

BUCHAN OFFSHORE WIND

SCDS Outlook Update



1 SCDS Outlook

Buchan Offshore Wind Limited (formerly known as Floating Energy Alliance) brings together three offshore wind specialists, BayWa r.e. UK Ltd, Elicio NV and BW Ideol SA, whose unique blend of experience and expertise has the potential to accelerate the deployment of floating wind and the growth of its supply chain in Scotland:

- Decade long presence in the Scottish market; successful offshore wind development, financing, construction and O&M
- Successful offshore wind development, financing, construction and O&M
- Innovation through partnerships with suppliers and research bodies
- Presence in key global markets
- Financing and partnering/JVs
- Successful track record of bidding for Contracts for Difference
- Energy trading/PPAs
- Highest standards of Health and Safety

1.1 Our Project

Buchan Offshore Wind Limited is at the early stages of the development of its proposals for a 960MW floating offshore wind farm, comprising some 60 16MW turbines, located in Plan Option Area NE8, some 70km northeast of Peterhead.

The Project will deploy BW Ideol's Damping Pool foundation, a market-leading design lending itself to local manufacture and integration as a result of its shallow draught, simple construction and use of concrete as hull material.

1.2 Our Commitment

Reflecting our unique proposition, we make the following Expenditure Commitments which includes a commitment to manufacture all of our concrete foundations in Scotland.

Table 1 Floating Energy Alliance's expenditure Commitment				
Stage	Scotland (£m)	rUK (£m)	EU (£m)	Elsewhere (£m)
Development	70	17	-	-
Manufacturing & Fabrication	765	387	-	-
Installation	76	169	-	-
Operations	545	278	-	-

Our Commitments reflect the lowest level of expenditure that we expect to achieve in Scotland, and we are focused on achieving the Ambitions set out below.

1.3 Our Ambition

Our Ambition Expenditure reflects the potential growth in Scotland's supply chain as a result of the wider expansion of the sector, and also the actions that we will take to maximise the positive economic impacts of the Project and to build a sustainable offshore wind industry. As our Ambition is towards Scotland and rUK, we have focused the tables on the two first areas. While our development expenditure ambition remains at £200m, we now anticipate £12m spend on site investigations going to a supplier in rUK.

Table 2 Floating Energy Alliance's expenditure Ambition				
Stage	Scotland (£m)	rUK (£m)	EU (£m)	Elsewhere (£m)
Development	188	12	-	-
Manufacturing & Fabrication	1319	795	-	-
Installation	303	196	-	-
Operations	571	329	-	-

1.3.1 Delivering the Ambition

To secure our Commitment and deliver the Ambition, we will seek to work with other developers, suppliers, industry bodies and government at all levels through:

Creation of a Dedicated Supply Chain Development Function

We have now appointed a Supply Chain Manager who is focused on engaging with the supply chain, and mapping the potential expansion of the pool of Scottish-based suppliers with the capability and experience required by different phases and parts of the project. He is actively engaged with the Scottish clusters and Scottish Offshore Wind Energy Council and the SIM (see next section) as we look to maximise the opportunities for Scottish suppliers on our project, and to support initiatives designed to strengthen the wider offshore wind supply chain.

Development of a Supply Chain Fund

In the original SCDS, we described our plan for a Supply Chain Fund which was developed with the assistance of ORE Catapult. The initial proposal focused on manufacturing opportunities in Scotland and £3m was allocated for that purpose, concluding that the fund would have most impact for manufacturing opportunities such as secondary steel, moorings, anchors and electrical systems.

This approach has evolved as a result of the Strategic Investment Model (SIM) which is a joint SOWEC/ Developer approach to infrastructure investment. We now consider that the funding earmarked for the Supply Chain Development Fund would have greater impact if used to support the SIM. The project is actively engaging with the SIM and continues to support it through 'Task and Finish' working groups.

Port Engagement

Our partner, BW Ideol is in advanced discussions with Ardersier Port and we have exchanged a Memorandum of Understanding with the Port of Cromarty Firth, and supported Opportunity Cromarty Firth in their successful Green Freeport bid. Engagement will continue and broaden post-award, as we explore capacity at other ports for O&M activities.

Supply Chain Engagement

Our early decision on selecting our floating foundation design has allowed us to engage with the supply chain on a specific design, construction process and installation philosophy and to be uniquely specific about our supply chain commitments and requirements.

Working with relevant support organisations, we will continue to identify the interventions and processes necessary to build awareness, capacity and competitiveness in all tiers of the supply chain required to deliver and scale the Project.

Over the last 18 months we have developed a deep understanding of the capacity, potential and ambition among suppliers but also the barriers to growth, such as procurement hurdles, risk and uncertainty and transparency. We will ensure our procurement processes encourage and facilitate participation including for Scottish businesses.

Critically, we will, where possible¹, require Tier 1 suppliers to deliver a minimum Scottish content as a pre-qualification, with the level of Scottish content a weighted factor in the commercial evaluation of tenders. We will communicate early and regularly, allowing suppliers to make informed investment choices.

Skills and Training

In addition to our support for manufacturing, we have maintained a strong focus on training and skills development in Scotland and continue to reach out directly to organisations that can support this. We have been working with skills agencies such as ESP to identify skills gaps and training requirements.

Given that construction of Buchan Project will not commence until nearer the end of this decade, our focus has been on targeting young people to encourage them into the industry.

An example of funding that Buchan Project has already committed is £150k to an initiative by UHI which promotes STEM school curriculum in the Highlands and Islands. The funding is jointly provided with 3 other ScotWind Developers. Another example is our sponsorship of CECA Scotland to support them with delivery of civil engineering training for young people in Scottish academies. We are also funding Opportunity Cromarty Firth's 'The PowerHouse' initiative based in Alness. We are represented on the Board of 'The PowerHouse' and are committed to ensuring the initiative grows and develops in a manner that will support industry needs in the future.

We have recently taken an engineering intern into the project and look for other opportunities to engage with university level students. As we approach the construction phase, focus will change to more specific training for technicians and trades people.

1.4 Conclusion

Buchan Offshore Wind is committed to maximising the Project's expenditure and economic impact in Scotland. Our foundation selection allows us to commit to the manufacture of 100% of our foundations in Scotland but our Ambition is to ensure significant Scottish expenditure across the development, manufacturing and fabrication, installation and operations of our project. We will seek to achieve this through engaging directly with the supply chain and by working closely with supporting organisations, such as SOWEC, the enterprise agencies and the industry clusters. We are also actively involved with a number of initiatives designed to support the skilling and training of the thousands of new employees required by developers and suppliers over the next decade and excited about the opportunities our project and ScotWind more widely can deliver.

¹ Naturally all of our procurement will need to comply with e.g. competition and procurement laws, which may restrict our ability to require minimum content.