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Initial Plan Framework Sectoral Marine Plan for Offshore Wind for Innovation and Targeted Oil and Gas Decarbonisation (INTOG)

February 2022

marinescotland

1 Introduction And Background

1.1 The Scottish Government is committed to ensuring secure, reliable and affordable energy supplies within the context of long-term decarbonisation of energy generation. Continued growth of the renewable energy sector in Scotland is an essential feature of the future clean energy system and a potential key driver of economic growth.

1.2 The Scottish Government has set a range of targets and ambitions to cut greenhouse gas emissions and to generate more energy from renewable sources. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 commits the Scottish Government to reach net zero emissions of all greenhouse gases by 2045. It also sets out interim targets to cut emissions by 75% by 2030 and 90% by 2040, against the 1990 baseline. Additionally, the Scottish Government has set a target to generate 50% of Scotland's overall energy consumption from renewable sources by 2030.

1.3 Around Scotland, there exists the potential to extract significant energy resources in the form of offshore wind energy generation. Any expansion of offshore wind energy generation in Scottish waters requires the application of marine spatial planning, at a national, regional and local scale, to identify areas that may be suitable for the development of offshore wind projects.

1.4 Offshore wind is a large-scale technology with the potential to play a pivotal role in Scotland’s energy system over the coming decades. The development of technologies such as floating wind, which offer scope for development in deeper water, have significant potential to contribute offshore wind energy supply at increasingly affordable prices. Floating technology is particularly well suited to the deeper water abundant around Scotland and in the vicinity of oil and gas infrastructure.

1.5 The UK Government’s Industrial Strategy rightly points to the achievements of the offshore wind industry, and the potential that it represents. The Offshore Wind Sector Deal (2019) celebrated these achievements and set numerous targets for the sector including an aim to generate 30GW by 2030. This has since been increased to 40GW by 2030. Our own Offshore Wind Policy Statement confirms the Scottish Government’s intent to see offshore wind play a key role in decarbonisation and our net zero commitment and suggests as much as 11GW could be delivered by 2030 in Scottish waters alone.

1.6 To facilitate the sustainable development of offshore renewable energy in Scottish waters, the Scottish Government has introduced a system of sectoral marine planning. This planning exercise brings together the related planning, Strategic Environmental Assessment (SEA), Habitats Regulation Appraisal (HRA) and Socio and Economic Impact Assessment (SEIA), as well as statutory consultation processes into one integrated process. The output of the process is a Sectoral Marine Plan ("SMP") containing the Scottish Ministers' 'Plan Options' ("PO") for the sustainable development of commercial scale offshore renewable energy.

1.7 In October 2020, the Scottish Government published the Sectoral Marine Plan for Offshore Wind Energy (SMP-OWE). The SMP-OWE identified 15 Plan Options (POs) around Scotland's marine zone. Within these Options, the Sustainability Appraisal assessed a potential impact of up to 10GW. These Plan Options now form the spatial component of the seabed leasing process, ScotWind, managed by Crown Estate Scotland ("CES"). Across these Options, CES has managed an application process to award Option Agreements which set out the terms on which CES would grant a lease for an area of seabed if the developer succeeds in obtaining all the necessary consents. In January 2022, Crown Estate Scotland announced that 17 projects have been offered Option Agreements through the ScotWind Leasing round.

1.8 The SMP-OWE (2020) further identified a possible need to re-examine the planning process to allow more targeted projects to progress with the specific focus of seeking to electrify oil and gas infrastructure. In addition, in the context of the growing blue economy and need for sustainable management of the marine environment, the SMP-OWE 2020 set a commercial scale minimum size at 100MW. Accordingly, smaller innovation scale projects (i.e. those below 100MW) are not accounted for in the 2020 Plan nor do they have a route to a seabed lease. The Scottish Government is now developing a Sectoral Marine Plan for Offshore Wind Energy for Innovation and Targeted Oil and Gas Decarbonisation (INTOG), which encompasses spatial opportunities and the strategic framework for future offshore wind deployment in sustainable and suitable locations that will help deliver projects to meet the above goal and our wider net zero commitments.

1.9 As this planning process is specifically targeting oil and gas decarbonisation, it will provide unique opportunities to further deliver a Just Transition and assist the oil and gas sector in meeting the commitments of the North Sea Transition Deal.[1]

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972520/north-sea-transition-deal_A_FINAL.pdf

1.10 Furthermore, the Scottish Government has recently published the Hydrogen Action Plan,[2] which follows the Hydrogen Policy Statement[3] in setting out actions to help delivery and scaling up of the hydrogen opportunity in Scotland. Green Hydrogen, a core component of the action plan, relies on renewable energy and it is envisaged that offshore wind can play a significant role in green hydrogen development. Whilst not a core component of this Planning framework, offshore wind projects looking to progress under this Plan may consider hydrogen production as a viable use for excess generation capacity.

1.11 This document, the Initial Plan Framework (IPF), follows the Plan Specification and Context Report[4] and the linked consultation. The IPF now outlines the set planning framework and the areas of seabed that will form the spatial footprint for the CES leasing process (Section 3). It also describes the next stages in the planning process as that relates to Scottish Government responsibilities as the responsible marine planning authority (Section 5). An analysis of the consultation responses and changes made is also provided (see Section 7).

[2] https://www.gov.scot/publications/draft-hydrogen-action-plan/

[3] https://www.gov.scot/publications/scottish-government-hydrogen-policy-statement/

[4] https://marine.gov.scot/sites/default/files/sectoral_marine_plan_for_offshore_wind_for_intog_-_project_spec-context_report_-_confidential_-_25_august_2021.pdf

2 Plan Development Process

2.1 The following section provides details of the process for developing the Plan. Figure *1* (below) provides a diagrammatic representation of the process.

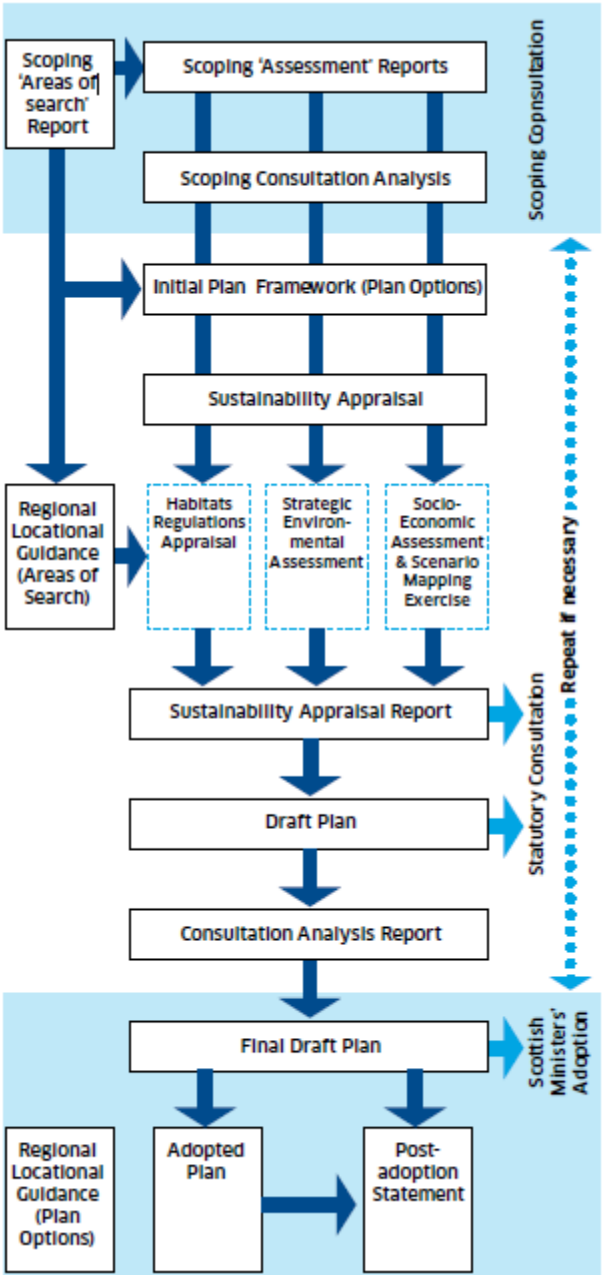

Figure 1 - Sectoral Marine Planning process diagram

2.2 The following sections provide an explanation of the stages completed thus far and the process for remaining steps.

Areas of Search

2.3 The first step in the process was to undertake an Opportunity and Constraint analysis, examining at a national scale potential areas of opportunity for future development in line with the Plan specification. In line with Scottish Government strategies and commitments, it also examines areas where constraints or multiple conflicts may present challenges to future development, including negative effects for other sea users or environmental receptors. The full process and list of data considered is outlined in the Plan Specification and Context Report.[5] This analysis identified initial broad areas of opportunity and these were outlined as a series of Areas of Search (where development could take place) and areas of Exclusions (where development under this planning process would not be considered).

