ScotWind Leasing

Engagement document on Supply Chain Development Statement

June 2020
Section 1: Introduction

1.1 Overview

Crown Estate Scotland has confirmed that ScotWind Leasing will include the requirement for a Supply Chain Development Statement (SCDS), the detail of which is being developed. The final ScotWind Leasing documents, including those relating to the SCDS, will be set out in the Post-adoption Addendum to ScotWind Leasing which will be published after the Sectoral Marine Plan (SMP) for Offshore Wind Energy is finalised and Adopted; the Post-adoption Addendum will give the closing date for applications and any amendments to the Scotwind Leasing documents necessary to reflect the Adopted SMP.

This document is not part of the main leasing offering; it sets out further detail on the SCDS and identifies points on which we would like to receive feedback from interested parties prior to our finalisation of the SCDS. Responses to this document will assist us in finalising the detail of the SCDS. The ScotWind Leasing Offer Document, and the other documents it refers to, set out the ScotWind Leasing offering and how applications to it may be made.

The purpose of ScotWind Leasing is to award seabed agreements for offshore wind projects. The SCDS will be a discrete feature of the seabed agreements designed to support the longer-term sustainability of offshore wind projects. The SCDS is designed to promote and enable flows of information about the way supply chain capability can be developed and to establish a contractual commitment to deliver the finalised SCDS. The intention is for successful ScotWind Leasing applicants to deliver their project in a way which consistently and predictably provides opportunity for the supply chain to understand project requirements.

This document covers the following:
- Section 2 provides an overview of aspects of ScotWind Leasing which are designed to complement the SCDS in supporting the development of offshore wind in Scotland
- Section 3 sets out our current thinking on the SCDS and associated arrangements
- Section 4 gives an overview of how the SCDS will be incorporated into the ScotWind Leasing arrangements
- Section 5 outlines the rationale behind the arrangements and our view of how the SCDS might work in practice
- Section 6 sets out specific areas where we invite feedback from interested parties
- Section 7 sets out the next steps

1.2 Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Current SCDS</td>
<td>The most recent SCDS update submitted to and accepted by Crown Estate Scotland. The Current SCDS at the time an Option Notice is submitted is included in the Option Agreement.</td>
</tr>
<tr>
<td>Development Stage</td>
<td>Duration of project related activities between award of Option Agreement and signature of seabed lease.</td>
</tr>
<tr>
<td>Direct jobs</td>
<td>Jobs that are created or maintained within the Project Team or any sub-contractors and suppliers of the Project Team as a direct result of the Project.</td>
</tr>
<tr>
<td>Elsewhere (Direct FTEs)</td>
<td>Direct jobs created or maintained by companies which are registered outside the EU and UK, expressed as Full Time Equivalent.</td>
</tr>
<tr>
<td>EU (Direct FTEs)</td>
<td>Direct jobs created or maintained by companies which are registered in Europe (excluding the UK), expressed as Full Time Equivalent.</td>
</tr>
</tbody>
</table>
### Full Time Equivalent

One Full Time Equivalent (FTE) means the amount of effort which would be available from an individual working full time for one year.

Employee numbers should be expressed on a FTE basis by applying the following multipliers to employees in each situation:
- Employees/Directors/Partners/Sole Traders working a standard 5 day week (i.e. more than 30 hours per week): 1.0
- As above, working less than 30 hours per week: 0.5
- Working more than 30 hours per week on a seasonal basis (c 6 months per year): 0.5
- Part time working (less than 30 hours per week) on a seasonal basis (c 6 months per year): 0.25

