

THE MARINE RENEWABLE ENERGY CRITERIA

Climate Bonds Standard



What are the Marine Renewable Energy Criteria?

These Criteria lay out the requirements that marine renewable energy assets must meet to be eligible for Climate Bonds Certification. The bond must also meet the reporting and transparency requirements of the overarching Climate Bonds Standard V2.1 to receive Certification. This note is an overview of the Criteria, for [full details see the Criteria document](#).

What underpins the Criteria?

The guiding principle for the Climate Bonds Standard is that certified assets and projects must be in line with limiting warming to 2°C and support climate resilience of the asset and surrounding environment.

The Criteria embed transformative steps not incremental improvements for rapid decarbonisation.

Why certify a Marine Renewable Energy Bond with the Climate Bonds Standard?

Certification allows issuers to demonstrate to the market that their bond meets industry best practice for climate integrity, management of proceeds and transparency.

Marine renewable energy has not yet made up a significant share of the green bond market and there are not commonly accepted best practice standards in the sector. Therefore, certification indicates to investors that proper environmental due diligence has been done on the assets they are investing in – a robust and credible way for this new asset type to enter the green bond market.

Other benefits of issuing a Certified Climate Bond include; investor diversification (marine renewable energy issuers should find they attract new investors by certifying), greater investor engagement, investor stickiness (investors buying Certified Climate Bonds tend to buy and hold), strengthened

reputation (certifying shows commitment to delivering low carbon infrastructure) and a freeing up of balance sheets.

How will the Criteria assist in growing the green bond market?

The rapid growth in the green bond market over the past 3 years has been met with questions around the environmental credentials of these bonds and about what assets are suitable for inclusion in a green bond.

The Marine Renewable Energy Criteria indicate to potential issuers and the market what types of assets and projects should and can be included in green bonds. They define what low carbon and climate resilient marine renewable energy infrastructure is.

The Criteria highlights that marine renewable energy projects are prime for inclusion in a green bond, given their low carbon credentials and subject to being climate resilient.

Will your project meet the Marine Renewable Energy Criteria? It's as easy as 1 2 3

STEP
1

Comply with Disclosure Component

Information required: project location and size, lifespan, key stakeholders, description of activities (e.g. installation, operation, decommissioning, facility capacity and generation), details of where the energy generated is going and avoided GHG emissions

For most issuers this information is readily available and already public. To show compliance it should just be a matter of collating the information.

STEP
2

Comply with Mitigation Component

Marine Renewable Energy projects automatically pass the mitigation component, provided fossil fuel back up is only used for restart capability and monitoring / operating / resilience measures in the event of no renewable power in the system.

For most issuers, proving compliance with this checklist will often be a matter of pointing to the Adaptation Plan and/ or Environmental Impact Assessment.

STEP
3

Comply with Adaptation & Resilience Component

Complete checklist to show:

1. Climate related risks to the asset are understood
2. The impacts the asset has on the resilience of stakeholders and the environment are understood
3. Strategies exist to mitigate and adapt to climate risks
4. Strategies exist to promote resilience of the wider system
5. Assets or projects have no negative environmental impacts



The Criteria apply to all marine renewable energy technologies and related dedicated infrastructure

A diverse array of technologies are being developed and deployed for marine renewable energy generation from wind, solar, waves, ocean currents and tides, as well as salinity and temperature gradients.

As technologies progress from research and prototyping to commercial scale, marine renewable energy offers potential to meet power needs. To realise this potential, investment in the sector is imperative.

Technology convergence has not yet occurred and new applications continue to emerge. For this reason, the Marine Renewable Energy Criteria have been designed to be technology agnostic; i.e. they apply to all types of marine renewable energy generation including offshore wind, offshore solar, wave power and tidal power. This will allow emerging marine renewable energy technologies to comply in the future.

While we have had Wind & Solar Criteria active for some time, from this point offshore wind and solar projects will be evaluated using these Criteria as they better cover issues, such as siting, which are relevant given their location in complex marine ecosystems.

Why the three components: disclosure, mitigation and adaptation & resilience?

For a project to satisfy the Marine Renewable Energy Criteria it must comply with all three

components; disclosure, mitigation and adaptation & resilience. This gives investors' confidence in the climate credentials of the underlying assets in the investments they are making.

The disclosure component; basic information so investors can understand the projects and assets financed

The disclosure component has been included to give clarity to investors on the details of the projects in the Certified Climate Bond. Issuers must provide the required information (where applicable) but no judgement is made on answers.

This component was designed to ask for information that is often publicly disclosed anyway but often not included in bond offering documents.

The mitigation component; renewables are low carbon, so they get a free pass

All the Criteria developed under the Climate Bonds Standard have a GHG mitigation component. This is fundamental to showing that projects are in line with a low carbon future.

Marine renewable energy projects automatically pass the mitigation component, so long as they have minimal fossil fuel back-up. This is due to the very low carbon footprint of the assets over their full lifespan.

The adaptation & resilience component; marine renewables need to be resilient and conscious of local ecosystems

Climate Bonds Standard Criteria are now developed to include a climate adaptation & resilience component alongside GHG mitigation.

Climate change is now unavoidable and it is vital that we limit emissions. Projects must be able to demonstrate they have been designed, built and are being operated with this in mind. They also must not jeopardise the resilience of the system they are located in.

Evidence to show compliance with this component will often come from the project's Adaptation Plan, Environmental Impact Assessment or Planning Consent, so complying should be a matter of pointing out the relevant parts.

Developed by leaders in the marine renewable energy sector

Climate Bonds Initiative convened two groups, a Technical Working Group (TWG) and an Industry Working Group (IWG), to develop the Marine Renewable Energy Criteria. We worked closely with the TWG to develop these Criteria based on their expertise. The IWG provided feedback on the Criteria proposed.

Across the two groups there was representation from current market leaders in the academic, NGO, issuer, investor and verifier worlds - full membership details can be found on [our website](#).

Industry Working Group members include:

Technical Working Group members include:

The Resource and Information Suite

Want to certify, or just know more? Take a look at these documents:

- [1. The Marine Renewable Energy Criteria document](#) - full requirements of the Criteria
- [2. The Marine Renewable Energy Background Paper](#) - full details of the TWG and IWG discussions
- [3. Climate Bonds Standard & Certification Scheme Brochure](#)
- [4. Climate Bonds Standard V2.1](#) - full requirements of the Climate Bonds Standard

Go to www.climatebonds.net
Or email katie@climatebonds.net

Disclaimer: The information contained in this communication does not constitute investment advice in any form and the Climate Bonds Initiative is not an investment adviser. Any reference to a financial organisation or investment product is for information purposes only. Links to external websites are for information purposes only. The Climate Bonds Initiative accepts no responsibility for content on external websites. The Climate Bonds Initiative is not endorsing, recommending or advising on the merits or otherwise of any investment or investment product and no information within this communication should be taken as such, nor should any information in this communication be relied upon in making any investment decision. A decision to invest in anything is solely yours. The Climate Bonds Initiative accepts no liability of any kind, for any investment an individual or organisation makes, nor for any investment made by third parties on behalf of an individual or organisation, based in whole or in part on any information contained within this, or any other Climate Bonds Initiative public communication. © Climate Bonds Initiative 2017