



Matheson

# Status Update: Irish Offshore Renewable Energy and Onshore Generation



Stakeholders in the international offshore renewables sector reacted relatively positively to the enactment of the Irish Maritime Area Planning Act (the “**MAP Act**”) on 23 December 2021. This update examines the key next steps for Irish Offshore Renewables and the status of developments in the Irish offshore and onshore electricity generation sector more generally.

If you would like to discuss any matter in further detail please feel free to reach out to [Garret Farrelly](#) or your usual contact on the Matheson Energy & Infrastructure team.

## **IRISH OFFSHORE WIND DEPLOYMENT – CURRENT STATUS AND UPCOMING DATES**

As you may know, the MAP Act launched a new Maritime Area Consent (“**MAC**”) permitting regime to replace the current system of foreshore consents and it extends the planning permission system to the entire ‘maritime area’ for Ireland’s offshore wind market. Secondary legislation will be put in place in Q1 2022 giving effect to certain provisions of the MAP Act, so the implementation process remains underway.

For background, following a public consultation in 2020<sup>1</sup>, the Government published a policy statement in April 2021 adopting a three-phased approach to offshore wind deployment<sup>2</sup>. The MAC consenting regime is the first phase and it promises to streamline the offshore wind development process. The MAC will assess the viability of developers based on various categories including financial and technical competency.

The MAC application window is expected to open to Relevant Projects in April 2022. The assessment of these applications is expected to be completed within the 90-day timeline as set out in the MAP Act and first MACs are expected to be granted by Q3 2022. Upon receipt of a MAC, the projects will be eligible to apply for development permission from An Bord Pleanála (“**ABP**”). This process will include full statutory consultation and environmental assessment processes.

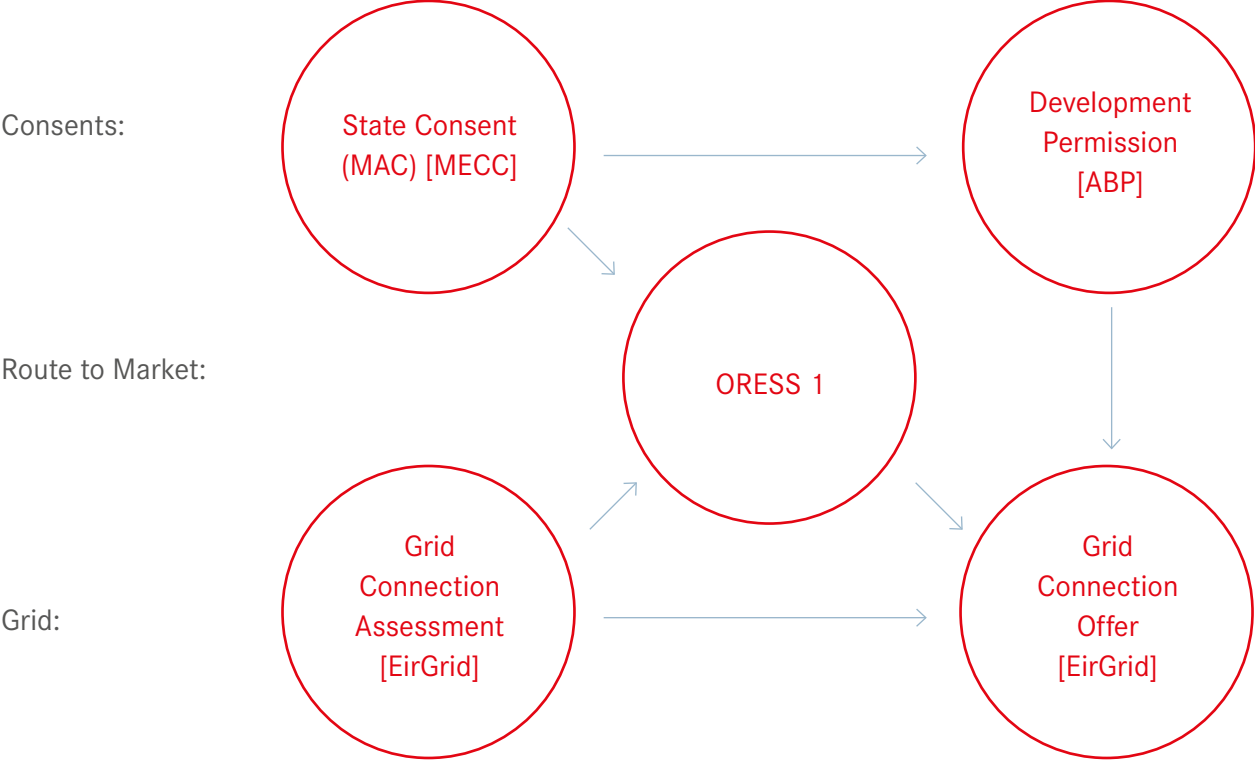
Under the special transition provisions in the MAP Act, the Minister for the Environment, Climate and Communications (the “**Minister**”) will be responsible for assessing and granting MACs for Phase One projects (ie, the announced ‘Relevant Projects’). In Phase Two, the Maritime Area Regulatory Authority (“**MARA**”) will be established and operational from 2023, taking over the responsibility for managing any MACs that have been granted and the assessment of future applications. See Figure 2 setting out the indicative offshore wind timeline.

