

S5W-35307 – due 25/02/2021

Mark Ruskell (Mid Scotland and Fife) (Scottish Green Party): To ask the Scottish Government how the ScotWind offshore wind leasing round might help secure supply chain investment.

Mr Paul Wheelhouse – Minister for Energy, Connectivity and the Islands

Scotland is an ideal location for offshore wind, with substantial resources and opportunity for investment. An integral part of ScotWind are the Supply Chain Development Statements that applicants must complete and commit to when applying for a lease option. These statements will provide a transparent explanation of the supply chain content to be included within developments, with a view to maximising local content. Within the bounds of competition law, developers will face penalties if these commitments are not met.

ScotWind follows from our recent Sectoral Marine Plan for Offshore Wind Energy which has identified 15 Plan options, capable of delivering up to 10 GW in Scottish waters.

The ScotWind seabed leasing process is the next step in delivering economic and social benefit to Scotland whilst actively tackling climate change, developing a green recovery from the pandemic and building on our successful blue economy in Scotland.

SCOTTISH GOVERNMENT

Background note

Mark Ruskell MSP, has posed a series of 4 questions on ScotWind, the timeline of the ScotWind review and implications for supply chain stemming from the leasing process and eventual projects. These questions are likely prompted by the recent announcement of the review of the ScotWind seabed Option Structures by Crown Estate Scotland (“CES”) on 11 February 2021 (see below). Previous questions have queried the status of the seaweed (kelp) review and Crown Estate Scotland.

On Monday (8 February), The Crown Estate (“TCE”) announced the outcome of their offshore wind seabed lease auction for UK waters (Round 4), with bids dramatically higher than expected and annual fee estimates of **£878 million** (£878,979,840) for 7.9 GW. These fees could be paid for a maximum of ten years, as projects develop, reaching **£8.8 billion** in revenue to be passed on to HM Treasury.

Comparatively, Crown Estate Scotland’s (CES) ScotWind process uses fixed prices and a one-time fee that cannot exceed £86 million for the same ten-year period. ScotWind fees were selected by CES (and signed off by Scottish Ministers in April 2020) to increase the competitiveness of Scottish sites deemed to be less attractive due to various constraints.

Crown Estate Scotland, with support from Scottish Ministers, have now extended the ScotWind application process to allow a review of the seabed options structure to take place. This prompt review is to be complete by 24 March 2021 and will ensure that a fair price for the seabed is secured and Scotland benefits from the change in market dynamics.

The review and delay to the application process has a necessary impact on the timeline for the full seabed option agreement process and knock-on implications for developers seeking to reach key stages in their project for application to Contract for Difference (“CfD”) auctions and also carrying out the required environmental surveys.

Supply chain has been a key component of the ScotWind applications process. The review, currently underway, will include consideration of some components of the Supply Chain Development Statement (SCDS), such as penalties and termination thresholds.

S5W-35306 – due 25/02/2021

Mark Ruskell (Mid Scotland and Fife) (Scottish Green Party): To ask the Scottish Government whether the outcome of the ScotWind offshore wind leasing round will be published before the COP26 conference in November 2021.

Mr Paul Wheelhouse – Minister for Energy, Connectivity and the Islands

The ScotWind lease option structure is currently under review and the full timeline for completion of ScotWind is under consideration as part of that review.

SCOTTISH GOVERNMENT

Background note

See above

S5W-35305 – due 25/02/2021

Mark Ruskell (Mid Scotland and Fife) (Scottish Green Party): To ask the Scottish Government what action it is taking to ensure that the completion of the review of the ScotWind Leasing process by Crown Estate Scotland will conclude ahead of the pre-2021 election period.

Mr Paul Wheelhouse – Minister for Energy, Connectivity and the Islands

The review is targeted to be completed by 24 March 2021, ahead of the pre-election period. We and Crown Estate Scotland are prioritising our resources to ensure that the review can report by this deadline and in so doing that we can provide the Scottish offshore wind sector with clarity on the way forward.

SCOTTISH GOVERNMENT

Background note

See above

S5W-35304 – due 25/02/2021

Mark Ruskell (Mid Scotland and Fife) (Scottish Green Party): To ask the Scottish Government what additional resources it is providing to its agencies to ensure timely consenting of offshore wind projects that are successful in the ScotWind leasing round.

Mr Paul Wheelhouse – Minister for Energy, Connectivity and the Islands

The Scottish Government is committed to delivering a successful offshore wind sector in Scotland. Our Offshore Wind Policy Statement and Sectoral marine Plan set out our ambitions and identified the key barriers to consents. The offshore wind plan also provides key information for developers preparing applications through the detailed assessments and regional locational guidance.

With 10GW of potential development coming through the consenting system as a result of ScotWind, it is clear that this will increase the demand of resources across the relevant Scottish Government Departments and Agencies. Scottish Ministers' will continue to engage with Officials on the key matters in relation to the consenting system for offshore energy

Our extensive Scottish Marine Energy Research Programme ("ScotMER") is actively seeking to tackle difficult evidence gaps and is working collaboratively with industry and other regulators to reduce uncertainty in consenting decisions. We are also taking steps to increase efficiency in licensing/consenting processes and, in the wake of our response to the report by the Advisory Group on Economic Recovery, to optimise consenting and planning resources ahead of ScotWind applications.

Marine Scotland, a part of core Scottish Government which is responsible for marine licensing and consenting, also stresses to all offshore renewables applicants the importance of submitting a well evidenced application, supported by a thorough, concise environmental impact assessment covering the pertinent issues. The Marine Scotland consenting and licensing guidance, available on the Scottish Government website, can help facilitate this.

SCOTTISH GOVERNMENT

Background note

See above

THE CROWN ESTATE (rUK) SEABED LEASE OUTCOME - COMPARISON TO SCOTWIND

The Crown Estate (“TCE”) have announced the outcome of their offshore wind seabed lease auction for UK waters, known as Round 4. Bids were dramatically higher than expected with an annual fee of **£878 million** (£878,979,840) for 7.9 GW. These fees could be paid for a maximum of ten years, as projects develop, reaching **£8.8 billion** in revenue to be passed on to HM Treasury.

Comparatively, Crown Estate Scotland’s (CES) ScotWind process uses fixed prices and a one-time fee. The total ScotWind fees cannot exceed **£86 million** for the same ten year period. ScotWind fees were selected by CES to increase the competitiveness of Scottish sites deemed to be less attractive due to various constraints. The potential for disparity between fees was noted in a study last year commissioned by Marine Scotland, however, market projections were significantly lower than those now confirmed by TCE.

We have noted the recent announcement by The Crown Estate on the conclusions of their round 4 auctions. We are currently examining the outcome to consider any implications for ScotWind and whether there are any actions we may wish to take to protect Scotland’s interests.

- We will continue to work with Crown Estate Scotland to examine the details of the recent announcement and what this may mean in a Scottish context.

Our leasing has been designed to attract major green investment to Scotland that will deliver long term economic and net zero benefits through a competitive and sustainable pipeline of projects.

- Scottish offshore wind projects are already at a disadvantage due to the unfair transmission charges and a Contracts for Difference (CfD) process driven by price alone. Competitive seabed fees may be an advantage to Scottish projects in the long-term.
- Crown Estate Scotland set their fees and leasing process last year to attract investment in a competitive market and deliver successful projects, based on market projections at the time.

ScotWind offers substantial benefit to Scotland from seeing projects delivered successfully, and developers delivering on their commitments to support local supply chain, in addition to their initial fees.

- Rent paid by operational projects, paid directly to the Scottish Consolidated Fund, has the potential to provide billions to the Scottish economy while providing clean energy. In the light of the Round 4 auctions we are examining the ScotWind mechanism to ensure it remains optimal in securing such benefits.

Scotwind pricing review – Key lines and Q&A for SOWEC

Key Lines

Need for Review

- In light of the significant changes we seen in the offshore wind market, following The Crown Estate's recent auction of sites, Crown Estate Scotland have decided, with Scottish Ministers' endorsement, to pause the ScotWind process for leasing seabed options and extend the deadline for applications. CES will now review ScotWind's options structure to ensure it appropriately takes into account the change in market conditions.
- It is the Scottish Government's responsibility to secure a fair price for the sea bed sites being leased for offshore wind developments around Scotland and to make sure that the people of Scotland benefit fully from decisions taken in relation to the Scottish Crown Estate.
- The Crown Estate Scotland Act (2019) places an obligation upon Scottish Government and CES to obtain market value for assets. And this review allows us to deliver on this duty.
- Crown Estate Scotland set their fees and leasing process last year to attract investment in a competitive market and deliver successful projects, based on market projections at the time. This review allows CES the time to take account of the recent significant and unexpected change arising from The Crown Estate auction.

Purpose of review

- The significant change in market dynamics regarding seabed option prices is what has driven this review. This is a quick and focussed review of the option structures within ScotWind, not a wider review of the full process.
- I know the extensive work that has gone into your applications up to this point and it is not our intention to waste that effort.
- Our leasing round has been designed to attract major green investment to Scotland that will deliver long term economic and net zero benefits through a competitive and sustainable pipeline of projects. The key to this review is maintaining that balance whilst delivering a fair outcome for Scotland.

Timing and delay

- We will now work with Crown Estate Scotland to complete this prompt review, which is targeted to be completed by 24 March 2021.
- As registered applicants to ScotWind will now know, CES cannot give an exact date for the new deadline for applications but have clearly stated that they do not envisage the date being within April or May.
- Ministers, officials and CES are all acutely aware of the impact that delays can have on your success at the upcoming CfD auctions. It is with this in mind that we have set such a prompt and focussed review time-line.

Questions, Answers and Rebuttals

Q. Is this just a money grab / chance to take advantage to increase income / take advantage of developers?

A. Absolutely not. As even individual developers have expressed to myself and officials, the outcome of the round 4 process made this review necessary. The Scottish Government must ensure it achieves a fair price for our assets and resource but we are committed to our goals to deliver a viable offshore wind sector in Scotland. This is about a fair balance.

Q. Can the review conclude that the ScotWind structure is adequate and if so, is this just wasted time?

A. That is an aspect of the review. Given the significant change in market dynamics, it is unlikely that things will remain as they are. We are determined to deliver this review as quickly as possible.

Q. The lower prices in Scotland now make Scotland competitive in the longer term, why ruin that opportunity?

A. I have expressed repeatedly to Westminster that we know Scottish projects are at a disadvantage due to the unfair transmission charges and a Contracts for Difference (CfD) process driven by price alone. Nevertheless, we should not be seen to be fixing that problem by potentially undervaluing our assets. This review is about balancing these considerations.

Q. Are you considering an open auction / no cap / increased caps etc?

A. This review is targeted and focussed on the option structures to allow a swift conclusion. The use or level of caps is a key component of this review and we are considering all options that will bring benefit to Scotland.

Q. What resources are you providing to officials / CES to complete this review in time?

A. This review is supported by the Scottish Ministers and officials have our support in delivering the review in combination with Crown Estate Scotland. We are prioritising this work across ministerial portfolio interests. We are also supporting an external analysis of the change in market dynamics to help inform the review.

Q. If the Sectoral Marine Plan was delivered earlier and the ScotWind process had closed already, you would not have been able to make any changes, so why now?

A. You are right in the sense that this opportunity to review would have not been available but it would still be our duty to ensure that we have delivered on our duty to secure a fair price for our assets. It is unhelpful to deal in hypotheticals but I assure you that some form of review would still have taken place in that situation.

Q. Not only will the delay negatively impact or projects/chances at CfD but an increase in up front prices will remove our competitive advantage. Is this worth it?

A. No one expected such a dramatic shift in the market dynamic. Many developers here have lost out on opportunities in Round 4 due to the chance. It is our duty to ensure we take account of these chances and I believe that developers and the sector at large understands the necessity.

Q. What will these changes mean for net zero targets and achieving up to 11 GW by 2030?

A. These ambitions and targets remain a core component of our work in this sector and are a key factor in the review. We must, and will balance the need to deliver true value for Scotland and our longer-term goals to deliver a successful offshore wind sector in Scotland

Q. Will the Supply Chain Development Statement be included in the review?

A. The SDCS is not a component of the review but some aspects, such as penalties or thresholds will be considered. ScotWind offers

substantial benefit to Scotland from seeing projects delivered successfully, and developers delivering on their commitments to support local supply chain.

