

SCOTTISH MARINE ENERGY INDUSTRY WORKING GROUP

27 February 2019 – 0930-1130

Grassmarket Community Project, 86 Candlemaker Row, Edinburgh, EH1 2QA

MINUTES OF MEETING

Attendees

- Paul Wheelhouse, Minister for Minister for Energy, Connectivity and the Islands (Chair)
- Cameron Smith, SIMEC Atlantis Energy
- Tim Hurst, Wave Energy Scotland
- Henry Jeffrey, University of Edinburgh
- Hannah Smith, Scottish Renewables
- Stephen Wyatt, Ore Catapult
- Miriam Noonan, Ore Catapult
- Andrew Scott, Orbital Marine
- Donagh Cagney, Ocean Energy
- Gavin McPherson, Nova Innovation
- Sue Barr, Marine Energy Council
- Neil Kermod, European Marine Energy Centre
- Matt Dickson, CorPower Ocean
- Simon Grey, AWS Ocean
- Sian Wilson, Crowne Estate Scotland
- Elaine Hanton, Highland and Islands Enterprise
- Janelle Braithwaite, Marine Scotland
- Jan Reid, Scottish Enterprise
- Craig Frew, Scottish Government
- Anna Kynaston, Scottish Government
- Stephen Corrie, Scottish Government

Welcome and Introductions

1. Apologies had been noted by

- Tony Laing, NSRI
- Gavin Smart, ORE Catapult
- Clodagh McGrath, DP Energy
- Simon de Pietro, DP Energy
- Heikki Paakkinen, Wello
- Patrik Moller, Corpower
- Neil Gordon, Subsea UK
- Simon Robertson, University of Edinburgh
- Seonaid Vass, Scottish Enterprise

1.1. Mr Wheelhouse welcomed Sue Barr from the Marine Energy Council.

1.2. Mr Wheelhouse highlighted the Saltire Tidal Energy Challenge Fund was launched earlier this month and thanked those who provided positive and supportive feedback on the announcement. Mr Wheelhouse highlighted the information session on the 6th of March and encouraged those wishing to attend to let officials know.

1.3. Mr Wheelhouse discussed that since Brexit was raised during the course of our last meeting, there is frustratingly still considerable uncertainty surrounding our departure from the EU and our future relationship. Mr Wheelhouse stated that the UK Government urgently needs to provide more clarity on contingency plans for funding of international research and development collaboration in the event of a no deal. Mr Wheelhouse highlighted that Scotland supports the aim of ensuring an appropriate future UK relationship with the EU on Science and Innovation and that's why now, more than ever it's important that the Marine Energy Sector move forward with a common set of priorities to ensure its needs are met.

2. Minutes of last meeting

2.1. An amendment to the minutes from the previous meeting of 25th September 2018 was noted. Tim Cornelius had not attended but SIMEC Atlantis were represented by Cameron Smith.

ACTION 1: Secretariat to upload finalised minutes from the previous meeting on to the Scottish Government website.

3. Marine Energy Council Update

3.1. Sue Barr provided an update on the Marine Energy Council revenue support proposals and their recent dialogue with the UK Government.

3.2. It was questioned if Marine Energy Council (MEC) had the backing of the Treasury and was noted that this was something that MEC hoped that BEIS would support with. MEC will continue to press for a meeting with Treasury to present the proposals directly.

3.3 BEIS have asked the industry to focus on demonstrating the system benefits of Marine renewables and show where the potential for cost reduction exists. It was noted that these issues have been raised previously by Scottish Government and that Scottish Government have tried to support the sector through the ORE Catapult report on collaboration opportunities.

3.4. A number of attendees felt that there while there is support for marine renewables at a Ministerial level in the UK Government, this hasn't translated into meaningful changes in policy on the ground. Scottish and Welsh governments have raised concerns of missing out on the domestic and export potential of Marine renewables and losing out on our technical lead. It was acknowledged that both governments are fighting the corner for marine energy.

3.5. Mr Wheelhouse highlighted that he had recently written to Claire Perry asking for a meeting to discuss support for marine renewables and continues to raise this during regular Ministerial meetings.

3.6. There was a discussion that the demands of the sector should be consistent and it was felt that there was a need to continue to build momentum across the UK as well as reaching out to Europe.

3.7. It was noted that data on domestic supply chains may not be fully up to date and the inward investment opportunities not fully captured. This could support the sector in making a case for revenue support.

3.7. The MEC report is to be published soon and Scottish Renewables would ensure that a finalised copy is circulated.

4. ORE Catapult report - Tidal Stream : Opportunities for Collaborative Action

4.1. Following the last meeting there was agreement that providing more detailed evidence on areas of potential cost reduction in the Tidal Stream sector may add strength to the pitch for revenue support and provide a focus for collaborative action. The ORE Catapult presented the outputs from work they have been undertaking with a number of stakeholders to develop this analysis.

Key points for discussion were.

- What are the timescales for taking forward the collaborative work identified in the ORE report?
- What will the outcome of this work be and how can the results be disseminated?

