

## New offshore wind leasing

### Market engagement event - glossary

November 2018

Abbreviation	
AfL	Agreement for Lease
DCO	Development Consent Order
EIA	Environmental Impact Assessment
ES	Environmental Statement
GIS	Geographic Information System
HRA	Habitats Regulations Assessment
HSE	Health, Safety and Environment
ITT	Invitation to Tender
JV	Joint Venture
MW	Megawatt
OFTO	Offshore Transmission Owner
PQQ	Pre-Qualification Questionnaire
SAC	Special Area of Conservation
SPA	Special Protection Area
UJV	Unincorporated Joint Venture

Term	Definition
<b>Adverse Effect</b>	In relation to the findings of the EIA, and dependent upon the project context, an effect or impact on the environment which may require commitment to mitigation, monitoring or other measures
<b>Agreement for Lease (AfL)</b>	Principal agreement under which seabed rights are awarded following the tender process
<b>Application</b>	The submission of an Application Fee and corresponding PQQ information for a Bidder
<b>Application Fee</b>	The fixed fee a Bidder must pay in order to be eligible to be assessed at the PQQ stage.
<b>Bid</b>	A discrete Capacity, Option Fee and Project Boundary configuration from a Bidder
<b>Bid Cap</b>	The maximum number of Bids per Bidder, currently proposed as 20 per Bidding Area
<b>Bidder</b>	A single company, JV, UJV or Consortium that submits an Application in respect of the Fourth Leasing Round
<b>Bidding Area</b>	A contiguous group of Regions, as determined by The Crown Estate
<b>Capacity</b>	Nameplate capacity of generation plant
<b>Cash or cash equivalent</b>	Cash equivalent is satisfied by provision of (i) a letter of credit which is in pounds sterling to be issued under UCP600/ISP98 (for a letter of credit only) and drawn on a bank authorised to carry out business in the UK, or (ii) any other instrument which is not a letter of credit but which is in pounds sterling and/or is drawn on an entity other than a bank authorised to carry out business in the UK. Where the Cash is provided in a currency other than GBP, an appropriate GBP exchange rate will be used

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<b>Characterisation Area</b>	Characterisation areas are the product of the resource and constraints analysis that we have completed and represent our view of the most favourable areas for offshore wind development within regions
<b>Commercial Assessment</b>	The process governing the award of Bids (subject to the Plan Level HRA) following the PQQ and Technical and Financial ITT process, based on the value of the Option Fee proposed by a Bidder
<b>Consortium</b>	Two or more companies who join together as a single Bidder for the purpose of submitting an Application
<b>Density</b>	A measure of Capacity per area of seabed, defined in MW per square km
<b>Development Services Provider</b>	Organisation contracted to undertake a project development activity, acting on behalf of the Bidder, and as part of the project organisation (or team)
<b>Environmental Impact Assessment (EIA)</b>	<p>The process of identifying, describing and assessing the biological, physical, social, and other relevant effects of development proposals in advance of a formal request for planning permission (i.e. it does not include assessments for projects already consented under permitted development).</p> <p>A list of countries and jurisdictions for which EIAs are considered acceptable is being developed, and will include: UK, EEA countries, USA and Canada</p>
<b>Environmental Statement (ES)</b>	A publicly issued document which includes a description of the effects of a proposed project or activities on the environment, to be submitted as part of the planning application
<b>Gas Reception Facility</b>	A facility for the reception of natural gas in gaseous form, and the handling of natural gas (other than its storage) with a maximum flow rate (net) out of the facility of at least 4.5 million standard cubic metres per day
<b>Generating Station</b>	A facility which generates electricity for transmission and distribution to end users (including onshore and offshore wind, and all other forms of electricity generation) with a generation capacity of at least 50 MW
<b>Generation Rental</b>	A percentage of gross revenues earned at the site, currently set at 2% of gross project turnover and subject to the Generational Rental Floor
<b>Generation Rental Floor</b>	Minimum rental level, the terms of which are to be confirmed
<b>Harbour</b>	<p>A harbour capable of handling the embarkation or disembarkation of at least:</p> <ul style="list-style-type: none"> <li>• in the case of facilities for container ships (a cargo ship which carries all or most of its cargo in containers), 500,000 TEU (twenty-foot equivalent units);</li> <li>• in the case of facilities for roll on -roll off ships (used for carrying wheeled cargo), 250,000 units;</li> <li>• in the case of facilities for cargo ships (used for carrying cargo) of any other description, 5 million tonnes</li> </ul>
<b>Harbour Alteration Project</b>	A project to alter a harbour where the alteration is expected to increase embarkation or disembarkation capabilities by at least the relevant quantity or quantities set out in the definition of Harbour

