

Meeting	Potential new offshore wind leasing - industry event: Q&A summary
Date/time	Wednesday 25 July 2018
Venue	Glaziers Hall, 9 Montague Close, London Bridge, SE1 9DD

Chair	Clare Collard, Head of Public Affairs and Community, The Crown Estate
Presenters	Huub den Rooijen, Director of Energy, Minerals & Infrastructure, The Crown Estate Yuen Cheung, Head of Offshore Wind, BEIS Will Apps, Head of Energy Development, The Crown Estate Jonny Boston, Programme Manager, The Crown Estate Helen Elphick, Senior Development Manager, The Crown Estate Mark Hazelton, Optimisation Manager, The Crown Estate

In November 2017 The Crown Estate announced that it would be working with the offshore wind sector and stakeholders over the course of 2018 to consider making new seabed rights available to offshore wind developers.

On 25 July we held an information session for interested market participants. The event provided the opportunity for attendees to find out more about our early thinking and to provide us with their views on our work to date, to help inform the scope and design of a potential leasing process.

The slides from that presentation are available to download from our [website](#). This document presents a summary of questions that were asked, and answers that were given, during the event in relation to these slides.

The presentation and this Q&A summary reflect The Crown Estate’s thinking at that moment in time (July 2018) and therefore all information provided is subject to change.

SESSION 1: Q&A – summary of session with Will Apps (Head of Energy Development) and Helen Elphick (Senior Development Manager)

Q1. How has The Crown Estate considered oil and gas decommissioning in the North Sea and its impact on potential new leasing?

Answer from The Crown Estate: The progress and timescales involved in this [decommissioning] process are something we monitor. At present, our understanding is that the timescales involved in decommissioning a platform are close to ten years from Cease of Production (CoP) and helicopter access would likely be required throughout that period. These timescales may be challenging in the context of potential new offshore wind leasing as on-site work associated with the wind projects may need to start sooner than that. However, we’re engaged in discussion with the Oil and Gas Authority to better understand how co-existence can work in the longer term as part of an energy transition.

Q2. Is The Crown Estate seeking input from National Grid to develop a strategy around grid capacity available for new connections to give the industry confidence to invest, and will there be a requirement for developments to consider storage?

Answer from The Crown Estate: We commenced our engagement with National Grid earlier in the year, and if we proceed with a leasing round, this would be covered in more detail at a later stage of engagement.

It is worth noting that 30GW of offshore wind already exists on the TEC register, so the ambition of deployment already exists in National Grid's forward planning.

On storage, the design of our process is focused on generation plant, with facilities such as storage likely to be dealt with by developers themselves at a later stage.

Q3. The Crown Estate's launch of Round Three leasing was perceived as not being joined up to Government thinking. This time, are you joined up with Government?

Answer from The Crown Estate: While we continue to work alongside and have a close relationship with Government, we operate independently. However, Government is aware of our plans and we are pleased that Yuen Cheung from BEIS was able to join us today to provide an overview of the policy context for potential new leasing.

Q4. Is The Crown Estate working to ensure it has joined up thinking with Northern Ireland?

Answer from The Crown Estate: Yes, we are engaged in dialogue with devolved governments in Wales and Northern Ireland. We have shared our approach, and we will continue to engage closely as we develop our plans.

Q5. Which of the Northern Ireland Government departments has The Crown Estate engaged with to ensure the ambitions of Northern Ireland in respect of wind energy are being considered?

Answer from The Crown Estate: The key departments we have engaged with are the Department for Economy (DfE) and the Department of Agriculture, Environment and Rural Affairs (DAERA). We will continue to engage with these departments as we develop our plans.

Q6. Is The Crown Estate considering the opportunity to use the legacy equipment associated with decommissioning oil and gas pipelines and terminals for hydrogen?

Answer from The Crown Estate: Yes. At high levels of offshore wind deployment, excess energy at times of high wind and low demand gives significant opportunity for the renewable energy sector, and although it is not necessarily an area for us to lead on, we are keen to support this where we can.

Q7. As you look ahead to the future, is there a limiting factor in terms of seabed development? For example if you look ahead to 2050, making assumptions on technology, how quickly do you get to a sensible maximum? Assuming there is more demand, than supply, what is the headroom in the market?

