



INTOG LEASING

Offer document

AUGUST 2022

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1. INTRODUCTION AND CONTEXT

1.1. Purpose of this document

We are delighted to launch a new seabed leasing round for Innovation and Targeted Oil and Gas (INTOG). Crown Estate Scotland is committed to helping Scotland achieve its net-zero emissions target by 2045 through our role as manager of Scotland's seabed.

Following feedback on the INTOG leasing process from potential developers and stakeholders in March 2022 and the publication of the Response Document in June 2022, this Offer Document (and supporting suite of documentation) will explain the details of the INTOG leasing process, how to apply, how applications will be evaluated and the indicative process timescales.

This document is part of a suite of documents which any applicant should consider as a whole to fully understand the INTOG leasing process; this includes the following documents:

- This Offer Document
- The model form Exclusivity Agreement, Option Agreement and Lease Agreement
- The Registration Form: within the INTOG Leasing portal
- The Application Form: this is available in an editable format online via the INTOG Leasing portal
- The Guidance Notes to accompany the Application Form and
- The instructions for the INTOG Leasing portal.

Reading all documents, and any clarifications issued during the application window, is essential for any applicant to have a full understanding of INTOG Leasing.

Understanding of Marine Scotland's Initial Plan Framework¹ is also required to understand the areas of search, spatial parameters and planning process for INTOG, and Applicants are encouraged to read this document carefully.

1.2. Objectives of INTOG leasing

The INTOG leasing round has two distinct elements. Firstly, it is a process by which developers will be able to apply for seabed rights for small scale (100MW or less) innovation projects. It will also provide the opportunity for seabed rights for offshore wind projects to provide low carbon electricity to power Oil and Gas installations and to help decarbonise the sector.

Due to the differences in scope and scale, the Innovation element will be run in parallel but distinctly from the Targeted Oil and Gas element.

Some key objectives of the Innovation element of INTOG leasing are:

- To enable projects which support cost reduction in support of commercial deployment of offshore wind, including alternative outputs such as hydrogen, and
- To further develop Scotland as a destination for innovation and technical development which will lead to risk reductions and supply chain opportunity.

Some key objectives of the Targeted Oil and Gas element of INTOG leasing are:

- To maximise the role for offshore wind to reduce emissions from oil and gas production, and
- To achieve target installed capacity in a way that delivers best value for Scotland and supply chain opportunity in alignment with Just Transition principles.

¹ Initial Plan Framework Sectoral Marine Plan for Offshore Wind for Innovation and Targeted Oil and Gas Decarbonisation (INTOG) [Sectoral marine plan - offshore wind for innovation and targeted oil and gas decarbonisation: initial plan framework - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/initial-plan-framework-offshore-wind-for-innovation-and-targeted-oil-and-gas-decarbonisation/initial-plan-framework/pages/11.aspx)

2. APPLICATION DEFINITIONS

Table 2: Application definitions for IN and TOG projects

Term	Overview
Applicant	The person/entity making the application. The entity making the application will be either the “Lead and Sole Applicant” or the “Lead Applicant” as those terms are defined here. On occasion we use these specific terms rather than “Applicant”, where that adds clarity.
Applicant Valuation	The valuation in £/km ² , selected by the Applicant which is used to determine the Option Fee. The Applicant Valuation must be provided in answer to Question C1 of the Application Form. The basis of the Applicant Value is explained in Section 3.4.3 of this document.
Areas of Search	The areas defined by Marine Scotland's Initial Plan Framework within which applications can be located.
Brownfield Development	Means an Oil and Gas Installation already in production or having commenced decommissioning at leasing launch date.
Capability and Experience Provider	Any organisation which contributes elements of the capability and/or experience necessary to meet the requirement we place on an Applicant, as set out in paragraph 4.4.5.
Electricity Offtake Agreement	The agreement in place between the Oil and Gas Installation owners/operators and the proposed wind farm operator/owner detailing the electricity supply arrangements and associated commercial terms.
Funding Organisation	Any organisation identified in the response to Question B5 of the Application Form as having a funding role, explained in paragraph 4.4.4 of this Offer Document.
Greenfield Development	Means a new Oil and Gas Installation not yet in operation as at leasing launch date.
Heads of Terms	A document, agreed in principle and signed between the parties, setting out the main terms of a commercial agreement proposed to be entered into between Oil and Gas Installation operator and the Applicant regarding the supply of electricity to an Oil and Gas Installation.
Intended Installed Capacity	The gross aggregate nameplate capacity of the wind turbines installed in a wind farm (i.e. wind turbine generator rating multiplied by number of wind turbines), prior to accounting for “house load”, losses in substations and in transmission cables to onshore substations, etc.
Intention to Apply (ITA)	A message sent in the online INTOG Leasing portal to all registered INTOG applicants around seven weeks before the application submission deadline. Applicants will be required to provide a non-binding confirmation that they intent to apply in order to receive a proforma invoice for the application fee in time to complete payment before the application submission deadline.

Lead and Sole Applicant	Where the legal entity which submits the completed Registration Form is not working with any other entity or organisation in making an application, and is relying on its own resources, capabilities, experience and funding ability, it is the Lead and Sole Applicant.
Lead Applicant	Where the legal entity which submits the completed Registration Form is working with one or more other legal entities submitting the application and is reliant on resources, capabilities, experience and/or funding abilities of any of those other entities in making an application, it is the Lead Applicant.
Letter(s) of Intent	A non-binding commitment between the Oil and Gas Installation operator and the Applicant in respect of potential offtake of electricity.
Oil and Gas	Means petroleum, natural gas and other related hydrocarbons or minerals or any of them and all other substances produced or extracted in association therewith.
Oil and Gas Installation	Offshore installation or facility used, or intended to be used, for exploration, development, production, storage or processing of Oil and Gas which shall potentially include offshore installations that are to be decommissioned.
Project Partners	Collective term for the Lead Applicant plus all organisations listed in response to Question B5 of the Application Form.
Project Delivery Plan	Means information to detail the Proposed Project planned activities, timeline and management of the development work for the Proposed Project. See Guidance Notes (Section D2).
Proposed Project	The project that is proposed by the successful Applicant in their application. This will inform the INTOG Sectoral Marine Plan (SMP) planning process.
Small Project	A Proposed Project with an Intended Installed Capacity of 15MW or less.
Supply Chain Development Statements	Supply Chain Development Statements will be required when entering the Option Agreement as detailed in Section 7 to this document.
Supplementary Experience Provider	Organisations that contribute only experience (disclosed in response to Question B5 of the Application Form) but not funding. They do not have direct or indirect equity ownership of the Tenant Organisation and therefore do not have Wind Farm Delivery Responsibility.
Tenant Organisation	The organisation that enters into the Exclusivity Agreement with Crown Estate Scotland. We anticipate that a single legal entity will be utilised, or if it does not already exist, will be formed and established for Crown Estate Scotland to enter into an agreement with. If a different structure is proposed, Crown Estate Scotland will consider amendments to the model form agreements to accommodate this.
Wind Farm Delivery Responsibility	An organisation listed in the response to Question B5 of the Application Form which has direct or indirect equity ownership of the Tenant Organisation and has a Capability and Experience Role is considered to have Wind Farm Delivery Responsibility, explained in Section 4 of this Offer Document.

3. DETAILS OF THE OFFER

3.1. Areas of seabed

3.1.1. Sectoral Marine Plan for Offshore Wind Energy

The adopted Sectoral Marine Plan for Offshore Wind Energy (SMP-OWE), published by Marine Scotland in October 2020, provided the spatial framework for commercial scale offshore wind farms delivered by the ScotWind Leasing round. Within the adopted SMP-OWE, there was provision for consideration of a future leasing round:

“Scottish Ministers may choose to explore the demand for future leasing round to enable innovative projects and projects aimed at the decarbonisation of the oil and gas sector in Scotland.”²

In August 2021 the Scottish Government confirmed it would be undertaking a new spatial planning exercise for Innovation and Targeted Oil and Gas (INTOG) projects. Consultation was undertaken on the key parameters and Areas of Search (where development could potentially take place) that underpin the planning and leasing exercises. The consultation period closed in October 2021 and the final parameters, Areas of Search and Exclusions (where development under the planning process would not be considered), are set out in Marine Scotland’s Initial Plan Framework (IPF).

The outcome of the planning process will be a new Sectoral Marine Plan (SMP) for offshore wind for INTOG. Scottish Government (Marine Scotland Directorate) expects to publish the final plan in Winter of 2023/24. Proposed Projects will be able to apply through this leasing process for Exclusivity Agreements. The spatial footprint of the successful projects may form the basis of the Innovation and Targeted Oil and Gas Decarbonisation Draft Plan. As a whole, the individual projects (known as Plan Options) and Draft Plan will be subject to the full Sustainability Appraisal, as outlined in Section 2 of the IPF³, and subject to statutory consultation. Therefore, simply having exclusivity will not necessarily result in inclusion within the relevant plan or approvals being granted therefore there is no automatic step-through into the Option Agreement

as only projects included within the final plan will be awarded Option Agreements.

3.1.2. Initial Plan Framework for INTOG

Crown Estate Scotland’s INTOG leasing has been developed to align with Marine Scotland’s IPF. Applications must be sited within the areas and other planning parameters defined by the IPF to maximise deliverability.

The IPF sets out the requirements that will enable projects to progress through planning and this leasing process under the categories of Innovation and Targeted Oil and Gas. The IPF refers to Crown Estate Scotland as “CES” and notes the following criteria:

For Innovation (IN) projects

- “Projects under this category should not exceed 100MW potential generation capacity
- Projects should not be located within the areas marked for exclusion nor should they be located inside the areas identified for Targeted Oil and Gas decarbonisation projects (see maps in Section 4 of IPF) and
- Any project proceeding to the final Plan must have successfully progressed through the CES lease application process and been awarded exclusivity.”⁴

For Targeted Oil and Gas (TOG) projects

“Delivery of sustainable offshore wind projects providing power directly, through electrification, to oil and gas assets is the core objective of this planning process...

- Projects should be located within the areas identified for Targeted Oil and Gas Decarbonisation projects (see Section 4 of IPF)
- The project should deliver electricity to oil and gas assets. Projects may pursue alternative uses for excess generated energy, such as hydrogen conversion or supply to the grid, but these must be additional to the primary purpose above and
- Any project proceeding to the final Plan must have successfully progressed through CES lease application process and been awarded exclusivity.”⁵

² Sectoral Marine Plan for Offshore Wind Energy (October 2020) Section 2.5.

