Annex J1c Additional concerns raised by renewable energy developers about the impacts of rMCZs

1 Renewable energy

J1c.1 A summary of the combined concerns of the potentially affected renewable energy developers (Centrica, DONG Energy, Vattenhall; pers. comms., 2011 and 2012) in the Irish Sea Conservation Zones Project Area is provided below. The concerns of renewable energy developers in the other regional MCZ project areas was provided on a site-by-site basis and is provided in Annex I for each region. The concerns can be split into direct and indirect impacts. They are associated with recommended Marine Conservation Zones (rMCZs) 2 and 3 and the Proposed Co-location Zone, but also Reference Area S.

J1c.2 The renewable energy developers' chief concern is that the Impact Assessment (IA) has sought to quantify site-specific costs prior to any licensing decisions being made. Therefore, the costs presented in the IA could underestimate the actual additional costs incurred by developers due to MCZ designations (The Crown Estate, pers. comm., 2012). The developers are concerned that MCZs could lead to developers incurring additional costs in relation to assessments of environmental impacts that are completed in support of licence applications. They anticipate that these additional costs could include consultancy fees, licence application fees, modelling costs, survey costs and ongoing data collection. In support of the developers, The Crown Estate is concerned that developers will be asked to conduct additional surveys of MCZ Features of Conservation Importance which, in the absence of MCZs, they would not be asked to provide. This would incur additional costs to developers (The Crown Estate, pers. comm., 2012).

J1c.3 Some of the developers are also concerned that existing licence consents could be revoked and that entirely new assessments of environmental impact may need to be submitted. They are concerned that regulators and statutory nature conservation bodies could take longer to review licence applications and to respond to consultations which would lead to project delay. The Marine Management Organisation (MMO), Natural England and the Joint Nature Conservation Committee (JNCC) advise, however, that this is not likely (JNCC & Natural England, 2011).

J1c.4 The developers are concerned that MCZs could lead to developers incurring additional costs for mitigating impacts of developments on MCZ features. They are concerned that the mitigation could include: the redesign of turbine foundations and scour protection; restrictions on the use of jack-up rigs and vessels; restrictions on installation and maintenance of turbines; and restrictions on cable laying and maintenance. They have advised that the resultant additional costs could undermine the financial feasibility of some proposed developments. Similarly, the developers are concerned that additional costs could be incurred for assessing impacts on MCZ features in plans for repowering and decommissioning, although these activities would take place outside the IA 20-year period. MMO, Department of Energy and Climate Change (DECC), Natural England and JNCC advise that such additional mitigation due to MCZ designation is unlikely; however, this advice does not prejudge site-specific licence conditions and decisions (JNCC & Natural England, 2011).

J1c.5 The renewable energy developers are concerned that MCZs could also potentially lead to significant indirect costs for the sector. They are concerned that there could be knock-on logistical

implications in terms of vessel mobilisation, sourcing of crews and material supplies. They are also concerned that MCZs could impact on port developments that are associated with renewable energy developments and new grid network connections. This could incur additional delays to project completion and delivery of renewable energy to the national grid. Delays could require re-negotiation of contracts, additional legal fees and loss of revenue are incurred and ultimately project viability might be undermined. Based on the advice received from MMO, DECC, Natural England and JNCC, however, while such indirect costs are possible they seem highly unlikely (JNCC & Natural England, 2011).

J1c.6 Some of the renewable energy developers are concerned that as a result of the combined possible impacts of MCZs, some of the areas proposed for MCZ designation may no longer be commercially viable for renewable energy developments. This could result in the loss of sunk capital investments (made up until the point of designation, assumed to be start of 2013) totalling an estimated £2,700m (gross, not net present value). Such losses could have implications for business profitability, shareholder confidence and contribution of gross value added to the UK economy. This figure does not include the resulting loss of projected revenue streams over the 20-year period of the IA. Again, based on the advice received from MMO, DECC, Natural England and JNCC, while such indirect costs are possible they seem highly unlikely (JNCC & Natural England, 2011).

J1c.7 Some of the developers have highlighted the potential benefits of MCZ designation. However, the high degree of uncertainty that developers have about the additional costs MCZs that they may incur as a result of MCZs means that the costs to the sector currently outweigh the potential benefits. Potential benefits of co-locating wind farm developments with MCZs, as identified by some of the renewable energy developers, include potential improvements to marine biodiversity from reef formation around wind turbine foundations, the benefits of limited access to the rMCZ for other industries based in the marine environment due to the presence of renewable energy devices, and readily available access to survey data to monitor change over time. However, some of the renewable energy developers have also identified the potential environmental dis-benefits of co-locating wind farm developments with MCZs, namely the risks of habitat change and changes to the sediment profile and energy regime of the MCZ.

Reference

JNCC & Natural England 2011. *General Advice on Assessing Potential Impacts of and Mitigation for Human Activities on MCZ Features, Using Existing Regulation and Legislation.*