

MARINE ENERGY: EXECUTIVE SUMMARY

- Marine energy (wave & tidal) represents a significant, as yet untapped source of renewable energy (RE)
- From a company / investor perspective, everything is still to play for (vs. wind, PV); winning suppliers can serve a global market
- Today, marine energy is significantly more expensive (LCOE £140-350/MWh) than mainstream (fossil fuel, nuclear) and other established RE technologies (PV, wind, CSP)
- The long-term cost potential remains uncertain, given the lack of commercial scale installations currently; however, a 10-15% learning curve is generally expected
- Unlike some other RE sources, the marine sector has yet to (and may never) settle on a standard technology approach, representing both an opportunity and risk for investors
- Current financial markets turmoil is also complicating the financing environment for marine energy (technology immaturity, lack of bankability, supplier size etc.)
- The market inflection point for marine energy devices (likely led by the UK), continues to be pushed out, currently well beyond 2020
- While more wave energy MW have been installed, currently tidal appears ahead (electricity generation, OEM involvement, turbine design homogeneity)
- The involvement of large OEMs will be key to overcoming technical challenges, including foundation design and supply chain organisation
- Initial “survivors” emerging from among > 100 players, typically aided by historical (large) fundraising or the backing of major corporates