³ Initial Plan Framework Section 2 Plan Development Process

⁴ Initial Plan Framework Section 3.4 Innovation Projects

⁵ Initial Plan Framework Section 3.5 Targeted Oil and Gas Decarbonisation Projects

This underpins the design of the INTOG leasing process further described in detail in this Offer Document.

3.1.3. Areas of Search and extent of applications

To be valid, an application must have an area defined by a single continuous boundary all of which falls wholly within the Areas of Search and spatial parameters as defined in the IPF and as detailed in Section 6, Completing Section B – Basic Data of the Guidance Notes.

An individual application cannot include seabed from more than one Area of Search. If an Applicant wishes to apply for separate areas of search in the IPF, then each must be the subject of a separate application complying with leasing requirements as set out in this Offer Document and Guidance Notes.

Applicants are free to select the boundary of their application area, provided it is located entirely within an Area of Search and the spatial parameters defined in the IPF but should note that an application will not be successful if it exceeds the stated limits described in this Offer Document at Section 3, Annex I and in accordance with the Guidance Notes.

For Innovation (IN) projects

Innovation projects can be proposed in any location that is not set out below for TOG projects nor marked as an exclusion in the IPF. Innovation projects located inside either of these designated areas will not be considered. Please note that whilst IN applications in proximity to the TOG Areas of Search are not prohibited, IN application boundaries located within 5km of a successful TOG application boundary will be considered to be defeated; this is to reflect the objectives of the TOG Areas of Search which ensures TOG projects are located in more targeted areas identified in the IPF.

The area of seabed to be offered in Exclusivity Agreements for Innovation projects is not to exceed 167km² in total.

For Targeted Oil and Gas (TOG) projects

Projects should be wholly located within one of the areas identified for TOG projects defined in the IPF to the east of Scotland and the west of Shetland.⁶ TOG projects will not be considered in any other location outside of those listed in the IPF.

Exclusivity agreements will be awarded within the overall limits set in the IPF (5.7GW Intended Installed Capacity and 1900km²). There is no other limit for capacity awarded in any individual area. Please note, however, that the maximum seabed area per TOG application will be 333km², which is expected to be appropriate area to deliver multiple projects at an adequate scale which is sufficient to meet demand. Application boundaries which are 5km or closer are considered to be in competition.

3.1.4. Application site proximity with existing offshore wind seabed agreements

Applications which are 5km or less from the boundary of an existing offshore wind farm agreement will not be accepted unless accompanied by documentary evidence that the tenant of the existing agreement is content for the new application to be made and understands that a wind farm may be constructed anywhere within the boundary defined in that application as further detailed in Section B2 of the Guidance Notes.

The existing agreements in question are Leases, Agreements for Lease, Option to Lease Agreements and Option Agreements for wind farms (but not wind farm transmission connection cable agreements from offshore substations to shore).

3.1.5. Interface with carbon storage

Seabed optimisation will require different users of the sea and seabed to coexist within the same (or similar) spatial parameters. The emerging opportunity for carbon storage in Scottish waters is supported by strong industry and government support. Our model form Agreements give Crown Estate Scotland the right to licence the installation of Carbon Capture and Storage (CCS) related equipment on the seabed (e.g. pipelines, monitoring equipment or wells) within the INTOG Option or Lease area. Therefore, there is potential for interaction with Carbon Capture and Storage (CCS) areas and we encourage a cooperative approach between developers to allow for coexistence should this arise.

6 Initial Plan Framework section 4 Innovation and Targeted Oil and Gas Decarbonisation – Spatial Parameters. See [Marine Scotland – National Marine Plan Interactive \(atkinsgeospatial.com\)](#)

Further contractual provisions to those above will be included in any agreements awarded for any applications arising in the Acorn CCS area.

Applicants should also be aware of the North Sea Transition Authority's (NSTA) CCS licencing round. It would be prudent for Applicants (particularly for Innovation projects) to check the area of seabed they wish to apply for, for any potential interaction with CCS licence applications so that they can take account of CCS arrangements when preparing their bid.

3.2. Intended Installed Capacity and density requirements

3.2.1. Intended Installed Capacity

In line with Marine Scotland's IPF, the Intended Installed Capacity for Innovation projects and Targeted Oil and Gas projects is:

For Innovation projects:

- Up to a maximum of 500MW in aggregate
- Individual projects must not exceed 100MW

The maximum limit of 100MW for Innovation of an individual application is to limit cumulative impacts in regions already facing constraints.

For Targeted Oil and Gas projects:

Maximum total Intended Installed Capacity available under Exclusivity Agreement is 5.7GW.

- The total Intended Installed Capacity of an application must not exceed five times the annual electricity demand of the Oil and Gas Installation, as evidenced by Letters of Intent (See Section 3.2.4 on Proportionality)

There is no minimum or maximum capacity per TOG project, subject to the maximum capacity requirements noted above.

3.2.2. Density requirements

In line with our statutory duty to enhance the value from the Scottish Crown Estate, we wish to ensure an appropriately efficient use of the seabed. We therefore require that the Intended Installed Capacity for which an Exclusivity Agreement, Option Agreement and Lease is sought must result in a spatial minimum density of 3MW/km² for Innovation and Targeted Oil and Gas projects.

For proposed Small Projects that are equal to or less than 15MW an exception to this minimum density

requirement applies. For Exclusivity Agreement and Option Agreement award, the minimum density requirement for applications with an Intended Installed Capacity of less than 15MW will be 1MW/km². For Lease, the minimum density requirement will be 3MW/km². This is to allow some flexibility to locate Small Projects in areas compatible with the IPF where the minimum density of 3MW/km² could discourage this type of project. For the avoidance of doubt and in common with all Crown Estate Scotland seabed agreements, if applying as a Small Project, there is no opportunity to request more seabed (km²) at Lease Agreement stage.

3.2.3. Area and Intended Installed Capacity

For Applications, Exclusivity Agreements, Option Agreements and Leases, the main measure of the size of the Proposed Project is the area in km² rather than the Intended Installed Capacity. This is because we recognise that the Intended Installed Capacity will be influenced by information which is discovered during the site development work, which is generally undertaken once an Option Agreement has been secured. Eventual Installed Capacity may also be influenced by wind turbine technology developments after applications to INTOG Leasing are submitted.

The measure we use for calculating Option Fees is in terms of area (km²) rather than capacity (MW) as described further at Section 3.4.3.

Whilst concentrating on area as the key measure for calculating Option Fees, we do impose a maximum Intended Installed Capacity for Innovation and Targeted Oil and Gas projects to ensure that the leasing complies with the limits set out in the IPF as outlined above in Section 3.2.1. Setting a maximum Intended Installed Capacity also lets us ensure reasonably efficient use of seabed and to promote applications which are primarily for electrification of Oil and Gas Installations.

3.2.4. Proportionality Principle for Targeted Oil and Gas Applications

It is necessary that the total Intended Installed Capacity of the offshore wind farm must not exceed five times the demonstrated electricity power requirement of Oil and Gas Installations at Exclusivity Agreement, Option Agreement and Lease stage. The scale of demand is to be evidenced at application stage via a Letter(s) of Intent as described in Section 3.3.4 below and is intended to ensure proportionality in scale to the

Oil and Gas Installation demand whilst maximising opportunity for successful wind farm projects and associated decarbonisation impact.

If the wind farm project is not able to demonstrate Heads of Terms when signing the Option Agreement or Electricity Offtake Agreements at Lease stage but can demonstrate a credible future demand to Crown Estate Scotland alongside evidence of best endeavours to secure the necessary agreements and primary purpose is maintained (electrification of Oil and Gas Installation(s)), then Crown Estate Scotland may consider this at its own discretion on a case-by-case basis.

3.3. Application choice

3.3.1. Confirmation of project

As described in Section A of the Guidance Notes, when completing registration for INTOG, Applicants should confirm if their application is for IN or for TOG being distinct and separate leasing elements to ensure streamlining of processes and enabling the relevant information to be issued to Applicants applicable to their selected project category (Innovation or Targeted Oil and Gas).

As described in Section 6 Completing Section B – Basic Data of the Guidance notes, the minimum requirements for an application to be successful are summarised in Annex 1 to this Offer Document.

3.3.2. Innovation Projects

We are considering ‘Innovation’ in the broadest sense to encompass many types of innovative approaches in the Offshore Wind Sector.

For the avoidance of doubt, applications which provide electricity directly to an Oil and Gas Installation or infrastructure will not be accepted as Innovation Projects. As below, those projects will be Targeted Oil and Gas projects and will be assessed in accordance with that route.

3.3.3. Targeted Oil and Gas Projects

As defined in the IPF and outlined in Section 3.1.2 Targeted Oil and Gas projects are projects which have an electrical connection to Oil and Gas Installations. Electrification of Oil and Gas operations to reduce emissions from production is the primary purpose and objective of the Targeted Oil and Gas element of this leasing round. Projects may pursue alternative uses for any excess generated power, such as hydrogen or supply to the grid but this excess is secondary to the primary purpose above.

3.3.4. Specific requirement for Targeted Oil and Gas Applications

For Targeted Oil and Gas applications, Applicants must provide a Letter(s) of Intent (LOIs) demonstrating the scale and firm nature of the demand for electricity from the Oil and Gas Installation(s) in accordance with Section B3, B7 and B.8 of the Application Form and Guidance Notes.

We expect to see a level of interface and understanding between the Oil and Gas Installation and wind farm demonstrated in the LOI. The NSTA will monitor and evaluate how electricity from the wind farms is used by the Oil and Gas Installation(s) and the subsequent emission abatements. We will consult with NSTA on whether it considers that the information contained in the LOI is consistent with the information they hold on Oil and Gas Installation operators.

The minimum content we expect to see in the LOI as part of the application is contained in Section B.8 of the Guidance Notes.

3.3.5. Limit on number of applications

There are a number of different roles that organisations may have in applications for Innovation and for Targeted Oil and Gas projects, as described in Section 4 below.

The number of applications for any organisation with a Wind Farm Delivery Responsibility role will be limited to four; for those fulfilling an exclusively funding role or who are Supplementary Experience Providers and without a Wind Farm Delivery Responsibility role, no such limit will apply. If this threshold is exceeded, none of those applications will be accepted. Organisations which participate in an application would be prudent to ensure that all organisations they partner with also comply with this limit.

We limit the number of applications in which an organisation may have a Wind Farm Delivery Responsibility role to prevent Exclusivity and Option Agreements arising from INTOG leasing being unduly concentrated amongst a few organisations.