and then multiplying by the number of years that each position will be active in connection with the Project.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Installation Stage</strong></td>
<td>This includes all activities connected with the marine operations necessary to complete the Specified Works.</td>
</tr>
<tr>
<td><strong>Initial SCDS</strong></td>
<td>The SCDS submission which forms part of the ScotWind Leasing application.</td>
</tr>
<tr>
<td><strong>Manufacturing and Fabrication Stage</strong></td>
<td>This includes all activities following Financial Investment Decision (FID) related to the construction and production of all Specified Works.</td>
</tr>
<tr>
<td><strong>Operations Stage</strong></td>
<td>Six years following wind farm completion.</td>
</tr>
<tr>
<td><strong>Option Agreement</strong></td>
<td>The property agreement between Crown Estate Scotland and the developer of an offshore wind project.</td>
</tr>
<tr>
<td><strong>Option Period</strong></td>
<td>The period of up to 10 years commencing on the date of the Option Agreement.</td>
</tr>
<tr>
<td><strong>Phase</strong></td>
<td>A Wind Farm constructed as a discrete phase of activity, that forms part of the overall intended Project, that will be subject to a separate seabed lease.</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>The design, funding, development, operation and maintenance of the Wind Farm on the area (or part thereof) set out in the Option Agreement including substations, and associated ancillary infrastructure or other means of transmission of energy output.</td>
</tr>
<tr>
<td><strong>Responsible Officer</strong></td>
<td>A director or company secretary authorised to act for an organisation.</td>
</tr>
<tr>
<td><strong>rUK (Direct FTEs)</strong></td>
<td>Direct Jobs created or maintained by companies which are registered in UK (excluding Scotland) or jobs which are subject to UK income tax (but not Scottish income tax), expressed as Full Time Equivalent.</td>
</tr>
<tr>
<td><strong>SCDS Commitments</strong></td>
<td>Defined in 3.2, laid out as per the table.</td>
</tr>
<tr>
<td><strong>SCDS Narrative</strong></td>
<td>Information submitted to Crown Estate Scotland which provides explanation and justification for the level and distribution of SCDS Commitments. It will be shared only with public bodies, including the Scottish Government, as appropriate.</td>
</tr>
<tr>
<td><strong>SCDS Outlook</strong></td>
<td>Information shared with Crown Estate Scotland which is considered to be public.</td>
</tr>
<tr>
<td><strong>Scotland (Direct FTEs)</strong></td>
<td>Direct Jobs created which are subject to Scottish income tax, expressed as Full Time Equivalent.</td>
</tr>
<tr>
<td><strong>Specified Works</strong></td>
<td>All of the works which are required for the construction and implementation of the Wind Farm and substations, and associated ancillary infrastructure or other means of transmission of energy output.</td>
</tr>
<tr>
<td><strong>Wind Farm</strong></td>
<td>Wind turbine generators, inter-array cables, and associated ancillary infrastructure.</td>
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</tbody>
</table>
Section 2: Approach to delivering sustainability of offshore wind development in Scotland

This section provides an overview of aspects of ScotWind Leasing which are intended to complement the SCDS in supporting the development of offshore wind in Scotland. This information is provided to give context for the remaining sections. We do not seek views on the arrangements set out in this section because these matters have been fixed and published in the ScotWind Leasing Offer Document and accompanying documents.

All organisations involved in an application to ScotWind Leasing must provide statements of commitment. One of these commitments requires all organisations involved in an application to commit to progressing the intended project in a way which will support the sustainability of offshore wind development. The commitments are given at Board-level to ensure senior level buy-in to supply chain development and are enshrined in Option Agreements and apply throughout the duration of the agreements.

The commitment to support the sustainability of offshore wind development requires agreement holders to:

- Advertise all opportunities for sub-contractors and suppliers in a way which ensures suppliers for which the opportunities may be relevant, including small and medium sized enterprises (SMEs), are aware of procurement activities related to the intended project.
- Alone or in partnership with other successful ScotWind applicants, establish and actively engage with a supply chain forum – or an agreed equivalent – which will operate to ensure information flow about supply chain needs and opportunities is as effective as possible.
- Meet regularly with relevant economic development agencies to inform them of progress, concerns and opportunities regarding their region or companies which they account manage.
- Where applicable, provide to Crown Estate Scotland all Supply Chain Plan information at the time it is submitted as part of the Contract for Difference (CfD) eligibility process.
Section 3: Current thinking on the Supply Chain Development Statement and associated arrangements

3.1 Supply Chain Development Statement forms part of the application to ScotWind Leasing

As part of their application, applicants will be required to submit a SCDS which sets out the level and geographic breakdown of supply chain impact they anticipate from their intended project.

