

Offshore Wind Focus



Ministerial foreword

Offshore wind is a once in a generation economic opportunity for Scotland.

Our abundant natural resources, world leading subsea engineering capabilities, and strong heritage and skills base in North Sea oil and gas production provide a perfect platform to deliver and sustain a thriving offshore wind economy in Scotland. The benefits from the offshore wind revolution will have a profound and long-lasting positive impact for our communities, our young people and our economy.

The outcome of the ScotWind leasing round in 2022 gave Scotland a significant first mover advantage for the development of floating offshore wind technologies and supply chain. Our current pipeline of around 40GW of offshore wind capacity, on top of the 3GW currently installed in Scottish waters¹, will be transformational for our energy sector and our economic future.

Last year, we announced our commitment to invest up to £500 million into the offshore wind supply chain and critical infrastructure over five years. This strategic approach will catalyse private investment in the critical infrastructure and manufacturing facilities essential to grow Scotland's supply chain. The ripple effect will extend far beyond monetary gains – it will help foster a highly productive and competitive economy that supports thousands of jobs and a sustainable supply chain that benefits all of Scotland.

Over the past year we have worked closely with our public sector delivery partners to develop a strategic approach to investment, to coordinate and drive public sector investment to support the growth of the Scottish offshore wind sector and maximise the benefits for our supply chain, our workforce and our local, regional and national economies.



Gillian Martin MSP,
Acting Cabinet Secretary
for Net Zero and Energy

Recent UK Government announcements on the importance of floating wind in its priorities for GB Energy investment are welcome, as are the plans for the National Wealth Fund which has significant potential to drive investment in support of Scotland's offshore wind sector and supply chain. We will continue to work collaboratively with the UK Government to ensure the right levels of investment are targeted at our world-leading ports facilities which will be critical to the development of our offshore wind sector.

Our approach has been informed by a strategic assessment of market opportunities and has identified potential early mover projects and areas for public sector funding support that will unlock significant private sector investment. This paper provides an overview of this work and the outcome of the strategic assessment that will underpin the public sector's collective investment decisions, supporting delivery of our Green Industrial Strategy.

Crucially, this document sets out the next steps we need to take to support the creation and promotion of investment opportunities for the sector and foster further collaboration with industry, and the UK Government and its agencies, to unlock investment at a scale and pace which is transformational for Scotland's net zero ambition, citizens, communities, environment and economy.

¹ Potential pipeline at July 2024 is 40.2 GW (9.8 GW from the renewable energy planning database REPD), 4.7 GW INTOG and 25.6 GW ScotWind.

Introduction

Scotland's wind power is one of our greatest assets. Last year, the First Minister's Investor Panel, which was established to advise the Scottish Government on the investment and infrastructure we need to transition to net zero, identified offshore wind as the single most important opportunity for attracting capital to Scotland and raising Scotland's wider investment profile.

The projected benefits of offshore wind's growth in Scotland are substantial. The offshore wind sector and its supply chain will support high-quality jobs across a range of roles including construction, planning, engineering, manufacturing and fabrication, procurement and supply chain management, and will support a just transition for the existing energy workforce. Based on **evidence** available across a number of individual studies, Scotland's burgeoning offshore wind sector could support as many as 10,400 – 54,000² jobs.

The outcome of the ScotWind leasing round was a landmark moment for the development of offshore wind in Scotland and for the future of our energy system – with a collective market ambition to deliver 28 GW³ of offshore wind power. It is the world's largest commercial leasing round for floating offshore wind and puts us squarely at the forefront of offshore wind development globally. The ScotWind developers' Supply Chain Development Statement (SCDS) commitments could see an average spend of £1.5BN in Scotland across each of the 20 ScotWind offshore wind projects.⁴ The Innovation and Targeted Oil & Gas (INTOG) leasing round could add another 5.4GW⁵ of capacity and will see further commitments from developers to Scotland's supply chain through the SCDS process.

The sector is entering a critical few years as all countries with access to a coastline and offshore wind ambitions around the world seek to establish and maintain domestic capability for offshore wind technology, manufacturing and deployment. Global investors and developers are already heavily invested in Scotland. ScotWind consortia include major global wind developers and global investors, and opportunities for ports and harbours and supply chain have already started to materialise. For Scotland, a key focus is to ensure the infrastructure is in place to enable projects under the ScotWind and the INTOG leasing rounds to flourish and to in turn stimulate supply chain investment and the economic growth and jobs that flow from that.

