

New insurance fund to accelerate ocean energy's roll-out

18 February 2021. The design of a brand-new European insurance fund for the ocean energy sector is underway, to slash the costs of the first commercial projects and accelerate the roll-out of this exciting new industry. Ocean Energy Europe (OEE) has appointed risk and insurance consultancy, Renewable Risk Advisers (Renewable Risk), to carry out the work as part of the EU-funded OceanSET project.

A well-designed insurance fund will mitigate the early risks of innovative ocean energy projects, for which investors typically demand returns of 10-12%. Access to project finance is a significant obstacle for wave and tidal developers, looking to leverage equity and crack a €53bn per annum global market.

De-risking projects through an insurance fund can act as a 'golden ticket' for the scale-up of ocean energy. By enabling more projects to reach financial close, this will generate the operational data and experience necessary to meet the needs of insurers, lenders, and equity investors.

The wave and tidal energy sector is set for a significant jump in installed capacity. The European Commission will coordinate with national governments to fund 100MW of ocean energy by 2025, and 1GW by 2030.¹ In the UK, the government has signalled a strong interest in ring-fencing 100MW exclusively for ocean energy, in its forthcoming 'Contracts for Difference' auctions.² And European developers continue to build out new projects in Canada, Indonesia, Japan and elsewhere.

Renewable Risk have consulted with the ocean energy industry, and are now discussing with insurers, lenders and equity investors. The final report, detailing the fund's design, is due in Spring 2021. OEE and Renewable Risk will then work with financial stakeholders and funders to make the fund a reality.

Policy Director at Ocean Energy Europe, Donagh Cagney, commented:

"This report is arriving at just the right moment. The sector's scale-up has already begun, and instruments such as the insurance fund will be crucial to further accelerate this growth. Ocean energy will play a key role in decarbonisation, and so speed is of the essence."

Project Manager for the work, Renewable Risk Director, Joe Hulm, said:

"This fund will help bridge the gap between insurance and project finance, the end goal being scale-up through a cheaper cost of capital. Ocean energy can pioneer this approach to reaching Net Zero, where insurance is enabling innovation."

OceanSET project lead, Patricia Comiskey, said:

"It is great to see this work being progressed by OEE and Renewable Risk. This is one of the key financial actions identified in the SET Plan for Ocean Energy and will be a significant step to help remove hurdles for the ocean energy industry."

¹ ['An EU Strategy to harness the potential of offshore renewable energy for a climate neutral future'](#) European Commission

² ['UK Energy Minister mulls CfD boost for tidal'](#) ReNews

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Notes for Editors:

Ocean Energy Europe is the largest network of ocean energy professionals in the world. 120 organisations, including Europe's leading utilities, industrialists and research institutes, trust OEE to represent the interests of Europe's ocean energy sector. www.oceanenergy.eu

Renewable Risk Advisers is a specialist risk management consultancy and insurance broker with an unparalleled depth of experience of risk mitigation in the renewable energy and energy efficiency sectors. www.renewablerisk.com

The OceanSET project is a coalition of national and regional authorities funded by the European Commission, which implements actions to reduce the cost of energy to €0.10/kWh by 2030 for tidal and €0.15/kWh by 2030 for wave. www.oceanset.eu