

**MINUTES OF SCOTTISH MARINE ENERGY INDUSTRY WORKING GROUP
MEETING
21 JUNE 2018**

Attendees

- Paul Wheelhouse, Minister for Minister for Business, Innovation and Energy (Chair)
- Elaine Hanton, Highlands and Islands Enterprise
- Claire Mack, Scottish Renewables
- Andrew Scott, Scottish Renewables
- Simon Robertson, University of Edinburgh
- Shona Pennock, University of Edinburgh
- Hans Van Bruegel, Tocardo
- Simon Wallace, Scottish Development International
- Neil Kermod, European Marine Energy Centre
- Tony Laing, National Subsea Research Initiative
- Robert East, OpenHydro
- Andrew Jamieson, ORE Catapult
- Gavin Smart, ORE Catapult
- Tim Hurst, Wave Energy Scotland
- Cameron Smith, Atlantis
- Sian Wilson, Crown Estate Scotland
- Cameron Johnstone, Nautricity
- Gavin Mcpherson, Nova Innovation
- Heikki Paakkinen, Wello Oy
- Jeremy Smith, QED Naval
- John Thouless, DP Energy
- Patrik Möller, CorPower Ocean
- Nathan Bennett, RenewableUK
- Simon Grey, AWS Ocean Energy
- Seonaid Vass, Scottish Enterprise
- Helena Gray, Marine Scotland
- Anna Kynaston, Scottish Government
- Gordon Patterson, Scottish Government

1. Welcome, introductions and apologies

1.1 Mr Wheelhouse welcomed attendees to the third meeting of the group. Apologies were noted from Remi Gruet, Phil Gilmour, and Henry Jeffrey, with Marine Scotland and the University of Edinburgh being represented by deputies. Joining by teleconference were Patrik Moller, Teo van der Kammen and Simon Wallace.

1.2 The Minister reminded members of the group's purpose of working together to ensure Scotland remains a leader in marine energy, of seeking to speak with a unified voice, and focusing on priorities and actions that can be delivered at a Scottish level as well as seeking to highlight the wider UK opportunity.

1.3 The Minister noted that the marine sector was represented strongly at All Energy in May, and that the industry is increasingly presenting a unified and consistent message about its achievements, the economic opportunity, and the support required.

1.4 The Minister updated the group on the recent ministerial meeting of the British-Irish Council (BIC) energy group, noting that ministers from across the eight BIC administrations agreed that marine energy will remain one of the group's themes under the new two-year work plan. The group aims to facilitate the exchange of information and sharing of best practice between the member administrations. Gordon Patterson from the Scottish Government will remain in touch with this group about opportunities to engage with the BIC.

1.5 The Minutes of the previous meeting were approved as drafted and circulated.

1.6 The Minister noted the agreement from the group at the previous meeting that its primary focus will be on the Finance theme, and that other key issues, including grid, will be explored in later meetings. Mr Wheelhouse welcomed the guest speakers who kindly agreed to join today's meeting to provide their insights on different aspects of the finance theme.

2. Offshore Renewable Energy Catapult – Tidal Stream and Wave Energy Cost Reduction and Industrial Benefit report

2.1 Gavin Smart of the Offshore Renewable Energy Catapult provided an update following recent publication of its marine energy cost reduction and industrial benefit report, the findings and methodology of which have been accepted by BEIS officials without commitment.

2.2 The minister said that industry, including the trade associations, need to consider next steps and how to translate the findings of the report into action and shared communications

2.3 Neil Kermod said that from EMEC's engagement with UKG it has detected an appetite from ministers to engage with the marine sector and emphasised the

importance of building on this by ensuring that the right messages are being heard by the right people, including Treasury. It was proposed that Scottish MPs could have a role in this. The Minister agreed on the importance of presenting a consistent message to UKG.

2.4 Nathan Bennett confirmed that RenewableUK plans to lead a cross-party, cross-regional delegation of MPs to meet with a BEIS Minister in September to reinforce the messages from the OREC report and the case for revenue support.

2.5 A number of attendees confirmed that they will be promoting the messages and themes of the OREC report with their contacts in UK government departments.

2.6 Andrew Jamieson said the Welsh Government shares the Scotland Government's positive outlook on the opportunities for marine energy. The Minister agreed and referred to discussions with his counterpart in Wales following the recent British-Irish Council meeting, as well as Northern Ireland's interests, and the interest from a number BIC administrations in visiting Orkney to learn about its activities in, among other things, marine energy and hydrogen.

2.7 The Minister also referred to the significant level of interest in Brussels in Scotland's marine energy activities and the importance of continuing its links with Europe in this area, post-Brexit.

2.8 Claire Mack confirmed that Scottish Renewables and RenewableUK are working closely together in marine energy, and that there is a significant level of commitment from industry to drive forward the marine energy agenda.

2.9 Jeremy Smith highlighted QED Naval as an example of a company which works with many times the number of people in its own workforce, and which can help strengthen the evidence base for the economic impact and growth potential of the marine sector.

