

# **THE UK EXPERIENCE - striving to become world leaders in offshore wind**

**Offshore Wind Energy in Ireland**

**14 October 2010**

**Dermot Grimson**

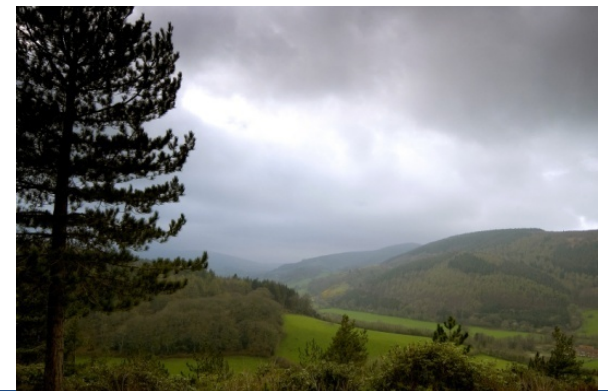
**Head of External Relations, Planning & Policy**

**The Crown Estate**

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# The Crown Estate

- ❖ Is a landowner
- ❖ Is not a regulator
- ❖ Is a public body – The Crown Estate Act 1961
- ❖ Is not part of Government – but works closely with Government, statutory bodies *etc.*



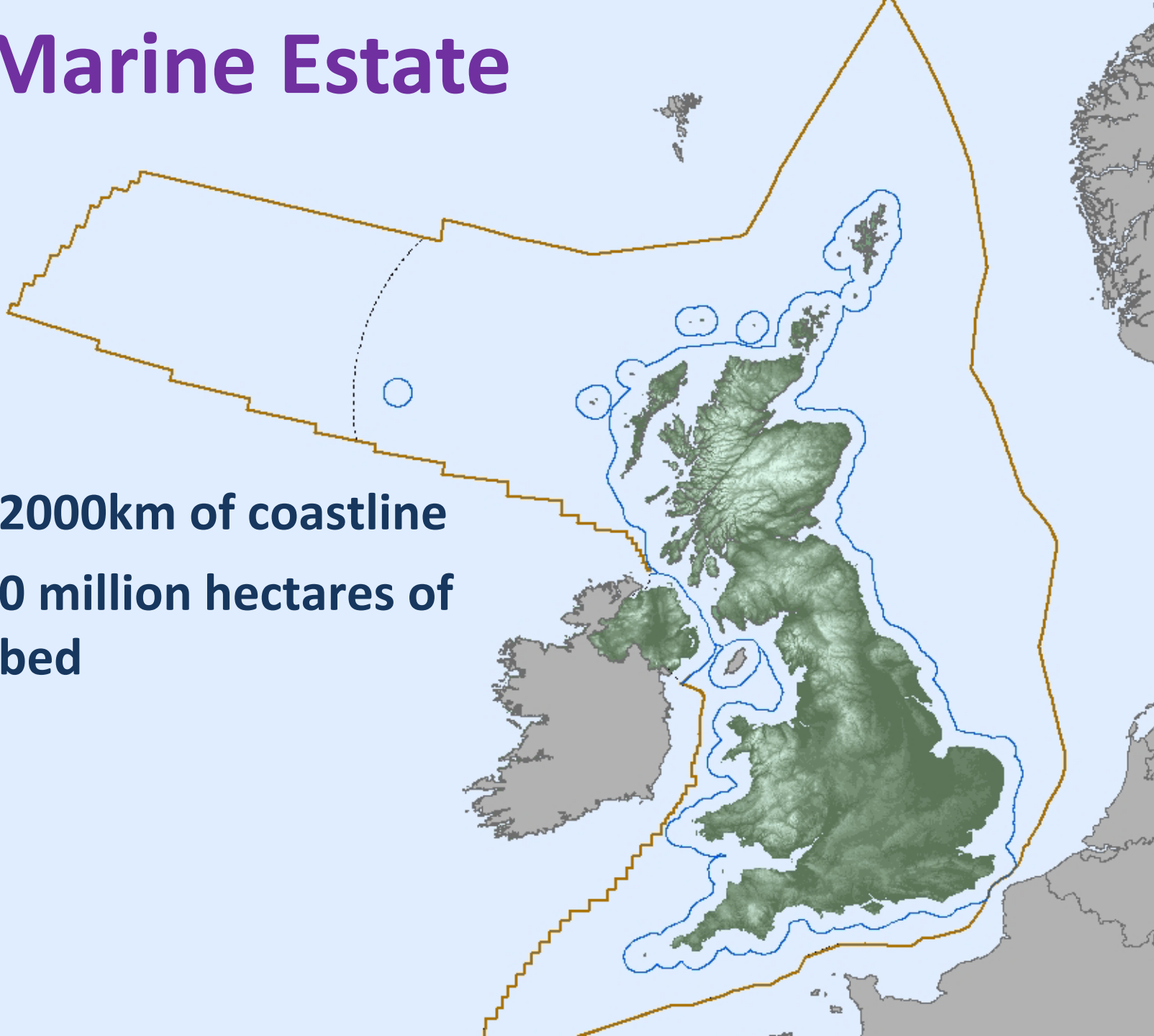
# The Crown Estate

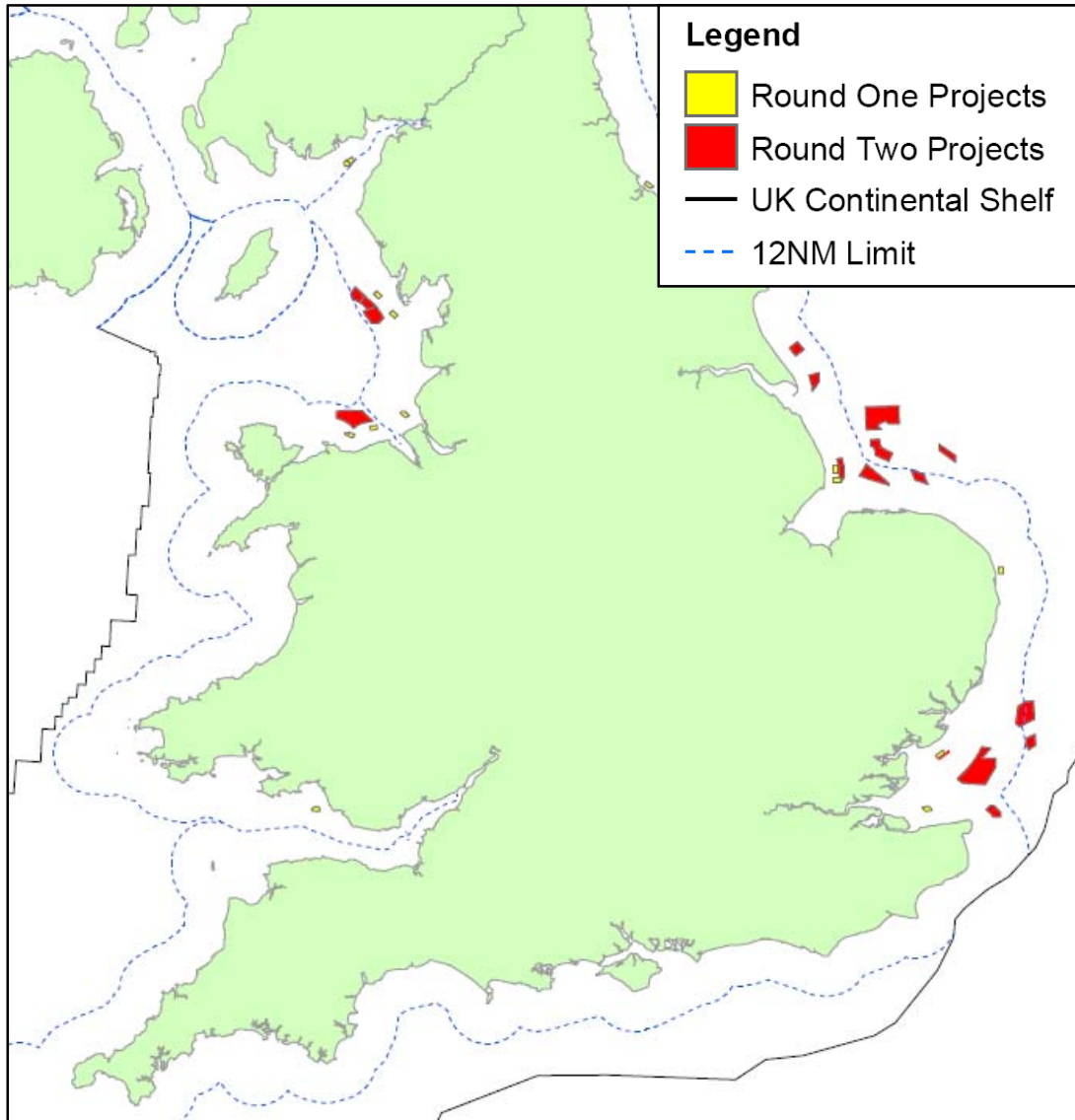
- ❖ **The Urban Estate:** Substantial blocks of commercial and residential property including Regent Street and St James' in central London
- ❖ **The Rural Estate:** Approximately 110,000 hectares of agricultural land
- ❖ and .....



