

Enterprise and Business Committee

Meeting: 17 September 2015

Potential of the Maritime Economy in Wales

Introduction

1. This paper has been prepared for the Enterprise and Business Committee (“the Committee”) meeting of 17 September 2015 evidence sessions for the Committee’s inquiry into the Potential of the Maritime Economy to Wales.
2. It provides background information to the work of Rhodri Glyn Thomas AM on his ‘own-initiative’ opinion for the Committee of the Regions (‘CoR’) on Developing the Potential of Ocean Energy. The latest version of the draft opinion – agreed at the ENVE Commission¹ of the CoR on 30 June 2015 – is attached. This version contains some amendments (all but one of which were agreed by Rhodri) to the original draft sent to the Committee’s clerking team for members attention on 5 June.

Rapporteurships

3. The CoR adopts political positions on EU policy and legislative proposals through agreeing reports. Where these are in response to formal Communications or requests from one of the EU Institutions (usually the European Commission) they are called ‘opinions’. Where these are not in response to a formal Communication/request such reports are described as ‘own-initiative’ opinions.
4. Individual CoR members are appointed to prepare the draft opinions, and this is usually done through the thematic policy ‘Commissions’ (i.e. Committees), with the members being nominated by their political groups. Once selected the rapporteur traditionally nominates an expert to support the preparation of the opinion. Rhodri appointed Gregg Jones, Head of the Assembly’s EU Office, as his expert for this opinion. Gregg filled this role as expert for Rhodri’s previous three opinions for the CoR and also for the two reports by Christine Chapman during her period as CoR member. The role is primarily to organise, co-ordinate, and assist with the drafting of the report, and facilitate the work with the CoR services and political groups.

¹ Rhodri Glyn Thomas AM sits on the ENVE Commission – which is the ‘Committee’ in the CoR that is responsible for Environment, Energy and Climate Change.

Developing the Potential of Ocean Energy

5. Rhodri was selected to write this draft opinion by the ENVE Commission on 3 March 2015 and this was confirmed by the political bureau of the CoR on 18 March 2015.
6. The report goes through a two-stage adoption process:
 - 'committee stage': adoption of draft report at the ENVE Commission on 30 June 2015
 - 'plenary stage': adoption of revised draft report (taking on board amendments agreed at 'committee stage' and subsequently during plenary) by the CoR plenary, scheduled for 13-14 October 2015.

Preparation of the report: evidence gathering

7. Most of the evidence gathering to inform the draft opinion is undertaken in preparation for the first stage, the 'committee stage'.
8. For this evidence gathering Rhodri attended a number of meetings in Brussels (and Luxembourg) in April and May. He also held meetings in Wales with Welsh Government Ministers/officials, as well as contacting Welsh stakeholder organisations.
9. These included:
 - Renewable Energy team at the European Investment Bank (EIB) HQ in Luxembourg
 - Lowri Evans, the then Director of DG Maritime Affairs (MARE), the European Commission's DG responsible for co-ordinating the Ocean Energy Forum
 - Other officials from DG MARE, DG Regional Policy, DG Energy, and DG Research.
 - Stakeholder consultation event at the CoR on 4 May with representatives from regional offices, EU networks (including Ocean Energy Europe and CPMR), private sector, environment NGOs (around 20 people attended this).
 - Meetings with MEPs including Derek Vaughan MEP and Irish MEP Sean Kelly (who wrote a report for the European Parliament on Blue Growth in 2013²)
 - Meetings with politicians/officials from the Conseil Régionale de Bretagne
 - Meeting with Edwina Hart AM, Minister for Economy, Science and Transport and her officials; Jeff Andrews, Special Adviser to Jane Hutt AM, Minister for Finance and Government Business
 - Participation in the Ocean Energy Forum (14 April) in Brussels

² See <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2013-0209&language=EN>

10. Rhodri's office also had contacts with Tidal Lagoon Swansea Bay, as well as undertaking extensive desk research on the ocean energy sector in Wales, UK and other parts of the EU.
11. A number of excellent reports and web-sites on the emerging Ocean Energy sector were used in preparing the opinion including:
 - 2014 JRC Ocean Energy Status Report – available here: <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/2014-jrc-ocean-energy-status-report>
 - Wave and Tidal Energy Market Deployment Strategy for Europe (June 2014) from the SI (Strategic Initiative) Ocean Project – available here: <http://www.si-ocean.eu/en/Market-Deployment/Market-Deployment-Strategy/>
 - Ocean Energy Systems web-site (<http://www.ocean-energy-systems.org/index.php>) which contains country reports on developing of Ocean Energy across EU and globally
 - Ocean Energy ERA-NET web-site <http://www.oceaneranet.eu/pages/home-5.html>

Main messages/conclusions of the report

12. The draft opinion focused on a number of key themes, which are identified in each of the sections of the report.

Importance of the sector:

