



Clearing Process

1. Introduction

The purpose of this document is to provide a procedural update for eligible Applicants further to our explanation of Clearing in our ScotWind Offer Document¹. This document is intended to provide eligible Applicants with additional detail of the intended process and timescales of Clearing in advance of the final confirmation of the process and the available areas, which will be provided once 1st Batch Offer Option Agreements are signed.

Conditions for Clearing

Clearing is intended to provide an opportunity within the first cycle of ScotWind Leasing for capable Applicants (achieving a coarse grade higher than Band 1) who did not receive an offer of an Option Agreement – “eligible Applicants”.

We explained that several conditions must be met before Clearing requests may be made, and if these conditions are met, we will invite requests for Clearing from eligible Applicants. Those conditions are:

- There must be scope for further Option Agreements within any restrictions imposed by the Sectoral Marine Plan (SMP).
- There must be at least one Applicant which is entitled to make a Clearing request.
- At least one Applicant who is in a position to make a Clearing request must confirm that it intends to do so.

Scope for further Option Agreements

The SMP restricted the aggregate area of all ScotWind Leasing Option Agreements awarded to no more than 8,600 km². Based on our initial analysis of the first cycle application results and 1st Batch offers, the entirety of the **NE1** Plan Option would be available for Clearing applications. Parts of other Plan Options that have not yet reached their maximum potential area awarded in line with our Offer Document (section 3.1.1) may be available subject to the consent of existing tenants or 1st Batch Offer Holders as detailed further below. In the event of an Option Agreement(s) not being signed, other areas may also be included. Confirmation of available Clearing areas is likely to be in April as detailed in Section 7, Timeframes.

The guidelines in the Offer Document at Section 5.4.3, Explanation of Clearing, state that Clearing Applicants are required to have consent from wind farm tenants if project boundaries are separated from them by 5km or less. Clearing Applicants are also required to have consent from 1st Batch Offer Holders if project boundaries are separated from them by 35km or less.

To ensure that the Clearing process is fair, robust and transparent, and that all Applicants are treated equally, Crown Estate Scotland will seek consent via a written letter from existing wind farm tenants or 1st Batch Offer Holders prior to areas being made available and finalised for Clearing. Only consented areas will be included in Clearing.

¹ ScotWind Leasing, Offer Document April 2021 (“Offer Document”) Section 5.4.3 Explanation of Clearing



Eligible Applicants

Applicants that achieved a coarse grade higher than Band 1 but did not receive an offer of an Option Agreement are eligible to make a Clearing request.

The standard of quality of ScotWind applications was very high, therefore, there are a number of applications that scored higher than a Band 1 and were unsuccessful in receiving an offer of an Option Agreement. As a result, we are inviting requests for Clearing.

2. Clearing Process – not a full evaluation cycle

Clearing is not an opportunity for Applicants to re-start the application process or for new market entrants to compete for seabed. Clearing is not a new ScotWind cycle. Clearing is only open to those applicants who have already had an application evaluated. Clearing Applicants will be required to provide only a limited amount of “new” information to participate in Clearing as detailed below.

Clearing applications will only be accepted from Applicants who have already met the conditions set out for ScotWind Leasing (i.e., have achieved a coarse grade of Band 2 or higher), and competing interest will be resolved in the same way as for the initial batch or batches of awards.²

The overall coarse grade, detailed numerical score, and randomly allocated number from the original applications will be carried through for consideration in Clearing. The coarse grade and detailed numerical scores that represent the outcome of our evaluation of the original applications continue to be relevant in the Clearing process as our evaluation process was designed to achieve the aim set out in Offer Document 5.1.1 *“to determine whether we have sufficient confidence that an application is likely to result in a successful project for us to be willing to offer an Option Agreement.”* So long as the Applicant Project Partners, and therefore capability and experience of the Applicant, remain unchanged, our evaluation outcomes remain unchanged. As set out below, Clearing Applicants will have to confirm that the Project Partners and G1 Commitments are carried through from the original application.

Information required from Applicants

As the coarse grade and detailed numerical score will be carried through from the original application, Applicants who wish to participate in Clearing will only be required to provide a limited amount of “new” information. The table below sets out the information that we will need to determine the outcome of the Clearing Option Award (i.e., create the ranking table), and the minimum information required to inform our preparation of Option Agreements. The Clearing Application Form will include all the information marked “new” and other information listed will be carried through from the original application documentation.

² Offer Document at Section 5.3.1



Description	New	Carried through
Application unique code name		✓
Application area boundary (shapefile to be provided)	✓	
Total application area	✓	
Applicant Valuation	✓	
Option Period	✓	
Intended installed capacity	✓	
Intended capacity of first phase	✓	
SCDS	✓	
Confirmation of commitments	✓	
G1 Commitments		✓
Project Partners		✓
Equity Ownership		✓

3. How successful Clearing applications will be identified

Successful Clearing applications will be identified in the same manner as the original evaluation process. The Applications will then be set in overall ranking order considering four scoring inputs successively:

- A coarse grading which can be Band 2 or Band 3, with Band 3 being highest ranked;
- An Applicant Valuation, as per the pre-defined levels set out in the Application Form, that range from £2,000/km² to £100,000/km². Higher valuations are higher ranked;
- A detailed numerical score, which will be between 0 and 450. Higher scores are ranked higher; and
- Random number allocation at Registration (described in Offer Document Section 4.1). Higher number is ranked higher.