Whilst there is no specific limit on the number of applications that an organisation fulfilling an exclusively funding role may be involved with, the Guidance Notes (Section D5) highlight situations where a Funding Organisation which puts forward the same funding capacity or evidence of financial strength in support of more than one application will not have that aspect of its funding capability recognised in any application.

Organisations which participate in an application would be prudent to ensure that any organisations they partner with are aware of this.

3.4. Agreements

3.4.1. Overview

The application will be for an Exclusivity Agreement and appended form of Option Agreement and Lease. The model form Exclusivity Agreement, Option Agreement and Lease should be consulted for the terms of the seabed agreements being offered.

The Exclusivity Agreement will give successful Applicants sole offshore wind development rights over the site whilst planning processes are completed. Key parameters of the Proposed Project for which Exclusivity is sought, such as the project capacity, density and the site boundary will feed into Marine Scotland's Sectoral Marine planning process, the sustainability appraisal and required consultations on the associated draft plan.⁷ During the Exclusivity Period for Targeted Oil and Gas Projects, the Heads of Terms between the Oil and Gas Installation operator and Applicant should be developing demonstrating, an increased level of commitment from the Letter of Intent(s). This will allow for the Heads of Terms to be submitted to Crown Estate Scotland (a pre-condition for entering the Option Agreement subject to Section 3.2.4

of this Offer Document). The Heads of Terms document is necessary to provide Crown Estate Scotland with evidence of increased project certainty around the terms of the Electricity Offtake Agreement (a pre-condition for stepping into Lease subject to Section 3.2.4 of this Offer Document). Following adoption of the INTOG Sectoral Marine Plan (INTOG SMP), we will offer Option Agreements for the areas of seabed, which may reduce through project optimisation at the time of transfer to Lease but will not be increased.

If a successful Proposed Project is in the final INTOG SMP an Option Agreement will be triggered (subject to all other conditions in the Exclusivity Agreement being met). The Option Period within which a lease can be requested is seven (7) years from the date of the Option Agreement being signed. Projects that meet all the Option Agreement requirements within the Option Period must serve a valid Option Notice in order to step through into the Lease. The necessary conditions for an Option Notice to be valid are as outlined in the model Option Agreement appended to the application. A Lease will be granted by Crown Estate Scotland so long as the necessary conditions are met and a valid Option Notice is served.

In the event the Option Period expires without serving a valid Option Notice, the Option Agreement will terminate.

Table 3: Overview of Agreement terms

Agreement terms (IN and TOG Projects)	
Term	Overview
Exclusivity Agreement (EA)	Exclusivity Agreements will give successful Applicants sole offshore wind development rights over the site while the planning processes for the INTOG SMP are completed. If the project is in the final INTOG SMP, an OA can be awarded once its terms are agreed.
Exclusivity Period	The period from Exclusivity Agreement signature to no later than 3 months from the publication of the Final INTOG SMP by Scottish Government.
Intended Installed Capacity	Means, in total for all Phases if applicable, [] megawatts (with the Intended Installed Capacity for each individual Phase (if applicable) being as shown in the Project Programme. The gross aggregate nameplate capacity of the wind turbines installed in a wind farm (i.e wind turbine generator rating multiplied by number of wind turbines), prior to accounting for "house load", losses in substations and in transmission cables to onshore substations, etc.

⁷ See section 2.7 Initial Plan Framework – 2.25 Adopted Sectoral Plan of Marine Scotland's Initial Plan Framework

Lease Agreement	A lease will be granted by Crown Estate Scotland if the Tenant has served a valid Option Notice within the Option Period.
Lease Period	For Targeted Oil and Gas: 50 years from Lease being signed.
	For Innovation: 25 years from Lease being signed.
Option Agreement (OA)	An OA is the property agreement that gives the Tenant specific and exclusive development rights within the awarded area for a fixed period (Option Period). An OA can be granted if the Applicant's Proposed Project is in the final INTOG SMP. If any proportion (up to ten percent 10%) of the Proposed Project is out with the final INTOG SMP, an Option Agreement may still be awarded but only for an area consistent with marine planning considerations and the final INTOG SMP.
Option Notice	Projects that meet all the Option Agreement requirements within the Option Period can serve an Option Notice and will be granted a lease by Crown Estate Scotland to allow construction to commence. An Option Notice will only be valid if: • It specifies the part of the development site to be leased, including the cable route (if applicable) • The capacity density is not less than 3MW/km² • The Key Project Consents and other Necessary Consents have been granted for the development • It includes confirmation that insurances will be in force on the commencement date • The specification of the works has been approved by Crown Estate Scotland • Crown Estate Scotland has approved the entity to be the tenant and any proposed security documents • The Supply Chain Development Statement (SCDS) Contracted Position Statement has been accepted • The Lowest Percentage achievement figure in relation to SCDS is 25% or greater and • Any payments due have been paid in full (e.g. SCDS Contracted Position Statement payment). In addition to the above, Targeted Oil and Gas projects must also demonstrate that an Electricity Offtake Agreement is in place with an Oil and Gas Installation operator for the capacity indicated in the Option Agreement.
Option Period	The Option Period within which a lease can be requested is seven (7) years from the date of the OA being signed. The period is intended to cover the time taken to develop an offshore wind project concept from the start of the Option Agreement through to a consented project that will be capable of being financed and constructed, at which point an Option Notice may be served.

Rent	For Innovation: Payable under lease from the date of commencement of operation, a rental rate of £1.07/MWh, indexed annually by CPI from commencement of the Exclusivity Agreement, will apply. For the first 5 years of operation, a discount of 50% will be applied. Minimum rent levels will be applicable.
	For Targeted Oil and Gas: Rent is payable under Lease from the date of commencement of operation.
	For electricity supplied to Oil and Gas Installation rent will be levied at 1% of gross revenue. For electricity which has not been demonstrated to be supplied to the Oil and Gas Installation, rent will be levied at 2% of gross revenue. Minimum rent levels will be applicable.

3.4.2. Option Agreements and final INTOG Sectoral Marine Plan (SMP)

The Applicant when submitting an application accepts that the area of the Proposed Project could be reduced by up to 10% as a result of Marine Scotland's plan-level assessments at Option Agreement stage. This is to allow some flexibility during the plan-level assessments that will determine, at a strategic level, if the area under Exclusivity Agreement is sustainable as part of these assessments and plan consultation processes.

3.4.3. Payment and calculation of Option Fee

The Option Fee is a one-off, non-refundable, advanced payment should an Applicant be successful in securing an Option Agreement payable when entering the Exclusivity Agreement. A VAT invoice will only be raised if successful Applicants move through to signing an Option Agreement. The Option Fee will be held in a standalone bank account managed by Crown Estate Scotland with any accrued interest from the point of deposit (pre-condition of entering an Exclusivity Agreement) to signing of Option Agreement being released to the Applicant. Alternative payment/ security arrangements can be considered if necessary. These should be proposed by successful parties and agreed at Crown Estate Scotland's sole discretion. The basis of the calculation of the Option Fee is the Applicant Valuation (£/km²) as further described in Section C of the Guidance Notes. A reserve price has been set as follows:

- £5,000/km² for Innovation projects
- £50,000/km² for Targeted Oil and Gas projects

In the event a project is not included within the final INTOG SMP or is reduced by more than 10% of its original application size, the associated Option Fee and any accrued interest will be returned to the Applicant.

If the Tenant does not execute the Option Agreement, the Option Fee (payable at signing of the Exclusivity Agreement) will not be returned.

If plan-level assessments by Marine Scotland Directorate result in the Proposed Project area being reduced by up to 10% the Option Fee will not be pro-rated by the percentage and will remain the same. For example, an area for a TOG application has been submitted for 100km² at £50,000/km² equating to a £5,000,000 Option Fee. As a result of plan-level assessments, the area has been reduced by 10% resulting in an area for Option Agreement of 90km². The original £5,000,000 Option Fee payable at signing of the Exclusivity Agreement will remain at £5,000,000.

3.4.4. Negotiation of terms

Applicants should note that the Agreements from INTOG Leasing must be consistent with the model forms in their material terms, and therefore we will accept only minor and necessary departures (i.e. project specific departures) from these model forms when the agreements are finalised. The model forms are not a starting point for negotiation.

3.4.5. Financial security requirements

Financial security will be required under the Exclusivity Agreement, Option Agreement and Lease on the following basis (based on Intended Installed Capacity). Table 3a and 3b shows the financial value of the cap on liabilities for the Option Agreement and Lease for Targeted Oil and Gas projects (3a) and Innovation projects (3b):

Table 3a: Targeted Oil and Gas Liability Caps

Intended Installed Capacity (MW)	Exclusivity and Option Cap (£m)	Lease Cap (£m)
0 to 500	5	7
500+ to 1000	5	10
1000+	5	15

Table 3b: Innovation Liability Caps

Intended Installed Capacity (MW)	Exclusivity and Option Cap (£m)	Lease Cap (£m)
0 to 100	5	7

Forms of security deemed to be suitable are:

- Parent Company Guarantee from a guarantor with a credit rating of at least investment grade (BBB-)
- Parent Company Guarantee from a guarantor with net assets of at least twenty times the guarantor's aggregate liability
- Letter of Credit or Bond from a bank, financial institution or similar with an A grade or higher credit rating and
- Cash deposit to which Crown Estate Scotland has exclusive access, or otherwise held in an account over which Crown Estate Scotland has a charge.

Where a guarantee is supported by multiple guarantors, we require this to be on a 'joint and several' basis.

3.4.6. Agreements covering transmission connection to shore

We will enter bilateral discussions with the Tenant Organisation of an offshore wind farm Option Agreement or Lease about establishing a suitable arrangement for offshore transmission cables in projects where they are required. This discussion will take place once development work on the wind farm has progressed to a point where there is sufficient certainty in the likely cable route for an area of reasonable spatial extent to be defined.

3.5. Participation in industry-wide health and safety initiatives

The Option Agreement places an obligation on the Tenant to exercise prudence and foresight in the general conduct of its undertaking. Our expectation is that one aspect of such prudence and foresight (but not the sum total of it) would be that the Tenant Organisation will (i) join a forum relevant to offshore wind health and safety performance and share its incident data with such a forum on a regular and timely basis (we are aware of a number of forums such as the "G+" group) and (ii) engage with offshore wind industry health and safety initiatives and activities.

4. HOW TO APPLY

4.1 Registration

Registration for parties wishing to apply is completed through our online application portal, found at <https://crownestatescotland.wax-live.com/S2C/SignIn.aspx>. Registrations will be invited from 10th-24th August 2022.

