

# Consultation on Draft Offshore Renewables Decommissioning Guidance



**marine scotland**

# ORE Decommissioning Guidance Consultation

- Powers for decommissioning offshore renewable energy installations in Scottish Waters transferred from UK Ministers to Scottish Ministers in April 2017
- Scottish Government published a consultation on its draft decommissioning guidance on 22 November 2019
- Access and respond to the consultation online at <https://consult.gov.scot/marine-scotland/offshore-renewables-decommissioning-guidance>
- The Consultation closes on 16th March 2020

# Overview of ORE Decommissioning Guidance Consultation

- Key areas covered include:
  - The geographical scope of the guidance;
  - The **process** for submitting, getting approval for, reviewing and modifying a decommissioning programme;
  - Decommissioning Standards and Polluter pays principle;
  - Estimating decommissioning costs and levels of securities required;
  - Timing of securities; and
  - Residual liabilities

# Key Policy Points

- Process leading to the approval of a decommissioning programme to be proportionate, transparent and subject to consultation;
- Full removal will be the default position for OREIs unless there are strong reasons for any exception as set out in the IMO Standards 1989;
- For large scale commercial deployments that receive a predictable revenue stream (such as from a CfD or OFTO fixed term revenue stream) and involve a proven technology with low operating risk, a secure, segregated decommissioning fund that accrues by the end of the subsidy period is an acceptable form of security;
- Securities for pre-commercial and short-term projects will generally be expected to be paid up front of the commencement of construction; and
- Scottish Ministers wish to implement the scheme in such a way that it does not hinder the development of offshore renewable energy installations, whilst at the same time ensuring that the tax payer is protected against having to organise and fund decommissioning

# Key Differences from BEIS Guidance

- Our draft guidance states that we will use conditions to ensure that the Decommissioning Programme is approved by Scottish Ministers *prior to the commencement of development*. This is to better protect the public purse;
- Our guidance sets out that in Scotland liabilities of a certain amount require to be either notified to the Finance & Constitution Committee (>£300k) or put to the Committee for approval (>£2.5m). This is consistent with Scottish Parliament finance rules;
- Linked to that, we will ask for the business plan, financial models and full funding model or cash flow for the project, in order that full financial risk assessment can be carried out; and
- Our guidance proposes that tenants of ORE test centres submit decommissioning programmes to Scottish Ministers, whilst BEIS' guidance puts the onus on the test centre to manage the decommissioning requirements, again this is to reduce financial risks.