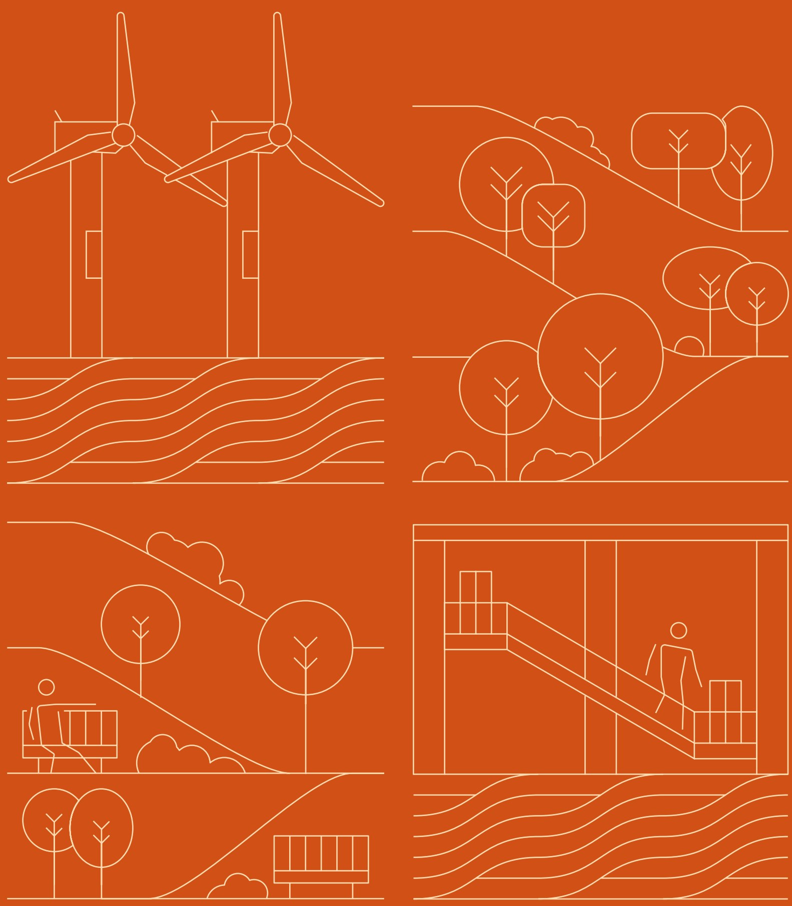
Wales Highlights 2019/20



WALES HIGHLIGHTS
2019/20

Working for Wales

The Crown Estate manages marine and land assets in Wales. This report provides a summary of the highlights and main developments for the period 1 April 2019 – 31 March 2020. Further reporting on our activities in Wales, and how we are fulfilling our duty under the Environment (Wales) Act 2016 Part 1 – Section 6 to protect the natural environment in the region can be found online in our Biodiversity and Resilience of Ecosystems Report 2019 at the link below.

For more information see:
thecrownestate.co.uk/biodiversity-report-wales

576MW

Once consented, the Gwynt y Môr extension could deliver up to 576MW of capacity.

65%

We manage around 65 per cent of the Welsh foreshore and riverbed.

27,800 ha

Inland, we own around 27,800 hectares (68,700 acres) of Welsh common land.

In everything we do, we seek to take a long-term view and consider our actions from every perspective. Our success relies on our relationships with all of our stakeholders, from our customers and partners through to the communities we serve. We aim to bring a partnership approach to these relationships to achieve the best outcomes for everyone.

While the COVID-19 pandemic only materialised towards the end of the 2019/20 financial year, its impact for some of our customers and operations in Wales, as with the rest of the UK, was felt almost immediately and remains a developing situation. Our approach has been to maintain a dialogue with our customers and partners during this difficult time to help navigate the operational challenges brought about by the pandemic's arrival.