2.4 Figure *2* and Figure *3* below depict the collated Opportunity and Constraint analysis and the resulting Areas of Search:

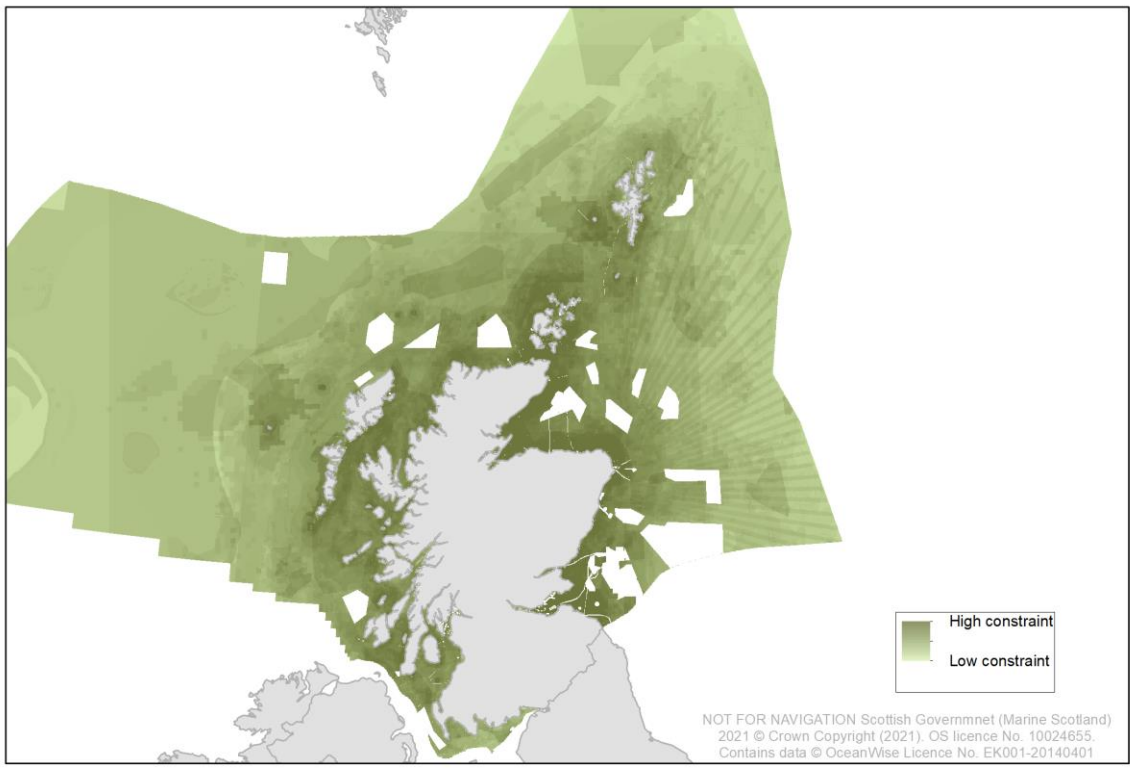

Figure 2 - Opportunity and Constraint analysis - combined output

[5] ibid

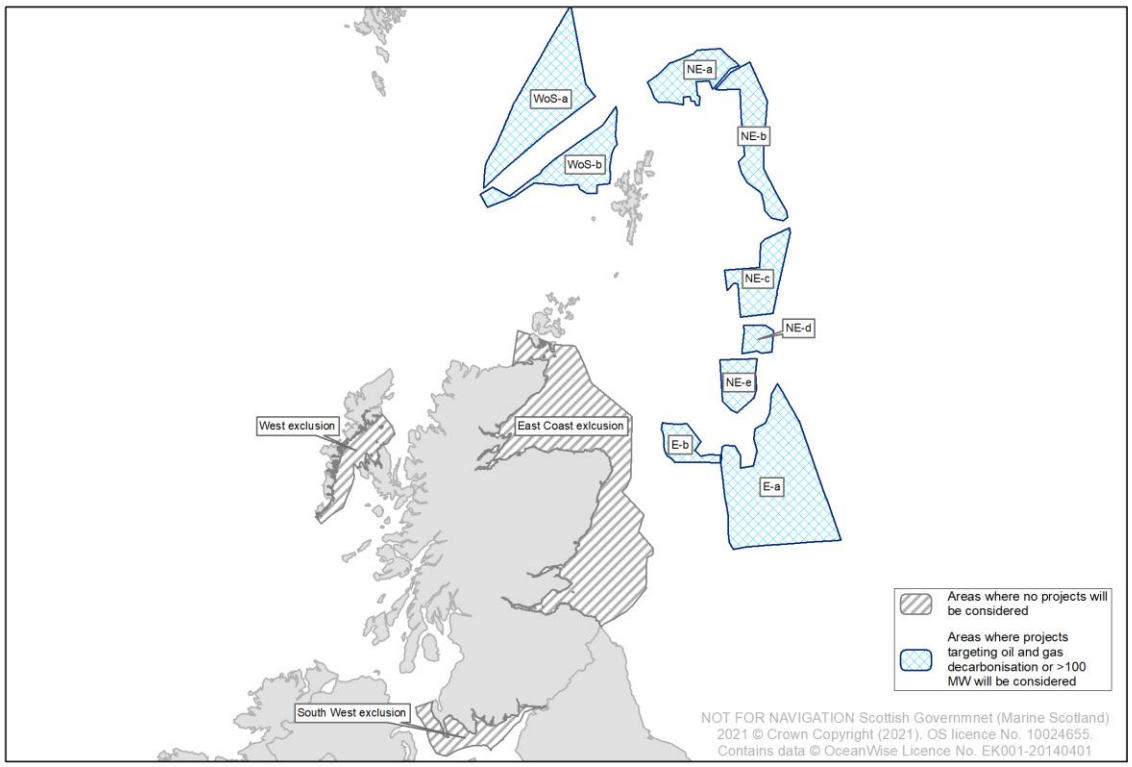

Figure 3 - INTOG areas of search and exclusions as described in the Plan Specification and Context Report (August 2021)

2.5 These Areas of Search and the Plan Specification and Context Report as a whole were made available for comment and consultation between 25 August 2021 and 20 October 2021. These Areas of Search form the initial examination of areas that could be used for INTOG project development. These areas are distinct and spatially separate to the Plan Options adopted by Scottish Government in the SMP-OWE. INTOG projects cannot be located inside the previous Plan Options.

Scoping Assessment Reports

2.6 Separate to the Areas of Search work, screening and scoping for the Sustainability Appraisal assessments will be completed ahead of the leasing phase. In addition to setting the scope of assessments, this will include setting out methodologies for the future assessments.

Initial Plan Framework

2.7 The IPF provides the results of the Areas of Search consultation and any refinements of the Areas of Search or the planning specification itself.

Draft Regional Locational Guidance

Draft Regional Locational Guidance

2.8 Draft Regional Locational Guidance (RLG) is prepared in relation to the Areas of Search and subsequent Draft Plan Options. The Guidance provides more detailed technical, environmental, planning and socio-economic information in relation to the Options identified. This forms part of the Draft Plan Consultation and will be updated to reflect the final adopted plan.

Sustainability Appraisal

2.9 In accordance with both Scottish and UK environmental assessment legislation and Scottish Government policy, the development of the SMP will be subject to sustainability appraisal. This will comprise:

- Sustainability Appraisal
    - Strategic Environmental Assessment
    - Social and Economic Assessment
- Habitats Regulations Appraisal
- Consultation Analysis

Strategic Environmental Assessment (SEA)

2.10 The SEA will play a prominent role in the development of the Plan by identifying key environmental receptors, effects and mitigation measures, and by providing an early indication of issues to be addressed at the project level.

2.11 SEA will be applied to test and comment on the Plan Options as they are developed from a strategic perspective. The SEA process will be applicable to strategic and regional level issues. It will not be used to pre-empt project-level environmental assessment. The SEA findings and associated opinions arising from the consultation process will lead to broad recommendations for the Plan as a whole. The findings from the SEA process will also, where appropriate, be used as a starting point for further, more detailed data collection and environmental assessment, either for strategic review at a regional level or for developer project-level assessment. The SEA process could lead to alterations of the Plan Options.

Habitats Regulations Appraisal (HRA)

2.12 The HRA will assess Draft Plan Options for significant effects on Natura 2000 sites. The HRA findings may lead to alterations of the Plan if it is concluded that a development may result in a significant effect on a Natura 2000 site and that appropriate mitigation measures cannot be determined. An outcome of the HRA may include the reduction of Plan Options.

Social and Economic Impact Assessment (SEIA)

2.13 The SEIA will assess the potential positive and negative impact of the Plan as whole, examining both the individual Plan Options and the wider impact across social and economic receptors. Distinct from a cost/benefit analysis, the SEIA will estimate impacts both in economic terms but also through analysis of less quantitative impacts. This provides an informed position from which decisions on the final Plan can be made.

2.14 A representative cross-sectoral advisory group made up of key stakeholders and statutory consultees will provide input to all components of the assessments making up the Sustainability Appraisal.

Sustainability Appraisal Report

2.15 The Sustainability Appraisal Report provides a condensed version of the assessment information and conclusions relating to the Plan Options and the Plan as a whole. It will form part of the Draft Plan consultation.

Draft Plan

2.16 The key findings from the HRA, SEA and SEIA will inform the development of the Draft Plan. The Draft Plan will set out the proposed Plan Options. In the case of the INTOG planning round, these will have been identified via applications to CES as specific project locations within the Areas of Search set out in this IPF document. The Draft Plan will have assessed these project locations and will detail the results of the assessments through the sustainability appraisal.