In particular it was clear from the research that the ocean energy sector has huge potential as a reliable and largely untapped source of renewable energy. It also offers wider benefits in helping to achieve climate and energy targets, contributing to energy security, enormous potential for creating employment and economic growth, including scope for diversification of ports and coastal communities (including tourism/leisure activities), as well as offering huge potential to develop intellectual capital, research, knowledge and skills enhancement (including retraining opportunities)

Variety of types of ocean energy and technologies

There are five main types of ocean energy technologies and these each have their own challenges and development issues, and are at different levels of maturity and development. Of these tidal range is the most advanced using largely proven technology, and it is this – through the tidal lagoons – that Wales has a particular interest at the moment, and it was evident that there is clear recognition at EU level of the leading role Wales is playing in this area. However, tidal range is geographically limited compared to other ocean energy forms particularly wave energy.

Importance of sub-Member State (EU speak 'regions'):

There was clear evidence that many of the projects and emerging initiatives are taking place at the sub-Member State level, supported by sub-Member State authorities. Ireland and Portugal are two Member States with national plans for ocean energy, however, there is evidence that more could be done by national governments to prioritise the development of ocean energy.

Clear challenges/barriers to the growth of the sector:

The oceans and seas are a harsh and expensive environment in which to carry out tests and research, compared to land-based renewable energies. There is a consensus around the barriers/challenges facing the development of the sector which are grouped into technological, financial, environmental, administrative/governance, and grid-related infrastructure challenges.

Clear need for co-ordinated EU level action to overcome the barriers:

Given the nature of the challenges, and the shared resource that the oceans and seas represent, there is a clear case for EU level action. The Ocean Energy Forum and Ocean Energy Roadmap (due in the autumn of 2015) are key elements in making this happen.

Addressing financial barriers:

EU level finance is a particular priority, requiring EU Funding and EIB loan finance in the early phases of development and testing of new ocean energy technologies, in order to move the technologies on to a position where private sector finance can be attracted. There is evidence that things are moving in the right direction – the EIB launched in July a new fund to support demonstration projects in the energy field – InnovFin Energy Demo Projects ³, however, it is also clear that more could be done – and the sector needs to lobby to ensure initiatives such as the Juncker Investment Plan, NER400 and EU funding streams, are used to support the development of the sector. This also means looking at the State Aid regime to ensure it helps rather than hinders the sectors development. Wales was identified as one of the few areas of Europe where Structural Funds programmes include specific priorities to support marine energy, with around €100m earmarked for this in the Welsh programmes for 2014-2020.

Scope for developing a Macro Region for the Atlantic area

Continuing the theme of greater EU level co-operation, there is a case for developing a Macro Region for the Atlantic Area, bringing together the five Member States (and the various sub-State authorities) to agree a co-ordinated approach to development of ocean energy technologies in the atlantic area. The Atlantic Area Territorial Co-operation Programme could be used as one of the financial tools at EU level to support

³ See <http://www.eib.org/infocentre/press/releases/all/2015/2015-134-eib-group-and-ec-expand-support-for-innovative-companies-across-europe.htm>

development and implementation of the Macro Region, together with investments from the EIB and other EU funding.

Environment and consenting issues:

Transparency and engagement with environmental NGOs and gathering accurate data on marine biology/eco-systems are critically important issues. This area requires a multi-governance approach – local/sub-national, national and EU level – including effective use of marine spatial planning. Scotland was cited as an example of where administrative processes have been simplified to provide clarity to potential investors.

Awareness and communication:

Given the challenges to developing the sector it is crucial that there is strong public awareness of the potential offered from ocean energy to win the ‘hearts and minds’ of people and avoid the problems that other forms of renewable energy, notably onshore wind farms, have faced.

Next steps

13. Once the opinion is adopted at CoR plenary next month it becomes the official position of the CoR on the ocean energy sector. It will be sent to the other EU Institutions to note, including the EIB.
14. The timing of the report means it will be taken into account in the finalisation of the Roadmap being prepared by the Ocean Energy Forum, which next meets in Ireland on 21 October.
15. The CoR will normally organise follow up events and conferences on key reports it has adopted, including during the annual Open Days week of the regions held in October, to which Rhodri would be invited to speak or chair the event. Similarly, where the European Commission or other bodies organise events Rhodri would be invited to speak or attend to present the CoRs position. This would include meetings of the Ocean Energy Forum. For his previous opinions on budget synergies and public private partnerships Rhodri spoke at numerous events during 2013 and 2014.
16. Given the strong interest in Wales in the Ocean Energy sector, including the Committee’s inquiry into the maritime economy, there will also be opportunities to organise events and other follow up in Wales, focusing on the themes and issues identified in the report. As noted above communication and awareness raising to capture the public’s imagination will be critically important in securing a viable future for this sector.

Rhodri Glyn Thomas AM
Committee of the Regions alternate member
11 September 2015