A more detailed account of our UK-wide operational response relating to our customers and wider networks can be found on page 18 of our Annual Report.

For more information see:
thecrownestate.co.uk/2020-annual-report-document

Areas of responsibility

Our responsibilities in Wales include the seabed out to 12 nautical miles. Our interests therefore include renewable energy (which is our most significant activity in the region), oil and gas pipelines, marine aggregate extraction, telecommunications and power cables. In addition, we hold the rights to the resources on the continental shelf, such as natural resources and offshore energy, but excluding fossil fuels.

We also manage around 65 per cent of the Welsh foreshore and riverbed, which includes a number of ports, such as the busy and multi-functional Port of Milford Haven in Pembrokeshire, and various marinas.

Aquaculture is an increasingly important sector and we anticipate new schemes being considered across Wales. We have recently granted rights to pilot a 3D sea farming project – a sustainable system of farming which enables the vertical co-propagation and cultivation of seaweeds and shellfish under the water's surface.

Additionally, we have granted rights to seed a two hectare (20,000 sq m) area of the seabed with seagrass in a pilot scheme off of Dale near Milford Haven. Over the next three to five years the benefits to the environment should include carbon sequestration and marine habitat formation. If successful this project could be rolled out across Wales and wider in the UK.

Inland, we own around 27,800 hectares (68,700 acres) of Welsh common land which is primarily rough pasture for grazing, but also acts as an important natural resource for all to enjoy within the Welsh countryside.

We are responsible for around 100,000 hectares (247,000 acres) of mineral-only interests, with eight sites currently leased for mineral extraction.

In addition, we manage the rights to deposits of gold and silver, known as Mines Royal. There are two pending Mines Royal leases and a pending bulk sample lease currently being finalised; in addition, there are two current Mines Royal option agreements and four pending option agreements.

Working in partnership

Our approach to asset management in Wales is grounded in a partnership approach which sees us work together with a diverse range of organisations. This includes collaborating with the Welsh Government, understanding its aims and working with a number of departments on shared priorities.

Over the course of the last year, we have been working with a number of organisations, including the Welsh Government and Natural Resources Wales to define and set up a new programme to facilitate the sustainable and coordinated expansion of offshore wind in the UK – the Offshore Wind Evidence and Change programme. This collaborative programme will help the sector to meet the UK's commitments to the low carbon energy transition whilst supporting action to secure clean, healthy, productive and biologically diverse seas.

In November 2019 the first Welsh National Marine Plan (WNMP) was adopted by the Welsh Government, and as part of the Marine Planning Stakeholder Reference Group, we provided data and expertise to help with the development of the WNMP and we continue to be involved in its implementation.

We continue to enjoy a strong relationship with Natural Resources Wales and work in partnership where we have holdings to ensure that the natural resources of Wales are sustainably managed for the long term.

We also participate in a number of working and advisory groups. This includes membership of the Wales Marine Action and Advisory Group (WMAAG) and the Marine Protected Areas Network Management Steering Group to ensure a joined up approach and knowledge-sharing across the marine space.

Supporting offshore renewable energy

Offshore wind

The UK offshore wind sector has had another landmark year, seeing operational capacity increasing to 9.3GW. One of the largest operational wind farms in the UK, the 576MW Gwynt y Môr offshore wind farm off the north coast of Wales, played a significant part in this. After a tranquil 2018/19, wind speeds returned to normal during the year and following a particularly blustery start to 2020 in Wales, revenue derived from Offshore wind in Wales increased in the 2019/20 financial year.

We concluded the plan-level Habitats Regulations Assessment for the 2017 Extensions opportunity over the course of 2019. This resulted in almost 3GW of new projects across English and Welsh waters progressing to award of seabed rights, alongside existing operational wind farms. This included the proposed extension to Gwynt y Môr, known as Awel y Môr. Once consented, the extension could deliver up to 576MW of capacity, adjacent to the existing project, supporting Wales in delivery of its net zero ambitions and bringing further benefits to the local community.

