

MATERIALS FOR RELEASE

CABINET SECRETARY FOR NET ZERO, ENERGY AND TRANSPORT

MEETING WITH OCEAN WINDS

THURSDAY 27 OCTOBER 2022 - 13:30 - 14:15

Key Message	<p>You are meeting to discuss a collaborative approach to maximising local content in their projects.</p> <p>You will reiterate SG's expectation Ocean Wind will work collaboratively to coordinate their use of key supply chain assets to minimise the risk of bottle necks in the pipeline, and to maximise their overall economic impact</p>
Who	<p>Adam Morrison – Country Manager UK , Ocean Winds UK Dan Finch – Managing Director, Ocean Winds UK Mark Baxter – Project Director (Caledonia Offshore Wind Farm), Ocean Winds UK</p>
What	<p>This is the first offshore wind leasing round in Scotland for a decade and is the first ever since the management of offshore wind rights were devolved to Crown Estate Scotland.</p> <p>The purpose of this meeting is for you to set the tone of Ministers' expectations for these projects, both in terms of how they will interact with our statutory net zero commitments and our supply chain ambitions.</p>
Why	<p>This is a significant milestone in the expansion of offshore wind in Scotland and, moreover, this is the largest commercial floating offshore wind leasing round to date.</p>
Where	<p>Microsoft Teams</p>
When	<p>Thursday 27 October 2022 13:30 – 14:15</p>
Supporting Officials	<p>[redacted] [redacted] [redacted]</p>
Briefing	<p>Annex A: Agenda and Steering Brief for meeting</p> <p>Annex B: Background for Agenda Item 2 (<i>if required</i>)</p> <p>Annex C: Biographies</p> <p>Annex D: Offshore Wind Top Lines</p> <p>Annex E: Supply Chain Development Statement One Pager</p>

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constituent Interest	General Awareness

Minister for Business, Trade, Tourism & Enterprise			X		
Minister for Green Skills, Circular Economy and Biodiversity			X		

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ANNEX A

Agenda & Discussion Points

1. Welcome & introductions

Note – links with Russia

Ocean Winds – N/A

2. Introduction to the project, including key project milestones and supply chain commitments and ambitions

- Ocean Winds will present their plans for the project

3. Discussion

4. Next steps

Steering Brief

Item 1:	Welcome & introductions
Key Message:	The aim of the discussion is to learn about Ocean Winds ScotWind project in the site NE1.

Item 2:	Introduction to the project, including key project milestones and supply chain commitments and ambitions (Annex B)
Key Messages:	<ul style="list-style-type: none"> • Are there any barriers or challenges that Ministers can help provide further support on to help drive forward success in meeting your supply chain commitments? • Which Tier 1 Developers are you in conversation with?
Discussion:	<ul style="list-style-type: none"> • In response to any presentation it would helpful to understand what support SG can provide to enable them to meet their supply chain commitments • It would also be helpful to better understand any conversation with Tier 1 Developers.
	Background detail on the project is set out in Annex B

Item 3:	Discussion
Key Messages:	<ul style="list-style-type: none"> • [redacted] • [redacted]

Discussion:	<ul style="list-style-type: none"> • [redacted] • [redacted] • [redacted] • [redacted]
	Background briefing on the project is set out in Annex B

Item 4:	Next steps (Annex D)
Key Messages:	We are keen that engagement on the supply chain with the developers continues to take place, so we will seek further discussion as the project develops and approaches various milestones.
Discussion:	<ul style="list-style-type: none"> • Thank you for that outline today of your project, it was helpful to get into some of the detail of the development itself as well as the supply chain opportunities you are targeting. • My energy policy officials are also available and would be happy to continue to engage with you and your team as you approach various milestones for your development.

ANNEX B

PROJECT OVERVIEW

Project	
Site Location	East of Shetland Islands (project name not yet confirmed)
Lead Developer	Ocean Winds

Indicative project timeline (please indicate the year quarter you are targeting)	
Scoping	[redacted]
Planning/Consenting	subject to continuing discussion with CES
CfD	under assessment
FID	under assessment
Commence Construction	under assessment
Grid Connection	under assessment

Commence operations	under assessment
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Supply chain	
Preferred Port (manufacturing/fabrication)	not yet determined
Preferred Port (marshalling/in stallation)	not yet determined
Preferred Port (O&M)	not yet determined
Foundation (fixed/floating - concrete or steel)	[redacted]
Tier 1s	not yet determined
Turbine supplier	not yet determined
MOU's with suppliers to date	nothing project specific to date (project is still prior to lease entry); supply chain engagement being undertaken by Ocean Winds generally across portfolio
Details of any supply chain pre-investment	none to date (project is still prior to lease entry)

Adam Morrison – Country Manager UK , Ocean Winds UK



Adam is the Project Director for Moray West Offshore Wind Farm at Ocean Winds. He has two decades of experience across the renewable energy industry, initially working in the wave and tidal sector before moving into onshore wind and then offshore wind. His previous roles include various project positions whilst at RES Offshore, Head of Electrical for the engineering and construction of electrical transmission assets at EDP Renewables, and then Project Director before moving into his role at Ocean Winds.