2.17 The Draft Plan will be subject to formal consultation with the public and stakeholders for a minimum period of 12 weeks.

Statutory Consultation

2.18 Under the Environmental Assessment (Scotland) Act 2005, there is a requirement to consult on the Draft Plan and the SEA Environmental Report. As the Sectoral Plan is subject to Sustainability Appraisal, the SEA Environmental Report will be subject to consultation as part of the wider Sustainability Appraisal Report. The Statutory Consultation Authorities for the SEA are NatureScot, the Scottish Environmental Protection Agency (SEPA), Historic Environment Scotland (HES) and Joint Nature Conservation Committee (JNCC).

2.19 Consultation is also a statutory requirement of an HRA. The Statutory Consultation Authority for HRA is NatureScot. The respective documentation for the HRA and SEA processes will detail the procedures for consultation.

2.20 The Sustainability Appraisal Report, including the SEA and Social and Economic Impact Assessment will also be subject to formal consultation with the public and stakeholders for a period of at least 12 weeks. Where appropriate, extensions will be granted if consultees highlight that they require more time to respond.

Consultation Analysis Report

2.21 Consultation Analysis aims to ensure that key issues and concerns of the sectors and communities can be taken into account throughout the process. A Consultation Analysis Report will be produced which will detail the consultation responses to the Draft Plan and Sustainability Appraisal Report. The responses will be analysed and summarised and if required, subject to further consultation to ensure an accurate representation of the pre and statutory consultation processes. The key findings outlined in the Consultation Analysis Report will inform the development of the Final Plan.

Repeat Stage if necessary

2.22 If significant alterations are made to the Draft Plan as a result of the key findings from statutory consultation, there may be a requirement to undertake further consultation on an amended Draft Plan. This is a requirement of the Environmental Assessment (Scotland) Act 2005.

Final Draft Plan

2.23 The key findings and recommendations arising from the HRA, SEA, SEIA and Consultation Analysis will inform the development of the Final Draft Plan. The Final Draft Plan will contain the recommended Plan Options to progress as an adopted INTOG Plan.

Scottish Ministers' Approval

2.24 The Final Draft Plan will be submitted to the Scottish Ministers, who will decide the details of the Final Plan and confirm they are content to adopt the Plan.

Adopted Sectoral Plan

2.25 The Final Plan will contain the adopted Plan Options for development. In the INTOG case, those locations that have Exclusivity Agreements with CES are expected to seek to transfer these to formal Option Agreements. Any project locations that were deemed unsuccessful, via the Plan assessments or following the consultation, will not progress to the adopted plan. The Exclusivity Agreement will be terminated by CES and will not be transferred to a CES Option Agreement.

Post-Adoption Statement

2.26 A Post-Adoption Statement is a requirement of the Environment Assessment (Scotland) Act 2005. The statement outlines the reasons for choosing the Plan as adopted and details how environmental considerations have been incorporated into the Adopted Plan. It provides a record of the consultation responses and the subsequent actions taken in the plan development process as a result.

2.27 The Post-Adoption Statement for the Sectoral Marine Plan for Offshore Wind for Innovation and Targeted Oil and Gas Decarbonisation (INTOG) will also detail how considerations of the findings from the HRA and SEIA have been taken into account in the development of the Plan.

3 **Initial Plan Framework**

3.1 The IPF provides the updated planning specification and outline of the Areas of Search, as modified following the consultation earlier in 2021, and now approved for use in the leasing process managed by CES. For more details on the consultation responses, key issues highlighted and how those have been addressed, please see Section 7 below.

3.2 The objectives of the INTOG planning process are central to the design and options that have been made available in this IPF. These core objectives below represent the targeted nature of this exercise and distinguish it from the earlier SMP-OWE. In particular this Plan will:

- Contribute to the attainment of net zero targets and a cleaner energy transition through targeted decarbonisation of offshore oil and gas assets from offshore wind;
- Minimise the potential adverse effects on other marine users, economic sectors and the environment resulting from further offshore wind development; and
- Maximise opportunities for economic development, investment and employment in Scotland, by identifying new sustainable opportunities for offshore wind development.

<u>Plan Criteria</u>

3.3 In order to meet the goals of this planning process, projects progressing under the Plan and the related leasing process must meet the following criteria. Due to the specific requirements relating to smaller Innovation projects and those relating to the targeted decarbonisation of oil and gas assets in Scottish waters, these two categories are separated out below.

<u>Innovation projects.</u>

3.4 This Initial Plan Framework sets out the requirements that will enable projects to progress through the planning and seabed leasing process under the category of Innovation. The Scottish Government has adopted a plan-led approach to offshore wind and whilst small-scale projects may be expected to produce less negative environmental or socio-economic impacts, sustainable planning and efficient use of our resources, especially in the context of meeting our net zero commitments and managing cumulative impact, must be a core consideration. Accordingly, the planning and leasing process will allow a number of projects to proceed; up to a total of **500MW** generating capacity, provided they also meet the following criteria:

- Projects under this category should not exceed 100MW potential generation capacity.
- Projects should not be located within the areas marked for exclusion nor should they be located inside the areas identified for Targeted Oil and Gas decarbonisation projects (see maps in Section 4).
- Any project proceeding to the final Plan must have successfully progressed through the CES lease application process and been awarded exclusivity.

Targeted Oil and Gas Decarbonisation Projects

3.5 This Initial Plan Framework sets out the requirements that will enable projects to progress through the planning and seabed leasing process under the category of Targeted Oil and Gas Decarbonisation. Delivery of sustainable offshore wind projects providing power directly, through electrification, to oil and gas assets is the core objective of this planning process. Accordingly, the planning process will consider and assess a number of projects, up to a total of **4GW** generating capacity, provided they meet the following criteria:

- Projects should be located within the areas identified for Targeted Oil and Gas Decarbonisation projects (see Section 4);
- The project should deliver electricity to oil and gas assets. Projects may pursue alternative uses for excess generated energy, such as hydrogen conversion or supply to the grid, but these must be additional to the primary purpose above; and
- Any project proceeding to the final Plan must have successfully progressed through CES lease application process and been awarded exclusivity.

3.6 It should be noted that the 4GW capacity limit at the planning stage does not account for the possible attrition of projects. As discussed in section 6, the maximum potential capacity available under CES Option Agreements and ultimately as Lease agreements will be 5.7GW for Targeted Oil and Gas Decarbonisation. This accounts for possible attrition as part of the project design process. The final Plan will be shaped by the plan-level assessments that will determine, at a strategic level, if the Plan Options are sustainable. Potential cumulative impacts across Scottish waters from INTOG, in combination with other plans and projects (including the SMP-OWE underpinning ScotWind, operational projects and those progressing through the consenting system), will be identified and assessed as part of the consideration of the impacts of INTOG development. Projects awarded exclusivity by CES remain subject to these plan-level assessments and their adoption as part of the final Plan will be dependent on the outcome of these assessments and plan consultation processes.

4 Innovation And Targeted Oil And Gas Decarbonisation – Spatial Parameters

4.1 In addition to the specification set out above, all projects must also comply with the spatial parameters as set out in this Initial Plan Framework. Due to the nature of the INTOG planning process, combining Innovation and Targeted Oil and Gas Projects, these spatial parameters take the form of exclusions and areas designated for Targeted Oil and Gas projects. These areas are described below but can also be viewed and downloaded from Marine Scotland Maps (NMPi).[6]

4.2 In the map below, all Targeted Oil and Gas Decarbonisation projects[7] must be fully located within the blue areas to the east of Scotland and the west of Shetland. These sites include:

- Ea
- Eb
- NEa
- NEb
- NEc
- NEd
- WoSa
- WoSb
- WoSc

4.3 Targeted Oil and Gas Decarbonisation projects will not be considered in any other location outside of those listed above in 4.2.

4.4 Innovation projects can be proposed in any location that is **not** set out above for Targeted Oil and Gas Decarbonisation nor marked as an exclusion. Innovation projects located inside either of these designated areas will not be considered. Additionally, no projects proposed under INTOG should be considered if located inside the Plan Options identified for ScotWind.

[6] https://marinescotland.atkinsgeospatial.com/nmpi/

[7] In the context of INTOG Leasing Targeted Oil and Gas Decarbonisation projects must be located within the sites referenced above. This does not exclude the potential for decarbonisation projects through other leasing processes, for example ScotWind Leasing.

4.5 As outlined in more detail in Section 6, it is not the intention of this planning process that all of these areas are utilised for Targeted Oil and Gas Decarbonisation projects. Projects under this Plan will be limited to targeted development to meet the aims of the Plan and as described below, restrictions will be in place to limit the scope of individual projects and maximise delivery of wider strategic goals (such as the attainment of net zero and development of the blue economy taking into account Scotland's marine natural capital and other human activity in the sea) through this and further marine spatial planning exercises.