The ScotWind Leasing process does not impose any requirement on the level or location of supply chain impact that is set out by applicants in the SCDS. The SCDS information will not be used in the assessment or scoring of applications.

3.2 SCDS components

The SCDS will consist of three parts: (i) a table setting out the “SCDS Commitments”; (ii) an accompanying narrative and (iii) the “SCDS Outlook”. The SCDS will show the number of Full Time Equivalent (FTE) Direct Jobs that are created or maintained within the supply chain as a direct result of the Project. The information will be required to be disaggregated by project stage and geography.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Scotland (Direct FTEs)</th>
<th>rUK* (Direct FTEs)</th>
<th>EU* (Direct FTEs)</th>
<th>Elsewhere (Direct FTEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing &amp; Fabrication</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Installation</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Operations</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*rUK means “rest of the UK” i.e. that part of the UK that does not include Scotland; EU means the European Union not including the UK.

Applicants should be confident that the intended project will stimulate the FTE Direct Jobs committed to in the SCDS, taking into account the contractual remedies connected to the SCDS Commitments.

The FTE Direct Jobs definition counts all jobs occurring from specific project activities. It is not limited only to contracts signed by project developers but also includes their contractors and suppliers. The definition of “Full Time Equivalent” includes the number of years that jobs exist for, so the SCDS Commitments reflect the combined effect of the number of jobs in existence and the period they persist for.

SDCS Narrative

The SCDS Narrative should include explanation and justification for the level and distribution of FTE Direct Jobs, setting out the assumptions and methodologies used. The SCDS Narrative section should reflect the requirements which need to be met when providing updates to the SCDS (set out in 3.5) and the opportunities that the SCDS might support (set out in 5.1.2). It should also explain how the SCDS addresses the other aspects of ScotWind Leasing supply chain obligations summarised in Section 2, along with other applicable external factors, for example the SOWEC Vision and Goals, and the CfD Supply Chain Plan arrangements relating to competition, innovation, and skills.

SCDS Outlook

Unlike the SCDS Narrative, which is retained by Crown Estate Scotland and shared confidentially with government and public bodies, the SCDS Outlook will be published openly. It can take any structure preferred by applicants but must contain the SCDS Commitments and may include any contextual or supporting information which project developers are content to share publicly.
3.3 Phased projects
In the case of projects which will be constructed in more than one Phase, we expect to see SCDS Commitments specified for each intended Phase. Applicants must include an SCDS Commitments table for each Phase.

3.4 Use of the SCDS
For applicants who are granted an Option Agreement, the SCDS Commitments and SCDS Narrative will be incorporated into that agreement as the Initial SCDS.

The SCDS Narrative (whether Initial SCDS or updated) for each Option Agreement will be shared only with public bodies, including the Scottish Government, as appropriate.

Each SCDS Outlook will be made available in full on the Crown Estate Scotland website.

In addition to each SCDS Outlook, anonymised and aggregated information from the SCDS Narratives may be published where doing so will give visibility to a range of interested parties without compromising commercial considerations.

3.5 Updating the SCDS
Developers will be required to provide an updated SCDS no more than two years after the Initial SCDS, and further updates no more than two years after the most recent updated SCDS, following the format set out in 3.2. Developers may, at their discretion, provide an updated SCDS more frequently.

Each update to the SCDS must include an update to the SCDS Commitments, SCDS Narrative and SCDS Outlook. The SCDS Narrative should set out the reasons for any changes to the SCDS Commitments, an explanation of how the Offshore Wind Sector Deal and, where relevant, the CfD Supply Chain Plan have been applied, and such other information to enable Crown Estate Scotland to decide whether to accept or reject the updated SCDS.