Stronger Answer. The SDCS is not a component of the review but some aspects, such as penalties or thresholds will be considered. But I must point out that as stated previously, the Scottish government has explored opportunities to ensure a high level of local content is delivered from projects in Scotland. The review will consider the guaranteed upfront revenue versus the hope that developers will meet their commitments to our supply chain.

Background

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Crown Estate Scotland, with support from Scottish Ministers, have now extended the ScotWind application process to allow a review of the seabed options structure to take place. This prompt review is to be complete by 24 March 2021 and will ensure that a fair price for the seabed is secured and Scotland benefits from the change in market dynamics.

[Redacted]

[Redacted]

What	Meeting with fisheries representatives to discuss outcome of the ScotWind Leasing Round
Where	<p>Join on your computer or mobile app</p> <p>Click here to join the meeting</p> <p>Or call in (audio only)</p> <p>[Redacted] United Kingdom, Edinburgh Phone Conference</p> <p>[Redacted]</p>
When	11:00 – 11:45 Wednesday 19 January 2022
Key message(s)	<p>This is an opportunity for the Minister to meet the key stakeholders from the fishing sector to discuss the outcome of the ScotWind Offshore Wind Leasing Round process.</p> <p>The Scottish Fishermen’s Federation published a Press Release on 17th January outlining significant concerns on the fishing as a result of ScotWind outcome. This is contained in ANNEX E.</p>
Who	<p>[Redacted]- <i>Western Isles Fishermen's Association (also Secretariat - Outer Hebrides Regional Inshore Fisheries Group)</i></p> <p>[Redacted], <i>Clyde Fishing Association - (CIFA) - Community Inshore Fisheries Alliance</i></p> <p>[Redacted]- <i>WestCoast Regional Inshore Fisheries Group</i></p> <p>[Redacted]- <i>Scottish Fishermen's Federation (SFF)</i></p> <p>[Redacted]- <i>Scottish Pelagic Fishermen's Association</i></p> <p>[Redacted]- <i>Scottish White Fish Producers Association</i></p> <p>[Redacted]- <i>North & East Coast Regional Inshore Fisheries Group</i></p>
Why	The outcome of the ScotWind Leasing Round will result in concerns for fishing stakeholders relating the scale of potential impacts on existing fishing activities.
Supporting official	Annabel Turpie, [Redacted], Michael Palmer, [Redacted] [Redacted]
Briefing contents	<p>Annex A: Suggested Opening</p> <p>Annex B: Key Discussion Points</p> <p>Annex C: Top Lines</p> <p>Annex D: Q&A (PLEASE SEE Section.6 Fisheries)</p> <p>Annex E: SFF Press Release</p>
Media handling	N/A.
Social media	N/A.

ANNEX A

Note- There is no set agenda for this meeting. This meeting is to allow stakeholders to express views on the outcome of ScotWind.

Suggested opening

- Thank you for taking the time to meet today, and discuss the outcome of the ScotWind Leasing.
- I know many of you have been involved in helping to shape the Sectoral Plan over the years. It is important to recognise that your input and the good work done in the process helped projects progress forward in areas which are more reflective of the stakeholder concerns.
- I fully recognise that yesterday's announcement of lease option awards, reflecting developers' ambitions for 25GWs, is far in excess of the 10GW outlined in the Sectoral Plan and that many of you will have concerns.
- This result reflects the clear momentum in the market to deliver a significant expansion in renewables development, which is a vital component in our drive to tackle the climate crisis and transition to a low carbon economy. But I want to assure you that Scottish Ministers have not lost sight of existing marine users such as the fishing sector and the role that you play in not only in Scotland's economic wellbeing but also in supporting our rural and coastal communities.
- The Sectoral Plan has a planned Review due to take place later this year and we will use this opportunity to consider any new relevant evidence which could inform our position. This is not focussed solely on environmental research but also socio-economic information, and getting your input will help shape and make sure we have additional information factored in so it can be incorporated in any projects that come forward.
- We are committed to working with you on this process to ensure your views and input are incorporated.
- As the First Minister outlined, we are committed to the sustainable development of offshore wind energy in a manner which recognises both the challenges of minimising the associated environmental and socio-economics impacts while also maximising the opportunities for a Just Transition to Net Zero.
- **I shall now pass to you for your feedback.**

KEY DISCUSSION POINTS

The purpose of the meeting is to enable the fishing to express their views of the outcome of ScotWind. It is likely that they will have several points to raise but if there is a need to stimulate conversation we recommend the following issues are raised and opened:

- 1) Clarify on the 10GW Sectoral Plan vs 25 GW reflected in lease offer awards
- 2) Clarify on fishers' role within the Project Consenting Process

The fishing industry are likely to raise a distrust in the consenting system caused by frustration that their concerns are not taken into account on individual project consents and licences.

Offer reassurance that all stakeholder views are considered by Ministers and stress the transition to Net Zero will involve changes in behaviour from all involved and we need the fishing industry to continue to engage in the planning process. Offer further assurances that Ministers will take a keen interest in their views in recommendations provided to them and ask Marine Scotland Licensing Operations Team to ensure this happens.

- 3) Clarity on the use of ScotWind Revenues

[Redacted]

All of these issues and key lines are covered below in the Top Lines and Q&A at Annex C. Supporting officials will also be on hand to contribute as required.

SCOTWIND: TOP LINES

Overview

This is a tremendous vote of confidence in Scotland. The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving our net zero targets and economic growth. We welcome the commitment made by developers to invest £1bn per GW in the Scottish Supply chain via ScotWind projects. ScotWind provides the springboard for realising these goals.

ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. We already have the world's largest operating commercial floating wind farm and ScotWind now breaks new ground in putting large-scale floating wind technology on the map at GW scale.

ScotWind also promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery the length and breadth of the country. We're really pleased that developments have come forward in almost all areas designated for development, providing a really good geographical spread.

The Supply Chain Development Statements provide us with an excellent tool to ensure that, working with the sector, Scottish communities reap the maximum possible economic benefits from ScotWind projects. The scale of the winning bids augurs well for creating the volume of sustained demand that will mark a step change in developing the capability and capacity of Scotland's infrastructure and its manufacturing and services sectors.

Realising the potential

Of course, this is just the start of a journey which will take some years before developments are constructed. As well as supply chain opportunities the focus now switches to the consenting regime and ensuring that this works as effectively as possible as we process applications from developers and determine what can be consented in light of environmental and other impacts.

In this work we will be guided by our planning assumptions (as set out in the Sectoral Marine Plan for offshore wind energy) and we will consider projects in light of the cumulative impacts assessed from the existing upper scenario of 10GW outlined in our Plan. These impacts may be adjusted in light of new evidence or advances in technology and there is an established process in place for reviewing the Plan on an iterative basis, involving all affected stakeholders.

Clearly the stated collective ambitions of the projects awarded lease options are high and this is to be welcomed. They do currently exceed our planning assumptions and all the consortia holding options are fully aware of that. It is likely that the area provided with option agreements at this will contract as the individual projects progress through their development process. Importantly, the projects' size and generating capacity will be shaped by our planning assumptions, or by any adjustment to the them made in light of new evidence and technology.

It is also a normal and expected aspect of the development process for initial project proposals to reduce in scale over time due to technological constraints (we are mindful that a number of projects will use floating technology at scales not yet attempted), geographical/hydrographical issues, or financial challenges which may affect a project's route to market.

The projects given the green light by CES today would if approved deliver far in excess of our current planning assumption of 10GW of offshore wind. That represents a massive vote of confidence in Scotland's potential. The planning, consenting and funding processes that lie ahead - together with the need to fully consider the views of stakeholders about impact - means that it is not possible to know now exactly what scale of development will be permitted ultimately. However, we should be seeking to maximize the opportunities – for energy, for the environment and for the economy - of Scotland's renewable resources, albeit in a way that aligns with the marine planning framework.

The announcement of these awards heralds an exciting era of economic development underpinned by balanced and effective regulation at a scale seldom seen before in Scotland's history. We recognise that climate change is having an enormous impact on the marine world and harnessing offshore wind will help us mitigate that impact faster, and there are great prizes to be won if we get it right but we also recognise the scale of the challenge before us and the need to effect a just transition for other marine users whose activities may be affected by these developments.

This will take proactive management of all interests to ensure the concerns of all those affected are fairly and properly addressed. To meet that challenge we will work with all stakeholders - developers, supply chain operators, fishers, environmental interests - in a spirit of collaboration so that we can collectively reap the maximum possible benefits for all as we chart our course on this journey.

We have an opportunity to work together to make the most of this opportunity for all -in terms of supply chain benefits, the consenting process and a just transition for other users - and we exhort all those involved to join us in that spirit of collaboration. We will in due course reach out to develop the mechanisms for making this collaborative approach a reality.

We also want to assure other marine users and interests who may be affected that all project proposals will go through the consenting process, which will fully engage with all stakeholders and require individual project-level Environmental Impact Assessments which will guide decisions on what will be approved. Delivering a just transition for other users and their communities as we work through this process is a key priority for us.

Further leasing rounds

Of course, the tremendous response to ScotWind provides Scotland with an exciting opportunity to transform its generating capacity from this round alone. A process will now unfold whereby proposals will go through consenting processes, respond to geographical challenges and technological advances, and find routes to market.

We expect these factors to reduce both the overall generating capacity and the physical footprint of what eventually gets built out. As we move through this process, including future iterations of the Sectoral Marine Plan, we will assess the need for future leasing rounds, in the context of our commitments to achieve net zero by 2045, which will continue to require a significant expansion in our ability to source renewable offshore energy.

Supply chain

We welcome the public commitment made by developers to invest a combined £25bn in the Scottish supply chain via ScotWind projects – equivalent to £1bn per GW [Redacted]

In order to capture the full potential of this economic opportunity a cross-government coordinated response will be needed to support realise these opportunities.

As highlighted in the Strategic Infrastructure Assessment (SIA) for Offshore Wind, commissioned by the Scottish Offshore Wind Energy Council (SOWEC), there needs to be greater collaboration between developers, the supply chain and the public sector both to help focus activity and investment in Scottish ports, and help Scottish suppliers to grow and win offshore wind work.

We are working closely with SOWEC to implement the five key recommendations in the SIA, starting with the creation of a Scottish Floating Offshore Wind Port Cluster, with ports acting in partnership to provide the required infrastructure area and capability needed to attract manufacturers to use Scottish ports and invest in Scotland.

To help achieve this, SOWEC is leading on the development of a Collaborative Framework to encourage the sector to come together and work collectively to support the delivery of the volume of offshore wind projects from ScotWind, with a focus on growing capability and expertise particularly around the growth of floating offshore wind.

We fully support the creation of a Collaborative Framework and we expect the successful ScotWind projects to be actively engaging in the process from the outset, and commit to taking collective action not only grow Scotland's supply chain but also to help deliver the wider economic transformation potential from ScotWind e.g significant infrastructure investment and upgrade to ports and harbours.

We cannot pre-judge the outcomes of the ScotWind planning and consenting process, administered by Marine Scotland, but we are committed to working with developers to help them achieve their stated supply chain ambitions.

Developed through detailed engagement with the Scottish Parliament and sector stakeholders the introduction of Supply Chain Development Statements by Crown Estate Scotland will help to release wide ranging economic benefits for the Scottish economy. We expect the successful ScotWind projects to be fully engaging with the domestic supply chain to ensure their commitments come to fruition.

Use of ScotWind Revenues

Scottish Ministers are committed to using the revenues to help tackle the effects of climate change and our Just Transition a low carbon economy. As you may be aware, it will be a number of months before the ScotWind revenues become available and Scottish Ministers' will use this period to consider how these monies can best benefit the people of Scotland.

ANNEX D

SCOTWIND Q&A

1. Planning and consenting challenges

Q: We thought ScotWind would be leasing against the upper scenario of 10GW outlined in the SMP. How come it's ended up at 25GW?