Dan Finch – Managing Director, Ocean Winds UK



Dan is Managing Director of Ocean Winds UK; the UK division of the world's 4th largest wind energy company, responsible for leading the development of commercial scale offshore wind generation in the challenging conditions of the outer Moray Firth. Dan Finch has worked with the renewables industry for over 30 years. Holding Engineering and Management roles at all stages from project conception, development, construction and O&M in Hydro and Wind technologies. Dan is also a company Board Director for several project companies responsible for the delivery of the Offshore Assets within Europe and North America.

Mark Baxter – Project Director (Caledonia Offshore Wind Farm), Ocean Winds UK



Mark is the Project Director of the Caledonia Offshore Wind Farm. Ocean Winds was awarded the rights to develop new offshore wind generation capacity in the outer Moray Firth in Scotland, as part of the ScotWind process. Mark brings his unique understanding of Renewable Power Generation, Smart Technologies and Development Planning to the project, supported by strong strategic, delivery and commercial skills. Previously, Mark was the Lead Project Manager for Scottish & Southern Energy Networks, working to procure a cost-effective solution to power the Shetland Islands.

OFFSHORE WIND**Top lines – Offshore Wind Policy**

- Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in offshore oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.
- Offshore wind is 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.
- On 17th January, Crown Estate Scotland announced the winners of the ScotWind leasing round. This is the first devolved leasing round for offshore wind development in Scottish Waters, and the first leasing round in Scotland in a decade. ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- We welcome the announcement of the ScotWind clearing results on 22 August, with three projects successful in securing a leasing option for site NE1. ScotWind could now deliver almost 28GW of offshore wind.
- ScotWind will raise over £750 million in revenues for Scotland and will bring billions of pounds of investment into the Scottish supply chain and economy.
- In addition, ScotWind will deliver several billion pounds more in rental revenues when projects become operational, which will be invested for the benefit of the people of Scotland.
- The Innovation and Targeted Oil and Gas Decarbonisation (INTOG) leasing round, currently in progress, targets the delivery of 4.5GW of new offshore wind projects, with 500MW to test new technology or solutions in Scottish waters, and 4GW for projects that will specifically deliver green energy to oil and gas installations. The INTOG leasing process is expected to conclude by autumn 2023.
- In October 2020, Scottish Government published our Offshore Wind Policy Statement, setting out our ambitions for offshore wind in Scotland in the context of our commitment to achieve net zero by 2045.
- The Offshore Wind Policy Statement sets a new ambition to achieve 8-11 GW of offshore wind in Scotland by 2030. This recognises that deployment must increase significantly if we are to meet our climate change targets.
- The Scottish Government's Sectoral Marine Plan for Offshore Wind, also published in October 2020, will be a key component in delivering the aspirations

set out in the Policy Statement. The Plan sets out a range of new opportunities for Scotland to realise the potential of sustainable energy production within Scotland's seas.

- As outlined in our Energy Strategy, the Scottish Government expects offshore wind, both fixed and floating, to play a significant role in our energy transition, and recognise the huge economic opportunity attached to commercial scale development.
- We will outline our vision for Scotland's energy system when we publish our refreshed Energy Strategy and Just Transition Plan later this year. This 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.
- On 7 July 2022, UK Government announced that offshore wind reached a record low strike price of £37.35/MWh in the most recent Contracts for Difference auction – making offshore wind the cheapest renewable technology. As this price is below the current wholesale electricity price, these awards are effectively subsidy free.
- We warmly welcome the news that the Moray West and Inch Cape offshore wind projects have successfully secured a CfD award for over 1.3GW combined capacity in the latest allocation round.
- This is hugely positive news and demonstrates the capability of Scotland to deliver zero carbon power not just for Scotland but for the rest of the UK and beyond.
- We are working closely with UK Government and industry to ensure that Scotland's offshore wind opportunity is taken fully into account during the delivery phase of the Offshore Wind Sector Deal, launched in March 2019.
- There will be some challenges to overcome as we embark on this exciting expansion in renewable energy – such as grid capacity and unfair transmission charging.
- The Scottish Government does not have the powers to resolve all of these challenges, but we will continue to work with and, where appropriate, challenge the UK Government to address these barriers and ensure a just transition to net zero.
- We welcome the National Grid ESO's decision to include 10.7GW of the ScotWind capacity in the first phase of the Holistic Network Design process, and to invest £54 billion in the UK's network infrastructure
- The Scottish Government will continue to work with The Department for Business, Energy and Industrial Strategy (BEIS) and NGENSO to ensure that the HND Phase 2 considers ScotWind developers' and Scotland's interest in plans for connecting the remaining 15GW of ScotWind capacity, and explore all avenues for accelerating the timelines.

