

[Redacted]

**From:** [Redacted]  
**Sent:** 02 March 2021 16:12  
**To:** [Redacted] Hogg A (Andrew); [Redacted]  
**Cc:** Palmer MR (Mike); [Redacted]  
**Subject:** RE: Aurora report  
**Attachments:** 20210302\_Implications of The Crown Estate Round 4 results on SWL.pdf

Thanks for sharing [Redacted]

I've had a very quick look at the attached I would agree their estimates would appear [Redacted]  
[Redacted]

Even though Ministers/Spads have [Redacted]  
[Redacted]

Adding [Redacted] to the circulation to add to [Redacted] and [Redacted]'s take.

[Redacted]

[Redacted] | Head of Energy Supply Chain | Directorate for Energy and Climate Change | 📞

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**From:** [Redacted]@gov.scot>  
**Sent:** 02 March 2021 12:19  
**To:** Hogg A (Andrew) <Andrew.Hogg@gov.scot>; [Redacted]@gov.scot>;  
[Redacted]@gov.scot>; [Redacted]@gov.scot>; [Redacted]  
**Cc:** Palmer MR (Mike) <Mike.Palmer@gov.scot>; [Redacted]@gov.scot>; [Redacted]  
[Redacted]@gov.scot>  
**Subject:** FW: Aurora report

All,

Grateful for your thoughts around this as soon as you can.

[Redacted]  
[Redacted]

[Redacted]

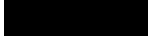
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**From:** [Redacted]@crownstatescotland.com>  
**Sent:** 02 March 2021 11:38  
**To:** [Redacted]@gov.scot>  
**Subject:** Aurora report

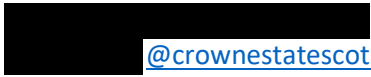
Hi [Redacted]

Please see attached Aurora report which is now finalised.

Kind Regards



**Policy Manager**  
**Crown Estate Scotland**



[\[redacted\]@crownestatescotland.com](mailto:[redacted]@crownestatescotland.com)

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[REDACTED]

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**From:** Palmer MR (Mike)  
**Sent:** 10 April 2021 09:49  
**To:** [REDACTED]  
**Subject:** FW: TCE Round 4 lease bids story - preparing briefing notes

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**Mike Palmer**  
**Deputy Director for Marine Planning and Policy**  
**marinescotland**  
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email: [mike.palmer@gov.scot](mailto:mike.palmer@gov.scot)  
w: <http://www.gov.scot/marinescotland>

---

**From:** Palmer MR (Mike) <Mike.Palmer@gov.scot>  
**Sent:** 05 February 2021 11:50  
**To:** [REDACTED]@gov.scot>; [REDACTED]@crownstatescotland.com>; [REDACTED]@gov.scot>  
**Cc:** [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; Simon Hodge <simon.hodge@crownstatescotland.com>; [REDACTED]@crownstatescotland.com>; [REDACTED]@crownstatescotland.com>; [REDACTED]@crownstatescotland.com  
**Subject:** RE: TCE Round 4 lease bids story - preparing briefing notes

Hi [REDACTED] and other colleagues,

Just joining some dots - Simon, [REDACTED] and I had a catch-up this morning and I explained that we would want to brief Ms Cunningham on this issue for her budget appearance before the ECCLR Committee next Tuesday.

[REDACTED] - I'm conscious that [REDACTED] and [REDACTED] are currently on leave. I'll send you the Ministerial sub on this from last year and we can have a quick chat about it later this afternoon if helpful.

[REDACTED]

Sent with BlackBerry Work  
([www.blackberry.com](http://www.blackberry.com))

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**From:** [REDACTED]@gov.scot>  
**Date:** Friday, 05 Feb 2021, 11:32 am

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**To:** [REDACTED]@crownestatescotland.com> [REDACTED]@gov.scot>, Palmer MR (Mike) <Mike.Palmer@gov.scot>  
**Cc:** [REDACTED]@gov.scot>, [REDACTED]@gov.scot>, Simon Hodge <simon.hodge@crownestatescotland.com>, [REDACTED]@crownestatescotland.com>, [REDACTED]@crownestatescotland.com>  
**Subject:** RE: TCE Round 4 lease bids story - preparing briefing notes

Hi [REDACTED],

Thanks for getting in touch. I discussed this with Mike Palmer (copied in yesterday). We ran a fairly generic line past [REDACTED] yesterday which he was content with but have not been further involved in any lines for the committee on Tuesday.

Beyond the original suggest lines from John can I ask what you are prepping?

[REDACTED]

[REDACTED] | Senior Policy Officer - Marine Planning (Offshore Renewable Energy) | Marine Scotland  
Scottish Government | 1 A South | Victoria Quay | Edinburgh | EH6 6QQ

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[www.gov.scot/marinescotland](http://www.gov.scot/marinescotland)

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**From:** [REDACTED]  
**Sent:** 05 February 2021 11:22  
**To:** [REDACTED]  
**Cc:** [REDACTED]; Simon Hodge; [REDACTED]  
**Subject:** TCE Round 4 lease bids story - preparing briefing notes  
**Importance:** High

Dear all,

In [REDACTED]'s absence, [REDACTED] has asked me to liaise with you and help prepare material related to this story for Tuesday's committee session.