A: Through the ScotWind leasing process Crown Estate Scotland (CES) leases rights to physical areas of seabed, taking into account the geography of proposed projects and whether they can reasonably be located in the sites designated by the Sectoral Marine Plan (SMP) and in relation to other projects. The ScotWind process applies spatial limits only and the ambitions which developers may have for the generating capacity of their proposed projects are not a determining factor in awarding lease options as long as minimum generation requirements are met.

The combined total of 25GW reflects developers' stated ambitions for their projects. At this stage, ScotWind has only awarded options on the possibility of securing leases to areas of seabed. Those leases will not be secured (and projects will not be constructed) unless the holders of those options gain a consent from the Scottish Ministers, as the consenting authority. In reaching decisions, the Scottish Ministers will consider advice from Marine Scotland Directorate, including analysis of applications from developers and representations made by consultees.

There will now be a process for determining what can be consented in terms of projects. This process will be predicated on assessing the environmental impacts of each project on its own merits. However, it will take the SMP as its guiding planning framework and operate in light of the impacts assessed from an upper scenario of 10GW outlined in the SMP and applied in environment assessments. The assessment of these impacts may be adjusted should there be any new evidence or advances in technology. The SMP has a built-in iterative review process to enable such updates to assumptions, with the first planned review noted to take place by October 2022. Conclusions and recommendations from this review will be used to inform consenting recommendations to Scottish Ministers.

Q: If the plan highlights that 10GW will already face consenting challenges why did CES not implement a cap in the ScotWind process or limit the number of options/projects that could come forward?

A: The SMP does identify consenting challenges for a number of the Plan Options, and introduced plan-level mitigations for some of the most constrained Options. Those impacts, however, are based on assumptions and are not tested to the same level of detail that a project-level assessment will deliver. The process for identifying the Plan Options areas involved refinement to minimise the potential for adverse impacts as far as possible at the strategic level. Project-level assessments and consultation are still required before any determination of consent applications.

The ScotWind process set limits on the amount of seabed that can be leased but not on the generation within those areas as those figures are very much subject to change and a degree of attrition is expected and normal as projects develop from initial proposals to more advanced project applications. Successful bidders will now undertake detailed survey and design work to determine their actual project application. All applications will be assessed with recognition of the context

established by the SMP assumptions or any updates to those assumptions and assessments flowing from the SMP's Iterative Plan Review Process.

Q: How will you reconcile the 25GW that have come through ScotWind with the 10GW planning assumption made in the SMP?

A: The 25GW are the sum of the generating aspirations stated by developers. Developers' plans and ambitions will now be subject to the consenting process, which over the next few years will examine and consult on the impact of developers' proposals (both individually and cumulatively) on the marine environment and on other users. These impacts have currently been assessed against an upper scenario of 10GW worth of development, as outlined in the Sectoral Marine Plan. The consenting process will be informed by this upper scenario or by any adjustment to the planning assumption made at any point in the future in light of any new evidence and technology. The scale, geographical footprint and total generating capacity of all development and its geographical footprint will be shaped by these limits accordingly. These ambitions may also be limited by technological constraints (many propose to use floating technology at scales not yet attempted) and by geographical/hydrographical issues (once more detailed surveys take place), potential grid connection options or financial limitations.

Q: What's the plan for consenting 25GW considering that it's something totally off the scale compared to previous consenting challenges and, in fact, unique in the world?

A: This will be a big step up for our consenting processes and we're putting in place the resources and the structures to meet that challenge. We are recruiting significant numbers of additional staff not only within the planning, consenting and science functions in Marine Scotland Directorate but also in associated areas such as legal expertise, in NatureScot (a key statutory consultee for offshore wind consenting) and in related terrestrial planning functions in Scottish Government. Alongside this extra resource we are reviewing the operation of our consenting functions, in line with an existing Programme for Government commitment, to optimise our operations in light of the additional volume of consenting flowing from ScotWind.

Many of the challenges facing the consenting process are about understanding and estimating the impact of offshore wind on various receptors. Our Scottish Marine Energy Research (ScotMER) programme is tackling those questions in order to help address those evidence gaps and provide a strategic approach to research rather than on a project-by-project basis.

Q: Won't this scale of development wreck the marine environment? How will you deal with the environmental impacts arising from it?

A: We're clear that the transformation to a net zero society must come via a just transition for those who are affected by it and in tandem with an equally vital necessity to tackle the biodiversity crisis, including the protection of our marine environment. That's why our consenting process will rigorously assess the impacts of any proposals on the marine environment, in an evidence-based way and on the basis of detailed monitoring and survey work, to ensure that developments are

environmentally and socio-economically sustainable. The SMP has already highlighted some ScotWind sites (NE2, NE3, NE4, NE6 and E3) where development will necessarily be subject to constraints while more evidence is gathered in relation to environmental impacts. This new evidence will help determine the level of impact that new projects may produce and aid the consenting process

Q: How does this link to your commitments on protected areas and is it consistent with delivering our high-level commitment to halt biodiversity loss by 2030 and reverse it by 2045?

A. The Statutory Marine Plan undertaken for ScotWind considered impacts on known biodiversity sensitivity including designated sites such as Marine Protected Area and there will be a requirement for specific project to consider these in greater detail at the application stage. Climate Change is potentially one of the biggest impacts on the biodiversity loss across our marine environment and as such, we consider Scottish Government commitments to Net Zero by 2045, a significant driver in reducing biodiversity loss.

Q: Do you consider that progressing these developments is likely to demonstrate imperative reasons of over-riding public interest?

A: We're clear that the transformation to a net zero society must come via a just transition for those who are affected by it and in tandem with an equally vital necessity to tackle the biodiversity crisis, including the protection of our marine environment. That's why our consenting process will rigorously assess the impacts of any proposals on the marine environment, in an evidence-based way and on the basis of detailed monitoring and survey work, to ensure that developments are environmentally and socio-economically sustainable. The SMP has already highlighted some ScotWind sites (NE2, NE3, NE4, NE6 and E3) where development will necessarily be subject to constraints while more evidence is gathered to ensure environmental sustainability. This new evidence will help determine the level of impact that new projects may produce and aid the consenting process. It would not be right or proper at this point to anticipate the detail of any application or the outcome of considerations during the consenting process. As any environmental risks become clearer we will consider the need for appropriate use of mitigation and remediation tools.

Q: [Redacted]

A: [Redacted]

Q: How long before we start to see the new turbines going into the water?

A: Large and complex projects such as these take a number of years to come to fruition, so we would expect to see ScotWind projects being built from 2028 onwards. This is because developers need to work through development and planning, and secure consents and licences from government as well as a full seabed lease from CES before they can start building.

2. Supply Chain

Q: How will this impact on the Scottish supply chain? Will all the jobs go to East Asia and other parts of Europe, as they have done to date?

A: The ScotWind leasing round will provide a strong pipeline of projects throughout this decade and beyond, and is the most advanced opportunity for gaining first mover advantage on floating wind projects anywhere in the world. It is vital that we maximise the economic benefits and domestic supply chain opportunities for Scotland.

Last year, the Scottish Offshore Wind Energy Council (SOWEC) published its Strategic Infrastructure Assessment (SIA) for Offshore Wind, which had five main recommendations directed at both the sector and government. The primary recommendation focussed on bringing the manufacturing of floating offshore wind platforms to Scotland through the creation of a Scottish Floating Offshore Wind Port Cluster. As the SIA made clear, the sector must now come together and work collaboratively, both to help focus activity and investment in Scottish ports, and to facilitate more meaningful engagement between Scottish suppliers and tier one manufacturers and installers.

To help achieve this, the Scottish Government is working closely with the Scottish Offshore Wind Energy Council (SOWEC) to take forward the recommendations set out in the SIA. This will start with the development of a Collaborative Framework, to encourage the sector to work together and support the delivery of the volume of offshore wind projects expected in Scottish waters over the coming decade, with a particular focus on growing capability and expertise so that Scottish yards and Scottish based companies can win work in manufacturing and fabrication activity around the growth of floating offshore wind.

Q: How will developers be held to account on their supply chain commitments?

A: Renewable energy is a crucial element of our transition to deliver a net-zero economy and we are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential. We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.

To demonstrate this, applicants to the ScotWind leasing round were required to submit a Supply Chain Development Statement (SCDS) setting out the anticipated level and location of supply chain impact. Developers can update their Statements throughout the development phase. Failure to deliver the commitments laid out in the final SCDS

can trigger remedies ranging from financial penalties to an inability to progress to seabed lease.

The introduction of Supply Chain Development Statements demonstrates how serious the Scottish Government is about holding developers to account if they do not honour their supply chain commitments. We fully expect developers and Original Equipment Manufacturers (OEMs) to be engaging with the domestic supply chain from the outset to ensure that those commitments come to fruition. We have also been calling for, and welcome, the additional conditionality required by the UK Government for supply chain commitments in Contracts for Difference (CfD) rounds.

Q: Won't state aid rules continue to stymie local supply chain development in practice?

A: While the Supply Chain Development Statement (SCDS) mechanism has been designed to be state Aid compliant (and has for that reason not been used as a factor in scoring ScotWind bids), it makes transparent the plans and commitments made by winning consortia for Scottish supply chain content. This process enables a constructive collaborative ongoing dialogue to be progressed between the offshore wind and public sectors that ensures the strategic infrastructural planning can be undertaken to enable Scotland to maximise the potential benefits from this exciting new era of investment for the Scottish economy.

Q: Will offshore wind help prevent future energy crises related to price increases on fuel imports?

A: ScotWind, along with other leasing rounds in Scottish and UK waters, will increase the availability of renewable energy - and in turn help support a reduction in our reliance on fossil fuel sources. Our Energy Strategy & Just Transition Plan, due to be published later this year, will provide further insight on this opportunity.

Q: Why are we focussing so much on wind power? It is a very intermittent source of energy, what happens when the wind's not blowing?

Scotland has some of the best offshore wind resources anywhere in Europe. Our offshore wind sector is a vital part of Scotland's energy mix and will play a pivotal role in decarbonising our energy system, and ensuring we become a net-zero economy by 2045. It's one of the lowest cost forms of electricity generation at scale, offering cheap, green electricity for consumers, with latest projects capable of generating power at below wholesale electricity prices.

As well as being an important sector in its own right offshore wind can also help Scotland develop its hydrogen sector, helping to meet our future demand for hydrogen and also provide a surplus for export. This will play a vital part in Scotland's transition to net zero. The growing use of new technology and storage of excess power generated by offshore wind, including through the conversion to Hydrogen, could be used to balance the electricity system when the wind isn't blowing, avoiding the need to import as much power from other countries.

3. Just Transition

Q: How will ScotWind support the Just Transition?

A: Offshore wind development and operation provides a strong route for a Just Transition, helping high carbon sectors and staff transition into low carbon activity.

The forthcoming pipeline of ScotWind projects has the potential to transform the energy sector and economy in Scotland, including the potential to diversify our existing industries and generate thousands of new jobs.

We need to make the most of, and focus on, the opportunities for diversification and skills transfer from oil and gas to drive forward offshore wind skills development. The knowledge and experience of the oil and gas sector, and its supply chain, will be a differentiator for Scotland in developing floating offshore wind technologies, in line with our commitment to a just transition.

Q: Isn't 25GW far more energy than Scotland actually needs? Why are we contemplating destroying our seas with thousands of turbines for energy we don't need?

A: It's true that the equivalent of 98.6% of all electricity used in Scotland comes from renewable sources, including hydro, on-shore wind and offshore wind. That's a record we're proud of. However, we're also going to need greater volumes of sustainable electricity generation at an order of magnitude greater than we are currently achieving as we move to become a net zero society – the Climate Change Committee estimate that between 90GW and 170GW of wind energy will be required across the UK by 2050 and we want to maximise the latent capacity in Scottish Waters to respond to this need to ensure Scotland reaps the benefits of this transformation.

