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BUSINESS

Wind farm activist is a breath of fresh air

Hugh Kelly, the fun-loving chief executive of Simply Blue, believes offshore floating turbines can help keep the country's renewable energy needs on an even keel

OLIVER HODGES



Hugh Kelly was just about to open a chain of coffee shops across India when he got a call from Sweden. His old friend and business partner Sam Roch-Perks had seen a demonstration for a wave energy system, and Kelly had to come see it.

"Now, neither of us knew anything about wave technology but we looked at it and we decided we'd explore it," Kelly said. "It was interesting because we could make a difference; it would be something that we would be proud to put on our headstones."

And so, the coffee venture was dropped and the pair set up Simply Blue instead.

Founded in 2011, the company soon pivoted away from wave energy technology into the equally aspirational world of floating offshore wind farms. The tech may be nascent – keeping a 492ft high, 1,000-tonne turbine upright on an industrial-sized pool float is no easy task – but Simply Blue is set on making it work.

The company has carved out a space as a leading developer of floating wind projects. Across its ten-gigawatt pipeline, Simply Blue has partnered with energy giants including Shell, Orsted and EDF in developments from Ireland to Italy.

With backing from Octopus Renewables, a quoted UK investment trust that last week upped its stake in the company to 40 per cent with a €14 million investment, Simply Blue is also making a play in alternative fuels. It wants to build energy parks to manufacture sustainable aviation fuels in Cork and Canada, and expand into onshore solar and wind.

After a period sharing the top job with Roch-Perks, Kelly took over as Simply Blue's chief executive in January. The move was to match the company's shift from expansion to delivery, Roch-Perks being the "salesman" and Kelly the "more serious one".

The duo have been swapping jobs and chasing outlandish ideas for decades. "On my first day of engineering, we sat down beside each other in college, not knowing anyone else, and became friends," Kelly said. "And then, in the final year, we made our first business and invented a lightweight concrete that our professor saw applications for in North Sea oil. We thought there was a faster return to be made by making Christmas tree stands. So that's what we did with it."

Despite the low-tech application, the decision "made a few quid". "I bought what I described as a new car, which was 14 years old at the time. And Sam went running off to Sweden," he added.

Kelly will need this boyish optimism: he has stubborn competition. Simply Blue might have serious backers and two floating wind projects earmarked for Ireland, but for now the government is not willing to hear its pitch.

The position of the Department of the Environment, Climate and Communications is that the technology for floating wind farms, although promising, is still speculative. With proven systems for fixed-bottom wind farms and an auction process that has completed its first stage and is gearing up for a second, the focus is on delivering in the here and now.

Getting the four contracted offshore wind farms over the line before 2030 will be a challenge in itself. Planning is wrapped up in uncertainty, as is grid infrastructure. Ireland does not yet have a single port ready to service the offshore industry, and officials can argue there are more pressing issues than trying to work out how to make the whole thing float.

