



Offshore Wind Leasing Round 4

Stakeholder webinar

1 October 2019



Welcome

The purpose of this webinar today is to provide an opportunity for stakeholders to hear about the final seabed regions for Offshore Wind Leasing Round 4, and explain the changes we've made since we last provided details on regions refinement in November 2018.

The content of and positions outlined in the following slides and our presentation today is supplementary to the materials published on 19th September 2019, which are available on our website: www.thecrownestate.co.uk/round4

The Crown Estate makes no representations in respect of, and accepts no duty, liability or responsibility for the information in this presentation.

Today's speakers



Olivia Thomas
Head of Marine Planning
Webinar Chair



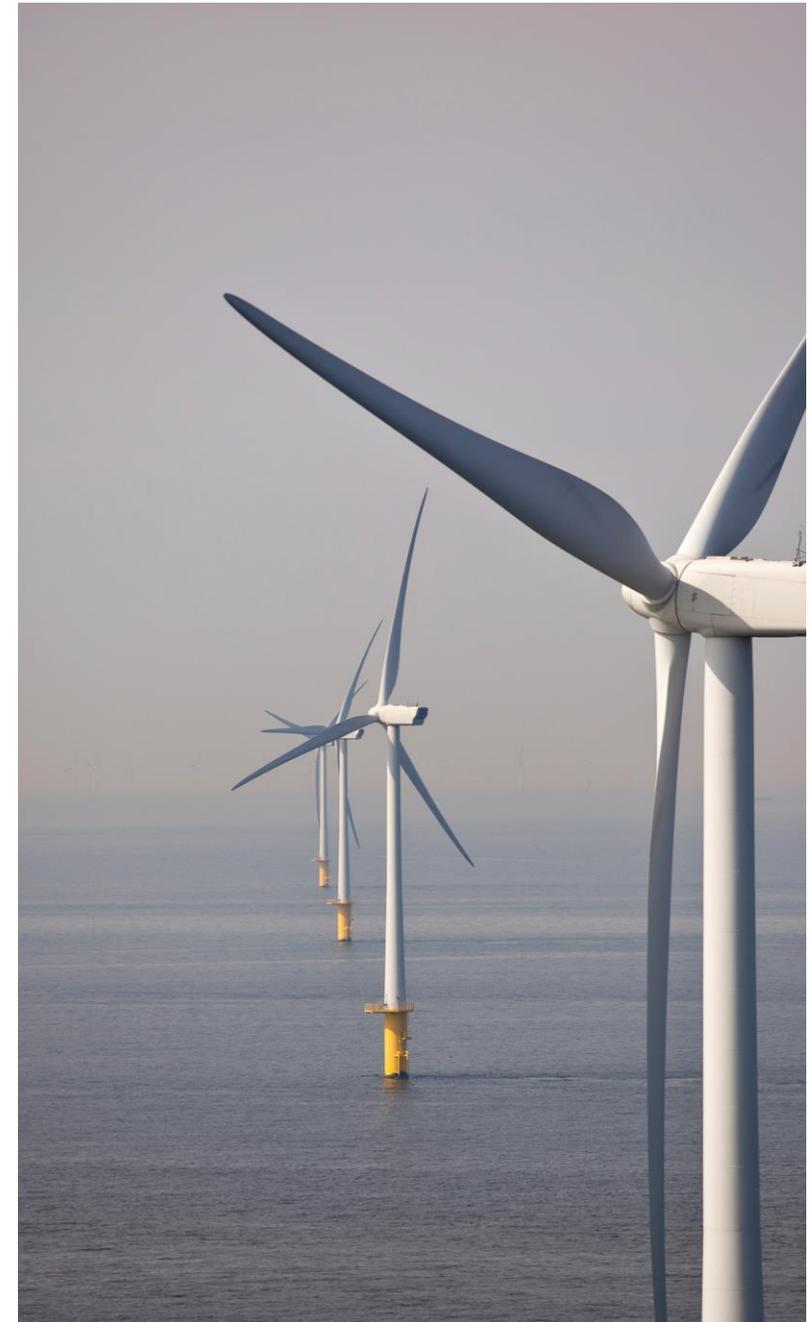
Greg Tomlinson
Senior Marine Planning
& Consents Manager



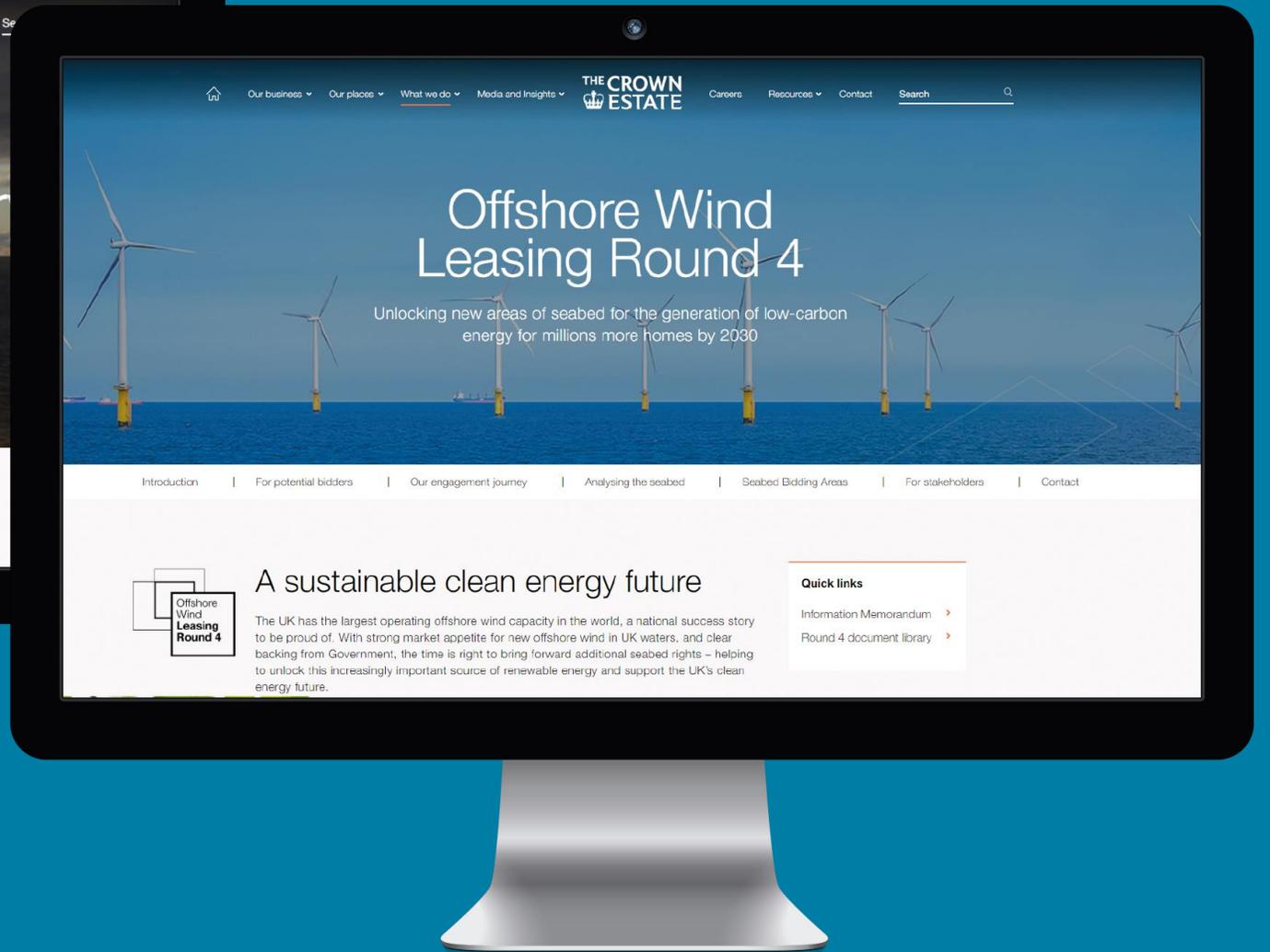
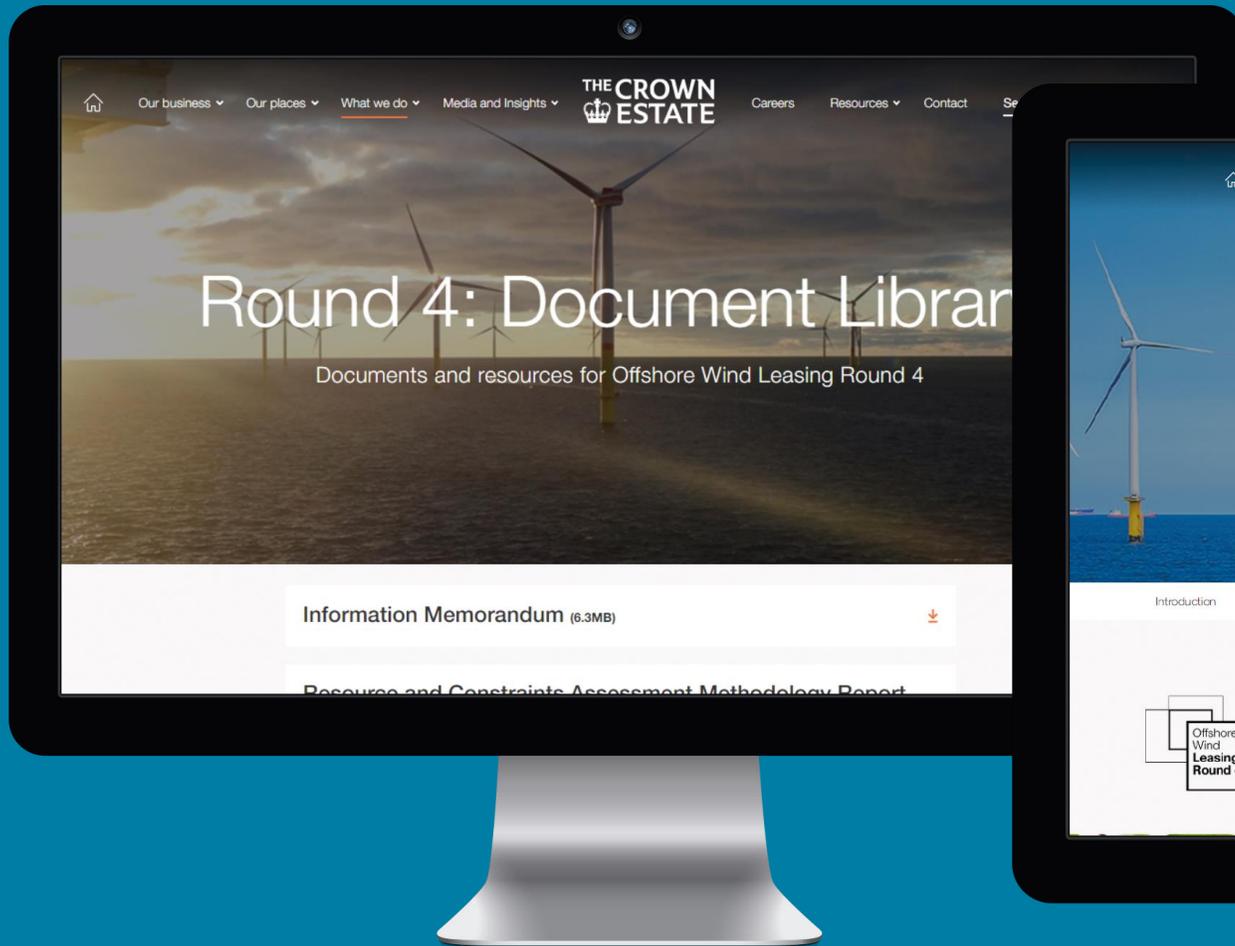
Jonny Boston
Business Development
Manager and Programme
Manager for Round 4