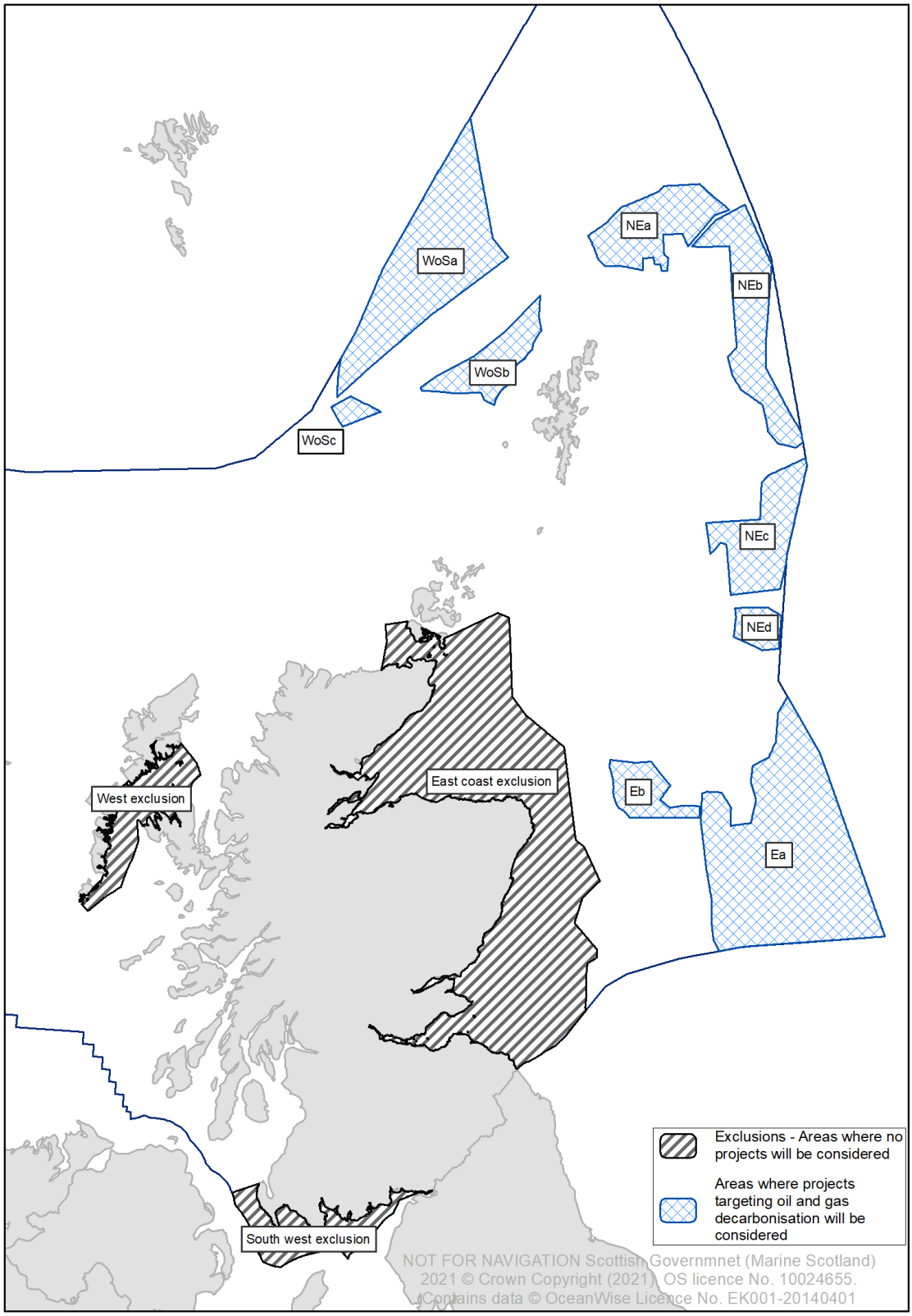

Figure 4 - Initial Plan Framework Target Oil and Gas Areas Decarbonisation options and Exclusions.