Scotland's existing large-scale nuclear and gas-fired power stations are expected to close in the next decade, and additional renewable capacity will be required to meet electricity demand previously met by those generators. Also, at the moment large parts of our transport and industrial base are run on fossil fuels. We will have to switch large swathes of those to renewable electricity. For example, the move to electric vehicles, with a ban on the sale of new petrol and diesel cars from 2030, will require a large increase in sustainably sourced electricity. Much of our heating in Scotland is still powered by gas, or oil in more remote regions, which must also be replaced.

Similarly, we see a future potential opportunity to generate green hydrogen from sustainable offshore electricity to power certain sectors of the economy, such as heavy industry, and heavy transport such as maritime vessels. The refresh of our energy strategy in 2022 will outline our expectations of future sustainable energy requirements from offshore wind in more detail.

[Redacted]

[redacted]

- [Redacted]

Q: How does ScotWind compare internationally to other offshore wind leasing rounds?

A: ScotWind puts Scotland at the forefront of the global development of offshore wind and represents a massive step forward in our transition to net zero.

In a European context, 2.9GW of offshore wind was installed across Europe in 2020. If all 25GW from the successful ScotWind projects is realised this would effectively double Europe's total existing offshore wind energy capacity (currently 25GW).

Excluding ScotWind and UK Round 4 projects there is an additional pipeline of current and future offshore wind tenders globally with 51GW (both fixed and floating) announced publicly in the next 4 years, as well as market expectation of significant ambition from other countries such as China that have not yet launched formal leasing rounds.

The US has announced that it plans to potentially hold up to seven new offshore leases by 2025 to meet its target to deploy 30 GW of offshore wind by 2030. Planning is at the early stages with no further confirmed timelines or definitive GW capacity at this stage, however it is estimated that leases sold at these auctions will support between 23 GW and 40 GW of new offshore wind projects.

Q: What does this mean for the Energy Strategy Refresh?

A: The Scottish Government is committed to ending our contribution to climate change within a generation. Our Programme for Government sets out our aim to generate 50%

of Scotland's overall energy consumption from renewable sources, and to have decarbonised our energy system almost completely by 2050.

We will outline our vision for Scotland's energy system when we publish our Energy Strategy and Just Transition Plan later this year, which will take a whole systems approach and factor in key policy developments in hydrogen, onshore wind and offshore wind including the outcome of the ScotWind leasing round.

Q: What are the implications for hydrogen?

A: The offshore wind sector has a vital role to play in decarbonising our energy system and ensuring we become a net-zero economy by 2045. ScotWind is an important step in realising these long-term ambitions and is the most advanced opportunity to gain first mover advantage on floating wind projects anywhere in the world. We are assessing the detail of the ScotWind projects and looking at where the opportunities exist for achieving wider policy objectives including the potential for floating offshore wind projects and green hydrogen production to help meet our ambition of generating 5GW of renewable and low-carbon hydrogen by 2030 and at least 25GW by 2045.

4. Finance/Investment

[Redacted]

[Redacted]

Q: How does Scottish Government plan to spend the revenues being paid by developers in option fees?

[Redacted]

5. Community Benefits

Q: Will coastal communities benefit from the Scotwind revenues?

[Redacted]

Q. What community benefits will there be?

A. Community benefits from renewable energy developments, including offshore developments, can help support communities across Scotland to take forward valuable projects and initiatives that can enhance and make a real difference to the lives of local people.

Our Offshore Wind Policy Statement (published Oct 2020) set out our ambitions on expansion of offshore wind in Scottish waters by 2030. As we work with the sector toward realising our ambition we remain keen to ensure that local communities continue to benefit from offshore renewables deployment.

Working closely with our offshore stakeholders, we will review and update our existing Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments in 2022, with a view to ensuring guidance remains relevant and valid for current and future operating conditions.

6. Fisheries

Q: Doesn't this mark a betrayal of the fishing industry - they were led to believe that up to 10GW would be developed; we're now told it will be up to 25GW?

A: 25GW is the combined current ambition of the projects proposed by developers who have secured rights to the seabed at this stage of the leasing process. The figure holds no status beyond that. None of those projects have been approved by the Scottish Ministers. In determining applications for development, the Scottish Ministers will take account of the Sectoral Marine Plan (SMP) recommendations, individual

project Environmental Impact Assessments and stakeholder representations, as well as other relevant considerations. The extensive engagement undertaken with fishers during the ScotWind SMP, which led to changes in a number of plan areas and has been positively received, will continue.

Fishers and their representative organisations are key stakeholders and they are typically fully engaged in the consenting process for each individual offshore wind development, with the impacts on fishing activities considered by decision makers in determining development applications. Potential applicants will work with the fishing industry when taking forward lease options. Fishers are also fully involved in the Iterative Plan Review process which is built into the SMP to enable any review and updating of its assumptions in light of new evidence and information. Treating affected fishers fairly as we work through this process will be a key aspect of ensuring a just transition towards net zero as we develop offshore wind in Scottish Waters.

Q: How will you work with fishers and environmental interests to ensure this doesn't become a chaotic stampede to unacceptable levels of development?

A: We have clear, well-established planning and consenting mechanisms for approving and managing the development of offshore wind flowing from the ScotWind leasing round.

At the national level, we have a sectoral marine planning process based on the current Sectoral Marine Plan for Offshore Wind Energy, which was developed through extensive engagement with all affected stakeholders over a number of years. This has an iterative review process built into it, which provides a rigorous set of governance processes, involving all affected stakeholders, for undertaking measured and considered review and updating of its assumptions and assessments in light of new evidence and information.

At the project level, our consenting process ensures clear and structured impact assessment of proposed projects, including the requirement to undertake environmental impact assessments and consider the socio-economic implications for other marine users. Consenting recommendations to the Scottish Ministers are made in light of these assessments and the representations from stakeholders such as the fishing industry.

Q: Even if the environmental impact is kept in line with the SMP's 10GW assumptions CES have still leased over 7,000 km2, much more than what was envisaged in the SMP. The other impacts may be manageable but that means a lot more fishing grounds will be lost.

A: The Sectoral Marine Plan envisaged up to 8,600km² being offered lease options through ScotWind. The areas offered for projects at this stage are not the final project footprints; instead they are lease *option* agreements, within which initial project proposals are identified. It is expected that the eventual physical footprint which gains a full lease if and when a developed project achieves a consent will be less than the amount of seabed on which options have been secured.

The Sectoral Marine Plan for Offshore Wind Energy and the associated assessments provided clear accounts of fishing effort and estimated levels of impact. Developers, in developing their applications for consent, will be expected to take the SMP and assessments into account and propose sustainable projects that minimise impact. The final footprint of a project is subject to several constraints that may reduce the final shape of a project. Each application will be assessed at the project level by Scottish Government's Marine Scotland Directorate and subject to full and detailed consultation with the fishing sector to ensure any new concerns are identified. The Scottish Ministers will consider all relevant evidence in reaching their decisions on each development.

Q: What steps will be taken to ensure safe access for fishing vessels in the future to development areas and what % of the sites do you think will be available to fish once complete? How can this be maximised and genuine multi-use sites be encouraged?

A: As outlined in the Sectoral Marine Plan for Offshore Wind Energy, CES made up to 8,600km² available for Option Agreements. The results show a total offer of 7,343km² at this early stage. As projects develop and applications for consents are made we expect to see the actual area used for the projects to be more accurately defined and would expect developers to reduce total areas as they make efficient use of the seabed and avoid unnecessary impact. The Sectoral Marine Plan has clearly outlined the expected final development footprint for Plan Options, acknowledging that technology improvements may change and reduce impacts over the project design lifetime. The potential impact on fisheries were made clear and our consenting process will provide further opportunity to assess the individual and cumulative impacts of projects.

Q: Space in Scotland's marine environment is already at a premium and the ambitions to develop 25GW will only exacerbate the complex landscape of cumulative impacts on existing marine users, particularly fishers, having a disastrous consequence on the viability of this sector.

A: We have clear, well-established planning and consenting mechanisms for approving and managing the development of offshore wind flowing from the ScotWind leasing round, ensuring development is not taken in isolation. The consenting process will, over the next few years, examine and consult on the impact of developers' proposals (both individually and cumulatively) and consider where development will necessarily be subject to constraints.

We understand that the export cables associated with offshore wind farm infrastructure are of particular concern to the fishing industry and Scottish Government is actively engaged in the Offshore Transmission Network Review (OTNR) to consider the way that the offshore transmission network is designed and delivered.

Fishers and their representative organisations are a key stakeholder and they will be fully engaged in the consenting process for individual projects and potential applicants will work with the fishing industry when taking forward lease options. Fishers are also fully involved in the Iterative Plan Review process which is built into the sectoral marine plan to enable any review and updating of its assumptions in light of new evidence and information. Treating affected fishers fairly as we work through this process will

be a key aspect of effecting a just transition for the fishing sector as we progress towards net zero through the development of offshore wind in Scottish Waters.

Q: We have fished these areas for generations, and our livelihoods are now being taken away. Now we know fishing is at the bottom of the SG marine user priority list what compensation will be made available for our loss?

A: Fishing is firmly not at the bottom of the Scottish Government's priorities and we continue to support the fishing sector across Scotland, both financially, as seen during the COVID 19 response, and in our marine planning processes. The fishing sector were an integral part of the sectoral marine planning process and contributed to both the development of the SMP and the assessment process. There is a pressing need to enable the sustainable delivery of green energy to meet our net zero targets and tackle the biodiversity crisis, and we will ensure we effect a just transition for the fishing sector in meeting this need.

No new areas beyond the SMP have been made available for development. It is simply the case that the ambitions for power generation within those areas are higher. Developers will be expected to follow the best practice guidance on any compensation that is required and similarly to deliver community benefits as part of these projects.

Q: The Government does not currently get involved in compensation and leaves it to the developer and fishing industry to sort out? This is unacceptable and creating more angst and tension between stakeholders than is necessary. With the ScotWind announcement and plans for further expansion can you now own this and take some responsibility?

A: The Scottish Government does involve itself in compensation arrangements which are a matter to be brokered between developers and fishers. We are clear, however, that where impact is unavoidable and compensation is an appropriate mitigation that agreements should be reached using the best practice guidance available, and to which developers and the fishing sector have signed up.

Q: With the ScotWind announcement and plans for further expansion and massive income generation can you now commit that some funding will go to compensate lost fishing opportunities?

A: The response to the previous question applies.

Q. Will floating offshore wind farms prevent fisheries from taking place?

A: The siting of floating wind farms and the associated anchor tensions have the potential to disrupt certain fisheries activities. It is important that early and constructive dialogue takes place during the consenting process to help mitigate any impacts where possible through for example, in helping to inform the micro siting of turbines in less sensitive locations.

7. Infrastructure Capacity

Q: What does this mean for the grid and OTNR programme of work?

A: The OTNR project has been reviewing the grid and capacity issues with the aim of preparing for anticipated new levels of offshore wind generation. This is a much needed piece of work and the Scottish Government will continue to support its development in Scotland. Now that the results of ScotWind are known, the 'Pathway to 2030' work stream that has been dealing with an assumed level of generation from ScotWind can be updated to reflect the new figures. Whilst 25GW is larger than the assumptions made previously, the process has always included a stage to reassess once the results of ScotWind were available. While it is important to clarify that 25GW will not be the final approved generation figure it is clear that the current grid system and capacity, as well as existing unfair transmission charges, do not reflect the ambitions of the offshore wind sector in Scotland.

Q: OTNR were working with an assumption of 10 – 13GW from ScotWind and that was already difficult to deal with - is this just a waste/how will it be dealt with?

A: Grid and capacity constraints are not new. The OTNR is a welcome review and assessment to bring the grid up to the level required so that it can cope with the much needed offshore wind capacity required if we are to meet our net zero commitments. The increased ambition of the successful ScotWind bidders does mean that the OTNR assumptions will need to be updated, but it is important to remember that these are not final generation figures and ambitions are likely to change as the project development and consenting processes take place. Furthermore, projects where grid connections are already difficult may be looking at alternative uses for energy and the Scottish Government will work with the successful bidders to ensure the best opportunities are realised.