To realise this huge opportunity, we need investment, at pace and in the right parts of the offshore wind economy. Facilitating this will require collaboration with the private sector, and strategic and targeted public sector investment.

We have committed to invest up to £500 million over five years to leverage private investment in ports, manufacturing and fabrication. We have listened to offshore wind developers and investors and have designed our investment approach to support sector needs. The programme is unique, taking a cross-public sector, holistic approach to targeting funding at projects that will have a catalytic effect on wider economic growth, with potentially high Benefit Cost Ratios. It also adopts a commercial-first approach, leveraging significant private investment alongside near-term returns and utilising grant funding only where it is required, acknowledging the crucial role that grants can play in de-risking and incentivising investment.

² These ranges are wide, but represent an indicative order of magnitude.

³ [ScotWind leasing round | Crown Estate Scotland](#)

⁴ [ScotWind developers set out multi-billion-pound supply chain commitments - News - Crown Estate Scotland](#)

⁵ [INTOG leasing round | Crown Estate Scotland](#)

Our assessment of priority areas for public investment and support

We have developed our approach in close collaboration with our partners - the Scottish National Investment Bank, Scotland's Enterprise Agencies, Crown Estate Scotland and the Scottish Futures Trust. The approach is underpinned by a strategic assessment of market opportunities which considered how to maximise the combined impact of a programme of public sector investments to realise offshore renewables supply chain opportunities in Scotland at scale and at pace.

A strategic assessment of current market opportunities was conducted in early 2024 by the Scottish Government and public sector partners. The assessment identified potential early mover projects and key areas for public sector funding support, drawing from a wide range of **evidence and industry reports**, sector expertise across public sector organisations, and wider market intelligence including from the industry-led **Strategic Investment Model**, which aims to unlock infrastructure investment into offshore wind ports and harbours, critical infrastructure and supply chains.

The assessment of the pipeline of prospective projects being considered under this strategic approach to investment has indicated projects are likely to have high Benefit Cost Ratios (BCRs): the BCRs signal a range of between 3:1 and 13.5:1⁶. Even at the lowest end of this range, this is an excellent return on public sector investment underlining the value of this strategic investment to Scotland.

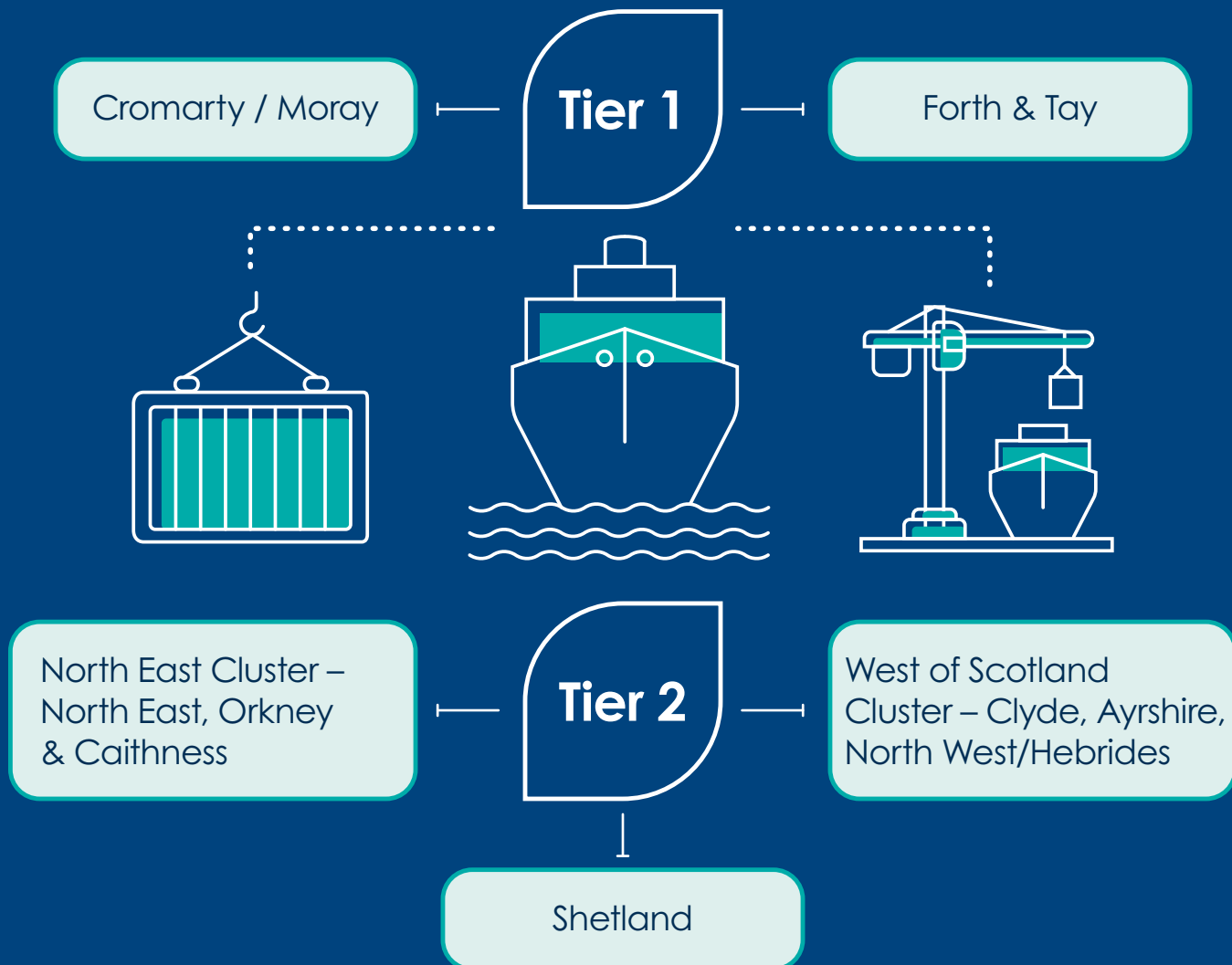
Our commitment to invest up to £500m over five years is also expected to leverage significant private capital which will be vital to deliver the ports upgrades and supply chain facilities that offshore wind projects need. Based on our assessment of the current pipeline of potential projects, we can expect a multiplier effect of an average of 3 times the original public investment. Where this public investment is delivered by the Scottish National Investment Bank via commercial debt and equity funding, we can expect positive returns on those investments.