Areas of Wales's seabed have also been included in Offshore Wind Leasing Round 4 – our first major UK leasing round in a decade. Launched in September 2019, with the pre-qualification process concluded in early 2020, The Northern Wales and Irish Sea Bidding Area is one of four seabed areas that have been made available to the market as part of the Round 4 process. Projects from Leasing Round 4 will be identified later this year, as part of a competitive tender process, and subject to a Plan-level Habitats Regulations Assessment, could be awarded rights in 2021. Once consented and developed, Round 4 projects could be operational as early as 2030.

Floating offshore wind

Post year end, in August 2020, we announced the award of seabed rights to developer Blue Gem Wind (a joint venture between Total and Simply Blue Energy), for the proposed 96MW Erebus floating wind demonstration project, in the Welsh waters of the Celtic Sea, approximately 44km from shore.

This is the first time that rights have been awarded for floating wind in Wales, marking a significant moment for the Welsh offshore wind sector.

The project comes forward as part of our ongoing Offshore Wind Innovation and Demonstration opportunity, designed to facilitate pre-commercial innovation through the trial of new and emerging technologies in live conditions. Floating technologies, which are better suited to deeper waters than traditional 'fixed' foundations, are set to play a key part in the sustainable future of UK offshore wind, unlocking new areas of seabed.

Wave and tidal

Wales also has significant wave and tidal energy potential. We continue to play a role in supporting this sector through engagement with the Marine Energy Wales Working Group, Welsh Government's Consenting Strategic Advisory Group (CSAG) and through discussions with our customers over the issues facing their awarded leased sites. We continue to offer the opportunity to access the seabed for wave projects up to 3MW or tidal stream projects up to 30MW.

There is a strong development interest in Wales in both wave and tidal and several test and demonstration projects are targeting a 2023 start date which fits in with wider funding streams. Our agreements issued to the interested parties have taken these timelines into account, but the primary aim of the developers is currently to secure the relevant planning and finance.

Marine aggregates

The Crown Estate is responsible for licensing the extraction of aggregates where we manage the seabed. Marine aggregates are an important resource for Wales, accounting for approximately 70% of sand and gravel sales in South Wales.

In 2019, the tonnage of marine aggregates delivered to Welsh ports increased to 683,725 tonnes, with 512,955 tonnes being dredged from Welsh Waters. A total of 914,267 tonnes were dredged from Welsh Waters, an increase of 142% on the prior year.

This increase is predominantly as a result of three Exploration areas converting to Production areas in early 2019.

Following the significant level of interest in our last marine aggregate tender, which was concluded in 2019, we have confirmed that we will be holding a further licensing round in 2021.

In 2018 we introduced our next generation Electronic Monitoring System (EMS) to the regular UK marine aggregate dredging fleet. We have been developing this system further to create a version that is dedicated to the non-regular contract dredging fleet, aimed at one off coastal adaptation projects such as beach replenishment and capital dredging. The system has completed sea trials and we are aiming to introduce it in late 2020. Its introduction will facilitate the monitoring of dredgers that operate on marine aggregate licences on a temporary, ad-hoc basis when it is impractical to fit the regular system, and will enable us to ensure all dredging activity in our waters continues to be undertaken in a responsible and compliant manner.

Sharing knowledge

Our expert teams are uniquely placed to look at the bigger picture across a breadth of sectors, carefully managing competing demands for space on a busy seabed and helping to unlock opportunities for sustainable development. We do this through engaging with industry stakeholders and facilitating better information sharing. Our Marine Data Exchange (MDE) continues to grow and now holds over 27TB of offshore survey data collected in Welsh waters from 1956 to 2019. Covering a variety of survey campaigns, including environmental monitoring, site investigation and meteorological data, from sectors such as offshore wind, tidal stream and marine aggregates. Over half of this data is publicly available to access and download for free at the link below.