8. INTOG

Q. What does the ScotWind announcement mean for a planning and leasing round for innovation and oil and gas decarbonisation (INTOG)/ when is INTOG coming out?

A. INTOG has been designed as a targeted offshore wind planning process to facilitate the decarbonisation of oil and gas assets, and to allow smaller scale innovation projects a plan-led opportunity to progress in Scottish waters. The ScotWind announcement is a confident statement from the offshore wind sector about future development in Scotland. The Scottish Government will look to publish the results of the recent INTOG consultation shortly and provide clarity on the next steps for the INTOG planning and leasing round.

Q. How can INTOG proceed with this level of development now in the system?

A. The plan-led approach of both INTOG and ScotWind ensures that due consideration is given to environmental and socio-economic impacts. The level of ambition under ScotWind is higher than the SMP's current planning assumptions and we will now work with all sectors to ensure that both ScotWind and INTOG are managed to consider all interests. It is impossible to predict today exactly what the scale of ScotWind development will be finally consented but through our internationally

recognised Sectoral Marine Plan and its built-in review process there is an established pathway to facilitate development. By following due process, taking into account all stakeholders and considerations about impact, both the SMP and INTOG planning processes can seek to assess the potential impact of these plans and enable sustainable development. The INTOG plan level assessments will consider ScotWind as part of the baseline for that process and a reflect the cumulative impact accordingly.

Q. You told the fishing sector there would be 10GW of offshore wind from ScotWind and we now have 25GW. Will INTOG, a plan for 4.5GW, turn into 11.25GW?

A. The SMP planning assumptions were based around the potential impact of up to 10GW. The 25GW figure is the stated ambition of the successful applicants who have now received option agreements. This is not the final operational figure and the planning and consenting processes will now determine the level of sustainable development that will progress, through due process and consideration of all affected sectors. The INTOG process is a targeted planning process to facilitate offshore wind projects seeking to decarbonise oil and gas installations. The targeted nature of the planning and subsequent leasing process will mean that oil and gas projects must be specifically tied to installation demand. The plan-level assessments will further determine the sustainability of proposals, with no awards offered unless adopted into the final plan.

[Redacted],

ANNEX E

SFF Statement on ScotWind round

Responding to Crown Estate Scotland's announcement on the ScotWind offshore wind leasing round, Elspeth Macdonald, chief executive of the SFF, said "While it is clear that substantial additional offshore renewables will be required for Scotland to meet its net zero target, we are understandably anxious and concerned about the potential impact of these and future offshore renewables projects on the Scottish fishing industry.

"The 17 projects announced today by Crown Estate Scotland have been offered option agreements which reserve the rights to specific areas of seabed amounting to in excess of 7,000 km². This is a vast area, and the majority of the successful projects are for floating offshore wind, which creates even greater spatial and co-existence problems for fishing than fixed turbines do.

"Through the SFF and its constituent associations, the industry has always sought to engage constructively with offshore developers, and will continue to do so.

“However, it needs to be recognised at the highest levels within the renewables industry and in Scottish Government that catching fish is already a climate-smart industry that produces nutritious, high-protein food with an extremely low carbon footprint. It is also an industry that supports many jobs and businesses ashore and is vital to Scotland’s coastal communities. In the rush to energy transition, it is vital that our industry’s voice is properly heard and that the fleet’s access to Scotland’s productive fishing grounds is protected.

“In particular, proper scrutiny must be given to developers’ claims that offshore windfarms and fishing activity can co-exist with little change to existing patterns of activity, since our experience to date shows very strongly that the opposite is the case. Fish are not uniformly distributed in our seas – the fleet cannot simply move somewhere else. We need genuine and meaningful engagement, mutual respect and an even-handed approach to planning, consenting and licensing. Marine renewables are clearly part of Scotland’s transition to net zero, but so is fishing. For this to be a just transition, there must be space for both to succeed.”

What	Meeting with Environmental NGOs to discuss outcome of the ScotWind Leasing Round
Where	<p>Join on your computer or mobile app</p> <p>Click here to join the meeting</p> <p>Or call in (audio only)</p> <p>[Redacted] United Kingdom, Edinburgh Phone Conference</p> <p>[Redacted]</p>
When	14:30 – 15:15 Tuesday 18 January 2022
Key message(s)	<p>This is an opportunity for the Minister to meet the key stakeholders from the eNGO sector to discuss the outcome of the ScotWind Offshore Wind Leasing Round process.</p> <p>The RSPB published a Press Release on 17th January outlining significant concerns on the biodiversity impact as a result of ScotWind outcome. This is contained in ANNEX E.</p>
Who	<p>[Redacted], CEO RSPB Scotland [Redacted], Head of Marine Conservation Society [Redacted], Chair of Scottish Environment Link</p> <p>(Invitees were asked to bring along other representatives from their organisations so there may be additional attendees.)</p>
Why	The outcome of the ScotWind Leasing Round will result in concerns for environmental stakeholders relating the scale of potential environmental impacts. There will also be recognition of the climate change benefits.
Supporting official	Michael Palmer, [Redacted],, [Redacted],
Briefing contents	<p>Annex A: Suggested Opening Annex B: Key Discussion Points Annex C: Top Lines Annex D: Q&A Annex E: RSPB Press Release</p>
Media handling	N/A.
Social media	N/A.

Note- There is no set agenda for this meeting. This meeting is to allow stakeholders to express views on the outcome of ScotWind.

Suggested opening

- Thank you for taking the time to meet today, and discuss the outcome of the ScotWind Leasing.
- I know many of you have been involved in helping to shape the Sectoral Plan over the years. It is important to recognise that your input and the good work done in the process has provided the basis to make ScotWind so attractive.
- I fully recognise that yesterday's announcement of 25GW of lease option awards is far in excess of the 10GW outlined in the Sectoral Plan and that many of you will have concerns.
- This result reflects the challenge of trying to tackle climate change but I want to assure you that Scottish Ministers have not lost sight of the biodiversity crisis.
- I appreciate many of you have expressed concerns but our Sectoral Plan clearly states that new evidence and research is required to overcome the stated consenting issues for each of the Plan Options, which remains the position of Scottish Ministers.
- The Sectoral Plan has a planned Review due to take place later this year and we will use this opportunity to consider any new relevant evidence which could inform our position. We are committed to working with you on this process to ensure your views and input are incorporated.
- As the First Minister outlined, we are committed to the sustainable development of offshore wind energy in a manner which recognises both the challenges of minimising the associated environmental impacts while also maximising the opportunities for a Just Transition to Net Zero.
- **I shall now pass to you for your feedback.**

KEY DISCUSSION POINTS

The purpose of the meeting is to enable eNGOs to express their views of the outcome of ScotWind. It is likely that they will raise several points but if there is a need to stimulate conversation we recommend the following issues are raised and opened:

- 1) 10GW Sectoral Plan vs 25 GW lease offer award
- 2) Project Consenting Process
- 3) Use of ScotWind Revenues

All of these issues and key lines are covered below in the Top Line and Q&A. Supporting Officials will also be on hand to contribute as required.

SCOTWIND: TOP LINES

Overview

This is a tremendous vote of confidence in Scotland. The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving our net zero targets and economic growth. We welcome the commitment made by developers to invest £1bn per GW in the Scottish Supply chain via ScotWind projects. ScotWind provides the springboard for realising these goals.

ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. We already have the world's largest operating commercial floating wind farm and ScotWind now breaks new ground in putting large-scale floating wind technology on the map at GW scale.

ScotWind also promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery the length and breadth of the country. We're really pleased that developments have come forward in almost all areas designated for development, providing a really good geographical spread.

The Supply Chain Development Statements provide us with an excellent tool to ensure that, working with the sector, Scottish communities reap the maximum possible economic benefits from ScotWind projects. The scale of the winning bids augurs well for creating the volume of sustained demand that will mark a step change in developing the capability and capacity of Scotland's infrastructure and its manufacturing and services sectors.

Realising the potential

Of course, this is just the start of a journey which will take some years before developments are constructed. As well as supply chain opportunities the focus now switches to the consenting regime and ensuring that this works as effectively as possible as we process applications from developers and determine what can be consented in light of environmental and other impacts.

In this work we will be guided by our planning assumptions (as set out in the Sectoral Marine Plan for offshore wind energy) and we will consider projects in light of the cumulative impacts assessed from the existing upper scenario of 10GW outlined in our Plan. These impacts may be adjusted in light of new evidence or advances in technology and there is an established process in place for reviewing the Plan on an iterative basis, involving all affected stakeholders.

Clearly the stated collective ambitions of the projects awarded lease options are high and this is to be welcomed. They do currently exceed our planning assumptions and all the consortia holding options are fully aware of that. Projects' size and generating capacity will be shaped by our planning assumptions, or by any adjustment to them made in light of new evidence and technology.

It is also a normal and expected aspect of the development process for initial project proposals to reduce in scale over time due to technological constraints (we are mindful that a number of projects will use floating technology at scales not yet attempted), geographical/hydrographical issues, or financial challenges which may affect a project's route to market.

The projects given the green light by CES today would if approved deliver far in excess of our current planning assumption of 10GW of offshore wind. That represents a massive vote of confidence in Scotland's potential. The planning, consenting and funding processes that lie ahead - together with the need to fully consider the views of stakeholders about impact - means that it is not possible to know now exactly what scale of development will be permitted ultimately. However, we should be seeking to maximize the opportunities – for energy, for the environment and for the economy - of Scotland's renewable resources, albeit in a way that aligns with the marine planning framework.

The announcement of these awards heralds an exciting era of economic development underpinned by balanced and effective regulation at a scale seldom seen before in Scotland's history. We recognise that climate change is having an enormous impact on the marine world and harnessing offshore wind will help us mitigate that impact faster, and there are great prizes to be won if we get it right but we also recognise the scale of the challenge before us and the need to effect a just transition for other marine users whose activities may be affected by these developments.

This will take proactive management of all interests to ensure the concerns of all those affected are fairly and properly addressed. To meet that challenge we will work with all stakeholders - developers, supply chain operators, fishers, environmental interests - in a spirit of collaboration so that we can collectively reap the maximum possible benefits for all as we chart our course on this journey.

We have an opportunity to work together to make the most of this opportunity for all -in terms of supply chain benefits, the consenting process and a just transition for other users - and we exhort all those involved to join us in that spirit of collaboration. We will in due course reach out to develop the mechanisms for making this collaborative approach a reality.

We also want to assure other marine users and interests who may be affected that all project proposals will go through the consenting process, which will fully engage with all stakeholders and require individual project-level Environmental Impact Assessments which will guide decisions on what will be approved. Delivering a just transition for other users and their communities as we work through this process is a key priority for us.

Further leasing rounds

Of course, the tremendous response to ScotWind provides Scotland with an exciting opportunity to transform its generating capacity from this round alone. A process will now unfold whereby proposals will go through consenting processes, respond to geographical challenges and technological advances, and find routes to market.

We expect these factors to reduce both the overall generating capacity and the physical footprint of what eventually gets built out. As we move through this process, including future iterations of the Sectoral Marine Plan, we will assess the need for future leasing rounds, in the context of our commitments to achieve net zero by 2045, which will continue to require a significant expansion in our ability to source renewable offshore energy.

Supply chain

We welcome the public commitment made by developers to invest a combined £25bn in the Scottish supply chain via ScotWind projects – equivalent to £1bn per GW [Redacted]

In order to capture the full potential of this economic opportunity a cross-government coordinated response will be needed to support realise these opportunities.

As highlighted in the Strategic Infrastructure Assessment (SIA) for Offshore Wind, commissioned by the Scottish Offshore Wind Energy Council (SOWEC), there needs to be greater collaboration between developers, the supply chain and the public sector both to help focus activity and investment in Scottish ports, and help Scottish suppliers to grow and win offshore wind work.

We are working closely with SOWEC to implement the five key recommendations in the SIA, starting with the creation of a Scottish Floating Offshore Wind Port Cluster, with ports acting in partnership to provide the required infrastructure area and capability needed to attract manufacturers to use Scottish ports and invest in Scotland.

