



## MRIA Submission to *Public consultation on the draft Terms and Conditions of the First Offshore Competition under the Renewable Electricity Support Scheme (ORESS 1)*<sup>1</sup>

The Marine Renewables Industry Association (MRIA) represents the principal interests in Ireland engaged in Marine Renewables, including the Marine Renewables Emerging Technologies (MRETs). The Association embraces firms engaged in device development and manufacture, utilities and developer interests, professional firms and academic researchers. The Association is an all-island body. For further details, please go to the Association's web page, [www.mria.ie](http://www.mria.ie). Also, please see Twitter at *@Marineireland*.

This Submission deals with 1.6 OFFSHORE COMMUNITY BENEFIT (OCB) FUNDS proposal in the Consultation document. The Consultation is focused on the Relevant Projects in the first instance but it sets a precedent for further Phases of development in the Offshore Renewable Energy (ORE) sphere. MRIA appreciates the priority attached by Government to ORESS1 and to getting Relevant Projects underway. They will be a major contributor to the 5GW ORE aspect to the Climate Action Plan's target of 'up to 80% RES-E' by 2030. We note too that these Projects are based on Bottom Fixed Wind technology and may be visible from the shore.

The key features of the proposed policy are:

- Various elements associated with advance payment of Community Benefits.
- A contribution level of €2 per MWh which, it is noted (p14 of the Consultation document), could amount to an annual contribution of €4m pa by a 500MW wind farm which implies an *annual contribution in community benefit of €40m pa* by 5GW, the planned operational offshore energy base by 2030. It represents a step change in contribution levels compared to previous schemes in the terrestrial domain.

The Offshore Community Benefit Fund will be a single fund common to all ORESS projects and will be established and maintained by the Minister or by a nominated body.

It is inherently difficult to define a 'community' in a marine context which strictly has no inhabitants, but rather may have residents that overlook a marine area or visit it seasonally. Sea space is also different to land in that the sea is a multi-use environment based on the exercise of common rights of access rather than private property rights. Nonetheless, MRIA appreciates the factors that led to the current set of proposals in regard to community benefit. The controversies which persist in regard to a number of terrestrial wind projects, overhead transmission cables etc., all point to the need to engage with communities in a new

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<sup>1</sup> Department of Environment, Climate and Communications, October 2021

way and to give them a sense of possession of projects which, for example, may alter their aesthetic environment and occupy spatial areas they value.

The Association also appreciates the need to establish a community benefits arrangement in line with the development of the Relevant Projects and our suggestions below are intended to facilitate that process and, also, to ensure that there are no unintended consequences for the industry from the precedents about to be set by the immediate scheme.

MRIA has concerns with the proposal to establish a national, *centrally-managed* fund and would caution against this course of action. To get to 5GW, new wind farms will need to be built off Ireland's coast. These will need to be accompanied by onshore infrastructure. It is important that industry is able to effectively engage with affected communities and demonstrate clearly that the socio-economic benefits derived from the projects will be shared locally. Without this, our chance of getting to 5GW will be jeopardised. Locally managed funds allow developers to build relationships with local communities, build trust and promote the benefits of hosting offshore wind projects.

The governance arrangement proposed - a nationally managed single OCB Fund - may help to ensure policy consistency, audit transparency etc. However, it runs the risk of being perceived as 'remote' by relevant communities and too wide an instrument by industry who may be concerned about a possible, locally perceived, disconnect between the centrally run OCB Fund and specific communities that developments are located in proximity to.

*It is recommended that the OCB Fund be nationally directed rather than nationally managed. Under this approach, industry and Government would agree rules (concerning audit, eligible projects etc) for OCBs generally. Each proposed local (i.e., associated with a specific development) scheme would then be drawn up under this regime and delivered locally by the developer or a suitable third party administrator.*

The current proposal for an OCB Fund makes no specific provision for community benefits for the fishing community who will undoubtedly lay claim to part of the Fund. While we acknowledge that fishers are not excluded and will be free to make applications, we believe a specific 'carve out' for this industry is necessary.

*It is recommended that the OCB Fund, as finalised, should make specific provision for part of the Fund to be allocated to the fishing community at a level and for purposes to be determined following the outcome of discussions at the liaison group (between Government, the offshore renewables sector and fishers) under development by the Department of Housing, Local Government and Heritage.*

An early task of Departments will be to determine what community activities and ambitions should be supported by the Fund. As has been the case with the onshore RESS, we believe community funds should be allocated in line with the UN Sustainable Development Goals. Guidelines beyond this will be needed to ensure that community funds are used for maximum impact in host communities. The *Renewable Electricity Support Scheme Good Practice*

*Principles Handbook for Community Benefit Funds (2021)*<sup>2</sup> states that a Community Benefit Fund is to be used for *the* wider environmental, social and cultural well-being of the local community (p.3). Clarity is required around whether these principles are applicable to the offshore environment as well or just to terrestrial projects<sup>3</sup>.