Kelly, however, is adamant that Ireland

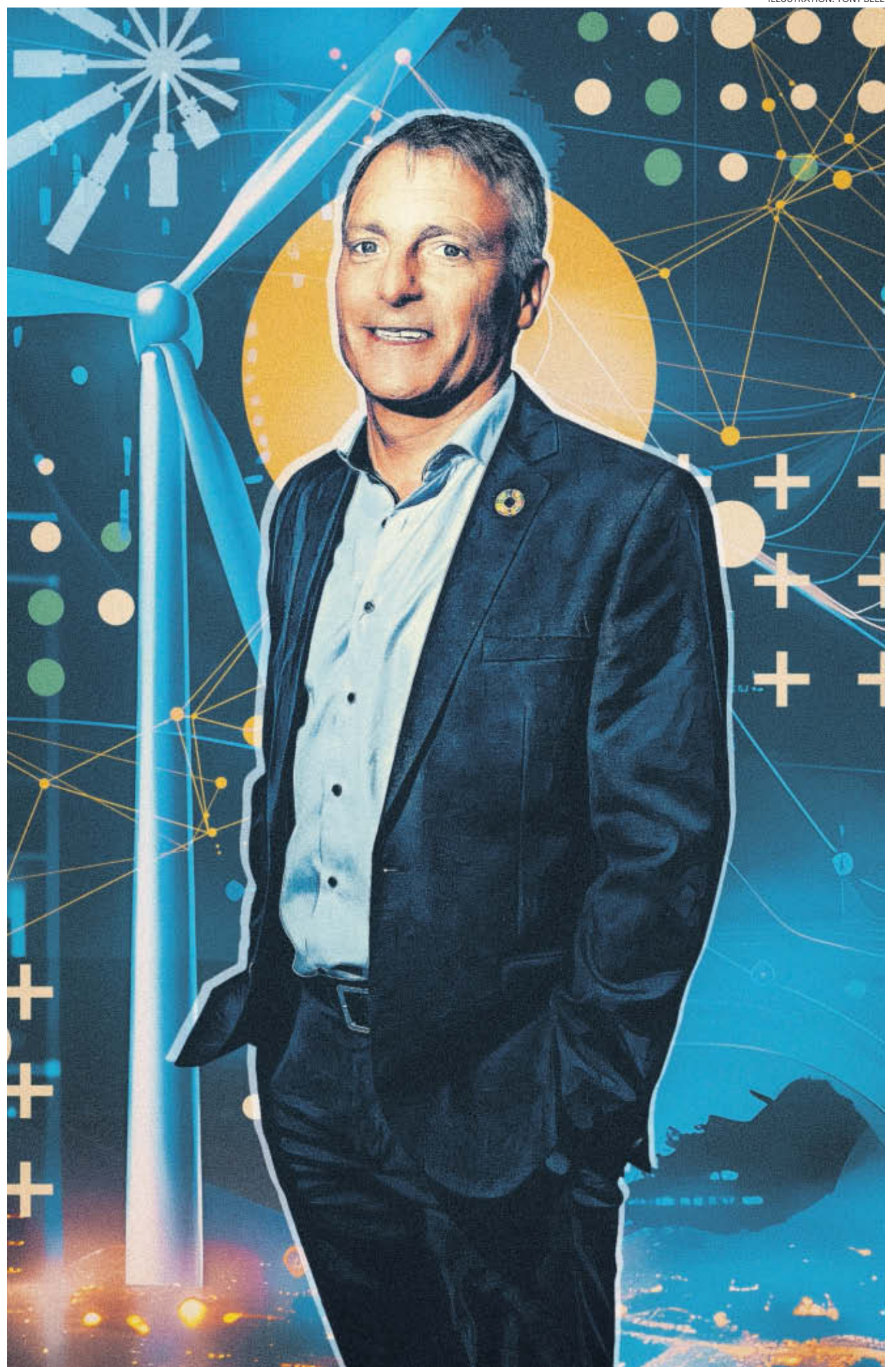


ILLUSTRATION: TONY BELL

is simply falling for short-termism. "The projects have to be developed in parallel with the technology, not sequentially," he said. "And that is the same in terms of the rollout by governments."

While floating offshore wind farms almost certainly won't be operating in Ireland in this decade, the technology has been successfully trialled internationally. The Kincardine project, 15km off the east of Scotland, has five 9.5-mega-watt turbines operating on a platform made of three floating cylinders. Turning this into a full-scale commercial operation is another question, but failing to start is the greater risk.

"The government's own target for Ireland is 20GW by 2040 and 37GW by 2050. Now, those sorts of numbers are not going to be achieved with fixed-bottom alone. So floating is an essential part of that mix," Kelly said. "Will any floating projects be spinning and producing power in Ireland before 2030? I doubt it. It takes roughly ten years from project initiation to operation. But that's exactly the reason we need to start now."

On the headwinds that the industry is facing and the common complaint of planning delays, Kelly sees little room for grey areas. "There were 500 RAF airfields built during World War Two. I'm not aware that any of them were stopped in planning – it was an emergency. Either we are in an emergency or not," he said.

Kelly is good at being an activist and all the serious frowning that come with the position. (He wrote his thesis on climate change well before the concern entered the mainstream.) But beyond the crises and emergencies, what he really wants to talk about is the fun he has had.