For more information see:
marinedataexchange.co.uk

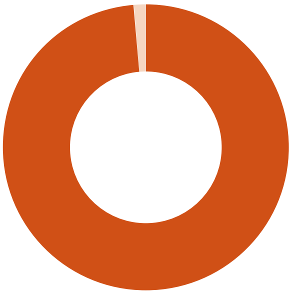
As the offshore sector continues to grow, it is important to ensure that marine energy research and knowledge sharing is coordinated to help build a sustainable sector for the long term. Alongside the Welsh Government, Natural Resources Wales and other industry stakeholders, we continue to support the Offshore Renewables Joint Industry Programme (ORJIP) for Ocean Energy. This brings together industry, regulators, researchers and funders so that the sector's consenting risks can be addressed in a strategic and coordinated manner. This avoids duplication of efforts and, in turn, helps to reduce delays in project delivery.

WALES HIGHLIGHTS
2019/20

FINANCIAL HIGHLIGHTS (UNAUDITED)

Revenue by activity 2019/20

£8.8m

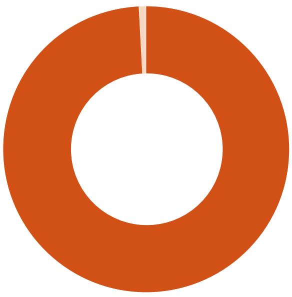


Portfolio

Energy, Minerals & Infrastructure	£8.7m
Regional	£0.1m

Property value by activity as at 31 March 2020

£96.8m



Portfolio

Energy, Minerals & Infrastructure	£96.2m
Regional	£0.6m

The Crown Estate in Wales

	The Crown Estate Wales Year ended 31 March 2020 £m	The Crown Estate Wales Year ended 31 March 2019 £m	The Crown Estate Total Year ended 31 March 2020 £m	The Crown Estate Total Year ended 31 March 2019 £m	The Crown Estate Wales Increase/ (decrease) from prior year %	The Crown Estate Wales Percentage of Total %
Revenue	8.8	7.3	476.0	441.0	20.5	1.8
Gross Surplus	8.4	7.0	389.4	379.8	20.0	2.2
Property value	96.8	93.0	12,522.1	12,526.1	4.1	0.8
Capital Investments	0.2	0.2	458.5	381.3		
Capital Receipts	1.7	–	356.5	192.8		

Revenue by activity	The Crown Estate Wales Year ended 31 March 2020 £m	The Crown Estate Wales Year ended 31 March 2019 (restated) £m
Agriculture	0.1	0.1
Forestry	–	–
Regional	0.1	0.1
Cables/pipelines	1.1	1.1
Coastal	1.9	1.4
Minerals	0.9	1.1
Dredging	1.4	0.6
Renewables	3.4	3.0
Energy, Minerals & Infrastructure	8.7	7.2
Total	8.8	7.3

Property value by activity	The Crown Estate Wales Year ended 31 March 2020 £m	The Crown Estate Wales Year ended 31 March 2019 (restated) £m
Agriculture	0.6	2.5
Forestry	–	0.1
Regional	0.6	2.6
Cables/pipelines	13.3	13.0
Coastal	17.5	17.0
Minerals	5.7	6.2
Dredging	10.5	5.0
Renewables	49.2	49.2
Energy, Minerals & Infrastructure	96.2	90.4
Total	96.8	93.0

Note: On 1 April 2019, the Rural portfolio merged with the Regional portfolio and the Coastal portfolio merged with the Energy, Minerals & Infrastructure portfolio and as a consequence the analysis for the year ended 31 March 2019 has been restated.

LONDON
The Crown Estate
1 St James's Market
London
SW1Y 4AH

T 020 7851 5000

WINDSOR
The Crown Estate
The Great Park
Windsor
SL4 2HT

T 01753 860 222

thecrownestate.co.uk
@TheCrownEstate