To help achieve this, SOWEC is leading on the development of a Collaborative Framework to encourage the sector to come together and work collectively to support the delivery of the volume of offshore wind projects from ScotWind, with a focus on growing capability and expertise particularly around the growth of floating offshore wind.

We fully support the creation of a Collaborative Framework and we expect the successful ScotWind projects to be actively engaging in the process from the outset, and commit to taking collective action not only grow Scotland's supply chain but also to help deliver the wider economic transformation potential from ScotWind e.g significant infrastructure investment and upgrade to ports and harbours.

We cannot pre-judge the outcomes of the ScotWind planning and consenting process, administered by Marine Scotland, but we are committed to working with developers to help them achieve their stated supply chain ambitions.

Developed through detailed engagement with the Scottish Parliament and sector stakeholders the introduction of Supply Chain Development Statements by Crown Estate Scotland will help to release wide ranging economic benefits for the Scottish economy. We expect the successful ScotWind projects to be fully engaging with the domestic supply chain to ensure their commitments come to fruition.

Use of ScotWind Revenues

Scottish Ministers are committed to using the revenues to help tackle the effects of climate change and our Just Transition a low carbon economy. As you may be aware, it will be a number of months before the ScotWind revenues become available and Scottish Ministers' will use this period to consider how these monies can best benefit the people of Scotland.

SCOTWIND Q&A

1. Planning and consenting challenges

Q: We thought ScotWind would be leasing against the upper scenario of 10GW outlined in the SMP. How come it's ended up at 25GW?

A: Through the ScotWind leasing process Crown Estate Scotland (CES) leases rights to physical areas of seabed, taking into account the geography of proposed projects and whether they can reasonably be located in the sites designated by the Sectoral Marine Plan (SMP) and in relation to other projects. The ScotWind process applies spatial limits only and the ambitions which developers may have for the generating capacity of their proposed projects are not a determining factor in awarding lease options as long as minimum generation requirements are met.

The combined total of 25GW reflects developers' stated ambitions for their projects. At this stage, ScotWind has only awarded options on the possibility of securing leases to areas of seabed. Those leases will not be secured (and projects will not be constructed) unless the holders of those options gain a consent from the Scottish Ministers, as the consenting authority. In reaching decisions, the Scottish Ministers will consider advice from Marine Scotland Directorate, including analysis of applications from developers and representations made by consultees.

There will now be a process for determining what can be consented in terms of projects. This process will be predicated on assessing the environmental impacts of each project on its own merits. However, it will take the SMP as its guiding planning framework and operate in light of the impacts assessed from an upper scenario of 10GW outlined in the SMP and applied in environment assessments. The assessment of these impacts may be adjusted should there be any new evidence or advances in technology. The SMP has a built-in iterative review process to enable such updates to assumptions, with the first planned review noted to take place by October 2022. Conclusions and recommendations from this review will be used to inform consenting recommendations to Scottish Ministers.

Q: If the plan highlights that 10GW will already face consenting challenges why did CES not implement a cap in the ScotWind process or limit the number of options/projects that could come forward?

A: The SMP does identify consenting challenges for a number of the Plan Options, and introduced plan-level mitigations for some of the most constrained Options. Those impacts, however, are based on assumptions and are not tested to the same level of detail that a project-level assessment will deliver. The process for identifying the Plan Options areas involved refinement to minimise the potential for adverse impacts as far as possible at the strategic level. Project-level assessments and consultation are still required before any determination of consent applications.

The ScotWind process set limits on the amount of seabed that can be leased but not on the generation within those areas as those figures are very much subject to change and a degree of attrition is expected and normal as projects develop from initial proposals to more advanced project applications. Successful bidders will now

undertake detailed survey and design work to determine their actual project application. All applications will be assessed with recognition of the context established by the SMP assumptions or any updates to those assumptions and assessments flowing from the SMP's Iterative Plan Review Process.

Q: How will you reconcile the 25GW that have come through ScotWind with the 10GW planning assumption made in the SMP?

A: The 25GW are the sum of the generating aspirations stated by developers. Developers' plans and ambitions will now be subject to the consenting process, which over the next few years will examine and consult on the impact of developers' proposals (both individually and cumulatively) on the marine environment and on other users. These impacts have currently been assessed against an upper scenario of 10GW worth of development, as outlined in the Sectoral Marine Plan. The consenting process will be informed by this upper scenario or by any adjustment to the planning assumption made at any point in the future in light of any new evidence and technology. The scale, geographical footprint and total generating capacity of all development and its geographical footprint will be shaped by these limits accordingly. These ambitions may also be limited by technological constraints (many propose to use floating technology at scales not yet attempted) and by geographical/hydrographical issues (once more detailed surveys take place), potential grid connection options or financial limitations.

Q: What's the plan for consenting 25GW considering that it's something totally off the scale compared to previous consenting challenges and, in fact, unique in the world?

A: This will be a big step up for our consenting processes and we're putting in place the resources and the structures to meet that challenge. We are recruiting significant numbers of additional staff not only within the planning, consenting and science functions in Marine Scotland Directorate but also in associated areas such as legal expertise, in NatureScot (a key statutory consultee for offshore wind consenting) and in related terrestrial planning functions in Scottish Government. Alongside this extra resource we are reviewing the operation of our consenting functions, in line with an existing Programme for Government commitment, to optimise our operations in light of the additional volume of consenting flowing from ScotWind.

Many of the challenges facing the consenting process are about understanding and estimating the impact of offshore wind on various receptors. Our Scottish Marine Energy Research (ScotMER) programme is tackling those questions in order to help address those evidence gaps and provide a strategic approach to research rather than on a project-by-project basis.

[Q: Won't this scale of development wreck the marine environment? How will you deal with the environmental impacts arising from it?

A: We're clear that the transformation to a net zero society must come via a just transition for those who are affected by it and in tandem with an equally vital necessity to tackle the biodiversity crisis, including the protection of our marine environment. That's why our consenting process will rigorously assess the impacts of any proposals

on the marine environment, in an evidence-based way and on the basis of detailed monitoring and survey work, to ensure that developments are environmentally and socio-economically sustainable. The SMP has already highlighted some ScotWind sites (NE2, NE3, NE4, NE6 and E3) where development will necessarily be subject to constraints while more evidence is gathered in relation to environmental impacts. This new evidence will help determine the level of impact that new projects may produce and aid the consenting process

Q: How does this link to your commitments on protected areas and is it consistent with delivering our high-level commitment to halt biodiversity loss by 2030 and reverse it by 2045?

A. The Statutory Marine Plan undertaken for ScotWind considered impacts on known biodiversity sensitivity including designated sites such as Marine Protected Area and there will be a requirement for specific project to consider these in greater detail at the application stage. Climate Change is potentially one of the biggest impacts on the biodiversity loss across our marine environment and as such, we consider Scottish Government commitments to Net Zero by 2045, a significant driver in reducing biodiversity loss.

Q: Do you consider that progressing these developments is likely to demonstrate imperative reasons of over-riding public interest?

A: We're clear that the transformation to a net zero society must come via a just transition for those who are affected by it and in tandem with an equally vital necessity to tackle the biodiversity crisis, including the protection of our marine environment. That's why our consenting process will rigorously assess the impacts of any proposals on the marine environment, in an evidence-based way and on the basis of detailed monitoring and survey work, to ensure that developments are environmentally and socio-economically sustainable. The SMP has already highlighted some ScotWind sites (NE2, NE3, NE4, NE6 and E3) where development will necessarily be subject to constraints while more evidence is gathered to ensure environmental sustainability. This new evidence will help determine the level of impact that new projects may produce and aid the consenting process. It would not be right or proper at this point to anticipate the detail of any application or the outcome of considerations during the consenting process. As any environmental risks become clearer we will consider the need for appropriate use of mitigation and remediation tools.

[Redacted]

[Redacted]

Q: How long before we start to see the new turbines going into the water?

A: Large and complex projects such as these take a number of years to come to fruition, so we would expect to see ScotWind projects being built from 2028 onwards. This is because developers need to work through development and planning, and secure consents and licences from government as well as a full seabed lease from CES before they can start building.

2. Supply Chain

Q: How will this impact on the Scottish supply chain? Will all the jobs go to East Asia and other parts of Europe, as they have done to date?

A: The ScotWind leasing round will provide a strong pipeline of projects throughout this decade and beyond, and is the most advanced opportunity for gaining first mover advantage on floating wind projects anywhere in the world. It is vital that we maximise the economic benefits and domestic supply chain opportunities for Scotland.

Last year, the Scottish Offshore Wind Energy Council (SOWEC) published its Strategic Infrastructure Assessment (SIA) for Offshore Wind, which had five main recommendations directed at both the sector and government. The primary recommendation focussed on bringing the manufacturing of floating offshore wind platforms to Scotland through the creation of a Scottish Floating Offshore Wind Port Cluster. As the SIA made clear, the sector must now come together and work collaboratively, both to help focus activity and investment in Scottish ports, and to facilitate more meaningful engagement between Scottish suppliers and tier one manufacturers and installers.

To help achieve this, the Scottish Government is working closely with the Scottish Offshore Wind Energy Council (SOWEC) to take forward the recommendations set out in the SIA. This will start with the development of a Collaborative Framework, to encourage the sector to work together and support the delivery of the volume of offshore wind projects expected in Scottish waters over the coming decade, with a particular focus on growing capability and expertise so that Scottish yards and Scottish based companies can win work in manufacturing and fabrication activity around the growth of floating offshore wind.

Q: How will developers be held to account on their supply chain commitments?

A: Renewable energy is a crucial element of our transition to deliver a net-zero economy and we are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential. We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.

To demonstrate this, applicants to the ScotWind leasing round were required to submit a Supply Chain Development Statement (SCDS) setting out the anticipated level and location of supply chain impact. Developers can update their Statements throughout the development phase. Failure to deliver the commitments laid out in the final SCDS

can trigger remedies ranging from financial penalties to an inability to progress to seabed lease.

The introduction of Supply Chain Development Statements demonstrates how serious the Scottish Government is about holding developers to account if they do not honour their supply chain commitments. We fully expect developers and Original Equipment Manufacturers (OEMs) to be engaging with the domestic supply chain from the outset to ensure that those commitments come to fruition. We have also been calling for, and welcome, the additional conditionality required by the UK Government for supply chain commitments in Contracts for Difference (CfD) rounds.

Q: Won't state aid rules continue to stymie local supply chain development in practise?

A: While the Supply Chain Development Statement (SCDS) mechanism has been designed to be state Aid compliant (and has for that reason not been used as a factor in scoring ScotWind bids), it makes transparent the plans and commitments made by winning consortia for Scottish supply chain content. This process enables a constructive collaborative ongoing dialogue to be progressed between the offshore wind and public sectors that ensures the strategic infrastructural planning can be undertaken to enable Scotland to maximise the potential benefits from this exciting new era of investment for the Scottish economy.

Q: Will offshore wind help prevent future energy crises related to price increases on fuel imports?

A: ScotWind, along with other leasing rounds in Scottish and UK waters, will increase the availability of renewable energy - and in turn help support a reduction in our reliance on fossil fuel sources. Our Energy Strategy & Just Transition Plan, due to be published later this year, will provide further insight on this opportunity.

3. Just Transition

Q: How will ScotWind support the Just Transition?

A: Offshore wind development and operation provides a strong route for a Just Transition, helping high carbon sectors and staff transition into low carbon activity.

The forthcoming pipeline of ScotWind projects has the potential to transform the energy sector and economy in Scotland, including the potential to diversify our existing industries and generate thousands of new jobs.

We need to make the most of, and focus on, the opportunities for diversification and skills transfer from oil and gas to drive forward offshore wind skills development. The knowledge and experience of the oil and gas sector, and its supply chain, will be a differentiator for Scotland in developing floating offshore wind technologies, in line with our commitment to a just transition.

Q: Isn't 25GW far more energy than Scotland actually needs? Why are we contemplating destroying our seas with thousands of turbines for energy we don't need?

