

28^{AIN} MAI 2019

**MORLYN LLANW BAE ABERTAWE – YNYS YNNI –
ADOLYGIAD O'R OPSIYNAU STRATEGOL**

**YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU
HANGEN:**

1. Derbyn adroddiad Holistic Capital a'r ymateb gan y tasglu;
2. Ystyried yr argymhellion gan y tasglu ynghylch camau nesaf y gwaith o gyflawni'r prosiect sy'n arwain at y broses gaffael ffurfiol ac yn cynnwys hynny;
3. Cefnogi ymgysylltu parhaus â'r holl bartneriaid, gan gynnwys Llywodraeth Cymru, ac awdurdodi cadeirydd y cyd-bwyllgor a chadeirydd y tasglu i gyflwyno'r adroddiad a'r argymhellion sy'n deillio ohono i Lywodraeth Cymru;
4. Cadarnhau bod Cyngor Abertawe yn parhau i arwain y prosiect ar ran y rhanbarth.

**RHESYMAU: Fel y nodwyd yn adroddiad Holistic Capital ac yn ymateb y
tasglu a gynhwysir yn y papur hwn.**

Awdur yr Adroddiad:	Swydd:	Rhif ffôn
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EXECUTIVE SUMMARY
SWANSEA BAY CITY REGION JOINT COMMITTEE
28TH MAY 2019

**SWANSEA BAY TIDAL LAGOON – ENERGY ISLAND STRATEGIC OPTIONS
REVIEW**

BRIEF SUMMARY OF PURPOSE OF REPORT

The joint committee authorised the creation of a regional task force to review the outcome from the rejection of the funding model for the delivery of the then Tidal Lagoon proposal for Swansea Bay.

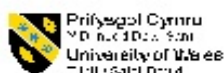
In conjunction with Welsh Government, the task force has worked with Holistic capital and other partners, to review the project and the report attached which sets out the key findings and next steps and proposed timelines.

This report was presented to the task Force on the 30th April 2019 with the response from the Task Force on behalf of the region set out below.

Response of the Task Force

1. Revised 2.0 proposal key points

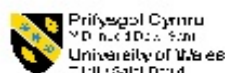
- The Dragon Energy Island Project represents a completely new approach, to **build upon the natural tidal energy production opportunity** in Swansea, as well as delivering a world leading **integrated renewable energy hub** in Swansea Bay.
- This review recommends that the City Region, supported by Welsh Government, work in partnership with a **suitably procured private sector partner**, who will **invest alongside the public sector**, to deliver this globally significant renewables opportunity, and to create a new and globally scalable industry for Wales.
- This review concludes that there is the potential opportunity for the City Region to work in joint venture with a suitably procured private sector partner, on the basis of joint investment, to deliver the new Dragon Energy Island project, within the timeframe of the City Deal, without the need for subsidy.



- This approach is **fundamentally different from the previous proposal** to build a stand-alone power plant, **funded by government subsidy**.
- The major opportunity for Wales is clearly to deliver this **integrated project**, and to use this as a platform to deliver similar projects in other locations not only across Wales and the UK, but **using the IP and skills developed, along with local supply chain partners, to do so internationally**.
- The integrated Dragon Energy Island proposal, was developed through the Task Force review process, and builds upon the natural elements of local tidal range energy potential, but critically supplements these with the addition of a large development of new floating modular commercial plus residential accommodation, within the new lagoon.
- The introduction of the mixed use development component to the scheme works to bridge the overall funding requirement for the power plant element of the project.
- In addition to the new mixed use development, the Task Force have identified a significant number of additional complementary elements that allow for the creation of a truly integrated renewables hub.

2. Key improved elements over the 'legacy project' (TLP proposal)

- New 'Dragon Energy' homes demand available as an 'anchor' purchaser for the power plant energy.
- **New Modular Homes production plant** to service anchor modular homes requirement within Dragon Energy Island development (1000 units/year), as well as the Welsh Housing Association sector and Local Authority Housing (4000 units/year).
- Incorporate cost savings across the energy plant (estimated at 30%).
- Consider the use of the electricity generated to produce production of pure hydrogen & pure oxygen for storage/onward sale (significant revenue increase opportunity)
- Integration with 'Homes as Power stations element of the City Deal, within the residential element of the project (Solar energy).
- Potential to aggregate the public energy demand across the City Region.
- Develop a 'circular economy' approach, e.g. Potential for turbine rental not purchase.
- Consider adopting proprietary large-scale mobile caisson technology.



- Align the requirements of large data-center requirements, with the potential private wire supply and potential for under water construction.
- Potential commercial/education building uses (extend University Campus).

3. Proposed procurement route and key activities to take us to full contract award

Proposed route is through formal public procurement via an Innovation Partnership route

Full contract award expected by end of Q1 2020.

4. Costs (WG support) and timescales for point 3

Outline budget cost estimate scheduled estimated £250 to £400k to reach procurement stage with full costs determined during this phase. Funding will be sought from WG to continue with the project. There are no financial implications of the City region although resources are being input into the project “without charge”.

5. Options for lead body on behalf of SBCR / WG

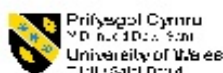
CCS has been happy to lead the project on behalf of the city region and would offer continuing in this capacity if supported by the joint committee and welsh government. Further procurement, finance and legal resource would need to be employed and this could be via other partners or procured accordingly depending on capacity

It is suggested the task force continues to operate the oversight role with regular reports to the JC and Welsh Government

Summary

The views of the Joint committee are welcomed in relation to the report and the response from the task force and the recommendations referred to above

DETAILED REPORT ATTACHED?	YES (Holistic Capital Part A)
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IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance NONE	Risk Management Issues NONE	Staffing Implications NONE
Policy, Crime & Disorder and Equalities None				
Legal None as this stage. Any decision to formally proceed to procurement would require and appropriate report and authorisation at that stage and would be based on the lead body's own procurement rules				
Finance Financing to proceed to the next and future stages will be sought from WG so no direct financial impacts arising out of this report				
Risk Management Issues None				
Staffing Implications None				

CONSULTATIONS

Details of any consultations undertaken are to be included here

No formal consultation associated with this report

Swansea Council issued a PIN notice consultation issued as part of Task Force Review

Section 100D Local Government Act, 1972 – Access to Information		
List of Background Papers used in the preparation of this report:		
THESE ARE DETAILED BELOW		
Title of Document	File Ref No.	Locations that the papers are available for public inspection/WEBSITE LINK

