

UK Government announces biggest investment into Welsh tidal power

The UK Government will invest £20 million per year across the UK in Tidal Stream electricity as part of its flagship renewable energy auction scheme, kickstarting a brand-new chapter for Wales's tidal industry and creating jobs across Welsh coastal regions.

Today's announcement will unlock the potential for a thriving Welsh tidal power sector, with the cash boost supporting marine technologies which could benefit the whole of the Wales and the rest of the UK.

As part of the fourth allocation round of the Contracts for Difference Scheme due to open next month, the UK Government will ensure that £20million per year will be ringfenced for Tidal Stream projects, giving Wales's marine energy sector a chance to develop their technology and lower their costs in a similar way to its world-leading offshore wind industry. This will bring the total funding for this allocation round to £285million per year UK-wide.

Wales already has excellent tidal stream resources and is well positioned to play a global leading role in marine energy. The Menter Mon Morlais project, based off the coast of Holy Island, has major potential to put Ynys Môn on the map in terms of tidal stream energy. Anglesey could benefit from a ringfenced tidal stream budget, along with the high skilled employment opportunities this project could bring to the region.

Over time Wales's marine technologies have the potential to significantly contribute to the UK's decarbonisation commitments and will support hundreds of green jobs across the country, with projects currently in development in North-West Scotland, North Wales and the Southern coast of England.

Tidal energy has the potential to be a very reliable source of generation, given the clockwork predictability of the tides. Including this in Wales's low-carbon energy mix will make it easier to match supply with demand, building on the UK Government's commitment to build a strong, home-grown renewable energy sector to reduce the reliance on fossil fuels and exposure to volatile global gas prices.

Welsh Secretary Simon Hart said:

Wales is ideally placed to be a major source of the clean and renewable energy of the future. Harnessing the power of our seas is a vital step in our transition to Net Zero by 2050 and underlines the UK Government's commitment to create and protect highly-skilled jobs while doing so.

With strong wind and solar power industries in the UK it is the natural next step to explore our tidal energy capabilities. With this investment, Wales can continue to develop its potential as a

leader in renewable technology and industry and contribute to the greener global economy of the future.

Business and Energy Secretary Kwasi Kwarteng said:

With 1,200km of coastline and excellent tidal resource, Wales is perfectly placed to capitalise on clean marine energy, building on our booming offshore wind sector which is now a British industrial success story.

We hope to see marine energy follow in the successful footprints of other renewable technologies, where we've seen costs fall dramatically in recent years thanks to UK government support.

The investment today provides a major push for Welsh tidal power to become a key part of the next generation of renewable electricity projects needed to strengthen energy security as we work to reduce our dependency on volatile fossil fuels.

Full details of all Contracts for Difference scheme announcements will be released on Thursday 25 November where the UK Government will outline plans to launch the biggest ever Contracts for Difference (CfD) allocation round, with this new ringfencing for Tidal Stream expected to bring the total budget for the fourth allocation to £285 million per year.

The Contracts for Difference (CfD) scheme is the Government's primary method of encouraging investment in low-carbon electricity. The scheme has helped to deliver substantial new investment and reductions in the costs of capital for some renewable technologies, such as helping to reduce the price of offshore wind by 65%.

This fourth round of the Contracts for Difference Scheme will open on 13 December 2021. The UK Government will launch this auction process with the ambition of supporting up to 12GW low-carbon electricity capacity – more than the last three rounds combined.

The costs continue to fall as green technology advances, with solar and wind now cheaper than existing coal and gas power plants in most of the world. This is thanks to clear government signals and investment made ahead and during the COP26 climate change summit, along with targeted support that boosts private sector investment, creates high-quality jobs and builds industries and technology as the UK builds back greener from the pandemic.

History has illustrated the effectiveness of the scheme's design in keeping costs down – between the first allocation round in 2015 and the most recent round in 2019, the price per unit (MWh) of offshore wind fell by around 65%.

Energy Minister Greg Hands, said:

Wales has a real opportunity to be at the forefront of a major emerging industry, with our renewable energy auction scheme playing a vital role in the UK becoming a world leader in clean electricity generation and helping to bring down prices for consumers.

Today's dedicated backing for tidal stream power is opening up a new chapter for Wales's coastal communities and advancing the possibilities for the Welsh marine energy sector to play a significant role in delivering the UK's green industrial revolution.