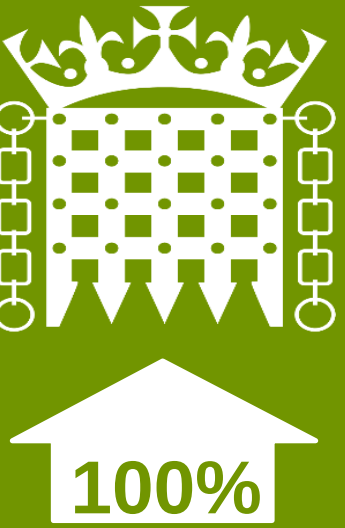
Round 4 Offshore Wind Leasing

Coastal Futures Conference: January 2019

The Crown Estate is an independent, commercial business created by Act of Parliament



Net revenue profit

£329.4m

2017/18

Capital value

£14.1bn

2017/18

UK offshore leasing framework

THE CROWN ESTATE

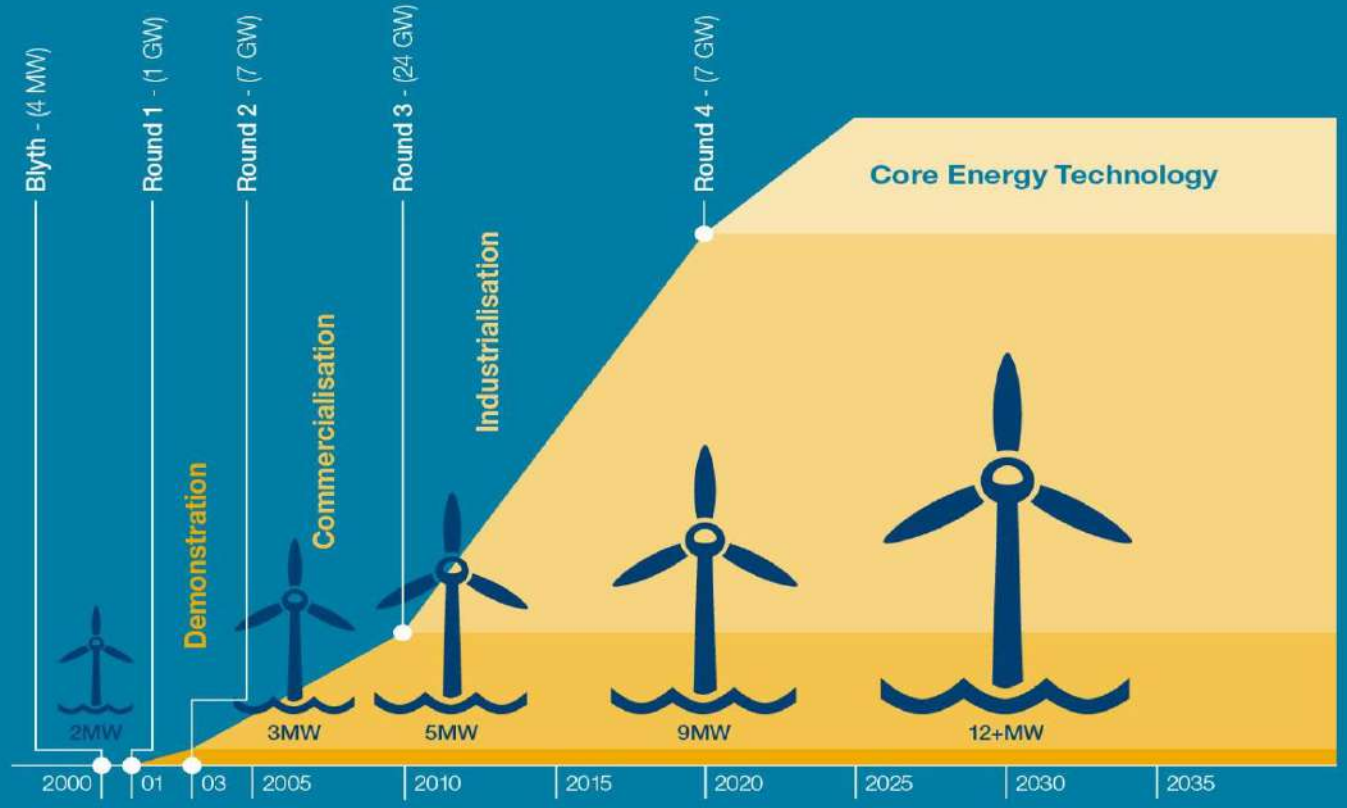
TCE Jurisdiction

- England, Wales, Northern Ireland within 12nm - land owner
- England, Wales, Northern Ireland within REZ - Energy Act 2004

