



EUROPEAN COMMISSION
RTD - Energy
ENER – Renewables, R&I, Energy Efficiency
JRC – Institute for Energy and Transport
SET Plan Secretariat

17 June 2016

Dear Sir/Madam,

Response to Consultation on Integrated SET Plan Actions No.1&2 – ISSUES PAPER on OCEAN ENERGY

Atlantis Resources Ltd (“**Atlantis**” or “**we**”) is a tidal power generation company involved in the development of tidal power projects globally and the supply of tidal power generation, fixation and subsea power evacuation equipment. Atlantis has initiated and developed tidal energy projects at greenfield sites around the world and is the majority owner of the largest fully consented tidal stream project in Europe, MeyGen.

Atlantis welcomes the opportunity to provide input on the proposed targets in Ocean Energy to support the SET Plan Steering Group come to an agreement.

INTRODUCTION OCEAN ENERGY

Overall this section is a fair summary of the state of play of the industry. However, paragraph three describes tidal stream and wave as a “family of technologies”, we don’t agree with this analogy – it is important to differentiate the two technologies given their markedly different stage of development, generation profile and deployment success, as is described in paragraph five. The tidal stream industry must progress to deliver energy at £155/mWhr by 2020, in line with that produced by offshore wind farms in 2012 and this is what we expect to achieve. Wave energy technology cannot do this and requires different forms of R&D funding while tidal stream needs traditional forms of project finance and a clear distinction should be made. Furthermore, the fully predictable nature of tidal projects, and the potential to incorporate storage to provide fully dispatchable generation needs to be reinforced.

TARGETS

All technologies covered need to demonstrate their market potential and they should be able to demonstrate a pathway to becoming cost-competitive in comparison with other low-carbon energy technologies.

In order to demonstrate the future of the industry, the viability of technologies, and present a strong case for CfDs and other revenue support throughout Europe, targets are essential. If the industry does not have the ambition to commit to bringing down costs and reducing government support going forward is unlikely to continue receiving the levels of support required presently. Strong messaging must be given on the ability to rapidly reduce costs, or the industry will lose relevance and support.

Other targets could be used, however the LCOE is the most suitable as it takes into account all aspects of the system, future innovations and availability. A target based solely on availability holds little weight if, for example, technology is being deployed in a relatively benign test site, with a low capacity factor, that does not reflect the conditions that would need to be endured at a site capable of delivering a commercial project. Other indicators could be chosen such as predictability and the benefits for local grids compared to other forms of generation and availability.

Any targets do need to be linked to installed capacity in order to benefit from a host of learnings, new innovations and economies of scale, however a target without a temporal element would carry very little weight in demonstrating the ambitions and capability of the industry, therefore a target should be a combination of both. An initial target from 2020 demonstrating a reduction from the baseline figure would be reasonable.

In Scotland, we expect that the first 100MW of tidal capacity to receive CFD priced at £305/MWhr. After that, the industry will need to be economic at c.£155/mWhr, so we believe that a long-term target of €c10/kWh, could be achievable. We have modelled scenarios which show this can be achieved noting that it would require some 5GW of deployed capacity for both tidal and wave energy. This point also applies for availability as it will largely be driven by the amount and rate of devices deployed.

If you would like Atlantis to provide any further information on these points we would be happy to do so.

Yours sincerely,



Timothy Cornelius
Chief Executive Officer
Atlantis Resources Ltd