The assessment identified the key strategic opportunities across two tiers: (i) ports & harbours infrastructure and (ii) the wider offshore wind supply chain, as set out in the following diagram.

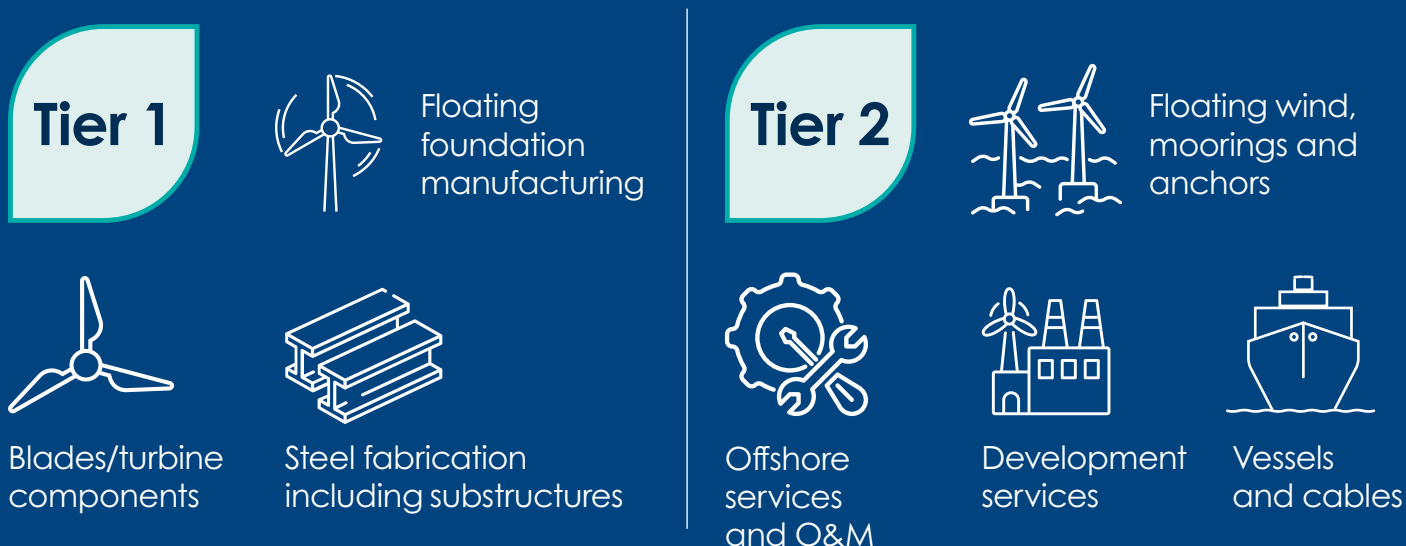
⁶ These ratios are high, and the range is wide. The BCRs are dependent on the assumptions made in the individual studies, including what is in the baseline. Nevertheless, they provide evidence of a positive BCR as a result of the likely transformational and additional economic impact of these projects.