A user account can be created using the option on the login screen. When this has been completed, the user should email INTOG@crownestatescotland.com to request access to the registration form. Applicants are advised to create a separate user account for each application they intend to submit; each user account will require a unique email address.

Registration to INTOG does not create a binding obligation to apply and there is no fee to register. This Offer Document and the Guidance Notes will be available to view in the portal.

4.2. Application fee

The non-refundable application fee is set at the following:

- For Innovation, the application fee per application is £10,000
- For Targeted Oil and Gas, the application fee per application is £90,000

Crown Estate Scotland will send an 'Intention to Apply' (ITA) message to all registered Applicants following the Registration window closing. Applicants will require to provide a non-binding confirmation that they intend to apply within one week of receiving the ITA. We will provide a proforma invoice for the application fee payment by the Lead and Sole Applicant/Lead Applicant four weeks before the submission window closes.

In the absence of any further update by Crown Estate Scotland regarding our requirements for payment of the application fee, payment of the fee must be received by the application window closing, otherwise the application will be deemed incomplete and will not be evaluated. The completeness and legibility check of the application does not provide an opportunity to remedy failure to pay an application fee.

4.3. Application Form

An Application Form and the required supporting information must be completed and submitted prior

to the application window closing. If an application is received after the application window closing it will not be evaluated.

The Application Form is online available via the application portal; note that Innovation projects and Targeted Oil and Gas projects have separate application forms. You should ensure you use the correct form as different questions are asked.

Applicants should satisfy themselves that they will be capable of meeting the minimum requirements set out in this Offer Document and the Guidance Notes.

Each application which is made must be complete on a stand-alone basis and will be evaluated on that stand-alone basis. One application may not refer to material submitted as part of a different application. Any information which is submitted on this basis will be disregarded.

4.4. Who may apply and who may enter the Exclusivity and Option Agreement?

4.4.1. Lead Applicant/Lead and Sole Applicant

Registration must be undertaken by a single entity capable of completing the necessary registration information and paying the application fee. The organisation which registers will be identified as the Lead Applicant or the Lead and Sole Applicant.

Where a single organisation with all the required capability, experience and funding capacity to satisfy our requirements is involved in the registration and application, it is a Lead and Sole Applicant.

Where the organisation which submits the completed registration form is working together with one or more other legal entities in making an application, it is the Lead Applicant. The organisation that performs the role of Lead Applicant does not need to be the organisation that has the largest, or any particular role in the proposed development, provided it is a Project Partner.

We require that the Lead Applicant or Lead and Sole Applicant must be an incorporated company, but we do not require that it is registered in the UK. Beyond that basic requirement, we intend there to be flexibility

to cater for the range of approaches which Applicants might wish to take.

For applications which are successful, it should be noted that we have a more stringent requirement for the Tenant Organisation which will enter an Option Agreement; we require that to be an incorporated company which is registered in the UK.

4.4.2. Tenant Organisation

The Tenant Organisation is the legal entity which enters Exclusivity Agreement with Crown Estate Scotland. The company that will be the Tenant Organisation need not have been created at the point that an application is made.

Where the company that will be the Tenant Organisation (which would typically be a special purpose vehicle (SPV)) has not been created or identified at the point of application it must be lawfully established, registered in the UK, and capable of entering into legal agreements prior to the deadline for execution of the Exclusivity Agreement, which we will set in due course.

4.4.3. Project Partners

Project Partners is the collective term for the Lead Applicant plus all organisations detailed in full in the response to Question B5, Parties, equity and overall structure including those who have a Wind Farm Delivery Responsibility role, a Capability and Experience role, Supplementary Experience Providers and Funding Organisations.

Project Partners should, amongst them, be able to demonstrate the required capability, experience and funding capacity to satisfy Crown Estate Scotland's requirements.

All Project Partners are required to provide Statements of Commitment in Section B6 of the Application Form so that we can rely on their capability, experience and funding capacity in the evaluation of an application. This also includes commitments relating to responsible business practice such as human rights.

Crown Estate Scotland will administer INTOG with due regard to the Scottish Government's Guidance on due diligence: human rights, within the context of offshore wind leasing (<https://www.gov.scot/publications/due-diligence-checks-good-practice-guidance/>), the Statement of Commitment therefore includes specific commitments in relation to human rights. This includes not only a commitment that the

organisation has controls and policies/mechanisms in place to address human rights at Applicant level but also in respect of downstream delivery. Each party submitting a Statement of Commitment should be aware that Crown Estate Scotland may take such steps it considers necessary to verify the commitments made and in the event that these prove to be incorrect, Crown Estate Scotland may take such steps as it considers reasonable including ultimately rejecting the application or, in the event of an Exclusivity/Option Agreement having been signed, termination.

Whilst we appreciate that this is an early stage to be asking for commitment regarding capacity and expertise from an organisation that may be a subcontractor, it is essential for Crown Estate Scotland to have confidence that successful Applicants will have access to the capability and experience which is set out in the application and has due regard to responsible business practices including in relation to human rights. Lesser degrees of assurance from Applicants would be inadequate to allow Crown Estate Scotland to have confidence in an application at this stage.

We do not have any restrictions on the number of Project Partners that may be put forward as part of an application. We would, however, anticipate that fewer than ten Project Partners would be required for each application.

4.4.4. Funding Organisation

Organisations identified in Section B5 of the Application Form as having a role in funding the development budget are Funding Organisations and must be identified as such in response to Question B5. Between them, the Funding Organisation(s) must have sufficient financial resources to meet the development budget in Section D4.

An organisation may not put forward the same funding capacity in support of more than one application.

This means that an organisation which is involved with more than one application must have the funding capacity to separately meet its responsibilities in each application. This restriction is explained further in the Guidance Notes which detail how Section D5 of the application is to be completed.

A Funding Organisation must either directly or indirectly own a share of the Tenant Organisation (or participate in a legal structure with the equivalent effect) or must be the Tenant Organisation.

4.4.5. Capability and Experience role

Organisations which provide the necessary capability or experience to satisfy Crown Estate Scotland's requirements in Section D of an application have a Capability and Experience role.

4.4.6. Supplementary Experience Providers

Organisations that have a Capability and Experience role but do not have direct or indirect equity ownership of the Tenant Organisation and are not Funding Organisations are defined as Supplementary Experience Providers.

Please note that subcontractors or other organisations which may be engaged to deliver the project once an Option Agreement is in place, but whose experience is not required to satisfy our requirements under Section D of the application, should not be identified in response to Question B5. No credit will be given in the scoring of applications for identifying such organisations.

4.4.7. Wind Farm Delivery Responsibility

An organisation listed in the response to Section B5 which has direct or indirect equity ownership of the Tenant Organisation and has a Capability and Experience role is considered to have Wind Farm Delivery Responsibility. This section sets out how this role definition is used within INTOG Leasing.

The definition of Wind Farm Delivery Responsibility has been designed so that organisations which have such responsibility can be limited in the number of applications they may be involved with, as set out in Section 3.3.5. Organisations which have a pure funding role, or Supplementary Experience Providers which provide capability or expertise on a contractual basis having made a commitment under Part B that they will do so, will not be limited directly by our rules as to the number of applications they may be involved with.

There are two rules relating to the Wind Farm Delivery Responsibility role:

1. At least one of the Project Partners (or the Lead and Sole Applicant) must fulfil the requirements of the Wind Farm Delivery Responsibility role in each application to INTOG leasing. This rule ensures that at least one equity owner (direct or indirect) of the Tenant Organisation contributes capability and experience in delivering the development.

2. No organisation may have a Wind Farm Delivery Responsibility role in more than three applications to this INTOG Leasing. Through this limit, we want to avoid organisations with a Wind Farm Delivery Responsibility role from becoming over-stretched.

4.5. Measures to ensure the continuing relevance on which an application is evaluated

We have incorporated some measures to ensure the basis on which our decisions will be taken is preserved to a suitable degree as development progresses.

4.5.1. Information in application found to be materially inaccurate or misleading

It is a condition of the Exclusivity Agreement and Option Agreement that the Tenant Organisation warrants that the information which was provided in an application and upon which Crown Estate Scotland is acting in reliance when reaching a decision on that application is true and accurate. In the event that information provided at the time of application is proven to be false or materially misleading, Crown Estate Scotland may terminate the Exclusivity Agreement or the Option Agreement.

4.5.2. Changes to the Lead and Sole/Applicant Project Partners after making an application

If between the application window closing for applications and offer of an Exclusivity Agreement and then the period between offer of Exclusivity Agreement and if successful award of an Option Agreement there are changes to the Lead and Sole Applicant/Project Partners, Crown Estate Scotland must be notified. Notification of changes should be communicated to Crown Estate Scotland via the INTOG Leasing email address: INTOG@crownestatescotland.com quoting the application ID. Alternatively, a message can be sent using the Communications tab in the INTOG online application portal.

An Applicant should be satisfied and able to satisfy Crown Estate Scotland that any changes leave the Lead and Sole Applicant/Project Partners no less able to satisfy the evaluation criteria than at the point the application was submitted. Where Crown Estate Scotland is not satisfied that the changes do not leave the Lead and Sole Applicant/Project Partners in the

position that they can satisfy the evaluation criteria, it can terminate the involvement of that Lead and Sole Applicant/Project Partners in the competition. Crown Estate Scotland may need an updated Statement of Commitment from any new parties before the application proceeds.

Exclusivity Agreements are awarded and entered in to on the basis of the information provided in the application and assessed, therefore the updated information should not change the basis of that assessment.

Should a Tenant Organisation sign an Exclusivity Agreement in the knowledge that changes have occurred that leave the Lead and Sole Applicant/Project Partners less able to satisfy the evaluation criteria, the Tenant Organisation will be in breach of the agreement and Crown Estate Scotland has the right to terminate.

4.5.3. Changes to the Tenant Organisation

We recognise that the companies and individuals involved in the project at application stage may change after an Exclusivity Agreement and if successful an Option Agreement has been executed. As per the terms of the Exclusivity and Option Agreements, some changes must be notified to Crown Estate Scotland. We will assess the impact of such changes with reference to the criteria and standards which we applied when evaluating applications in deciding whether we approve those changes. When making that assessment we will take into account the position of the project at that time. For example, if the need for certain capability had fallen away as work had been completed in an area then we would not necessarily require its continued availability, whereas we did require it at the outset.

Termination of Option Agreements because of material reduction in a Tenant Organisation's capability can only take place if and when Crown Estate Scotland reach the view that the changes are such that it is unlikely to be possible to deliver the offshore wind farm as applied for, having afforded an Applicant the time and opportunity to demonstrate otherwise.