Answer from The Crown Estate: We're seeking to analyse and understand what the seabed can offer, both technically and from the point of socio-economic and environmental acceptability. In the context of potential new leasing, our aim is to maximise success of potential projects satisfying the trajectory of the market and policy demand.

So we've focused our analysis to date on a 2030 horizon to achieve a 'no regrets' position for the latter 2020s, ensuring that sufficient seabed rights are available to satisfy the UK's offshore wind ambitions.

In the long term we're interested in what issues might restrict the full potential expansion and identify mitigations.

Q8. Are your processes aligned with those of The Crown Estate Scotland, and will the two processes inform each other?

Answer from The Crown Estate: The processes of The Crown Estate and those of Crown Estate Scotland are separate following devolution of Scottish assets to Scottish Government in April 2017. However, we keep each other informed, in respect of planned public announcements and associated timings of activities.

We also engage with Marine Scotland on their planning process and subject to taking a decision to proceed, will be engaging with them on our assessment of regions of seabed that may be within scope of a potential new offshore wind leasing round, particularly with respect to Habitats Regulations Assessment (HRA) receptors and cumulative impacts.

Q9. The Crown Estate is a competent authority for habitats on the seabed. What is its role in assessing cumulative impact?

Answer from The Crown Estate: At a strategic level, cumulative impacts on certain environmental receptors are assessed through a plan-level Habitats Regulations Assessment (HRA), which if deemed to be required, must be undertaken before any award of rights.

There is an important distinction between plan-level HRA and project-level assessments. With a plan-level HRA, The Crown Estate must make an appropriate assessment of the implications of the plan on sites protected under Habitats Regulations. At the project level developers are required to apply for and secure consents from the relevant regulators including project-level HRA where required, with the benefit of greater detail of the specific project being proposed.

Environmental and cumulative impact is a matter for the relevant regulating authority to consider as part of their decision to award consent. However, we wish to share an informed view of consent risks with developers at the pre-tender stage through our spatial analysis. If we take a decision to proceed with a new leasing round, we will be able to share more details on this at the next stage of engagement.

SESSION 2: Open forum questions - summary of session with Will Apps (Head of Energy Development), Jonny Boston (Programme Manager) and Mark Hazelton (Optimisation Manager)

Q1. Is The Crown Estate asking developers to provide feedback on the criteria/constraints it has used in its analysis of the regions of seabed potentially being open to tender? Will the process be fully transparent in what is offered? Will developers be able to bid on more than one project?

Answer from The Crown Estate: The qualitative description of constraints highlighted in each characterisation area are being reviewed by statutory stakeholders who are being invited to respond and raise any issues; this is the first stage of our stakeholder engagement process and other stakeholder organisations will be welcomed to provide feedback in due course. If the market has views following the event that there are specific constraints that may not have been addressed or included to date, we would welcome receiving any comments and feedback on this.

Ultimately, we want to ensure we have a balance of views from statutory and non-statutory organisations, the market and wider stakeholders, so that we can make an informed judgement on how to proceed.

In respect of how the process for bidding will be shaped and the number of projects any one developer can bid for – individually or as part of a joint venture – the details of this would be shared at a later stage, following a decision to proceed, and we would welcome feedback at this stage.

Q2. Why has The Crown Estate limited its analysis to water of no more than 50 metres in depth? This effectively excludes alternative/new technologies that would make deep water development economic.

Answer from The Crown Estate: At this stage our analysis has focused on fixed foundation offshore wind, as we anticipate that this will inform the basis of the most viable projects within current policy context and therefore be the focus of market demand.

We believe that, on an economic basis, the resource area we have proposed is more than sufficient to accommodate the circa 6GW we are proposing to offer through a potential leasing process. We recognise that constraining the seabed on offer to the 50m contour would impact certain floating wind concepts, but to repeat, no decisions have yet been taken, and at this early stage we are inviting feedback from the market so we can factor these considerations into our decision-making process.

Q3a. If the maximum operating capacity for a scheme is 1.5GW, will there be any constraints/requirements for leasing in respect of phasing?

Q3b. In addition, would there still be a route to market for test and demonstration projects under 100MW?

