



Background Note: Speculation in Foreshore Leases

In Ireland a lot of attention has been focused on the flaws in our land- use planning system which have enabled developers to make spectacular profits at the expense of the common good. Even more spectacular profits are being made by developers benefiting from the planning vacuum and outdated legislation governing the awarding of foreshore leases for construction in our coastal waters.

An article published in March 2009 in one of Scotland's leading papers sets out very clearly what are referred to as the "incredible" profits being made by developers who claim a greenfield offshore site, carry out an EIS, get a foreshore lease for construction of an offshore wind farm and then sell on the foreshore lease.

The article "Small Firms are Looking to Cash in Big on Green Energy" by city correspondent Hamish Rutherford appeared in "The Scotsman" on 2 March 2009. <http://thescotsman.scotsman.com/business/Small-firms-are-looking.5027278.jp>. It quotes various senior players in the offshore renewable business. Mr Martin McAdam, Chief Executive of Aquamarine states "If you look at offshore wind where equity partners have sold, the value placed on consented offshore wind is very substantial, anywhere up to £400,000 a consented megawatt". Mr Joel Staadecker, Chief Executive, Sea Energy states: "The resources needed to take an offshore wind farm to development are small beer compared with the construction phase but the returns on investment are high. The development phase of this business is very, very lucrative . The amount of money you spend, versus the value of the assets is incredible and there are lots of investors who understand this".

In Ireland, under the outdated and undemocratic Foreshore Act 1933 developers continue to be allowed to:

- Pick out any site they wish in our State-owned coastal waters, on a "first come first served basis," with no public tender.
- Spend a relatively small sum, say €3 or €4 million, on producing an EIS
- Apply to the Minister for the Marine for a foreshore lease to construct some of the biggest offshore wind farms in the world
- Sell on the foreshore leases thus acquired at a massive profit based on the size of the offshore wind farms permitted.

This activity takes place in a policy vacuum where there is

- No national strategic plan for conservation and development of our seas.
- No prior Strategic Environmental Assessment of the coastline
- No statutory involvement of local authorities in the permitting of developments.
- No public right of appeal against the Minister's decision

- No independent, professional analysis of the developer's assessment of visual impact as set out in the EIS. (The Marine License Vetting Committee which assesses the application does not have a landscape professional as a member)
- No public assessment of the costs and benefits (economic, social and environmental) of these huge industrial developments.
- No analysis of the public cost of the grid reinforcement, interconnection and subsidy necessary to get the consented wind farms up and running

The value of offshore sites is largely based on consented megawatts.

This key fact, coupled with Ireland's inadequate regulatory system, explains why developers have applied for and been granted foreshore leases for construction of massive offshore wind farms of a size and scale which have not been permitted so close to sensitive coastlines in any other country in the world.