The first offshore wind specific subsidy auction in Ireland, ORESS 1, shall open in Q4 2022 and is expected to be the main, if not exclusive, route to market for Phase One projects (see Figure 1 illustrating the route to market for Phase One projects). Project eligibility for ORESS 1 will be contingent on receipt of both a MAC and a Grid Connection Assessment.

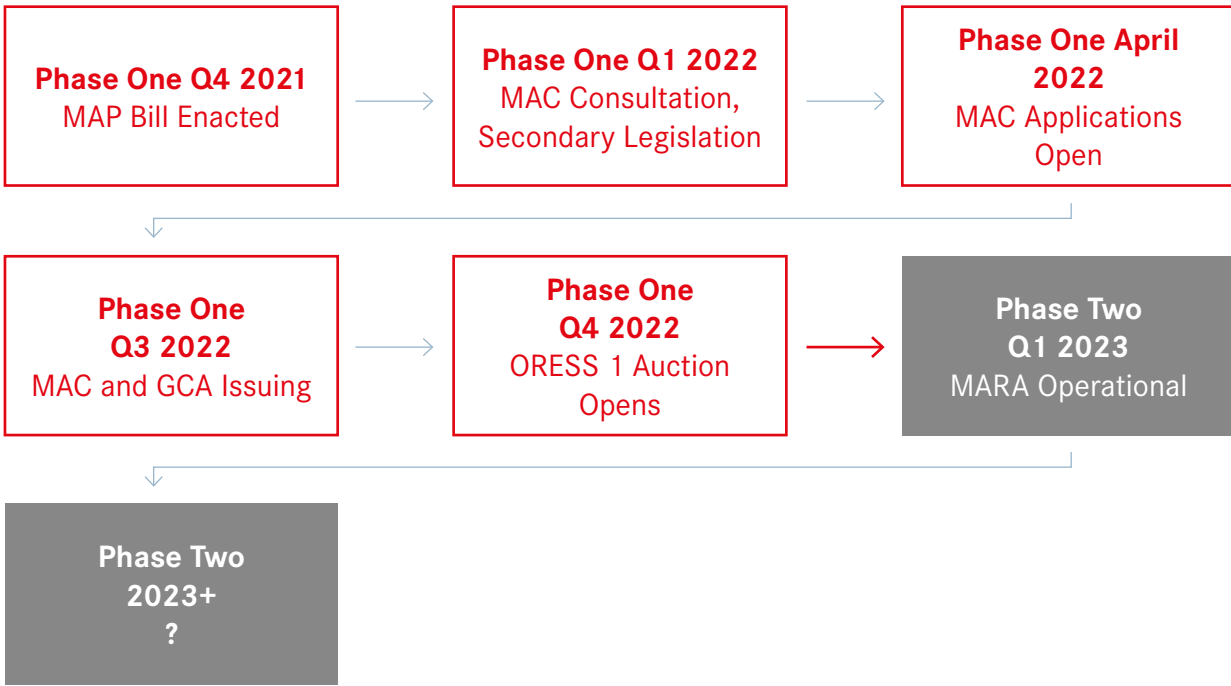
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<sup>1</sup> Available [here](#).

<sup>2</sup> Available [here](#).



