Welcome

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For the avoidance of doubt, please note that The Crown Estate's management duties in Scotland have been transferred to Scottish Government. The information contained within this presentation therefore relates to the potential leasing of new offshore wind projects in England, Wales and Northern Ireland only.
Policy context
Yuen Cheung
BEIS
Priorities

• Tackling climate change

• Leaving the environment in a better state than when we inherited it

• Industrial Strategy

• Clean Growth

• Reliable, affordable energy for consumers
Offshore wind’s role

• Costs continue to fall

• Significant appetite to develop and invest in UK

• Offshore wind is now going global

• Becoming integral part of UK electricity system

• 6.2% of annual generation in 2017, over 10% by 2020

• 14GW by 2023
Offshore wind’s role

• Government providing long term certainty

• Next Contract for Difference auction start by end May 2019

• Then auctions every two years

• Depending on auction prices, could see 1-2GW of new offshore wind per annum in 2020s

• Industry says it could deliver 30GW installed by 2030
The Crown Estate is an independent, commercial business created by Act of Parliament.

100% Net revenue profit

£329.4m 2017/18

Capital value

£14.1bn 2017/18
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 / SO / 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
  - AR3 by May 2019; every 2 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**
Statutory Obligations

- The Crown Estate is a Competent Authority under the Habitats Regulations*

- We must conduct a plan-level Habitats Regulations Assessment (HRA) for any leasing/licensing activity that constitutes a ‘plan’

- The plan-level HRA requires us to assess the impacts on Natura 2000 designated sites before full seabed rights can be awarded

- We also contribute to the marine planning process by working with the MMO (England), Welsh Government, and DAERA (Northern Ireland)

*Habitats Regulations:
- The Conservation of Habitats and Species Regulations 2017
- The Conservation of Offshore Marine Habitats and Species Regulations 2017
- Conservation (Natural Habitats, etc.) Regulations (Northern Ireland) 1995 (as amended) in Northern Ireland
The lifecycle of offshore wind leasing

- Decommissioning
- Continued operation (if viable)
- Lifetime extension or repowering
- Operation
- Pre-tender engagement
- Leasing process
- Consenting
- Procurement & Contracts for Difference tender
- Construction

Indicative time (years):
- Decommissioning: 25
- Pre-tender engagement: 5
- Leasing process: 1
- Consenting: 3
- Construction: 2
- Agreement for Lease: 1
- Operation: 20
- Lifetime extension or repowering: 1

20181126 OSW New Leasing Market Engagement: Policy and Portfolio Context
Existing UK Portfolio

Key

Projects located in Scotland and managed by Crown Estate Scotland (CES)

(1.0) = Numbers in brackets represent total UK pipeline, including Scotland, at each stage of development
Key offshore leasing processes

- **Marine aggregates tender**
  - Sites confirmed

- **Offshore wind 2017 extensions**
  - Sites confirmed

- **New offshore Wind Leasing**
  - Leasing Process Design
  - HRA Process Design
  - Potential launch of Round 4

Outcomes of other leasing processes will be known prior to Round 4 ITT submission deadline. Potential sites will be known earlier.
Offshore wind processes

The Crown Estate
Seabed Leasing Rounds (England, Wales, Northern Ireland)

BEIS/National Grid
Contract for Difference Allocation Rounds

OFGEM
OFTO Tender Rounds

2019  2020  2021  2022  2023  2024  2025  2026  2027  2028

Future leasing rounds to ensure portfolio meets market and policy demand

AR every 2 years (using £557 million budget)¹

Tenders to facilitate OFTO disposals

1 Energy Minister announcement 23 July 2018
Offshore wind portfolio: Strategic priorities
Will Apps
Key strategic issues to be addressed by the sector

- Environmental & Cumulative Impact
- Innovation & Development of Floating wind
- Supply Chain

Image Credit: @pwesten1

© https://www.carbontrust.com/offshore-wind/orjip/birds/
Innovation: Test & Demonstration Opportunity

• We provide an on-going opportunity to access the seabed for the testing and demonstration of emerging offshore wind technologies in English, Welsh and Northern Irish waters - including floating wind

• Open to projects up to 100MW capacity with a maximum of ten generation units using technologies which have not previously been deployed commercially

• Full details of how to apply are on our [website](#)
Our current focus areas include:

• Providing a dedicated leasing process for pre-commercial test and demonstration projects

• Identifying potential resource areas for future opportunities
  (e.g. hybrid projects and floating wind farm)

• Working collaboratively on key research priorities
  (e.g. ORE Catapult, Carbon Trust and the Oil & Gas Authority)

• Offering flexibility within our commercial agreements for innovation
  (e.g. hybrid components and/or demonstration of new technologies within the primary project)
Strategic initiatives

- Projects to address strategic challenges to future offshore wind deployment
- Projects to further understanding of the seabed
- Data – transparency and availability of performance and environmental data
- Further consideration of how to enable seabed access for innovation in parallel with Round 4
Thank you