



Blue Gem Wind

Senedd Cymru
Pwyllgor yr Economi, Masnach a Materion
Gwledig
Blaenoriaethau ar gyfer y Chweched Senedd
ETRA - 48
Ymateb gan: Blue Gem Wind

Welsh Parliament
Economy, Trade and Rural Affairs
Committee
Priorities for the Sixth Senedd.
Evidence from: Blue Gem Wind

Priorities for the Economy, Trade and Rural Affairs Committee in the Welsh Parliament

We are writing in response to the Economy, Trade and Rural Affairs Committee's call for evidence on priorities for the term of the sixth Senedd.

Blue Gem Wind is a joint venture between Simply Blue Energy, a pioneering Celtic Sea energy developer, and TotalEnergies, one of the world's largest energy companies. Blue Gem Wind is currently developing two FLOW sites (Erebus 96MW & Valorous 300MW) with a combined capacity of ~400MW in Welsh waters of the Celtic Sea. Combined, these projects represent international inward investment of over £2.5 billion.

Blue Gem Wind's development focus is on maximising opportunities for the supply chain. A stepping stone approach, whereby FLOW projects progress from initial test and demonstration scale projects to larger early-commercial developments, will help to capture the highest local supply chain content for the commercial scale projects that follow. This approach was adopted in response to a report by the Offshore Renewable Energy Catapult (OREC) for the Crown Estate Scotland in 2018¹.

FLOW & the Celtic Sea - FLOW is set to become a key technology in reaching Net-Zero and delivering the 100GW of offshore wind recommended in the recent Climate Change Committee's Sixth Carbon Budget. Independent studies have suggested there could be as much as 50GW of electricity capacity available in the Celtic Sea waters of the UK and Ireland. This resource could allow Wales to maximise the estimated job creation of 17,000 UK jobs generating £33.6 billion for the UK economy by 2050.² FLOW is predicted to reach subsidy free levels by the early 2030's.³

Economic Benefits and a COVID Green Recovery A supply chain focussed report produced for the Welsh Government and the Cornwall and Isles of Scilly LEP, identified that FLOW projects in the Celtic Sea could support 3,200 jobs in Cornwall and Wales and bring £682m in benefits to the local supply chain by 2030 for the first GW of deployment⁴. There is already c 700MW of FLOW projects proposed in Welsh waters with more to follow. The Committee should look to examine how the economic development opportunities brought by FLOW projects can be maximised with regards to Welsh supply chains and jobs.

Strategic Priority for the Sixth Term of the Senedd

¹ https://ore.catapult.org.uk/wp-content/uploads/2018/10/PN000244-FWMS-Report_FINAL-1.pdf

² https://ore.catapult.org.uk/wp-content/uploads/2018/10/PN000244-FWMS-Report_FINAL-1.pdf

³ <https://ore.catapult.org.uk/press-releases/uk-floating-offshore-wind-subsidy-free-2030/>

⁴ <https://www.marineenergywales.co.uk/wp-content/uploads/2020/01/Benefits-of-Floating-Offshore-Wind-to-Wales-and-the-South-West.pdf>

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- **Examine the economic development potential brought by FLOW in the Celtic Sea and make recommendations to the Welsh Government on the actions required around port infrastructure investment that will facilitate supply chain growth.**

A key focus of the Committee should be to scrutinise the action by the Welsh Government in cooperation with the UK Government in the area of supply chain development and support. This should focus on port upgrades to ensure that the ports are fit for purpose for FLOW. It is understood that the £160m funding being invested by the UK Government port infrastructure for offshore wind is destined for the east coast of England but further port investment should be encouraged for the Celtic Sea ports through subsequent rounds. The role ports will play in local supply chain benefits cannot be overstated and currently there are challenges for Welsh ports to support, in particular, the fabrication and integration of platforms and wind turbines due to the scale and development of FLOW.

- **Engage with The Crown Estate (TCE) to ensure that opportunities for ‘early commercial stepping stone’ FLOW projects in the Celtic Sea are delivered through a timeous leasing framework for generation up to 300MW in output. Once this ‘early-commercial’ leasing framework is complete, a FLOW commercial scale leasing process should be progressed as soon as possible otherwise Wales will be disadvantaged vis-a-vis with Scotland, who already have a commercial scale leasing round for FLOW and 2 FLOW projects fully commissioned.**

Seabed leasing and site security provided by The Crown Estate are vital to providing confidence to investors in floating offshore wind. At present, TCE provides a leasing mechanism for 100MW which Blue Gem Wind has used for its first site, Erebus. After this, there is currently no live process for FLOW projects to achieve a seabed lease in Welsh or English waters. Encouragingly TCE launched a call for evidence in December 2020 for “early-commercial sites”. This was followed by an announcement in March 2021 that The Crown Estate will be commencing work to create a new leasing framework for early commercial-scale (300MW) FLOW projects in the Celtic Sea. Ministers should be focused on highlighting the importance of timeous decision-making by TCE.

- **Engage with the UK Government to ensure that the Contracts for Difference (CfD) scheme incentivises the use of local supply chain strategies and maximises the economic benefit to Wales.**

We have supported the UK Government’s decision to include FLOW in CfD Pot 2 along with other small scale or innovative technologies from Allocation Round 4 onwards. We believe that BEIS has all the required capabilities e.g. pot capacities, minima and maxima and Administration Strike Prices (ASPs) to ensure the delivery of projects at suitable value for money, but it is important this is done in the context of a local supply chain strategy. The two Blue Gem Wind projects will be, it is believed, each competing with similarly sized projects in Scotland. Wales and Scotland are keen to build up their supply chains for FLOW and it is important that the CfD competition in Allocation Round 6 (2025) is not set so that only one project and thus one region can be successful. The Welsh Government should be focused on maximising the economic value brought to Wales by FLOW through its supply chains and it is critical that Ministerial engagement around future revenue support system design takes place with this in mind.

Other areas for consideration

Grid will require significant investment and strategic planning and could be a barrier to maximising the economic opportunities for Wales. Planning and NRWs role in providing timely consent decisions is also critical if Wales is to

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be “open for business” to new low carbon opportunities. Skills and training for a new FLOW sector is also essential to maximising economic benefits.

We would welcome the opportunity to present in more detail the case for port infrastructure investment and supply chain contribution to economic development at any oral evidence sessions which result from this call for evidence. Should you have any questions, or wish to discuss the contents of this response, please contact david.jones@bluegemwind.com

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