- While the Scottish Government works tirelessly to protect lives and livelihoods amid the global health and economic crisis, we are determined to deliver a green economic recovery – in which offshore wind deployment can play a crucial role.
- A partnership agreement to establish two Green Freeports in Scotland was reached between Scottish and UK Ministers in February 2022. We have negotiated hard to ensure that establishment of two Green Freeports in Scotland will create new, well-paid jobs, deliver a just transition to net zero and support economic transformation based on fairness.

Top Lines – Large Scale Renewables Supply Chain & Infrastructure

- As more large scale windfarms are built throughout this decade, we fully expect developers to be engaging early with companies based in Scotland to ensure that key manufacturing contracts do not go to yards overseas.
- Scotland is the ideal location for renewables, but recent projects have not delivered the significant economic opportunities we want to see for Scottish businesses.
- We welcome the introduction of a more robust Supply Chain Plan process as part of the CfD auction later this year, and we expect applicants to be engaging with the domestic supply chain from the outset of the process.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.4bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- Ministers have been calling for action for some time with little progress being made and now wish to see tangible actions being taken to support the Scottish supply chain.
- The introduction of a Supply Chain Development Statement by Crown Estate Scotland as part of the ScotWind leasing round will help to release economic benefits for the Scottish economy and we expect developers to honour their commitments.
- Ministers remain fully committed to utilising every lever within their devolved competence to support and grow the domestic supply chain.
- Developers and those at the top of the supply chain have a responsibility to ensure that local suppliers have a realistic opportunity to compete for key manufacturing contracts.
- We are working to realise our ambitions for the floating wind supply chain in Scotland through The Scottish Offshore Wind Energy Council. Our recently announced Collaborative Framework will help forge effective partnerships to deliver on supply chain potential.

- The Offshore Wind Supply Chain Summit, which took place in Aberdeen on 22 August 2022, was an important opportunity to hold developers to account on their supply chain commitments, and promote the wider supply chain opportunities to Scottish companies.
- While we are clear that the agenda must be led by developers and supply chain companies, we hope to see a focus on co-ordination to ensure growth in the Scottish supply chain, attracting inward investment and optimal use of our port infrastructure.
- Offshore wind is a major economic opportunity for Scotland. Scottish projects installed between today and 2027 may produce a total lifetime spend of £18.8 billion, resulting in an average of 1,900 direct jobs per year during construction and 1,100 jobs per year during 25-30 years of operations.
- The forthcoming ScotWind leasing round could create 5,000 jobs per year during construction and 2,800 jobs per year during 25-30 years of operations, with total Scottish jobs peaking at 6,000 in 2032/33.

[redacted]

Meeting note: Cabinet Secretary for Net Zero, Energy and Transport meeting with Ocean Winds

27 October 2022, 13:30 – 14:15, MS Teams

Attendees:

Michael Matheson MSP, Cabinet Secretary for Net Zero, Energy and Transport

[redacted]

[redacted]

[redacted]

Adam Morrison, Country Manager UK , Ocean Winds UK

Mark Baxter – Project Director (Caledonia Offshore Wind Farm), Ocean Winds UK

Readout:

- MM welcomed representatives from Ocean Winds
- MM asked if they were considering a Grid connection or looking at hydrogen production.
- [redacted]
- [redacted]
- [redacted]
- MB also mentioned that OW have fed back into the Strategic Investment Model proposal.
- They have ongoing engagement's with Tier 1s
- MM asked about traction on the SIM and how we SG can support.
- AM feedback that the larger ScotWind Developers need to drive forward the collaboration and the progress.
- MB shared their timeline
- MM reiterated to let officials and SG know how they can support the project and to stay in touch.