



Rialtas na hÉireann  
Government of Ireland

# Draft Terms and Conditions for the First Offshore Competition under the Renewable Electricity Support Scheme

## ORESS 1

Consultation Document

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Prepared by the Department of  
the Environment, Climate & Communications  
[gov.ie/decc](http://gov.ie/decc)

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## Introduction

The first offshore RESS auction, ORESS 1, will be a major step in meeting the 2030 ambition set out in the Programme for Government of 5GW of offshore installed capacity and at least 70% renewable electricity. It will also support the achievement of the ambition set out under the Climate Action Bill and the policies and measures in the Climate Action Plan 2021.

The Minister for the Environment, Climate and Communications has now published Draft Terms and Conditions for ORESS 1. It should be noted that these draft terms exclusively relate to the first offshore auction, and should not be taken as a basis for future planned offshore auctions.

The Commission for Regulation of Utilities (CRU) has published for consultation draft proposals related to the offshore grid assessment intended to apply to projects participating in ORESS 1. This ORESS consultation and the CRU grid assessment consultation should be taken in conjunction with each other, and, where possible, feedback relating to the offshore grid connection process should be provided via the CRU consultation and feedback relating to the wider support scheme should be provided in response to this consultation.

The Department of the Environment, Climate and Communications (the Department) is committed to engaging with stakeholders in a clear, open and transparent manner and now invites comments from interested parties on the Draft Terms and Conditions. Consultation responses must be received no later than **6<sup>th</sup> December, 2021**.

Any person or organisation may make a representation in relation to this consultation. The aim of the targeted consultation is to receive stakeholder feedback on aspects of the Terms and Conditions which may impede on the efficient and economical delivery of renewable electricity projects under ORESS 1.

The Department will carefully consider all comments and suggestions received and will publish a consultation response. Given the expected volume and the variety of comments, the Department does not intend to respond to individual submissions. Respondents are requested to focus on the nine issues herein identified as being of interest with respect to the consultation.

The Final ORESS 1 Terms and Conditions will incorporate modifications and clarifications where appropriate, subject to Government approval and compliance with the Maritime Area Planning Bill, as enacted. Publication of the Final Terms and Conditions is currently slated for Q2 2022.

# 1 Issues for Consultation

## 1.1 Eligibility Criteria

### 1.1.1 State Consent

The onshore RESS auctions, RESS 1 and RESS 2, require all projects to pre-qualify for auction participation by providing evidence of full planning permission (development consent). However, given the nascent stage of the Irish offshore wind sector, and given that the enabling legislation to facilitate offshore development consent, the Maritime Area Planning (MAP) Bill, is not yet enacted, it is proposed that full planning permission will not be an eligibility criterion for entry to ORESS 1. This change, relative to onshore RESS, will facilitate an earlier auction and may involve projects proceeding through the development consent and auction processes in parallel, potentially reducing project timelines and developing in Ireland the offshore sector and the key enabling port and ancillary services sooner than would otherwise have been the case.

While development consent will not be required for auction eligibility, State consent to occupy the relevant marine space will be an auction pre-requisite. A Maritime Area Consent (MAC), awarded under the MAP Bill as enacted, or a Foreshore Lease, awarded under the Foreshore Act 1933 (as amended) will satisfy this criterion. The process for obtaining a MAC will be established via the MAP Bill as enacted, and the intention is to host ORESS 1 only after sufficient time has been provided for early-stage offshore wind projects to obtain a MAC and compile an auction Offer. The timing of ORESS 1 is therefore critically dependent on the enactment of the MAP Bill, the commencement of relevant secondary legislation and the establishment of the MAC application process.

Separately, it should be noted that a MAC, or Foreshore Lease, will also be required for application for development consent. It is anticipated that in the case of typical offshore wind projects, development consent for both onshore and offshore project components will be sought directly from An Bord Pleanála.