- Territorial Waters Limit
- UK Continental Shelf
- Renewable Energy Zone Limit

Round 4 in context

THE CROWN ESTATE



The need for more offshore wind by 2030

Climate Change Act & Carbon Budgets

Committee on Climate Change scenarios – July 2018

Target = 100gCO_2/kWh by 2032

28 – 34 GW offshore wind required by 2030 across 5 scenarios

Table 2.5. Capacity and generation by technology in the CCC's new power scenarios

Technology	Central Renewables (GW (TWh))	Central CCS (GW (TWh))	Central Nuclear (GW (TWh))	High Low-Carbon (GW (TWh))	High Renewables (GW (TWh))
Nuclear	4 (35)	4 (35)	7 (59)	7 (59)	4 (35)
Onshore wind	25 (60)	24 (56)	22 (53)	26 (62)	29 (70)
Offshore wind	31 (111)	29 (106)	28 (102)	31 (114)	34 (123)
CCS	0 (0)	2 (16)	0 (0)	2 (16)	2 (16)
Solar	32 (27)	27 (23)	23 (20)	35 (29)	43 (37)
Tidal	1 (2)	1 (2)	1 (2)	1 (2)	1 (2)
Biomass	7 (29)	7 (29)	7 (29)	7 (29)	7 (29)
Hydro	2 (5)	2 (5)	2 (5)	2 (5)	2 (5)

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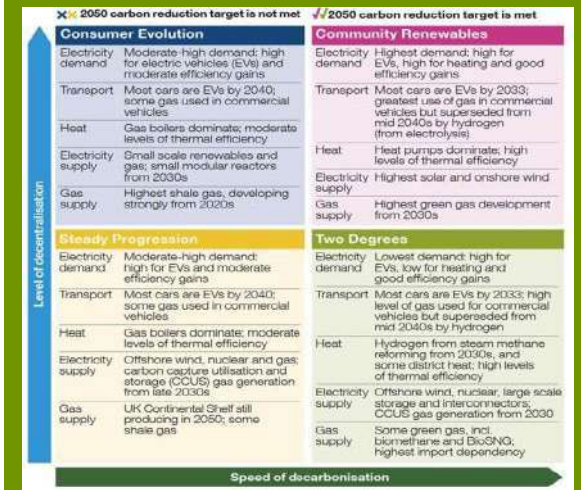
National Grid Future Energy Scenarios

National Grid's 2018 future energy scenarios range from 17GW to 30GW offshore wind on the system by 2030



