

[REDACTED]
Vysus UK Ltd
Kingswells Causeway
Prime Four Business Park
Aberdeen
AB15 8PU

23 December 2020

PRIVATE & CONFIDENTIAL

Dear [REDACTED],

Repurposing Oil and Gas Infrastructure for Hydrogen Production (“the Project”)

Further to our recent discussions, I am pleased to confirm our proposed business relationship in the form of this Engagement Letter which sets out the basis on which Crown Estate Scotland (“CES”) wishes to engage Vysus UK in relation to the Project (“the Engagement”).

The Project

The Project is as detailed in the Invitation to Tender (“the ITT”) attached as Appendix A to this letter and (so far as not inconsistent with the ITT) your proposal (“the Consultancy Proposal”) attached as Appendix B to this letter.

Key deliverables will be as described in the proposal:

Kick off meeting w/c 4 January 2021

Detailed report into feasibility of using existing oil and gas infrastructure for Hydrogen production in the UK (for Crown Estate Scotland and SOWEC) by 19 March 2021

Summary report into feasibility of using existing oil and gas infrastructure for Hydrogen production in the UK (publicly available following review) by 26 March 2021

Project Period

The Engagement will be for a three-month period, sufficient to produce the outputs as detailed in the Consultancy Proposal. All outputs will be delivered by 31st March 2021.

Fees and Expenses

Fees will be as detailed in the Consultancy Proposal and capped at £30,000 (excluding VAT) and are deemed to be inclusive of expenses as detailed in the tender.

Terms of Business

The Engagement is subject to the Terms and Conditions of Business of CES, a copy of which is available at [https://www.crownestatescotland.com/bundles/app/downloads/5fad68b07a1cb_CES%20TCs%20-%20Consultancy%20\(290318\)%20REV.pdf](https://www.crownestatescotland.com/bundles/app/downloads/5fad68b07a1cb_CES%20TCs%20-%20Consultancy%20(290318)%20REV.pdf) . These Terms and Conditions will apply to the exclusion of any terms or conditions which Vysus UK may have proposed or may seek to impose or incorporate into the engagement.

Contract Documents

The contract between CES and Vysus UK for the Engagement will comprise, and be governed by, this Engagement Letter, the ITT, the Consultancy Proposal and the Terms and Conditions of Business of CES (“the Contract Documents”).

The Contract Documents (as varied, where applicable, in accordance with their terms) will represent the entire understanding between CES and Vysus UK in relation to the Engagement and supersede all previous agreements made by either party, whether oral or written.

In the event of any conflict, inconsistency or ambiguity, the Contract Documents shall be read in the following order of precedence:

1. this Engagement Letter;
2. the ITT;
3. the Terms and Conditions of Business of CES; and
4. the Consultancy Proposal.

We look forward to working with Vysus UK in bringing the Project to a successful conclusion.

Please confirm your acceptance of the above by signing and dating the enclosed copy of this letter.

Yours sincerely,



.....
For and on behalf of Crown Estate Scotland

We hereby accept the terms of the foregoing Engagement Letter and agree to carry out the Engagement in accordance with the Contract Documents.



For and on behalf of Vysus UK Ltd

22/01/2021.....Date

Section 1 - Introduction, Objective and Specification

Introduction

This Invitation to Tender ("ITT") initiates the appointment of a suitably qualified and experienced consultancy to produce a feasibility study which identifies opportunities to repurpose Oil and Gas infrastructure for offshore Hydrogen generation. This document provides tenderers with:

1. The objective of the tender
2. Specification of the services sought;
3. Information about Crown Estate Scotland, including business structure;
4. Information required from tenderers, including an outline of the process and key delivery dates.

Objective of the Tender

Crown Estate Scotland, on behalf of the Scottish Offshore Wind Energy Council (SOWEC), is seeking to appoint a suitably qualified and experienced consultancy to produce a study which identifies key risks and opportunities in the repurposing of existing Oil and Gas infrastructure for Hydrogen generation and transmission. Risks and opportunities will be determined through review of processes and engagement with stakeholders.

Specification

It is proposed that the study covers the following areas:

- Overview of development and consenting processes for a commercial scale offshore Green and Blue Hydrogen production in the UK, utilising existing research and information where possible
- Overview of different Electrolyser technologies, with identification of those most suited for offshore hydrogen production
- Overview of fundamental approach to making best use of existing infrastructure including transmission lines, and platforms for generation and transmission.
- Overview and cost estimation for key enabling Hydrogen Supply Chain capability and infrastructure including existing offshore Oil and Gas infrastructure, electrolyser supply, port and quayside infrastructure, reinforced quayside areas (with services), operation and maintenance marine and quayside operations
- Cost comparison, and benefit analysis of onshore vs offshore Hydrogen production
- Identifying where generic "risks" in this process exist for a project developer, identified through review of process and engagement with relevant stakeholders. Risks relates to areas of uncertainty in terms of process, programme, cost, knowledge, stakeholders, consultation etc. Risks to be scored (high, med, low)
- Mitigations to the risks identified above to be detailed, their impact scored, and potential actors identified
- Identifying where generic opportunities in this process exist for a project developer. Opportunities relate to the ability for some realistic action to positively impact process, programme, cost, knowledge, stakeholders and consultations by making realistic changes to approach, advance engagement with stakeholders and obtaining required knowledge. Opportunities to be scored (high, med, low), and potential actors identified
- Capacity of the above to deliver strong pipeline of Hydrogen projects from late 2020s to 2050
- Consideration of desired UK content targets (including where relevant Scottish Government ambition for local content in ScotWind projects)