The removal of planning permission as an auction pre-requisite entails a certain level of risk to the State, in terms of the potential impact on national renewable energy and emission targets in the event of a project successful at auction proving unsuccessful in the planning process. As there is no intent to consider a failure to obtain planning as an acceptable excuse for non-performance under the Implementation Agreement, this also poses a certain level of risk to successful project owners.

Notwithstanding the above, the Department does not consider it is desirable to delay ORESS 1 until a cohort of projects with development consent are available.

Refer to Section 1.5 regarding milestone and longstop dates for more on this point.

### **1.1.2 Bidding Independence**

Due to the significantly larger scale of offshore projects and the smaller field of auction participants expected in ORESS 1 when compared with the onshore RESS auctions, the threshold for ownership declarations is proposed to be strengthened. All persons that directly or indirectly control more than 10% of the shares of a project must be declared in the Declaration of Bidding Independence.

### **1.1.3 Grid Connection Assessment *[Subject of CRU Consultation]***

To be eligible for ORESS 1, projects will also be required to provide evidence of having reached a certain point in the offshore grid connection process, referred to as a Grid Connection Assessment, the subject of public consultation by the CRU, [https://www.cru.ie/document\\_group/offshore-grid-connection/](https://www.cru.ie/document_group/offshore-grid-connection/). In order to facilitate a coherent auction, this assessment will include as an output, a specific maximum export value for each project. This is a separate process to the onshore ECP regime.

Feedback here is invited on the role of the grid connection assessment as an auction eligibility criterion only. Feedback on the grid connection assessment itself is invited for submission to the CRU consultation.

#### **Questions**

1. What risks are associated with securing development consent for projects that are able to obtain a MAC and a Grid Connection Assessment?
2. What impact may this 'planning risk' have on auction Offers? Can you quantify this impact?
3. Taking the CRU consultation into account, what impact might 'grid risk' have on auction Offers? Can you quantify this impact?
4. How can the above risks be mitigated effectively while maintaining the securing of development consent as a post-auction requirement? Are there relevant examples of how these mitigations have operated elsewhere?
5. Is the control threshold of 10% for declaration of bidding independence reasonable?

## 1.2 Indexation

Indexation was a topic of particular interest for RESS 1 and continues to be so in the RESS 2 development process. Throughout these engagements, of primary importance to the Department in this area is the lifetime real cost borne by the electricity consumer, and this continues to be the case. To frame this discussion in an offshore context, a study was commissioned by the Department and has been co-published with this consultation, (see KPMG Report).

To recap on previous RESS consultations, the Department is generally less interested in arguments in favour of indexation on the basis of lowering apparent or nominal costs alone and more interested in evidence that indexation, or partial indexation, reduces the cost of capital and that this cost reduction is passed on to consumers through lower support payments in the long-term.

Additionally, it may also be the case that there are specific rationales for indexation in the offshore context. It has been suggested, for example, that offshore projects are more exposed to investment cost inflation as a result of a longer construction phase, and that the larger scale of offshore projects means that they are more sensitive to changes in the available pool of funding brought about by indexed or non-indexed support.

Notwithstanding the above, even with longer construction phases, investment costs are nevertheless expected to be largely agreed with suppliers at some stage post-auction. Therefore, only a proportion of investment costs may be justifiably indexed on this basis. Further, rather than indexed to general inflation indicators of CPI or HICP, these costs may be more appropriately indexed against a more industry specific price level indicator such as the European Steel Index. In this case, indexation, or indexation at a level to reflect investment costs subject to inflation, could be applied to a point prior to commissioning as opposed to for the full contract term.

While ongoing operational costs are clearly significant for offshore projects and are also susceptible to inflation over the lifetime of a project, the Department would be interested in the estimated proportion that these costs represent within total project costs, and how this proportion compares to typical onshore total project costs.