Outcome of the strategic assessment of market opportunities: ports & harbours and supply chain

Ports & Harbours Assessment



Supply chain assessment



The findings of the assessment suggest that the economic opportunities are greatest where a whole systems approach is taken, including through clustering and capturing large-scale and multi-faceted opportunities, and recognising the importance of building regional port clusters to realise the opportunities from floating offshore wind.

The ports & harbours assessment identified that strategic investments should be directed towards priority clusters in Cromarty/ Moray and Forth & Tay aimed at building manufacturing and fabrication capacity to support the floating offshore wind supply chain. The assessment also recognised the need for supporting investments in the broader North East cluster (including the North East, Orkney and Caithness) the West Coast cluster (including North West, Hebrides, Clyde and Ayrshire), and the Shetland cluster, to build a wider ecosystem of ports, tapping into their unique strengths to support the build-out of projects and increase supply chain capacity and capability. While these investments are likely to have a specific geographical focus, the wider economic value will benefit all of Scotland.

The assessment highlighted the opportunities from the two Scottish Green Freeports: Inverness & Cromarty Firth and Firth of Forth Green Freeport. Green Freeports are a valuable tool for attracting manufacturing and supply chain inward investors; the Green Freeport was critical in attracting Sumitomo Electric Industries to the Cromarty Firth Freeport area.

The outcome of the supply chain assessment is consistent with other major industry studies. The Industrial Growth Plan, which was published in April 2024⁷ by RenewableUK, the Offshore Wind Industry Council, The Crown Estate and Crown Estate Scotland, identified five key technology areas in which the UK should prioritise investment. These areas align with our assessment. The five areas include the design and manufacture of blades and turbine towers, foundations, cables and other key components and services for the UK

and for export. The alignment between our assessment and the Industrial Growth Plan reinforces the aim of securing OEMs (Original Equipment Manufacturers) to catalyse the Scottish / UK supply chain.

Our approach to investment into major opportunities in the north of Scotland is already generating benefits. Public sector investment in Sumitomo's High Voltage Direct Current (HVDC) cable factory will create hundreds of good, green jobs in the Highlands, and will be the first of its kind in the UK. The public sector funding for the facility supported significant private sector investment. In this case, public funding of £24.5m leveraged significant private investment, highlighting the catalytic effect of support for inward investment.

Additionally, earlier this year the Scottish National Investment Bank demonstrated the clear benefits of adopting a commercial-first approach, building upon a £300m capital commitment from Quantum Energy Partners to provide a £50m debt facility to Ardersier Port, alongside a further £50m from the UK Infrastructure Bank (UKIB). This investment will significantly increase Scotland's offshore wind port capability and will re-establish the port as a major local employer, with the potential to enable around 3,000 jobs and reskilling opportunities at full capacity. It also illustrates the way in which the public and private sector can work together to develop fully commercial investment models, enabling the infrastructure needed to capitalise on this opportunity for Scotland.

⁷ Renewable UK Industrial Growth Plan [Industrial Growth Plan](#)

Next steps



Our approach to strategic investment is focused on enabling an agile response to a dynamic market while putting in place mechanisms which balance the need for appropriate public spending controls that will ensure value for public money.

Funding will be deployed through the Scottish National Investment Bank and Enterprise Agencies. Building on the success of early investments like Sumitomo and Ardersier, our approach is fully focussed on delivery to drive confidence and momentum at this critical stage for the market.

The scale of the pipeline of potential investment opportunities into enabling infrastructure and supply chain opportunities is such that prioritisation of funding will be required. We will prioritise our investment, focusing on the strategic importance of projects, critical dependencies, public funding considerations, the potential economic impact of projects and the market's view. Our approach draws on expert views and the latest feedback from offshore wind developers and investors.

