

## **Briefing: Innovation and Targeted Oil & Gas (INTOG) Leasing**

The INTOG leasing process is for offshore wind farms which help decarbonise North Sea oil and gas platforms, bolster innovation, support increased economic activity, and help new companies enter the renewable energy sector.

**Note:** INTOG involves the granting of agreements for developing opportunities and leasing seabed - not selling it. This process is entirely separate to the ScotWind Leasing round which is for commercial scale offshore wind projects.

### **INTOG consists of two distinct elements:**

- Innovation (IN) which is for small scale innovation projects of 100MW or less, and
- Targeted Oil and Gas (TOG) which is specifically designed for offshore wind farms which target the electrification of oil and gas installations.

INTOG leasing aims to attract investment in innovative offshore wind projects in Scottish waters, as well as help decarbonise oil and gas operations to help achieve the targets in the [North Sea Transition Deal](#).

### **Key points**

- As of May 2023, all five innovation INTOG projects have Exclusivity Agreements in place, helping enable the successful applicants to start offshore wind development work while Marine Scotland's planning process for the [INTOG Sectoral Marine Plan](#) (INTOG SMP) is completed.
- TOG projects are expected to sign their Exclusivity Agreements later this year.
- All 13 projects utilise floating wind technology.
- In line with Crown Estate Scotland's plan-led approach, proposed projects which are in the final INTOG SMP will be offered an option agreement to enable further development work. Following the option period, and subject to all conditions being satisfied (e.g. consents and finance being in place), Crown Estate Scotland will offer a seabed lease of 50 years for TOG projects and 25 years for IN projects. Developers can then start construction.
- The area of seabed covered by the IN projects is just over 139km<sup>2</sup> and by the TOG projects 1534km<sup>2</sup> (based on a number of assumptions, a maximum of 1900km<sup>2</sup> for TOG projects and 167km<sup>2</sup> for IN projects was made available through the Scottish Government's [Initial Plan Framework](#).)
- The type of innovations these projects are targeting include development of the supply chain, novel approaches to commercial methods, development of the offshore wind industry into new markets, and cost reduction opportunities.

- Once the SMP has been finalised and option agreements signed (expected 2024), around £262m in applicant fees will be secured. Once projects are operating, further revenues will be secured. All net revenues from Crown Estate Scotland go to Scottish Government for public spending.
- INTOG is expected to present a significant supply chain investment opportunity in Scotland.
- The proposed projects are for up to 499 MW of capacity for IN and up to 5GW for TOG projects.
- This innovative leasing round provides a practical and meaningful way to directly reduce carbon emissions from North Sea oil and gas infrastructure.

### **Scottish supply chain**

- INTOG provides an opportunity to build on Scotland's legacy of offshore engineering for a clean energy future.
- Developers are required to submit a Supply Chain Development Statement (SCDS) in advance of securing an Option Agreement.
- These initial SCDSs provide early indications and cover the full life cycle of projects, from development, manufacturing & construction, through to operations & maintenance.
- SCDS Outlooks outlining the nature and location of the supply chain activity will be updated throughout development, as project specifics such as timing and technology become clearer and as the development of the supply chain progresses. Final SCDSs are submitted just before developers secure a full seabed lease. Where actual supply chain achievements are not in line with the final SCDS commitments, there are contractual remedies ranging from financial penalties to revoking the ability to secure a lease.

### **Applications**

- Applicants were assessed using a mixture of price bid and quality.

All applicants were required to:

- Confirm their compliance with all legal obligations regarding human rights. They are also required to make specific commitments ensuring that they, their group companies, and their supply chain partners have the appropriate policies and mechanisms in place regarding human rights.
- Demonstrate a commitment to adopting Fair Work First practices.
- Submit formal, written assurances that they have not been convicted of unlawful activity in relation to corruption, bribery, human trafficking, and a number of other activities, within the last five years.

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