

Stromar Offshore Wind Farm

Supply Chain Development Statement (SCDS) Outlook

April 2023 SCDS Outlook

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SCDS summary

This SCDS outlines our strategy to deliver one of the largest floating OSW projects in the world, with a commitment to ensure high levels of local content within Scotland and wider United Kingdom (UK).

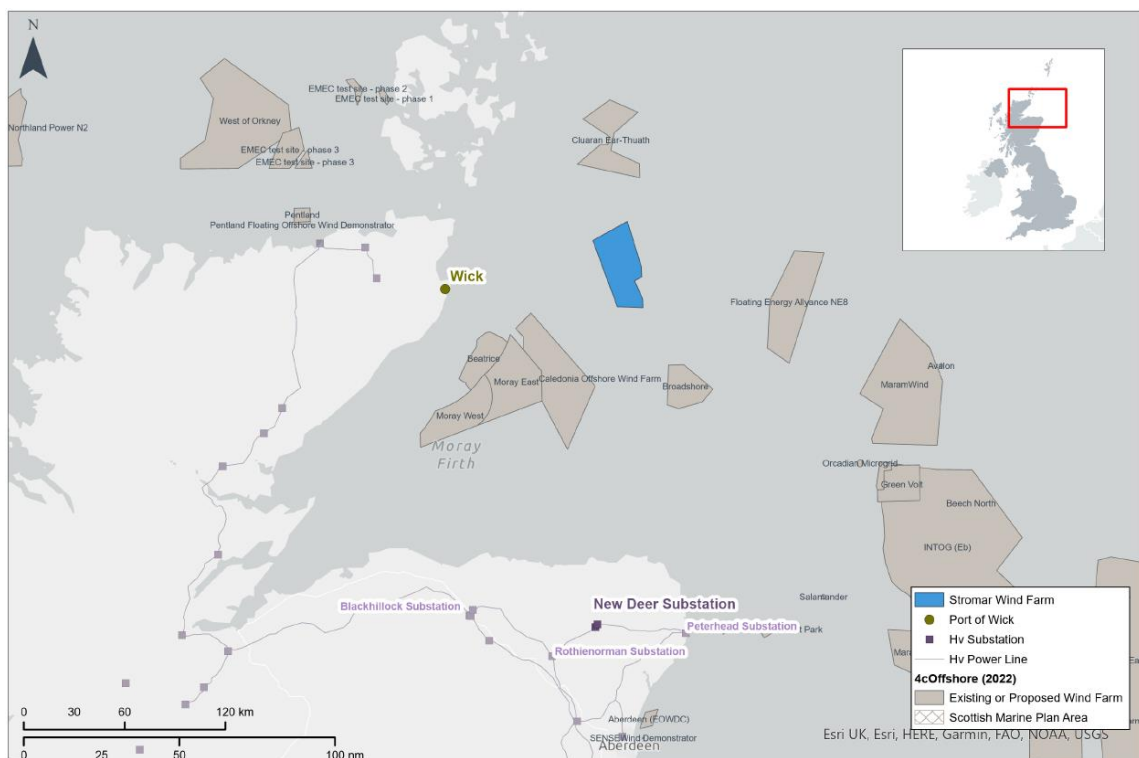
The Stromar Offshore Wind Farm (previously ‘Cygnus’ in the last issue of this SCDS) is a 1 GW OSW farm, which is being developed by “The Partners” – Ørsted, BlueFloat Energy and Renantis.

We are committed to ensuring the successful development of commercial floating OSW in Scotland. Our ambition is to spend **£2.27 billion** within the Scottish supply chain over the period of the project lifetime, with a commitment of up to **£1.48 billion**. We aim to deliver a more sustainable industry and share economic value with the wider Scottish community.

Over the last year, we have been improving our knowledge of the domestic market and have been leading on several initiatives and engagement exercises as part of our commitment to develop a domestic supply chain. The Stromar Offshore Wind Farm is however still in an early stage of development. Uncertainty remains over our project baseline, market conditions and the outlook of the domestic supply chain. As a result of these uncertainties, expenditure figures remain unchanged from the last SCDS issued as part of our bid submission in April 2022.

This SCDS focuses on project activities that have occurred since April 2022 and will discuss in more detail the types of engagement and initiatives that have been led between The Partners.

