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The Rt Hon Ed Miliband MP
Secretary of State for Energy Security and Net Zero
Department for Energy Security and Net Zero
3-8 Whitehall Place
London
SW1A 2AW

Dear Secretary of State,

Re: Marine Energy CfD Pipeline: AR8 and AR9

Cleantech for UK brings together investors, startups and scale-ups to shape the policy environment for clean technology in the UK. We work at the intersection of innovation and government, making the case for policies that accelerate commercialisation, attract private capital and position the UK as a serious global competitor in the industries that will define the next economy.

One of those industries is marine energy. Both tidal stream and wave energy have real potential as part of the UK energy mix, and we think both deserve more attention in the CfD budget than they have previously received. We have conducted an independent assessment of the pipeline ahead of AR8 and AR9, which we attach as an annex, and wanted to share the headline findings with you directly.

The Clean Power 2030 programme is accelerating wind and solar at pace, and marine energy sits alongside that ambition rather than in tension with it. A grid dominated by wind benefits enormously from generation that is forecastable years in advance, and tidal in particular fits that description precisely. Wind curtailment is already costing the system over £1 billion a year; as marine energy deployment grows. its predictable generation profile will help manage that. Research currently in preparation by Dr Danny Coles at the University of Oxford, due for publication later this year, suggests that tidal at scale could reduce system dispatch costs by around 18%, largely through displacing hydrogen balancing. NESO does not meaningfully represent tidal or wave in its central pathway scenarios, which means this value is invisible to planners. We would ask you to direct them to include it.

The supply chain case is also strong. Marine energy projects currently achieve over 80% UK content, with jobs and economic activity concentrated in coastal communities in Scotland, Wales and the north-west. That is an unusually high rate of domestic return for an energy technology at this stage, and it makes marine energy as much an industrial strategy opportunity as an energy one.

The ask is modest relative to the overall CfD programme. AR7 allocated £1.79 billion to offshore wind alone. Our independent assessment points to a central AR8 tidal pipeline of around 107 MW, with upside to 166 MW. The Marine Energy Council is calling for a £40 million tidal ringfence in AR8; based on current strike prices, that ringfence would unlock somewhere in the region of 35 to 40 MW. In our view that should be treated as a floor rather than a ceiling. The supply is there. Budget is the binding constraint, not developer appetite.

We recognise the consumer cost sensitivity, including the implication that decoupling electricity prices from gas (a reform we have long supported and welcome) may make CfD top-up payments more persistent than under the current market structure. The wind precedent is our answer: early premium prices built an industry that now delivers some of the cheapest power on the system, and many early CfD contracts now generate net savings for consumers. Tidal is earlier on that same curve. Its strike price fell 34% between AR4 and AR6 on very limited deployment, and the system value of predictable, forecastable generation in a decoupled market (reducing balancing costs and displacing expensive backup capacity) makes the case for bearing that premium now.

On the specific rounds, our asks are as follows:

For AR8, we would ask for a ringfence sized to accommodate between 55 and 100 MW of credible near-term capacity. The near-term bidder list includes MeyGen in the Pentland Firth, Orbital Marine Power at Westray Firth, Nova Innovation, Magallanes, QED Naval and Tidal Technologies, all at or near bid readiness with consents, grid connections and in most cases an existing CfD track record. A ringfence at this level would be the right signal for the sector.

For AR9, we would ask for a tidal ringfence of at least £60 million and a dedicated wave ringfence of £7 to 10 million. The current Pot 2 structure asks very different technologies at very different stages of maturity to compete on price against each other, and that works against all of them. Wave in particular cannot clear without its own ringfence. Developers including CorPower Ocean and Mocean Energy are making real progress toward first commercial array readiness and a first allocation would unlock private investment behind them. We would ask for a provisional indication of ringfence levels beyond AR9. The single biggest barrier to private capital across all of these technologies is uncertainty about whether support will continue. Even an indicative commitment would make a material difference.

A summary of the AR8 and AR9 pipeline is set out below; the full company-by-company assessment is in the annex.

Category	Low (MW)	Central (MW)	High (MW)	Notes[1]
AR8 — launches July 2026				
Six tidal stream developers	55	77	102	All at or near bid readiness; consents and grid connections in place
AR9 — launches 2027				
Tidal: Very Likely	34	65	98	Developers with existing CfD track record and active pipelines
Tidal: Likely	12	25	38	Developers with consented sites and strong project readiness
Tidal: Possible	4	11	20	Conditional on prior phases or technology proving
Wave (with ringfence)	0	6	10	Conditional on a dedicated wave ringfence
AR9 total	**50**	**107**	**166**	**Budget is the binding constraint, not developer appetite**

[1] *Pipeline figures are based on independent analysis by Cleantech for UK using publicly available information and engagement with select industry stakeholders. They do not represent the views of individual developers and have not been verified by all companies named. Figures are indicative estimates only.*

We are happy to discuss any of this with your officials and have shared the underlying data in the annex.

Yours sincerely,

Sarah Mackintosh
Director, Cleantech for UK