

**MINUTES OF SCOTTISH MARINE ENERGY INDUSTRY WORKING GROUP  
MEETING  
29 NOVEMBER 2017**

**Attendees**

Paul Wheelhouse	Minister for Business, Innovation and Energy (chair)
Cameron Smith	Atlantis Resources Ltd
Simon Grey	AWS Ocean Energy
Patrik Moller	CorPower
Ronnie Quinn	Crown Estate Scotland
Elaine Hanton	Highlands and Islands Enterprise
Cameron Johnstone	Nautricity
Gavin McPherson	Nova Innovation
Jeremy Smith	QED Naval
Barnaby Wharton	RenewableUK
Andrew Scott	Scotrenewables
Simon Wallace	Scottish Development International
Seonaid Vass	Scottish Enterprise
Sue Kearns	Scottish Government
Janine Kellett	Scottish Government
Gordon Patterson	Scottish Government
Stephen Sangiuliano	Marine Scotland
Claire Mack	Scottish Renewables
David Miller	Special Adviser, Scottish Government
Teo van der Kammen	Tocado
Henry Jeffrey	University of Edinburgh
Tim Hurst	Wave Energy Scotland (HIE)

**1. Welcome, introductions and apologies**

1.1 Mr Wheelhouse welcomed attendees and invited people to introduce themselves. Apologies were noted from Neil Kermode of EMEC; Simon De Pietro of DP Energy; Patrick Gougeon of OpenHydro; Neil Gordon of SubseaUK; and Heikki Paakkinen of Wello Oy.

1.2 The minister began by providing some context for the group, referencing the substantial achievements of Scotland's marine energy industry to date; the Scottish Government's continued support for the sector; and the challenges of finding a route to market, exacerbated by changes in UK Government energy policy and by Brexit.

**2. Remit of group and timeline**

2.1 Mr Wheelhouse explained that the group will focus on Scottish priorities and concentrate on actions that can be delivered at a Scottish level, while working with trade associations to highlight the wider UK opportunity. He said that there was no blank cheque for the industry but that future requests for support will be considered more favourably if they demonstrate compelling economic and supply chain impacts.

He also emphasised the importance of speaking with one voice and agreeing a coherent set of priorities.

2.2 It was acknowledged that the group needed to remain at a manageable size. However, it was proposed that, given the importance of EU funding, it would be valuable to have Ocean Energy Europe represented on the group.

2.3 Janine Kellett advised that the draft 'state of the industry' report commissioned by the Scottish Government earlier this year has been returned to the consultants for final amendments.

2.4 Barnaby Wharton outlined the Offshore Renewable Energy (ORE) Catapult project to assess the tidal stream and wave sectors against the three tests for UK Government support set out in the Clean Growth Strategy. BEIS has confirmed that the work, which is expected to be finalised by the end of February 2018, will be considered at senior official level.

2.5 Attendees were encouraged to contribute to the work and to contact Barnaby if they have not heard from the ORE Catapult. It was noted that there was no wave energy representative on the project steering group and that a representative from Wave Energy Scotland would be glad to take part. Henry Jeffrey offered to provide Barnaby with details of the ESME modelling carried out by University of Edinburgh and ORE Catapult (NB the University of Edinburgh project is a different project to that outlined by Barnaby).

### **3. Review of 2012 Marine Energy Action Plan: taking stock and future priorities**

3.1 There was a lengthy discussion about the Marine Energy Action Plan of 2012, and the priorities identified previously by industry. Mr Wheelhouse provided an update on what has been achieved since 2012 and invited attendees to consider whether priorities have changed; and whether the priorities are different for wave and tidal.

#### Finance

3.2 There was general agreement that the landscape has changed significantly since the 2012 Plan and that the group should review its priorities on finance for the sector. Both Andrew Scott and Cameron Smith highlighted the transformational impact of Scottish Government and European funding in previous years, and the significant impact of both Brexit and the loss of a ring-fenced allocation for marine projects. Andrew said the cost of connecting the opportunity was a barrier for the sector and he added that the use of levelised cost of electricity (LCOE) as a metric in isolation was challenging.

