

**Senedd Cymru**  
**Pwyllgor yr Economi, Masnach a Materion Gwledig**  
**Economi Gwyrdd**  
**GE17**  
**Ymateb gan: Floventis Energy**

**Welsh Parliament**  
**Economy, Trade, and Rural Affairs Committee**  
**Green Economy**  
**GE17**  
**Evidence from: Floventis Energy**





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## **Floventis Energy – Response to the Economy, Trade and Rural Affairs Committee Inquiry into the Green Economy**

### **Floventis Energy - who we are:**

A joint venture between SBM Offshore, global specialists in floating offshore energy, and renewable energy project development company, Cierco, Floventis Energy is at the forefront of the global transition to large scale green power generation from floating offshore wind.

Floventis was awarded the agreement for lease for the Llŷr developments in the Celtic Sea by The Crown Estate in July 2021 subject to a Habitats Regulation Assessment. This allows Floventis as the developer to progress with environmental assessment and surveys, secure access to the grid and seek planning consent through the statutory processes.

Located 31km off the coast of Pembrokeshire, the Llŷr Developments (known as Llŷr 1 and Llŷr 2) will showcase the next generation in offshore renewable energy technology ahead of industrialisation. They will power in the region of 200,000 homes<sup>1</sup> with clean, green energy once operational by 2027. Test and Demonstration sites, such as the Llŷr Developments, are absolutely critical in unlocking Wales' potential. Without their success we risk significantly impacting the ability to deliver large scale projects, and consequently affecting Wales' wider renewable energy targets.

With an office in Pembroke Dock, Floventis is committed to working with regional and local stakeholders to maximise the opportunity for ports and local businesses and educational institutions to support a sustainable economy.

*Responding to the ETRA Committee Terms of Reference:*

### **Within its devolved powers, what should be the Welsh Government's key priorities to maximise the potential economic opportunities from green economy sectors? To what extent does its current approach reflect these?**

Our projects are pathfinders and will be key to unlocking the potential of floating offshore wind. We believe the Llŷr 1 and 2 projects (which represent 41% of The Crown Estate's pipeline in floating wind in England and Wales) should have a clear priority of commitment and support by decision makers. Any delay will challenge the delivery of these projects in helping to meet the current commitment to 4.5GW floating offshore wind. It will also hugely impact the supply chain, which is reliant upon test and demonstration sites as a steppingstone to build the tools to respond to the considerable challenge and opportunities in the Celtic Sea.

Combining two technologies that have been proven throughout the world, offshore oil and gas platform technology and wind turbines, floating wind is set to become a key technology in reaching Net Zero. With over 75% of the world's wind resource in water deeper than 60

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<sup>1</sup>Based on R-UK statistics using BEIS data <https://www.renewableuk.com/page/UKWEExplained/Statistics-Explained.htm>



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metres, floating wind will also provide new low carbon supply chain opportunities, support coastal communities, and create long term benefits for the region.

***By prioritising and making a clear statement on the importance of the test and demonstration projects in the Celtic Sea, this will ensure they are prioritised in terms of the critical value they will provide to unlocking the power of the Celtic Sea, and floating offshore wind generation across the UK.***

Outside of the control of the Welsh Government, but upon which it should seek ongoing dialogue with the UK Government on, should be a focus on ensuring that Contracts for Difference remain fit for purpose. Developers and investors need a supportive business environment which allows them to accelerate the opportunities in floating offshore wind. To this end, it is vital that the Contracts for Difference (CfD) framework ensures that Test and Demonstration sites are given due priority and adequate resource to be viable, impactful and sustainable.

As a country, we need a Contracts for Difference (CfD) framework that is fit for the future if we are going to achieve energy security, affordability and decarbonisation. Without an adequate funding allocation which takes account of the cost increases faced by developers across the board there is potential for viable projects to be squeezed out, and a resultant less diverse technology mix.

Greater long-term visibility of the CfD pipeline would provide greater confidence for developers and a strong market signal to investors. These allocation rounds should provide both the financial security as well as being focused on floating offshore wind, to ensure that Wales, and the UK, can maximise the opportunities from this technology for the benefit of all.

### **What are the key barriers to Wales making the most of opportunities in the green economy, and what steps should be taken to overcome these?**

We fully understand the need to have ambitious targets for renewable energy, but there must be a realistic appraisal of the barriers and blockages in the system which could hinder these targets. We must also look at policy incentives, particularly in relation to the skills and supply chain, which could help accelerate growth and see full benefit from the opportunity of floating offshore wind.