**Figure 1:** Phase One Process (source: Department of the Environment, Climate and Communications)



**Figure 2:** Indicative Offshore Wind Timeline (source: Department of the Environment, Climate and Communications)



## USEFUL TO KNOW: KEY CHANGES IN THE MAP ACT COMPARED TO THE MAP BILL

In our [previous update](#) we discussed the key elements of the MAP Bill. Below we outline the key changes contained in the MAP Act, as against the previously published MAP Bill:

1. The MAP Act contains a new entitlement to apply for a declaration as to whether or not a MAC is required. An application can be made to MARA for a declaration as to whether or not the occupation of the part of the maritime area requires a MAC, and if so, which specific process applies. Similarly, it is also possible to apply to MARA for a declaration as to whether or not the maritime usage which is the subject of an application requires a licence. MARA must, where possible, make the declaration sought within 30 days.
2. The MAP Act now specifies that where MARA refuses to grant a MAC, it must publish a copy of the notice on its website.
3. Further detail on the process for making non-material amendments to a MAC was included in the MAP Act.
4. The MAP Act introduced a new process of review of a MAC once it receives a planning permission:
  - (a) once MARA receives the planning permission, it will review the relevant MAC and the permission to ascertain whether or not any amendments are required to be made to the MAC to ensure consistency;
  - (b) where no amendments need to be made, MARA will give notice to the holder of the MAC and publish that notice on its website;
  - (c) where amendments are required, MARA will make the amendments and issue the MAC and publish a notice on its website;
  - (d) MARA should carry out this review within 30 days after the date on which it receives the permission; and
  - (e) the amended MAC will replace the original MAC.
5. The MAP Act introduced the concept of proportionality, whereby the Minister can make regulations that specify the nature and extent of the consultation that the applicants need to carry out before making applications for a licence (ie, proportionate to the nature and extent of the usage proposed).
6. Schedule 4 (listing circumstances where a MAC is required, but a development permission is not required) removed the following usages: (i) maritime usage for the purposes, or consisting, of prospecting for minerals, or the working on minerals, or the restoration of the area in which such

prospecting for, or working of, such minerals has taken place; and (ii) any maritime usage for the purposes, or consisting, of the construction or operation of an upstream pipeline which requires consent under Section 40(1) of the Gas Act 1976.

7. New conditions that MARA may attach to a MAC or that are deemed to be attached to a MAC are listed in Schedule 6: (i) a condition requiring the holder of a MAC to prepare, publish, maintain, updated and adhere to a plan relating to public engagement on all or any matters relating to the maritime usage the subject of the MAC; and (ii) a condition requiring the holder of a MAC which is not an individual to follow steps specified by the MARA relating to any prospective change of control in the ownership of the holder.
8. The laying or installation of telecommunications cables or ducting by or between coastal states where such cables or ducting pass through the exclusive economic zone or the continental shelf but do not land in Ireland is included in Schedule 7 in the list of maritime usages which may be undertaken in the Maritime Area pursuant to licence.



## MAC CONSULTATION AND “FIT AND PROPER PERSON”

The Department for the Environment, Climate and Communications (“**DECC**”) recently published a MAC Assessment for Phase One Projects consultation (the “**MAC Consultation**”). The MAC Consultation sets out the assessment criteria to be adopted by DECC (as the ‘Relevant Authority’) when assessing MAC applications for the seven projects designated as having “Relevant Project” status by the Minister (see [here](#)).

The MAC Consultation prescribes detailed technical capability and financial viability self-assessments to be carried out by each MAC applicant to determine whether they are a “fit and proper person”. Each MAC applicant must provide evidence to support these self-assessments, using template documents provided as part of the MAC Consultation. For example, each MAC applicant is required to provide evidence of at least 12 months continuous technical experience at each of the development, construction and operational stages of an offshore wind farm. From a financial perspective, requirements include the submission of financial statements for the last two financial periods, and calculations such as a ‘net assets’ test to show that the MAC applicant has net assets greater than €50 million.

MAC applicants can rely on ‘Supporting Entities’ to evidence their technical or financial capability. However each Supporting Entity must provide a Supporting Entity Guarantee in the forms appended to the MAC Consultation documents (which differ depending on whether the Supporting Entity is evidencing technical or financial capability). In relation to consortiums, it appears that each member of a consortium may be assessed as a ‘MAC applicant’ in relation to their technical and financial capability.

Going forward, responsibility for the MAC process will be managed by MARA, and DECC has published a separate consultation (the Offshore Wind – Phase Two Consultation) for projects which will apply during this second phase of offshore wind deployment.



## ONSHORE GENERATION OUTLOOK

In this section, we provide an overview of the onshore generation sector in the coming months and years.