4.6. Level and type of application information to be shared with specific stakeholders

We realise application information is confidential and Crown Estate Scotland respect the confidential nature of an application. However, in order to streamline overall delivery timescales, it is necessary to be able to share the anonymised information detailed below to a select number of stakeholders and pursuant to the Freedom of Information (Scotland) Act 2002 as set out in Section 8 of this Offer Document. This information below is not an exclusive list of the information that will be shared.

4.6.1. Marine Scotland Directorate

Anonymised shapefiles, Intended Installed Capacity, and other necessary extracts from the submitted applications will be shared with Marine Scotland Spatial Planning and Assessment team specifically to allow progress of plan level assessments in parallel with our evaluation process. This will seek to ensure Marine Scotland Directorate are on track to meet final INTOG SMP target dates.

4.6.2. National Grid Electricity System Operator (ESO)

Anonymised shapefiles, Intended Installed Capacity including the volume of demand associated with the Intended Installed Capacity and anticipated delivery timescales from the submitted applications will be shared with National Grid ESO. This is to help enable progress of potential anticipatory network planning activities, including in relation to grid connections.

4.6.3. North Sea Transition Authority

Anonymised shapefiles and Intended Installed Capacity from the submitted applications and LOIs will be shared with individuals within the NSTA to allow their confirmation to be considered in accordance with the process outlined in Section 3.3.4.

5. EVALUATION OF APPLICATIONS AND RESOLUTION OF COMPETING INTEREST

5.1. Evaluation Process

5.1.1. Completeness and legibility check

For each application we receive, we will conduct a completeness and legibility check. We want to check that responses to each question have been included in the submission and that the material is legible.

If we find that material is illegible or missing, we may notify the Applicant and ask that they rectify the error within three working days of our request. If no additional material or more legible material is received within the required timescale, then we will evaluate the application as originally submitted.

5.1.2. Spatial analysis of applications

We will generate a spatial data report for each individual application, covering basic spatial parameters. This will include compliance with Areas of Search and Exclusions set out in the IPF, whether the application is in competition with another as set out in Section 5.3 and whether it interacts with an existing offshore wind farm (i.e. if it is 5km or less from an existing offshore wind farm agreement boundary).

5.1.3. Crown Estate Scotland moderation

When we evaluate applications, more than one reviewer will evaluate every part. Crown Estate Scotland will chair moderation meetings, which meetings are held to establish the moderated score for each application. The individual who will chair the moderation meetings will not have had a role as a reviewer. These meetings will also confirm any aspects of the application which we need clarified by the Applicant.

5.1.4. Clarification questions put to Applicant by Crown Estate Scotland

If our evaluation identifies any aspect of an application which we consider needs clarified then we will issue clarification requests, with a deadline for responses of up to ten working days after we make our request. Clarifications received before the expiry of the response deadline will be considered; any arriving after it may not.

The purpose of these clarifications is not to give an Applicant a chance to modify the detail of their application, but rather to clarify the submitted information including any inconsistencies.

We will not raise clarification questions when information is absent or illegible. This means that any incompleteness or illegibility which we raise with Applicants during the completeness check (see Section 5.1.1) but which was not rectified by our deadline cannot be dealt with at the clarification stage.

5.1.5. Final moderation

We will consider any Applicant clarifications received and finalise the evaluation of the application, taking these into account. We will hold a final moderation meeting to confirm the scoring of the application.

5.1.6. Coherence and consistency

Please note that to strengthen our levels of confidence that an application is likely to result in a successful project, we have embedded checks in the evaluation methodology that test whether the application is coherent and consistent. Applicants must ensure that responses are consistent across the entire application to satisfy these checks.

5.1.7. Scoring of Applications

The detail of how the application will be scored is set out in the Guidance Notes and applicants should read these carefully.

5.2. Overall ranking and offer of Exclusivity Agreements

5.2.1. Hierarchy of projects

The applications that meet the minimum criteria as set out in the Guidance Notes and with the highest weighted overall scoring for the relevant application category will be offered Exclusivity Agreements subject to the capacity caps (see Section 5.2.2), site proximity checks (see Section 5.3.1) and prioritisation of Targeted Oil and Gas (see Section 5.3.2). Of the remaining applications the highest scoring applications up to the capacity caps

and subject to site proximity checks for each of the categories, will be offered Exclusivity Agreements. In the event of two or more applications scoring the same score the following hierarchy process and steps below in Table 5 will be undertaken to establish the winning bidder:

Table 5: Hierarchy of awards

Step	Innovation	Targeted Oil & Gas
1	Highest innovation score (Section E Innovation of Guidance Notes)	Highest absolute price score (Section C Price of Guidance Notes)
If not resolved move to Step 2		
2	Highest absolute price score (Section C Price of Guidance Notes)	Highest price per km ² (Section C Price of Guidance Notes)
If not resolved move to Step 3		
3	Highest Deliverability score (Section D Deliverability of Guidance Notes)	Highest Deliverability score (Section D Deliverability of Guidance Notes)
If not resolved move to final Step 4		
4	Best and final offer	Best and final offer

In the unlikely scenario of two or more applications reaching step 4, the Applicant(s) will submit a best and final offer price as per Section C Price of the Guidance Notes for Innovation and for Targeted Oil and Gas on a closing date set by Crown Estate Scotland.

5.2.2. Capacity caps

As detailed in Section 3.2.1 the maximum capacity for Targeted Oil and Gas projects that can be awarded under Exclusivity is 5.7GW and 500MW for Innovation projects. Taking into account the project Intended Installed Capacity (MW), any application that causes the agreement offers to exceed the relevant cumulative 5.7GW or 500MW capacity cap will not receive an offer, but if a lower scoring eligible project is smaller and remains within the relevant capacity cap, then that project can be awarded an Exclusivity Agreement. For the avoidance of doubt, no awards can be made which exceed the respective cumulative 5.7GW or 500MW of Intended Installed Capacity.

5.3. Competing Interest

5.3.1. Site proximity check

Competing interest occurs when two new applications have 5km or less between the application area boundaries or the areas overlap.

Where there is competing interest, we will offer an Exclusivity Agreement only to the application that has a higher score. We have decided to offer the highest scoring Applicants the seabed they request, rather than attempting to broker compromises. We have taken this approach because we do not wish to risk weakening the higher scoring application.

The site proximity check will take into account both Targeted Oil and Gas application sites and Innovation application boundaries. TOG applications will be ranked against other TOG applications and successful applications will be offered an Exclusivity Agreement. Due to the limited and specific nature of areas available for TOG applications it is considered prudent to limit interface between IN and TOG projects by including a stipulation that, Innovation applications which are in competition (i.e. within 5km) with successful TOG applications will not be offered an Exclusivity Agreement. IN applications will need to consider this when finalising their application boundary.

5.3.2. Targeted Oil and Gas Brownfield Prioritisation

As outlined in the IPF⁸, the planning process for Targeted Oil and Gas projects has been designed to facilitate the electrification and, ultimately, the decommissioning of existing projects as Scotland transitions to net zero. Greenfield electrification is not precluded under this leasing process, but the prioritisation of the initial allocation of Exclusivity Agreements and if successful to Option Agreements is for projects targeting existing Oil and Gas Installations.

Applications which include Letters of Intent from only Brownfield Oil and Gas Installations will be categorised as “Brownfield” (and therefore eligible for prioritisation), if, however, Letters of Intent are from only Greenfield Oil and Gas Installations, the applications will be categorised as “Greenfield”.

In the event that a Targeted Oil and Gas application includes LOIs from both Brownfield and Greenfield Oil and Gas Installations the application will be treated as a Brownfield application for the purposes of prioritisation of the initial 500MW allocation if at least seventy per cent (70%) of the demand demonstrated by LOIs is from Brownfield Oil and Gas Installations. If less than 70% of the demand demonstrated by LOIs are from Brownfield Oil and Gas Installations, then the application will be classified as Greenfield.

The first 500MW of Brownfield applications with the highest overall scoring will be prioritised and allocated in the initial offers. Should an application cover Brownfield and Greenfield Oil and Gas Installations, subject to the highest ranked scoring application and subject to whether the application is classified as ‘Brownfield’ or ‘Greenfield’, the Brownfield allocation of 500MW will be awarded first with the remaining capacity to be awarded in accordance with Section 5 of this Offer document.

The first 500MW of TOG awards will be made to Brownfield projects, applications will not be split or partially prioritised. In keeping with the principle/ desire to ensure Brownfield projects, initial awards can be made until an offer has breached the 500MW Intended Installed Capacity level. This approach ensures that the whole 500MW can be used but once it’s exceeded no further prioritised awards can be made.

For example:

If Brownfield Project TOG A ranked 1st has 300MW of Intended Installed Capacity it will be prioritised and offered an Exclusivity Agreement for a capacity of 300MW. Brownfield Project TOG B ranks 2nd and has 400MW of Intended Installed Capacity Project B will also be prioritised in the Brownfield initial allocation., but no further prioritisation is possible as the cumulative capacity now exceeds 500MW. The remaining allocation of awards will be in accordance with this Section 5.

6. PROCESS AND TIMESCALES

6.1. Process steps and timescales

Indicative timescales for INTOG Leasing are set out at Table 6 below. Applications may be submitted at any time from the beginning of the application window until application window closing however, they will not be considered complete until the application fee is paid. In order to maintain a robust and fair process, it should be noted that no application will be opened and considered until the application window is closed. Invoices for application fees will only be raised for Applicants who confirm their intention to apply. Invoices are scheduled

to be issued four weeks before the application window closing to enable payment by the Applicant. Detail and timing regarding the application invoice procedure is given below.

The dates presented in Table 6 for activities that occur after the application window closing for applications are provisional. Once the number of complete applications is known, we will give a further update on the process steps and timescales for the remainder of INTOG Leasing including the anticipated date for Exclusivity Agreements to be offered to successful Applicants.