4.2. Members noted that although the report focused on tidal stream technologies, R&D activity from the wave sector could also be relevant and that developing connections across sectors could be beneficial. Members noted that concrete actions should be carried forward and knowledge shared within a common forum.

ACTION 2: ORE Catapult to work with Scottish Government to develop a series of quarterly workshops to support knowledge sharing and collaborative action.

4.3 There was a discussion on whether or not the system benefits of marine energy were perhaps being overstated in the report and that further research was needed to evidence this.

4.4. University of Edinburgh, ORE and MEC said they were all looking into the system benefits of marine energy and agreed to follow up separately to coordinate this activity where possible.

4.5. Neil Kermode highlighted that a standardised approach to measurements and data collection is another area of collaborative action which perhaps didn't come across strongly enough in the report. ORE Catapult agreed to review this and include in the final version of the report if appropriate.

4.6. Andrew Scott noted that a lack of bespoke facilities presents opportunities for new market entrants and first movers to position themselves as global leaders in the manufacture of optimised tidal components and systems, highlighting the importance of technology developers mapping the supply chain opportunities at an early stage.

ACTION 3: Scottish Enterprise and Highland & Island Enterprise agreed to pull together information for the Scottish Government on domestic supply chains ahead of the next meeting.

4.7. Members felt that Scotland does not currently have the facilities required for assembly of large scale devices. It was stated that the costs of standardised manufacturing may not be that far beyond the investment required for R&D or innovation purposes. There was a discussion on the required investment for ports and harbour infrastructure. HIE noted that the industry needed to align and coordinate its needs with wider opportunities for improving harbour infrastructure, for example through the Decommissioning Challenge Fund.

4.8. There was a discussion that marine renewables should focus on competing with other sectors rather than marine companies competing against each other. The sector should also be competing for services such as black start, capacity market and improving grid resilience. There was a discussion around the need to ensure that collaboration didn't result in compromise, given that margins in device design and performance are so small.

5. ETIP Ocean Integrated Strategy Update (OEE)

5.1. Ocean Energy Europe have been working to develop the ETIP Ocean Integrated Strategy and Donagh Cagney from Ocean Energy Europe provided an update of this work.

5.2. The Integrated Strategy will be presented to the European Commission and national governments. It will show what the industry needs from the future EU and national funding calls.

5.3. There was a discussion around future European Funding and it was noted that the Innovation Fund is the successor to NER300 and will be available 2020-2030 with more flexibility in the form and drawdown of grant funding. Scottish industry presence on EITP remains strong and provides a good opportunity to influence the future direction of EU support.

5.4 The European Commission are gathering data on best practice on environmental consenting to feed into their draft sectoral marine plan. There was a discussion around the marine consenting process and it was highlighted that Marine Scotland's risk based approach was widely considered as an example of good practice in this area and that Marine Scotland were feeding into these discussions.

5.5. OEE highlighted that the Ocean Energy Europe 2019 Conference will be held at the end of September in Dublin.

6. Academic Update

6.1. Henry Jeffrey provided a short update on research and international activity.

6.2. Henry highlighted a number of forthcoming reports of interest including the IEA 2018 Annual report and 2018 UK Ocean Energy Review.

6.3. Henry highlighted ongoing work across a number of programmes, including work on the time value of energy for the IEA. Early scenario modelling shows that revenues for wave energy are capturing price spikes at times of low wind resource. Next steps on this work are to extend the methodology to consider tidal energy.

6.4 There was a discussion around the need for a coordinating role across the various efforts across the industry to understand and investigate the system benefits of marine energy.

7. Wave Energy Scotland Update

7.1. Tim Hurst provided a short update on activity at the Wave Energy Scotland programme, highlighting two wave energy converters that have been funded to take forward for real sea testing in Summer 2020. Tim also highlighted the progress of a number of projects on the WES power take off programme.

7.2. The group agreed that it was good to see the programme develop.

8. AOB

8.1. There was discussion that Scotland should be promoting itself more prominently as a global leader for marine energy. Members felt that increased media coverage would help to gather public support, although it was noted that the Saltire Tidal Energy Challenge Fund had received some good coverage.

8.2. There is a genuine international interest in the sector in Scotland. Details of how to reach the international market and island communities should be considered. The potential of marine energy to be exported has attracted the interest of BEIS.

8.3. There was discussion that the rapidly changing electricity market is a concern as it makes it difficult to plan ahead and that the sector needs to think beyond the next couple of years.

8.4. It was proposed that the next meeting should be in Leith after the launch of the Neptune project on the WES power take off programme.

8.5 Scottish Renewables highlighted upcoming conferences and events and Sue Barr highlighted that the MEC were working on developing a panel session at All Energy.

ACTIONS:

ACTION 1: Secretariat to upload finalised minutes from the previous meeting on to the Scottish Government website.

ACTION 2: ORE Catapult to work with Scottish Government to develop a series of quarterly workshops to support knowledge sharing and collaborative action.

ACTION 3: Scottish Enterprise and Highland & Island Enterprise agreed to pull together information on domestic supply chains ahead of the next meeting.