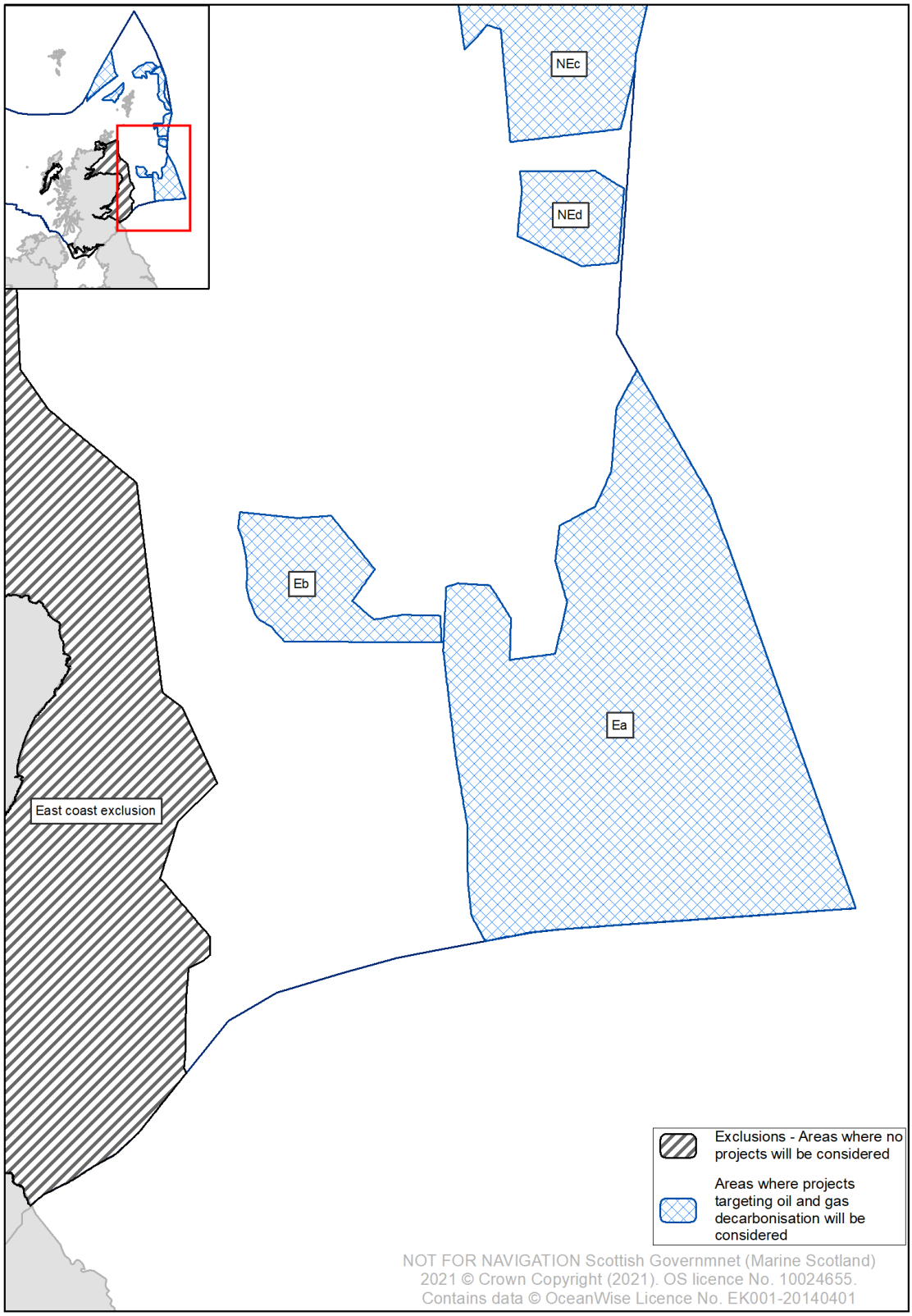

Figure 5 - Targeted Oil and Gas Decarbonisation - East options

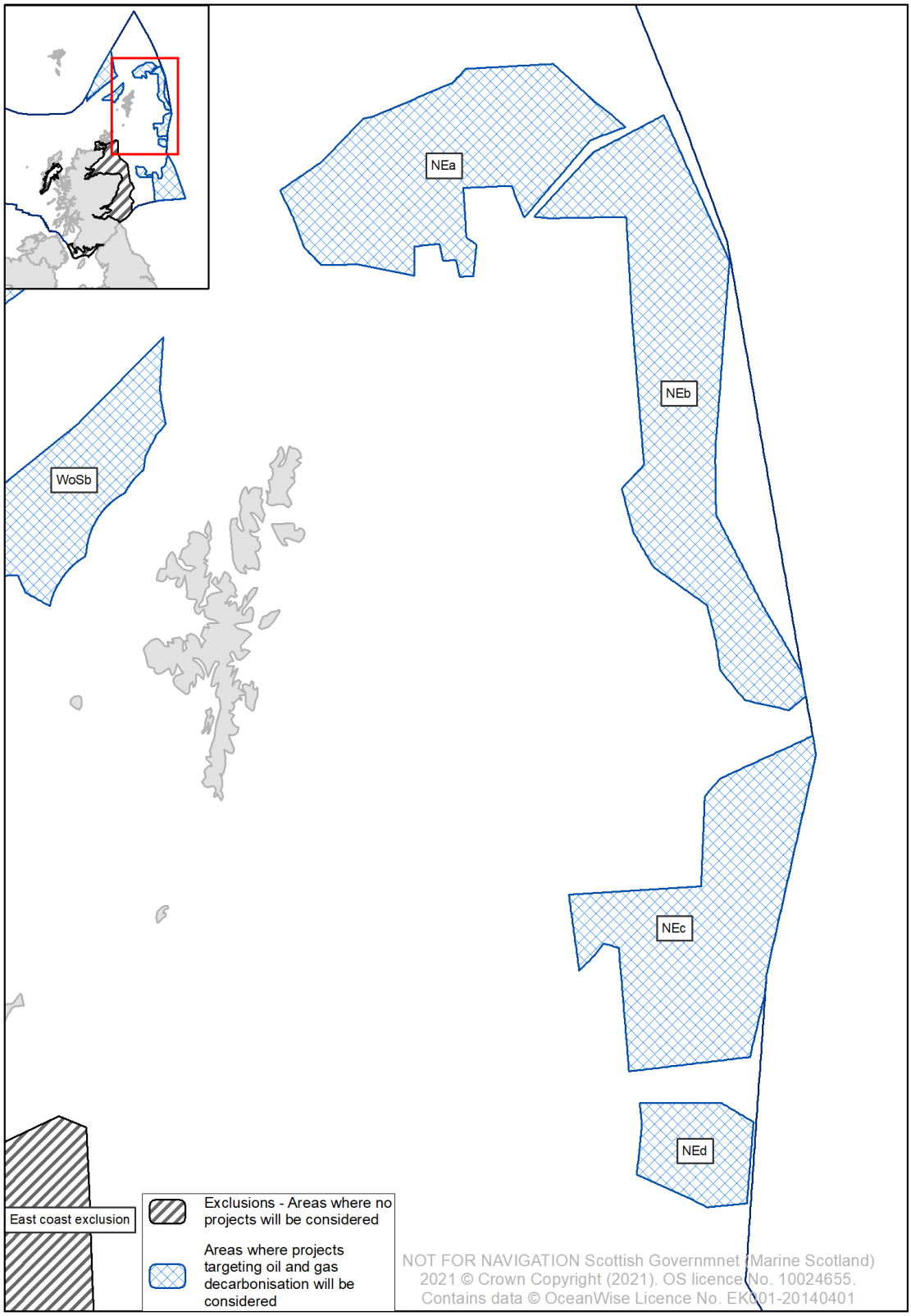

Figure 6 - Targeted Oil and Gas Decarbonisation - North east options

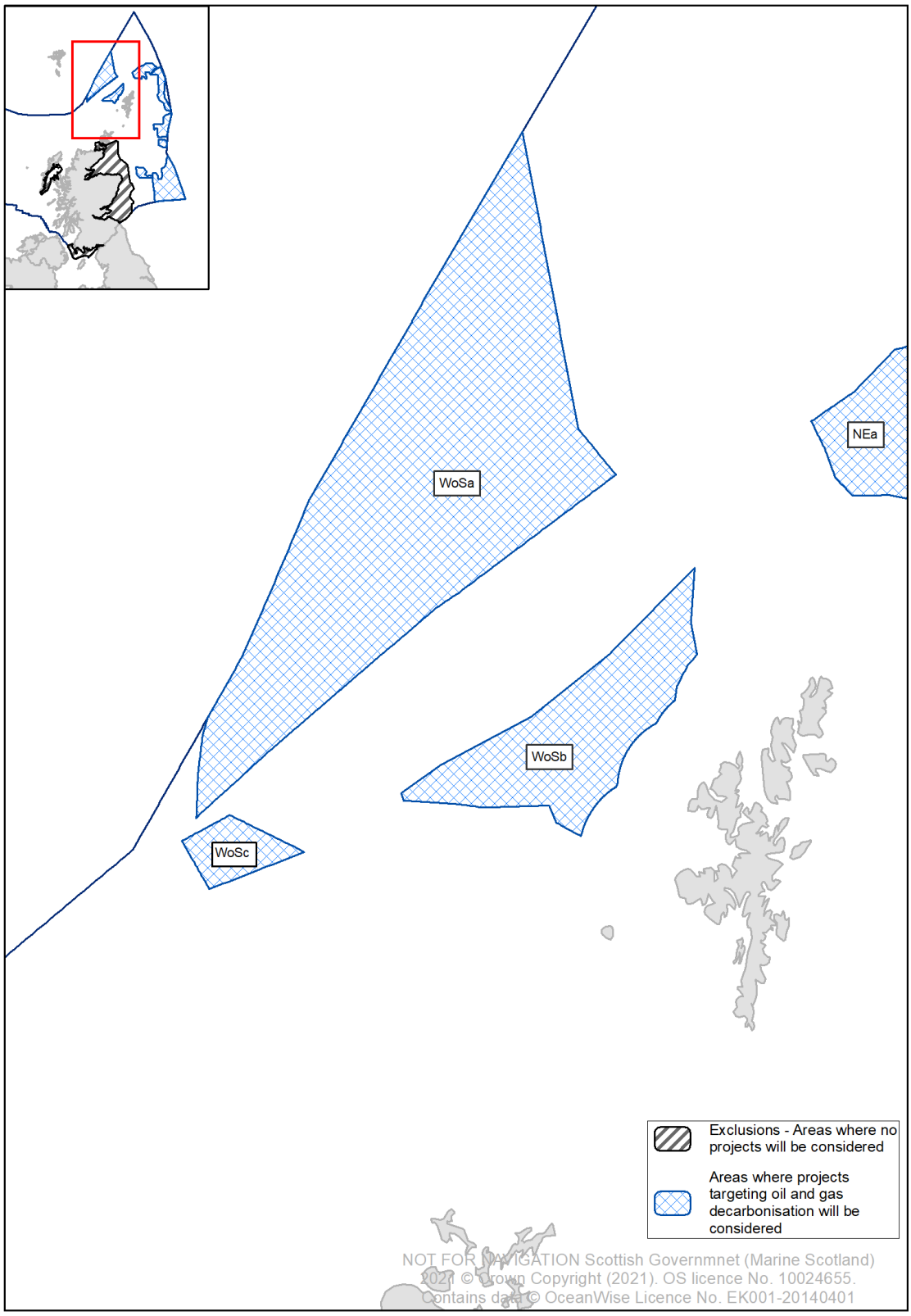

Figure 7 - Targeted Oil and Gas Decarbonisation - West of Shetland options

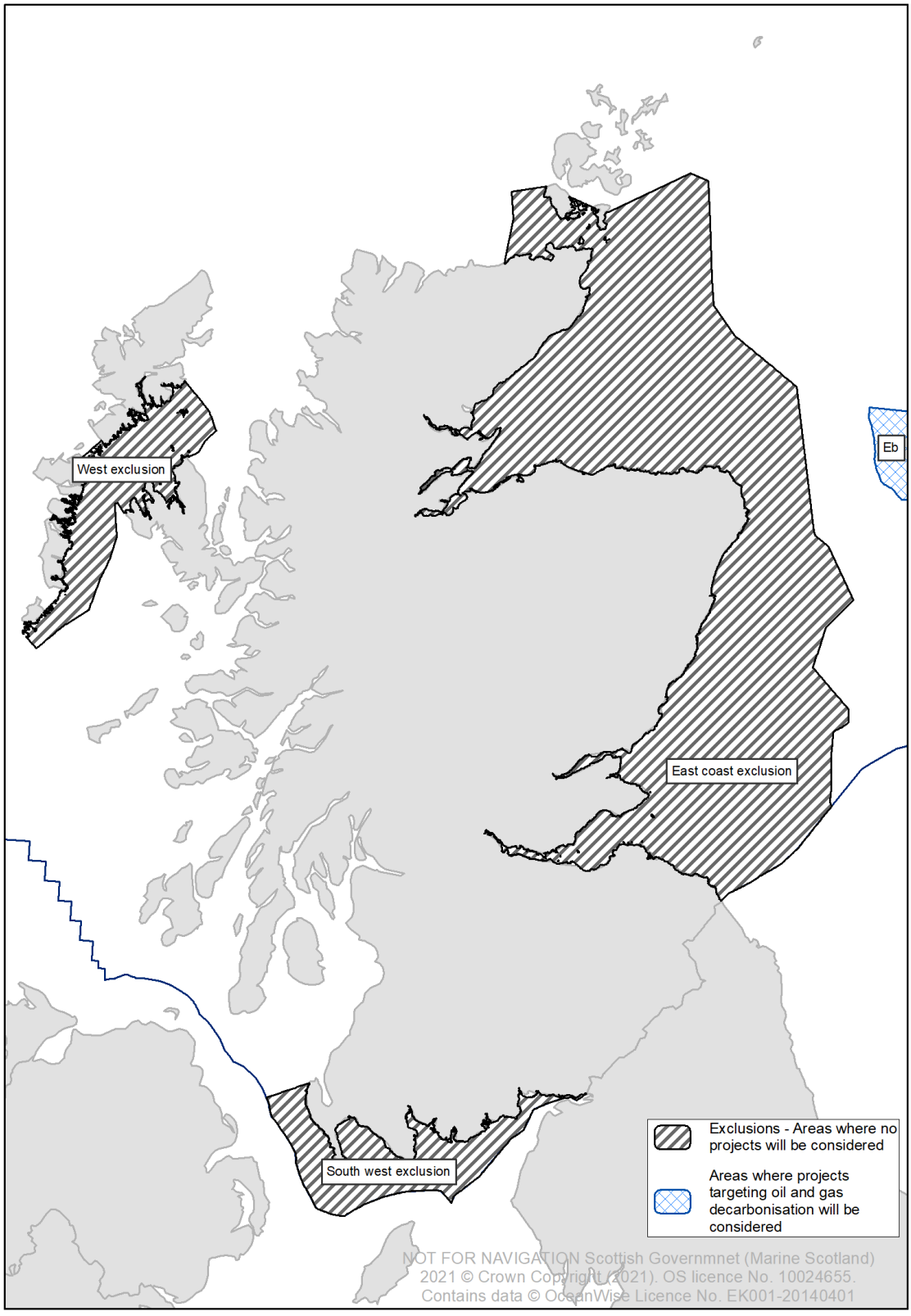

Figure 8 - INTOG Exclusions - areas where no activity will be considered

5 Next Steps

5.1 Publication of this Initial Plan Framework is a key stage in the Innovation and Targeted Oil and Gas Decarbonisation planning process. As outlined above, the areas identified for leasing and the plan specifications form the underlying principles under which CES can take forward its leasing process. The details of that leasing process are currently being developed. Leasing is expected to begin early in 2022, will result in individual projects being awarded exclusivity over areas of the seabed, within the larger Initial Plan Framework spatial options.

5.2 Following those exclusivity announcements, the spatial footprint of the successful projects will form the basis of the Innovation and Targeted Oil and Gas Decarbonisation Draft Plan. As a whole, the individual projects (known as Plan Options) and Plan will be subject to the full Sustainability Appraisal, as outlined in Section 2, and subject to statutory consultation.

5.3 As described in Figure *1* - Sectoral Marine Planning process diagram, following the Draft Plan consultation any modifications required will be evaluated and, if necessary, the assessments and consultation can be repeated. However, provided there are no significant changes, the Scottish Ministers will be invited to formally adopt the Plan.

5.4 As a requirement under the Environment Assessment (Scotland) Act 2005, a Post-Adoption Statement will be published. In the case of the Sectoral marine planning process, this Post-Adoption Statement will also cover how the HRA and SEIA have been taken into account in the development of the Plan.

5.5 Additionally, Scottish Government will publish the Appropriate Assessment following the HRA and the Regional Locational Guidance prepared alongside and finalised with the Plan adoption.

5.6 CES will award successful INTOG applicants Exclusivity Agreements (giving them exclusive access to the area in question). Once the Sectoral Marine Plan for INTOG is adopted, a CES Option Agreement covering the awarded area can be arranged for those projects that are compatible with the adopted INTOG Plan and meet CES leasing requirements.

5.7 It is anticipated that it will take 12 months, from notice of exclusivity, to complete the Sustainability Appraisal and conduct the statutory consultation before formal adoption of the Plan. This timeline is, of course, subject to the requirement to repeat assessments or consultation exercises.

5.8 The timeline below depicts the broad steps required to reach Plan adoption whilst Figure *1* (above) depicts the full sectoral planning process.

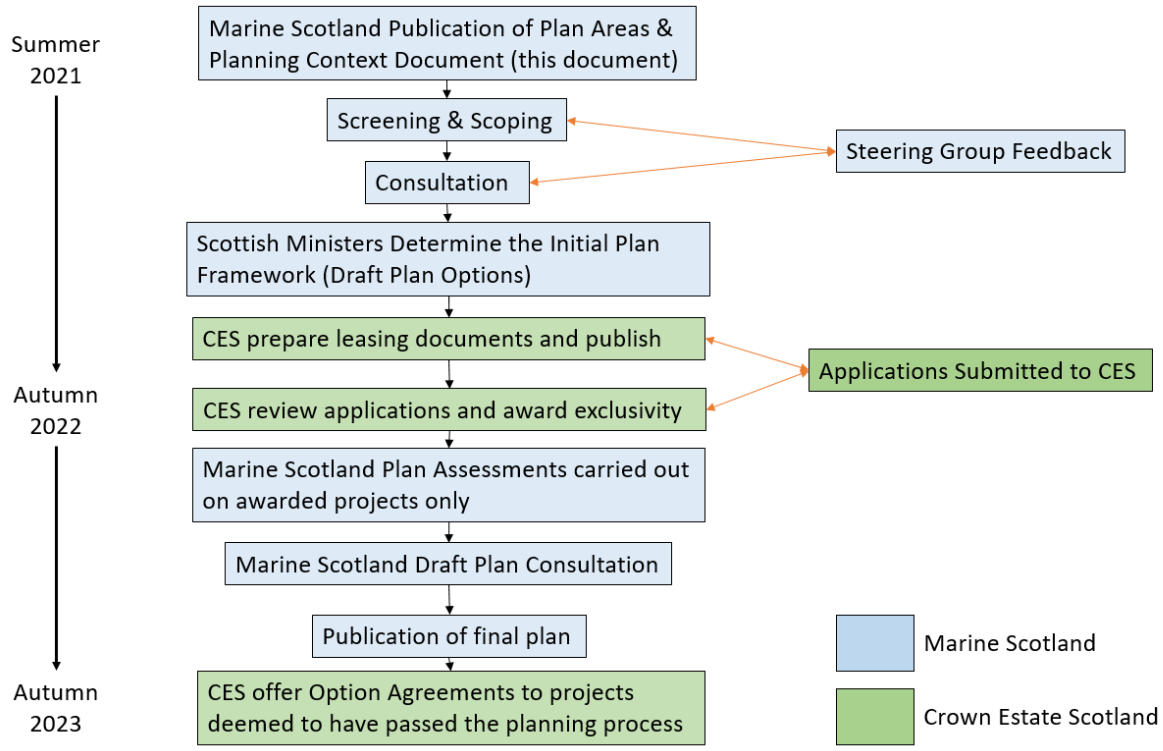

Figure 9 - INTOG planning and leasing timeline

