



ScotWind Leasing Update - April 2019

In January 2019 we published an update on leasing design and potential timescales and said we would give further information in April 2019. This update covers timings and further information which may be helpful to those considering applying to ScotWind Leasing.

Timings

The timing of the launch of ScotWind Leasing is linked to Marine Scotland's preparation of the new Sectoral Marine Plan for Offshore Wind because we intend to invite applications for Option Agreements based on the areas identified by the planning work.

Our preference is to launch ScotWind Leasing once the Draft Sectoral Marine Plan for Offshore Wind (the 'Draft Plan') has been published. We understand that Marine Scotland currently intends to publish the Draft Plan for consultation in early Autumn 2019, subject to continued discussions with stakeholders.

We will therefore take the following approach with ScotWind Leasing:

- In Summer 2019 we will make available near-final offer documentation and application details as a 'pre-launch' of the leasing. This is intended to assist potential applicants and is currently planned for July. At this pre-launch there may not be clarity on the areas of seabed within which we will invite applications, and we will not be open to receiving applications.
- Our target for the actual launch of ScotWind Leasing is October 2019. This is our current intention but is not a firm commitment.
- We said earlier that we intended allowing four to six months for applicants to prepare applications. We are inclined to select the shorter duration for preparation of applications because of the earlier availability of the pre-launched information. This approach will allow an earlier completion date for the leasing.
- We will maintain flexibility in our thinking about the actual launch date and also the relative timing of the launch of ScotWind Leasing and the date of publication of the Draft Plan.
- We will continue to give advance notice of our forthcoming decisions and actions.

The indicative dates for the various steps would be as follows:

- Pre-launch – Summer 2019, planned for July
- Crown Estate Scotland Leasing Launched – October 2019
- Deadline for applications to Crown Estate Scotland – between February 2020 and April 2020
- Decision taken on which applications are successful – between May 2020 and July 2020

We will give a further update on our intended timings in July 2019, and as appropriate thereafter.

Further information

To assist potential applicants in planning and preparing applications we have set out below the type of information we intend to ask for in application responses. This should be read in conjunction with the information we have published earlier in the May 2018 [Discussion Document](#) and the November 2018 [Update](#) on leasing.



Applicant profiles

We want to enable a diverse range of applicants to take part in the ScotWind Leasing process and as such we do not require applicants to fit one strict profile.

The application must demonstrate that the required resources - both financial and in terms of experience and capabilities - are available to deliver the project. This could be done through one legal entity (a Lead and Sole Applicant) relying on its own financial resources and capacity to deliver the project. This could also be done through a Lead Applicant working together with one or more other legal entities (Project Partners) relying on the resources, capabilities and experience of the group as a whole to deliver the project.

Where an application involves more than one legal entity, we do not require fully formed legal relationships between the parties at the application stage but we will require statements of commitment at board level - or equivalent - providing evidence that all of the organisations are committed to and intend to support the application if it is successful. An application without all the requisite statements of commitment will not be accepted.

Level of financial resources, experience and capability required

A successful applicant will be offered an Option Agreement to allow site development: principally entailing achievement of the necessary consents for the project and the preparation for financial investment decision prior to construction. We will therefore look for the levels of financial resources, capabilities and experience to give confidence that these activities will be pursued successfully.

Indication of questions we may ask in an application form

We first outlined the areas which applicant responses would cover in our Discussion Document in May 2018 and refined them in our November 2018 update. The areas are:

- Project concept
- Project delivery plan
- Capability and experience
- Development budget
- Developer financial resources
- Commitment to the project and preparedness

We are likely to ask applicants to complete an application form and provide us with a number of separate substantive documents. Table 1 below outlines some of the key substantive documents that we are likely to ask for.