Agenda

- Welcome
- Offshore Wind Leasing Round 4 – context & objectives
- Engagement journey
- Our regions refinement work
- Round 4 Habitats Regulations Assessment (HRA)
- Programme overview
- Next steps & timeline
- Q&A
- Summary, closing remarks



Offshore Wind Leasing Round 4 launched



Materials available – spatial evidence base



Document	Description
<u><i>Information Memorandum (IM)</i></u>	Commercial summary document setting out the background to Round 4, and explaining how Round 4 will work in practice
<u><i>Regions Refinement Report</i></u>	Method of refining regions, including annex of excluded region characterisation area reports
<u><i>Characterisation Area Reports</i></u>	Characterisation reports for regions included in Round 4. Reports for regions not included are in the annex of the <i>Regions Refinement Report</i>
<u><i>Resource & Constraints Assessment: Methodology Report</i></u>	Describing the analysis to define characterisation areas and associated reports
<u><i>Summary Stakeholder Feedback Report</i></u>	Feedback from stakeholders including high level clarification
Shapefiles (available on our <u>Open Data Portal</u>)	GIS data defining Bidding Areas, Characterisation Areas and Hard Constraints

Offshore Wind Leasing Round 4

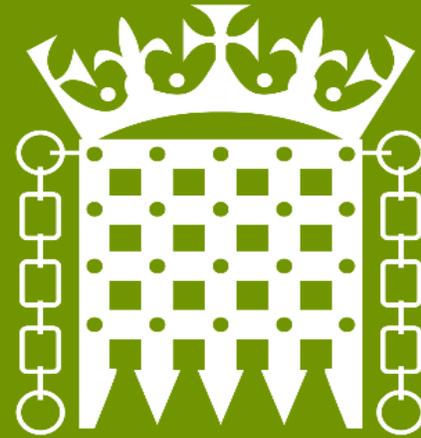
Context & objectives



Jonny Boston

Business Development
Manager and Programme
Manager for Round 4

The Crown Estate is an independent, commercial business created by an Act of Parliament



Net revenue profit

£343.5m
2018/19

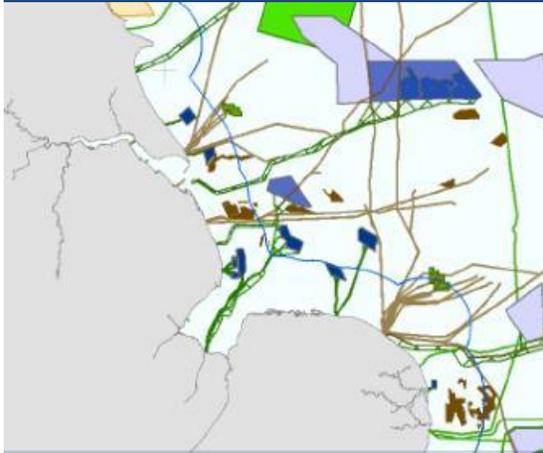


Capital value

£14.3bn
2018/19

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

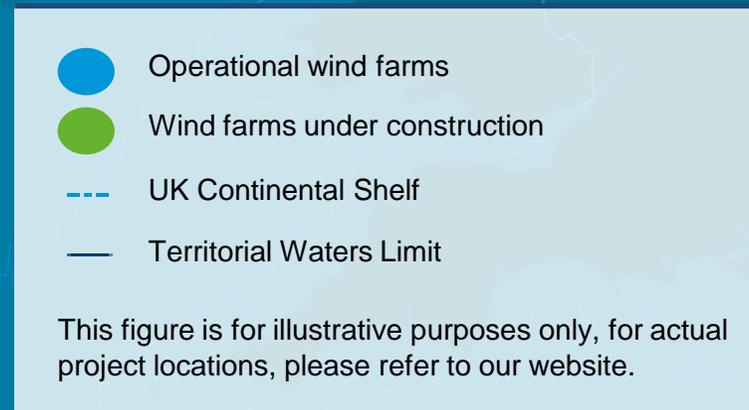
Private Sector / Developers / Investors

2019 – Market & policy context

The UK continues to be a world leader in its drive to decarbonise its economy. In June 2019, the Government passed legislation committing the UK to ‘net-zero’ greenhouse gas emissions target by 2050 – a transition in which offshore wind will continue to have a crucial role to play.

The UK is the world’s largest offshore wind market, offering an excellent development opportunity, given established market structures, a stable policy outlook and a clear route to seabed rights. The market’s key characteristics include:

- Large and liberalised electricity market
- An ongoing commitment to decarbonisation
- A stable policy regime
- Robust support mechanism
- Cross-industry collaboration
- A skilled supply chain



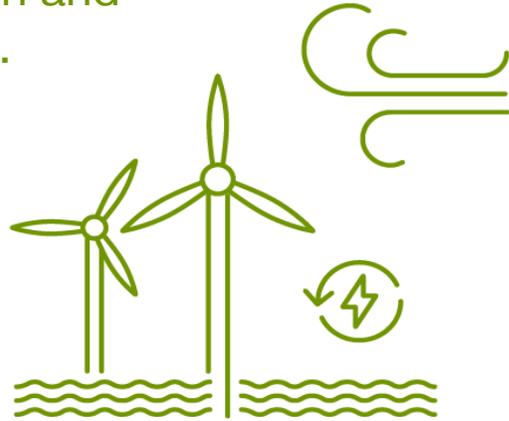


Strategic enabling actions

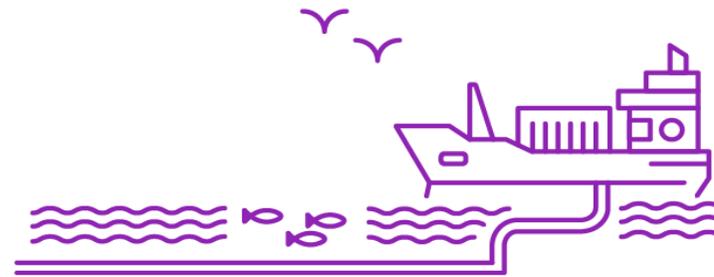
- Under the Sector Deal, The Crown Estate has committed to funding a collaborative programme of strategic enabling actions, to advance the evidence base and understanding of offshore wind deployment and the impact on the marine and onshore environments.
- Government, regulators and statutory stakeholders will ensure the learnings will be built into future decision-making and policy formation.
- The primary objective of the programme will be to meet a market gap in evidence and understanding.
- The programme will work in concert with other activity targeted by the sector, helping to establish the commercial, environmental and social benefits from a long term approach to development.

Offshore Wind Leasing Round 4

New leasing is required to ensure a robust offshore wind portfolio for 2030 and beyond, which helps the UK to achieve its decarbonisation and energy security objectives.



Successful delivery requires careful consideration of a busy seabed that already supports a wide range of other seabed users, as well as social and environmental factors.



Our objectives for Round 4

Delivers a robust pipeline for low-cost offshore wind deployment

to help meet industry appetite and Government policy objectives for new offshore wind capacity, supporting the UK's clean energy transition.

Offers an attractive, accessible and fair proposition to developers

at repeatable scale, contributing to the development of a competitive, resilient and innovative offshore wind market.

Balances the range of interests in the marine environment

supported by extensive engagement with stakeholders and the promotion of responsible evidence-based site selection.

Makes efficient use of the seabed

recognising its value as a national asset, now and for the long term.

Unlocks the commercial value of the seabed in line with our statutory obligations

securing best consideration over the long-term, for the benefit of the public finances.

Offshore Wind Leasing Round 4

Engagement journey



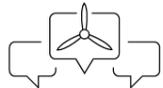
Greg Tomlinson
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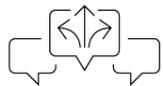
Engagement journey

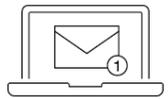
Throughout our engagement process, we engaged with over **15 government bodies** and **statutory organisations**, including:



As well as:

 **40+** market participants

 **20+** wider stakeholders

 **315+**

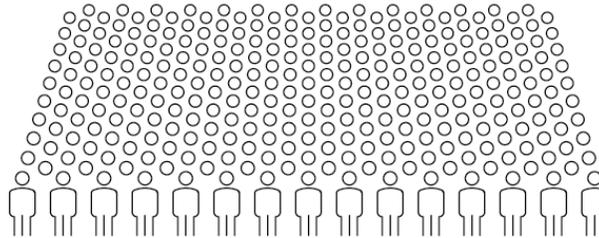
Over 315 new registrations to receive new leasing updates since beginning of engagement.

