



9th October 2017
Ref: DSG(2017)C033

Mr. Richard Harrington MP
Parliamentary Under Secretary of State, Minister for Energy and Industry
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

Dear Mr Harrington

CONTRACT FOR DIFFERENCE (CDF) SUPPORT FOR THE MEYGEN TIDAL ENERGY PROJECT.

The Dounreay Stakeholder Group (DSG) is represented by over 20 organisations and therefore this response is one that is generally agreed by most organisations. However, there are some organisations, who may not agree entirely with this submission and therefore these organisations have been encouraged to provide their own response.

The DSG takes an interest, not only in the operations of the Dounreay site, but the future beyond when the site is fully decommissioned and over 1000 jobs will be lost to our community. With the ongoing decommissioning of the Dounreay nuclear site the area will lose a substantial number of highly skilled jobs and renewables was one of the opportunities identified to diversify away from nuclear. We have actively supported the Caithness & North Sutherland Regeneration Partnership whose remit is to support the regeneration post Dounreay and the renewables, especially the Meygen project, has been one that we have watched, and supported, with interest over the past few years as well as opportunities in offshore wind, oil and gas and other sectors.

We are writing to you in support of the Meygen renewable project and were astonished to find out that their Contract for Difference had not been successful in the last round and seek your support for the UK's largest tidal energy project, MeyGen. The UK currently leads the world in the tidal stream energy sector, but that leadership position is under threat and if not seized now will mean that the industrial opportunities offered by this growing industry will not be realised.

Please respond to:

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The results of the recent CfD auction demonstrated the success achieved by the offshore wind industry when provided with the right support. Tidal energy can replicate this success both in terms of LCOE trajectory, industrial benefits and attracting direct foreign investment.

We would, therefore, strongly emphasise the need for you to support Atlantis' request for BEIS to enter into bilateral negotiations with MeyGen for the award of a 15-year contract for difference for 80 MW of capacity at £150/MWh. This would allow Atlantis to proceed with the construction of Phase 1C of the MeyGen project without further delay. Without this support from the UK the industry will gravitate to those jurisdictions which do have the appetite to nurture this growing sector.

The current lack of UK support for tidal stream compounds the issues created by BREXIT, with UK marine energy sector set to lose access to over €400m of NER300 funding due to be reallocated in early 2018 to marine power projects in Europe with delivery dates post BREXIT.

It is not too late to secure over £200m of immediate CAPEX investment into the world's largest tidal power project, MeyGen, and to ensure that its economic and technological benefits are preserved for the broader UK economy up and down the length and breadth of the country.

We look forward to hearing from you in due course.

Yours sincerely

Sent electronically without signature

Roger Saxon
DSG Chairman

cc.
Roseanna Cunningham MSP
Keith Brown MSP
Paul Wheelhouse MSP
Gail Ross, MSP
Jamie Stone, MP