Limerick Chamber

Submission to the 'Shaping Our Electricity Future' Consultation

June 2021

1. Introduction

Limerick Chamber is the largest business representative body in the Mid-West, with over 420 member organisations supporting over 50,000 jobs across the region. Limerick Chamber welcomes the opportunity to provide input into the 'Shaping Our Electricity Future' consultation.

Having reviewed the proposed options, Limerick Chamber believes that the most suitable option is the Demand-led approach (under Draft 4), whereby government policy determines where large energy users locate in Ireland. The Chamber believes that this is the most appropriate approach in support of the objectives set out under Project Ireland 2040. Furthermore, as part of the Demand-led option, Limerick Chamber supports a more ambitious approach than what is proposed in the consultation documents in developing Ireland's off-shore wind industry.

2. Opportunity to support regional development

Between 2013 and 2019, Ireland enjoyed steady economic growth, and positioned itself as the fastest growing European economy. GDP increased by 8.2 per cent and 5.5 per cent in 2018 and 2019 respectively. The fruits of the recovery however have not been balanced across the country. Dublin, and to a lesser extent the wider Eastern and Midland area, has recently witnessed an alarmingly overconcentration of population, homes and jobs. Since 2002 GDP per capita has grown by 8.3 per cent in Dublin, while other regions such as the Mid-West and West have experienced economic growth rates of around 3 per cent or less. A robust economy – nationally and regionally – creates the necessary conditions for sustainable employment and population growth.

Increased investment in regional development is more crucial than ever given that regions outside of the capital are likely to lag behind Dublin in terms of the post Covid-19 economic recovery (similar to what was witnessed in the wake of the 2008 economic crisis). It is now largely accepted that the austerity measures implemented in the aftermath of that crisis did

more harm than good and as such it is crucial that the government continues to invest in key sustainable growth areas.

Our economy will face significant challenges in the next few years. We are currently in the midst of a global pandemic and we are only now just seeing the impact of Brexit. Furthermore, there is an increasing momentum behind international tax reform. All of these will have an unknown impact on our indigenous and FDI landscape. The path taken regarding investment in renewable energy and offshore wind will play a key role in enhancing the regional environment for FDI and indigenous investment.

3. Greater focus on offshore wind development required

In light of the above, Limerick Chamber believes that the Demand-led approach best supports regional development and as such is aligned with the goals of Project Ireland 2040. This approach supports the establishment of high-demand energy in regions outside the Capital and as such has the potential to provide numerous benefits to the regional economies. The impact on employment opportunities in areas such as the manufacturing will allow for a stronger development of supply chain connections throughout the Mid-West and West, and in turn create a more enhanced regional economy.

Ireland has invested significantly in the renewable energy sector in recent years, with renewables accounting for 36% of the electricity generation fuel mix in 2019 and with it surpassing its target of 40% to reach 43% of all electricity generated through renewable sources in 2020 (SEAI 2020). Wind generation is a significant component of this representing 32% of all electricity generated by 2019 (see table 1). It is important to note however that the majority of this comes from onshore wind generation.

Table 1: Growth rates, quantities and share of electricity generated by fuel type:

	Overall Growth %	Average Annual Growth %				Quantity (GWh)		Shares %	
	2005 – 2019	'05 – '19	'10 – '15	'15 – '19	2019	2005	2019	2005	2019
Coal	-92.1	-16.5	6.5	-43.2	-76.4	6,389	508	23.1	1.6
Peat	-21.3	-1.7	2.9	-6.5	-7.8	2,450	1,927	8.9	6.1
Oil	-91.6	-16.2	-7.6	-8.9	101.0	3,340	280	12.1	0.9
Natural Gas	37.4	2.3	-7.3	6.5	-0.7	11,574	15,906	41.8	50.8
Renewables (Total)	528.8	14.0	16.1	10.6	15.5	1,873	11,780	6.8	37.6
Hydro	40.4	2.5	6.1	2.4	27.7	631	887	2.3	2.8
Wind	801.1	17.0	18.5	11.1	16.0	1,112	10,019	4.0	32.0
Solar	-	-	48.2	58.3	28.6	-	21	-	0.07
Other Renewables	554.3	14.4	8.8	15.5	0.5	130	852	0.5	2.7
Wastes (Non-Renewable)	-	-	-	41.2	-2.3	-	295	-	0.9
Electricity Imports (net)[1]	-68.5	-7.9	7.4	-1.1	-	2,044	645	7.4	2.1
Total	**13.3**	**0.9**	**0.1**	**2.2**	**1.5**	**27,671**	**31,340**		

Source: SEAI 2020

The key driver in growth of renewable energy to date has been the increasingly ambitious targets set by the EU. The EU set a binding target for Ireland to source 16% of all energy from renewable sources by 2020, with a sub target set by Ireland of 40% of electricity from renewable sources by 2020. A further target of 70% of electricity from renewable sources by 2030 has since been introduced as a legal obligation for the state as part of Ireland's National Energy and Climate Plan (NECP) 2021-2030, which is Ireland's current contribution to the European Union's Clean Energy Package. An updated binding target for 2030 was set for Ireland to source 32% of all energy from renewable sources by the EU in its most recent updates.

In 2019 the SEAI stated that Ireland was not on track to meet EU targets as overall renewable energy supply was just 11% of gross final consumption. Furthermore, SEAI stated that Ireland had the second lowest progress in meeting the overall renewable energy supply target of all EU Member States as in 2019:

- The share of renewable transport energy was 7.2% (binding EU target of 10% by 2020)
- The share of renewable heat was 6.5% (national target of 12% by 2020)
- An original target of 40% renewable electricity was reached in 2020 according to Eirgrid, with Ireland having 43% of its electricity come from renewable sources.