Our Offshore Wind New Leasing web pages received*:

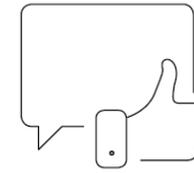
 **35,264** views

 **5,365** document downloads

397 attendees across our five events



126 attendees across our three webinars



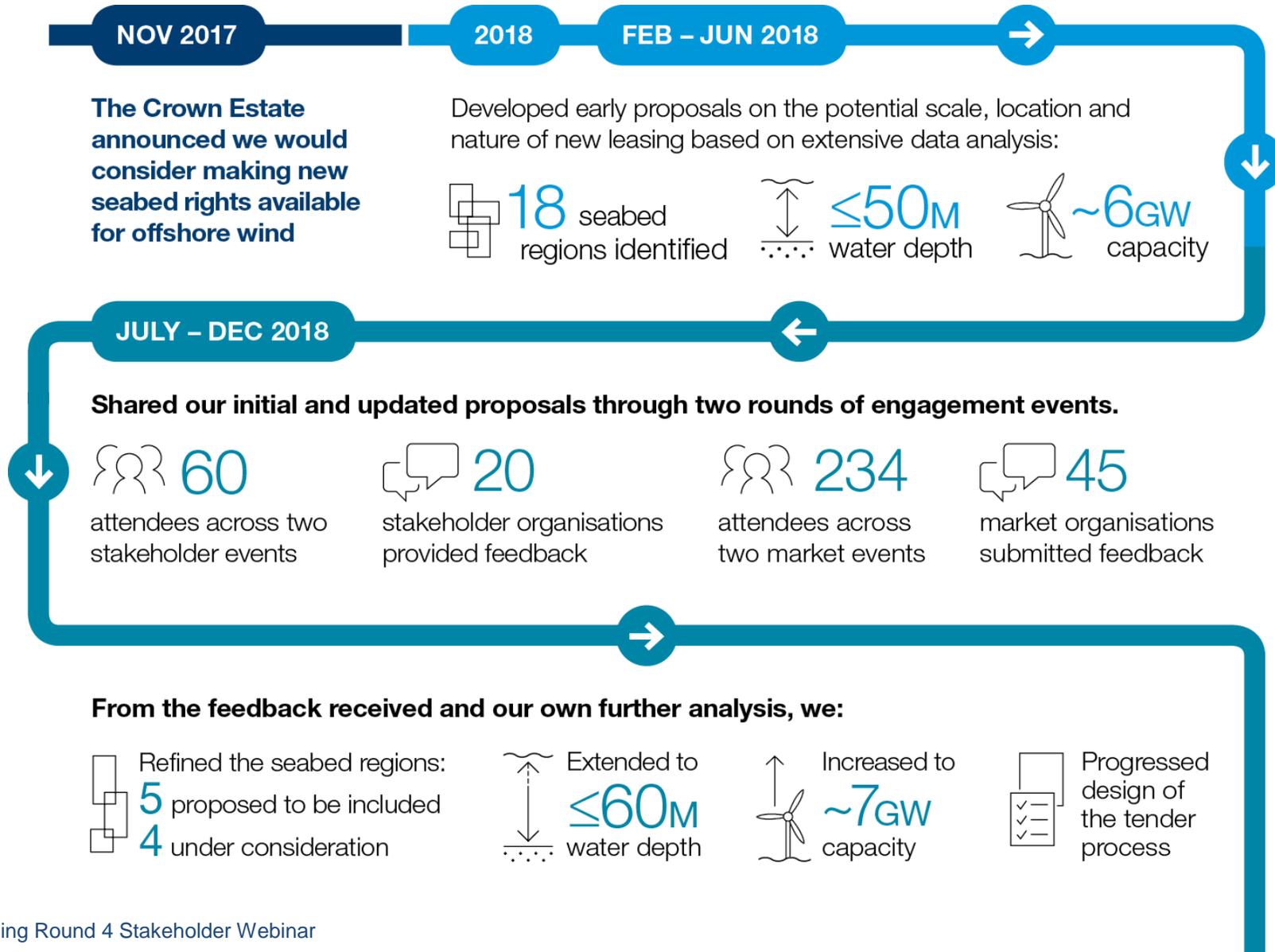
95%
positive satisfaction at our engagement events

“ The Crown Estate’s approach has been well set out in the documentation and follow ups provided. ”

“ We welcome the commitment to environmental analysis and scrutiny and we are keen to see this robust environmental focus continue throughout the leasing process. ”

“ We have been encouraged with the openness and transparency of the process to date and willingness of The Crown Estate team to engage and discuss issues. ”

Engagement journey



Engagement journey

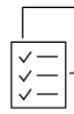
JAN – AUG 2019

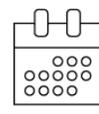
Developed our final leasing design and shared with stakeholders and the market.

29  attended stakeholder webinar

176  attendees across market webinar and event

Updates to our proposal include:

 Three-stage tender process designed to be fair, objective and transparent

 More flexible payment structure to share development risk

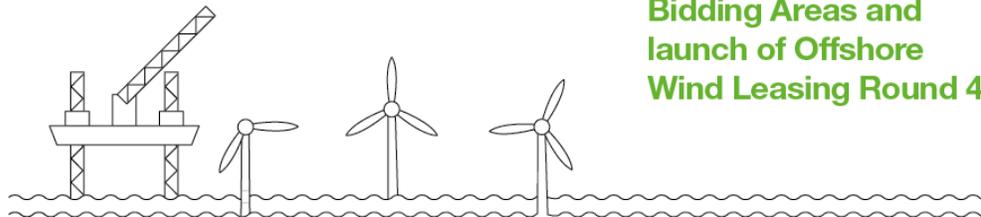
 Incentives to encourage innovation

 Investing in strategic enabling actions to help enable sustainable and coordinated growth

 Building evidence base to support Round 4 plan-level HRA

SEPTEMBER 2019

Announced final Bidding Areas and launch of Offshore Wind Leasing Round 4



Offshore Wind Leasing Round 4

Our regions refinement work



Greg Tomlinson
Senior Marine Planning
& Consents Manager

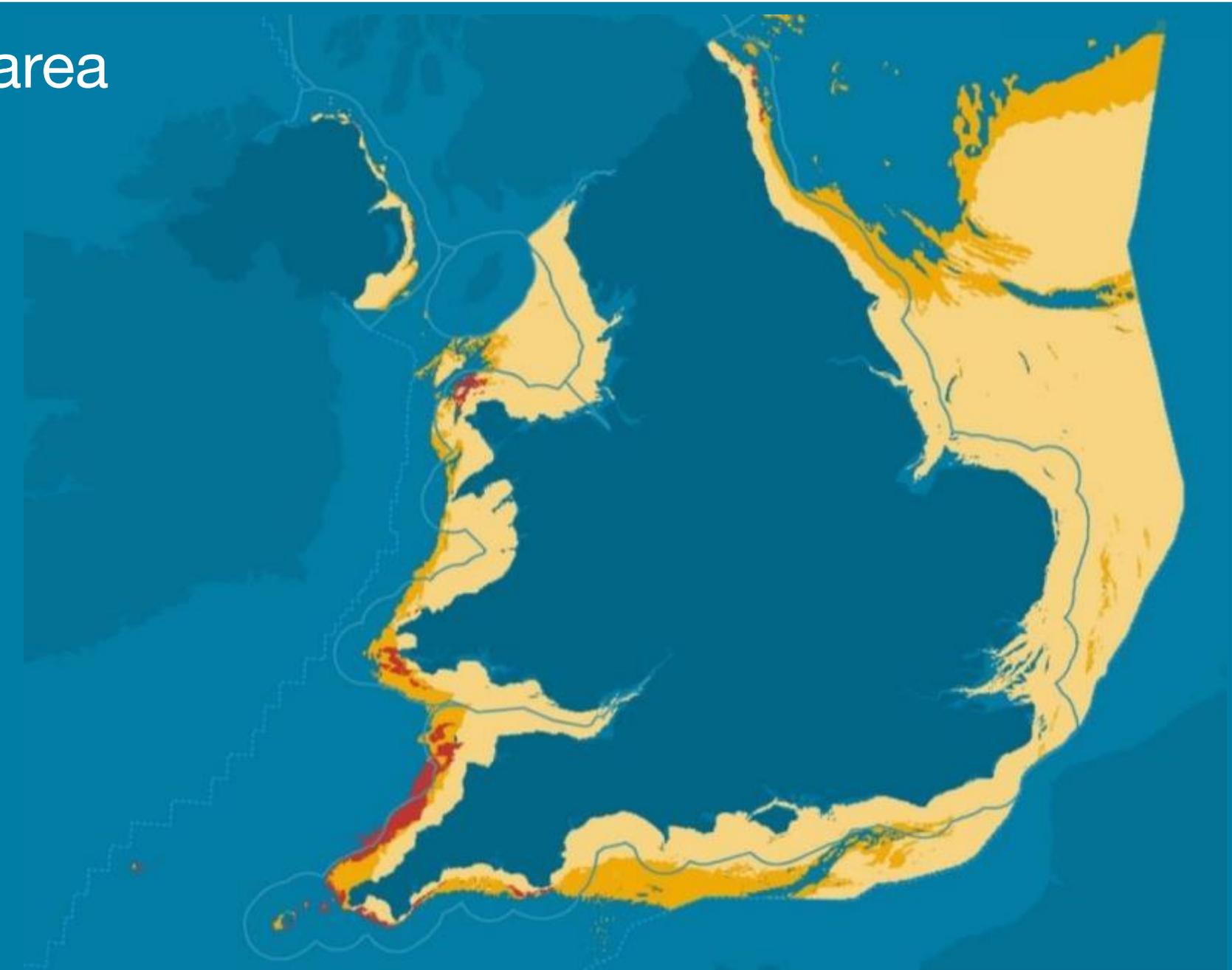
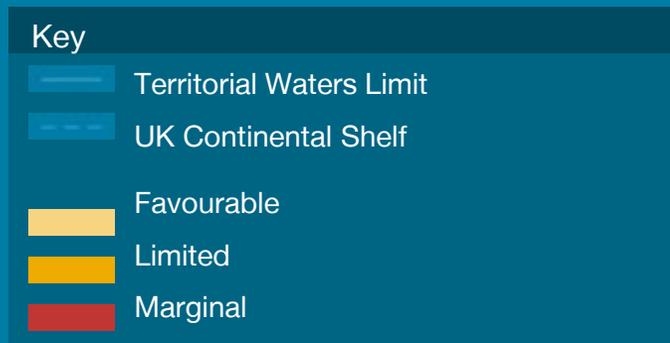