# The Marine Estate

- ❖ 22000km of coastline
- ❖ 30 million hectares of seabed





## Rounds 1 and 2

**UK is the world leader in offshore wind**

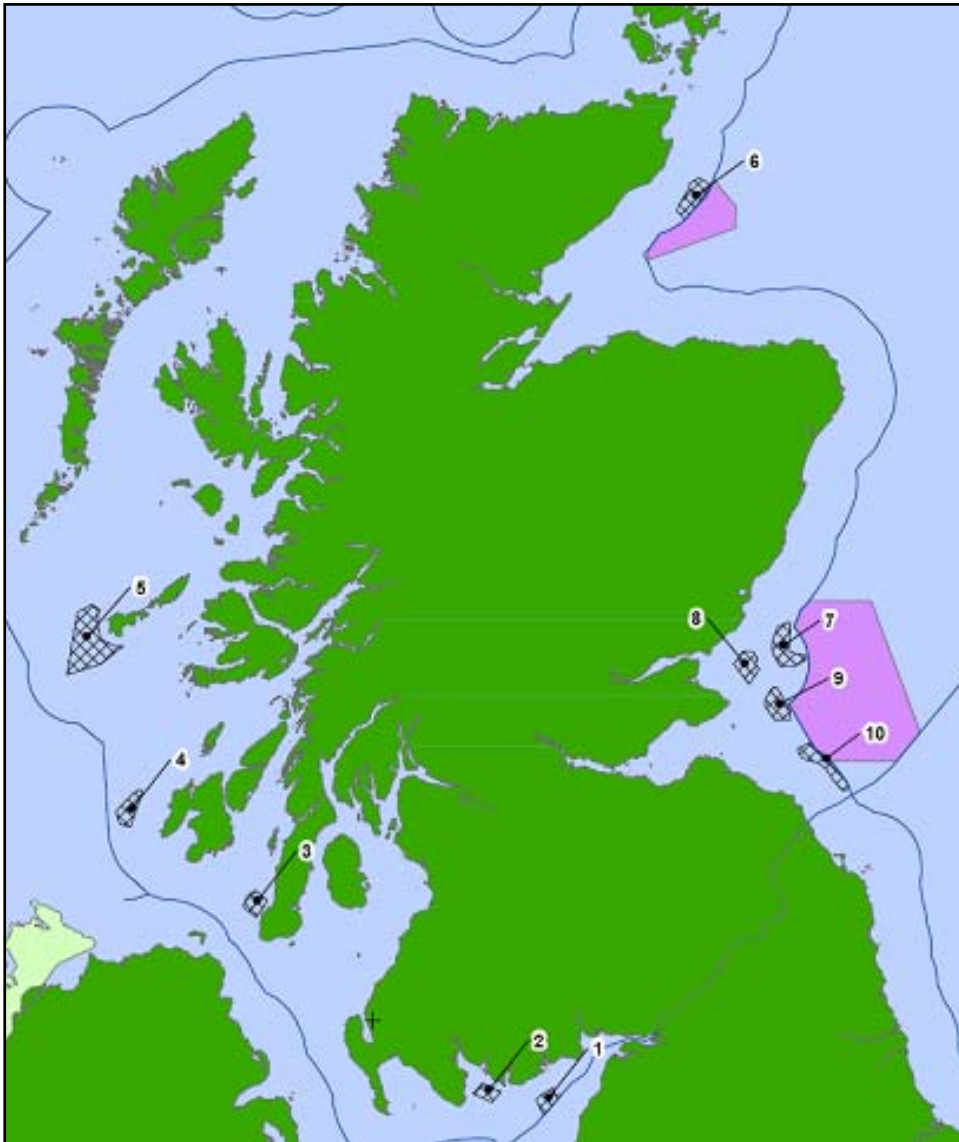
❖ 1.3 GW operational (15 projects, Sept 2010)

❖ 2.2 GW under construction (6 projects)

❖ 1 GW consented, pre-construction (3 projects)

❖ 2.6 GW awaiting consent (6 projects)

❖ 2.7 GW pre-application (includes Extensions)