Where the developer proposes to amend the SCDS, the type of evidence that should be submitted with the updated SCDS Narrative includes:

- the previous assumptions in relation to the supply chain and why those assumptions have changed;
- the engagement the developer has undertaken with the relevant supply chain organisation(s) to enable any supply chain development on which the previous SCDS was predicated;
- the engagement that the developer has had with any relevant economic development agencies to enable any supply chain development on which the previous SCDS was predicated; and
- such other information as Crown Estate Scotland may require in the circumstances.

As part of the exercise, Crown Estate Scotland will be seeking to assess the adequacy of the explanation given for the SCDS changes and evidence that the developer has made efforts to achieve the previous SCDS.

When an updated SCDS is accepted by Crown Estate Scotland, it will replace the previous SCDS and will become the Current SCDS. If it is decided during the Development Stage that a Project will be delivered in more than one Phase where previously a single unified SCDS had been submitted, an update to the SCDS should be provided, with separate SCDS Commitments tables for each Phase and the SCDS Narrative should include the rationale for allocation of FTE Jobs between Phases.

3.6 Contracted Position Statement
3.6.1 Submission of Contracted Position Statement
Developers must submit to Crown Estate Scotland a Contracted Position Statement (CPS) no more than six months prior to submitting an Option Notice under the Option Agreement.

A CPS will not be accepted if submitted within three months of the date of acceptance of the Current SCDS.

If an Option Notice is to be submitted more than six months after the date of an accepted CPS, then an updated
CPS must be submitted and accepted prior to an Option Notice submission.

Crown Estate Scotland will endeavour to determine within one month whether it accepts the CPS.

Within the Option Period, no more than four CPS may be submitted to Crown Estate Scotland in respect of any Phase of a project that is developed in separate Phases, or in total if the project is developed as a single Phase.

### 3.6.2 Content of CPS

The CPS should contain four components: (i) the FTE Direct Jobs which will result from the Project; (ii) supporting information providing: evidence of what the contracted position and its employment consequences will be; and an explanation of how the other aspects of ScotWind Leasing supply chain obligations summarised in Section 2 have been applied; (iii) confirmation from company representatives that the contracting arrangements described in (ii) will be entered; (iv) definition of the intended timescales and activities for lease signature and financial close.

Part (i) of the CPS should include the FTE Direct Jobs which did result from any completed activities and the FTE Direct Jobs which will result from the contracts and activities in the future, with the same breakdown by project stage and geographic area as in the SCDS.

Part (ii) CPS supporting information must include:

- details of how the project team supported the sustainability of offshore wind development through the Option Period; and
- extracts from near final contracts demonstrating that the SCDS Commitments have been incorporated in a way which can secure the outcomes stated in the CPS.

Since the CPS will be produced near the time that an Option Notice is to be presented, we anticipate that the CPS supporting information will be able to set out the actual supply chain activity during the Development Stage. For future stages (Manufacturing & Fabrication, Installation, Operations) the supporting information must set out how the commitments in the CPS for these stages will be achieved.

Part (iii) of the CPS must contain confirmation that future contracts will be entered on terms outlined in the supporting information in letter(s) signed by a Responsible Officer from the Tenant Organisation and also a Responsible Officer from organisations whose contracts will have a material impact on the delivery of the CPS (this is likely to be limited to those that the Tenant Organisation is directly contracting, as we would anticipate that contracts entered by the developer with first tier contractors would include terms which propagate any necessary provisions relating to supply chain development down into subcontracts in the supply chain).

Part (iv) is sought to provide evidence that it is reasonably likely that an Option Notice will be forthcoming before expiry of the CPS.

### 3.6.3 Acceptance of CPS

Crown Estate Scotland will only accept the CPS if the supporting information provides evidence that the FTE Direct Jobs that are stated as arising from the contracted position will actually be secured via the intended contracting arrangements, and confirmation is present from all relevant Responsible Officers that the intended contracting arrangements will be entered.