Regions refinement

Stage 1

Technical resource area

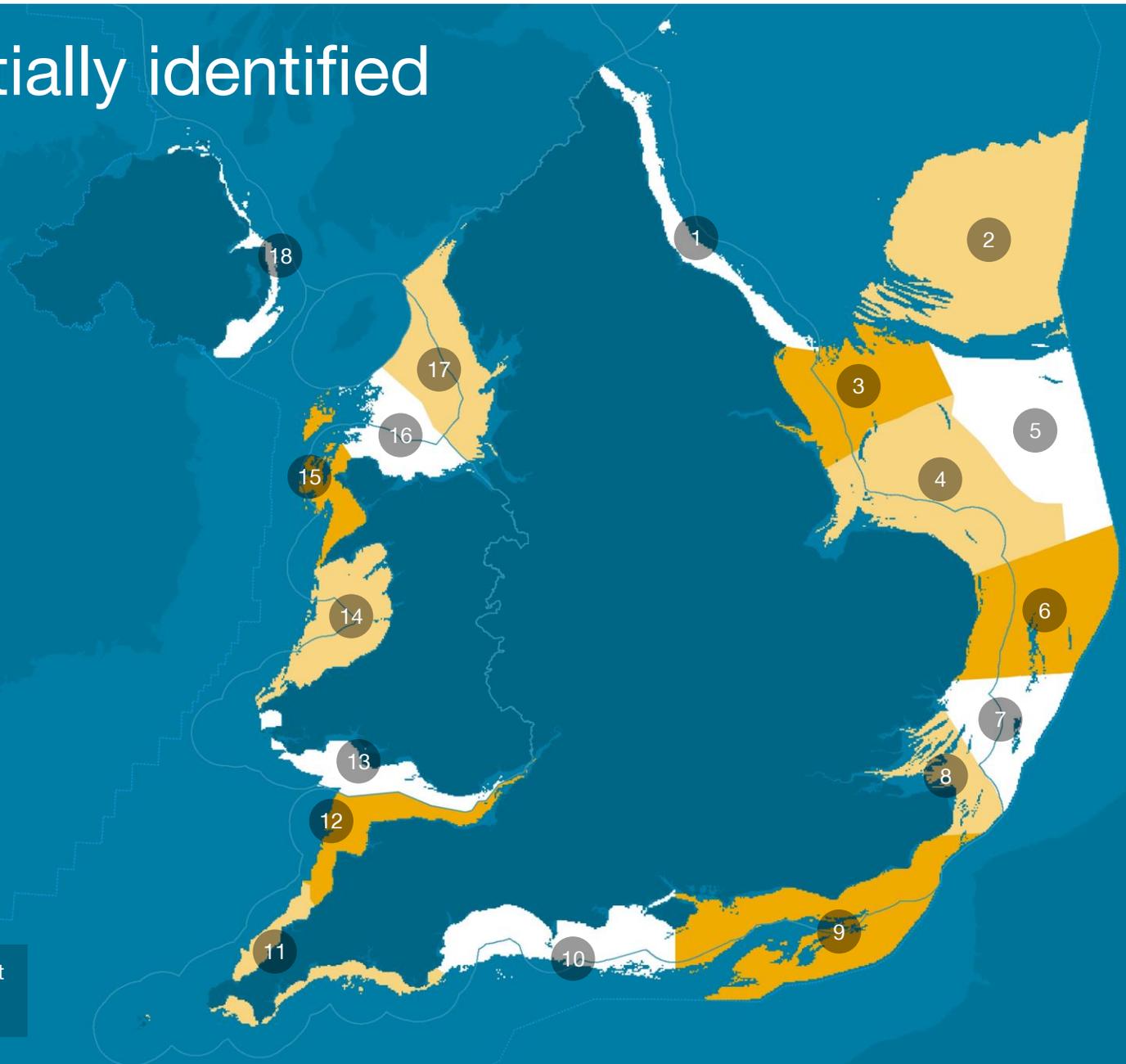
- ‘Favourable’ technical resource area for fixed foundation offshore wind is defined by water depths 5-50m and good accessibility (>80%@2.5m Hs)
- ‘Limited’ and ‘Marginal’ technical resource areas are deeper (50-60m) or have a more severe wave climate



Recap of 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

— Territorial Waters Limit
--- UK Continental Shelf



Regions refinement November 2018

Regions

Propose to include:

- 2 - Dogger Bank
- 5 - Southern North Sea
- 6 - East Anglia
- 16 - North Wales
- 17 - Irish Sea

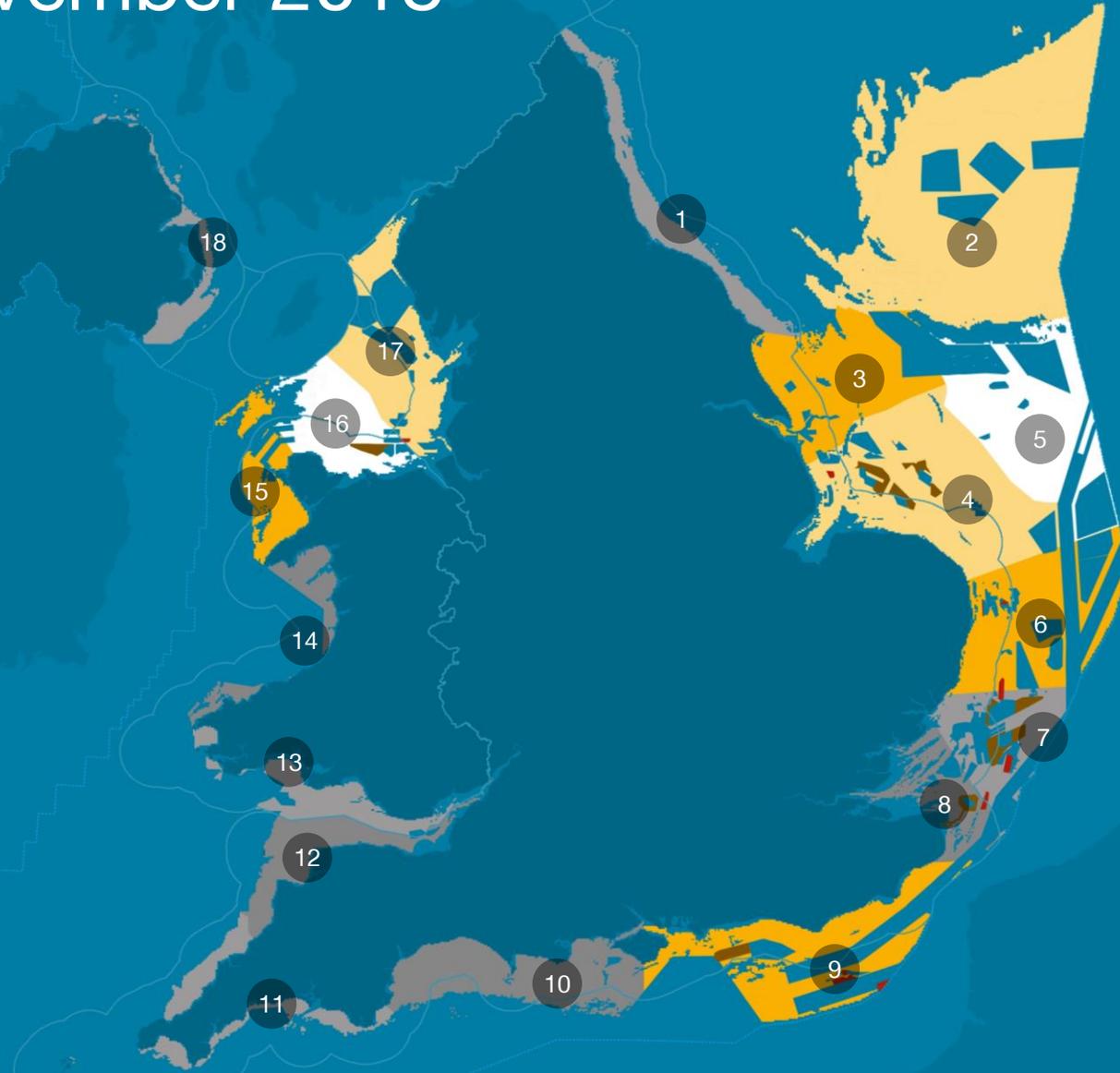
Under further consideration:

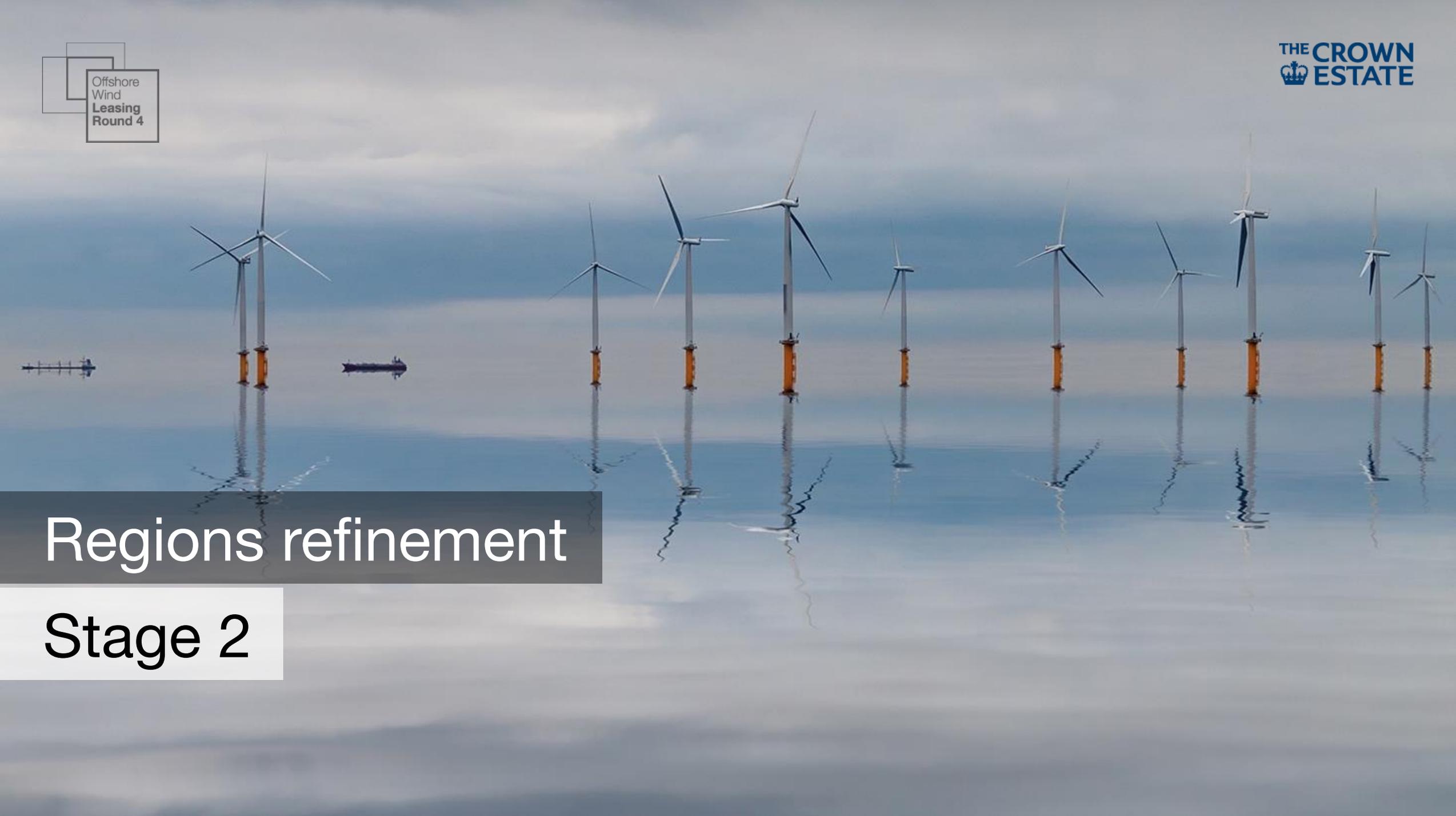
- 3 - Yorkshire Coast
- 4 - The Wash
- 9 - South East
- 15 - Anglesey

Not being taken forward:

- 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
-  Regions not taken forward
-  2017 Extensions
-  2018 Aggregates



A wide-angle photograph of an offshore wind farm. Several white wind turbines with three blades each are spaced out across a calm sea. The turbines have orange-colored bases. In the distance, two support vessels are visible on the water. The sky is overcast with grey clouds, and the water's surface is still, creating clear reflections of the turbines and the sky.