Figure 1 – Stromar Offshore Wind Farm schematic



1 Commitments and ambitions

Table 1 SCDS commitments table

	Scotland	rUK	EU	RoW
1- Development Stage	£154m	£81m	£11m	-
2- Manufacture & Fabrication Stage	£819m	£301m	£914m	£154m
3- Installation Stage	£404m	£22m	£215m	-
4- Operations Stage	£106m	£37m	£70m	-
Total	£1,483m	£441m	£1,210m	£154m

Table 2 SCDS ambitions table

	Scotland	rUK	EU	RoW
1- Development Stage	£216m	£58m	-	-
2- Manufacture & Fabrication Stage	£1,248m	£879m	£710m	-
3- Installation Stage	£618m	£179m	£79m	-
4- Operations Stage	£185m	£36m	£35m	-
Total	£2,267m	£1,152m	£824m	-

2 Supply Chain Development Statement Outlook

2.1 Project and partnership updates

The Stromar Offshore Wind Farm (previously 'Cygnus' in the last issue of this SCDS) is a 1 GW OSW farm. The project is situated off Caithness around 50 km east of Wick. Stromar's consortium is led by Ørsted's unparalleled expertise in developing and building OSW farms with BlueFloat Energy's focus on developing floating wind projects and Renantis' strong track record of community engagement in Scotland and global project development. The 265 km² area of seabed has water depths of 60-100 m making it ideal for floating OSW turbines, although at this stage we remain technology neutral and will utilise either steel or concrete foundations.

Figure 2 – The Stromar Offshore Wind Farm is currently in the Development Stage



We will bring the maximum possible benefits to Scotland's communities, economy, and environment. For us, that means:

- Pioneering community ownership models in OSW to ensure Scotland's communities can share in the value created by their own natural resources.
- Investing in the local supply chain to ensure Scotland and the UK can lead the way in floating OSW, unlocking a legacy of green jobs and a vibrant supply chain serving green energy projects around the globe.
- Ensuring our project makes a positive contribution to both climate and biodiversity.

2.1.1 Collaborative Framework (CF) and Strategic Investment Model (SIM)

Stromar is a signatory of the Collaborative Framework Charter, highlighting our commitment to working with industry and the Scottish Government to support the development of the supply chain in Scotland. The Partners have been active participants in the Collaborative Framework Working Group since its inception, supporting the group's work to pioneer the Strategic Investment Model.

2.1.2 Falck Renewables becomes Renantis

In November 2022, Falck Renewables began its evolution into Renantis. Following the change in majority shareholder, Renantis' growth strategy is now supported by pension funds managed by IIF and advised by J.P. Morgan. The evolution into Renantis is complete and the company continues with a new brand identity with a clear purpose – to build a better future for all by powering people's everyday lives with care.

2.2 Procurement strategy and supply chain engagement

Our procurement strategy pulls on the combined strength of The Partners in delivering a positive outcome for the domestic supply chain:

- **Ørsted** pedigree in OSW and supplier development will be directed at increasing local content where possible, bringing new suppliers to market through our early engagement and support.
- **Renantis** is an established renewable energy developer and asset owner in Scotland with strong sustainability charter and a strategic commitment to increasing local community support.
- **BlueFloat Energy** has the largest pipeline of global floating OSW projects, and its technical experts will rely on their knowledge to influence the contracting approach we will use.

2.2.1 Clear and wide communication of project opportunities

Stromar will keep Scottish businesses informed about project tendering opportunities and provided information about standards, evaluation criteria and procurement systems.

2.2.1.1 Conference attendance

The Stromar project team and Supply Chain Development Manager (SCDM) have attended a range of supply chain events and conferences since the previous issue of this SCDS. We will continue to attend future events and will use this platform to communicate the wide range of opportunities that the project will present to the supply chain.

2.2.2 Simplified procurement and contracting

2.2.2.1 Procurement portal and supplier pre-qualification

In November 2022, the Stromar Offshore Wind Farm released its Procurement Portal which was made available through the project website for all suppliers wishing to express interest in the project. Since its introduction we have received 50+ registrations through the portal and will look to increase the visibility of this tool moving forward.

We will implement robust supplier pre-qualification so that local SMEs interested in being considered can register their business. We will work with our EPCI contractors as the project moves forward to ensure wide adoption across the project.