5.9 The inclusion of the exclusivity stage for projects under this planning process is specifically designed to allow the detailed section 36 consent and licence application process to begin at an earlier juncture than normally anticipated. Specifically, Targeted Oil and Gas Decarbonisation projects offer two critical and beneficial components for our Net Zero commitments and an opportunity to develop the floating offshore wind supply chain. By providing electricity to the oil and gas assets, they will remove the direct pollution component of these activities for the remaining lifetime of the asset and facilitate green decommissioning activity. It is, therefore, important for these projects to move quickly to allow for maximum connection times. In addition, these projects that may progress quicker than the larger ScotWind projects (due to scale and location) provide an excellent opportunity to help build a floating offshore wind supply chain through the mobilisation of smaller projects ahead of the ScotWind, which are anticipated to be much larger.

6 Initial Plan Framework – Interface With The Crown Estate Scotland Leasing Process.

6.1 The power requirement for oil and gas installation in the Targeted Oil and Gas Decarbonisation initiative underpinned by this IPF has been identified as 4GW. This framework will, in addition, support Innovation projects with a generation capacity of up to 500MW.

6.2 In alignment with the recently published SMP-OWE,[8] an average deployment density of 5MW/km² will be adopted as a planning assumption for this framework, including for the Marine Scotland Plan Assessments process.

6.3 On that basis, operation development of the 4GW and 500MW generation capacities would imply a requirement for 800km² and 100km² respectively.

6.4 However, whilst the foregoing provides an indication of the scale of the total areas of seabed expected to ultimately be used for the projects that are expected to progress under INTOG, it does not account for any difficulties or constraints that may be encountered at the project level, nor the possible attrition of projects due to any unforeseen circumstances. It also does not account for improvements in technology or new or more effective mitigation measures that could lower the impact of a specific project whilst still using the same area or allow for a higher generation output per km².

6.5 To account for such uncertainties, CES expects to offer a number of Option Agreements, over specific areas of seabed that may total larger areas than the two areas set out in paragraph 6.3. In offering such Option Agreements, the following should be taken into account:

[8] https://www.gov.scot/publications/sectoral-marine-plan-offshore-wind-energy/

For Targeted Oil and Gas Decarbonisation projects:

- the area of seabed to be offered Option Agreements for Targeted Oil and Gas Decarbonisation projects should not exceed 1900km²; [9] and
- the potential generation capacity for the set of projects to be offered Options Agreements for Targeted Oil and Gas Decarbonisation projects should not total more than 5.7GW in total[10]

For Innovation projects:

- the area of seabed to be offered under Option Agreements for Innovation projects should not exceed 167km² in total; and
- the potential generation capacity for the set of projects to be offered Option Agreements for Innovation projects should not exceed 500MW in total.

6.6 The above requirements will also be applied by CES at the exclusivity stage.

6.7 Due to the targeted nature of INTOG as a planning framework and the wide ranging areas that are available for project identification, these IPF limits are designed to promote a focussed and efficient planning and leasing round. All projects will still be subject to plan-level, and if successful at that stage, project-level assessments (including cumulative assessments) and the requirements of the consenting process. Whilst 4GW has been identified as the energy demand, this figure is subject to the plan-level assessments (as described in 3.6), taking into account pre-ScotWind, ScotWind and INTOG developments.