There is a relatively narrow window of opportunity to deploy large scale development in order to meet Government targets. Consequently, we need to look at ways in which we can enable the industry, through concerted policy action, to scale up and expediate the process in an appropriate way.

Additionally, given the next Crown Estate leasing round, we need to be aware of the potential for bottlenecks that will be created if we move too quickly without getting the support network in place to support. The industry has the capacity, but we need to have systems which will support this – including adequate resourcing of the various statutory partners involved in the full developmental process.

### **What actions should the Welsh Government take to support development of Wales-based supply chains in green economy sectors?**



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The capabilities of the supply chain up until 2035 depends on the opportunities (and investment) for them in the 2020s and the setup of the floating offshore wind market. If lowest cost continues to be the only marker of success, or if the jump to GW projects is too fast, the supply chain may not grow or keep up.

There should be clear recognition of the need to build in the right capacity and capability in the supply chain at an early stage, and to work with developers with projects already committed to ensure we take the early learnings. We need to ensure there is appropriate investment in the supply chain to ensure it is future fit for the opportunities ahead, and that the UK economy benefits from the undoubted benefits this would bring. A clear forward look would allow decisions to be made about supply chain and infrastructure investment, further allowing the UK to better capitalise on the growth of the renewable energy industry.

With the establishment of the Celtic Freeport in Milford Haven and Port Talbot, we need to ensure investment follows into our port infrastructure which both unlocks the potential for economic growth and provides viability to those who rely on the facilities. Our ports are being designed to promote regeneration and high-quality job creation, and to become a national hub for global trade and investment across the economy.

We would recommend that members consider the innovative Fit 4 Offshore (F4OR) programme will be delivered by the Offshore Renewable Energy (ORE) Catapult, in partnership with Floventis Energy.

F4OR is a unique service to help the UK supply chain get ready to bid for work in the offshore renewable energy sector. The objective of the programme is to support the development of an increasingly competent, capable and competitive UK offshore renewable energy supply chain – maximising opportunity for the UK supply chain, both domestically and globally.

F4OR is a 12–18-month programme, designed alongside industry experts, and it has experienced widespread success across the UK since it started in 2019. To date, five F4OR regional programmes have been delivered in the Northeast of Scotland, North East of England, East Anglia and Suffolk, alongside national programmes run across Scotland and UK-wide. Over 110 companies have been supported, with participants experiencing an average 28% increase in turnover and many securing a wide range of new contracts.

The programme is at the forefront of our wider commitment to supporting the supply chain to be ready to seize the opportunities that will arise from the developments in the Celtic Sea, ensuring that investment remains in Wales supporting Welsh companies and employees.

The Welsh Government should consider supporting and expanding on schemes such as F4OR, and working directly with industry and developers to maximise the content they can bring.

**What skills challenges exist in relation to transitioning to a green economy? What actions should be taken, and by whom, to ensure the skills are there to meet the growing demands of a green economy?**



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We are fully committed to playing our part in building the workforce of the future, today. We are investing heavily in supporting our supply chain and existing workforce to ensure that they are able to seize the opportunities from floating offshore wind in the Celtic Sea.

Our education and skills programmes start at KS2 and continue through secondary, further and higher education. We have a number of initiatives which aim to inspire, engage, enthuse and equip our future generations in the skills demand that will be sought after.

We appreciate that any approach should be collaborative, and we work closely with key partners such as Pembrokeshire College, Regional Skills Partnership, Careers Wales, Business Wales and all relevant service providers to provide a joined-up approach.

To help address the skills gap and the expansion of jobs that will need to be met, we have outlined the following key areas to be addressed:

### ***Sector Skills Forum***

Whilst there are extensive networks and programmes that exist, focused in South and West Wales, we believe that there should be an overarching network that aligns closely with the sector bodies. This could be delivered through the Regional Skills Partnership to ensure that the focus is solely on skills and training alongside education.

### ***Mapping of skills and training courses***

There should be a comprehensive mapping exercise to understand the current offer for the existing and future workforce. It is vital that funding is directed to organisations such as the Learning and Skills Partnerships to undertake labour intelligence, this should be drawn through Shared Prosperity Fund and through City Deals. Working with developers, Welsh Government should ascertain need and map this against what is in existence and identify ways to plug the gaps.

### ***Government funding***

The Skills budget of the Welsh Government should be focused on future need, and the immediacy of the challenge set against the commitment to delivering on net zero. Following the mapping of the offer against demand, there should be investment where needed and agreed with industry, helping to match their already sizeable contributions in workforce and supply chain skills investment. Funding should ensure that existing frameworks, such as apprenticeships, are delivering best value and are optimised.