I'm working on this now – if you'd like to discuss any aspect, please don't hesitate to contact me on the numbers below.

Best wishes,

[REDACTED]

[REDACTED]  
Senior Corporate Affairs Manager  
Crown Estate Scotland

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[REDACTED]

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**From:** Palmer MR (Mike)  
**Sent:** 10 April 2021 09:54  
**To:** [REDACTED]  
**Subject:** FW: IMMEDIATE - offshore wind leasing: ECCLR Committee session on 9 February and next steps

If you receive this email late at night, early in the morning, or at the weekend - it means I am working flexibly. Flexibility works for me, but please do not feel that you should have to pick this up outside of your own normal working hours.

**Mike Palmer**  
**Deputy Director for Marine Planning and Policy**  
**marinescotland**  
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w: <http://www.gov.scot/marinescotland>

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**From:** Palmer MR (Mike)  
**Sent:** 08 February 2021 17:11  
**To:** Hodge, Simon <[simon.hodge@crownestatescotland.com](mailto:simon.hodge@crownestatescotland.com)>; [REDACTED] <[\[REDACTED\]@crownestatescotland.com](mailto:[REDACTED]@crownestatescotland.com)> <[amanda.bryan@crownestatescotland.com](mailto:amanda.bryan@crownestatescotland.com)>  
**Cc:** [REDACTED] <[\[REDACTED\]@crownestatescotland.com](mailto:[REDACTED]@crownestatescotland.com)>  
**Subject:** FW: IMMEDIATE - offshore wind leasing: ECCLR Committee session on 9 February and next steps

Hi Simon, [REDACTED]

Please see below a note which has just gone to Ministers on ScotWind.

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**Mike Palmer**  
**Deputy Director for Marine Planning and Policy**  
**marinescotland**  
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w: <http://www.gov.scot/marinescotland>



6. In light of this, we would advise on the following holding lines in the event that the Committee asks about it tomorrow morning:

**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.**

**In Scotland, the application window for ScotWind Leasing is currently live. 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.**

**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.**

### **Next steps**

7. We consider that there may be a need to act swiftly and proactively in light of this radical market development, demonstrating our responsiveness and preparedness to adjust to changing market dynamics. If we were to do so in a way which affected the ScotWind process (for example by pausing it and re-examining its level of market ambition) we would wish to do so as soon as possible, given that the process is currently 'live.'

8. We will provide further advice as soon as possible but in the meantime we would flag that Amanda Bryan, Chair of CES, is likely to seek an urgent meeting with Ms Cunningham at some point tomorrow, if possible.

### **Background**

9. Round 4 is a competitive bidding process and an open auction on seabed Option Agreements. The results of this process now suggest an annual fee (potentially over 10 years) of >£878 million (£878,979,840) for 7.9 GW capacity. This fee is paid to hold the seabed until the developer can move to a full lease. Winning bids include those from consortia including BP and from RWE.

10. By comparison the total option fees for ScotWind cannot be above £86m for the full 10 GW of development allowed under the Sectoral Marine Plan for Offshore Wind Energy.

11. The possibility for disparity between option agreement fees was discussed with Scottish Ministers in a submission of 30 April 2020 which outlined the leasing process and the proposed fees considered appropriate for ScotWind applications.

12. A study commissioned by Marine Scotland examined possible comparison to the Round 4 process in rUK, including the possibility that TCE fees would be significantly higher than those raised by ScotWind. However, the market projections advised at that time were for much lower fees per MW than those now confirmed by TCE.



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**Mike Palmer**  
**Deputy Director for Marine Planning and Policy**  
**marinescotland**

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w: <http://www.gov.scot/marinescotland>

[REDACTED]

---

**From:** Palmer MR (Mike)  
**Sent:** 10 April 2021 09:55  
**To:** [REDACTED]  
**Subject:** FW: ScotWind: Request for Meeting to Consider Options

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**Mike Palmer**  
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**From:** Palmer MR (Mike)  
**Sent:** 08 February 2021 17:41  
**To:** [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; Director of Marine Scotland Mailbox <Directormarinescotland@gov.scot>  
**Subject:** FW: ScotWind: Request for Meeting to Consider Options

TBA.