### Renewables Subsidy: RESS-2

DECC published the **final terms and conditions** for the second Renewable Electricity Support Scheme (“**RESS 2**”) on 27 October 2021. The applications for those wishing to participate in the RESS 2 auction closed on 13 January 2022. Some upcoming key dates regarding the RESS 2 auction are as follows:

1. 14 April 2022: Final decision on those generators which qualify to compete in the RESS 2 auction.
2. 2 May 2022: RESS 2 auction opens for bids from qualified generators.
3. 9 May 2022: RESS 2 auction closes for bids from qualified generators.
4. 14 June 2022: RESS 2 auction results announced by EirGrid.

A link to the full RESS 2 auction timetable can be found [here](#).

The first RESS auction (“**RESS 1**”) which took place in July 2020 resulted in a total of **1275 MW of generation being awarded RESS 1 support**. It will be interesting to see what RESS 2 can deliver as Ireland continues to work towards achieving its stated goal of increasing the proportion of renewable electricity to up to 80% by 2030. We expect there will be significant activity in this area in terms of construction and financing for generators who are successful in RESS 2, commencing after the auction results are confirmed mid-June.

### Potential New Generating Stations: Capacity Auctions

The Capacity Market is designed to ensure that there is sufficient electricity on the island of Ireland to meet demand, through the running of annual Capacity Auctions. Companies that are successful in these Capacity Auctions receive regular capacity payments for the electricity capacity that they bid into the Capacity Auction and these payments can help to encourage new electricity capacity (mostly in the form of gas turbines based on recent auction results) to be built. In return for capacity payments, these companies are obliged to make that electricity capacity available to the market.

On 4 February 2022, EirGrid and SONI announced the **provisional results** of the most recent Capacity Auction – the 2024/2025 T-3 Capacity Auction which took place on 20 January 2022.

Key points from the T-3 Capacity Auction are as follows:

- A total of 1,447 MW of new generation capacity was awarded under the T-3 Capacity Auction.
- The new generation capacity comprises gas turbines (1,167 MW), demand side units (64 MW), battery storage (144 MW) and steam turbines (96 MW).
- The auction clearing price and average price of awarded capacity came in at €146,920/MW. This price is significantly higher than prices in recent auctions. For example, the 2024/2025 T-4 Capacity Auction which was run on 21 January 2021 had a clearing price of €47,820/MW. However, it has been reported that previous auctions have failed to secure sufficient generation to meet growing electricity demand and so the higher clearing price in the T-3 Capacity Auction should be considered in that context.
- The 2024 / 2025 T-3 Capacity Auction was specifically aimed, in part, at addressing locational capacity constraints which had been identified – in particular in the Greater Dublin area. Indeed, the Commission for Regulation of Utilities (“**CRU**”) gave a specific direction to EirGrid in respect of the T-3 Capacity Auction which was intended to encourage capacity auction bids in the Greater Dublin area.

It remains to be seen whether the units which were successful in the T-3 Capacity Auction will ultimately deliver on their promised generation capacity, in particular given the high auction clearing price which should act as a major incentive in combination with various Capacity Auction penalties for failure to deliver capacity which should act as disincentives.

The provisional results of the T-3 Capacity Auction will soon be followed by the provisional results of the 2025/2026 T-4 Capacity Auction, which are due to be announced on 21 March 2022. This T-4 Capacity Auction is a separate auction process which is being run just over a month behind the T-3 Capacity Auction process and it will be interesting to see how the qualification results, the clearing price and technology class of successful units compares to the T-3 Capacity Auction.

### Overall Onshore Generation Trends: Recent Grid Connection Application Results

Results from grid connection application processes can be an interesting indicator of future onshore generation development. The most recent grid connection application process was the second batch of the second stage of the Enduring Connection Policy (“**ECP 2.2**”).

ECP 2.2 results were announced in November 2021 and a summary table is copied below. See [here](#) for the full document.



Generator Type	Total Applications	Total Sum of MEC (MW)
Solar	61	1,533
Wind	11	345
Battery	2	150
Gas	1	100
Hybrid Wind and Battery	4	7 Battery 2 Wind
Hybrid Solar and Battery	6	325 Solar 441 Battery
<b>Total Applications</b>	<b>85</b>	<b>2,897</b>

As the summary table above shows, the vast majority of grid connection offers relate to solar energy projects. This is perhaps unsurprising given that Ireland currently has almost no utility-scale solar generation because previous support schemes were not available to solar. However, this changed with the introduction of RESS and it is clear that solar will be a significant growth area for Ireland in the coming years.

Also of note are the various battery projects (including hybrid projects combined with wind and solar generation). There are relatively few such projects in Ireland currently and indeed the upcoming RESS 2 auction is the first support scheme in Ireland to specifically address how support schemes may work for such hybrid projects.



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