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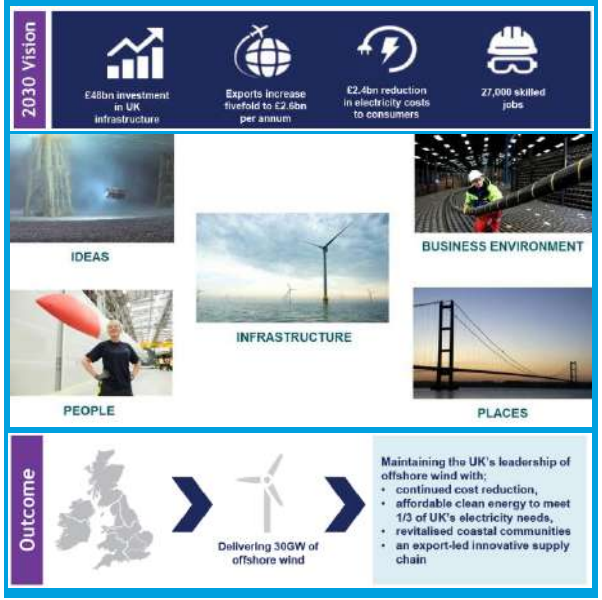
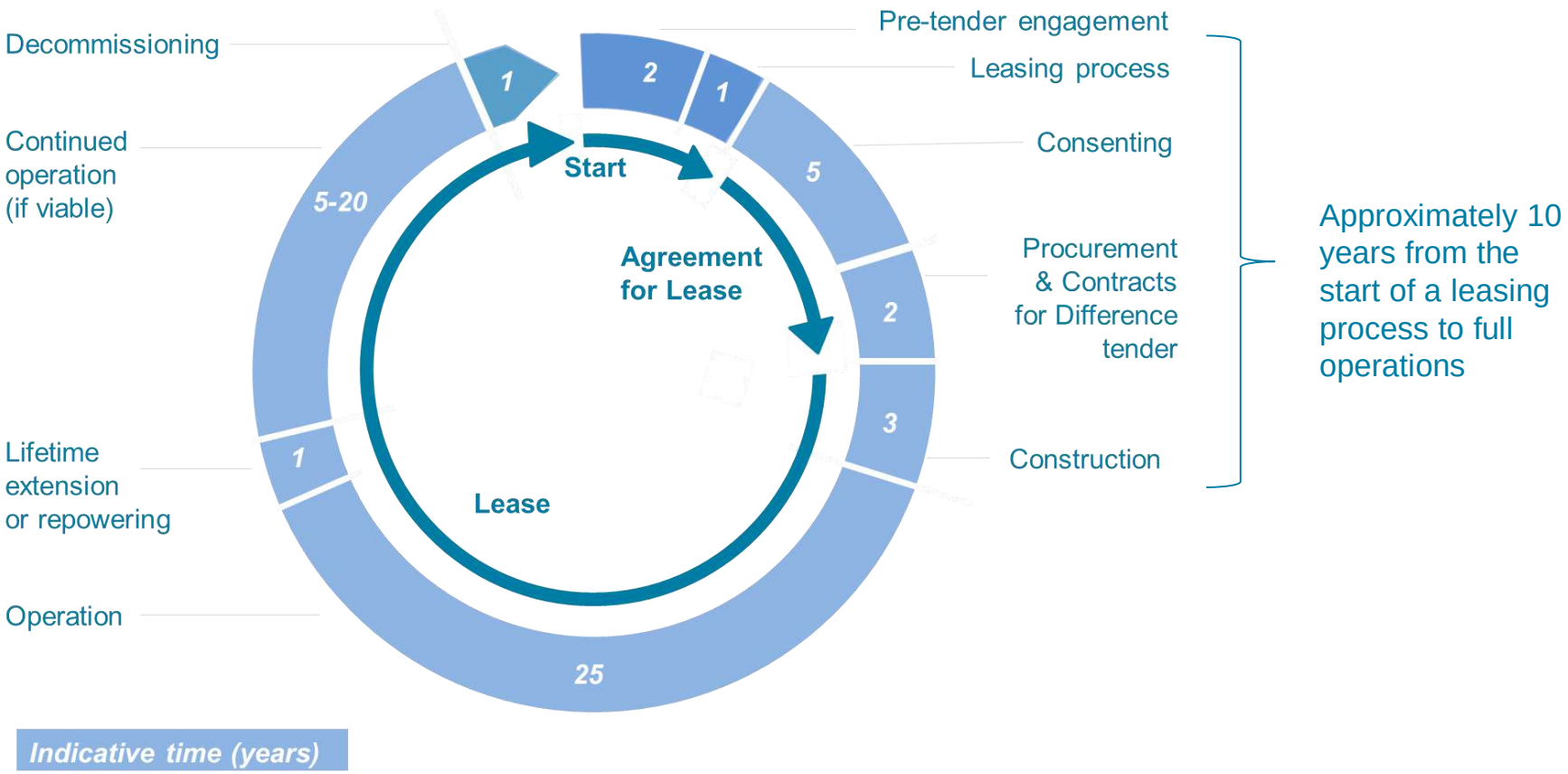
Sector Deal

The sector deal has a vision to deliver 30GW offshore wind by 2030 – enough to meet 1/3 of UK's electricity needs



The offshore wind lifecycle



Approximately 10 years from the start of a leasing process to full operations

Reflections from previous leasing rounds

We are using the feedback we received and our experience from previous leasing activity to inform the approach to potential new leasing.