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**Mike Palmer**  
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w: <http://www.gov.scot/marinescotland>

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**From:** Simon Hodge <[simon.hodge@crownestatescotland.com](mailto:simon.hodge@crownestatescotland.com)>  
**Sent:** 08 February 2021 17:16

**To:** Palmer MR (Mike) <[Mike.Palmer@gov.scot](mailto:Mike.Palmer@gov.scot)>  
**Subject:** FW: ScotWind: Request for Meeting to Consider Options

**Simon Hodge**  
**Chief Executive**  
**Crown Estate Scotland**  
0131 [REDACTED]  
[www.crownestatescotland.com](http://www.crownestatescotland.com)

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**From:** [REDACTED] <[\[REDACTED\]@crownestatescotland.com](mailto:[REDACTED]@crownestatescotland.com)>  
**Sent:** Monday, February 8, 2021 5:14 PM  
**To:** [CabSecECCLR@gov.scot](mailto:CabSecECCLR@gov.scot)  
**Subject:** ScotWind: Request for Meeting to Consider Options

Dear Roseanna

Today The Crown Estate announced the results of the Offshore Wind Round 4 auction (see <https://www.thecrownestate.co.uk/en-gb/media-and-insights/news/2021-offshore-wind-leasing-round-4-signals-major-vote-of-confidence-in-the-uk-s-green-economy/>). The results have staggered everyone concerned, with an initial commitment of £879m in option fee deposits for 8GW of offshore wind options. We understand that this would be an annual fee, that will result in the overall option fees being in the billions of pounds given the long development timeline. It is fair to say this is significantly higher than earlier predictions and reflects rapidly changing external conditions.

The ScotWind leasing process, which is currently open for applications having launched in June 2020, is based on a capped option fee that could secure £86m of option fees for 10GW of capacity. This fixed approach was supported by Scottish Ministers and adopted to help overcome the disadvantages of developing in Scottish waters. However, in the light of the potentially huge disparity in option fees, I would like to have an urgent discussion with you to agree next steps. Given the inevitable media interest being generated by this event, I would welcome the opportunity to speak to you tomorrow.

I look forward to hearing from you.

Best

[REDACTED]



**Chair**

**Crown Estate Scotland**



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[REDACTED]

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**From:** Palmer MR (Mike)  
**Sent:** 10 April 2021 10:08  
**To:** [REDACTED]  
**Subject:** FW: Meeting Minutes

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**Mike Palmer**  
**Deputy Director for Marine Planning and Policy**  
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---

**From:** Palmer MR (Mike)  
**Sent:** 10 February 2021 18:53  
**To:** [REDACTED]@gov.scot>  
**Subject:** RE: Meeting Minutes

Hi [REDACTED],

Looks good; just added a bullet on timing.

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**Mike Palmer**  
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---

**From:** [REDACTED]@gov.scot>  
**Sent:** 09 February 2021 22:04

To: Palmer MR (Mike) <[Mike.Palmer@gov.scot](mailto:Mike.Palmer@gov.scot)>

Subject: Meeting Minutes

Hi Mike,

Can you cast an eye on the points below and adjust accordingly?

I'll flesh out the presentation etc before sending up to PO.



### Meeting Minutes:

1. [REDACTED], Chair Crown Estate Scotland, raised concerns to the Cabinet Secretary ECCLR around the likely revenues to be accrued from the ScotWind Offshore Wind Leasing Round (£86m) in comparison to the recent announcement from The Crown Estate (UK) on the revenues (£900m deposits potentially rising to £4.5-9bn in additional option fees) which have been generated by their Round 4 leasing round. It was noted that the ScotWind application window is due to close on 31<sup>st</sup> March 2021.
2. Both the Cabinet Secretary and CES Chair acknowledged that there has been a significant shift in the dynamics of the offshore wind market during the last 12 months, and following the point at which the Crown Estate Scotland Board and Scottish Ministers originally signed off on ScotWind revenue cap.
3. Both the Cabinet Secretary and CES Chair agreed that a sensible next step would be to pause the ScotWind bidding round in to consider the implications of The Crown Estate (UK) Round 4 results on the current pricing strategy.
4. The Cabinet Secretary stressed the need for the legal and reputation risks to be understood in light of any alterations to and resumption of the round. The CES Chair highlighted that CES consider the legal risk to be low at this point given no contracts / sites have been awarded. The CES Chair also stated that there are clauses in the related ScotWind documentation which highlight the liabilities a prospective applicant takes on in preparing their application.
5. In terms of the next steps, a news release will be prepared outlining the pause and next steps. Officials from CES and Marine Scotland will liaise to develop and clear with PO and SpAds.
6. The CES Board will meet on the 25<sup>th</sup> February to determine any proposed adjustment to the current pricing strategy. The outcomes of this process will then be presented, along with any other related considerations, to Scottish Ministers in early March.
7. It was agreed that it would be desirable for the pause in ScotWind to be completed, if possible, by 25<sup>th</sup> March, at which point the current Parliamentary session would come to an end. Otherwise ScotWind could not be re-commenced until after the Scottish Parliamentary Elections in May, which would result in a lengthy delay for developers preparing bids.
8. Marine Scotland Officials sought to clarify the next steps in terms of ministerial clearance, given the cross-portfolio and sensitive nature of the subject. The Cabinet Secretary consulted [REDACTED] and stated that there was no current requirement to raise this issue to the Cabinet or First Minister at this stage.