## Questions

1. Were auction Offers indexed, do you consider that this would enable you to achieve a lower overall cost of capital, in real terms? If so, please provide an indicative estimate of how this could translate to potential savings to consumers on a whole of life net present value basis, assuming a 4% real discount rate and a 2% inflation rate.<sup>1</sup> In your response, please identify any key financial assumptions, including:
  - a. The level of gearing assumed;
  - b. The proportion of debt and equity funding assumed would carry an index linked return;
  - c. The relative cost difference associated with any index-linked versus non-index-linked debt or equity assumed;
  - d. The extent to which the use of indexation swaps is assumed, and if no swaps are assumed, identify any barriers to swaps, (e.g. lack of market depth, cost etc.)
2. What proportion of an offshore wind project's LCOE would you attribute to operating costs? How does this differ from the LCOE of a typical onshore project?
3. What other quantitative evidence is available to support the claim that full indexation lowers the costs of capital, (e.g. external published research)?
4. What justifications exist for indexing offshore auction Offers and not onshore auction Offers?
5. Is there justification for indexing a proportion of investment costs during the offshore construction phase or are investment costs largely locked-in prior to this phase? Which indices are most reflective of investment cost inflation?
6. If Offers are indexed in any way, is there any reason that:
  - a. deflation should not apply?
  - b. a cap on positive indexing should not apply?
7. Taking account of the above, what proportion, if any, of auction Offers should be indexed? Which indices are most appropriate and from what point in time?

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<sup>1</sup> Note, these parameters are as specified in the Public Spending Code: <https://www.gov.ie/en/policy-information/1a0dcb-project-discount-inflation-rates/?referrer=/en/project-discount-inflation-rates/#inflation-indices>

## 1.3 Auction Mechanisms

### 1.3.1 The 5% Rule

For ORESS 1, it is proposed to remove the provision which existed in the RESS 1 winner selection algorithm that provided for additional Offers to be selected if they had a Deemed Offer Price within 5% of the Offer that first caused the Deemed Energy Quantity accepted to meet or exceed the Auction Starting Quantity (ASQ).

In effect, the proposal is to simplify ORESS 1; as soon as the ASQ has been reached, no further Offers are accepted within the algorithm under any circumstances. ASQ remains the minimum quantity that will be accepted; however total quantities greater than ASQ will only be accepted due to reasons of “lumpiness” and no further Offers will be accepted beyond that.

To be clear regarding what is meant by lumpiness in this context, consider the following example. There are 5 Offers, each of 500 GWh/year, and the ASQ is 1,200 GWh/year. That means that the 3 cheapest Offers totalling 1,500 GWh/year will be accepted (since it is not possible to reach 1,200 GWh/year with just the cheapest 2) but the 4th and 5th Offers will not be accepted no matter how close their Deemed Offer Prices are to that of the 3rd cheapest Offer.

While the 5% rule delivered additional capacity within the RESS 1 auction with clearing prices deemed to be ‘workably competitive’ in the context of a large number of auction participants, it is the view of the Department that in the context of a reduced field of Applicants in ORESS 1, the 5% rule would allow too great a risk of a non-competitive outcome. The rule is therefore proposed for removal in ORESS 1.

### 1.3.2 The X and Y Rule

The “X and Y rule” was a mechanism embedded in the RESS 1 auction winner selection rules for competition purposes. The “X and Y” rule removed expensive Offers from further consideration once, and if, a viability gap was identified at levels above the auction minimum quantity (RMin). A viability gap was defined as a step-change increase in cost in the supply curve of Deemed Energy Prices, where the parameters X and Y quantify the numerical threshold concerned. For ORESS it is proposed to remove this provision.

The “X and Y rule” is deemed appropriate for onshore RESS in the context of RESS being a technology-neutral auction, in which it was expected that significant volumes of both solar and wind would participate, and potentially that other technologies would participate as well. The primary concern is of potentially there being an inherent difference in cost between the

technologies (the “viability gap”) and that if the ASQ was set at a (high) level such that a higher-cost technology was pivotal (meaning that the auction must accept at least some of the Offers from that technology in order to clear) then members of the lower-cost technology could uncompetitively raise their prices to that level accordingly.