Table 6: INTOG timescales

Activity	Confirmed Date
Registration opens in online application portal	10 August 2022
Registration closes	24 August 2022
Application window opens in online application portal	25 August 2022
Non-binding Intention to Apply (ITA) message will be sent to registered Applicants in the online application portal See Section 6.3	25 August 2022
Deadline for response to non-binding ITA message See Section 6.3	1 September 2022
Final date that clarification questions received via the online application portal will be read	22 September 2022
Responses to clarification questions received by 22 September 2022 will be released	20 October 2022
Proforma invoices issued to Applicants who have confirmed their Intention to Apply Total application fee for IN projects £10,000+VAT Total application fee for TOG projects £90,000+VAT	20 October 2022
Application window closing for applications: Applications should be made in accordance with the Application Form and Guidance Notes	18 November 2022
Confirmation to registered Applicants as to whether the application is complete and application fee has been received and will be evaluated	25 November 2022
Activity	Estimated time or duration
The elapsed time required for the following steps is dependent on the number of applications we receive. Crown Estate Scotland's provisional view of the elapsed time for the steps is presented now. Applicants should note that the position may change, but we wish to give a broad indication of our current thinking. We will provide an updated timetable with firm dates in November 2022 once application numbers are known	
Evaluation of applications The steps set out in Section 5 of this Offer Document to determine which Applicants will be offered Exclusivity Agreements	Concludes three months from application window closes

Offer Exclusivity Agreements To conclude the Exclusivity Agreement award process, we will publish any information in relation to our intention to award agreements that may aid transparency; run proximity checks for existing seabed agreements and use that information to finalise the Exclusivity Agreement with each of the confirmed Applicants Exclusivity Agreements must be signed, any necessary security arranged and Option Fee paid within the deadlines which we will define for the offers we will make. We anticipate setting a deadline measured in weeks between offer of an Exclusivity Agreement being made and the deadline for completion	Start: Within two weeks of evaluation process concluding
Feedback to Applicants We want to provide feedback to unsuccessful Applicants including confirmation of the scoring their application received We intend to provide feedback to Applicants via virtual or face-to-face meetings. The purpose of the meeting is not to re-visit the scoring decisions, but to assist with the Applicant understanding areas where different approaches might have improved their score This will be possible once we have notified all Applicants of the outcome of our evaluation	Commencing within two months of the deadline for completing Exclusivity Agreements
INTOG Sectoral Marine Plan (INTOG SMP) Marine Scotland will undertake an assessment of the INTOG SMP and required consultations and finalise the INTOG SMP	Estimated to conclude in winter 2023/24
Finalise Option Agreements Option Agreements must be signed within the deadlines which we will define when the INTOG SMP is finalised. We anticipate setting a deadline measured in weeks between an offer of an Option Agreement and the deadline for completion	Concluding two months after the INTOG SMP is finalised
Closure of INTOG Leasing	Completion of Option Agreements

6.2. Clarifications

Applicants may raise clarification questions via the online application portal for a period of four weeks following the opening of the application window. The final date for applicants to raise clarifications will be 22 September 2022.

Our responses will be issued in a single document by 20 October 2022.

Beyond 22 September 2022, we will be able to assist with practical and administrative queries only. Therefore, Applicants are advised to ensure all questions on the INTOG Leasing process are issued before the deadline.

6.3. Arrangements for confirming intention to apply and payment of application fee

In accordance with Table 6 INTOG Timescales, Applicants will be invited to indicate whether they intend to make an application, with a deadline for responses.

Registered Applicants who do not respond confirming their Intention to apply by the deadline may not be issued with an invoice by Crown Estate Scotland for the application fee. Without an invoice, an Applicant may not be able to pay an application fee by the required deadline and so may not be able to submit a valid application. A positive response to the Intention to Apply message may therefore be necessary for a valid application to be submitted.

Registered Applicants who confirm their Intention to Apply are not obliged to complete an application and are not, as a result of indicating their Intention to Apply, committed to pay the application fee. Therefore, confirmation of Intention to Apply is non-binding, though as explained above, is likely to be necessary to complete an application. An Applicant that confirms their Intention to Apply and is in receipt of an invoice for the application fee, may later decide, prior to the application window closing, not to submit the application.

7. SUPPLY CHAIN DEVELOPMENT STATEMENTS (SCDS)

7.1.1. Definition of Terms used in Section 7

Definitions specific to the SCDS process are presented in Annex 2.

7.1.2. SCDS submission requirements

SCDS are submissions made to Crown Estate Scotland which reflect the scale and nature of project expenditure. This process provides the opportunity for agreement holders to share supply chain information in a format consistent with that used for previous seabed leasing rounds. The information shared will be available to a range of important stakeholders and is expected to play an important part in shaping the support environment for successful project delivery.

SCDS are not part of the application/Exclusivity arrangements but shall be provided to Crown Estate Scotland by Exclusivity Agreement holders in advance of Option Agreements being executed. The information in this Section 7 is provided to ensure applicants have visibility and understanding of these important requirements in preparation for Option Agreement execution.

7.1.3. What is an SCDS

The INTOG Leasing process does not impose any requirement on the level or location of anticipated Expenditure set out by agreement holders in the SCDS. Each SCDS shall consist of three parts:

- (i.) A table setting out the SCDS Commitments (in Phases if applicable), with table columns and rows laid out according to Schedule Part 6 of the Option Agreement
- (ii.) An accompanying narrative explaining the calculation of the SCDS Commitments and SCDS Ambition and
- (iii.) The narrative part of the SCDS Outlook (which, together with the SCDS Commitments table and the SCDS Ambition table form the complete SCDS Outlook).

The SCDS material which is incorporated into the Option Agreement consists of (i) the table setting out the SCDS Commitments, (ii) the narrative and (iii) the narrative part of the SCDS Outlook. The SCDS Ambition table does not form part of the Option Agreement.

7.1.4. SCDS Commitments and SCDS Ambition

The SCDS Commitments and SCDS Ambition are to be expressed in terms of Expenditure disaggregated by project stage and by geographic location, in accordance with the definitions of those terms set out in Clause 24 of the Option Agreement. Offer Document Section 7.1.6 provides explanation of the basis on which Expenditure is to be expressed, which in turn flows from the definition of Expenditure in the Option Agreement. The SCDS submitted and incorporated in the Options Agreement is the Initial SCDS. It is acceptable for the Initial SCDS to be primarily informed by the applicant's own view of the level of supply chain development which it is willing to commit to. We do not require the Initial SCDS to be founded on, and fully evidenced by, detailed discussion with supply chain companies.

The definition of SCDS Commitments in the Option Agreement expressly states that the Expenditure put forward may be reflective of only the portion of the total Expenditure that an applicant is willing to be contractually committed to achieving. In particular, the calculation of Lowest Percentage Achievement expressly caters for the possibility that some or all of the SCDS Commitments might be zero. The Expenditure which is set out in the SCDS Commitments is therefore not required to sum to the total expenditure which is likely to be required for the Development. The definition of SCDS Ambition in the Option Agreement expressly states that the Expenditure put forward may be reflective of the applicant's view of total Expenditure modified as required to address any commercial confidentiality considerations. We anticipate that the Expenditure which is set out in the SCDS Ambition might be closer to the total expenditure which is likely to be required for the Development than that set out in the SCDS Commitments, but we do not require that it is a reflection of the complete expected expenditure position.

7.1.5. SCDS Narrative

The SCDS Narrative should be no more than 3,000 words. It should include explanation and justification for the level and distribution of project expenditure for both the Commitments and Ambition, setting out the assumptions used. Though it is not a mandatory requirement for the

Initial SCDS, if any engagement has been undertaken with the supply chain prior to submission, the Narrative should specifically include a description of the engagement in order to provide context. Of particular interest and in as much detail as possible, the people and skills requirements identified to deliver INTOG projects and linked to energy transition objectives, is requested. In relation to the Commitments, the SCDS Narrative section may set out limiting factors or known prerequisites/dependencies which need to be met for the Commitments to be delivered. Such detail may assist interested parties in supporting supply chain development. For the Ambition, the SCDS Narrative should be clear on the conditions under which the Ambition is most likely to be fulfilled, focussing on the specific elements of the supply chain which are being developed for the project to achieve the Ambition. The Narrative should explain what would be required to close the gap between the SCDS Ambition and Commitments; this could be achieved, for example, by setting out what support or outcomes would be required from both the public and private sector in order to deliver a more sustainable supply chain/industry.

The SCDS Narrative must explain how the SCDS addresses other aspects of INTOG Leasing supply chain obligations included in Section 10 of the Guidance Notes along with other applicable external factors, for example the SOWEC Vision and Goals, and the CfD Supply Chain Plan arrangements relating to the pillars of the UK Industrial Strategy: Business Environment, Infrastructure, Ideas, People, and Places. The SCDS Outlook (which definition includes the SCDS Commitments and the SCDS Ambition) will be published openly. In addition to the two tables, the SCDS Outlook must be no longer than 1,000 words and should include any contextual or supporting information which the Tenant Organisation is content to share publicly. The Outlook text must not be inconsistent with the information provided in the Narrative, but it is not mandatory that it contains any particular content.

7.1.6. SCDS submissions

To optimise supply chain engagement and to streamline the submission process, the point of submission of the Initial SCDS Commitments will be included as a schedule in the Option Agreements when the project definition has progressed further, as opposed to the application stage. Applicants should note the SCDS requirements as they represent an important feature of the INTOG agreements and so a robust understanding is advised at the time of submission.

Once projects are awarded Option Agreements from INTOG Leasing they will commence activities to develop the project to a point where investors can provide backing for construction and operations. There are a range of approaches an applicant can adopt in order to reach this end goal, but whatever the route selected, success will only be achieved through a robust and capable supply chain – projects rely upon the skills, innovation, and capacity of suppliers to ensure safety, cost, and programme requirements are achieved. At a project level, INTOG agreements require activities to be undertaken in accordance with the applicant obligations connected to procurement and supplier engagement in support of SCDS delivery.

7.1.7. Facilitating SCDS information flows

Crown Estate Scotland will undertake a programme of activity in conjunction with Tenant Organisations and other interested parties including Government with a view to letting the SCDS arrangements support the development of supply chain. Activities are likely to include analysis of the information provided to understand common industry wide supply chain and skills requirements and liaising with industry and Government agencies to support related investment decisions and identify/maximise opportunities for skills transfer.

7.1.8. Basis on which Expenditure is expressed

The SCDS Ambition, SCDS Commitments and CPS are to be set out in Great British Pounds Sterling, expressed in the actual money amounts which have been settled or will be settled on the face of the relevant invoices, contractual statements, etc. The Agreements will provide that the Lowest Percentage Achievement is determined by a direct numerical comparison between the SCDS Commitments and the CPS Commitments: there are no provisions relating to re-basing for currency inflation or currency conversions prior to that comparison being made. In light of this, when SCDS Commitments are being prepared, the values for Expenditure which are presented in SCDS Commitments should be calculated so that the expected inflation and currency conversion effects are built in.

7.1.9. Updating the SCDS

Part of the value of the SCDS process stems from visibility of the changes in expected supply chain Expenditure which occur over time and the factors which influence

those changes. As a result, Tenant Organisations will be required to provide an Updated SCDS within 12 months of entering the OA. A further update will be required no more than three years after the first update. A Tenant Organisation has the freedom to provide an Updated SCDS more frequently, for example if new information became available about, or there were changes to, their anticipated supply chain.

