



Coastal Futures 2020

Future development and growth in the offshore wind sector

Will Apps – Head of Energy Development

15 January 2020

Key messages

- The current portfolio and Round 4s role in satisfying policy and market demand through to 2030
- Potential role for offshore wind in delivering Net Zero commitments
- How TCE is seeking to enable sustained and sustainable long-term growth through the combination of our approach to leasing and strategic enabling actions, along with other initiatives such as data and innovation



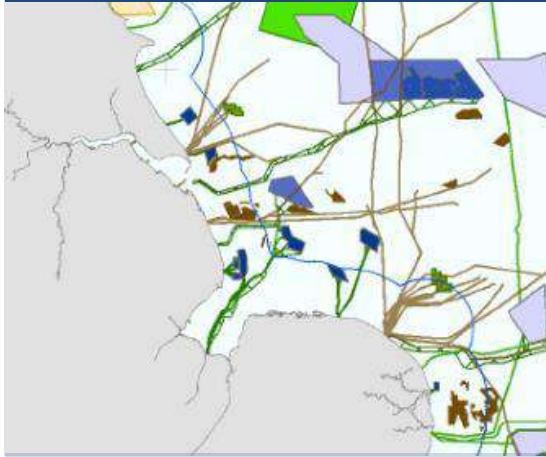
The Crown Estate

- An independent, commercial business created by an Act of Parliament
- Net revenue profit £343.5m (2018/19)
- Capital value £14.3bn (2018/19)
- Diverse portfolio – Central London, Regional, On the Seabed and Coast, On the Land
- England, Wales & Northern Ireland
- Sustainable development of the seabed for the benefit of the nation



Policy & regulatory setting: offshore renewables

Land rights



- The Crown Estate (TCE) & Crown Estate Scotland (CES)
- Leasing rounds
 - Statutory obligations
 - Stakeholder interests
 - Active management of seabed

Consents to build and operate



- Government
- Planning authorities
 - Regional marine plans
 - Statutory advisors
- Ofgem
- Generation licence

Transmission



- Ofgem / System Operator / OFTO
- Developer/System Operator agree connection
 - Separate licence for offshore transmission
 - “Generator Build” model
 - OFTO tender round – now 25 year revenue

Economic support



- Government
- Deliver energy policy objectives
 - Allocation for 15-year CfDs
 - Allocation Round 3 (Sept 2019); every two years thereafter delivering 1-2 GW per annum in 2020s

Compete for sites

Obtain consents & licences

Secure grid connection

Compete for contracts

Private Sector / Developers / Investors

Offshore Wind Development Pipeline

2050 Net-Zero scenarios

[Ref Committee on Climate Change, 2019]

2030 'Increased ambition'

[Ref Queen's Speech, Dec 2019]

2030 Established policy

[Sector Deal, Mar 2019]

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Operating

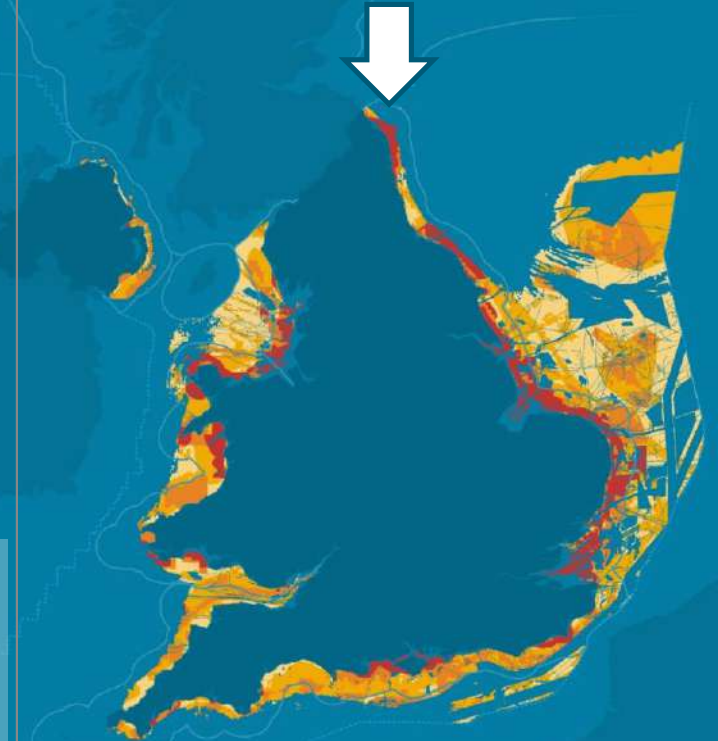
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Committed

