

Edinburgh wave company says Ofgem is off the mark

Wave energy company, [Aquamarine Power](#) employs a large workforce here in Edinburgh, in Orkney and in Belfast. The company is working hard on its second generation wave energy converter, Oyster 800 at the EMEC centre in Orkney, and their CEO, Martin McAdam has issued this statement today about the recent moves by electricity and gas market regulator, Ofgem.

✘ *“Last week Ofgem announced (very quietly, under the cloak of the local government elections) their intent to retain locational charging as a principal element in the way in which generators pay to use the UK’s transmission network.*

This is a real disappointment for all renewable energy projects in Orkney, Shetland and the Western Isles, and presents a real challenge to Aquamarine Power – and the UK’s nascent marine energy sector.

It is a bitter pill that Ofgem, despite months and indeed years of debate and lobbying, has directed the industry panel (which will work out the details of the proposal) to continue to penalise renewable generation on Scotland’s islands – home to some of the best wind, wave and tidal resources not just in Britain, but in the world.

Our company has a 40MW wave energy project off the west coast of Lewis, in pole position to be the world’s largest fully consented wave farm.

All the elements are falling into place – we have a 40MW lease from seabed owner the Crown Estate; we are about to sign terms with the community-owned Galson Estate for the shore-based power plant; we have applied to regulator Marine Scotland for offshore consents, and are about to apply to local authority Comhairle nan Eilean Siar for planning

permission.

That is why this decision is so disappointing.

Ofgem has not given any clear figures in its recommendation, but previous modelling suggests an annual charge of £77 per KW, which along with the annual connection costs will equate to over £3.5million each and every year for our 40MW Lewis project. This is a massive penalty for an early stage technology.

To put this in context, a renewable energy project the same size in southern England would pay just £40,000 a year. But we cannot choose where the best waves are – we have to put our projects at the periphery of the UK.

The economics of these first wave energy projects are challenging enough – and we have all the other arms of government, from DECC to the Scottish Government, Marine Scotland and local councils, doing their bit to help this industry get off the ground.

It is a big disappointment that Ofgem's proposals are so out of kilter.

We will continue to engage constructively with the industry to find a way ahead, and we would urge the Scottish and UK Governments to continue to work together to find an equitable solution for Scotland's islands."



Oyster 800 at the launch

[The Scottish Government](#) has declared its aim to generate 100% of gross annual electricity consumption from renewable sources by 2020.