The Agreements will set out the requirements for an Updated SCDS and that Crown Estate Scotland will decide whether or not to accept an update. An Updated SCDS will be accepted if the following conditions are met:

- The magnitude of the change in the SCDS Commitments is in line with the change in the supply chain assumptions that have been set out in the SCDS Narrative
- The developer has undertaken engagement with the relevant supply chain organisation(s) to seek to enable any supply chain development on which the previous SCDS was predicated and
- The developer has undertaken engagement with any relevant economic development agencies to enable any supply chain development on which the previous SCDS was predicated.

If the above three conditions are met, then, in line with the Agreements, Crown Estate Scotland will accept an Updated SCDS. Crown Estate Scotland will aim to confirm this decision within twenty working days of receipt of the Updated SCDS.

When an Updated SCDS is accepted by Crown Estate Scotland, it will replace the previous SCDS and will become the Current SCDS.

7.1.10. Submission of Contracted Position Statement

Tenant Organisations will produce a CPS at the end of the Development stage of the project which will set out the actual expenditure incurred and the future expenditure which is covered by finalised and well-advanced contracts. The CPS will be assessed by Crown Estate Scotland against the SCDS (including any updates made to it since it was first provided) to gauge the extent to which Applicants have delivered the Commitments they set out in their SCDS. This is expected around the time that major construction contracts are signed, and just before a seabed Lease is requested. Without the CPS, Applicants will not be

granted the Lease they require to build their project. If the CPS does not demonstrate that the SCDS Commitments have been achieved, then the Applicant will face contractual remedies.

The presence of remedies means the SCDS Commitments can be regarded with a degree of confidence by stakeholders. A CPS will be accepted if all the following four conditions are met.

- Contracts demonstrate the amount of Expenditure and the location of Expenditure: Each item of Expenditure which contributes to the total amounts stated in the CPS Commitments, suitably disaggregated into historic and future is supported by suitable contractual extracts which show: (i) that the location of the Expenditure was (if already incurred) or is likely to be (if yet to be incurred) the location for that item of Expenditure shown in the CPS Commitments; and (ii) that the amount of Expenditure is likely to be the amount for that item of Expenditure shown in the CPS Commitments. Fragments of contracts which support points (i) and (ii) are sufficient; full draft agreements need not be disclosed. Supporting information for the amount of Expenditure under point (ii) may need to include reasonable assumptions about volumes of contractual activity and/or out-turn pricing and/or indexation or other references which drive prices. The CPS should be based on reasonable central case estimates of such parameters; Crown Estate Scotland will accept in good faith and without further enquiry any such parameters and assumptions which are included in the CPS.
- Statements support the contracts: Each item of Expenditure which contributes to the total amounts stated in the CPS Commitments is supported by statements confirming that there is an intention to enter the contractual arrangements which correspond to them. Provided each relevant contract is covered by a suitable statement of intention, Crown Estate Scotland will accept the statements made in good faith and will not make further enquiry, for example, as to the precise standing of the originators of the statements made within the relevant organisation(s).
- Report on support for the sustainability of offshore wind development projects (Supply Chain Engagement): A statement which sets out the actions taken by the Tenant to discharge the requirements placed on it by the Supply Chain Engagement clause

of the Agreements. Crown Estate Scotland requires that the CPS includes such a report but does not require any particular content and will not evaluate the content of the report; provided the report is present, this condition of acceptance of the CPS will be deemed to be met.

- Plan for presentation of Option Notice: A statement which sets out the intended timescales and activities leading to the service of an Option Notice. Crown Estate Scotland requires that the CPS includes such a plan but does not require any particular content and will not evaluate the content of the plan; provided the plan is present, this condition of acceptance of the CPS will be deemed to be met.

Crown Estate Scotland may require an audit if the sum of all the individual items of Expenditure which are demonstrated as set out under “Contracts demonstrate the amount of Expenditure and the location of Expenditure” does not equal or exceed the amount of Expenditure set out in the CPS Commitments table. Crown Estate Scotland will not require an audit for any other reason.

For the avoidance of doubt, if the above four conditions are met and any audit has been closed out, then in accordance with the OA, Crown Estate Scotland will accept a CPS. Any audit will be deemed to be closed out once the CPS is revised so that the sum of all the individual items of Expenditure which are demonstrated in the CPS equal or exceed the amount of Expenditure set out in the CPS Commitments table (as a result of either or both of: adding additional items of Expenditure with suitable supporting evidence;

and reducing the amount(s) of Expenditure in the CPS Commitments table).

Crown Estate Scotland will make reasonable endeavours to decide whether to accept a CPS within twenty working days of its receipt, or whether to require an audit.

The Option Agreement will set out the details of how the CPS and SCDS are compared, and the calculation of any ensuing contractual remedies. Contractual remedies in the Crown Estate Scotland Option Agreement provide an incentive to applicants to achieve the Commitments they have made.

The SCDS Commitments and the contracted position are compared separately for each of the four stages of the project, differentiated by the four different geographic areas, meaning there will be sixteen separate tests of achievement undertaken in total.

The contractual remedy which is applied is determined by the lowest level of achievement of any of the sixteen categories. For example, if the contracted position expenditure meets or exceeds the Commitment in all except one project stage and geographic area, the contractual remedies will still be applied according to the achievement in the one stage and area where the commitment was not met or exceeded, regardless of which geographic area and project stage it is for which the Commitment was not achieved.

The contractual remedies vary depending on how far short of the Commitment the contracted position is, as shown in Table 7 below:

Table 7: Contractual remedies

Percentage of Commitment expenditure that is demonstrated by contracted position when lease is requested	Contractual remedy
100% or more	No remedy
90% or above and less than 100%	Payment by Applicant of £50k
50% or above and less than 90%	Payment by Applicant of £100k
25% or above and less than 50%	Payment by Applicant of £250k
Less than 25%	Lease may not be requested

The thresholds (for example the 25% figure) is a requirement that the applicant must achieve for SCDS expenditure in each of the sixteen project stages and geographic areas. The figure does not relate to the proportion of the total project expenditure that arises in any given geographic area.

The contractual consequences of the Lowest Percentage Achievement will be set out in the OA. The Lowest Percentage Achievement is only calculated when a CPS is accepted and the Lowest Percentage Achievement is only considered when an Option Notice is presented; there is no route by which the Lowest Percentage Achievement is re-calculated at a later date and there is no later re-opening of contractual consequences even if the out-turn Expenditure position differs from the position set out in a CPS which has been accepted by Crown Estate Scotland.

7.1.11. Multiple submissions of Contracted Position Statement

A Tenant Organisation may make up to four CPS submissions in respect of any phase. Crown Estate Scotland will consider any CPS submission which is made and, on submission of an Option Notice, will perform the comparison between the Current SCDS and the CPS which was most recently accepted (if any has been).

Since the Tenant Organisation will be able to determine in advance from the material set out in the “Submission of Contracted Position Statement” section whether a CPS will be accepted by Crown Estate Scotland and whether an audit will be required – and if required, how an audit can be closed out – we do not expect that the ability to make more than one submission will be utilised because a Tenant Organisation has made a CPS submission which has not been accepted. We expect that more than one submission of CPS might be made in one of two situations:

- A CPS was submitted by a Tenant Organisation to establish a firm position from which it could consider presentation of an Option Notice, but the CPS was at a level that resulted in contractual remedies arising should an Option Notice be presented and trigger its comparison with the Current SCDS. Subsequent to the initial submission of the CPS, further clarity in the supply chain contracting arrangements has

emerged which permits a new CPS to be prepared which either reduces or removes the exposure to the contractual remedies which would arise on presentation of an Option Notice.

- A CPS was submitted by a Tenant Organisation to establish a firm position from which it could consider presentation of an Option Notice, but the CPS was at a level that resulted in contractual remedies arising should an Option Notice be presented and trigger its comparison with the Current SCDS. Subsequent to the initial submission of the CPS, the Tenant Organisation presents an update to the SCDS which is accepted by Crown Estate Scotland. If the assumptions underlying the Updated SCDS are different to those reflected in the previously submitted CPS, a new CPS might be presented which reflects the structure or assumptions underlying the Updated SCDS which is now the Current SCDS.

7.1.12. Disclosure of information

Each SCDS Outlook, consisting of: the two tables of SCDS Commitments and SCDS Ambition, plus the explanatory text of up to 1,000 words, will be made available in full on the Crown Estate Scotland website. Notwithstanding our obligations to Freedom of Information Requests, outlined in Section 8.3 of this Offer Document, the SCDS Narrative for each Exclusivity Agreement and Option A will not be published on the website but may be shared with public bodies, including the Scottish Government, as appropriate.

CPS material will not be published openly. Summary level information relating to Lowest Percentage Achievement and any contractual consequence connected to accepted CPSs may be published on an individual or aggregated basis.

Following award of any lease, supply chain Expenditure will be expected to progress in accordance with the corresponding CPS Commitments. To provide visibility to Crown Estate Scotland on such progress, leases include a requirement for periodic reporting on the CPS. There are no contractual consequences connected with the content of this reporting.

CPS reporting should be prepared in an agreed format 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.

7.1.13. Practicality of demonstrating Expenditure in a CPS

The Agreements will set out the requirements which supporting information for the CPS must meet, in particular that near-final or final contract-based evidence is required to support the stated CPS Commitments. Some aspects of Expenditure related to a development may be relatively certain to arise and their geographic location may also be relatively certain, but for practical reasons there may be uncertainty about whether it will be possible to provide sufficient supporting information to justify inclusion of Expenditure for future project Stages in the CPS. For example, the procurement and/or contracting and/or subcontracting arrangements which will govern the geographic location of where certain works/services are to be carried out and Expenditure incurred may not, by the time the CPS must be prepared in order to permit timely preparations for submission of an Option Notice, have advanced to a point where it is possible to demonstrate such Expenditure with near-final contractual evidence. In situations such as these we would expect that the CPS Commitments would not include that Expenditure. Further, if Expenditure is taken into account in the SCDS Commitments but then uncertainty materialises as to whether contracting arrangements will have progressed to a point where particular elements of Expenditure can be demonstrated in a CPS (or such uncertainty has not been resolved at the pace which was assumed when the SCDS Commitments were made), an update might be given to the SCDS Commitments at a suitable interval in advance of the intended date of submission of the CPS, to reflect the likelihood that such Expenditure will have to be excluded from the CPS Commitments.