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Under-
Development

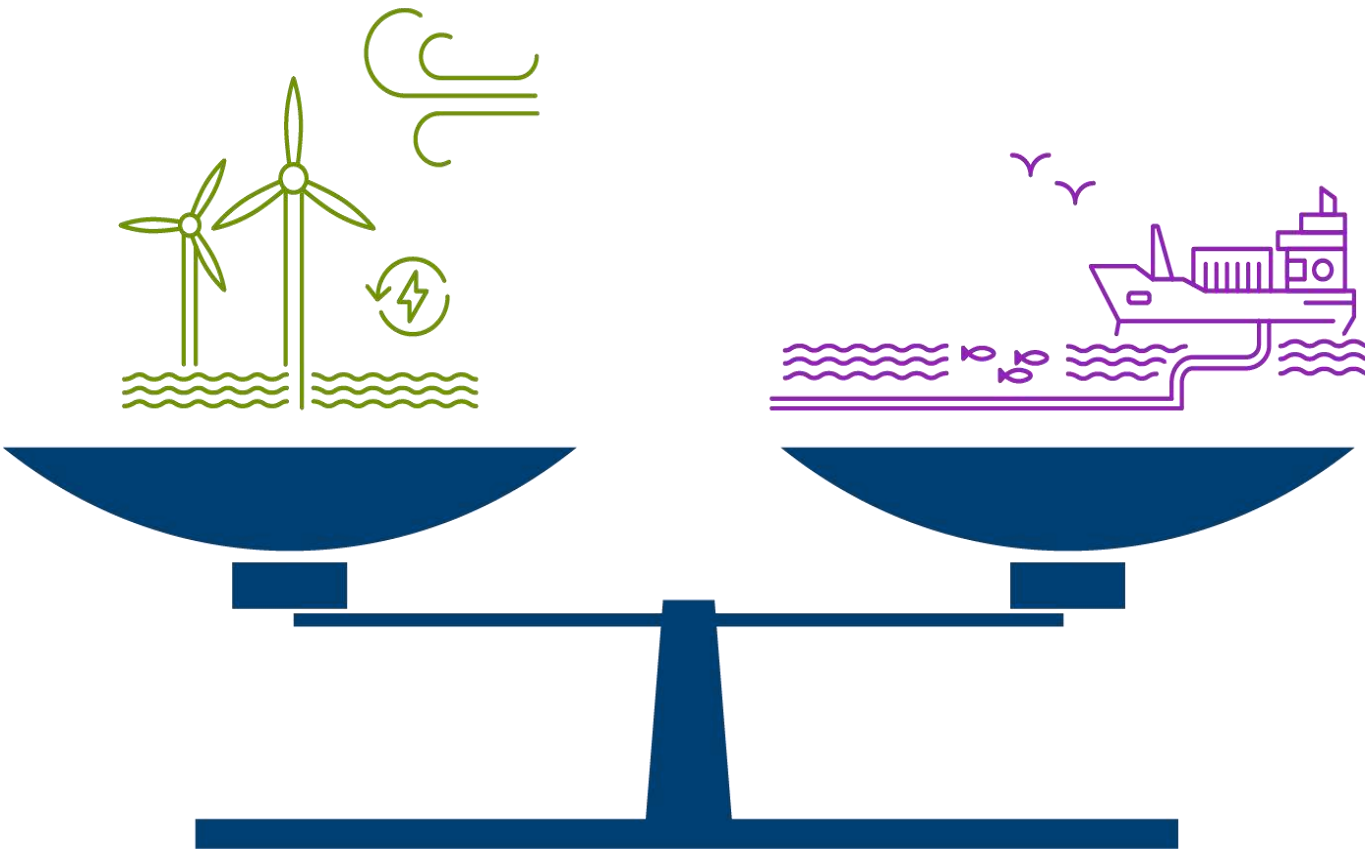
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Extensions &
Round 4