In the context of ORESS 1, it is expected that all participants will be fixed-bottom offshore wind projects. On that basis, the concern about viability gaps between technologies does not apply in ORESS 1 as it did in RESS 1. While it is possible that some economy of scale will be come into play in ORESS 1, the relatively homogenous nature of the projects concerned means that the issue does not rise to the level where it is expected the X and Y rule would be necessary.

### **1.3.3 Pay-as-Bid**

For ORESS 1 it is proposed to retain the pay-as-bid pricing rule used in RESS 1 and RESS 2. The arguments that supported pay-as-bid over pay-as-clear for RESS 1 remain in the case of ORESS, chiefly the expectation that in longer-term capital investment decisions such as Contract-for-Difference bids, pay-as-bid can support auction efficiency and in the long-term will result in the same or lower costs to consumers than pay-as-clear. The distinct characteristics of the various offshore areas means that projects may have significantly different costs known primarily to holders of the MAC. Given the significant investment involved to obtain a MAC, planning permission and to assemble an auction Offer, it is expected that Applicants will aggressively compete for an award in a pay-as-bid situation as opposed to strategically pricing. Hence, the potential advantage of pay-as-clear in avoiding strategic pricing and awarding Offers to the most efficient projects does not apply.

Pay-as-Bid also provides a safeguard against speculative auction participants, who might be satisfied to be a price-taker with the relatively cheap option to withdraw if the clearing price is too low for them to deploy, effectively removing valuable auctioned capacity.

### **Questions**

1. If the Department was to consider pay-as-clear in future, are there any ideas of how the issue of speculative bids can be avoided without significantly more robust financial guarantees?
2. Would participants be willing to post significantly more robust financial guarantees (i.e., bid bonds greater than those currently proposed) if it would result in pay-as-clear becoming more acceptable to the Department?

3. Are there examples of commensurately large investment projects with potentially significantly different costs being successfully procured through a pay-as-clear auction?

## 1.4 Bid Bonds and Performance Securities

As per RESS 2, Bid Bonds and Performance Securities are proposed to be applied in ORESS 1 on a €/MWh basis, as opposed to the €/MW basis that applied in RESS 1. The same rates as those of RESS 2 are also proposed, i.e. a proposed level of €7/MWh of Deemed Energy Quantity for one year for the Bid Bond and a proposed level of €24/MWh of Deemed Energy Quantity for one year for the Performance Security. These rates will be reviewed ahead of the publication of the Final ORESS 1 Terms and Conditions in the context of the rates applied in the Final RESS 2 Terms and Conditions.

The proposed change to per MWh as opposed to a per MW bond and security level ensures consistency between the onshore and offshore auctions in this area and reflects that Ireland's renewable energy goal is an energy target and not a capacity target.

The levels were developed based on what is considered realistic in light of likely investment levels, Engineering, Procurement and Construction (EPC) contracting practices, and the lessons learned from the RESS 1 auction. The Bid Bond is within the range of EU practice and is intended to ensure that insincere or unrealistic Offers do not crowd out more realistic ones. Bid Bonds are in place for the limited time between Offer submittal and the signing of the Implementation Agreement (IA) and there is no reason why an Applicant who has prepared and submitted a valid Offer should forfeit a Bid Bond. Performance Security levels are higher and also within the range of EU experience. Moreover, these levels are reasonable when compared to anticipated EPC costs.

### Questions

1. Is the use of reasonably strong financial commitments, consistent with EU practice, the best approach to ensuring that bids in ORESS 1 are realistic and incentivising performance and high realisation rates?
2. Are the specific levels reasonable? Should the levels be higher or lower and if so, why?