Regions refinement

Stage 2

Common themes from your feedback



Updated spatial evidence base

- Majority of feedback related specifically to spatial documents / reports
- Signpost to latest available information within methodology and characterisation documents
- Final updated documents have now been published on our [Round 4 webpage](#)

Undertook additional work

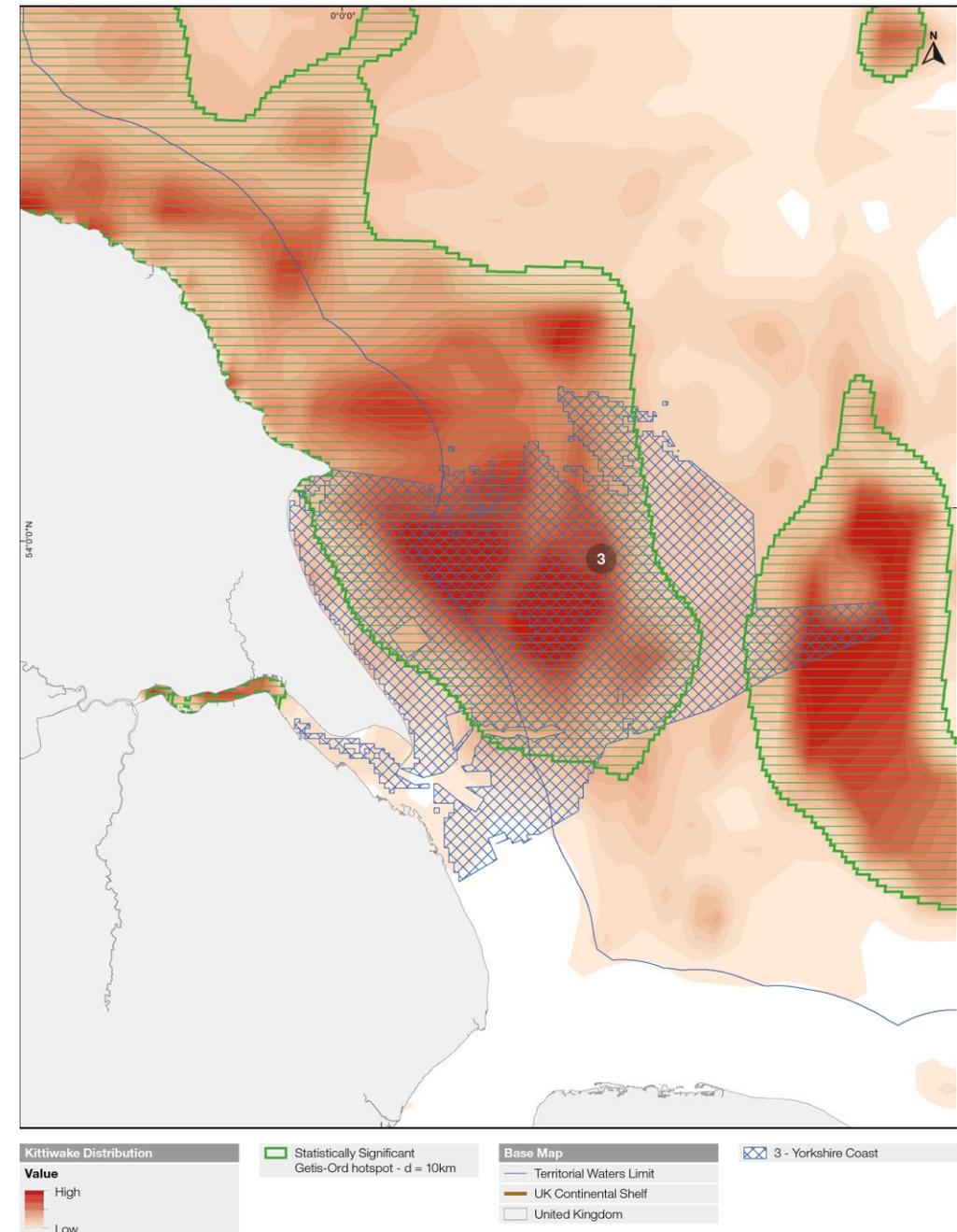
- We have reviewed and considered output of additional work undertaken since November 2018
- We have factored in outputs from Extensions and Aggregates plan-level HRAs

Additional region refinement

- Based on additional evidence and stakeholder feedback
- Removal of Yorkshire Coast region
- Amendments to The Wash, South East, and Anglesey regions
- Amendment to East Anglia region

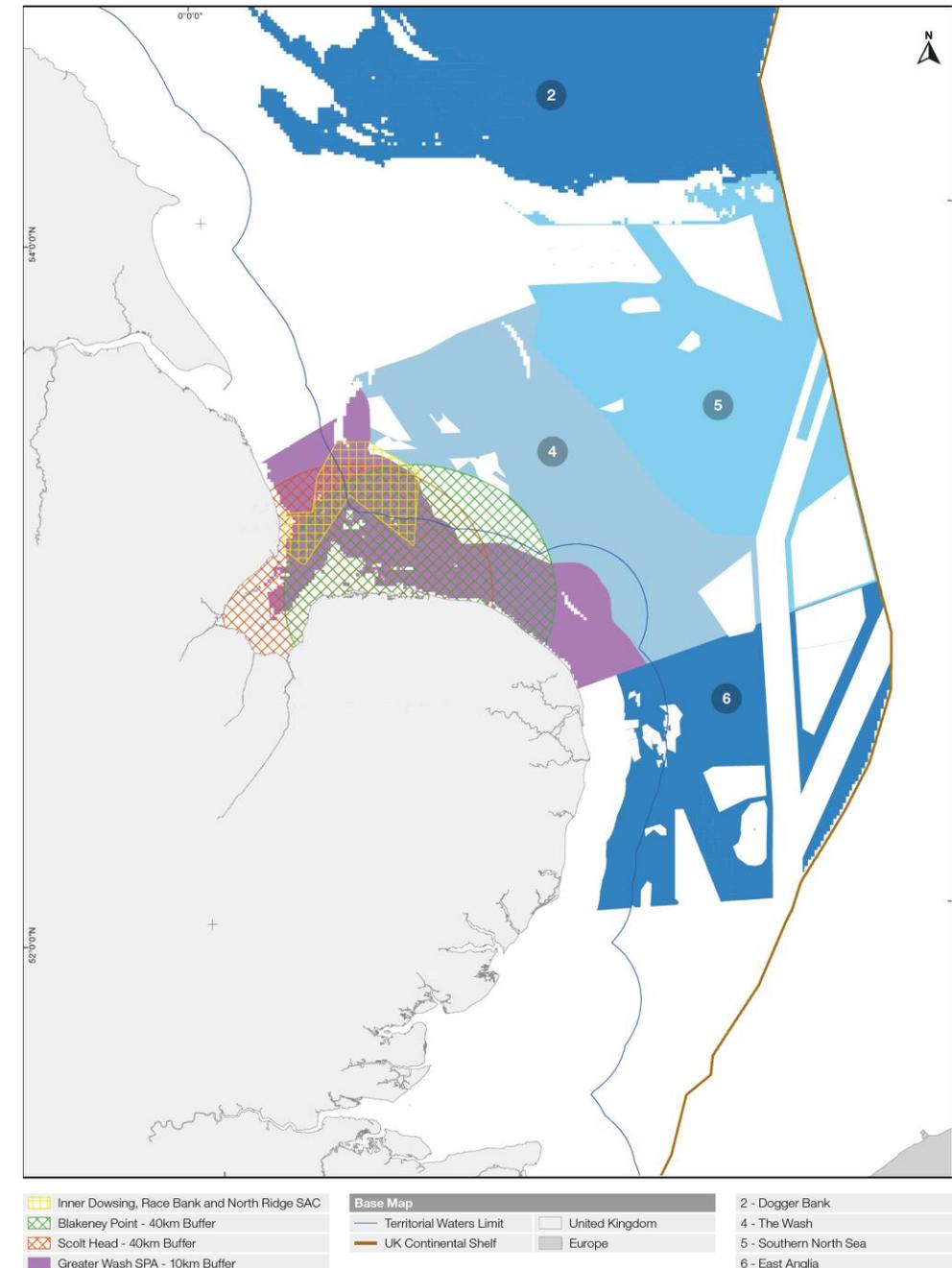
Stage 2 regions refinement – Yorkshire Coast

- Commissioned further evidence – review undertaken by MacArthur Green
- Significant constraint in relation to Flamborough and Filey Coast SPA
- Cumulative impact pressures on Kittiwake, Guillemot, Razorbill and Gannet
- Region removed for Round 4