- Consideration of Industry demand in likely Hydrogen clusters
- Prioritised recommendations for further work, consistent with SOWEC Energy Transition vision

Outputs

The report addressing the specific tasks described above.

Milestones

Event	Date	Comment
Contract award	11 th December 2020	
Kick off meeting	14 th December 2020	
Detailed report into feasibility of using existing oil and gas infrastructure for Hydrogen production in the UK	19 th March 2021	Distribution to Crown Estate Scotland and SOWEC
Summary report into feasibility of using existing oil and gas infrastructure for hydrogen production in the UK	26 th March 2021	Publicly available following review

Fees and Costs

Please provide a fixed price to deliver the required outputs accompanied by a table of costs and hours. Please include a proposed invoicing structure.

Rates and prices shall be deemed inclusive of all additional expenses howsoever incurred but exclude VAT.

Additional information

- Please provide confirmation that all relevant insurance is in place including professional indemnity.

Section 2 - Business Overview

About Crown Estate Scotland

Crown Estate Scotland is tasked with managing land and property on behalf of Scottish Ministers. Crown Estate Scotland works with tenants, partners and other stakeholders to ensure that the assets are enjoyed and developed sustainably to deliver benefits to Scotland and its communities. We return all revenue profit to Scottish Government.

More information is at <http://www.crownestatescotland.com/about-us>.

Crown Estate Scotland's commercial remit allows us to take a long-term view, informing our investment strategy and interest in development. It is therefore in our interest to commission targeted research to inform and, where appropriate, facilitate future development on land under Crown Estate Scotland management.

Crown Estate Scotland, a public corporation, was established by Scottish Ministers in early 2017 to manage assets which were, until then, part of a wider portfolio of land and property managed by The Crown Estate.

Crown Estate Scotland's role is to enhance the capital value of the property in our charge, with net revenue profits flowing to the Scottish Consolidated Fund.

Crown Estate Scotland's purpose is to invest in property, natural resources and people to generate lasting value for Scotland.

Crown Estate Scotland is responsible for a geographically wide, varied portfolio:

- 37,000 hectares of rural land with agricultural tenancies, residential and commercial properties and forestry on four rural estates (Glenlivet, Fochabers, Applegirth and Whitehill)
- Salmon fishing rights on many Scottish rivers
- Just under half the foreshore, including 5,800 moorings and some ports & harbours
- Leasing of virtually all seabed out to 12 nautical miles covering some 750 fish farming sites and agreements with cables & pipeline operators
- The rights to renewable energy and gas and carbon storage out to 200 nautical miles
- Retail and office units at 39-41 George Street Edinburgh
- 123 acres of development land at Montrose

The [Scottish Crown Estate Act 2019](#) was implemented on 1 April 2020. It sets out our statutory duty to manage the assets to support sustainable development generally, and economic development, regeneration, social and environmental well-being specifically. The legislation also provides for two types of mechanism to be introduced (delegations and transfers) that will enable new 'managers' to take responsibility for managing specific Scottish Crown Estate assets.

Assets are held 'in right of The Crown' and the Monarch remains the legal owner. In 2018/19, the property assets were valued at £385.8m value and generated c.£19m of gross revenue, with £11.4m revenue profit going to the Scottish Consolidated Fund. The staffing complement consists of a small central team (circa 45 staff across three locations, with the majority based in Edinburgh), supported by external Managing Agents (mainly for the Rural and Coastal portfolios) and advisors. Some property portfolios are managed in-house by the central team.

More information on the business can be found at <http://crownestatescotland.com>

Section 3 – Tender Process

Timeline

Bids must be submitted by 12:00 noon on 2 December 2020 at the latest via PCS. Late bids will not be considered.

Stage	Milestones	Target Date
1. ITT Completion	Proposals submitted	2 nd December 2020
2. Proposals reviewed and evaluated	Proposals reviewed by CES and SOWEC	4 th December 2020
3. Decision/ implementation	Decision made and communicated to Tenderers	7 th December 2020
	Formal agreement in place	11 th December 2020

Evaluation of the Tender / Quote / Award Criteria

Tenderers are required to provide responses and where required supplementary evidence to all questions within both the selection and award stages. Failure to do so may result in the Tenderer's response being excluded from this competition.

(a) Evaluation of Responses

All Tenderer responses which pass the selection stage will have their Tender checked for compliance including completeness and accuracy. Failure to meet any mandatory requirements indicated will result in the tender being considered non-compliant and the Tenderer concerned will be excluded.