## 1.5 Interim and Final Milestones

As per RESS 1 and RESS 2, interim and final milestones are proposed for ORESS 1 to encourage timely deployment and to safeguard against the potential hoarding of limited auctioned capacity. In particular, given the typical scale of offshore wind projects it is imperative for grid planning, and the design and scaling of future auctions, that there is a clear demarcation between projects that are on schedule, not on schedule, and projects no longer expected to progress to operation.

With the removal of development consent as an eligibility criterion for ORESS 1, this consent must be added as a post-auction milestone, and additional time will be provided to project owners to obtain this consent. It is recognised that once all relevant information had been provided to the relevant development consent authority, to a certain extent, this timeline is beyond the control of the project owner. Further clarity on the development consent process for offshore projects, including the likely timelines for obtaining development consent, are expected following enactment of the Marine Area Planning (MAP) Bill.

An appropriate balance between the needs of the State and those of project owners is attempted with the below proposed milestones. As the first two offshore auctions are intended to deliver the 5GW necessary to reach our 2030 target, accordingly, the final planning permission milestone should be placed to inform the capacity required for auction in the second offshore auction, ORESS 2. The below proposed timeline should be used primarily as an indication of the expected time periods required to reach each project milestone, rather than calendar dates. The dates below are provided for illustrative purposes only and are based on the assumption that MACs are granted in late 2022. A period of 18 months and 21 months respectively is proposed between estimated planning permission eligibility (i.e. award of a MAC) and the planning permission interim and final milestones. The calendar dates corresponding to all proposed milestones will be amended as necessary in the Final Terms and Conditions to account for the actual date of MAP enactment, and when MACs can, at that stage, be reasonably expected to be issued.

The Department welcomes suggestions regarding how the planning permission milestone can be handled while maintaining the balancing of risk to project owners and risk to the State and consumers. It should be noted however that the Department is reluctant to allow any milestones to slide, such that the full support period of c.15 years remains available, as this would undermine the main incentive for early deployment, namely the support period range of up to 16.5 years.

Recognising the significant financial expenditure already made by the projects expected to compete in ORESS 1, the Final Investment Decision milestone of RESS 1 has been replaced with a more relevant milestone, the Commencement Date, which refers to the date on which the Generator, in respect of the ORESS 1 project, issues a notice to proceed (or equivalent) under its main construction contract (i.e. Engineering, Procurement and Construction (EPC) contract or turbine supply contract).

It is recognised that offshore wind projects require a longer construction period than onshore projects, therefore a construction window of approximately 3 years is provided before reaching the Commercial Operation Date (COD) interim milestone. The proposed COD milestones are balanced with the national target to deliver 5GW by 2030 from ORESS 1 and ORESS 2. Assuming an ORESS 2 longstop date in 2030, an ORESS 1 longstop date in 2028 is proposed. This is intended to reduce the likelihood of system constraints applying and avoiding a coincidence of peak deployment phases for ORESS 1 and ORESS 2 projects. With this proposed timeline, only the tail-end of ORESS 1 deployment overlaps with the ramp-up phase of ORESS 2 deployment, increasing the likelihood of maintaining a steady pipeline of offshore projects in Ireland and reducing the likelihood of a stop-start in the sector.

As per RESS 1, missed interim milestones prior to COD are proposed to be subject to a drawdown on the provided Performance Security of 4%/month until the final milestone is reached, whereafter if the milestone is still not achieved, the remaining portion of the Performance Security will be drawdown and the Letter of Offer withdrawn. A missed COD interim milestone will be subject to an erosion of the period of support until the longstop date is reached, after which, if COD is still not achieved, the remaining portion of the Performance Security will be drawdown and the Letter of Offer withdrawn.

The same Force Majeure provisions from RESS 1 and RESS 2 are proposed for carry over to ORESS 1. Failure to obtain planning permission is not a Force Majeure condition.