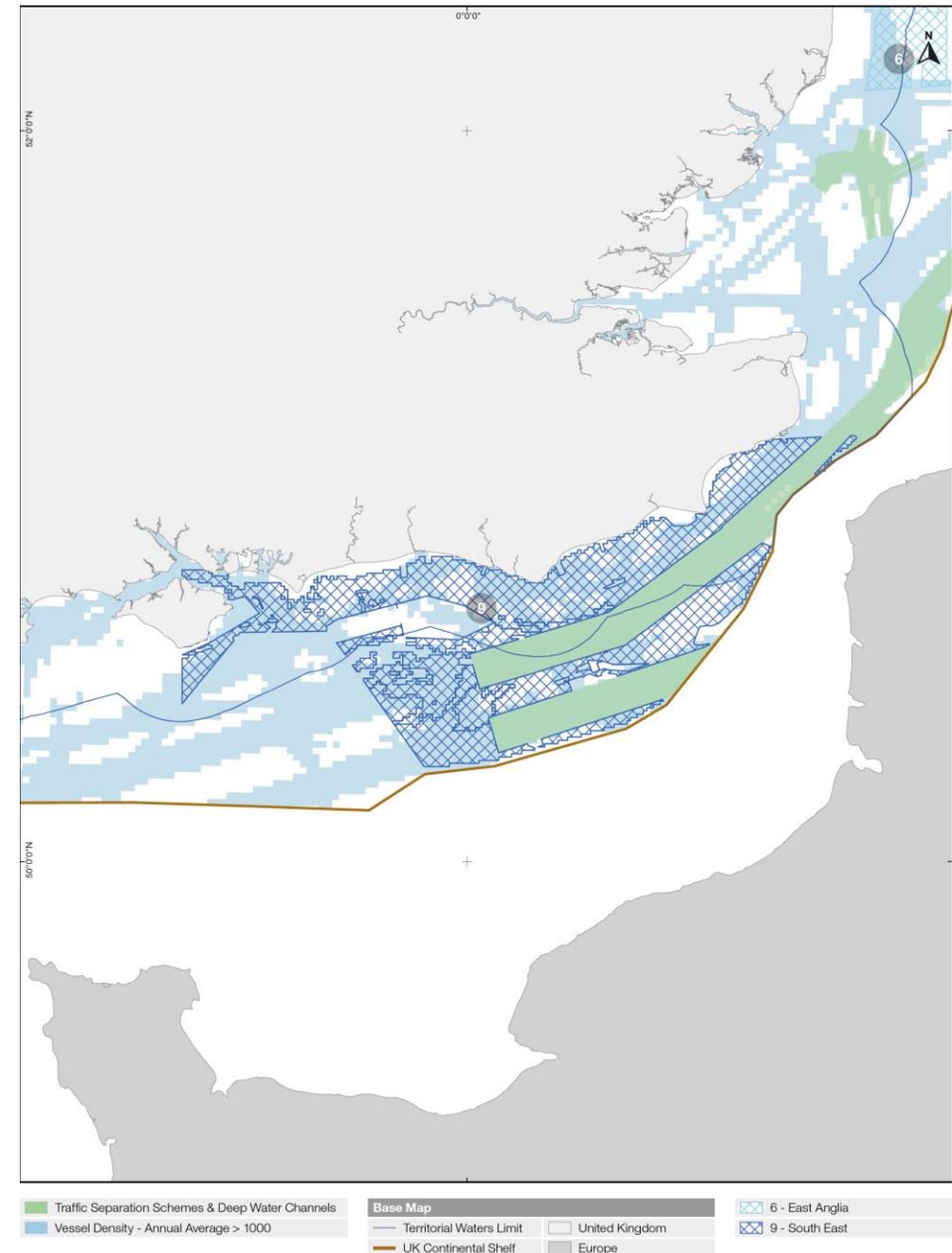
Stage 2 regions refinement – The Wash

- Commissioned further evidence – review undertaken by MacArthur Green
- Significant constraint in relation North Norfolk Coast SPA and Greater Wash SPA
- Region amended to remove all areas within 10 km of Greater Wash SPA
- Region amended to remove all areas within 40 km of Scolt Head and Blakeney Point areas of North Norfolk Coast SPA
- Inner Dowsing, Race Bank and North Ridge SAC area removed



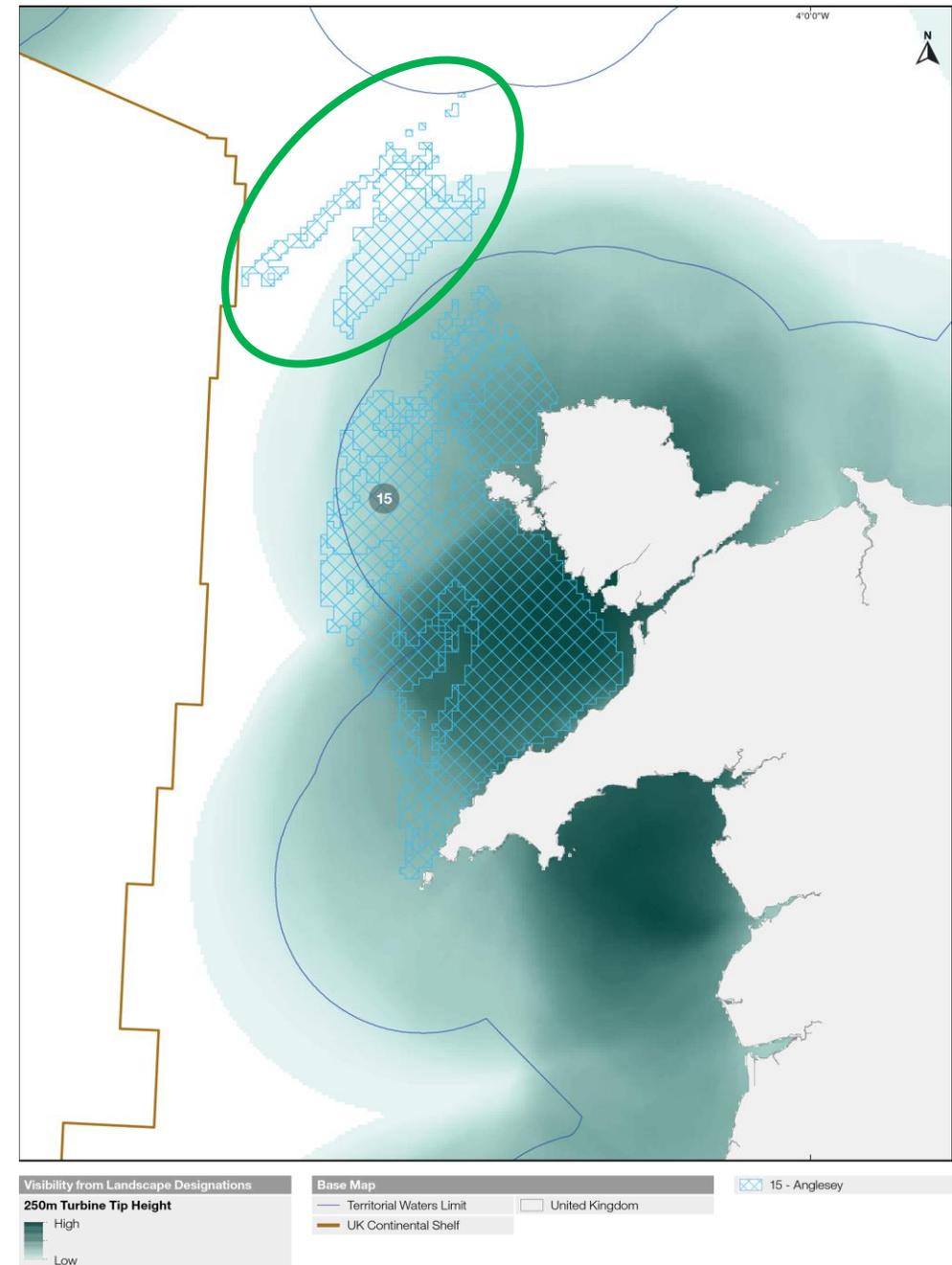
Stage 2 regions refinement – South East

- Major constraint in relation to shipping and navigation
- On consideration of data, evidence and stakeholder feedback concluded that such impacts best managed through project level Navigational Risk Assessment
- Region refined (stage one) to remove an area of significant MoD constraint
- South Wight Maritime SAC and Basurelle Sandbank SAC removed



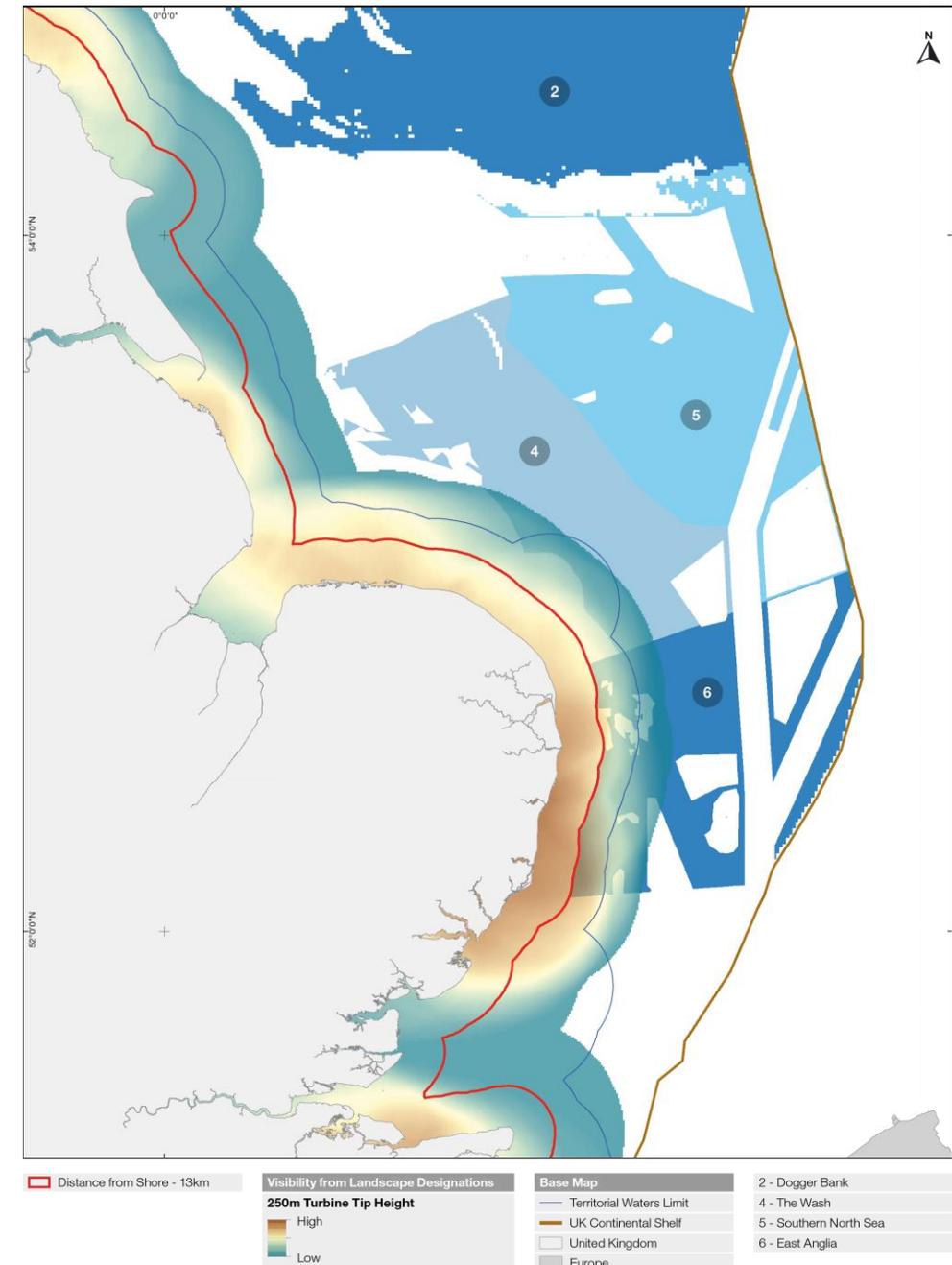
Stage 2 regions refinement – Anglesey

- Significant constraints and uncertainty in relation to navigation, MoD activity and visibility mean development in southern and central areas would be challenging at this time
- Stakeholder feedback raised concerns about visibility
- Further evidence provided by Natural Resources Wales
- Southern and central areas of the region have been removed



