Environmental Audit Committee Call for Evidence Submission from the UK Chamber of Shipping

The UK Chamber of Shipping (hereafter "the Chamber") welcomes the opportunity to submit evidence to the Environmental Audit Committee inquiry on Technological Innovations and Climate Change: Offshore Wind.

The Chamber is the trade association for the UK shipping industry, representing almost 200 members companies, who operate in excess of 900 vessels totalling some 18 million GT in capacity, trading around the UK and globally. The Chamber represents the full breadth of the industry, including dry and wet trades, passenger transport (cruise & ferry), offshore supply and construction, towage and specialist, as well as professional service providers with shipping interests.

The Chamber fully supports the Government's targets for offshore renewable energy, and strongly welcomed the Offshore Wind Sector Deal in March 2019. The UK's ports and its shipping industry play a vital role in enabling these targets to be met through the provision of bases and vessels for construction, operation & maintenance, and decommissioning, and they should be recognised and applauded for their contributions in decarbonising the UK energy mix.

The Chamber would like to respond on two fronts, firstly to raise awareness of the potential negative impact of offshore renewables upon the safety of navigation and viability of routes of the shipping industry and maritime sector. The second, is to call for greater recognition of the contribution that the UK shipping industry can play in achieving the Government's UK content targets for the supply chain.

Safety of Navigation

Shipping is the most environmentally and carbon efficient way to transport goods and cargo globally. Shipping routes have developed over decades and sometimes centuries based of course upon minimising the distance travelled but more crucially the safest route possible. It is the safety of navigation for the crew, the vessels and the cargo, that is paramount.

It is therefore imperative that the planning process and system supports both the UK's offshore renewable energy sector and other maritime stakeholders, and does so at the earliest possible stage, at the seabed leasing stage. The Chamber wishes to raise concerns that the present system does not support both parties as it should nor as it must, and this often leads to discord later on in the planning when the unsuitability of some proposed development areas becomes apparent.

Paragraph 2.6.162 of National Policy Statement PS EN-3 states:

"Site selection should have been made with a view to avoiding or minimising disruption or economic loss to the shipping and navigational industries."

The Chamber asserts that this policy is not always upheld and occasionally navigational safety and economic contribution from the shipping industry are jeopardised. It is the Chamber's opinion that a more an open and transparent consultation and planning process is required.

Poor placement of wind farm developments can have considerable impact to commercial shipping operations. In some cases, wind farm developments have been proposed that would require

significant deviation to international scheduled RoRo ferry services, leading to a variety of knock on impacts which do not receive due consideration.

Firstly, passage time would be increased, and difficulty would arise for maintaining published schedules on services. This can impact upon berthing times and occupation in ports, where berth space is limited, and at the respective port pairings. Scheduled RoRo services operate as part of a highly efficient just in time supply chains, with raw materials, semi-manufactured, and manufactured products repeatedly crossing borders as part of the production process. Disruption to schedules and delays have a detrimental impact upon wider supply chains, decreasing customer satisfaction, and leading shippers to consider alternative arrangements, including repositioning away from ports or modal shift. Similarly turn-around times in ports are optimised for the loading and discharge of cargo units and cannot necessarily be shortened due to increased passage time.

Secondly, increases in route length require more fuel to be burnt, therefore resulting in significant additional financial cost to the operator from the deviation whilst increasing environmental emissions. Should operators attempt to maintain schedules despite the increased route length, travelling at higher speeds would be required, resulting in the additional use of fuel above that already outlined. This further introduces additional financial cost to the operator and increased environmental emissions.

Encumbrances to routes undermine this efficiency, potentially leading to alternative routes being sought, and modal shift onto other less efficient means.

Regulatory Impacts

The UK's Maritime and Coastguard Agency (MCA) is the world leader in regulating and providing guidance for the navigational safety considerations of the construction and operation of wind farms. The UK's foremost position as the leader in offshore wind development results in MCA guidance being used as "best practice" in other countries and following suit.

The MCA are presently undergoing a valuable review process for their guidance documents on offshore renewables, given the period since last review and considerable advancements of technology and scale within the sector. The MCA must maintain this leadership regarding safety and not allow an erosion of standards.

The shipping industry is supportive of offshore wind and encourages developments in suitable and appropriate locations whereby the safety of navigation and seafarers are upheld, where sufficient sea room is maintained for increasing vessel density and vessel size, where the environmental and economic impact of deviation around wind farm areas are fully factored in and considered for vessel operators and where a holistic and cumulative approach is taken combining the effects of multiple wind farms on overall vessel routeing and port to port pairs. This can only be done with comprehensive and detailed engagement with stakeholders and affected parties at the earliest of stages and with complete transparency.

Opportunities for UK shipping to participate in Offshore Wind Farm Construction

The Chamber represents shipping companies who have the capability to carry out marine and offshore construction services for the various stages of offshore wind farm developments. Many of these shipping companies have carried over their expertise from the offshore oil and gas industry.

The Chamber is concerned that in the government's call for 60% UK content, there has been little consideration for the potential contribution from larger offshore construction vessels operated from the UK. The potential economic contribution that UK companies can offer in their expertise of operating large construction vessels, especially in regional parts and as part of the energy transition, is considerable. Such construction vessels being referred to here are typically known as "lift boats", "self-propelled self-elevating vessels" or "self-propelled jack ups".

However, the cost base for operating self-propelled jack ups in the UK can be higher than operating such vessels from other countries, such as in EU or EEA countries. This is partially due to the EU Maritime State Aid guidelines with govern state aid and tax incentives for international shipping. The effect for larger offshore wind construction vessels operating in offshore wind is that, if they wish to participate in the UK supply chain, the business case incentivises such vessel companies to set up anywhere but the UK.

This is so that their offshore wind farm construction activities are within the EU state aid guidelines which are targeted at "international markets". This is coupled with the fact that UK tonnage tax regulations in the UK offshore oil and gas sector do not permit self-propelled jack-ups (which currently are considered as "offshore installations") to transition to offshore wind, without declaring that they are completely exiting the UK offshore oil and gas market – which does not assist in the energy transition process.

The overall effect is that such UK companies operating self-propelled jack ups have had to look elsewhere, and are exporting their expertise in other offshore wind markets. The Chamber would like the procurement process to take into account the added economic contribution UK-based companies would make in operating such self-propelled jack ups from the UK, if they are able to sustainably participate in the supply chain of the UK offshore wind construction market. The Chamber considers that tangible economic contributions are more important than just looking at where a vessel is registered, or at pure pricing considerations.

Therefore, while the Chamber is conscious of the need to keep the cost of renewable energy price at reasonable levels, this should be balanced with the need to minimise navigational safety and deviation issues for shipping routes, and secondly the costs of operating self-propelled jack ups in the UK and the difficulties in participating in the UK market.

UK Chamber of Shipping
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