3.3 Simon Grey highlighted overseas opportunities for the sector in small and remote off-grid communities. Gavin McPherson noted that the Contracts for Difference (CfD) scheme was not designed with emerging technologies in mind and that a support mechanism for smaller scale projects was needed. Claire Mack

highlighted that the UK Government's industrial strategy potentially offers opportunities for the marine energy sector.

3.4 Mr Wheelhouse highlighted recent intelligence from Ocean Energy Europe that the European Investment Bank is no longer willing to project finance in the UK. He added that there had been a recent consultation (20 October 2017 to 20 November 2017) on the Scottish National Investment Bank and hoped that some in the marine sector had responded.

3.5 Tim Hurst said that Trevor Raggatt of BEIS had been very clear that the ring-fenced allocation for marine energy would not be reinstated and that the sector would need to look outside of the CfD mechanism.

3.6 Ronnie Quinn noted that Scotland is doing most of the heavy lifting and yet other island communities and jurisdictions stand to benefit from investment in marine energy. He suggested Scotland should reach out and collaborate with the international community. There was agreement from a number of attendees. Marine energy combined with energy storage was highlighted as a global opportunity and one in which Scotland could play a leading role.

3.7 Henry Jeffrey said that the industry was operating in a different landscape and the 2012 action plan was developed to achieve particular targets. He asked if the 'final destination' had now changed for the sector.

### Grid

3.8 The minister outlined some of the priorities identified in 2012, including changes to the transmission charging regime. He also referred to SSEN's consultation on its proposed subsea connection for Orkney and said he would welcome views on this from the group. The limited progress delivered by Project TransmiT was highlighted by a number of attendees.

3.9 Energy storage, including hydrogen, was again highlighted as an opportunity for maximising marine renewables and partially overcoming grid constraints, although grid connections to the islands were described as the main prize.

3.10 It was proposed that this topic should be explored more extensively in a future meeting of the group and that others, such as SSE, Scottish Power, National Grid and Ofgem, should be invited to participate in the discussion.

### Infrastructure and supply chain

3.11 The minister summarised previous priorities including plans to expand the European Marine Energy Centre (EMEC), and activity to promote supply chain opportunities. He noted the significant achievements of EMEC since publication of the 2012 Action Plan and said it was important to provide a supportive climate for the domestic supply chain.

3.12 Gavin McPherson said that Scotland has a very good story to tell on supply chain and that Nova Innovation has achieved 80% Scottish content through the

Shetland Tidal Array. Cameron Johnstone added that Nautricity had increased its Scottish content from 15% to 70%. He said that the recalibration of the oil and gas sector had helped.

3.13 Andrew Scott noted Scotland's strong industrial heritage and its ports and harbours infrastructure. He said it was worth considering what 10% of the supply chain Scotland can realistically retain in a global market.

3.14 Elaine Hanton highlighted the positive impact of early investment in EMEC and Orkney and she noted the proportionally greater impact in remote areas of investment and creating high quality jobs.

3.15 Barnaby said there were important lessons from the offshore wind sector and that where projects have received support from the UKG, it is because they have demonstrated a commitment to the UK supply chain.

### Planning

3.16 The minister referred to substantial progress in planning and consenting, including Marine Scotland's National Marine Plan with a key objective for sustainable development of marine renewable technologies in the most suitable areas; the introduction of a system of Sectoral Marine Planning as the spatial strategy for locating offshore renewables; and the wide range of publicly available data from Marine Scotland Interactive and the National Marine Plan Interactive websites.

3.17 Gavin McPherson said Marine Scotland and the Crown Estate had been hugely enabling for the sector and there were no particular structural concerns. Cameron Smith said that environmental monitoring was now considered a Scottish strength.

3.18 Ronnie Quinn said that Crown Estate Scotland is looking at doing something new on marine energy and he encouraged attendees to come and speak to him and his colleagues.

## **4. Closing remarks and date of next meeting**

4.1 There was insufficient time left to cover the Europe theme in the Action Plan. Mr Wheelhouse expressed his thanks to all attendees and said that the group will meet quarterly for up to two years, with the next meeting to be arranged in either Glasgow or Edinburgh in early 2018.

## **5. Summary of actions**

- **SG officials to invite a representative of Ocean Energy Europe to join the industry working group.**
- **SG officials to send out date of next meeting and details of how the group should prepare for the second meeting.**