Companies and investors who wish to discuss funding and investment opportunities in the offshore wind sector should engage with the Scottish National Investment Bank and the Enterprise Agencies, who are best placed to advise on what support could be available. The priorities set out in this document aim to ensure that public sector funding is allocated to strategic priorities, with the outcome of maximising the economic benefit for Scotland.

Key activity over the next 12 months:

- Continuing to work with partners to **identify more early mover opportunities** which will help catalyse and leverage further private investment into the offshore wind sector and the supply chain.
- Ensure that each opportunity provides excellent value for the public purse by taking an **evidence-based approach** to investment.
- The Scottish Government, Scottish National Investment Bank, Enterprise Agencies and Crown Estate Scotland working collaboratively with the **UK Government** and its institutions including **the UK Infrastructure Bank and GB Energy** to ensure new funding through new initiatives such as the **National Wealth Fund** can be mobilised quickly to address the critical need for public sector funding support over the next 2-3 years.
- Continuing to work collaboratively with the UK Government and key UK stakeholders to **tackle barriers to deployment** to help provide more certainty on grid connection dates and Contracts for Difference.
- Continuing to work with **industry and investors** to support and accelerate projects critical to the offshore wind sector in Scotland.

Conclusion



The energy transition presents huge economic opportunities for Scotland. The offshore wind sector will be instrumental in decarbonising Scotland's economy and developing key net zero technologies that will allow Scotland to harness the full economic potential of the energy transition.

Floating offshore wind in particular offers early mover advantage for Scotland, to establish a new supply chain here in Scotland, creating thousands of green, highly-skilled jobs.

We have already seen significant progress in this regard with the announcements of substantial investment in the Port of Ardersier and Sumitomo's high voltage cable manufacturing (HVDC) facility at the Port of Nigg. These investments provide a blueprint for our strategic approach to investment, and demonstrate the scale of the opportunity for Scotland over the coming years.

We have set out here the outcome of our work with partners to identify key public sector investment opportunities designed to mobilise private capital in ports, manufacturing and fabrication to maximise the opportunities from offshore wind. This document presents the crucial next steps we will take with our partners to enable these opportunities. By continuing to work collaboratively across the public sector, and with industry, investors and the UK Government and its institutions, we will ensure the right infrastructure, facilities and supply chain capabilities are in place to deliver our offshore renewables revolution and maximise the economic benefit for the people of Scotland.

Annex

Offshore wind jobs forecasts

Report	Job forecasts
Internal Scottish Government analysis on ScotWind economic opportunity	10,400 jobs (direct and indirect annual average over peak period of development)
STUC analysis of ScotWind economic opportunity	25,000 jobs (peak direct employment)
Energy System and Just Transition Independent Analysis (Balanced Options scenario)	32,000 jobs (direct and indirect employment in 2040)
Opergy Skills Intelligence Report	⁸ 54,000 jobs (in 2030)
Powering Up The Workforce Report	21,000 increase to 2030
RenewableUK Industrial Growth Plan	UK level: 120,000 by 2035

Overview of key evidence and reports used to inform the strategic assessment

Report
UK Offshore Wind Champion Report
Energy system and Just Transition: independent analysis
Powering Up The Workforce
Onshore Wind Sector Deal
Scottish Supply Chain Export Study
National Innovation Strategy
Strategic Investment Assessment
OWIC Supply Chain Assessment
Renewable UK's Roadmap to 2040
Offshore Wind Industrial Growth Plan
Ports for offshore wind: A review of the net-zero opportunity for ports in Scotland

⁸ Analysis of Scottish jobs estimates conducted by Opergy

The Strategic Investment Model (SIM)

The Strategic Investment Model process has been industry-led and has identified a potential pipeline of port infrastructure and supply chain projects with a total capital expenditure of around £6.5 billion. Ten priority infrastructure and supply chain projects were identified by industry to proceed to stage 2 of the SIM. This highlighted a strong appetite from partners to take a strategic and collaborative approach to delivery of investment in infrastructure, ports, manufacturing and fabrication. Of the ten projects, five are port facilities, four are supply chain proposals and one is an equipment project. Further strides have been made with nineteen “progress” projects being identified through the SIM. The Scottish Government remains supportive of the SIM and interested in the outcomes of the process but did not take part in the prioritisation exercise – which was industry-led.



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