It is recommended that the definition of eligible projects for support by the OCB Fund should include the following features:

- I. No direct income transfers to individuals - such an approach would lead to intercommunal tensions, severe 'community definition' challenges and tax issues for individuals.
- II. The Fund should support appropriate capital projects of an economic development nature (e.g., facilities for new enterprises and the running costs of such ventures) and a social nature (youth and sports clubs facilities and their upkeep costs) as well as environmental projects (e.g., enhancement of local nature-interpretative centres)
- III. Funds should support projects that will benefit the community at large or specific groups of marine users. In the case of fishers, for example, Offshore Community Benefit could include initiatives such as training programmes, scholarships, harbour infrastructure, safety apparatus, research or local charities particularly relevant to the fishing community such as the RNLI or to support families in 'Lost at Sea' tragedies. We would also like to clarify that the OCB Fund should not be used to provide individual cash payments to fishers or to the owners of fishing vessels.
- IV. In the normal course, private business activities should not be eligible for support under the OCB as this would possibly run counter to the sectoral etc policies of the State development agencies and potentially raise issues for certain beneficiaries under the EU's State Aids regime.

It is recognised that the first stage of the OCB Fund (associated with the Phase 1, Relevant Projects) may have to operate on a broad definition of project eligibility but the intention to deal with the above issues, following consultation, for all subsequent ORESS auctions must be signalled clearly from the outset. MRIA recommends that OCB Fund benefit provisions be reviewed when developing the Terms & Conditions for ORESS2 and future offshore RESS rounds to learn lessons from the initial approach and ensure that it continues to be fit for purpose.

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<sup>2</sup> Available from <https://www.gov.ie/en/publication/5f12f-community-projects-and-benefit-funds-ress/>

<sup>3</sup> Reference to the (voluntary) Scottish practices (reportedly under review at present) would also be worthwhile prior to determining a final approach to the OCB Fund. See <http://localenergy.scot/wp-content/uploads/attachments/community-benefits-offshore-gpp.pdf>

Coastal Partnerships, which the Association has previously advocated<sup>4</sup>, are planned, on a pilot basis at least, by the Department of Housing, Local Government and Heritage to assist in sub-national implementation of Maritime Spatial Planning. Coastal Partnerships would enable a long-term dialogue and collaboration between inter alia local communities and the offshore renewables industry.

It is appreciated that the delivery of Relevant Projects cannot await the establishment of Coastal Partnerships - which in any event would have a remit which deals more widely than just the relationship between communities and ORE - but provision should be made for their engagement (in line with the recommendations below) with the Phase I projects at an appropriate point in their lifecycles. In addition, the intention to establish Coastal Partnerships prior to Phase 2 et seq should be clearly signalled at an early stage. The Coastal Partnerships would complement the OCB approach advocated and give local communities a real stake in decision taking about developments off their shores.

MRIA recommends the early establishment of Coastal Partnerships incorporating the following features:

- a clear remit from Government as, for instance, the Public Participation Networks and Local Authorities Water and Communities Offices have in their spheres
  
- It should be possible to launch the Coastal Partnerships initiative without specific legislative backing
  
- The Coastal Partnerships initiative should incorporate the following elements:
  - Under the umbrella of the Department of Housing, Local Government and Heritage
  - Full-time staff, locally placed, with some back up from the Department e.g., in IT, facilitation and coordination

Wave and Tidal devices may have little, or indeed no, visual or other form of negative community impact while Floating Wind and Hybrid devices could, for instance, be located so far from shore that they will not make any material impact on shore communities. Almost by definition, the Wave, Floating Wind and Hybrid devices will involve deep waters which generally are located well offshore. Moreover, their scale and complexity are likely to be such that local assembly etc is improbable, in some cases at least, and devices could be deployed from bases beyond their installation locality and be installed offshore without significant impact (n.b. visual impact) on most interests in coastal communities.

The relationship between 'out of sight'/'limited or no impact on local communities' projects involving these new technologies - floating wind will be a feature of Phase 2 developments -

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<sup>4</sup> *Marine Spatial Planning Needs of Marine Renewables Emerging Technologies*, Dec 2018 available at [www.mria.ie](http://www.mria.ie)

is a further pointer to the need for a review of the OCB Fund scheme once the Relevant Projects programme is underway.

The MRIA also believes that experimental/demonstration/pilot devices in the *Marine Renewables Emerging Technologies should be exempt* from the requirement for Community Benefit contributions and this should be stated at an early stage:

- MRET projects will be small, typically <10MW, and extremely difficult to fund in any event
- Many will be located at State test sites - which in their own right should be exempt from OCB requirements - and be of limited duration and will not provide a satisfactory return on capital even with some form of ORESS support
- The OCB requirement would be onerous in terms of cost and time for MRET developers (many of whom are, and will be, of modest means) and would most likely drive at least some of them to locate outside the State's jurisdiction.