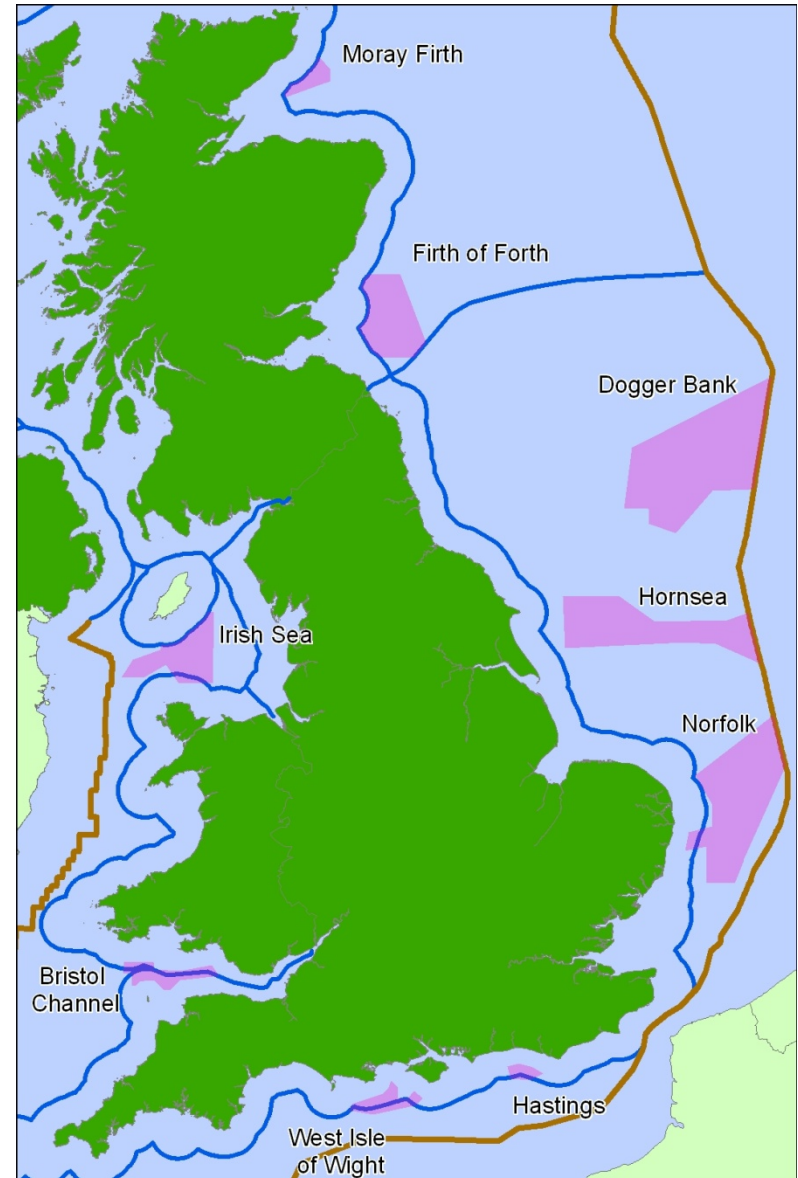


## Scottish Territorial Waters

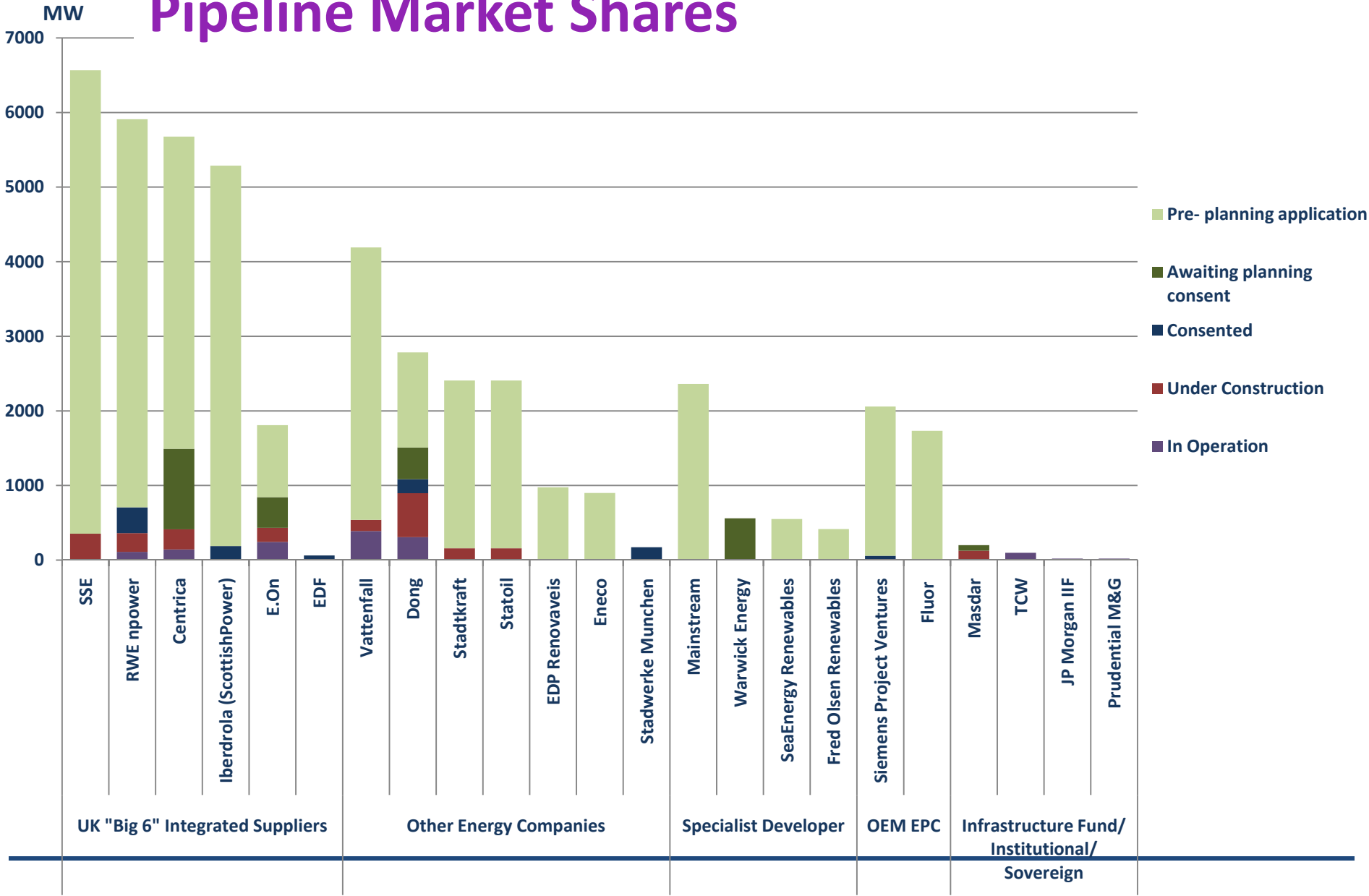
- ❖ 10 Sites awarded exclusivity agreements early 2009
- ❖ Total 5.7GW under active development
- ❖ Scottish Government currently carrying out an Strategic Environmental Assessment