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<b>Lease</b>	Principal agreement under which construction and operational rights are awarded following the AfL
<b>LNG Facility</b>	A facility for the reception of liquid natural gas, the storage of liquid natural gas, and the regasification of liquid natural gas with a working capacity of at least 43 million standard cubic metres, and the maximum flow rate (net) out of the facility of at least 4.5 million standard cubic metres per day when the facility is at maximum capacity
<b>Major Infrastructure Project</b>	A project which may be located in any geographical region or jurisdiction, and meets the definitions for the following project types: <ul style="list-style-type: none"> <li>• Generating Station;</li> <li>• Underground Gas Storage Facility;</li> <li>• LNG Facility;</li> <li>• Gas Reception Facility; and</li> <li>• Harbour</li> <li>• Harbour Alteration Project</li> </ul>
<b>Maximum Project Size</b>	The maximum allowable Capacity of any Bid as submitted by a Bidder, set at 1,500MW
<b>Milestone</b>	A contractual mechanism in the AfL to measure continued progress towards delivering an offshore wind farm, in line with the Bid
<b>Minimum Project Size</b>	The minimum allowable Capacity of any Bid as submitted by a Bidder, set at 300MW
<b>Net Assets</b>	Net Assets is the difference between total assets and total liabilities
<b>Offshore Infrastructure or Extraction Project</b>	An infrastructure or extraction project, a significant proportion of which is located in the offshore environment, which may include the following: <ul style="list-style-type: none"> <li>• Offshore wind projects with installed capacity of at least 50 MW</li> <li>• Offshore oil or gas production facilities with at least one structure permanently attached or anchored to the seabed</li> <li>• Offshore aggregates extraction from the seabed</li> <li>• Harbours</li> <li>• Harbour Alteration Projects</li> <li>• Offshore Underground Gas Storage Facilities</li> </ul>
<b>Option Fee</b>	The fee a Bidder offers to pay in exchange for an AfL, the value of which will be evaluated via the Commercial Assessment
<b>Option Period</b>	The period of time during which an option for lease may be exercised, being 10 years
<b>Overlapping Bid</b>	Where any part of the Project Boundary of a Bid intersects with that of another Bid
<b>Phasing</b>	Where the Bidder converts the AfL into a number of Leases in stages within the confines of the Project Boundary, Option Period and Capacity
<b>Plan Level HRA</b>	A process that competent authorities are obliged to undertake to ascertain whether a proposed development plan is likely to have significant effects on a European site designated for its nature conservation interest
<b>Principal Shareholder</b>	An entity that owns 10% or more of a company's shares
<b>Project Boundary</b>	The perimeter of the area for which the Bidder has submitted a Bid, defined by geographical co-ordinates

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<b>Proximate Project</b>	Where any part of the project boundary is less than 5km from another bid a mechanism will be applied to preserve the 5km separation unless both parties, and The Crown Estate, agree otherwise in writing
<b>Ramsar Site</b>	A wetland site designated to be of international importance under the Ramsar Convention
<b>Region</b>	Regions define the areas of seabed that Bids may be brought forward within. These have been refined to focus on areas of better potential and extend to the 60m depth contour
<b>Tender Parameters</b>	The spatial and capacity constraints governing the ranking and selection of Bids in the Commercial Assessment, and other rules related to the tender process
<b>Turnover</b>	Turnover comprises the invoiced value of goods and services supplied, net of value added taxes and trade discounts as well as includes other revenue earned during the financial year. It excludes 'interest income', 'foreign exchange gains', 'loss / profit on sale of non-current assets', and 'income from investments in related parties/JVs'
<b>Underground Gas Storage Facility</b>	A facility for the storage of gas underground in cavities or in porous strata, with a working capacity of at least 43 million standard cubic metres, and a maximum flow rate (net) out of the facility of at least 4.5 million standard cubic metres per day when the facility is at maximum capacity

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