A: It's true that the equivalent of 98.6% of all electricity used in Scotland comes from renewable sources, including hydro, on-shore wind and offshore wind. That's a record we're proud of. However, we're also going to need greater volumes of sustainable electricity generation at an order of magnitude greater than we are currently achieving as we move to become a net zero society – the Climate Change Committee estimate that between 90GW and 170GW of wind energy will be required across the UK by 2050 and we want to maximise the latent capacity in Scottish Waters to respond to this need to ensure Scotland reaps the benefits of this transformation.

Scotland's existing large-scale nuclear and gas-fired power stations are expected to close in the next decade, and additional renewable capacity will be required to meet electricity demand previously met by those generators. Also, at the moment large parts of our transport and industrial base are run on fossil fuels. We will have to switch large swathes of those to renewable electricity. For example, the move to electric vehicles, with a ban on the sale of new petrol and diesel cars from 2030, will require a large increase in sustainably sourced electricity. Much of our heating in Scotland is still powered by gas, or oil in more remote regions, which must also be replaced.

Similarly, we see a future potential opportunity to generate green hydrogen from sustainable offshore electricity to power certain sectors of the economy, such as heavy industry, and heavy transport such as maritime vessels. The refresh of our energy strategy in 2022 will outline our expectations of future sustainable energy requirements from offshore wind in more detail.

[Redacted]

[Redacted]

– [Redacted]

- If the excess power generated from offshore wind could be stored however, including through conversion to Hydrogen, some could be used to balance the electricity system when the wind isn't blowing in Scotland, avoiding the need to import as much power from the rest of the UK.

Q: What does this mean for the Energy Strategy Refresh?

A: The Scottish Government is committed to ending our contribution to climate change within a generation. Our Programme for Government sets out our aim to generate 50% of Scotland's overall energy consumption from renewable sources, and to have decarbonised our energy system almost completely by 2050.

We will outline our vision for Scotland's energy system when we publish our Energy Strategy and Just Transition Plan later this year, which will take a whole systems approach and factor in key policy developments in hydrogen, onshore wind and offshore wind including the outcome of the ScotWind leasing round.

Q: What are the implications for hydrogen?

A: The offshore wind sector has a vital role to play in decarbonising our energy system and ensuring we become a net-zero economy by 2045. ScotWind is an important step in realising these long-term ambitions and is the most advanced opportunity to gain first mover advantage on floating wind projects anywhere in the world. We are assessing the detail of the ScotWind projects and looking at where the opportunities exist for achieving wider policy objectives including the potential for floating offshore wind projects and green hydrogen production to help meet our ambition of generating 5GW of renewable and low-carbon hydrogen by 2030 and at least 25GW by 2045.

4. Finance/Investment

[Redacted]

[Redacted]

[Redacted]

5. Community Benefits

[Redacted]

Q. What community benefits will there be?

A. Community benefits from renewable energy developments, including offshore developments, can help support communities across Scotland to take forward

valuable projects and initiatives that can enhance and make a real difference to the lives of local people.

Our Offshore Wind Policy Statement (published Oct 2020) set out our ambitions on expansion of offshore wind in Scottish waters by 2030. As we work with the sector toward realising our ambition we remain keen to ensure that local communities continue to benefit from offshore renewables deployment.

Working closely with our offshore stakeholders, we will review and update our existing Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments in 2022, with a view to ensuring guidance remains relevant and valid for current and future operating conditions.

6. Fisheries

Q: Doesn't this mark a betrayal of the fishing industry - they were led to believe that up to 10GW would be developed; we're now told it will be up to 25GW?

A: 25GW is the combined current ambition of the projects proposed by developers who have secured rights to the seabed at this stage of the leasing process. The figure holds no status beyond that. None of those projects have been approved by the Scottish Ministers. In determining applications for development, the Scottish Ministers will take account of the Sectoral Marine Plan (SMP) recommendations, individual project Environmental Impact Assessments and stakeholder representations, as well as other relevant considerations. The extensive engagement undertaken with fishers during the ScotWind SMP, which led to changes in a number of plan areas and has been positively received, will continue.

Fishers and their representative organisations are key stakeholders and they are typically fully engaged in the consenting process for each individual offshore wind development, with the impacts on fishing activities considered by decision makers in determining development applications. Potential applicants will work with the fishing industry when taking forward lease options. Fishers are also fully involved in the Iterative Plan Review process which is built into the SMP to enable any review and updating of its assumptions in light of new evidence and information. Treating affected fishers fairly as we work through this process will be a key aspect of ensuring a just transition towards net zero as we develop offshore wind in Scottish Waters.

Q: How will you work with fishers and environmental interests to ensure this doesn't become a chaotic stampede to unacceptable levels of development?

A: We have clear, well-established planning and consenting mechanisms for approving and managing the development of offshore wind flowing from the ScotWind leasing round.

At the national level, we have a sectoral marine planning process based on the current Sectoral Marine Plan for Offshore Wind Energy, which was developed through extensive engagement with all affected stakeholders over a number of years. This has an iterative review process built into it, which provides a rigorous set of governance processes, involving all affected stakeholders, for undertaking measured and

considered review and updating of its assumptions and assessments in light of new evidence and information.

At the project level, our consenting process ensures clear and structured impact assessment of proposed projects, including the requirement to undertake environmental impact assessments and consider the socio-economic implications for other marine users. Consenting recommendations to the Scottish Ministers are made in light of these assessments and the representations from stakeholders such as the fishing industry.

Q: Even if the environmental impact is kept in line with the SMP's 10GW assumptions CES have still leased over 7,000 km², much more than what was envisaged in the SMP. The other impacts may be manageable but that means a lot more fishing grounds will be lost.

A: The Sectoral Marine Plan envisaged up to 8,600km² being offered lease options through ScotWind. The areas offered for projects at this stage are not the final project footprints; instead they are lease *option* agreements, within which initial project proposals are identified. It is expected that the eventual physical footprint which gains a full lease if and when a developed project achieves a consent will be less than the amount of seabed on which options have been secured.

The Sectoral Marine Plan for Offshore Wind Energy and the associated assessments provided clear accounts of fishing effort and estimated levels of impact. Developers, in developing their applications for consent, will be expected to take the SMP and assessments into account and propose sustainable projects that minimise impact. The final footprint of a project is subject to several constraints that may reduce the final shape of a project. Each application will be assessed at the project level by Scottish Government's Marine Scotland Directorate and subject to full and detailed consultation with the fishing sector to ensure any new concerns are identified. The Scottish Ministers will consider all relevant evidence in reaching their decisions on each development.

Q: What steps will be taken to ensure safe access for fishing vessels in the future to development areas and what % of the sites do you think will be available to fish once complete? How can this be maximised and genuine multi-use sites be encouraged?

A: As outlined in the Sectoral Marine Plan for Offshore Wind Energy, CES made up to 8,600km² available for Option Agreements. The results show a total offer of 7,343km² at this early stage. As projects develop and applications for consents are made we expect to see the actual area used for the projects to be more accurately defined and would expect developers to reduce total areas as they make efficient use of the seabed and avoid unnecessary impact. The Sectoral Marine Plan has clearly outlined the expected final development footprint for Plan Options, acknowledging that technology improvements may change and reduce impacts over the project design lifetime. The potential impact on fisheries were made clear and our consenting process will provide further opportunity to assess the individual and cumulative impacts of projects.

Q: Space in Scotland's marine environment is already at a premium and the ambitions to develop 25GW will only exacerbate the complex landscape of cumulative impacts on existing marine users, particularly fishers, having a disastrous consequence on the viability of this sector.

A: We have clear, well-established planning and consenting mechanisms for approving and managing the development of offshore wind flowing from the ScotWind leasing round, ensuring development is not taken in isolation. The consenting process will, over the next few years, examine and consult on the impact of developers' proposals (both individually and cumulatively) and consider where development will necessarily be subject to constraints.

We understand that the export cables associated with offshore wind farm infrastructure are of particular concern to the fishing industry and Scottish Government is actively engaged in the Offshore Transmission Network Review (OTNR) to consider the way that the offshore transmission network is designed and delivered.

Fishers and their representative organisations are a key stakeholder and they will be fully engaged in the consenting process for individual projects and potential applicants will work with the fishing industry when taking forward lease options. Fishers are also fully involved in the Iterative Plan Review process which is built into the sectoral marine plan to enable any review and updating of its assumptions in light of new evidence and information. Treating affected fishers fairly as we work through this process will be a key aspect of effecting a just transition for the fishing sector as we progress towards net zero through the development of offshore wind in Scottish Waters.

Q: We have fished these areas for generations, and our livelihoods are now being taken away. Now we know fishing is at the bottom of the SG marine user priority list what compensation will be made available for our loss?

A: Fishing is firmly not at the bottom of the Scottish Government's priorities and we continue to support the fishing sector across Scotland, both financially, as seen during the COVID 19 response, and in our marine planning processes. The fishing sector were an integral part of the sectoral marine planning process and contributed to both the development of the SMP and the assessment process. There is a pressing need to enable the sustainable delivery of green energy to meet our net zero targets and tackle the biodiversity crisis, and we will ensure we effect a just transition for the fishing sector in meeting this need.

No new areas beyond the SMP have been made available for development. It is simply the case that the ambitions for power generation within those areas are higher. Developers will be expected to follow the best practice guidance on any compensation that is required and similarly to deliver community benefits as part of these projects.

Q: The Government does not currently get involved in compensation and leaves it to the developer and fishing industry to sort out? This is unacceptable and creating more angst and tension between stakeholders than is necessary. With the ScotWind announcement and plans for further expansion can you now own this and take some responsibility?

A: The Scottish Government does involve itself in compensation arrangements which are a matter to be brokered between developers and fishers. We are clear, however, that where impact is unavoidable and compensation is an appropriate mitigation that agreements should be reached using the best practice guidance available, and to which developers and the fishing sector have signed up.

Q: *With the ScotWind announcement and plans for further expansion and massive income generation can you now commit that some funding will go to compensate lost fishing opportunities?*

A: The response to the previous question applies.

7. Infrastructure Capacity

Q: *What does this mean for the grid and OTNR programme of work?*

A: The OTNR project has been reviewing the grid and capacity issues with the aim of preparing for anticipated new levels of offshore wind generation. This is a much needed piece of work and the Scottish Government will continue to support its development in Scotland. Now that the results of ScotWind are known, the 'Pathway to 2030' work stream that has been dealing with an assumed level of generation from ScotWind can be updated to reflect the new figures. Whilst 25GW is larger than the assumptions made previously, the process has always included a stage to reassess once the results of ScotWind were available. While it is important to clarify that 25GW will not be the final approved generation figure it is clear that the current grid system and capacity, as well as existing unfair transmission charges, do not reflect the ambitions of the offshore wind sector in Scotland.

Q: *OTNR were working with an assumption of 10 – 13GW from ScotWind and that was already difficult to deal with - is this just a waste/how will it be dealt with?*

A: Grid and capacity constraints are not new. The OTNR is a welcome review and assessment to bring the grid up to the level required so that it can cope with the much needed offshore wind capacity required if we are to meet our net zero commitments. The increased ambition of the successful ScotWind bidders does mean that the OTNR assumptions will need to be updated, but it is important to remember that these are not final generation figures and ambitions are likely to change as the project development and consenting processes take place. Furthermore, projects where grid connections are already difficult may be looking at alternative uses for energy and the Scottish Government will work with the successful bidders to ensure the best opportunities are realised.

8. INTOG

Q. *What does the ScotWind announcement mean for a planning and leasing round for innovation and oil and gas decarbonisation (INTOG)/ when is INTOG coming out?*

A. INTOG has been designed as a targeted offshore wind planning process to facilitate the decarbonisation of oil and gas assets, and to allow smaller scale innovation projects a plan-led opportunity to progress in Scottish waters. The ScotWind announcement is a confident statement from the offshore wind sector about future development in Scotland. The Scottish Government will look to publish the results of the recent INTOG consultation shortly and provide clarity on the next steps for the INTOG planning and leasing round.