### ***Skills Transition Programme***

The Welsh Government should consider devising and implementing a sector specific programme to support the existing work force with transition to future growth sectors, where there are current gaps in skills and resource. This should be led by the labour market intelligence that is required to gain a comprehensive understanding of the needs of the sector over the next decade and beyond.

### ***Communication and Awareness***

Supporting both future entrants to the industry as well as skills providers, there should be an extensive communication campaign linked to the Project Development Areas (PDAs) to raise awareness of the opportunities and identify new partners who will deliver against the skills needs of the future.



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**What will workers and employers need for a just transition to a Net Zero economy to be achieved, and what actions should the Welsh Government take to deliver the elements of this that lie within its devolved powers?**

As the Welsh Government outlines in its approach to a just transition to net zero: “Globally the world is decarbonising from a fossil fuelled economy. Delivering a just transition will mean, as we move to a cleaner, stronger, fairer Wales, we leave no-one behind”. Delivering this just transition should be the responsibility of all, from Government and the public sector to developers, industry and all commercially involved in the delivery of the green economy.

The Well-being of Future Generations (Wales) Act clearly has the potential to ensure that the public sector ensures we move to a just transition. As industry, Floventis Energy has engaged with the Office of the Future Generations Commissioner more widely in terms of how we can support the objectives of the Act, and we are working with other businesses, cross sector, to learn from one another.

An example of collaborative industry working to support a just transition would be the launch of the SPARC Alliance. Led by Pembrokeshire College and supported by industry, including Floventis Energy, this initiative has identified the challenge, the opportunity and how to address the inequality gap that exists in workforce opportunities for females.

Looking at a just transition to net zero from a community perspective, we believe as industry that we have a key role to play as an educator and in co-production. We have recently been out to public consultation for our Llyr 1 development and this has been both a useful information collection tool, as well as an opportunity to provide information to our communities – many of whom are aware of the challenge we face in meeting our net zero targets but have less awareness of how that will be achieved, and how all the parts of the process knit together. We work with local charities, particularly with a youth focus, such as the Darwin Centre and Milford Youth Matters, to ensure that we can build a partnership approach to a just transition to net zero.

We are aware that the Welsh Government is currently consulting on its Just Transition to Net Zero framework. This will provide an opportunity to provide greater planning to the issue, as well as hopefully improving general understanding on what a just transition means in practice and what this would look like to our communities.

**How will the Welsh Government need to work in partnership with others to realise the potential of the green economy and deliver a just transition? To what extent is the partnership working that is needed being undertaken?**

It is vital that the positive dialogue that exists between the industry, directly with developers and through organisations such as Renewable UK Cymru and Marine Energy Wales, is maintained and strengthened further.

We have welcomed the opportunity to work with officials, as well as our supply chain, to help demonstrate what can be achieved, and to provide learnings back to Welsh Government. In 2023, we hosted an industry trade delegation to France to learn about the scale and potential of floating wind in the Celtic Sea to revitalise port infrastructure and create supply



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chain opportunities. 19 delegates from supply chain companies, ports and industry membership bodies took part in the fact finding and trade mission to Fos-sur-Mer, SBM Offshore's fabrication facility near Marseille that is currently assembling the floating wind platforms for Provence Grand Large, the first of France's pilot floating windfarms. The Provence Grand Large project is shortly to be deployed approximately 30 kilometres from the platform assembly site in Fos-sur-Mer.

These fact-finding visits should continue to play a key role, alongside conversations which lead to outcomes to support the strengthening of our supply chain.

**The Welsh Government says it will face considerable budgetary constraints in the short term. How should it prioritise investment to support development of the green economy over the shorter and longer-term? What innovative approaches to financing could be considered to maximise potential investment and benefits?**

As we have outlined above, the Welsh Government should work closely with the UK Government to ensure that the Contracts for Difference mechanism delivers effectively and enables future growth and certainty in investment decisions.

We note and support the suggestions made by Renewable UK Cymru, there is real need to recognise the potential represented by private investment. Creating a clear and unequivocal signal that makes Wales an attractive place to do renewable business will be vital to stimulate the green economy. Prioritising investment which leverages private sector funding will support the government's objectives in a range of areas.

Out with budgetary constraints, the policy environment has to work for the developer and industry, who in turn must recognise that they have a responsibility to supporting wider Governmental agendas such as a just transition to net zero. The floating offshore wind industry requires a degree of certainty and confidence to enable investment decisions to be made, substantially and swiftly. The Welsh Government should consider how it can unblock any of the barriers identified throughout our response, and across calls made by industry, to help instil confidence for investors and create the right environment for positive decisions to be made.

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