Crown Estate Scotland will have the right to audit information relating to expenditure in advance of confirming acceptance of the CPS. This may be used to ensure that CPS supporting information relating to Development Stage supply chain activities is accurate.
### 3.7 Comparison of CPS and SCDS, and contractual remedies

A CPS which has been accepted by Crown Estate Scotland will be compared with the Current SCDS.

The Current SCDS will set out 16 separate FTE Direct Jobs levels, one for each entry in the SCDS Commitments table. The Percentage Achievement of each commitment for the specific project stage and geographic area is calculated as follows:

- If the FTE Direct Jobs shown on the Current SCDS has the value zero, then Percentage Achievement is 100%.
- If the FTE Direct Jobs shown on the Current SCDS does not have the value zero, then Percentage Achievement = \(\frac{100 \times (FTE\ Direct\ Jobs\ shown\ on\ the\ proposed\ CPS)}{(FTE\ Direct\ Jobs\ shown\ on\ the\ Current\ SCDS)}\)

The measure of achievement of the SCDS which is used for determining any contractual remedy is the Lowest Percentage Achievement, which is the minimum of the 16 Percentage Achievement figures.

There may be a payment triggered by the Lowest Percentage Achievement, as detailed in the table below. The payment exists to protect Crown Estate Scotland's legitimate interest and is seen as a reasonable payment in all the circumstances.

<table>
<thead>
<tr>
<th>Lowest Percentage Achievement</th>
<th>Remedy</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% or more</td>
<td>None</td>
</tr>
<tr>
<td>90% up to but not including 100%</td>
<td>Payment of £50,000</td>
</tr>
<tr>
<td>50% up to but not including 90%</td>
<td>Payment of £100,000</td>
</tr>
<tr>
<td>10% up to but not including 50%</td>
<td>Payment of £250,000</td>
</tr>
<tr>
<td>0%-10%</td>
<td>An Option Notice may not be submitted</td>
</tr>
</tbody>
</table>

Each accepted CPS will be shared with other public bodies, including the Scottish Government, and may be published as appropriate.

### 3.8 Lease

Following award of each lease, the supply chain activity should progress in accordance with the corresponding CPS.

To promote transparency and to track progress, leases will include a requirement for reporting every two years on the delivery of the outcomes in the accepted CPS (until the end of the Operations Stage).

This regular reporting should be prepared in a way which aligns with other relevant supply chain measures across the UK, such as Supply Chain Plans linked to Contracts for Difference, SOWEC Vision and Goals, and the Offshore Wind Sector Deal.
Section 4: How the SCDS will be incorporated into the ScotWind Leasing arrangements

The SCDS requires certain obligations and drafting across the ScotWind Leasing documents to implement the provisions:

- The Application Form requires that a SCDS is provided.
- The Schedule to the Option Agreement will contain a Part which holds the Current SCDS.
- The Option Agreement will contain a clause covering updates to the SCDS that reflects the arrangements set out in 3.5.
- The Option Agreement will contain a clause covering submission of the CPS and the determination of any contractual remedies set out in 3.6 and 3.7.
- The lease will contain a clause covering reporting on the contracted position as set out in 3.8.
- The model form of Option Agreement and lease included with the leasing launch document pack include detailed drafting on these points to give clarity of the direction of our thinking, but that drafting is in square brackets to acknowledge that via this document we are seeking input from interested parties on the detail of the arrangements.
Section 5: Rationale and how the Supply Chain Development Statement might work in practice

5.1 Rationale

5.1.1 Package of measures

Alignment between supply chain elements in ScotWind Leasing and any UK or Scottish Government measures will support confidence in, and sustainability of, the offshore wind sector.

The SCDS has been developed to complement:

- The Offshore Wind Sector Deal, which includes commitments which represent stretching UK-wide targets shared between Industry and UK Government across a range of measures. Successful delivery of industry commitments is considered essential for the medium and long-term support of the ambitious UK wide targets to 2030 and 2050.
- The Supply Chain Plan process which is part of the UK Government Contracts for Difference (CfD) scheme. The Supply Chain Plan process occurs around the time of CfD eligibility onwards and seeks to ensure that offshore wind project's plan for the necessary competition, innovation and skills to promote long-term health of the industry and UK economy.