Q. How can INTOG proceed with this level of development now in the system?

A. The plan-led approach of both INTOG and ScotWind ensures that due consideration is given to environmental and socio-economic impacts. The level of ambition under ScotWind is higher than the SMP's current planning assumptions and we will now work with all sectors to ensure that both ScotWind and INTOG are managed to consider all interests. It is impossible to predict today exactly what the scale of ScotWind development will be finally consented but through our internationally recognised Sectoral Marine Plan and its built-in review process there is an established pathway to facilitate development. By following due process, taking into account all stakeholders and considerations about impact, both the SMP and INTOG planning processes can seek to assess the potential impact of these plans and enable sustainable development. The INTOG plan level assessments will consider ScotWind as part of the baseline for that process and a reflect the cumulative impact accordingly.

Q. You told the fishing sector there would be 10GW of offshore wind from ScotWind and we now have 25GW. Will INTOG, a plan for 4.5GW, turn into 11.25GW?

A. The SMP planning assumptions were based around the potential impact of up to 10GW. The 25GW figure is the stated ambition of the successful applicants who have now received option agreements. This is not the final operational figure and the planning and consenting processes will now determine the level of sustainable development that will progress, through due process and consideration of all affected sectors. The INTOG process is a targeted planning process to facilitate offshore wind projects seeking to decarbonise oil and gas installations. The targeted nature of the planning and subsequent leasing process will mean that oil and gas projects must be specifically tied to installation demand. The plan-level assessments will further determine the sustainability of proposals, with no awards offered unless adopted into the final plan.

[Redacted],

RSPB Press Release

Nature charity RSPB Scotland criticises today's announcement on offshore wind saying it could be a disaster for Scotland's seabirds

In response to today's announcement on ScotWind offshore leases, RSPB Scotland has issued the following statement:

Aedan Smith, Head of Policy and Advocacy for RSPB Scotland, said: *"Today's announcement from the First Minister Nicola Sturgeon that huge new offshore windfarms have been granted leases by the Scottish Government shows the welcome scale of interest in developing in Scotland's waters to address climate change, which is one of the greatest threats to wildlife and people. However, without major action from the Scottish Government, the scale of these new windfarms could cause greater harm to Scotland's internationally important seabirds than the effects of climate change they are seeking to address and could also accelerate some seabird species towards extinction in Scotland.*

"Offshore wind has an important role to play in helping halt climate change. However, the offshore wind projects already consented in Scotland are predicted to kill hundreds of seabirds like kittiwakes, gannets and puffins every year. The potential projects announced today would be many times bigger than those existing projects and would greatly increase those impacts.

"The First Minister has been clear that the biodiversity crisis is as important as the challenge on climate change and, as on climate change, she wants Scotland to be leading the way on protecting and restoring nature. This ambition to address the climate and nature emergency together matches RSPB Scotland's aspirations, but if measures to address climate change fail to take account of potentially disastrous outcomes for biodiversity, then questions need to be asked. We will be seeking a meeting with the First Minister as soon as possible to get reassurance that today's announcement on offshore wind will see Scotland leading the way on protecting and restoring Scotland's seas for seabirds as well as delivering much-needed offshore wind."

Cabinet Secretary Net Zero & Transport

ScotWind Offshore Wind Leasing Round: Parliamentary Statement – 18th January 2022 @ 15:20

Today, I would like to update Parliament on the outcome of the ScotWind Offshore Wind Leasing Round, a major milestone in our journey to Net Zero. ScotWind will provide us with enough power for every home in Scotland, place Scotland at the forefront of the green hydrogen revolution and allow us to become a major exporter of clean energy. There is a huge economic prize on offer, at least £1bn of investment for every gigawatt built, which will help create thousands of jobs and transform the Scottish economy.

This is the first Offshore Wind Leasing Round held since the devolution of the Scottish Crown Estate and has been administered by Crown Estate Scotland, who announced winning applicants yesterday.

ScotWind was created with delivery at its core. It was established with the aim of creating a strong pipeline of projects that would drive our Just Transition and serve as a cornerstone in delivering our commitment to tackle the climate crisis.

We put this challenge to the market and the market has responded so positively that Crown Estate Scotland has been able to offer awards for 17 major projects.

This is a tremendous vote of confidence in Scotland. The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving our net zero targets and sustainable economic growth. In particular, ScotWind is by far the world's largest commercial round for floating offshore wind and breaks new ground in putting large-scale floating wind technology on the map at GW scale.

It is encouraging to see the ambition around floating offshore wind. As you may be aware, our seabed is considerably deeper than waters in England and Wales, and without technology such as floating wind it would not be possible to develop renewable energy projects in these areas. It is therefore inspiring to see the tremendous rate of innovation in this technology and what more could be possible 10 to 15 years from now in this fast growing sector.

Likewise many of the consortia successful in securing lease options have ambitions for green hydrogen. This presents a range of new energy and export opportunities for Scotland and will help us achieve our ambition of generating 5GW of renewable and low-carbon hydrogen by 2030, and at least

25GW by 2045. We will be considering these opportunities and what this will mean for our energy system further in our Energy Strategy and Just Transition Plan later this year.

ScotWind will also deliver around £700m in revenues to the public purse for these initial awards alone. We've already made clear we will invest from these monies to help tackle the twin climate and biodiversity crises.

But in addition to these revenues, ScotWind promises to deliver billions more in rental revenues once projects become operational, to be invested for the benefit of the people of Scotland.

Supply Chain

Importantly, ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery the length and breadth of the country.

As part of the bidding process, all applications had to submit a Supply Chain Development Statement outlining how they will deliver benefits to Scotland. I welcome the commitment made by developers to invest at least £1bn in the Scottish supply chain for every GW generated via ScotWind projects.

The Supply Chain Development Statement, a mechanism developed through engagement with the Parliament, provides us with an excellent tool to ensure that, working with the sector, Scottish communities reap the maximum possible economic benefits from ScotWind projects. These statements are not only an indication of what Scotland can achieve, they are our expectation of what the winners will deliver for Scotland.

We must now work together to ensure this happens. As highlighted in the Strategic Infrastructure Assessment (SIA) for Offshore Wind, commissioned by the Scottish Offshore Wind Energy Council (SOWEC), there needs to be greater collaboration between developers, the supply chain and the public sector both to help focus activity and investment in Scottish ports, and help Scottish suppliers to grow and win offshore wind work.

We will work closely with SOWEC to implement the five key recommendations in the SIA, starting with the creation of a Scottish Floating Offshore Wind Port Cluster, with ports acting in partnership to provide the required infrastructure area and capability needed to attract manufacturers to invest in Scotland.

To help achieve this, SOWEC is leading on the development of a Collaborative Framework to encourage the sector to come together and work collectively to support the delivery of offshore wind projects from ScotWind, with a focus on growing capability and expertise, particularly around the growth of floating offshore wind.

We fully support the creation of a Collaborative Framework and we expect the successful ScotWind projects to actively engage in the process from the outset, and to take collective action not only to grow Scotland's supply chain but also to help deliver the wider economic transformation that will benefit communities across Scotland.

To that end, the scale of the winning bids augurs well for creating the volume of sustained demand that will mark a step change in developing the capability and capacity of Scotland's infrastructure and its manufacturing and services sectors.

Realising the potential

We are at the start of a journey which will take some years before we see these developments constructed. As well as supply chain opportunities the focus now switches to the planning and consenting regimes, ensuring that these work as effectively as

possible as we process applications from developers and the potential that can be delivered in light of environmental and other impacts.

Clearly the stated collective aspirations of the projects which have been awarded options are highly ambitious and this is to be welcomed. ScotWind will make Scotland a global leader in offshore wind energy and all the consortia holding options are fully aware of the responsibility that comes with the development opportunities they have won.

However, ScotWind will also be shaped by our continuing commitment to responsible stewardship of our incredibly rich natural marine resources, as well as the need to fully address the impact on other marine users. We will work with the sector and with all affected stakeholders to ensure this process and its benefits are realized in a manner which recognises the concerns of all interests as we embark on this journey.

It is not possible at this stage to predict what scale of development will be permitted but through our internationally recognised sectoral marine planning and licensing processes, there is an established pathway to facilitate development. By following due process, taking into account all stakeholders and considerations about impact, the Scottish Government can

maximise the huge opportunities - for energy, for the environment and for the economy - that the large scale development of offshore wind can bring to Scotland.

Next Steps

Presiding Officer, these ScotWind awards are a phenomenal mark of confidence in the Scottish Offshore Wind Sector. We are now the biggest offshore market in the world and demonstrating global leadership in tackling the climate challenge.

However, the real work starts now. Tomorrow, the First Minister and I will hold a summit with all the successful parties. We will be clear in stating our expectations to all involved. I will also meet with the successful developers both collectively and individually on an ongoing basis to understand how we can work together in a collaborative manner to deliver the best for Scotland.

In addition, the Minister for Environment and Land Reform is meeting today and tomorrow with marine environmental interests and with fishers to ensure that their perspectives and concerns are taken into account.

This is a once in a generation opportunity which has to be realised, has to be maximised and has to deliver the

environmental and economic benefits for all the people of Scotland.

Total: 1271 words

Question and Answer

ScotWind Review of Option Structure – Cabinet Paper – 16 March 2021

RESPONSIBILITY

[Redacted]

A. The Management of Crown Estate assets was devolved to Scottish Ministers in 2017. The Scottish Crown Estate Act 2019 established Crown Estate Scotland as the arm's length public corporation with responsibility of management of the Scottish assets.

- CES is overseen by a Board, appointed by Scottish Ministers
- ScotWind is designed and managed by CES and they are responsible for the current review.
- The 2019 act gives Scottish Ministers the wide power to issue a Direction on CES. This has not been exercised to date. Other than in cases where an unlawful act may be actioned by CES, Scottish Ministers are not obligated to exercise the power of Direction.
- Marine Scotland are the Crown Estate Scotland Sponsorship team and have a Framework document agreed. CES must obtain approval of the Sponsorship team in circumstances where significant decisions or changes are to be made. Changes to ScotWind would qualify under this framework. [Redacted]

[Redacted]

[Redacted]

A. Yes, through the Scottish Crown Estate Act 2019, Scottish Ministers can use the power to issue Direction on specific or very general aspects of the ScotWind process. [Redacted]

Q. Can we force CES to get independent evaluations?

A. Yes, . Yes, through the Scottish Crown Estate Act 2019, Scottish Ministers can use the power to issue Direction on specific or very general aspects of the ScotWind process. [Redacted]

WHY THE PRICE CAP APPROACH?

Q. Why did CES use a price cap rather than an open market auction in the first place?

A. While Scotland has significant resources and opportunity for offshore wind, there is a very real sense that Scottish projects are at a competitive disadvantage due to more difficult environment, deeper water and distance from shore. This is coupled with higher transmission charges north of the border. CES have designed ScotWind to account for some of those issues and selected a process that would allow the quality of bids to determine awards, not just balance sheets.

Q. Why was the original price cap £10,000/KM² ?

A. The original price cap was identified by CES and progressed based on the understanding of market value at the time. ScotWind. As designed, would award seabed option agreements based on the quality of applications, considering price as only one component of this assessment. The price was selected to reflect the seabed value and offer a competitive advantage.

Scottish Ministers were provided information in April 2019 when it became known how the process in rUK would be managed by TCE, as the open market auction process was likely to increase prices in English and Welsh waters. [Redacted]

COMPETITIVE ADVANTAGE

[Redacted]

Q. The delay has already negatively impacted projects and reputation for CES and Scottish Government. If we also remove the competitive advantage, have we already damaged ScotWind?

A. No one expected such a dramatic shift in the market dynamic. Many developers were just as surprised and lost out in the Round 4 auction. Everyone agrees the review was necessary. The pressing issue is to decide on the best course of action to get the process back on track quickly.

LONG-TERM IMPLICATIONS

[

[Redacted]

FINANCE

Q. What happens to any additional revenue gained through this process.

A. the review has not gone into that component and this will be addressed by CES and officials following the announcement of the conclusion of the review by CES. However, it is clear that these option fees, wither at the current cap or as increased, will not rest with CES or the Crown as capital, they will be fed into the Scottish Consolidated Fund.

[redacted]

[Redacted]

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