Engagement

- There is benefit in early engagement with statutory and wider stakeholders regarding spatial constraints
- It is helpful to engage with industry on the leasing offer prior to the formal tender process

Site selection

- Sharing The Crown Estate's knowledge and data may improve site selection
- Including a mechanism to allow boundary adjustments can save time later

Scale

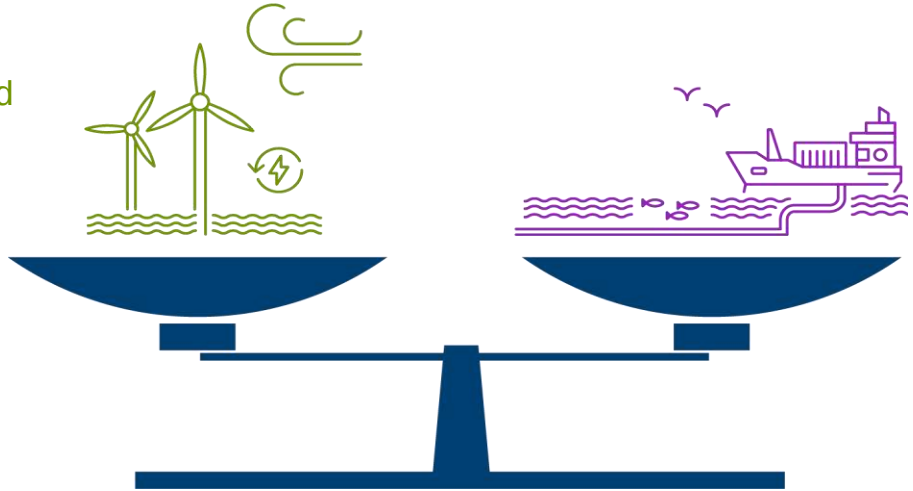
- Leasing rounds should be designed to provide projects in accordance with market conditions
- The size of project areas should balance the need to minimise uncertainty for other seabed users, with the need to optimise economic viability

Process

- Plan-level Habitat Regulations Assessment (HRA) is on the critical path to awarding rights
- It is important to provide clear timescales at the outset of formal leasing

Round 4: Offshore Wind Leasing

New leasing is required to ensure a robust offshore wind portfolio for **2030 and beyond**, which helps the UK to achieve its **decarbonisation** and energy security objectives.



Successful delivery requires **careful consideration** of a busy seabed that already supports a wide range of other **seabed users**, as well as **social** and **environmental** factors.

Balance a range of interests	Repeatable scale	Share our data & analysis	Fair & transparent process	Balance our role with that of the market	Responsible leasing

We are refining and validating our proposals through extensive pre-tender engagement

Regional approach to leasing

- We are proposing a developer-led site selection process where developers select their own sites with the benefit of our analysis and stakeholder views
- We worked with planning bodies to define fixed foundation offshore wind resource:
  - Sub-divided the resource area into 18 potential regions.
  - Statutory stakeholder feedback helped us to refine this to 9 potential regions.
  - Currently gathering further evidence on the remaining regions.

Regions refined based on coastal proximity, MoD firing & exercise areas and shipping densities

Further evidence is being gathered on key sensitivities such as visibility, cabling, MPAs & ornithology

Final regions for Round 4 would be confirmed prior to launch

Regions excluded for Round 4 are not precluded for future rounds

Engagement and analysis

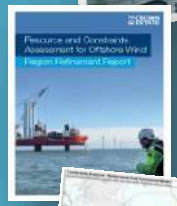
- We are publishing our analysis and stakeholder feedback to help potential bidders to understand site constraints.
- We expect this information resource to be particularly helpful to new entrants, and bidders considering developing in a new region.
- The interim deliverables will be updated, and final regions for Round 4 confirmed, prior to launch