The SCDS is designed to provide an additional and complementary measure in support of the development of offshore wind supply chain capability.

5.1.2 Overview of the role the SCDS is intended to play

The long-term sustainability of offshore wind development will be aided by the development of supply chain capability that is able to support the establishment of successful projects in Scotland, wherever that capability is itself located. The development of supply chain capability depends on investment in skills, infrastructure and facilities. Such investment is best facilitated by there being a clearly visible future market for supply chain capability and growth.

The supply chain requirements and opportunities associated with offshore wind developments will inevitably evolve as each project progresses.

The SCDS provides a clear and transparent outline of the anticipated supply chain requirements for each proposed project, and the associated assumptions and dependencies, which will allow opportunities to be identified and for barriers and risks to be reduced.

The CPS and the associated contractual remedies that we have outlined serve two main purposes. Firstly, the possibility of contractual remedies will tend to encourage realistic SCDSs. Additionally, these contractual remedies should motivate developers and their contractors to commit resources and effective activity to ensure that the goals of the SCDS are achieved.

Allowing developers the ability to update the SCDS as their project proceeds means they can present a realistic view of the supply chain prospects at each point in that project's development. The requirement for developers to provide evidence that effort was made to secure the previous SCDS before an updated SCDS will be accepted will encourage developers to actively and regularly engage with their supply chain. It will also mean that each SCDS that is provided (with the associated SCDS Outlook, which is made public) will bring with it the implicit commitment that the developer will strive to fulfil the details contained in that SCDS. The SCDS will therefore carry a degree of weight in terms of indicators of future supply chain requirement; it is expected that this information will be a contributor to the business case and decision making processes for the investments needed to increase supply chain capacity and capability at the scale necessary for the future offshore wind market to flourish.
5.1.3 SCDS Outlook

The SCDS Outlook enables developers to determine non-confidential information from their SCDS Commitments which may be openly disseminated. The SCDS Outlook must be consistent with the SCDS Commitments, which are linked to contractual remedies if not achieved. This link to contractual remedy means interested parties will be able to regard the SCDS Outlook with a degree of confidence.

5.1.4 Detailed aspects of SCDS design

<table>
<thead>
<tr>
<th>Element of SCDS mechanism</th>
<th>Commentary on rationale</th>
</tr>
</thead>
</table>
| Single number FTE Jobs metric disaggregated by stage and location. | • Simple and robust basis for contractual evaluation and remedy.  
• Acts as proxy indicator for the full supply chain activity and requirements that might be associated with a development. |
| Updating the SCDS | • Allowing the SCDS to be updated over time will ensure that by the time the CPS is provided it will be robust and deliverable.  
• Encourages developers to provide realistic and meaningful proposals. |
| High level of certainty required as to what the FTE Direct Jobs will be that flow from the contracted position – the CPS requires evidence that the contracted position will yield FTE Direct Jobs. We understand this goes beyond what would typically be seen in offshore wind contracting and could be a consideration in the commercial balance of such agreements. | • Provides developers with greater clarity on whether the levels set out in a CPS will be accepted by Crown Estate Scotland than would be the case if a less prescriptive approach was to be accepted.  
• Developers are free to determine the level of SCDS which is submitted and are therefore able to choose to take on, or avoid, any attendant cost and/or risk associated with meeting the high level of certainty that we require in the CPS.  
• The incorporation of contractual remedies which apply when a developer falls short of the SCDS should encourage realistic plans in the SCDS, particularly for later updates. While this may potentially lower the level of supply chain development that is offered in some cases, it should increase confidence in the SCDS. |
| Appropriate financial remedy for Percentage Achievements which fall short of the SCDS Commitments; prevention of submission of an Option Notice only for the lowest levels of Percentage Achievement. | The inclusion of a financial remedy is to protect Crown Estate Scotland’s commercial interest. Should the SCDS prove to be unreliable this will cause detriment to Crown Estate Scotland in a number of ways. The provision of unrealistic information may result in misdirected investment by third parties, or lost opportunities to invest – which may negatively impact the potential future development of offshore wind. The financial remedy therefore needs to be of an appropriate nature. If the remedy levels are set too high then there is a risk that the level of SCDS offered will be depressed. Depression of SCDS will be counterproductive because it may:

- mask investment signals which would otherwise be available to supply chain;
- under-report progress being made by the industry on delivery of Sector Deal ambition and likelihood of Supply Chain Plan delivery; and
- prevent a realistic view being available to Crown Estate Scotland and Government of what could be achieved and what securing it might depend on.

The presence of the Option Notice remedy should be considered in the context of the full package of arrangements, which include:

- the level of SCDS that is proposed is set by the developer and is not assessed by Crown Estate Scotland;
- updates to the SCDS are permitted throughout the Option Period; and
- more than one CPS may be submitted. |
Section 6: Feedback invited from interested parties

The main parameters and features of the SCDS have been decided and were set out in January 2020 (https://www.crownestatescotland.com/media-and-notices/news-media-releases-opinion/scotwind-leasing-updated-statement-on-supply-chain-measures). We wish to invite feedback from interested parties on some points of detail where it may be possible that the arrangements could be fine-tuned to maximise their ability to support the development of offshore wind in Scotland.

Question 1
For the SCDS Commitments, is there a metric other than FTE Direct jobs that would permit a clear and robust definition, but which would better enable developers to articulate supply chain impact?

Question 2
Is six months prior to Option Notice the right lead-in time for submission of CPS to balance:
(i) need for developer to have acceptable risk profile when committing funds to get to financial close; and
(ii) the degree of progress that must have been made to enable developers to provide extracts from near final contracts to demonstrate that the SCDS Commitments have been incorporated in a way which can secure the outcomes stated in the CPS?

Question 3
The SCDS, and all updates, will be shared with public bodies. The SCDS Outlook will be published. Anonymised and aggregated information from the SCDS Narratives may be published where doing so will give visibility to a range of interested parties without compromising commercial considerations.

How could the proposed approach be refined to avoid adverse impacts on developers’ supply chain and procurement strategies whilst providing good visibility of opportunity for supply chain companies and helping align public sector activity?

Question 4
What are the considerations of developers when assessing the relationship between remedy levels and the level of commitment included in the SCDS?

Question 5
The SCDS approach aligns with the structure and areas of focus in the Offshore Wind Sector Deal and CfD Supply Chain Plan. What amendments could be made for the SCDS and/or the accompanying process to be more directly relevant for developers to evidence a coordinated approach between the industry or government activities?

Question 6
Is there any area of ScotWind Leasing which may be influenced by the SCDS process? Please explain if these interactions are positive or not, and any alterations which could be considered to enhance the leasing as a whole.

Question 7
Obligations in the lease will require regular reporting during a portion of the lease period.
Should Crown Estate Scotland consider amending the proposed frequency or duration of reporting? If yes, please explain and justify an alternative approach.

The responses received to these questions will be considered when we finalise the SCDS details.

We invite responses to these questions, in written form, via scotwind.leasing@crownestatescotland.com. Please submit responses before 29 July 2020 and clearly indicate whether you are responding as an individual or representing the views of an organisation.
We recognise that it will be helpful for us to understand wider points of view or that interested parties may wish to include a range of information in support of submissions, but we would encourage your responses to include direct response to the questions we have asked.

**Section 7: Next steps**

Shortly after the Adopted Sectoral Marine Plan becomes available, we will publish the Post-adoption Addendum to ScotWind Leasing which will include any necessary changes to the ScotWind Leasing arrangements, confirmed details of the SCDS, and notification of the Closing Date for applications.