Answer from The Crown Estate: We haven't completed the work to determine the terms of the lease agreement and the design of the process. If we decide to progress with a leasing process, we will engage further at a later stage when we would also look to propose commercial terms and timelines.

This would include the question as to how much flexibility there would be in relation to the initial capacity agreed and project phasing within any given Agreement for Lease. Our proposed approach

is to facilitate a single consent application and project lifecycle, and not multiple projects as was the case in Round 3.

Regarding test and demonstration projects, we're interested in supporting innovation and we have an open, ad hoc opportunity for such projects to secure seabed rights, up to 100MW. This is open to a range of technologies including floating wind.

Q4. If the tender process is oversubscribed, will decisions be based on preference for development in specific regions or applications?

Answer from The Crown Estate: This question relates to how any tender process would work. We are yet to propose our approach on how the process would be designed; the assessment criteria will be refined during design process, and – if we proceed with a new leasing round – would be the subject of a future stage of engagement.

Q5. Does The Crown Estate's spatial analysis consider existing offshore wind farms that have been through consent, and how close a scheme can get to existing projects e.g. oil and gas platforms?

Answer from The Crown Estate: We have, in our analysis to date of the characterisation areas, included areas under agreement and physical assets in our GIS exclusions model. Descriptions of potential buffer distances from various constraints and activities will be described in the characterisation documents.

Offshore wind development within or near oil and gas fields would require engagement with the incumbent oil and gas operator if proposals were brought forwards nearby these assets, but would not preclude developers bidding into regions which were open in a tender process.

If we decide to progress with a leasing process we would release details of our spatial analysis at a later stage, prior to launch of a tender process.

Q6. What is the determining factor for dividing the seabed into regions?

Answer from The Crown Estate: We have initially used marine plan boundaries, dividing these areas up further to determine the regions and characterisation areas based on where similar constraints are seen e.g. ornithology in east coast, and oil and gas in the North Sea.

Q7. Will The Crown Estate define what it grants rights over by capacity (i.e. MW/GW) rather than area?

Answer from The Crown Estate: We have today set out the broad parameters of the approach we are proposing to take. Our agreements typically refer to capacity and area, noting that ultimately it is capacity which usually goes into consent. Our approach to capacity density has not yet been determined, so we would welcome the market's thoughts and feedback on this.

Q8. Will the constraints analysis work The Crown Estate has undertaken be used to evaluate bids, and what level of detail will be in the HRA in respect of capacity?

Answer from The Crown Estate: The primary driver for initiating our constraint analysis work was to share our expertise and knowledge (including input from stakeholder organisations) with developers, in order to help the process of finding the most viable, most successful projects.

We are at an early stage in the process of designing a potential new leasing round, and have not yet determined how we would evaluate bids. It should therefore not be assumed that we would use the constraint analysis work to evaluate bids. If we progress with a new leasing round, we will give an update on how we propose to evaluate bids at a later stage.

The plan-level HRA is likely to need details in relation to the type and size of turbines but we are in an early phase of design and would share more on the approach to plan-level HRA in due course.

Q9. Given the intermittent nature of wind power, will The Crown Estate consider the balance of output between the east and west coast of the UK?

Answer from The Crown Estate: Analysis we've carried out previously looked at the current geography, noting that the UK project fleet performance can improve with diversity as weather conditions can differ as systems move across the country.

We're aware of the benefit of diversity in our offshore wind portfolio; there is good resource on both the sides of the country, therefore we are interested in taking this into account.

Q10. Is The Crown Estate's decision to use a 50-metre limit in its modelling based on fixed wind turbines being commercially viable up to that depth? Are you only calling for fixed offshore wind development?

Answer from The Crown Estate: Firstly, our rights are typically agnostic to foundation form, so do not preclude floating wind, for example. However, the starting assumption for the analysis we've carried out was to identify the key resource area for fixed offshore wind because that is where we anticipate the focus of market demand to be i.e. based on what is most economically viable.

The analysis we're presenting reflects our initial proposals on how a leasing process might work. However the market is now being invited to provide views on this work, so we can better understand the appetite of potential bidders and factor this into our decision-making process appropriately.