

Working together for a
cleaner energy future



April 2023

MarramWind SCDS Outlook Update

SCDS Outlook

This Supply Chain Development Statement (SCDS) is written as part of ScottishPower Renewables (SPR) and Shell's (together 'SPR&Shell') award for ScotWind leasing.

Industry Experience

SPR&Shell together have extensive experience of the energy industry. Merging our knowledge and capabilities in offshore activities creates a significant opportunity to develop the Scottish supply chain and a Scottish workforce.

Shell has developed and operated assets in the North Sea for over 50 years and Shell's ambition remains to provide cleaner, integrated energy solutions and offerings to its customers. Today, Shell is a key employer in Scotland with approximately 1,350 employees based here as of January 2021. In 2018, Shell's activity in Scotland created 11,700 full-time equivalent jobs and generated £775 million gross value added to the Scottish economy. Shell has also supported more than 3,000 jobs in the Scottish services sector through supply chain activity.

SPR, part of the UK's first 100% green vertically integrated energy company ScottishPower, is a subsidiary of the global energy firm Iberdrola. Iberdrola has a global ambition to meet a target of 60 GW installed capacity by 2025. With a strong presence in onshore and offshore wind across the UK and Scotland, SPR has positioned itself as a major player in renewable energy. With over 3GW of renewable energy generation across the UK, including the recently completed East Anglia ONE (EA1) which supported approximately 3,500 jobs at the peak of construction, SPR has created a pathway of development in the East Anglia region with a pipeline of three further projects, known as the East Anglia Hub.

SPR&Shell support the goals of the Paris Agreement and Scotland and the UK's ambitious targets of net zero emissions by 2045 and 2050 respectively. SPR was directly involved in the creation of the Offshore Wind Sector Deal which outlines the ambitions to work in partnership with government to further develop the five pillars of the deal: Business Environment, Infrastructure, Ideas, People, and Places. In addition, SPR was co-author of the UK Offshore Wind Industry Review, led by Martin Whitmarsh, offering UK government an independent perspective on the industry and making recommendations for the sector. SPR&Shell are active members of the Scottish Offshore Wind Energy Council (SOWEC) and Offshore Wind Growth Partnership (OWGP) Reference Groups which provides understanding of the opportunities and challenges for the supply chain and wider industry working to resolve these.

