Global Marine Systems Submission to the Offshore Transmission Final Consultation

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Contents

1.0 Executive summary

1.1 Global Marine Systems (GMS), a market leader in the laying of subsea cable and related engineering services for over 150 years, is delighted to respond to the Consultation on the Government's Response to 'Offshore Electricity Transmission - A further joint Ofgem/DECC Regulatory Policy Update'.

1.2 Our area of expertise within an offshore windfarm project is in the installation, burial and eventual maintenance of both the inter-field cables (the power cables which connect the grid of turbines to each other) as well as the export cables, which connect the entire array of turbines back to land and the power grid itself.

1.3 We firmly believe that the development of offshore wind power is core to the UK's future wellbeing and economic and environmental security.

1.4 The coastal geography of the UK and the ambitious targets set out by the Government present a real opportunity for the UK to take a lead in the development of offshore wind.

1.5 In order to ensure the growth and adoption of such technologies are not diminished or damaged by the current economic climate, continued clear support is needed from the Government. A holistic approach to the Transmission Regime is essential to ensure greater flexibility in the adoption of future technologies.

1.6 In addition, a stable and predictable regulatory regime is necessary in order to facilitate investments in offshore wind farms.

2. About GMS

2.1 Global Marine Systems, a British company, has been involved in laying subsea cable and related engineering services for over 150 years. Global Marine Systems is the privately owned merger of what once were the marine divisions of British telecommunications companies British Telecom and Cable & Wireless.

2.2 Global Marine Systems has two core business units, Telecommunications and Energy. The Energy unit has a focus on the installation and maintenance of subsea power cables and related engineering services. As part of this unit we have, over the past eight years performed a significant amount of work in the offshore windfarm market. Global Marine has been a key service provider on such projects in the UK as the Kentish Flats and Barrow offshore wind farms. We have also successfully completed projects throughout Europe such as Horns Rev, and we are currently completing the world's largest offshore wind farm, Horns Rev 2.

2.3 Specifically, our area of expertise within an offshore windfarm project is in the installation, burial and eventual maintenance of both the inter-field cables (the power cables which connect the grid of turbines to each other) as well as the export cables, which connect the entire array of turbines back to land and the power grid itself.

2.4 As a result of our unique record in delivering these projects, we believe that we are a leader amongst a very small group of companies in the industry who have meaningful experience successfully executing work such as this. We are one of a small group of British companies with demonstrated expertise in this specific area and a viable business currently operating in this strategically critical market.

3.0 Offshore Transmission Regime

3.1 We welcome and fully support the Government's commitment to 20% of electricity supply to come from renewable sources by 2020, and an 80% reduction in carbon emissions by 2050. Investment in non-polluting electricity generating sources is not only critical to meeting the UK's carbon reduction targets but also has the potential to form the basis of a major future growth area for UK plc.

3.2 In order to reach the Government's targets, we firmly believe that the development of offshore wind power is core to the future wellbeing of both the environment and the UK's economy. As the Regulatory Policy Update highlights, the Department of Energy and Climate Change (DECC) recently published a study of the UK's shores which recommends that there is scope for between 5,000 and 7,000 more offshore wind turbines around the UK coast. DECC estimates that this would be enough to power the equivalent of almost all the homes in the UK and would make a significant contribution to renewable energy targets.

3.3 As recently set out in the Government Low Carbon Industrial Strategy, the transformation to a low carbon society presents a valuable opportunity not only to convert industry to a low carbon philosophy, but also to secure the skills sector that will support it. The creation of highly skilled, highly sought jobs is critical to the UK's low carbon industry. We have developed world-leading training facilities for our industry within the UK and believe that educational, government, and business interests should be aligned in a common and realistic effort to meet skills needs the low carbon economy of the future. However, despite the growing market for offshore wind, we are seeing some major entrants to the installation market make the decision to drop out. This is a worrying trend, and needs to be addressed in order to ensure the UK provides the skills needed for such developments in the future. We would welcome regulatory opportunities that that emphasise the importance of developing this future skills sector.

3.4 As the UK changes and adapts to a low carbon environment, so must the Transmission Regime.

3.5 We believe, given the current economic climate and with liquidity and investor confidence low, continued clear support is needed from the Government. In addition, a stable and predictable regulatory regime is necessary in order to facilitate investments in offshore wind farms.

3.6 The challenging economic climate notwithstanding, industry is keen to press ahead with the development of low carbon offshore generating capacity. This does however require clear signals from the UK government to support the investment environment. We welcome the Government announcement in the Budget of £525 million support to offshore wind through a reform of the Renewables Obligation. Given the sheer size of the industry needed to deliver against these goals, and the need for industry to begin the process of making the long-term investments to build out the infrastructure necessary to deliver against these goals, we support these types of commitments from Government to provide a foundation for the necessary investment.

3.7 In order to adopt and allow for a range of multiple technologies, a holistic approach to the Transmission Regime is of high importance. The framework should embrace a flexible approach to ensure that the network is effectively positioned for future growth.

3.8 As highlighted in the Regulatory Policy Update, the recent report by Electricity Networks Strategy Group (ENSG) concluded that £4.7 billion of investment is needed in the UK's electricity transmission grid to ensure that the network is prepared for new renewable infrastructure built by 2020. In addition the report found that up to 1,000 km (620 miles) of new cabling will be required to connect remote wind farms and the new generation of nuclear power stations to major cities, and that such work needs to start now to upgrade the existing grid and include proposals for high-voltage sub-sea cable links between Scotland and England.

3.9 In order to facilitate the introduction of greater offshore wind power, we firmly believe that a new regime should incorporate sufficient strengthening of the onshore grid.

3.10 We support any regulatory policy which allows for long-term flexibility in planning and development as well as short term structure to move projects forward with confidence. It is our opinion that ultimately the ability to make best use of the offshore resources will push us towards a future of joint planning and development with the other countries in the region who share this same resource. Any policy which allows regulatory and technical flexibility in consideration of these regional approaches to offshore wind and power interconnectors will help ensure the viability of these investments.

4.0 Conclusion

4.1 We firmly believe that the development of offshore wind power is core to the UK's future wellbeing and economic and environmental security.

4.2 We look forward to continuing our work in the renewable sector across the UK and helping the Government reach its renewable deployment and carbon emissions reductions targets.

4.3 We hope that this outline of our experience in the adoption of offshore wind farms is helpful to your Consultation. We would be very happy to meet with you to share our experiences of supporting and engaging in the UK's energy market.