Offshore Wind New Leasing: Market Engagement Event
26th November 2018
Feedback & Region Refinement
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Approach to new leasing
Market feedback
Jonny Boston
The engagement journey so far

November 2017
Announcement by The Crown Estate that we are considering potential new leasing

February 2018
Update provided to Offshore Wind Industry Council and on our website

July 2018
Engagement with market and statutory stakeholders

November 2018
Further engagement with market and wider stakeholders

Spring 2019
Potential launch

Potential award of rights

2020

Timings are subject to change and will be confirmed in due course
Context: Previous major leasing rounds

- Blyth - 4 MW
- Round 1 - 1 GW
- Round 2 - 7 GW
- Round 3 - 24 GW
- Round 4 - 7 GW

Core Energy Technology

- 2000
- 01
- 03
- 2005
- 2010
- 2015
- 2020
- 2025
- 2030
- 2035

- 2MW
- 3MW
- 5MW
- 9MW
- 12+MW

Demonstration
Commercialisation
Industrialisation
## Proposed Round 4 – different from Round 3

<table>
<thead>
<tr>
<th></th>
<th>Round 3</th>
<th>Proposed Round 4</th>
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<tbody>
<tr>
<td><strong>Scale</strong></td>
<td>Very large scale to enable transformation and industrialisation of the sector</td>
<td>At least 7GW enabled: repeatable scale enabling sustainable growth</td>
</tr>
<tr>
<td><strong>Type of rights awarded</strong></td>
<td>Zonal approach: zone exclusivity agreements awarded, enabling multiple project agreements to be created during 10 year period and developed over time</td>
<td>Project approach: individual project agreements awarded, to go straight into development (planning consent)</td>
</tr>
<tr>
<td><strong>Spatial boundaries of rights awarded</strong></td>
<td>The Crown Estate identified zone boundaries, and developers bid for zonal rights through the Round 3 ITT process – successful applicants selected through detailed competence assessment</td>
<td>Developers identify and propose individual projects into the Round 4 tender process – successful applicants selected through a process we will set out today</td>
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Key principles for Round 4

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

Refine and validate our proposals through extensive pre-tender engagement
Common themes from market feedback

• Support for proposed leasing model (developers identifying preferred sites within regions of seabed)
• Support for The Crown Estate sharing its data and analysis to help inform developers’ selection of sites
• Appetite for at least 6GW of new seabed rights
• Many advocating a flexible approach to the timing of subsequent leasing rounds
• Appetite for as many regions to be available as possible
• Support for a leasing round focussed on fixed foundation offshore wind, but stating fixed foundation wind viable in water depths > 50 metres.
• Interest in being able to accommodate innovation including hybrid projects
• A mix of views on maximum project size
• Interest in being able to bid in more than one entity
Updates to our proposals since summer 2018

• Capacity likely to be increased to 7GW, in light of strong market appetite

• Future rounds considered in light of energy policy, market demand and stakeholder views

• Refinement of regions, balancing market & stakeholder views

• Extend the regions included in the leasing offer out to 60m depth – though our data & analysis remains focused on the ‘Favourable’ resource area

• Maximum project size unchanged at 1.5GW but introduce minimum of 300MW

• Ability to participate in different bidding entities in different locations – more on this later
Statutory stakeholder feedback

Region refinement

Mark Hazelton
Technical resource area

• ‘Favourable’ technical resource area for fixed foundation offshore wind is defined by water depths 5-50m and good accessibility (>80%@2.5m Hs)

• ‘Limited’ and ‘Marginal’ technical resource areas are deeper (50-60m) or have a more severe wave climate
Regional approach to tender proposed

18 potential regions identified

‘Favourable’ resource area – Divided into regions
Characterisation areas are the less constrained parts of each region as determined by GIS model, & have an enhanced evidence base applied.

Statutory stakeholders generally emphasised the high levels of constraint outside Characterisation Areas.
Summary of statutory stakeholder feedback

344 individual points of written feedback from 10 organisations such as:

- Natural England
- Historic England
- Joint Nature Conservation Committee
- North Western IFCA
- Trinity House
- Defence Infrastructure Organisation

Bilateral contributions from many others including:

- Marine Management Organisation
- Llywodraeth Cymru Welsh Government
- Department for the Economy
- Department for Business, Energy & Industrial Strategy
How we are responding to statutory stakeholder feedback

Updates to documents

The majority of feedback related specifically to documents / reports

Documents remain ‘draft’ works in progress

Signposting

Signpost other policies and information within the methodology and characterisation documents

Additional projects

Including:

• Sensitive Habitats to cabling
• Update of Marine Protected Area (MPA) sensitivity work
• Ornithology project
• Oil and Gas decommissioning data
• Visibility model