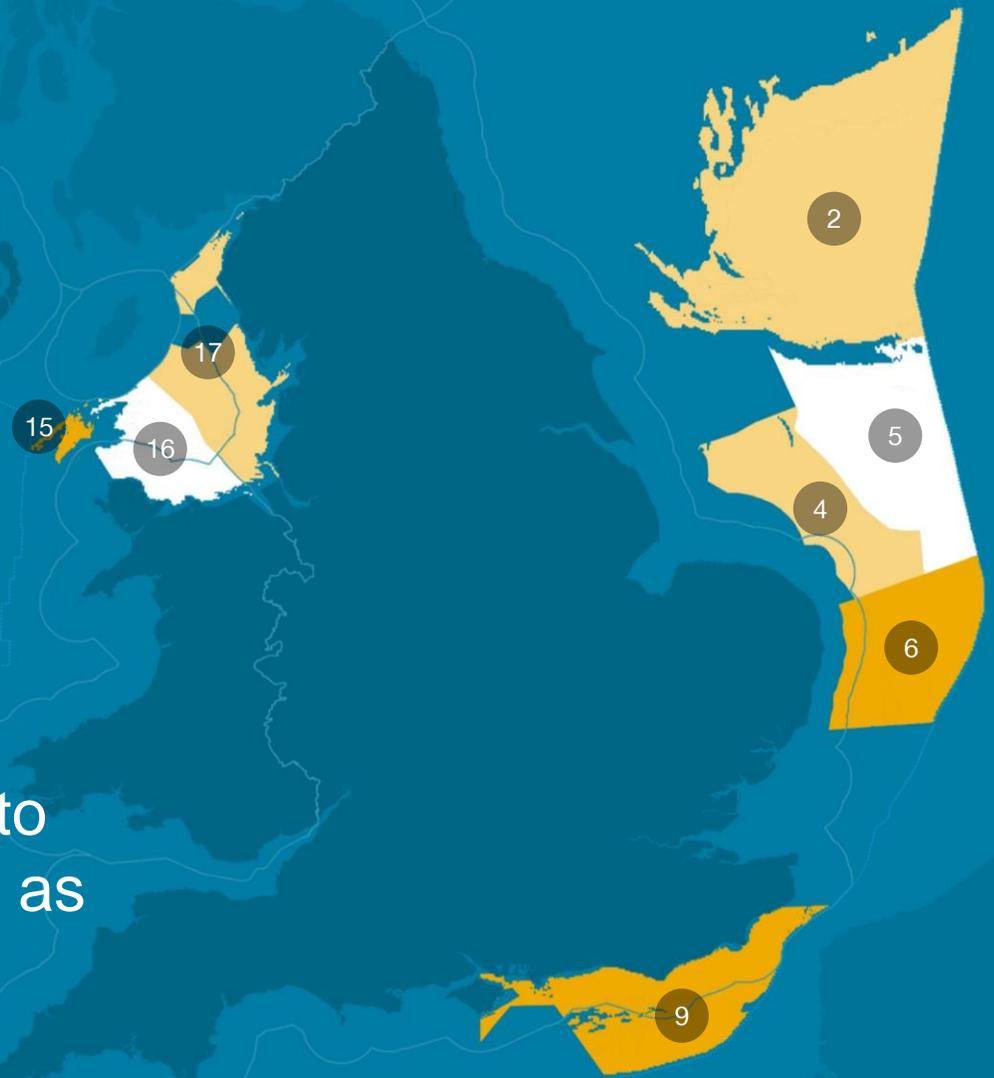
Stage 2 regions refinement – East Anglia

- Initially announced as a region that will be included in Round 4 (November 2018)
- Significant concerns raised by stakeholders in relation to visibility
- Further review of evidence and consideration of stakeholder feedback has led to 13 km nearest to the coast being removed from this region



Final regions map following refinement

- Regions
- 2 - Dogger Bank
 - 4 - The Wash
 - 5 - Southern North Sea
 - 6 - East Anglia
 - 9 - South East
 - 15 - Anglesey
 - 16 - North Wales
 - 17 - Irish Sea
- Territorial Waters Limit
- - - UK Continental Shelf



These final open regions were grouped to form four spatially distinct Bidding Areas as shown on the next slide.

The exclusion of seabed areas from Round 4, does not preclude their consideration in any future offshore wind leasing rounds. We will continue to work closely with stakeholders and communities, where there is appetite to identify future opportunity.

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))



Materials available – spatial evidence base



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Offshore Wind Leasing Round 4

Round 4 HRA



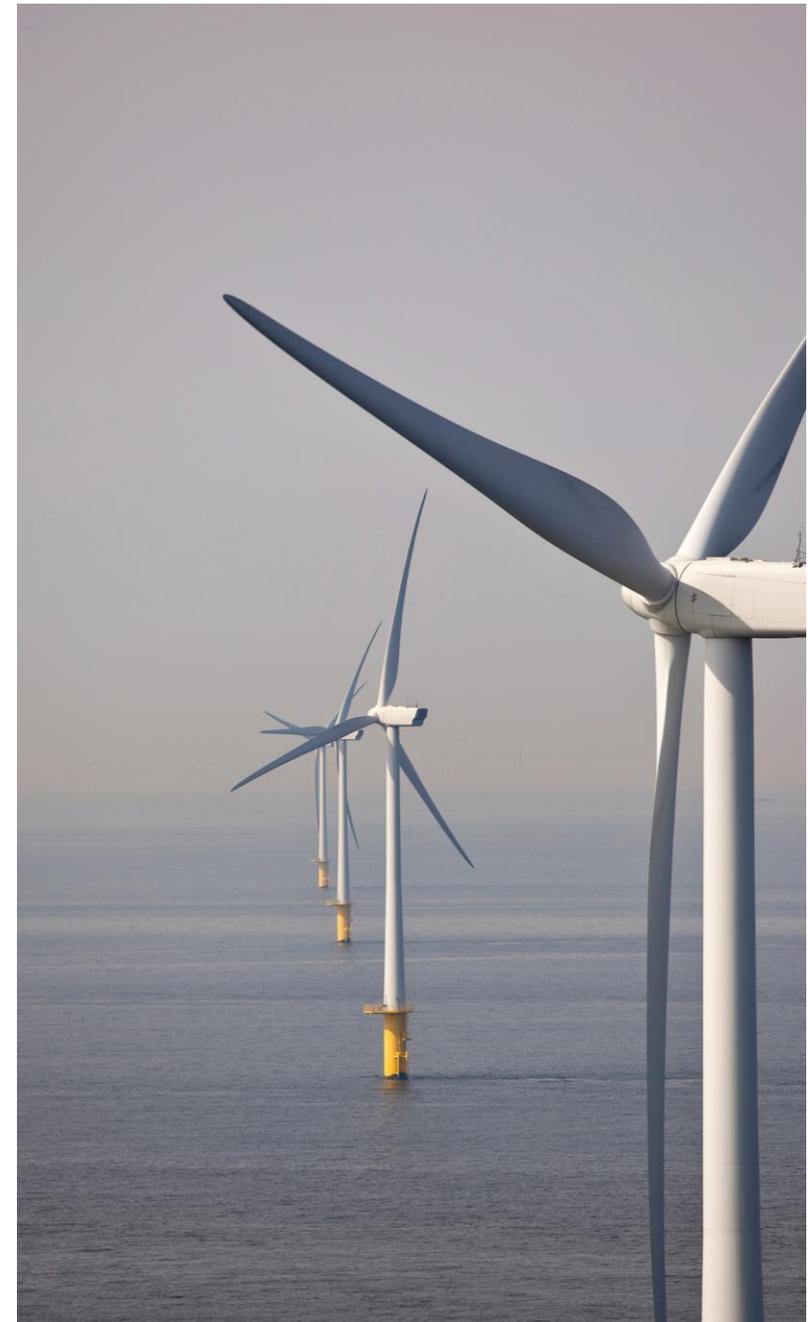
Greg Tomlinson
Senior Marine Planning
& Consents Manager

Our 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'
- A plan-level HRA requires us to assess the impacts on Natura 2000 designated sites before full seabed rights can be awarded
- Before awarding AfL we must consider whether there is a risk of it having an adverse effect on the integrity of any European protected sites
- If it's determined there is such a risk, we must undertake appropriate assessment and may not proceed unless it can conclude, beyond reasonable scientific doubt, that the risk can be excluded (inc. through use of mitigation measures).

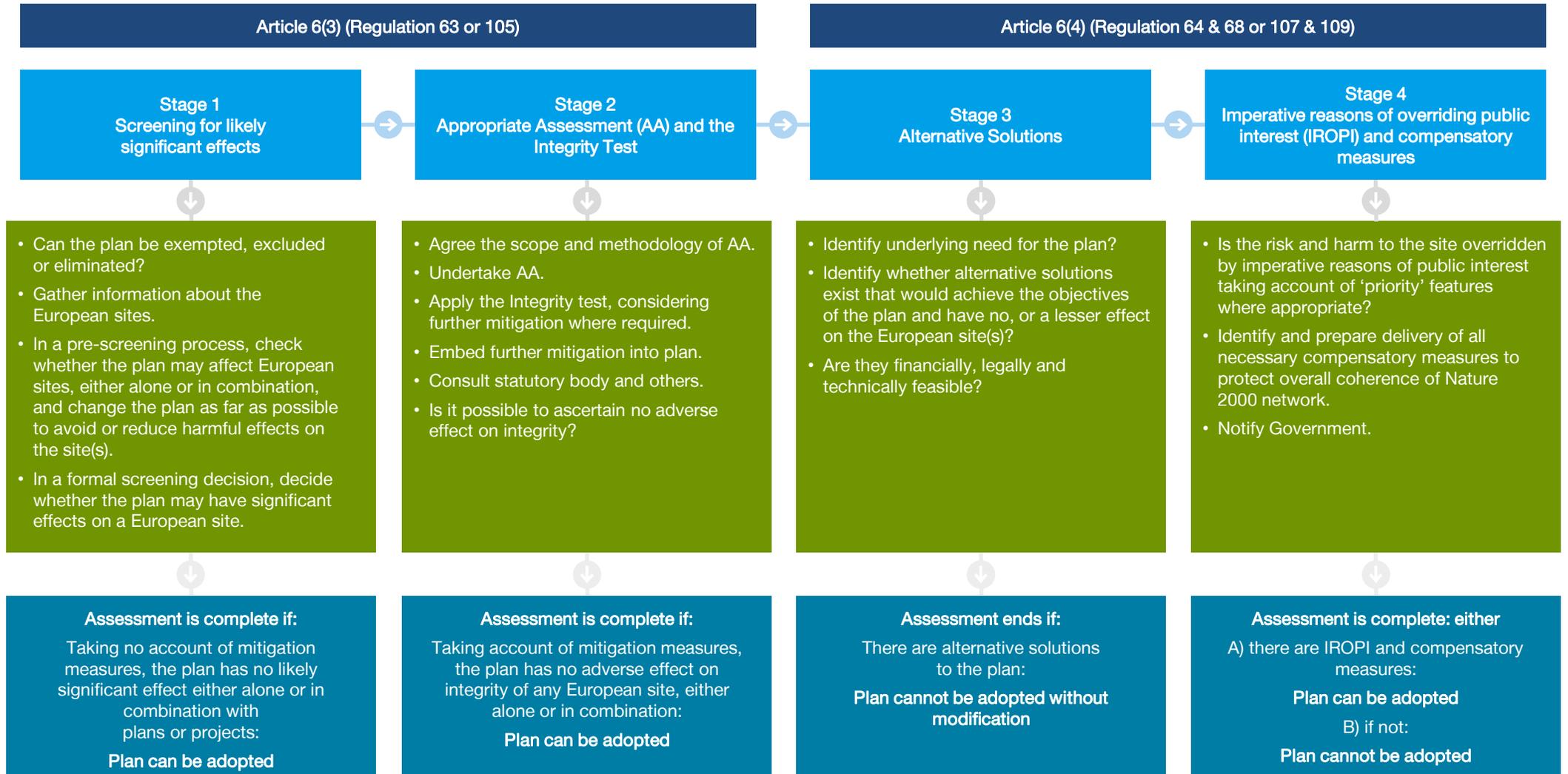
*Habitats Regulations:

- [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



Plan-level Habitats Regulations Assessment (HRA)

Extract from
The Habitats Regulations
Assessment Handbook,
www.dtapublications.co.uk
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(October 2018) all rights reserved.



