



Rt Hon Rishi Sunak, MP
Prime Minister
10 Downing Street
London
SW1A 2AA

pmpost.int@no10.gov.uk

12 October 2023

Dear Rishi,

I am writing in response to the latest market update from the Crown Estate in relation to off shore wind developments in the Celtic sea.

The Welsh Government remains as committed as ever to our statutory net zero targets. We recognise the climate emergency, and we see no case for any weakening of our commitments to take action for the benefit of current and future generations. I have welcomed, and indeed share, the UK Government stated ambitions for marine renewables and the ambition for the UK to become a world leader in the floating offshore wind sector. Here, I am pleased that the UK Government has not signalled a move away from the existing commitment for 50GW of floating offshore wind by 2030.

There is a once in a generation opportunity for the essential transition to renewable energy to lead a new industrial revolution, one that will support a just transition especially for many of our coastal communities which have themselves suffered from industrial decline.

However, there is a genuine risk that this major opportunity, and the optimism within the sector, is dissipating due to the lack of progress and action to unlock investment.

In my discussions with renewable energy developers, both based in Wales and those looking to invest in the UK, the key enabling factor to unlock investment is certainty. While it is good that some progress has clearly been made on the recent spatial issues associated with the Celtic Seas, last week's technical update from the Crown Estate will do little to show investors that there is a credible long-term investment pipeline so much needed to unlock major investment decisions. The risk to the UK is that developers, uncertain as to the future development potential in the UK, will seek to utilise the existing supply chain in

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Gohebiaeth.Mark.Drakeford@llyw.cymru
Correspondence.Mark.Drakeford@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

countries that have shown the ambitions for the sector and where investment is already underway in ports and the associated supply chain.

Wales is uniquely placed to support the deployment of significant scale floating offshore wind in the Celtic Seas. Our deep water ports at Port Talbot and in West Wales have the potential to be the manufacturing, integration and maintenance ports the renewable industry is urgently seeking for the Celtic Seas. Our joint work on freeports is another major opportunity to attract new investment, transforming the regional economies, providing new markets for the steel industry and high value added manufacturing. This is a major opportunity for Wales and for the United Kingdom and greater certainty in of future development is the way to ensure that it is grasped.

The other critical infrastructure component is grid. It is recognised that the existing grid infrastructure across the Celtic Sea region is not fit for purpose and requires innovative solutions, both on and offshore, to ensure delivery of a robust and resilient system. Your support will be crucial to ensure that a long-term view is taken on anticipatory investment, not only to meet the initial 4.5GW requirement but future-proofing the system for additional seabed leasing rounds.

The action need from the UK Government is therefore clear. We need urgent clarity on the potential development pipeline for the Celtic Seas which will provide confidence to the floating offshore wind sector that the Celtic Seas will provide large scale opportunities that the sector needs to make Wales and the rest of the UK the base for investment.

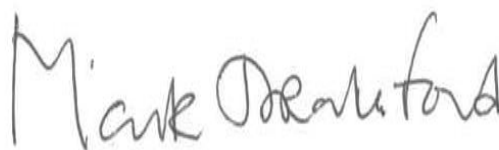
If we are to make the most of that opportunity, we also need the support of the UK Government to raise the ambitions for the UK supply chain. We are in an international market where our international competitors are strengthening the local supply chain content for their renewable energy projects. We need firmer action to support the development of the supply chain and require developers to commit to UK suppliers.

Finally, it was deeply disappointing that no floating offshore wind developers bid into the latest round of Contracts for Difference. Changed market conditions mean that the structure and scope of the CfD package has to be reviewed. We cannot risk another failed auction round for floating offshore wind because that really would be disastrous for confidence in the sector.

Provided the sector can see a clear pipeline of opportunity for the Celtic Seas, with collective action to support the supply chain and a contract for difference auction which supports the new industry in its earliest stages, the outlook for Wales and the United Kingdom can be very bright indeed, as global leaders in this vital area.

Again, the Welsh Government is willing to work closely with the UK Government to share our experience with the marine energy sector, and achieve our objectives in the Celtic Sea.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

MARK DRAKEFORD