2.10 Helena Gray emphasised the importance of having real world stories from the marine sector and a narrative that can be easily understood by the wider world, and which can supplement the important messages from more academic studies.

2.11 Parallels were drawn with the development of wind energy and of the UK's failure to capitalise on its early lead in the sector. Gavin McPherson referred to a presentation at the recent ocean energy event in Cherbourg which highlighted the enormous export value of wind energy to the Danish economy, and how this success can be traced back to decisions taken in the 1980s.

2.12 Neil Kermode raised the possibility of a more concerted media campaign as well as highlighting recent positive coverage of Microsoft's subsea data centre project at EMEC.

Action: Members to consider a coordinated approach to media engagement, including presentation of the sector's achievements, benefits, and potential.

2.13 Andrew Jamieson emphasised the importance of having a clear and persuasive narrative about the benefits of the technology and the development of the sector from multiple angles in addition to the 'clean electricity' case, including innovation and R&D, the number and quality of jobs created, and SME growth.

2.14 Claire Mack said that there is a significant level of activity within the industry to make that wider case, including the work of the new Marine Energy Council, and echoed the comments from other members about the importance of utilising data from industry.

2.15 Cameron Smith emphasised that the sector is seeking a relatively small proportion of the expected renewables budget in order to create a potentially significant industry.

2.16 The Minister stated that he and the SG more widely will continue to discuss future support for the marine sector with UKG counterparts wherever possible.

3. Cost Reduction Pathway – experiences from other sectors

Joint presentation from;

i. Andrew Jamieson, Offshore Renewable Energy Catapult

ii. Tony Laing, National Subsea Research Initiative

3.1 Andrew Jamieson provided an overview of the Offshore Wind Cost Reduction Task Force, highlighting the value of securing a committed and vocal cross sector input at a senior level as well as having a strong Chair; the high level of work involved over the 9 months of evidence gathering, analysis and opinion forming; the importance of making specific recommendations and assigning ownership of actions; and its value in unifying the industry.

3.2 Tony Laing presented the preliminary findings and recommendations from NSRI's marine renewables working group, including a recent 'Mastermining' workshop which brought together more than 90 stakeholders from across the wave & tidal and oil & gas supply chains on the theme of reducing costs by knowledge transfer and working together. This work has categorised and prioritised the technical challenges and opportunities to work together across sectors. A key recommendation is to establish and fund a dedicated Efficiency Task Force and Working Groups.

3.3 Discussion points and proposals included the following:

- Agreement on the impact of the offshore wind Task Force and that it offers useful lessons for the marine sector.
- Recognition of the different stages of development for wave and tidal technologies and their subsequent priorities and needs (e.g. opportunities in intelligent design for wave energy) and that there are some distinctions to be

drawn between today's marine energy sector and the offshore wind sector of a few years ago.

- A proposal that a version of Andrew Jamieson's presentation could be filmed and used as a reference point for the marine sector in order to highlight parallels for marine energy and what can be achieved by working together
- A proposal for members to consider whether supply chain representatives could be invited to join this group or attend specific future meetings.
- Agreement with the recommendation for an industry-led 'cost reduction task force' although it was not agreed how industry would lead this activity.

Action: Secretariat to share presentation slides.

4. RenewableUK update (Nathan Bennett)

4.1 Nathan provided an overview of recent UK-wide activities, noting that the OREC report has been effective in igniting discussion about marine energy at Westminster, the narrative around the 'three tests' being particularly helpful. Work is underway to further develop the economic case in the OREC report and to explore potential corporate or local authority buy-in to marine energy.

4.2 A RenewableUK marine energy showcase event is taking place in Westminster on 18 July and a cross-party delegation of MPs scheduled to meet with UK minister in September.

4.3 The Marine Energy Council (MEC) has been established under RenewableUK and aims to provide a 'group voice' with a focus on lobbying Westminster about revenue models and economic benefit. There was some challenge from one delegate about the ongoing discussion with in RUK of £300/MW being the optimum figure to use moving forward given the UKGs views on this.

4.4 There was further discussion around the cost reduction pathway as well as the 'USP' for marine energy which includes job creation in coastal areas as well as export potential.

4.5 The Minister suggested more could be made of benefits such as predictability, high capacity factor and integration with other technologies. He also suggested the industry could gather information on international export potential to help with future markets.

5. Closing remarks and date of next meeting

5.1 There was agreement that the next meeting, to be arranged in late September, would again focus on the finance/revenue support case, and that grid and other themes would be considered at subsequent meetings. [Update: next meeting has been arranged for 25 September].

Summary of actions and proposals

- Continue discussion on Finance theme at next meeting of this group.
- Members to consider a coordinated approach to media engagement, including presentation of the sector's achievements, benefits and potential.
- Secretariat to share presentation slides.
- Members to consider whether supply chain representatives could be invited to join this group or attend specific future meetings.
- Agreement with the recommendation for an industry-led 'cost reduction task force' although it was not agreed how industry would lead this activity.
- Proposal for industry to gather information on international export potential to help with future markets.