2.2.3 Involving lead contractors and suppliers

The Lead Procurement Manager (LPM) and SCDM will ensure the practices of lead contractors and supplier are aligned with our contracting strategy. We plan to include robust local content requirements in the Requests for Qualifications (RFQs) of relevant project packages. The project will benefit those contractors with a higher commitment, to ensure the highest local content possible is achieved.

2.3 Developing local supply chain capacity

We are already working closely with Scottish companies to understand their capabilities and begin early discussions about the opportunities Stromar will bring. The project is working closely with organisations such as the Scottish Council for Development and Industry (SCDI), Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE) to address existing gaps in capacity, resources, and capability to develop a sustainable Scottish supply chain with the expertise to be world leaders in floating wind technology.

2.3.1 Engaging and lobbying government

We aim to take the lead in the industry working with Government on policy developments to strengthen the Scottish supply chain to compete for project opportunities. This will be achieved through existing bodies to ensure the combined voice of the industry is heard.

Throughout the duration of the project, we commit to involving these stakeholders to enable a complete view on where opportunities for the domestic supply chain exist and to include all relevant opinions when amending the figures as part of future SCDS revisions.

2.3.2 Community and impacted groups

We believe in sharing the benefits of the green energy transformation with the communities where we operate. Through the Stromar project, our ambition is to lead the way in bringing community ownership to OSW, setting the new gold standard for community engagement and shared value.

Renantis has been at the forefront of developing community ownership schemes in onshore wind, introducing one of the first community ownership schemes for a commercial wind farm in Fintry. Following the success of the Fintry community ownership scheme, Renantis formed a partnership with community ownership experts Energy4All, providing a structure for local people to own a stake in eight of its Scottish onshore wind farms through co-operatives, benefiting community organisations.

We continue to work with Energy4All to consult Scottish communities on how they might want to invest in and benefit from large scale OSW projects and how we might introduce community ownership to Stromar.

Stromar will bring many more opportunities for local communities to benefit. We have a long history of working with communities to ensure the value created by our projects is directed by the local community to areas of need. For example, in the UK's Humber region, Ørsted has invested more than £45m directly into local community, education, and skills development through grants, donations and sponsorships. It commits approximately £1.3m per year through its three UK Community Benefit Funds, designed in collaboration with local communities and supported by its OSW farms along the North East and North West coasts of England.

2.3.3 Skills and education

Scotland's world-class energy sector also means it has a workforce highly skilled in areas like engineering, construction and project management and we are already seeing how this can support the build out of OSW. We see it in the suppliers we are working with, and we see it in our own growing team. At the same time, we recognise industry needs to do more to ensure we have the workforce in place to meet our ambitions.

That is why we are supporting the PowerHouse¹, a new offshore renewables skills and innovation hub in the Scottish Highlands. The PowerHouse is working to establish a new national training centre in Easter Ross, focussed on developing the skills needed to work in the floating wind and green hydrogen industries. Our project director, Nicholas Ritchie, sits on the PowerHouse board, helping to drive forward its strategy.

We are also collaborating with Energy Skills Partnership (ESP) Scotland to upskill and re-skill the existing workforce and promote the industry to young people via education programmes, Science, Technology, Engineering and Mathematics (STEM) projects and funding. New projects are under discussion with ESP for improving and developing areas such as advanced manufacturing and hydrogen related studies which would assist future projects and provide more employment and capabilities in Scotland.

2.3.4 Environmental sustainability and justice

Ørsted's 2022 sustainability report explains how we aspire to run a business that gives more to nature, society, and people than it takes. If done right, the renewable energy build-out can drive positive change far beyond generating zero-emissions energy². Ørsted has also set the ambition to deliver a net-positive biodiversity impact from all new renewable energy projects from 2030 at the latest. This means that all projects commissioned – including offshore, onshore wind, solar and P2X – will have a net positive impact on biodiversity.

Renantis and BlueFloat Energy's Sustainability Charter focuses on local stakeholders and captures our sustainability beliefs and actions. It includes measures such as: promoting local workforce and supply chain; welcoming participation of communities; backing community projects; sharing knowledge of energy sustainability and ensuring all operations have the least impact on the environment.

¹<https://www.falckrenewables.com/en/media/news-detail/renantis-backs-highland-offshore-renewables-skills-and-innovation-hub>

² <https://orsted.com/en/sustainability/sustainability-report>