[9] 1900km² and 167km² are derived from a series of assumptions used to account for potential attrition (both at the plan-scale and within individual projects), the requirement for additional space/areas to refine specific project details (i.e. spatial planning, micro-siting, etc.), and the difference between minimum density requirements for Options Agreement and density assumptions employed at the plan-level assessment stage.
[10] The INTOG Sectoral Marine Plan has been designed around an intended target of 4GW generating capacity to help decarbonise the oil and gas infrastructure. Using previous industry benchmarking, a 30% rate of attrition during development, 5.7GW is applied as a cap to the amount of seabed available under the CES Option Agreement to ensure development potential is proportionate for INTOG objectives.

6.8 Further to the specifications set out above, there is an understanding that offshore wind projects progressing through the Targeted Oil and Gas category of the Plan may target both brownfield and greenfield oil and gas assets; i.e. assets already in production or new assets coming forward. This planning process has been designed to facilitate the electrification and, ultimately, the decommissioning of existing projects as Scotland transitions to net zero. Greenfield electrification is not excluded but the prioritisation of initial allocation of Option Agreements to projects targeting existing assets is being examined. CES is exploring a mechanism by which this allocation could potentially be implemented via the leasing process and this would be outlined in CES documents when the process commences.

7 Consultation Analysis

7.1 The Innovation and Targeted Oil and Gas Decarbonisation Planning Specification and Context Report was published for consultation on 25 August 2021. This consultation ran until 20 October 2021 and sought responses and views on many aspects of the plan specification and particularly the Areas of Search. To gather those views and potentially additional technical information, the consultation posed four questions:

- Do you have any comments on the Plan Specification context?
- Do you have any comments on the Plan parameters/specifications?
- Do you have any comments or information you would like to provide to support or otherwise seek the removal of the Areas of Search (AoS) identified in the map included in the Plan Specification (Section 9)?
- Please use this space to provide any additional comments not captured by the previous questions.

7.2 Additionally, all respondents were invited to submit any additional data or evidence they deemed relevant to the planning process.

7.3 General information was collected including: name, organisation and contact details.

7.4 We also asked permission to publish consultation responses and gave the respondents the opportunity to opt in or opt out. Finally, we asked respondents if they could provide any comments on ways to improve our consultation process.

<u>Respondent Profiles</u>

7.5 In total, 71 responses were received representing 63 organisations and 8 individuals.

7.6 For analysis purposes, responses from organisational stakeholders were assigned to sub-groups and / or sectors (see Table 1) enabling analysis of the types of organisations that had responded to each of the five consultation documents.

Stakeholder Type	**Stakeholder Sub-groups**	**No.**
Organisation	Public body	4
	Energy company/developer/association	49
	Other commercial sector	3
	Non-Governmental Organisation (NGO)	4
	Other	4
Individual	Individual	8
Sectors		**No.**
Energy		36
Oil and Gas		13
Commercial Fisheries		2
Tourism and Recreation		1
Harbours and Ports		1
Carbon capture and storage		2
Environmental		5
N/A		4

Table 1 - Stakeholder types and sub-groups

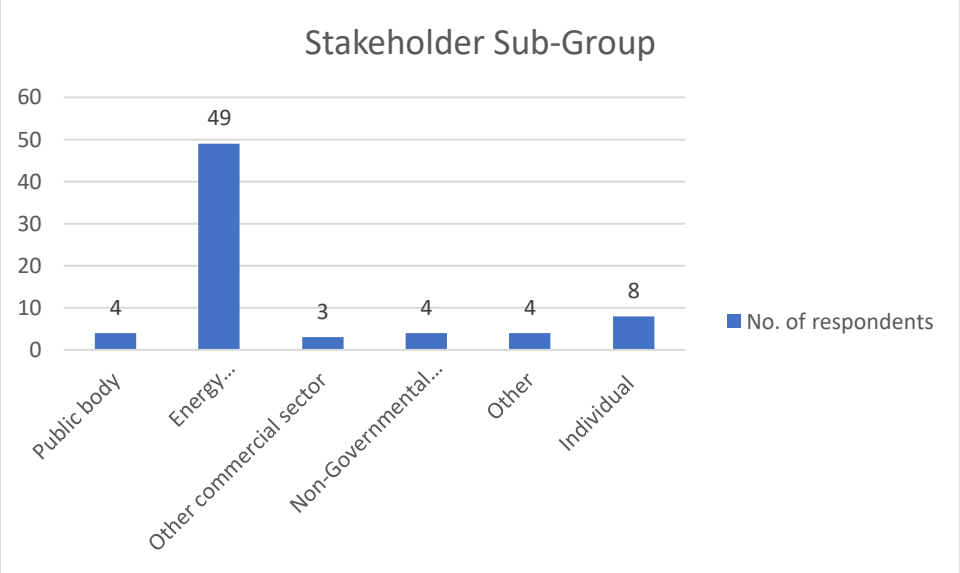

Table 2 - Stakeholder sub-groups

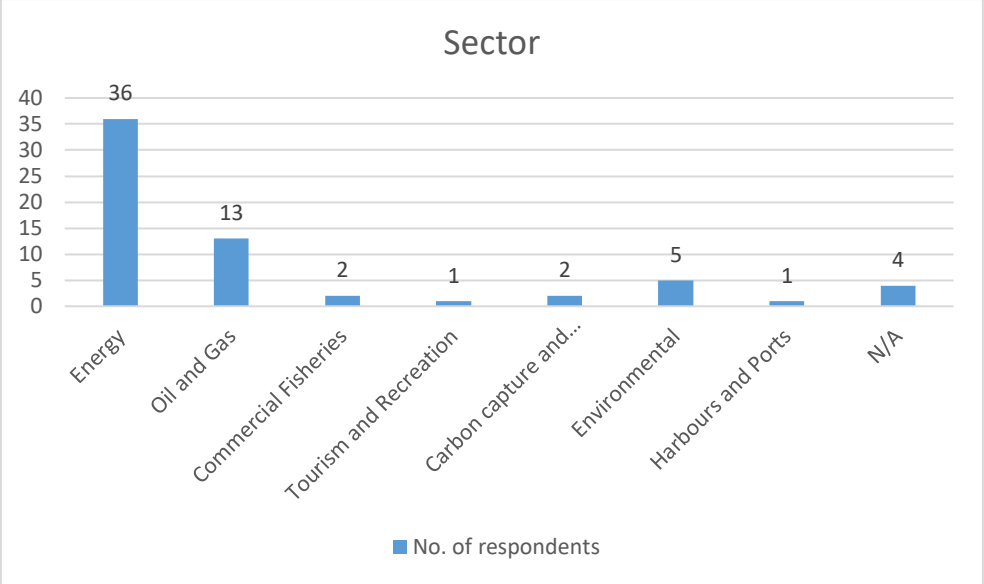

Table 3 - Number of responses by sector

7.7 As described in Table *2* and Table *3*, the majority of responses were provided by energy organisations, either renewable developers and the extended supply chain or Oil and Gas related organisations. Given the topic of the planning process and the relatively unique opportunity being explored through this planning process, this is in line with expectations.

7.8 A variety of comments have been provided and these are described below, along with the actions taken with respect to the Initial Plan Framework. These are presented as key topics at the sector level and more general comments. Full responses will be available to view on the consultation website,[11] where permission to publish a response has been provided.

8 Key Issues By Sector

<u>Energy – individual project and total capacity limits.</u>

8.1 A number of responses (15) raised questions or expressed concerns about the use of 100MW as maximum limit for projects looking to progress under the Innovation category. Requests to raise the limit generally suggested an increase to 300 – 350MW, with some noting that capacity in general is unhelpful as a limiting factor as it is the negative impact that should create the limit.

[11] https://consult.gov.scot/marine-scotland/smp-innovation-and-targeted-oil-and-gas/

8.2 Reasons for the suggested increase include the potential for the current limit to introduce an unfair competitive disadvantage for projects that may wish to compete for Contracts for Difference (CfD), lack of access to investment when compared to other projects of a larger size, a potential lack of assets as manufacturers may be focused on larger opportunities, and the general increase in turbine generation capacity meaning that fewer turbines are required to reach 100MW.

8.3 This coincides with requests to generally increase the “Innovation” total capacity limit from 500MW to 1000MW. Few responses suggested anything beyond 1000MW.

8.4 Conversely, five responses were provided indicating that an increase to the 100MW threshold introduces risks, not only to this planning process but also to delivery of ScotWind projects. This was presented as the potential to add to cumulative impact in regions already facing constraints and the possibility for projects under this planning process to progress ahead of ScotWind projects introducing uncertainties that were not a factor in the ScotWind planning and application process. These concerns reflect the fact that the areas designated for innovation projects are closer to shore and often adjacent to ScotWind areas. Additionally there was a suggestion that 100MW is sufficient to test and deploy new technologies as opposed to a larger scale mechanism to deliver “pre-commercial” or early-commercial scale projects.

8.5 Whilst both views present valid arguments, it has been determined that the 100MW limit for innovation category projects will not be raised under this IPF. The Targeted Oil and Gas component of the planning process offers significant opportunity for pre-commercial scale projects to progress in Scottish waters with the advantages that a larger scale of project carries. The innovation category of this planning process is not designed to allow for pre-commercial projects to progress. Whilst the value of these types of project is certainly clear, the innovation category should be used to test and deploy new technology, methodologies and other novel measures according to CES criteria.

