has been confirmed. This differs from ORESS 1 where MACs were awarded to the applicants before the ORESS 1 auction (and receipt of a MAC was a pre-condition to participating in the auction).
Grid Delay Event	The ORESS 2.1 terms and conditions introduce a new provision providing for an extension of time, and compensation, for the ORESS 2.1 Project if a "Grid Delay Event" occurs. No such mechanism exists under the ORESS 1 terms and conditions.
Withdrawal	The ORESS 2.1 terms and conditions impose an express prohibition on withdrawal, stating that a project must at all times remain in the support scheme. There are limited exceptions to this requirement – including, for example, that the ORESS 2.1 Project can withdraw from ORESS 2.1 if it is subject to an "Onerous Planning Condition". This general prohibition on withdrawal from ORESS 2.1 reflects one of the fundamental differences between ORESS 2.1 and previous RESS auctions, which is that ORESS 2.1 will only have one winner (and so withdrawal of that winning ORESS 2.1 Project is not a desirable outcome). Under the ORESS 1 terms and conditions, similar to onshore RESS terms and conditions, projects could withdraw on a voluntary basis (subject to certain conditions).
Change of Control	Under the ORESS 2.1 terms and conditions, any change of control of the applicant requires the prior written consent of the Minister for the Environment, Climate and Communications (or any successor). This is a significant departure from ORESS 1 which required notification to the Minister only. The ORESS 2.1 terms and conditions also contain certain restrictions on changes in owners and undertakings that the applicant shall be, and shall remain, the sole and exclusive owner of the ORESS 2.1 Project.

The consultation on the ORESS 2.1 terms and conditions closed on 7 June 2024 and the final terms and conditions are due to be announced later this year.

The Draft SC-DMAP

The Draft SC-DMAP, published by DECC on 3 May 2024, is Ireland's first sub-national maritime spatial plan for offshore renewable energy. It has been informed by stakeholder engagement, environmental analysis, technical analysis and a non-statutory public consultation which took place last year on the South Coast DMAP Proposal. The Irish Government's plan-led approach seeks to identify the most appropriate maritime areas for future offshore renewable energy developments so as to ensure the sustainable use of Ireland's offshore wind resource and marine space.



Draft South Coast Designated Maritime Area Plan for Offshore Renewable Energy (3 May 2024)

The Draft SC-DMAP identifies four maritime areas along the south coast (the "**South Coast DMAP Area**") within which future offshore renewable energy projects (exclusively fixed offshore wind) may proceed for further project level assessment in accordance with both the EU Maritime Spatial Planning Directive and the Draft SC-DMAP. These are:

- Maritime Area A, which is known as Tonn Nua. Tonn Nua is situated off the coast of Waterford and has a total area of 312.6 km^2 in which a single fixed deployment of circa 900 MW of offshore wind capacity will be developed by the winner of Ireland's second offshore wind auction (ORESS 2.1);
- Maritime Area B, which is known as Lí Ban. Lí Ban is situated off the coast of Waterford and has a total area of 486 km^2 which could facilitate a fixed offshore wind project with installed capacity of 1.4 – 2.0 GW;
- Maritime Area C, which is known as Manannán. Manannán is situated off the south coast of Wexford and has a total area of 342 km^2 which could facilitate a fixed offshore wind project with installed capacity of 1 – 1.4 GW; and
- Maritime Area D, which is known as Danu. Danu is situated off the south coast of Wexford and has a total area of 304 km^2 which could facilitate a fixed offshore wind project with installed capacity of 0.9 – 1.3 GW.

The ORESS 2.1 project that will be developed in Tonn Nua by 2030 will be directly connected to the onshore electricity transmission system. The developments in Maritime Areas B to D (ie, Lí Ban, Manannán and Danu) are intended to be developed over the following 10-year period.

Key Takeaways

We have set out below five key takeaways for stakeholders in respect of the Draft SC-DMAP:

"Co-existence" is a key objective of the Draft SC-DMAP. For example, the Draft SC-DMAP does not preclude other marine activities (eg, fishing, tourism and international telecommunications connectivity etc) taking place in the four identified maritime areas unless those directly conflict with offshore renewable energy developments. Further policy objectives identified in the Draft SC-DMAP which will inform the scale, location and timing of offshore renewable energy developments include protecting biodiversity and the marine environment, and avoiding and mitigating adverse environmental impacts.

Offshore renewable energy projects in the four identified maritime areas will still need to obtain a MAC and proceed through the development permission application and assessment processes, with the Draft SC-DMAP acting as a decision-making framework for the competent authorities. The Draft SC-DMAP will also inform decisions by competent authorities regarding the development of the enabling infrastructure required to implement the objectives in the Draft SC-DMAP.

Interestingly, the potential to align the development of offshore wind energy with the development of large energy users in the pharmaceutical, technology and data industries is expressly referenced. The Draft SC-DMAP emphasises the need to ensure alignment between generation, transmission and demand. The Draft SC-DMAP also notes the possibility for the proximity to clean energy to provide for alternative offtake solutions for future non-grid connected offshore wind projects which could include green hydrogen production, and private wires directly connected to large energy users.

Although the Draft SC-DMAP exclusively considers fixed offshore wind installations, it expressly recognises that future DMAPs will identify marine areas for the development of floating offshore wind beyond 2030. The Irish Government will establish two working groups to accelerate floating offshore wind developments including a government and industry forum and a technical group focused on delivering a floating offshore wind demonstrator project.

The Draft SC-DMAP suggests that it will encourage investment in port development by establishing a transparent pipeline of proposed future offshore wind projects, and requires future Development Plans in counties within the South Coast DMAP Area (including Cork) to retain positive policy support for port and harbour development.

Next Steps

Following the public consultation period (which ended on 14 June 2024), the Draft SC-DMAP will be subject to further refinement before being presented to both Houses of the Oireachtas (the Irish parliament) for legislative scrutiny.

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Conclusion and Comment

These recent developments are indicative of the Irish Government's intention to achieve Ireland's ambitious installed offshore wind targets. However, timing and detail will remain the key considerations for stakeholders.

The seven priority actions to develop Ireland's long-term, plan-led, approach contained in the Future Framework represents a welcome (and necessary) attempt to coordinate and develop offshore renewables in Ireland. In doing so, it will be critical for DECC and industry to remain alive and adaptive to change as the offshore renewable energy space develops beyond 2030.

The publication of the draft ORESS 2.1 terms and conditions also marks a significant milestone in Ireland's national push to develop offshore renewable energy, and industry will eagerly await the timely publication of the final terms.

Interestingly, the Draft SC-DMAP notes the intention to deploy the development within Maritime Area A (Tonn Nua) by 2030 "or as soon as feasible thereafter", subject to all necessary project level assessments and consents. The implication of this wording appears to the ORESS 2.1 Project may only be operational after 2030, which will be of interest in the context of Ireland's 2030 targets.

If you have any questions on these recent offshore energy developments and how they might affect your business, please contact Garret Farrelly, Conor Blennerhassett or Owen Collins.

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