## Round 3

- ❖ UK target of 15% energy from renewables by 2020
  - + Climate change mitigation
  - + Security of energy supply
  - + Jobs and investment
- ❖ In response, The Crown Estate launched the Round 3 competition for 9 development zones – awards made Dec 2009
- ❖ 32 GW pipeline now under active development



# Pipeline Market Shares



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# The Round 3 Approach

- ❖ Development in partnership with The Crown Estate to consent  
*Shared development risk. Pre-consent co-funding > £100m*
  - ❖ A zonal approach (zone awarded to one development partner)  
*Assess cumulative impact, engage holistically with stakeholders, supply chain confidence, strategic supply chain development, etc*
  - ❖ Use of the Marine Resource System (MaRS) tool  
*Robust, transparent and rational approach to site selection and portfolio to aid the consenting process*
  - ❖ Engagement with stakeholders over national and zonal issues  
*Highlight issues early, build long-term relationships*
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# Investment in Enabling Actions

The Crown Estate is taking action to promote and de-risk the delivery of Round 3:

- ❖ **UK-wide supply chain events: 2010 + 2011**
  - ❖ Aerial bird surveys of zones
  - ❖ Funding to support the industry Aviation Plan
  - ❖ Development of the consents framework
  - ❖ Funding for key agency caseworkers
  - ❖ Marine mammal survey and research strategy
  - ❖ Engagement for strategic planning for offshore grid
  - ❖ **Offshore Wind Industry and Government Task force**
  - ❖ .....further actions under discussion
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# Zone Development Agreement (ZDA)

Agreement For Lease (AfL) Project A

Option Period

Lease – Project A

Typ. 50 yr

## Zone Appraisal

Partner Development Actions  
Zone Appraisal & Planning

Key:

Zone Partner

Project Co

## Zone Development

Project Identification  
Project A

Project Approval

Development Actions

From 1 yr

### Key Project Consents

- Planning Acts
- IPC/ Marine Scotland
- Marine Bill
- Appropriate Assessment
- ...