Continued dependence on onshore wind is not seen as a reliable option moving forward, with KPMGs report on offshore wind (2018) showing several issues with achieving future targets through increased reliance on onshore wind generation. Although onshore wind has historically represented the lowest cost renewable option available in Ireland, it has proven unable to keep pace with the increased deployment rate required to meet the 2020 targets, with several core issues severely impacting the industry's ability to deliver near-term capacity, including:

- Closure of current subsidy schemes for new projects and delays in introducing replacement programmes.
- Considerable delays in gaining planning permissions, including increasing local resident and council objections.
- Delays in obtaining grid connections.

There is significant untapped potential in offshore wind generation as it has significantly lower intermittency issues when compared with its onshore counterpart. Lack of investment to date is largely due to there being no appropriate policy, infrastructure and planning framework in place to support offshore development. Moving forward, Eirdgrid and the 'Shaping our Electricity Future' final strategy has the potential to rectify the shortage of development in offshore wind by fostering an environment that incentives increased strategic investment off the west coast.

It is important to also acknowledge that Ireland has reinforced its commitment to meeting future carbon reduction targets with the release in 2019 of the first Climate Action Plan (CAP) which set an ambition of at least 3.5GW of offshore wind by 2030, which was increased to 5GW in the Programme for Government (PfG) agreed in June 2020. It is therefore crucial that more attention is given to offshore wind development in order to meet these targets, with 3 of the 4 proposed drafts currently only promising to deliver between just 1.8 – 2GW of offshore wind by 2030. Delivering 5GW of offshore wind farms within ten years requires urgent, rapid and coordinated policy development across a wide range of Government departments, State agencies and other key stakeholders.

Given the projected output from the Demand-led approach (2GW from offshore wind along with a further 4GW from onshore and 2GW from solar energy), the proposed €0.5 billion

investment gives reason to further invest in offshore wind off the west coast in accordance with this project given the costs in comparison to other proposed drafts, where 2 of the remaining 3 suggest projects resulting in costs in excess of €1.5 – 1.9 billion Euro. Investment in offshore wind generation will create the potential for thousands of jobs in planning, development and construction and hundreds of long-term jobs in operations and maintenance.

While it is acknowledged that there will be costs associated with further investment in this project, Limerick Chamber firmly believes that the benefits will far outweigh the costs in the long run. The costs associated with offshore wind have decreased considerably in recent times and are likely to fall further in the future[1]. This is very relevant given the likely increase in demand for green power which now appears to be inevitable. Therefore, cost can no longer be used as the primary rationale for not generating an offshore wind regime in Ireland[2].

4. Significant untapped potential on the West Coast

In March 2020 the IWEA recommended that the Irish Government should invest in a port on the east coast in the short term and a port on the west coast in the long term. The main justification given for this is that the largest offshore wind farms are planned for the Irish Sea (13 projects vs 6 in Celtic Sea vs 4 in Atlantic Ocean). Limerick Chamber contends that a parallel approach to development on the east and west coasts is more practical for a number of reasons including:

1) The IWEA itself has stated that the 5GW goal in PfG is at risk as not all of the planned projects will be built, "not all of them will get planning permission or a grid connection"[3].

2) The majority of the resource is off the west coast and north/south west coast.

3) Investment in the West coast would further support the NDP goal of regional development.

The opportunity for development on the West coast is evident with the recent announcement of the ESB-Equinor joint-venture for Ireland's largest sea-based windfarm and an associated

[1] The need for offshore wind in Ireland, p. 21
[2] Offshore Wind: Ireland's Economic and Social Opportunity (2018).
[3] Building Offshore Wind 2020, p. 3

hydrogen plant located at Moneypoint. Shannon Estuary is ideally located to support floating offshore wind with Shannon Foynes Port being one of only 3, Tier 1 ports in Ireland and the only one on the Atlantic Coast. The Tier 1 designation under the EU's Trans-European Transport Network (TEN-T) is of significance, as it is on an EU core network corridor and as a result qualifies for European programme funding assistance.

The announcement of a 1,400MW of floating offshore wind and a green hydrogen production facility is an exciting project and an important step towards reaping the rewards of such a significant natural resource off the west coast. However, it is important to note the scale of the resource was previously highlighted in a report published in 2020 for the Shannon Estuary showing the potential output of offshore wind on the west coast, where up to 70GW of floating offshore wind energy is estimated to be able to be produced[4]. Such a capacity would allow the regions to address a variety of sustainability challenges (e.g. energy poverty, the pivot to sustainable transport, revitalisation of the city and town centres along the Western seaboard).

A recent report by GDG found that SFPC "current facilities generally meet the port requirements for various offshore wind construction, however "current crossover with other trades mean that existing facilities are not dedicated to offshore wind". As such "overall development is required to ensure SFPC has new dedicated facilities" (p.31). This development could easily be facilitated as SFPC has an existing 250 ha landbank with an additional 1,200 ha zoned for port related activity. The existing marine infrastructure is also capable of being re-purposed to accommodate developmental requirements. SFPC therefore has two opportunities that should be recognised by Eirgrid in the development of the final strategy: i) to service the domestic market in the Atlantic; ii) to become an exporter of floating wind technology on a global scale.

In addition to production opportunities provided by SFPC, there is the potential to create between 10,000 – 20,000 jobs in manufacturing and a further 10,000 industry jobs arising from four distinct supply chain opportunities – Manufacturing, Staging and Installation, Operations and Maintenance by 2050.

[4] Shannon Estuary Offshore Wind Potential Study 2020, p. 51

5. Conclusion

In light of the above, it is crucial that Eirgrid and the 'Shaping our Electricity Future Roadmap' acknowledges the importance of offshore wind generation and takes note of the commitments made under Project Ireland 2040, the CAP and the PfG when moving forward with this final strategy.