Whilst the SCDS Commitments may be reduced where there is uncertainty as to whether certain amounts of Expenditure can be evidenced in a CPS, we anticipate that the non-binding SCDS Ambition would not need to be similarly reduced.

7.1.14. Relationship between SCDS Ambition, SCDS Commitments and likely supply chain expenditure

We set out in the Section 7.1.13 the scope for discretion about what is submitted. It follows that we do not expect either the SCDS Commitments or the SCDS Ambition to provide a complete representation of all project expenditure.

The discretion which may be applied when selecting the level of SCDS Commitments is expected to reflect, amongst other things, three specific factors.

- (i.) Due to the timing and nature of the Initial SCDS and any Updated SCDS, uncertainty about requirements, components, and potential suppliers is expected to impose a significant limitation on the levels of Expenditure which will be put forward as contractually binding SCDS Commitments.
- (ii.) In cases where the CPS is prepared before contractual evidence is available for some aspects of expenditure which are in fact relatively certain, as discussed in the “Disclosure of information” Section 7.1.12, the fact that they cannot be contractually evidenced in the CPS means they will be excluded by prudent Tenant Organisations from the SCDS Commitments.
- (iii.) Since the comparison between SCDS Commitments and the CPS is done on a face-value basis (rather than the SCDS arrangements incorporating express currency or inflation re-basing prior to comparison), the SCDS

Commitments which are made must incorporate the anticipated impact of any currency inflation and currency exchange factors. Prudent Tenant Organisations will incorporate a margin to reflect the possibility that out-turn currency factors depart from those assumed when the SCDS Commitments were being calculated.

The SCDS Ambition may not reflect the same factors as the SCDS Commitments, however there will be commercial sensitivity connected with the cost-base of a project in the context of competitive route to market. The definitions and guidance make it possible for the SCDS Ambition to be presented in a way which avoids disclosure of commercially sensitive information.

The certainty we give in the “updating the SCDS” Section 7.1.9 about the basis on which updates to SCDS Commitments will be accepted is intended to enable SCDS Commitments to be made without the need to build in a full margin for every uncertainty.

7.1.15. How will SCDS information be used?

The selection of successful applications to INTOG Leasing is not influenced by the level of commitment or ambition provided in the Initial SCDS submission,

and the SCDS does not have specific minimum requirements for expenditure levels or location. The SCDS will provide visibility of a project's expected expenditure (Commitment, and Ambition) in each geographical region during each project (and each project phase where applicable).

The SCDS Outlook will give public visibility of overall supply chain commitments. An applicant may also wish to release detailed information additional to this via which projects can potentially spotlight opportunities, thus helping to make specific project requirements better understood and potentially unlocking more ambition and/or investment.

Over time, the changes to the SCDS expenditure figures, and reasons for those changes will give a useful picture to allow interested parties to understand the drivers behind the supply chain expenditure that emerges.

7.1.16. How should SCDS info be interpreted?

It will be for applicants to make decisions on the levels of commitments they make and the ambition they set out. What they regard as being feasible and possible may change as a project progresses, which is why

they have the ability to make changes and updates. Importantly, these changes and updates will be subject to acceptance by Crown Estate Scotland (otherwise the previous SCDS continues to apply). It is important to recognise that the SCDS Commitments are unlikely to provide a complete representation of all project expenditure, because they are made early in the project development process.

Also, the final expenditure in some categories may remain uncertain until after the CPS needs to be prepared and are therefore unlikely to be covered by Commitments made in the SCDS. One of the primary factors which drives industry investments and enabling activities is the expected number of projects and the time-horizon over which developments will occur. Decisions to enter or expand presence in the offshore wind supply chain depend on there being confidence that there will be a good pipeline of projects and the necessary skills to deliver them. INTOG Leasing is designed to identify projects with the highest likelihood of being successfully built and operated. The SCDS is set to provide further 'colour' to how visibility of this forward pipeline of projects can influence and deliver through successive projects in the 2020s and 2030s.

8. DATA PROTECTION, FREEDOM OF INFORMATION AND DISCLAIMER

8.1. Data Protection

Any personal data submitted to Crown Estate Scotland as part of your application will be processed in accordance with our obligations under the Data Protection Act 2018 and the EU General Data Protection Regulation 2016 and any other applicable law and in accordance with our Privacy Notice which we intend will be available on our website prior to the Closing Date. The lawful basis of processing this personal information is our legitimate interest to consider and evaluate your application to enter into an Option Agreement with us and develop an offshore wind project, and for us to manage any resulting contract.

8.2. VAT Treatment

Payments in relation to agreements for seabed which is wholly outside Scottish Territorial Waters are outside the scope of VAT. In other cases, application fee, Option Fee and rent payments may be subject to VAT depending on:

- The location of the Option Agreement Area or the Lease area
- Notices given by Crown Estate Scotland to HMRC and
- Applicable guidance given by HMRC.

8.3. Freedom of Information

All information submitted to us may need to be disclosed and/ or published by us under the Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EISRs) and to: our external advisers; the Scottish Ministers; the Scottish or United Kingdom Parliament or any other department, office or agency of HM Government who in turn may require to disclose information in compliance with the FOISA and the EIRs, any other law, or, as a consequence of judicial order, or order by any court or tribunal with the authority to order disclosure.

We intend to publish the Applicant Valuations submitted for those applications which result in an Option Agreement being entered into.

If you consider that any of the information included in your application is commercially sensitive, please identify it and explain the issues that may arise from disclosure and/or publication.

It should be noted that, even where you have indicated that information is commercially sensitive, this may still be disclosed. Marking material as “confidential” or “sensitive” equivalent should not be taken to mean that any duty of confidence is accepted by Crown Estate Scotland by virtue of that marking.

8.4. Status of the competition

Crown Estate Scotland reserves the right to withdraw the requirement or cancel, vary or suspend the process at any stage (with or without notice) prior to the award of an Exclusivity Agreement. Crown Estate Scotland reserves the right to amend the suite of documents issued at any time prior to the deadline for receipt of the applications.

The Applicant will bear all costs associated with this exercise. Crown Estate Scotland may, without liability or obligation to the Applicant or any Project Partners or other participants:

- Accept or reject the application
- Accept only such part or parts of the application it shall deem to be appropriate and/or
- Cancel the process and reject the application at any time prior to the entry into of the Exclusivity Agreement.

The Applicant should be aware that should any of its responses including its Statement of Commitment may be found to be deliberately misleading or falsified, the Applicant and its Project Partners may be disqualified from the process.

This document provides guidance to the process for applying for an Exclusivity Agreement. 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 Exclusivity Agreement, 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 some information 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 Exclusivity Agreement, Option Agreement or Lease, which will depend on the outcome of the leasing

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.

ANNEX 1

Application requirements

Innovation	Targeted Oil and Gas
Maximum 100MW	Seabed area up to 333km ²
Location aligned with Marine Scotland's Initial Plan Framework	Location aligned with Marine Scotland's Initial Plan Framework
Proximity of application site at least 5km from all existing offshore wind farms with seabed agreements unless the counterparty to the existing wind farm agreement is content for the new application to be made And Proximity of application site at least 5km from a successful TOG project (which could at application stage be anywhere inside a TOG Area of Search)	Proximity of application site at least 5km from all existing offshore wind farms with seabed agreements unless the counterparty to the existing wind farm agreement is content for the new application to be made
Minimum density of 3MW/km ²	Minimum density of 3MW/km ² (see exception at Section 3.2.2)
Signed Statement of Commitments	Signed Statement of Commitments
	Must directly connect to an Oil and Gas Installation
	Must provide a letter(s) of intent demonstrating the scale the demand for electricity from the Oil and Gas Installation
	Must not exceed 5x the annual electricity power demand of the Oil & Gas Installations demonstrated by the summed letters of intent
	Electricity demand from the Oil and Gas Installation will be for a minimum of 5 years

ANNEX 2

Definition of Terms used in Section 7 (SCDS)

Term	Definition
Agreements	The Exclusivity Agreement and Option Agreement collectively
Contracted Position Statement (CPS)	A statement by the Tenant Organisation at the end of the Development Stage of the project which sets out the actual expenditure incurred and the future expenditure which is covered by finalised and well-advanced contracts
Current Supply Chain Development Statement (SCDS)	The most recent SCDS accepted by Crown Estate Scotland
Development Stage	All activities conducted to progress the project to the point of serving an Option Notice
Expenditure	The costs (in money or monies worth expressed in GB Pounds Sterling and exclusive of any VAT), incurred and anticipated to be incurred (including costs incurred prior to the date of entering the EA) by the Tenant or any other member of the Project Team directly or indirectly in connection with each of the Stages of the development of the windfarm (or windfarms in each phase if applicable) comprising the Development, including costs incurred in engaging third party contractors or consultants and any costs incurred by the Tenant or any other member of the Project Team in engaging employees and contractors to work on jobs arising from specific project activities connected with the Development. For the avoidance of doubt no element of the Expenditure shall be accounted for more than once.
Initial SCDS	Means the SCDS contained in the appropriate Schedule of the Option Agreement
Installation Stage	All activities on the installation, construction, testing and commissioning of the proposed windfarm required to complete the works
Lowest Percentage Achievement	The lowest percentage achieved of any category of CPS Commitment as determined in accordance with the calculation to be detailed in the Option Agreement
Manufacturing and Fabrication Stage	Activities involved in the manufacture, fabrication and supply of the wind turbine generators, generator cables, substations, and supporting platforms and structures, energy storage equipment and all other required ancillary structures for the proposed windfarm
Operations Stage	Means the activities involved in the operation, maintenance, servicing, and repair of the completed windfarm in the period of six years from the works completion date
Project Stages	Each of the Development Stage, Manufacture and Fabrication Stage, Installation Stage and Operation Stage
SCDS Ambition	The Expenditure which the Tenant anticipates will be created by the Development (and which it is willing to disclose) disaggregated by Stages, and by geographic area and provided in the SCDS

SCDS Commitments	The Expenditure which the Tenant is able to commit to achieving in a CPS (including for reasons of commercial sensitivity) disaggregated by Stages, and by geographic area and which will be provided in the SCDS
SCDS Narrative	Explanation of the calculation of the SCDS Ambition and the SCDS Commitments. This is a detailed commercially confidential and technical document
SCDS Outlook	Means the SCDS Ambition, the SCDS Commitments plus any other information within the SCDS which the Tenant accepts the Landlord may share with public sector partners and which will be considered to be public
Updated SCDS	Periodic updates to the SCDS which, when accepted, supersede the Current SCDS

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