Apply for Consents

Obtain Consents

Typ. 1 yr

From 2 yrs

Option Notice Served

Lease Commencement

Works Implementation

Project Build

Project Identification  
Project B

Project Approval

Works Completion

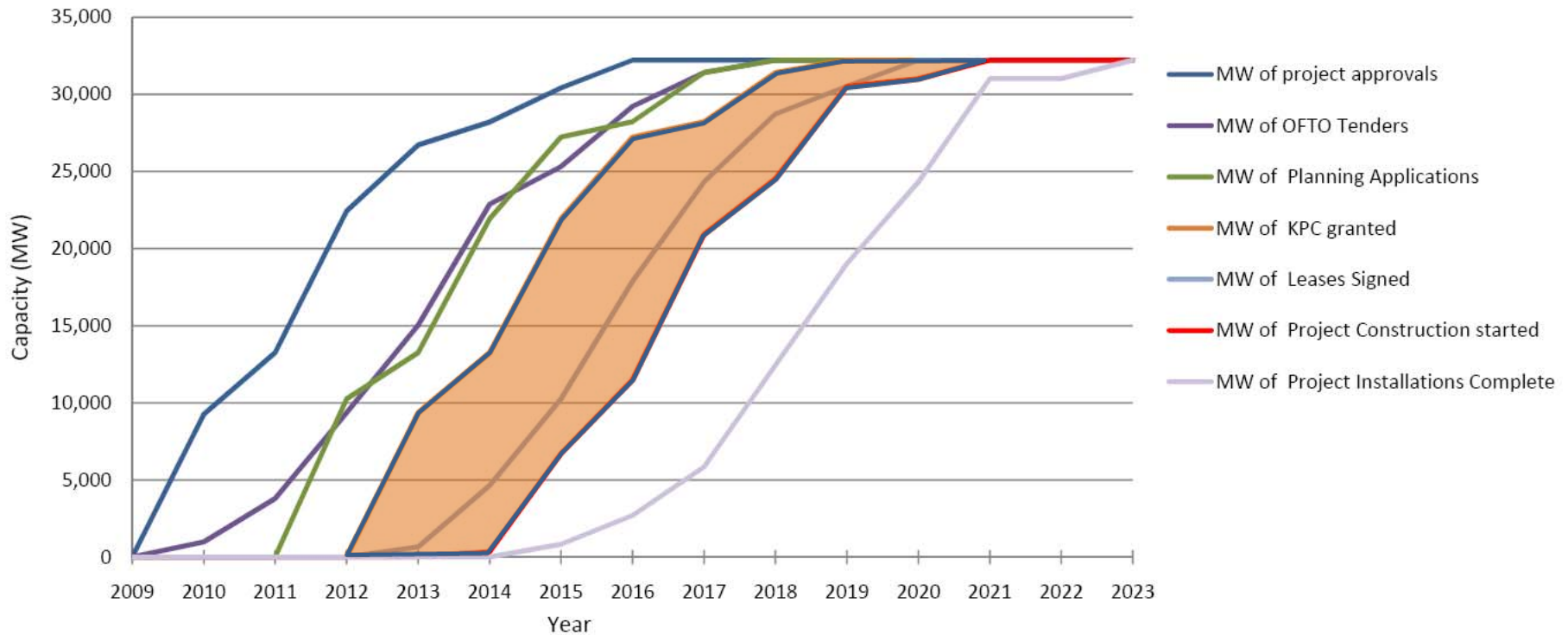
2010

2020



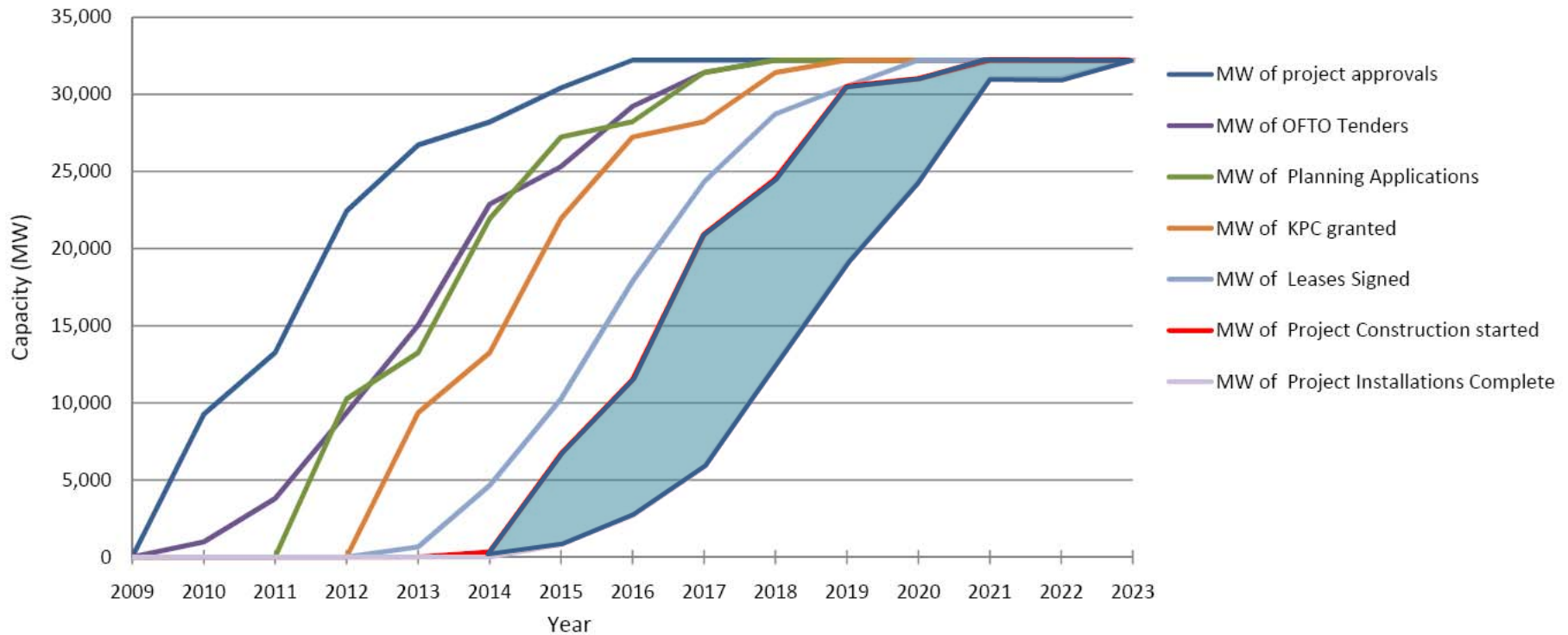
# Phasing

**Round 3 programme delivery curves**  
**PROCUREMENT**



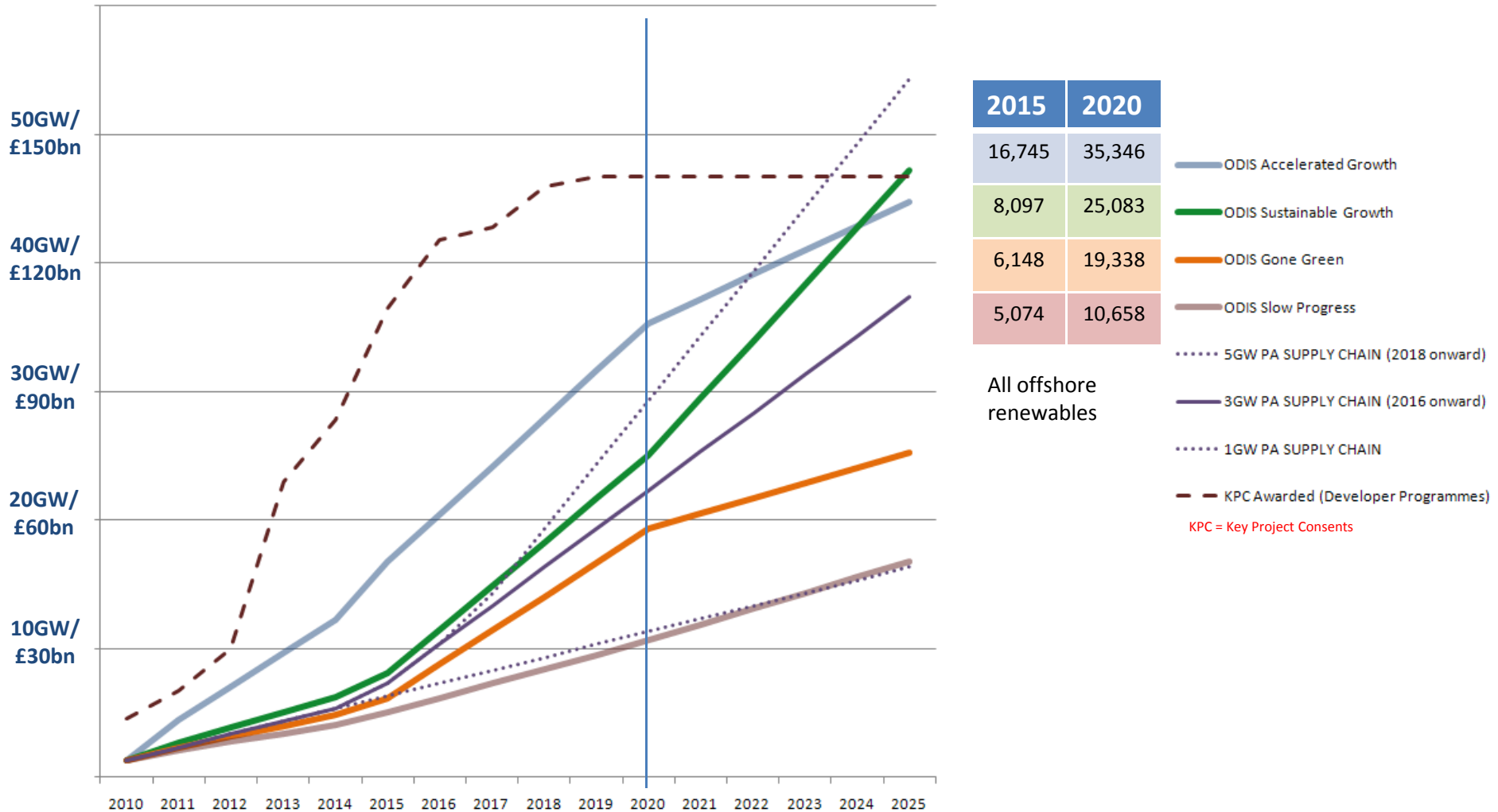
# Phasing

**Round 3 programme delivery curves**  
**CONSTRUCTION**



# Offshore Growth Scenarios:

## National Grid's offshore development information statement (ODIS)



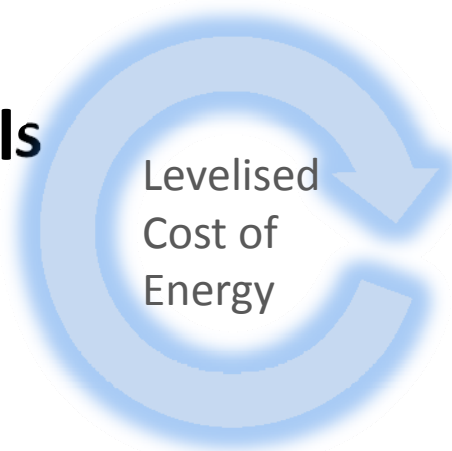
# Strategic Challenges to Programme Delivery

## Health & Safety

- Rapid sector growth, further from shore

## Supply Chain & Skills

- Competing markets, capacity, invest or confidence, infrastructure investment plans and OEMs, leadership on skills



## Planning & Consents

- New Planning Act, revisit IPC and NPS's, untested new processes and teams, funding aviation solutions, MCZ uncertainty

## Grid & Technology

- Coordinated offshore devt, OFTO regime, charging, standardisation, risk and perception

## Project Economics & Financing

- Consented projects not reaching investment hurdle rates, struggle to access construction finance, operational refinancing