Note that the below table is intended to highlight certain milestones for discussion and is intended neither to be exhaustive nor final. In particular, additional milestones may be included in the Final Terms and Conditions corresponding to the offshore grid connection assessment and issuing processes currently under development by the CRU. For a more complete list, refer to Appendix 2 of Annex A in the Draft ORESS 1 Terms and Conditions.

	<b>Possible Phase One Project Timeline</b> <i>(Indicative Only - Timing and sequence subject to change)</i>	<b>Proposed Interim Milestone Date</b>	<b>Proposed Final Milestone Date</b>
2022/3	Grid Connection Assessment Issue MAC Grant ORESS 1 Offer Planning Permission		
2024	Grid Offer, CRU Licences Commencement Date  Construction Begins	31 Mar – Planning Permission  31 Dec – Commencement Date	30 Jun – Planning Permission
2025	Construction		30 Jun – Commencement Date
2026	Construction 1 Jan – ORESS 1 Support available (with COD)		
2027	Commercial Operation Date (COD) (Q2 = 15year support)	30 Jun - COD	
2028	Operation, Year 2		30 Jun – COD (Longstop Date)
2042	30 Jun – ORESS 1 Support Ends (14-16.5 years support)		

### Questions

1. Are the above milestones and longstops dates reasonable? Should any come sooner or later? Why?
2. Would planning delay risk be handled better by means other than milestones and performance securities, e.g. erosion of support period? Please explain how the interests of the State would remain protected in each case.
3. Are there any better means to balance the deployment risks presented to project owners and the State?

## 1.6 Offshore Community Benefit Funds

The Department recognises that there is a distinct need to enhance not just the delivery of renewable electricity, but also the societal acceptability of renewable electricity. There are a number of community issues bespoke to offshore wind that the below adjustments seek to address.

### 1.6.1 Early Contributions

As per the onshore RESS auctions and as included in the RESS State Aid clearance, all successful RESS and ORESS projects are required to make Community Benefit Fund contributions at a fixed rate of €2/MWh of energy produced.

Given the relatively long lead times of typical offshore wind projects, the impact on communities during construction stages and in order to gather greater community acceptance, it is proposed that projects successful in ORESS 1 will be required to provide Community Benefit Fund contributions prior to operation date. Though it is a common practice of renewable energy project owners to provide early payments in this fashion, and notwithstanding the goodwill engendered to specific projects by this practice, it is proposed that a mandatory and uniform early contribution schedule is established to provide a level playing field, both for project owners competing at auction and between the hosting communities of various projects themselves.

The lifetime contributions to be made by offshore projects is not proposed for change, therefore early contributions may be offset against future obligations. To ensure that a steady level of fund contributions is maintained once a project begins generating, the offsetting of early contributions is proposed to be capped. A maximum annual offsetting limit of 50% of total Community Benefit Fund obligations due in a given year is proposed, starting from, at the earliest, 3 years post-Commercial Operation Date.

Projects are proposed to become liable for early contributions from Commencement Date and obligations are proposed as equivalent to 100% of the contributions that would be expected in a typical year of operation, i.e. Deemed Energy Quantity for one year x €2/MWh. Payments are proposed to be made on a quarterly basis.

### 1.6.2 Nationally-Managed Fund

Management of community benefit contributions present specific challenges in the context of offshore projects, among them, the definition of the offshore community, the scale of funds to be managed, and risk of State Aid issues arising for certain fund beneficiaries. While individual funds are envisaged for each project under RESS 1 and RESS 2, it is proposed

that these specific offshore challenges may be better addressed by a single, nationally-managed Offshore Community Benefit Fund.

It should be noted that while the custodian role of managing the Offshore Community Benefit Fund would be at a national level under this proposal, the intended allocation of funds would remain directed towards the hosting offshore communities. The entire State will benefit via the separate seabed levies that will apply to all offshore wind projects, established via the MAP Bill and the MAC process.

