

## Agenda

**Twenty-Eighth Meeting  
Crown Estate Scotland Board  
Quartermile Two, Edinburgh and by video conference call  
11 November 2021  
11am – 1.00pm**

- |              |                                    |  |              |
|--------------|------------------------------------|--|--------------|
| <b>11.00</b> | <b>1. Standing Items</b>           |  |              |
|              | 1.1                                | Welcome and Declarations of Interest           |              |
| <b>11.05</b> | <b>2. Decisions and Discussion</b> |  |              |
|              | ** 2.1                             | INTOG Leasing                                  | BD(2021)28.1 |
|              | <b>3. Governance</b>               |  |              |
|              | 3.1                                | Appointment of Chair of Investment Committee   | Verbal       |
|              | <b>4. Any Other Business</b>       |  |              |
|              | <b>5. Date of Next Meeting</b>     |  |              |
|              |                                    | 8 December 2021 (strategy meeting) - Edinburgh |              |

\*\* This item will be treated as closed business and the paper exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002.

**Minutes for** **Twenty-eighth Board Meeting** **BD(2021)28**

**Meeting date** **11 November 2021**

**Security classification** **Restricted**

**This document contains commercially sensitive and confidential information and may relate to the formulation of policy.**

**Minutes for the meeting of the Board of Crown Estate Scotland held at Quatermile 2, Edinburgh and by video conference call on Thursday, 11 November 2021**

**Present:**

Amanda Bryan	Chair
Ann Allen	(for part)
Dr Michael Foxley	
Robert Mackenzie	
Euan McVicar	
Alister Steele	

**In attendance:**

Simon Hodge	Chief Executive
Esther Black	Director of Corporate Operations
Alastair Milloy	Director of Finance & Business Services
Colin Palmer	Director of Marine
Eilidh Todd	Board Intern
Helen Howden	Governance Manager (minutes)

**By invitation:**

Kate Bellow	Policy Manager
John Lang	Corporate Affairs Manager
Colin Maciver	Head of Offshore Wind Development
Andy Riley	Commercial Manager

## 1. Standing Items

### 1.1 Welcome and Apologies

The Chair thanked members for joining this additional meeting which had been called to allow for a discussion on the proposed INTOG leasing round. Apologies had been received from Liz Leonard, Jean Lindsay, and Andrew Macdonald.

### 1.2 Declarations of Interest

There were no declarations of interest in items listed on the agenda for the meeting.

## 2. INTOG

### CLOSED BUSINESS - CONFIDENTIAL

#### 2.1 INTOG Leasing (paper BD(2021)28.1)

##### Noted that:

- (a) the paper provided members with an update on the INTOG leasing process since the Board had approved the leasing fundamentals on 30 June 2021. Members and key stakeholders had been given the opportunity to participate in workshops facilitated by Ernst & Young LLP (EY) during which the design of the process had been discussed.
- (b) the final advice and recommendations from Ernst & Young prepared following the workshops had been made available to the Board. The Board were now being asked to approve the approach which has been developed to allow for an update to be made to the market and for its feedback.
- (c) with a limited window of opportunity for electrification of the North Sea, development of INTOG had to be undertaken in an ambitious timeframe to meet a launch date in spring 2022.
- (d) INTOG comprised two parts: IN (innovation) and TOG (targeted oil & gas) and there were aspects of the approach to developing INTOG which applied to both parts. The Board were being asked to approve the overall approach to INTOG and the specific approach to IN and TOG and the discussion would look first at the common aspects before moving on to the specifics.

##### Common aspects

- (e) the Board were broadly supportive of the proposed approach on pricing, including the option fee and rental; the payment structure; and the bidding and leasing process. There were questions raised about supply chain development statements (SCDS), including what could be done to widen delivery of community benefits. Given time constraints it was recommended that the same process which was used for ScotWind 1 should be adopted for INTOG. The Policy Team will be commissioning research in the next financial year on defining community benefit to inform approaches to future offshore renewables leasing rounds.
- (f) application fees would be set to cover the cost to Crown Estate Scotland and the level set for these would be informed by the work being undertaken by consultants on the application and assessment process. Budgeting for INTOG would also be informed by the lessons learned from ScotWind 1.

##### Innovation

- (g) the EY report stated that there was a need for a clear definition of innovation. Consultants had also been appointed to further develop the detailed leasing criteria for Innovation, including objectives around technical, supply chain and community. The final details of the leasing package will be sent to the Board in advance of the launch of leasing.

- (h) there was a proposed cap of 100MW for projects and this has been selected to align with the current Sectoral Marine Plan and to ensure that proposals are precommercial and less likely to conflict with other offshore wind leasing activity.
- (i) rental structures were being considered and the Board felt that this flexibility would benefit some projects in being deliverable.

#### **Targeted Oil & Gas**

- (j) there were challenges in setting targets or thresholds on the requirement for carbon reduction and there might be reputational issues if there was a perception of providing support for multi-national oil & gas companies. The level of demand for targeted oil & gas leasing was not currently known and there was a link to how the sector perceives regulatory drivers for decarbonisation.
- (k) Note: this paragraph has been treated as exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002.

#### **Agreed that:**

- (a) the Board supported the proposed approach being put to Scottish Ministers and to stakeholders for feedback. The Board mandated the Executive to refine the detail below the framework agreed by the Board. The Board acknowledging that there was work still being carried out on some aspects, including the pricing mechanism for TOG once feedback is received from Scottish Ministers and the sector. It was recognised that the current and anticipated (largely UK) regulatory regime for oil and gas would be a major driver of bidder appetite and behaviour.

### **3. Governance**

#### **3.1 Chair of Investment Committee**

- (a) the terms of reference for the Investment Committee provide that the Board is to appoint the Chair of the Committee. The current Chair, Alister Steele, will step down from the Board in April 2022. To allow for a period of handover the Board were being requested to appoint Ann Allen as Chair with effect from 1 December 2021.

#### **Agreed that:**

- (a) Ann Allen should be appointed as Chair of the Investment Committee with effect from 1 December 2021.
- (b) the Board were grateful to Alister Steele for his work in chairing the Committee and in establishing its role in the governance of the organisation.

### **4. Any other business**

There was no other business for the Board to consider and the Chair, having thanked the E&I team for the work on INTOG, closed the meeting.

**5. Date of Next meeting**

8 December 2021 (strategy session)

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**Amanda Bryan**  
**Chair, Crown Estate Scotland**

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**Date**