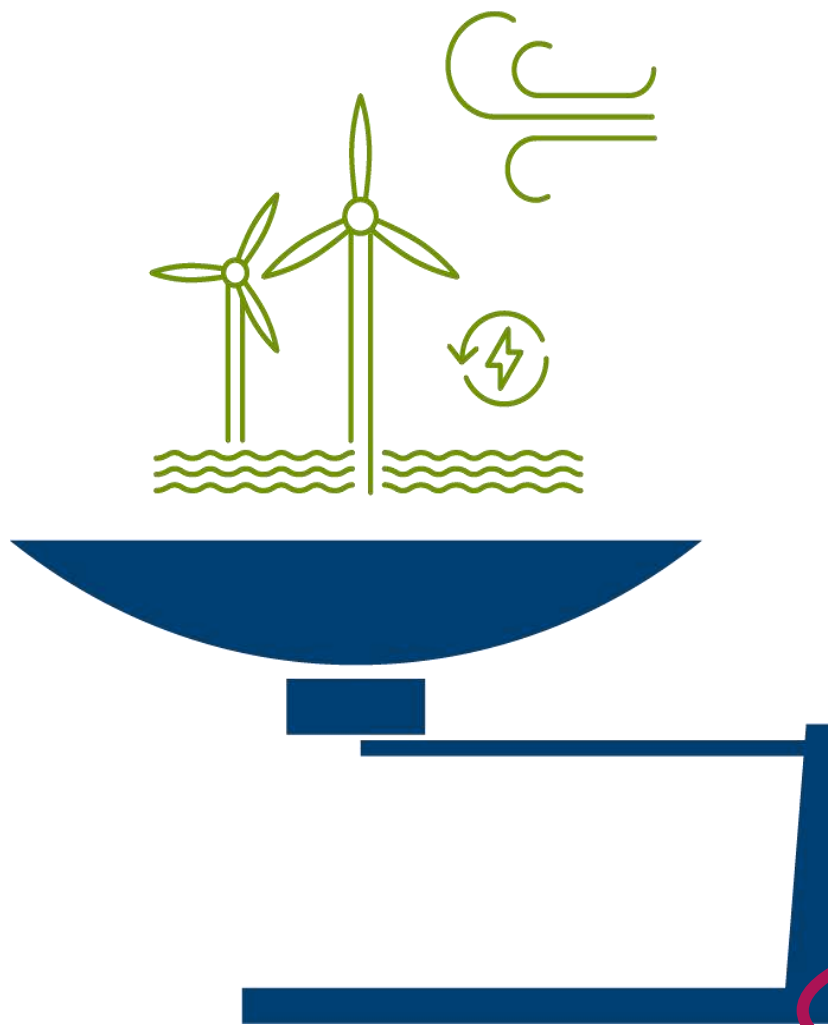
3 to 4-fold increase in
operating capacity by 2030,
possibly 8-fold by 2050

40-50% of the future portfolio
yet to be identified within an
increasingly busy sea space



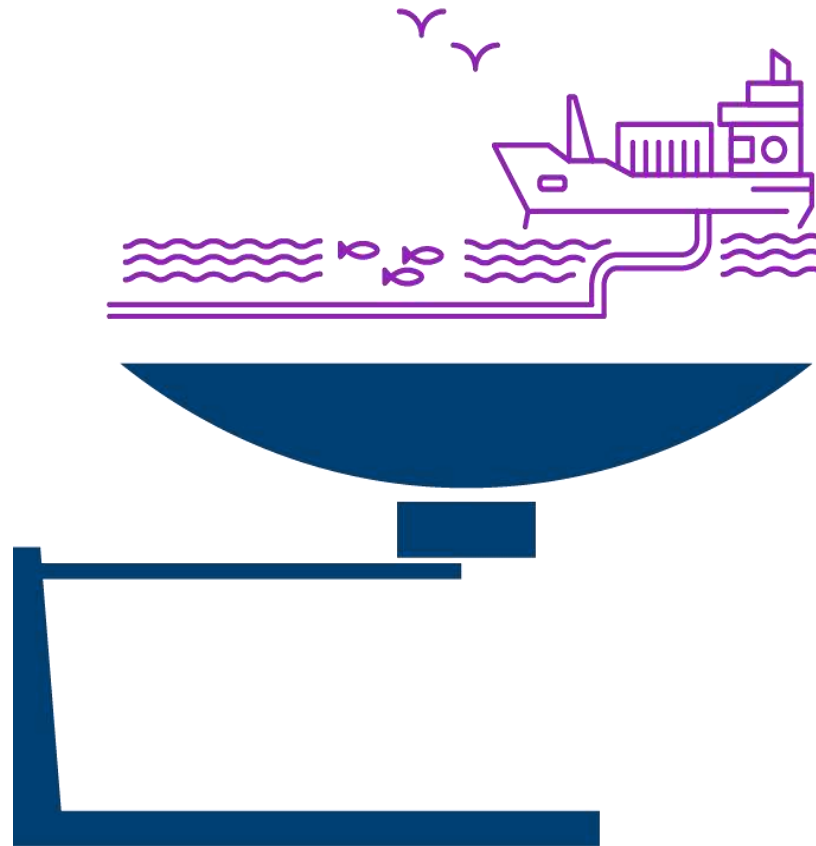
Net Zero ... urgency ... maintaining 'the balance'