**Definition of the Offshore Community.** Due to the typically large scale of offshore wind parks, the corresponding visually impacted coastal area is often similarly large. The actual area will vary depending on the coastal topography, therefore a simple distance rule, for example, is not easily applied. Additionally, many marine users are commonly defined by their marine activity rather than the marine space typically occupied. In the case of fishers, for example, licences are largely issued on the basis of fish species rather than specific fishing areas.

With a national fund, it would not be necessary to strictly delineate what is and is not considered the offshore community. Instead, an objective scoring system could be applied, taking account of proximity or impact of a given offshore project to a given community. Using a common scoring system for all fund applications, all communities, and all members of communities could expect an impartial and nationally consistent consideration of funding applications.

**Contribution Scale.** A medium-sized offshore project, with 500MW of installed capacity, would be expected to contribute about €4m/annum in community contributions, or a level approximately equal to the combined obligations of all c.80 projects successful in RESS 1. This step-change in contribution level clearly presents a commensurate increase in governance, transparency and accountability risks in the allocation of offshore benefit funds.

A nationally managed fund could deliver enhanced mitigations against these risks, including improved governance and transparency reporting and be expected to comply with more rigorous internal and external auditing functions. Additionally, the costs of meeting these governance obligations, and administrative costs generally, could be defrayed more efficiently by a single fund, avoiding the duplication of services inherent with multiple project-specific funds. The 10% administrative allowance established by RESS 1 could therefore be reduced, releasing more funds for the benefit of communities.

**State Aid.** Unlike the beneficiaries of onshore funds, which are generally expected to be domestic and not-for-profit organisations, certain marine users, such as fishers, are

economic undertakings and monitoring of benefits received will be necessary to reduce aid accumulation risk. A single fund, with a single beneficiary register, would be better placed and equipped to manage this risk.

## Questions

1. What is the earliest date that project owners can reasonably be required to make early contributions to the Offshore Community Benefit Fund?
2. Is it reasonable to use a project milestone for the commencement of early contribution requirements (such as the Commencement Date) or should a fixed calendar date be used instead?
3. At what level should early contributions be made? 100% of expected contributions of a generating year? More or less?
4. The overall level of contribution made by a project will not change with early contributions, instead early payments may offset future obligations. From what stage and at what rate should projects be able to offset early Offshore Community Benefit Fund contributions?
5. What is your view of a single, nationally-managed Offshore Community Benefit Fund as opposed to individual funds managed in respect of each offshore project?
6. Do respondents have specific ideas, including evidence from the EU or other jurisdictions, as to how the Community Benefit Fund could be restructured, simplified or supported?

## 1.7 Local Operation & Maintenance

Offshore wind developments typically require both large-scale port infrastructure for project deployment and smaller-scale port facilities for the provision of ongoing operation and maintenance services.

While it is understood that there is limited large-scale deployment port capacity currently available in Ireland, there does exist a cohort of smaller-scale ports capable of providing offshore wind park operation and maintenance services. Therefore, in order to capture the maximum economic benefit of offshore wind to local communities, to deliver long-term, high-value employment in these areas, and to ensure a level playing field between projects it is proposed that operation and maintained services for each project successful at ORESS 1 are required to be headquartered in either Ireland or Northern Ireland.

The Department is of the understanding that this proposal, as drafted, is in compliance with State Aid clearance provided for RESS.

## Questions

1. Is this a reasonable requirement? What would the cost impact of such a proposal be in terms of operating expenditure and auction Offers?
2. Could additional measures be reasonably added to enhance local economic gain? For example, should a local employment and/or training requirement be added?
3. For future ORESS auctions, would a local content requirement be feasible in Ireland at development and/or operational stages? Over what time horizon and what would the cost impact of such a measure be, in terms of auction Offers?

## 1.8 Financial Questionnaire

As per RESS 2, in line with EU State Aid Decision (SA. 54683, 2020) and the associated plan for ex-post evaluation of the scheme, ORESS 1 applicants are required to provide the information specified in the Financial Questionnaire as drafted at Annex B of the draft ORESS 1 Terms and Conditions.