Materials available on our website

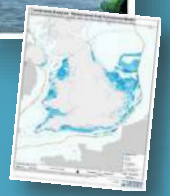
Methodology report

Characterisation Area reports

Region Refinement report

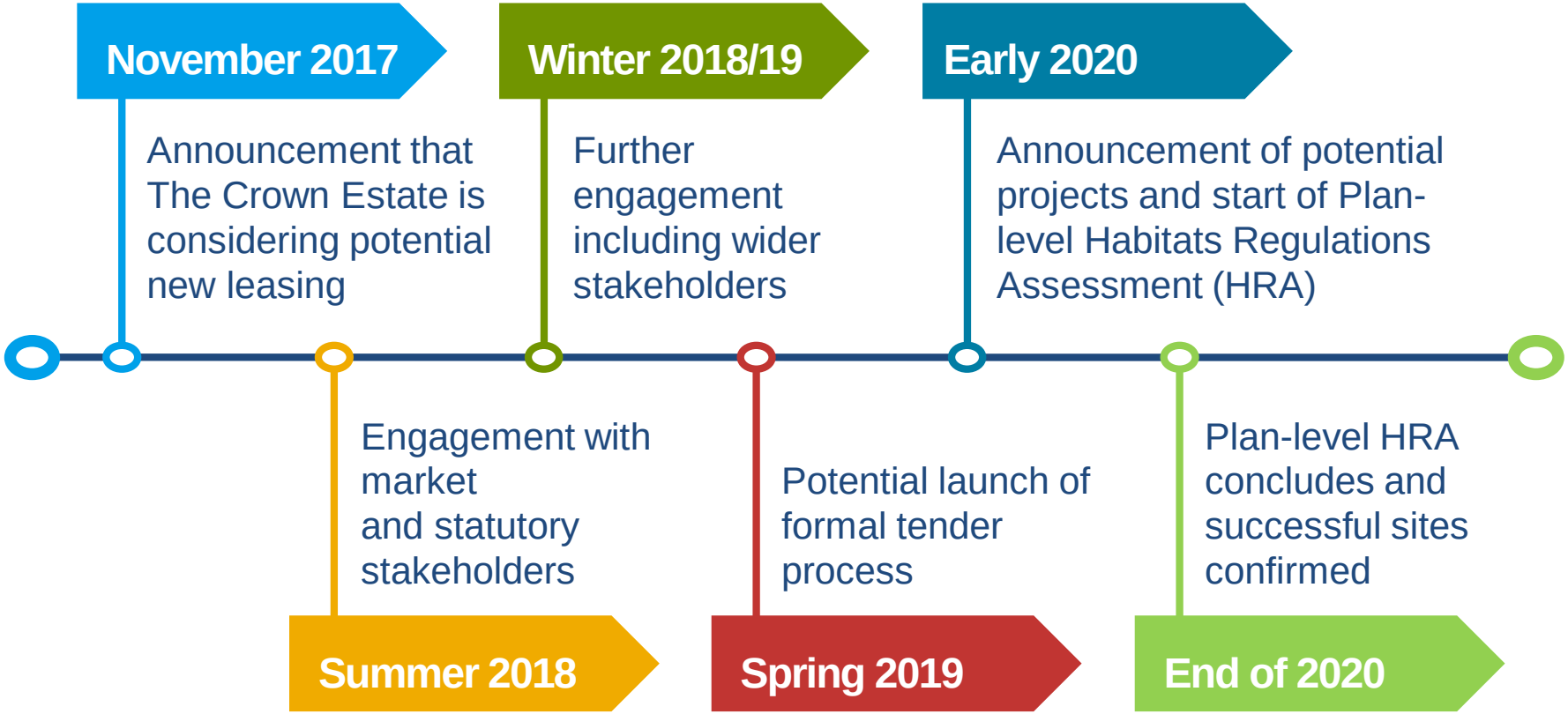


Summary Stakeholder Feedback report



Shape files

Leasing process timeline



Timings are subject to change and will be confirmed in due course


Thank you
For more information and to download our reports, please visit our website: thecrownestate.co.uk/potentialnewleasing