HRA - potential outcomes for Round 4 Projects

Plan-level HRA could result in the following outcomes for each Round 4 Project:

- The award of an agreement for lease (AFL) for the Project because The Crown Estate ascertains that the Round 4 leasing plan will not adversely affect the integrity of the European sites concerned.
- The award of an AfL for the Project, subject to the Project complying with mitigation measures that are deemed to be necessary to ascertain that the Round 4 leasing plan will not adversely affect the integrity of the European sites concerned.
- No award of an AfL for Project due to The Crown Estate ascertaining that the Round 4 leasing plan will adversely affect the integrity of the European sites concerned, even with mitigation measures. This would amount to the removal of the Project(s) from the Round 4 leasing plan.
- Exceptionally, where an adverse effect on the integrity of the European sites concerned cannot be ruled out, we may (at our discretion, and in accordance with the relevant considerations under the Habitats Regulations) consider making use of the derogations process under Article 6(4) of the Habitats Directive.

HRA frontloading update

We are currently in the process of establishing a number of additional projects to support future plan-level HRA

- **Cable protection and mitigation** – a review of cable burial, protection and mitigation techniques and how benthic and intertidal habitats have been affected/recovered
- **Foraging range review** – an extensive literature review to systematically compile all available information on seabird foraging ranges available since Thaxter et al. (2012)
- **Cumulative Impact Assessment tool** – a project to develop a common consensus on a cumulative effects framework tool
- **Underwater noise** – desk based study of methodologies to reduce noise at source and mitigation types
- **Seabird density project** – review of data needs and report to identify and quantify likely risk to key species that are qualifying SPA features within a region



Offshore Wind Leasing Round 4

Programme overview



Jonny Boston

Business Development
Manager and Programme
Manager for Round 4

Round 4 leasing process

1

Pre-qualification questionnaire (PQQ)

October 2019 – January 2020 (14 weeks)

Assesses potential Bidders' financial capability, technical experience and legal compliance, with successful Bidders pre-qualifying for the ITT Stage 1 process (becoming a Pre-qualified Bidder).

2

Invitation to Tender Stage 1 (ITT Stage 1)

February 2020 – June 2020 (18 weeks)

Assesses the financial and technical robustness of projects submitted by Pre-qualified Bidders. Projects that pass will then be eligible to take part in the ITT Stage 2 process (becoming Eligible Bidders with Eligible Projects).

3

Invitation to Tender Stage 2 (ITT Stage 2)

September 2020 (1 – 4 weeks)

A multi-cycle bidding process, using option fees bid by Eligible Bidders to determine award. One project will be awarded per daily Bidding Cycle, with Bidding Cycles continuing until the 7 GW has been awarded or exceeded (up to 8.5 GW). On being successful in a daily bidding cycle, a Bidder will need to enter into a Preferred Bidder Letter and pay an Option Fee Deposit.

4

Plan-level HRA

Autumn 2020 – Summer 2021

In accordance with our role as a Competent Authority under the Habitats Regulations, we will undertake a Plan-Level Habitats Regulations Assessment (HRA) to assess the possible impact of the awarded projects on relevant nature conservation sites of European importance.

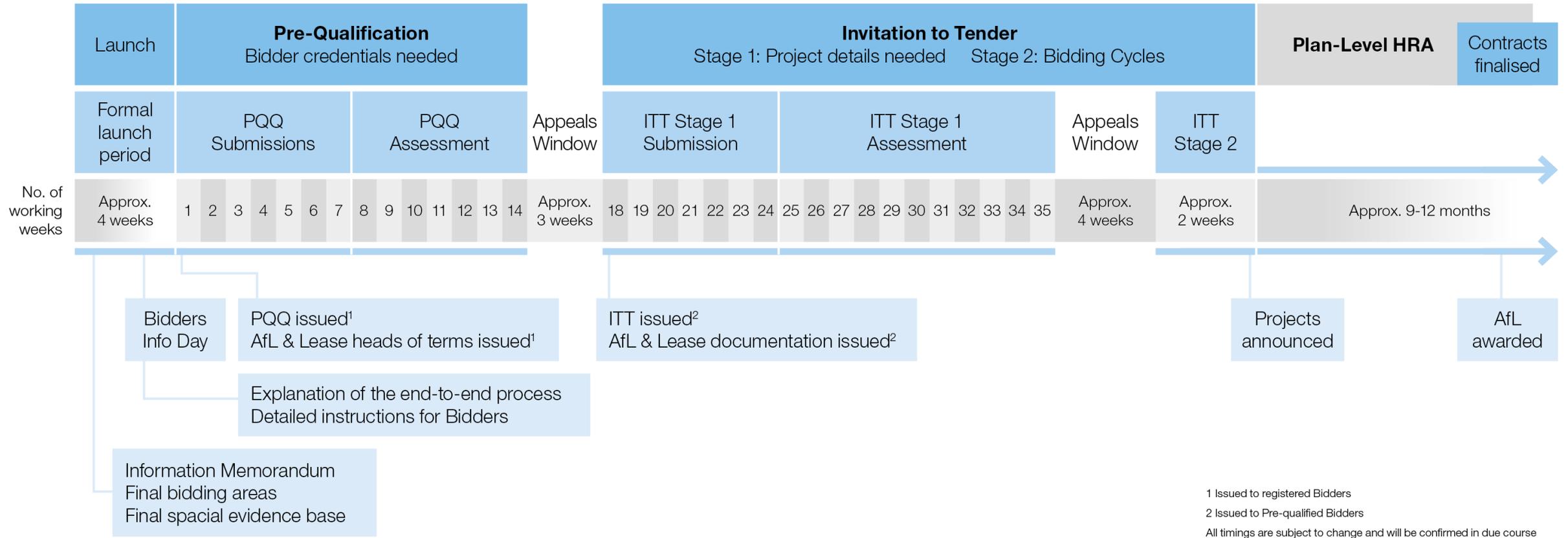
5

Agreement for Lease (AfL)

Autumn 2021

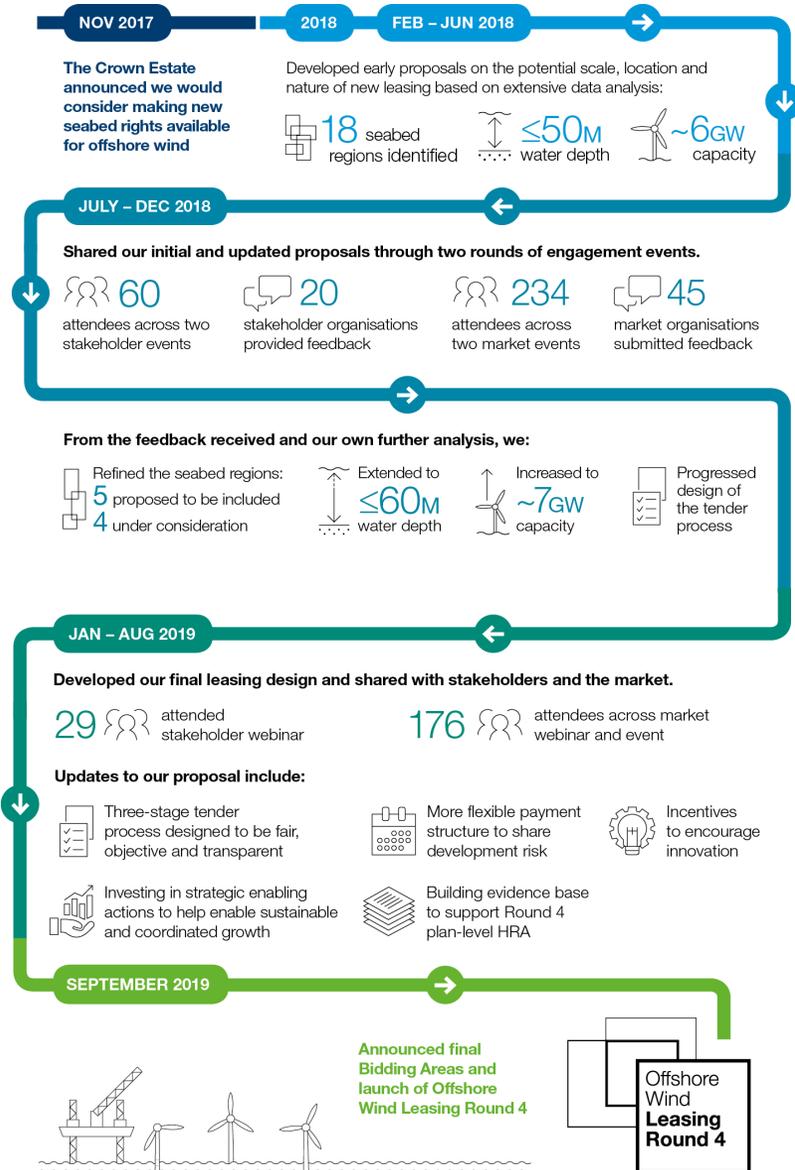
We will enter into a Wind Farm AfL with successful Bidders.

Full process tender timeline



Next steps

- Slides and summary Q&A available on [our website](#)
- Bidders Information Day (9 October 2019)
- PQQ opens (October 2019)
- Engagement continues



Offshore Wind Leasing Round 4

Questions & answers



Olivia Thomas
Head of Marine Planning

Webinar Chair



Greg Tomlinson
Senior Marine Planning
& Consents Manager



Jonny Boston
Business Development
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Manager for Round 4

Stay informed

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please visit our website:
thecrownestate.co.uk/round4

or email us at:
Round4@thecrownestate.co.uk





Thank you