Document	Description
Desktop Preliminary Feasibility Study	The study will set out the basis on which the intended project has been selected and will provide confidence that the seabed location and extent is appropriate for that intended project. The study will provide evidence that the intended project has a reasonable prospect of being developed successfully and being economically viable.
Project Delivery Plan – To achieve key project consents	This should demonstrate the applicant’s knowledge of and approach to developing the project identified in the feasibility study through to the stage of obtaining key project consents.
Outline Project Delivery Plan – Onshore	This should demonstrate the applicant’s knowledge of and approach to securing grid capacity and consent for onshore works that may be required.
Outline Project Delivery Plan – From consent to Financial Investment Decision (FID)	This should demonstrate the applicant’s knowledge of and approach to the further engineering and technical work required to achieve FID.
Statement of applicant experience and capability relevant to project development	<p>This should describe relevant experience with reference to each of the following key categories that we have identified:</p> <ul style="list-style-type: none"> • Health and safety • Environment • Project delivery • Technical expertise • Quality assurance and quality control • Partnerships <p>The description of experience should cover all expected Project Partners and may include expected subcontractors. If subcontractor experience and capability is being relied upon then we will expect the subcontractor to provide Board level or equivalent confirmation of its knowledge of and agreement to be part of the project delivery team. We will also require that the account of its experience is accurate and that subcontractors will make available the expertise described (notwithstanding any lack of formal contract in place at the point of making the application).</p> <p>We will also expect full information on the current resource available to work on the project and how the applicant will address any gaps identified in terms of resource or capability.</p>



Document	Description
Detailed development budget	<p>A detailed budget for taking the project to the stage of securing key project consents for the offshore and onshore project elements is required.</p> <p>This budget should be consistent with the situation described in the Desktop Preliminary Feasibility Study and should relate to activities described in the Project Delivery Plan (to achieve key project consents) and the Outline Project Delivery Plan (Onshore).</p>
Nearby windfarm tenants	<p>If any part of the area applied for is separated from an existing offshore windfarm by 5km or less, we will expect documentary evidence that the tenant of each existing agreement is content with proximity of the new intended project.</p>
Information about all organisations responsible for any part of the funding of the project and access to adequate financial resources	<p>Viability of the project being key for Crown Estate Scotland, we will expect detailed information about the financing of the project, including full disclosure and transparency about the identity and financial status of the organisations funding the project, the extent of their obligations, as well as evidence of their financial status and that they have access to, or the ability to secure, the funds required to meet the Development Budget on a timely basis.</p>
Statements of Commitment	<p>Statements of Commitment to honour the position set out on the application - from the Lead and Sole Applicant, or from the Lead Applicant and all Project Partners - at Board level or equivalent are required. It is likely that we will ask for confirmation of the following matters:</p> <ul style="list-style-type: none"> - knowledge of and willingness to participate in this application and the project; - that the resources – financial and otherwise – set out as being available for the project from an organisation will, in fact, be available; - in the case of organisations providing funding for the project, an explanation of the ownership relationship between the funding organisation and a relevant Project Partner; - the funding organisation’s commitment to fund the project as set out in the application; and - any other necessary commitments to honour statements made in the application about the project and its development.

Table 1 - Outline of likely substantive documents



Level of information required

The objective of the evaluation process is to identify applications which are likely to progress successfully through development and construction and are likely to result in operating offshore windfarms. We are aware that at this stage the evaluation is of an application for an Option Agreement and therefore Crown Estate Scotland recognise that detailed information which will emerge from site investigation may not yet be available. Considering this, the depth of information which will be expected at the application stage will be in line with what we could reasonably expect an applicant to have available prior to securing an Option Agreement over a site.

If applicants can however provide further relevant information in the application i.e. demonstrate a level of preparedness which goes beyond that which might be expected prior to an Option Agreement being available, we will seek to give them credit.

Summary

In providing this further information, we are trying to give useful detail that can help potential applicants prepare for the leasing launch and give wider stakeholders an insight into the application process for ScotWind Leasing. The final process may differ from the outline we have given here – for example we may request information and documents not included in Table 1 – but we believe that this indicative information will be of assistance at this stage.

If you have any comments or queries on this update, please email hannah.whyte@crownestatescotland.com or call 0131 260 6071 to speak to Hannah Whyte, Policy & Planning Manager

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