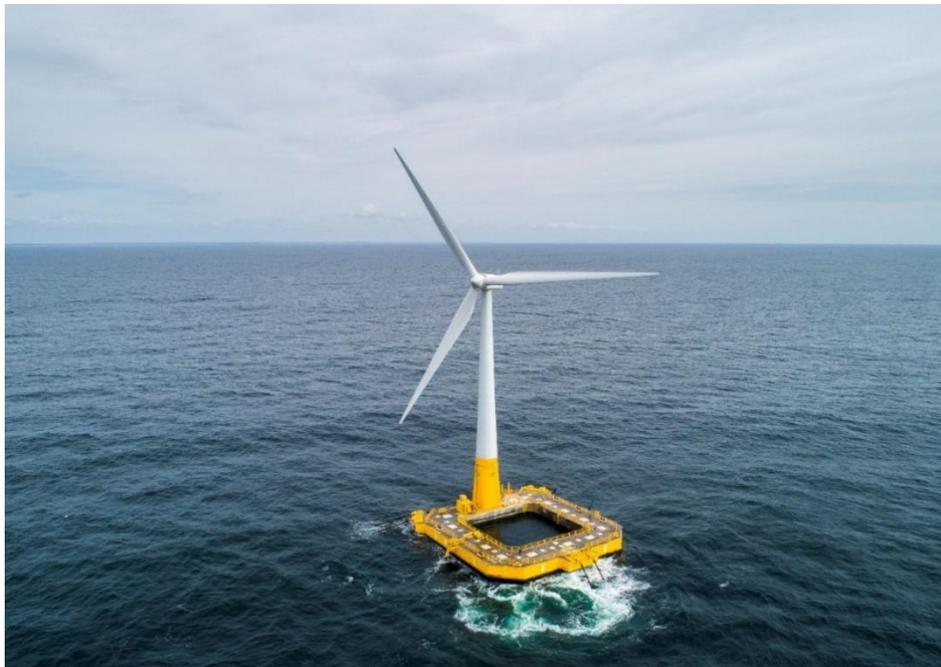


Application Form Response:

Part A: Basic Information

A13. SCDS Outlook



1 SCDS Outlook

Floating Energy Alliance (FEA) brings together three offshore wind specialists, BayWa r.e. UK Ltd, Elicio NV and 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 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

We will deploy a proven and bankable floating foundation technology (Ideol) which maximises opportunities for Scotland's supply chain as part of our commitment to maximising local content and supporting Scottish manufacturing.

1.1 Our Project

We propose to deliver a Project with a capacity of 960MW, comprising 60 16MW turbines, located in Plan Option Area NE8, some 70km northeast of Peterhead. The Project would deploy 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 working to 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 ScotWind and 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, but also to keep confidentiality on our total estimated expenditures per phase, we have focused the tables on the two first areas.

Table 2 Floating Energy Alliance's expenditure Ambition				
Stage	Scotland (£m)	rUK (£m)	EU (£m)	Elsewhere (£m)
Development	200	-	-	-
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:

1 Creation of a Dedicated Supply Chain Development Function

We will create a dedicated project delivery team aimed specifically at supply chain development and led by a dedicated Supply Chain Development Director with experience of international EPC procurement, project management and supply chain engagement. The team will deliver a number of complementary workstreams around skills development, engagement with port operators, and engagement with the wider supply chain, all aimed at building supply chain capability, capacity and competitiveness.

2 Development of a Supply Chain Fund

We have worked with the Offshore Renewable Energy Catapult to develop a £4million Supply Chain Fund proposal designed to bridge the gap between the opportunities that the Project will create and the capability of the local supply chain to successfully bid and deliver. We will contribute £3m and expect to leverage a further £1m. The fund will be targeted at segments of the supply chain where our analysis indicates significant growth potential, such as Balance of Plant. The fund will provide grants to help increase capability and advice and expertise to improve competitiveness.

3 Port 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. We are in advanced discussions with port operators, have exchanged a Letter of Intent with the Port of Cromarty Firth, and engaged with contractors on outline proposals to fully construct our foundations and the facilities required to assemble and install wind turbines at the quayside.

Engagement will continue and broaden post-award, as we explore capacity at other ports and support the development of marine contractors with the potential to work on the construction and installation of the project.

4 Supply Chain Engagement

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.

1.3.2 Conclusion

FEA 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 invest in achieving that through a series of interventions, including our own Supply Chain Fund, and will work closely with the many supporting organisations aligned with that goal, including SOWEC, the enterprise agencies and the industry clusters.

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.