The questionnaire covers areas including expected project returns, capital and operating costs and the likelihood of alternative routes to market including Corporate Power Purchase Agreements or export to other jurisdictions.

All information provided under this heading will be held in strict confidence and the Section 36 (Commercially sensitive information) exemption from release under the FOI Act will be applied.

## Questions

1. Does the Financial Questionnaire collect sufficient data to evaluate the offshore RESS auctions, as required by the EU State Aid Decision?
2. What additional data should be collected by the Financial Questionnaire? Is there any additional offshore-specific information that should be collected?

## 1.9 Project Delivery Plan Questionnaire

The offshore wind sector is at a very early stage of development in Ireland. In order to better inform Government policy and the design of future offshore RESS auctions, it is proposed that as much useful information is gathered as possible from this first offshore auction.

It should be noted that this information, proposed to be gathered via a Project Delivery Plan Questionnaire, Annex C of the draft ORESS 1 Terms and Conditions, is to be submitted post-auction, by projects successful at auction only. This should assure Applicants that the

information gathered has no bearing on the winner selection process at auction. Indeed, there is no intention to score or evaluate Project Delivery Plans at any stage.

While noting that globally, both offshore wind technology and offshore public policy are rapidly developing, and that data collected may not necessarily be representative of future trends, data that can be collected from projects that have successfully obtained both a MAC and a ORESS Offer will nonetheless be the best available data in an Irish context.

The Department understands that Project Delivery Plans will naturally be subject to change, and that post-auction developments, such as the process to obtain development consent, can impact these plans. However, in order to input into the development of the next offshore auction, this information should be collected as soon as possible post-auction. It is therefore proposed that Project Delivery Plans are submitted within 3 months of the date of Implementation Agreement. Updated Project Delivery Plans, where material changes have been made, are proposed for submission to the Department within 3 months of other ORESS 1 milestones such as the securing of Development Consent, Commencement Date and Commercial Operation Date.

Similar to the Financial Questionnaire, all information provided under this heading will be held in strict confidence and the Section 36 (Commercially sensitive information) exemption from release under the FOI Act will be applied.

The Department is of the understanding that this proposed questionnaire as drafted is in compliance with State Aid clearance provided for RESS.

### **Questions**

1. Is the level of detail requested reasonable? Are there additional questions that should be asked?
2. Is the timeline for submission of the first Project Delivery Plans reasonable? Are the proposed milestones for updating Project Delivery Plans with material changes reasonable?

## 2 Submission of Consultation Responses

All responses and submissions from interested parties are welcome and will be considered in the development and implementation of the final T&Cs for the ORESS 1.

Given the volume and the variety of comments anticipated, the Department does not intend to respond to individual submissions.

Submissions with the subject 'ORESS 1 Consultation' can be made to the following email address: [oress@decc.gov.ie](mailto:oress@decc.gov.ie) or by post to:

ORESS 1 Consultation

International and Offshore Energy Division

Department of Environment, Climate and Communications

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The closing date for submissions is **6<sup>th</sup> December 2021**.

Responses to this consultation are subject to the provisions of the **Freedom of Information act 2014 and Access to Information on the Environment Regulations 2007-2014**.

Confidential or commercially sensitive information should be clearly identified in your submission, however parties should also note that any or all responses to the consultations are subject in their entirety to the provisions of the FOI acts and will be published on the website of the Department of the Environment, Climate and Communications.

By responding to the consultation, respondents consent to their name being published online with the submission. The Department will redact personal addresses and personal email addresses prior to publication. We would draw attention to the Departments' privacy statement which states: 'The Department of the Environment, Climate and Communications requires responders to provide certain personal data in order to provide services and carry out the functions of the Department. Your personal data may be exchanged with other Government Departments and agencies in certain circumstances, where lawful. Full details can be found in our [Data Privacy Notice](#).'