# Strategic Challenges - Public Sector roles

## Health & Safety

HSE

## Planning & Consents

SNCA SEA AA  
 IPC/MS/SoS NPS LPA  
 DEFRA MMO MCA NGOs  
 DECC O&G MoD DfT  
 DCLG CEFAS CCW NERC

## Supply Chain & Skills

RDA/LEP  
 SE HIE WAG DETINI  
 BIS UKTI SDI  
 DECC-BUKWID  
 NSAP EU Skills

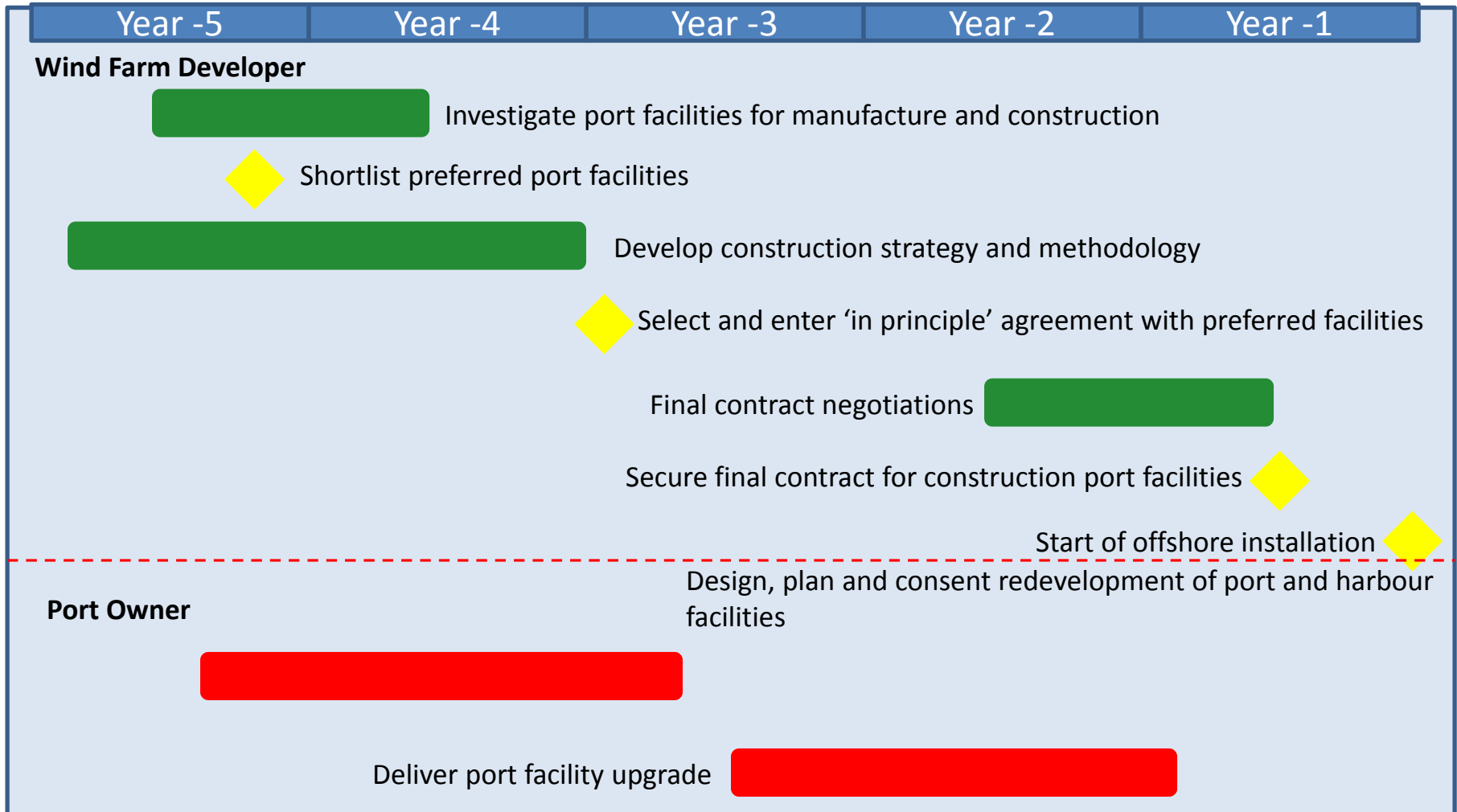
## Grid & Technology

OFGEM NGET OFTO's  
 TCT-OWA ETI KTN  
 LPA ENTSOE

## Project Economics & Financing

OFGEM EIB GIB  
 ECAs DECC-ORED

# Supply Chain Priorities e.g. Ports infrastructure



# Conclusions

**Delivery of the programme can be enabled by clear targets being set by Government**

**Offshore wind sector is actively managing rapid growth and pipeline development**

**Plan for leasing, grid, supply chain – reduce the risk/increase the chance of attracting investment**

**Getting the incentive regime right; there is increasing experience on what's enough but not too much**

**New delivery approaches are helping public and private sector working together**

# Thank you

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