- Low cost and deliverable
- Increasing expectation on role in decarbonisation
- Supply chain?
- Energy Integration?
- Finding the space?

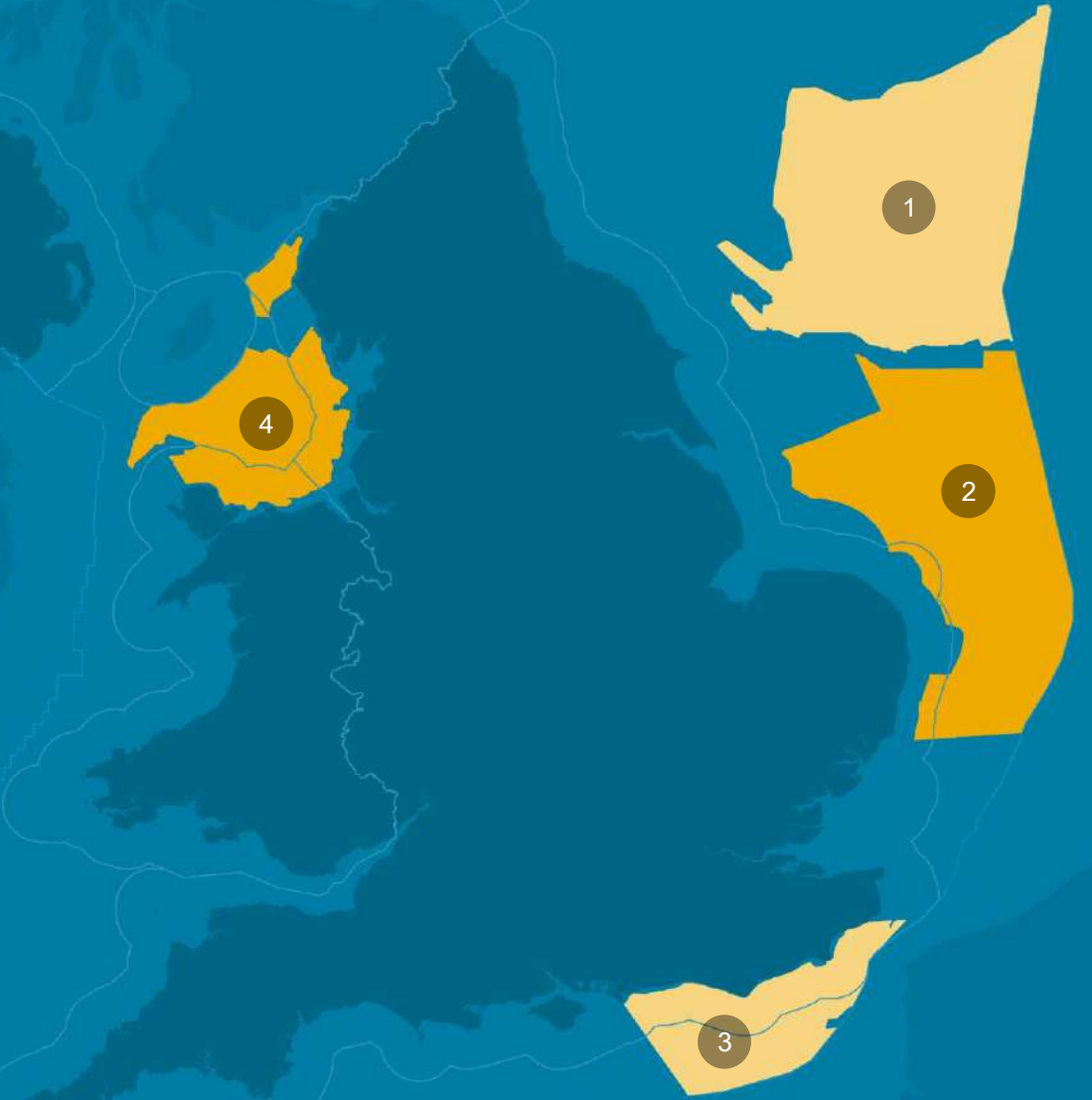
- Biodiversity
- Seaspaces uses: food, conservation, security, navigation
- Onshore communities
- Knowledge and evidence