Ready by start of the tender process
Balancing market and stakeholder feedback

Regions have been categorised as follows:

1. **Excluded**: regions not taken forward as part of Round 4

2. **Remaining**:
   
   2a. **Propose to include**: region included at this stage and likely to be offered in the tender process

   2b. **Under consideration**: region included at this stage but awaiting evidence through additional projects being commissioned and wider stakeholder feedback before we reach our decision
Constraints that have determined the exclusion of regions so far:

<table>
<thead>
<tr>
<th>Defence</th>
<th>Visual Sensitivity</th>
<th>Navigation</th>
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<tbody>
<tr>
<td><img src="image" alt="Defence Image" /></td>
<td><img src="image" alt="Visual Sensitivity Image" /></td>
<td><img src="image" alt="Navigation Image" /></td>
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**DIO feedback**

Certain practice and exercise areas have been removed as hard constraints.

**Visual sensitivity**

Region excluded in circumstances where the majority of the Characterisation Area lies within 13km from shore.

**Navigation**

Region excluded where the majority of the Characterisation Area overlaps with shipping density of over 1,000 ships per year.
Regions initially identified

Regions
1 Durham Coast
2 Dogger Bank
3 Yorkshire Coast
4 The Wash
5 Southern North Sea
6 East Anglia
7 Thames Approaches
8 Kent Coast
9 South East
10 West of Isle of Wight
11 South West
12 Bristol Channel (English)
13 Bristol Channel (Welsh)
14 Cardigan Bay
15 Anglesey
16 North Wales
17 Irish Sea
18 Northern Ireland
Regions refinement

Regions excluded
1 Durham Coast
7 Thames Approaches
8 Kent Coast
10 West of Isle of Wight
11 South West
12 Bristol Channel (English)
13 Bristol Channel (Welsh)
14 Cardigan Bay
18 Northern Ireland

Regions remaining
2 Dogger Bank
3 Yorkshire Coast
4 The Wash
5 Southern North Sea
6 East Anglia
9 South East
15 Anglesey
16 North Wales
17 Irish Sea
Region refinement continues

Regions remaining

Propose to include:
2 Dogger Bank
5 Southern North Sea
6 East Anglia
16 North Wales
17 Irish Sea

Under further consideration:
3 Yorkshire Coast
4 The Wash
9 South East
15 Anglesey
Remaining regions out to 60 metres

Regions remaining

Propose to include:
2 Dogger Bank
5 Southern North Sea
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Under further consideration:
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60m water depth
Characterisation areas within the remaining regions

**Regions remaining**

Propose to include:
2 Dogger Bank
5 Southern North Sea
6 East Anglia
16 North Wales
17 Irish Sea

Under further consideration:
3 Yorkshire Coast
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- Characterisation area
- Remaining regions to 60m depth
## Deliverables of the analysis

<table>
<thead>
<tr>
<th>Document</th>
<th>Description</th>
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<tbody>
<tr>
<td>Methodology report</td>
<td>Describing the analysis to define characterisation areas and associated report</td>
</tr>
<tr>
<td>Characterisation Area report (x9)</td>
<td>Characterisation area reports for regions being taken forward in round 4</td>
</tr>
<tr>
<td>Interim Region Refinement report</td>
<td>Method of refining regions, including annex of excluded region characterisation area reports</td>
</tr>
<tr>
<td>Interim Summary Stakeholder Feedback report</td>
<td>Feedback from stakeholders including high level clarification</td>
</tr>
<tr>
<td>Shape files</td>
<td>Various GIS data defining Regions, characterisation areas and other data used in the analysis process including constraint model output</td>
</tr>
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</table>

**Download reports and shape files**
Refinement and engagement continues

• Initial assessment concluded - nine seabed regions identified that will not be included in Round 4

• Nine regions remain at this stage, of which five are minded to be included in any tender – the other four are under consideration

• We are building our evidence base to continue refining regions, including commissioning additional work – final decision on regions to be taken forward prior to launch

• In parallel, we are preparing for Plan-level HRA

• Summary feedback from stakeholders will be provided in bidder information packs to help inform site identification work
Summary of our Updated proposals

Jonny Boston
Round 4: updated proposals

- 7GW
- Developer-led site selection
- Sharing our data
- 60m max depth
- Flexible approach to future rounds
Bidders would be able to propose projects anywhere in available regions – noting the more significant constraints characterisation areas

Regions excluded for Round 4 are not precluded for future rounds

Final decision on which regions are included is due prior to launch
Summary

• Constructive engagement to date from both market and statutory stakeholders – thank you
• This has enabled us to refine proposals and focus on key areas of concern
• Our next phase of engagement is focussed on the approach to the tender process itself
• Final decisions on our proposals will be taken after this second phase of engagement
Thank you