8.6 In addition, much of the potential development area on the north east and east of Scotland remains under ornithological constraint, as demonstrated in the SMP-OWE. This planning process has introduced areas where no development will be permitted, based largely on this constraint but not exclusively. Should the 100MW limit be raised it may be necessary to increase those exclusions to the point where even viable 100MW projects could not gain access to the grid, forcing development of innovation scale projects into more difficult development areas that would be counter to the notion of test and demonstration of new technology.

Energy – Planning, Leasing and Consenting Timeline

8.7 One of the key considerations of the INTOG planning process has been the need to allow for projects to progress at pace whilst ensuring a plan-led approach can provide fair and detailed strategic level assessment. Responses have noted that the timeline from project inception through planning, leasing and ultimately consenting, if not quick, may negatively impact the financial viability of projects and could hinder net zero commitments with regard to the use of offshore wind to decarbonise Oil and Gas installations.

8.8 This planning process has been designed to allow projects to gain exclusivity over an area of seabed much earlier than has previously been possible. This is enabled through an earlier leasing process by CES where exclusivity will be offered to successful projects that meet both the planning and leasing criteria before the final INTOG Plan is adopted. This provides security over a project location so that consent applications can progress with certainty that, should the location remain in the adopted Plan, subject to assessment and consultation, the project will be able to progress to full option. As such, no change has been made to the Initial Plan Framework timeline following consultation.

Energy – other issues

8.9 Other Energy sector responses included;

- The need for local supply chain opportunities flowing from INTOG;
- Emphasising the potential resource implications of an additional consenting process alongside ScotWind and seeking assurances that regulators and Statutory Nature Conservation Bodies will be able to meet demand;
- Wider consideration of grid and cable locations/planning;
- Potential spatial overlap of offshore wind with Carbon Capture Usage and Storage (CCUS) opportunities – both existing projects and future potential;
- A general request for future offshore wind opportunities following INTOG and ScotWind;
- Priority should be given to assessing ScotWind applications over INTOG projects.

8.10 Whilst these concerns and comments are noted they have not resulted in material changes to the Initial Plan Framework nor planning specifications, with the exception of consideration of CCUS where the Areas of Search E-b has been modified to remove an identified overlap with monitoring requirements for the Acorn CCUS project, which already has an Option Agreement and where a larger areas NE-e has been removed due to both fisheries and CCUS constraint.

Commercial Fisheries – key issues

8.11 Commercial fisheries groups who responded to the Plan Specification and Context Report consultation highlighted key concerns around future offshore wind planning and development so recently after the adoption of the SMP-OWE and ongoing ScotWind leasing process.

8.12 Particularly, concerns were raised about the large areas off the west coast of Shetland, both in terms of proximity to shore and overlap with fishing grounds at the western edges of the Areas of Search.

8.13 Furthermore, the addition of offshore wind developments in the sea may (and this is more likely where floating technology is employed) result in a displacement of fishing effort into other regions, with implications both in terms of increased competition for space and potential environmental impact.

8.14 It was also noted that inshore fisheries data depicting activity are limited or dated.

8.15 A review of fisheries data has been undertaken and modifications to Areas of Search have taken place to help rectify some of the larger concerns (WoS-a, WoS-b and NE-e). This results in a reduction of the Areas of Search to remove primary overlaps in fishing effort west of Shetland and at NE-b where fisheries and CCUS constraints have collectively modified the area. It is useful to clarify that whilst the Areas of Search are very large, even compared to the SMP-OWE Plan Options, a much smaller area of seabed is required to deliver the intentions of this plan. Given the nature of Targeted Oil and Gas projects, which will likely require projects to be proposed and agreed between offshore wind developer and oil and gas operators, limiting the initial Areas of Search too much would result in restricting development opportunities arbitrarily. However, the areas required to deliver 4GW under our planning and assessment assumptions of 5MW/km² is around 800km², significantly smaller than the areas shown in this Initial Plan Framework. Whilst Option Agreements will be larger than the 800km², as suggested above, this is managed through the implementation of a spatial and generation cap and may further reduce through project planning and consenting.

8.16 Even without reduction, these areas would be significantly smaller than the Areas of Search. Project level work on Environmental Impact Assessments will also involve extensive engagement with fishermen where they are affected to mitigate the impact on their operations as far as possible.

8.17 Displacement of fishing effort from one location into another is a key consideration of the planning process. In addition to the modifications outlined above, there has been careful consideration of fishing activity and overlap across the Opportunity and Constraint analysis and identification of the Areas of Search. This precautionary approach should minimise the impact on commercial fisheries but cannot, at this stage, rule it out entirely. All projects proposed within the Areas themselves, and successfully approved for exclusivity by CES, will then be subject to a full Sustainability Appraisal as outlined above. Commercial fisheries groups/representatives will be invited on to those assessment steering groups to help shape the methodologies to allow these issues, amongst others, to be examined.

8.18 With regard to inshore fisheries data, this comment is noted and is a priority of separate work within Marine Scotland. ScotMap, a previous voluntary survey of inshore fisheries activity, has been reused in this planning process, acknowledging that the data is now dated and that some features of the data and levels of fishing effort may be incorrect. All of the Targeted Oil and Gas projects must be located in the Areas of Search identified in the Initial Plan Framework and will therefore be a greater distance offshore. Innovation scale projects can be located outside of the areas marked for exclusions and so could be closer to shore, particularly on the west coast. However, in total, these projects cannot exceed 500MW and individually they should not exceed 100MW. These specifications have been identified, in part, to help minimise negative impact whilst leaving options to develop new opportunities. Projects awarded exclusivity will be assessed through the planning and/or consenting process.

<u>Environmental/NGO – Key Issues</u>

8.19 Responses from the E-NGOs, or those who provided responses relating to environmental concerns, focused on a wide range of issues. Those include:

- Welcoming exclusion zones and questions about the extent of those areas.
- Understanding the carbon footprint of delivering these developments.
- Potential impact of electromagnetic fields on various species.
- Concerns over mobile species and those with connectivity to protected sites and also more potential for cross-border connectivity if projects are located farther from shore.
- Lack of historic environmental data at the initial stages and recommendation to include those data in the final plan.

- Potential for projects to reach into Arctic Monitoring & Assessment Programme (AMAP) areas, which may require consideration of different sensitivities.

8.20 Many of these issues highlight some of the later considerations that will be addressed throughout the next phases of the planning development. Unlike previous planning exercises, the Areas of Search will not be refined further at this stage. Once more precise project locations are identified by CES leasing process, those locations and projects will be subject to the Sustainability Appraisal where more detailed environmental and socio-economic assessments will be completed. These assessments will allow for consideration of impacts in a more specific way. However, some modifications have been made to the Areas of Search and to the exclusions based on feedback provided, with particular reference to consideration of bird data.

General comments

8.21 In addition to the key issues raised by the sectors above, there were additional responses and questions that do not so easily fit those categories.

8.22 Those related to clarifications on the planning process and timeline, which are addressed above in this Initial Plan Framework, whilst questions relating to the nature and requirements of the CES Leasing process are addressed in the associated INTOG leasing documentation.

8.23 Additionally, many questions related to the impact and shape of the final Plan, such as: consideration of the wider carbon footprint; assessment of decommissioning; wider transboundary impacts; and cumulative impacts. These will be addressed through the next stages of the Plan.

8.24 Several questions - such as those related to incentives, the CES leasing criteria, further decarbonisation of Oil and Gas installations beyond the extraction phase, the impact and timeline of Contracts for Difference auctions - are beyond the scope of the Sectoral Marine Plan.

8.25 It is worth highlighting that many questions related to cable infrastructure, grid connections and coordinated delivery of connections. While the INTOG planning process has at this stage not identified cable corridors, given the uncertainty of project locations, the Scottish Government is actively engaged in the Offshore Network Transmission Review (OTNR) to ensure Scottish interests and projects located in Scotland are recognised in that process. It is the Scottish Government's intention to complete a spatial plan for grid that will encompass known projects.

9 Further Engagement And Consultation

9.1 As described above, this Initial Plan Framework marks a significant step in the development of a Sectoral Marine Plan for Innovation and Targeted Oil and Gas Decarbonisation. However, this early stage only sets the Initial Plan Framework and will now be followed by further engagement and statutory consultation.

9.2 The key intended stages are outlined below with indicative dates:

- Establish cross-sectoral steering groups to provide expert views on the assessment methodology, Sustainability Appraisal and the Draft Plan
  - Early 2022 with regular meetings to follow in anticipation of exclusivity announcements in autumn 2022.
- Consultation on Draft Plan and Sustainability Appraisal
  - Minimum of 12-week consultation from late 2022 into 2023.
  - This will include an online consultation and a number of regional in-person events, subject to COVID-19 restrictions and in line with Scottish Government guidance. Virtual events will also take place as necessary.
- Adoption of a final plan is anticipated for autumn 2023 but is subject to requirements to re-assess or repeat consultations if significant changes are required.
- Plan Review – a plan review process will be established and outlined in the adopted Plan. This governance mechanism will enable stakeholder engagement.

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