Consideration of competing applications will be considered following the process as detailed in the Offer Document Section 5.4.1 – 5.4.2.

4. Supply Chain Development Statements (SCDS)

As with the original application submission, the Supply Chain Development Statement will not be evaluated. However, as the SCDS is required to be project specific and becomes a schedule to the Option Agreement it is reasonable for applicants to revisit and make any necessary changes to reflect the project applied for in Clearing.



5. G1 Commitments

Clearing is not an opportunity for new market entrants. The Clearing Application Form will require ScotWind applicants to indicate that the original commitments made in relation to their G1 Commitments remain valid and true to reflect the time passed between the original submission and participation in the Clearing process.

6. How to Apply

We will confirm the areas available and final process in Clearing via a portal message to eligible Applicants in April.

Eligible Applicants will receive a message through the existing ScotWind application portal event ‘*ScotWind Leasing Applications April 2021*’. An attachment template will be provided with the message, on which eligible Applicants can confirm their intention to participate in Clearing.

Applicants interested in participating should reply to the portal message within five (5) working days, with their completed confirmation attachment. Where no reply is received, it will be assumed that the Applicant will not be taking part in the Clearing process. Note, providing confirmation that you wish to participate does not result in an obligation to apply.

A new Clearing event will be created on the ScotWind Leasing portal and those who have confirmed that they wish to participate will be granted access.

The application window will open in the Clearing event, with reminders sent to ensure awareness of application deadline. Eligible Applicants will be required to upload new information and fill out a Clearing Application Form via the portal by an advertised deadline.

Applicants will have the opportunity to submit clarifications via the portal up to two weeks prior to the Application deadline. Crown Estate Scotland will endeavour to provide regular clarification responses to all Applicants using the Communications tab in the portal.

Crown Estate Scotland will complete the evaluation process and communicate the outcome to all Applicants.

7. Timescales

Current estimated timescales for the process are below. Note, these are approximate and subject to change. Factors that may impact timeline include but are not limited to the volume and quality of submissions, and 1st Batch offers not yet being signed, or no longer being progressed to signature resulting in 2nd Batch Option Agreements being offered:

Activity	Date/Duration
Clearing Areas confirmed and eligible Applicants invited to indicate whether they wish to participate in Clearing (no obligation to apply)	April
Deadline for eligible Applicants to confirm interest in Clearing	2 weeks after clearing areas confirmed
New portal event opens for eligible Applicants	5 working days after Applicant confirmation



Period for receipt of clarifications from Applicants	From portal event opening until 2 weeks prior to submission deadline
Applicants prepare submissions and submit	8 weeks from portal event opening
Application Completeness & Legibility Check by CES	2 weeks from portal closing
Clarifications to Applicants on Completeness & Legibility Check	3 working days
Evaluation of Clearing Applications by CES	4 weeks
Offer Option Agreements	1 working day
Sign Option Agreements	8 weeks after offer

This is our provisional view of the estimated durations for the steps above. Eligible Applicants should note that this position may change, but we wish to give a broad indication of our current thinking. We will provide an updated timetable with firm dates once application numbers are known.

8. Disclaimer

This document provides guidance to the process for securing an Option Agreement through Clearing. It is not intended to be a definitive guide to the legal content of contractual agreements with any successful Applicant. For the avoidance of doubt the Option Agreement or Lease and any other legal documents referred to in these documents set out the legal terms for such arrangements and this document provides a summary only. Neither Crown Estate Scotland nor any of its advisors accept any liability or responsibility for the adequacy, accuracy or completeness of any of the information or opinions contained in this document. No representation or warranty, express or implied, is or will be given by Crown Estate Scotland or any of its agents or advisors with respect to the information or opinions contained in it. Any such liability or responsibility is hereby expressly disclaimed. The document is provided solely for the purposes set out in it and is not intended to provide the basis of any investment decision. Nothing in the document is, or should be relied upon, as a promise or representation as to Crown Estate Scotland's ultimate decision in relation to the award of an Option Agreement or Lease, which will depend on the outcome of the Clearing process and other external factors. For the avoidance of doubt nothing in the document constitutes an offer which is capable of acceptance by an Applicant. Crown Estate Scotland cannot in any circumstances be held responsible for any costs incurred by an Applicant which relate in any way to the document or application. Crown Estate Scotland does not owe any duty of care to any Applicant in respect of matters arising in any way out of the document or such procedures and processes. Applicants should note that they are responsible for checking, at their own expense, the accuracy of all information on which they rely in connection with this document, whether produced by Crown Estate Scotland or not. Further, all expenses incurred by an Applicant in respect of and consequent upon this document are for the Applicant's own account