Bidding Areas

The four available Seabed Bidding Areas are:

- **Bidding Area 1** - Dogger Bank (comprising the Dogger Bank region)
- **Bidding Area 2** - Eastern regions (comprising the Southern North Sea region, The Wash region (refined) and the East Anglia region (refined))
- **Bidding Area 3** - South East (comprising the South East region (refined))
- **Bidding Area 4** - Northern Wales & Irish Sea (comprising the North Wales region, Irish Sea region, and the Anglesey region (refined))



Transparency - materials available on our website



Document	Description
Information Memorandum	Commercial summary document setting out the background to Round 4, and explaining how the process will work in practice
Methodology Report	Describing the analysis to define characterisation areas and associated report
Region Refinement Report	Method of refining regions, including annex of excluded region characterisation area reports
Characterisation Area Reports – x18	Characterisation area reports for regions being taken forward in Round 4, noting that reports for regions not being taken forward will be annexed to the Region Refinement Report
Summary Stakeholder Feedback Report	Feedback from stakeholders through the process
Shape Files	Various GIS data defining Bidding Areas, Regions, Characterisation Areas and other data used in the analysis process including constraint model output

Round 4 leasing process

Pre-qualification questionnaire (PQQ)

Oct 2019 – Jan 2020
(14 weeks)

Bidding entities identified

Assessment of previous:

1. Financial performance
2. Technical experience

Invitation to Tender Stage 1 (ITT Stage 1)

Feb – Jun 2020
(18 weeks)

Bidders propose projects

Forward looking assessment of:

1. Project definition
2. Site selection
3. Schedule
4. HSE competence
5. Financial competence

Invitation to Tender Stage 2 (ITT Stage 2)

Sept 2020
(1 – 4 weeks)

Sequential bidding cycles

Bidders bid pre-qualified projects

Rights awarded based on highest option fee value, subject to the bidding rules

Plan-level HRA

Autumn 2020 – Summer 2021

Responsibility of The Crown Estate

The Crown Estate undertakes plan-level HRA to assess the impacts on Natura 2000 designated sites

Agreement for Lease (AfL)

Autumn 2021

Bilateral commitment

Provision of seabed rights

Investing in a coherent and sustainable expansion for the UK

TCE are funding and establishing a strategic enabling actions programme which aims to

- 1) provide high quality data and evidence to advance the understanding of offshore wind deployment and the impact on the marine and onshore environment
- 2) bring together all relevant parties to develop a common understanding and take coordinated actions to address challenges

Key themes used in the 4 December stakeholder workshop



The next chapter of the UK's remarkable offshore wind story

- Round 4 is designed to satisfy policy and market demand, in combination with 2017 Extensions, through to 2030
- Policy development on the back of Net Zero commitments
- TCE seeking to enable sustained and sustainable long-term growth through the combination of our approach to leasing, and strategic enabling actions, along with other initiatives such as data and innovation



Stay informed

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Offshore Energy - The Crown Estate website (including link to offshore wind portfolio project listing):

www.thecrownestate.co.uk/en-gb/what-we-do/on-the-seabed/energy/

A sustainable clean energy future – The Crown Estate website

www.thecrownestate.co.uk/en-gb/what-we-do/on-the-seabed/energy/a-sustainable-future-for-offshore-wind/

Round 4 Leasing – The Crown Estate website (including a link to a summary Information Memorandum):

www.thecrownestate.co.uk/en-gb/what-we-do/on-the-seabed/offshore-wind-leasing-round-4/