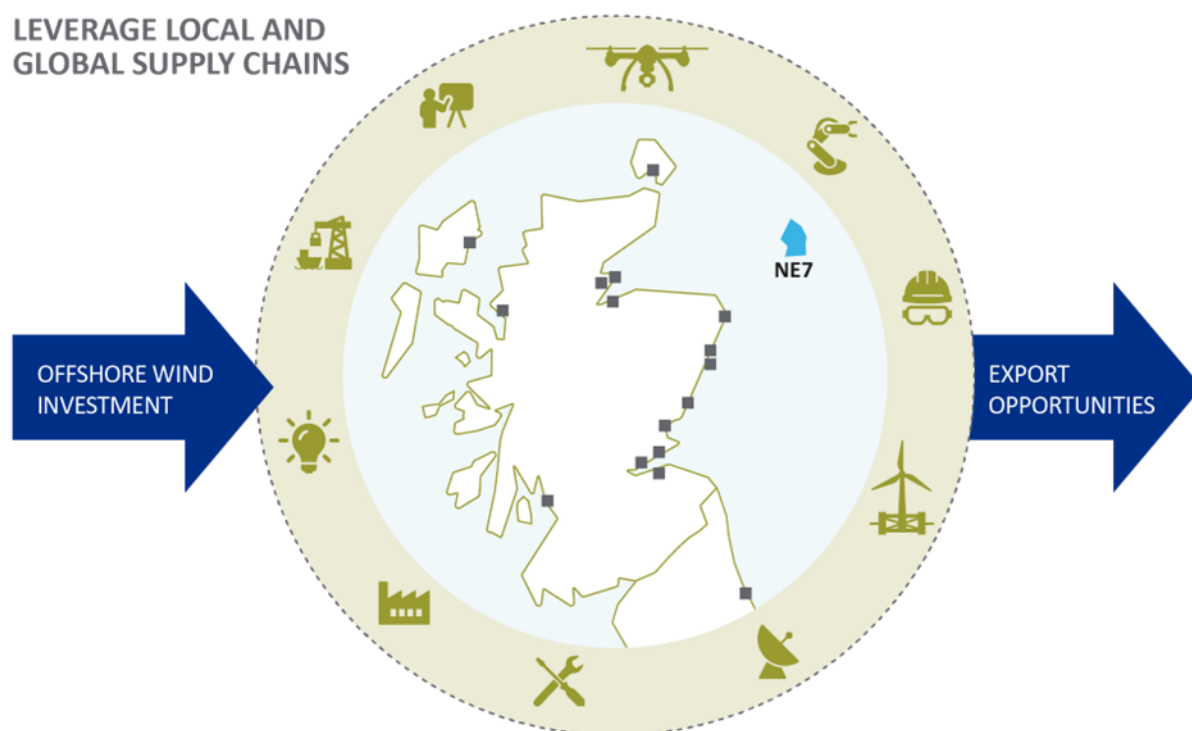
Scottish Supply Chain

The opportunity presented by the ScotWind award for the Scottish supply chain to provide services which are fundamental to the development of offshore projects is significant.

MarramWind will continue to engage with local communities and supply chain including through hosting supplier events. This will allow potential suppliers to work together with key players of the ScotWind process and understand where challenges and opportunities lie, as well as introduce them to Tier 1 suppliers. MarramWind will establish an 'Offshore Wind Stimulus Fund' (OWSF) to invest in infrastructure and facilities in Scotland that will manufacture and service offshore wind projects as well as support companies to innovate and upskill including Small and Mediumsized Enterprises. On entering an Option Agreement, we commit to providing funding of £25 million for MarramWind to benefit the Scottish supply chain. MarramWind will continue to work with suitable partners and enterprise agencies such as Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SoSE) and Deepwind and Forth & Tay clusters to identify Scottish suppliers with potential to fulfil subcontracted scopes of work.

ScotWind projects will create an increase in demand for local skilled labour, therefore we have a long-term skills development plan in place to provide access to training for those wishing to enter the offshore wind industry. MarramWind will continue to work with education facilities to promote diversity and provide support to learn about Science, Technology, Engineering and Maths (STEM) subjects in order to engage from an early age and spark interest in the future workforce.

MarramWind have engaged with various stakeholders to determine the opportunities and challenges for the Scottish offshore wind supply chain. While MarramWind intend to optimise Scottish content, it is evident that significant investment will be required into Scottish facilities to prepare the Scottish market for the pipeline of projects which will be developed through ScotWind leasing. By leveraging global supply chain, investment opportunities will be created to drive a world-leading floating offshore wind supply chain in Scotland with potential export opportunities to the global market.



Forecast Expenditure Tables

Commitment Table				
Project Stage	£ Million			
	Scotland	rUK	EU	Elsewhere
Development	172.0	53.6	56.4	-
Manufacturing & Fabrication	3,137.8	1,012.1	3,890.5	1,031.0
Installation	201.7	230.4	421.1	-
Operation	1,148.4	95.0	63.4	-

Ambition Table				
Project Stage	£ Million			
	Scotland	rUK	EU	Elsewhere
Development	220.0	11.3	50.8	-
Manufacturing & Fabrication	4,522.2	269.1	3,890.5	168.4
Installation	619.7	-	233.4	-
Operation	1,148.4	95.0	63.4	-

The Commitment table is based on current cost expectations accounting for existing challenges and opportunities within the Scottish supply chain. For this exercise, we have assumed the semi-submersible floating foundations will be in steel and concrete. MarramWind acknowledge that the market has yet to evolve, particularly for floating projects, therefore we will be flexible in our approach to technology to deliver strong Scottish and UK content.

The Ambition table outlines cost scenarios which maximise Scottish content and reflects the expenditure following investment in the Scottish offshore wind industry by MarramWind, Scottish Government and other industry bodies. MarramWind are confident that with the appropriate level of investment, the OWSF offering and commitment from all parties, suppliers and Scottish ports can deliver a number of key services for floating offshore wind in Scotland.

MarramWind welcome the opportunity to develop floating offshore wind at a commercial scale in Scotland and will work to collaborate with relevant parties openly and constructively throughout the development of this ScotWind project. MarramWind are committed to a future that is green and believe can deliver a successful project which will help the Scottish Government drive towards their net-zero target by 2045.

MarramWind

A joint venture between ScottishPower and Shell UK