(b) Overall Award Criteria

All compliant tenders will be evaluated to determine the 'Most Economically Advantageous Tender'. **The overall award criteria weightings are Quality 40% and Cost 60%.**

In review of the tenders we will be looking for knowledge and experience of all aspects of delivery of these important services.

The tender should cover as a minimum:

- A summary of your understanding of the services / work required
- Relevant experience for delivery of the services/ work required knowledge and experience of key staff who will be working to provide these professional services
- The proposed approach to undertake the services required, and description of what you would do to achieve the Crown Estate Scotland's core purpose and objectives, and how you propose to manage the services and engage with Crown Estate Scotland
- Cost proposal (see Fees and Costs above)
- Other items specified in the "Additional Information" section of this ITT (incl. confirmation of requirements on T's and C's, insurance etc.)

The responses to this ITT will be evaluated based on:

	Quality Question/Criteria	Weighting
1	Previous relevant experience and knowledge of the area of work	16 (40%)
2	Project Team Structure - inc relevant skills and qualifications of proposed team	12 (30%)
3	Understanding of this specific project requirements	12 (30%)
TOTAL	40%	

Cost will be scored relative to the lowest compliant Total Cost submitted and the % weighting applied. Each Quality Criteria will be scored from 0-4 and the percentage weighting applied.

Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.	0 Unacceptable
Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled.	1 Poor
Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas.	2 Acceptable
Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.	3 Good
Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.	4 Excellent

Cost Scoring Methodology

The lowest priced compliant bid will be awarded 100 points. The points for all bids will be scored relative to the lowest priced compliant bid. Thereafter the price weighting detailed will be applied to obtain the final weighted price score. The calculation is as follows:

Lowest Bid divided by Each Bid Multiplied by Price Weighting Factor Multiplied by 100

e.g. If price has been weighted 50% and the lowest compliant bid received is £40,000 and 4 compliant bids have been received: Bidder A £50,000; Bidder B £55,000; Bidder C £40,000 and Bidder D £65,000.

Bidder A score = £40,000 divided by £50,000 multiplied by 50% multiplied by 100 = 40

Bidder B score = £40,000 divided by £55,000 multiplied by 50% multiplied by 100 = 36.4

Bidder C score = £40,000 divided by £40,000 multiplied by 50% multiplied by 100 = 50

Bidder D score = £40,000 divided by £65,000 multiplied by 50% multiplied by 100 = 30.8

The total weighted scores for Cost and Quality will be added together to determine the Most Economically Advantageous Tender (MEAT)

Terms and Conditions

The Crown Estate Scotland Terms and Conditions for Consultancy Services will apply to this purchase and can be found at <https://www.crownestatescotland.com/procurement>

[https://www.crownestatescotland.com/bundles/app/downloads/5fad68b07a1cb_CES%20TCS%20-%20Consultancy%20\(290318\)%20REV.pdf](https://www.crownestatescotland.com/bundles/app/downloads/5fad68b07a1cb_CES%20TCS%20-%20Consultancy%20(290318)%20REV.pdf)

Appendix A ITT item 11.2.4

This section confirms the list of activities / study areas as specified in 11.2.4 Contract Notice and as presented in the Invitation to Tender document OG for H2 report, ITT Final..

11.2.4) Description of the procurement

It is proposed that the study covers the following areas:

- Overview of development and consenting processes for a commercial scale offshore Green and Blue Hydrogen production in the UK, utilising existing research and information where possible
- Overview of different Electrolyser technologies, with identification of those most suited for offshore hydrogen production
- Overview of fundamental approach to making best use of existing infrastructure including transmission lines, and platforms for generation and transmission.
- Overview and cost estimation for key enabling Hydrogen Supply Chain capability and infrastructure including existing offshore Oil and Gas infrastructure, electrolyser supply, port and quayside infrastructure, reinforced quayside areas (with services), operation and maintenance marine and quayside operations
- Cost comparison, and benefit analysis of onshore vs offshore Hydrogen production
- Identifying where generic “risks” in this process exist for a project developer, identified through review of process and engagement with relevant stakeholders. Risks relates to areas of uncertainty in terms of process, programme, cost, knowledge, stakeholders, consultation etc. Risks to be scored (high, med, low)
- Mitigations to the risks identified above to be detailed, their impact scored, and potential actors identified
- Identifying where generic opportunities in this process exist for a project developer. Opportunities relate to the ability for some realistic action to positively impact process, programme, cost, knowledge, stakeholders and consultations by making realistic changes to approach, advance engagement with stakeholders and obtaining required knowledge. Opportunities to be scored (high, med, low), and potential actors identified
- Capacity of the above to deliver strong pipeline of Hydrogen projects from late 2020s to 2050



**Crown Estate
Scotland**
Oighreachd a' Chrùin Alba

- Consideration of Industry demand in likely Hydrogen clusters
- Prioritised recommendations for further work, consistent with SOWEC Energy Transition vision.