When we meet in the Royal Irish Yacht Club in Dun Laoghaire, it doesn't take long before sailing comes up. Kelly started when he was two years old, but didn't learn to swim until his forties when his son taught him. "It made the sailing more interesting," he said wryly.

From discussing racing on the water and the trials of finding a good berth – "impossible pre-financial crash" – Kelly launches into his various business

ventures. Before the Indian coffee chain and after the concrete Christmas stands, he was part of a group that sold fairy doors, about 250,000 in his time at the company. Then there was the web-based start-up he worked with in Australia that did casting for actors. Somewhere in between there was a manufacturing out-fit that made timber frames and panels.

Behind all the projects was Kelly's family business, Associated Marketing. Set up by his father in 1970, the company backs Irish SMEs looking to export into new regions and partners with them as they expand into these markets. Kelly joined the business after a two-year stint at Atkins, the multinational engineering firm, and took to it immediately.

When his father was preparing to pass down the business, Kelly realised he wanted to take over. "I was interested in it and so I discussed it with my father. I have a number of siblings and therefore the only equitable way he felt was that I would buy it out," he said.

"With three sisters, I was the only boy, but he didn't see any difference in that and so we struck a deal where I would be given a number of years to make the purchase price."

Associated Marketing became the springboard for Kelly's investments from Scandinavia to Australia and still operates today, selling honey into the Middle East, among other things.

Simply Blue is starting to look like a similar kind of variety play. Until recently its central revenue stream was in selling off stakes in the floating wind farms it was developing. Once a project is ready for delivery, an institutional investor or utility company typically moves in to take it through to completion. "To develop a project like a 1GW offshore wind project, we will spend €150 million putting every-thing in place so that it's ready to build. Now, at that point, you need maybe €3 billion to build it. We don't have those sorts of funds," Kelly said.

In the past few years, however, Simply Blue has expanded its portfolio, scaling its sustainable aviation fuels business. The company is developing energy parks powered by onshore wind and solar farms to produce the fuel in Canada, Ireland and Australia.

Hugh Kelly brings a magpie approach to Simply Blue's various business dealings

“Will any floating projects be producing power in Ireland before 2030? I doubt it – but that's why we need to start now”

Kelly has also reverted to type, backing ideas as diverse as deploying seaweed farms in the unused space between offshore wind turbines and pushing impermeable membranes to tackle sea lice and waste in salmon farming.

The criticism that lands most often in relation to Simply Blue is that it is a series of speculative plays. Its floating offshore wind projects are a long way from bobbing out at sea, and it is hard to tell whether the idea to keep salmon in underwater polytunnels is serious.

Whatever the result, it is clear Kelly is sincere in his intentions. He is open to selling off more of Simply Blue's equity to bring in the funding it needs, including a majority if necessary. Another big funding round is in its early stages.

"We are all in it to see turbines spinning and planes flying on sustainable aviation fuel," he said. "So our driving thing ... is doing the right thing for the projects. Us trying to maintain control would restrict the growth of Simply Blue."

Beyond that, it's the same formula as it was when Kelly and Roch-Perks were starting out at university. "We said we want to only work with people we like," Kelly said. "We all spend so much of our lives working. Let's make sure it's fun while we do something important."



THE LIFE OF HUGH KELLY

Age: 55. — "I had a shocking experience a while ago where somebody actually offered me a seat on a bus."
Lives: Foxrock, Dublin
Family: three sons and a stepdaughter
Education: engineering and maths at Trinity College Dublin; MBA at University College Dublin
Favourite film: "I'm not a huge watcher of films or TV, but I enjoy historical novels and movies, like *Michael Collins*."
Favourite book: "One of the books that has impacted me

Hugh Kelly is fond of historical novels and films, such as *Michael Collins*, starring Alan Rickman

recently is *How They Broke Britain* by James O'Brien."

WORKING DAY

It probably starts mostly at about half past seven and I don't leave it much before half past seven in the evening either. And I wouldn't be alone in the company. We have an incredible team.

DOWNTIME

Apart from sailing, I play golf and am into DIY. There's a long list of things to be done, but I think the next request is a pond in the garden.