



ScotWind Webinar
25 June 2020





SOWEC

Brian McFarlane – SOWEC Co-chair
25th June 2020

SOWEC Background- Vision and Goals



Vision:

An offshore wind sector which plays to Scotland's strengths, delivering jobs, investment and export opportunities in line with the UK Sector Deal as a key part of the path to net-zero.

Goals:

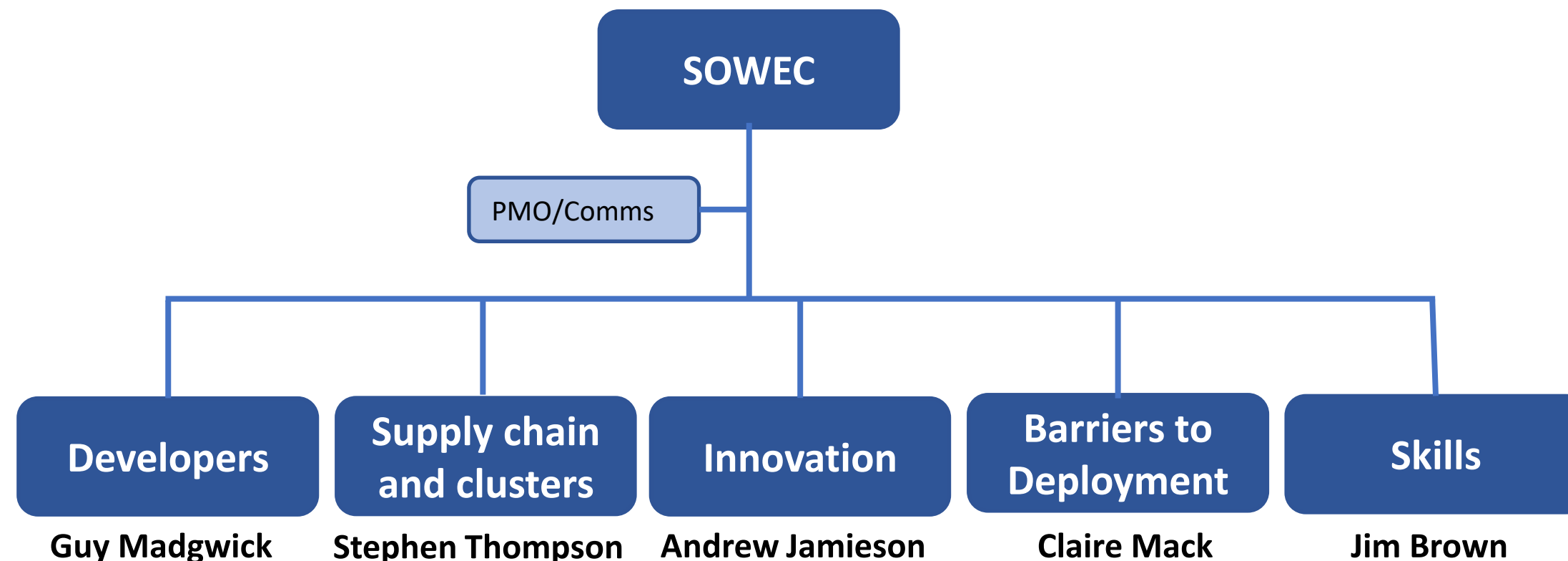
1. Deliver at least 8GW of offshore wind in Scottish waters by 2030.
2. Create a competitive, commercially-attractive offshore wind sector in Scotland which can deliver both domestically and in the global offshore wind market, with a focus on project development, deeper water capability and innovative technology solutions.
3. Work to increase local content in line with the ambitions set out in the UK Sector Deal, developing a sustainable, world-class supply chain in Scotland.
4. The number of offshore wind jobs in Scotland will increase to more than 6,000; an increase of 75% on 2019 figures.
5. Develop a plan for offshore wind's contribution to achieving Scotland's climate change ambition of net-zero greenhouse gas emissions by 2045.

Structure and membership



SOWEC is leading the Scottish version of the Sector Deal. Its aim is to co-ordinate a Scotland wide response to the Offshore Wind Sector Deal and to compliment the work of the 9 workstreams in the UK by tackling any issues that have Scotland only focus.

- Co-Chairs: **Paul Wheelhouse** and **Brian McFarlane (SSER)**
- Scottish Government Representatives: **David Stevenson** and **Lesley McNeil**
- PMO: **Colin McIver** (Crown Estate Scotland)
- Secretariat: **Andrew Young** (Scottish Government)



Selected Key Objectives



- Work with the wider renewables industry in Scotland to develop and put forward the case for reform of transmission charging in a way which will (a) support progress to net zero targets and (b) significantly reduce or remove the differential in charging between north and south GB
- Coordinated action is taken to address the environmental constraints that will meet the SOWEC target for deployment of offshore wind in Scottish waters
- Skills - understand the skills demand and supply review
- Lead the development of a Scottish supply chain vision to 2030 and 2050
- Strategic leadership and guidance to the Scottish offshore wind clusters
- Use innovation to:
 - create the building blocks for a successful floating wind sector in Scotland,
 - build a successful supply chain
 - capture and re-deploy skills, experience, technology and assets from the O&G sector



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



The Scottish
Government
Riaghaltas na h-Alba



Developer Engagement Strategy

Gillian Morrison
Highlands and Islands Enterprise



Developer Engagement Strategy

- Ensure supply chain and regions/communities are best placed to respond to specific and direct approaches
- Acknowledge variety of “touch points” Scottish/Regional/Area
- Expectation management
- Supply Chain Development Statement

SCOTTISH DEVELOPMENT INTERNATIONAL

#SCOTLANDISNOW

WHO ARE WE?

Scottish Development International (SDI) is the specialist trade and investment arm of:

- Scottish Government
- Scottish Enterprise
- Highlands & Islands Enterprise
- South of Scotland Enterprise

Single point of contact for all international business development needs

Working in close partnership with:

- Local Authorities
- Business Gateway
- Skills Development Scotland
- Visit Scotland
- Scottish Funding Council



OUR PURPOSE





**TECHNOLOGY AND
ADVANCED ENGINEERING**



ENERGY & RENEWABLES

**SECTOR
OPPORTUNITIES**



FOOD AND DRINK



TOURISM



LIFE SCIENCES & CHEMICALS



**FINANCIAL & BUSINESS
SERVICES**

HOW WE CAN HELP YOU

TRADE

- Identify market opportunities and provide market intelligence
- International strategy development
- Prepare businesses to trade internationally
- Identify business partners and finance support options
- Facilitate connections and business relationships

“Without Scottish Enterprise’s guidance we wouldn’t be started in China yet. They have helped us get the resources required, given us focus and the confidence to move into the Chinese market.”

Rosie Hill, Business Development Manager at Ireland Alloys

INWARD INVESTMENT

- Collaboration and risk reduction
- Setting up and further expansion
- Identify staff, training, property and academia
- Identify business partners
- Potential financial assistance
- Dedicated aftercare

“We’re looking forward to establishing our new base in Scotland, which we believe will provide us with the ideal launch pad to a number of international markets, initially in the UK and then beyond.”

Les Byrne, Managing Director of Asystec

CASE STUDIES

PICKERING'S GIN

Pickering's Gin is a multi-award winning gin, hand crafted at Summerhall Distillery – the first exclusive gin distillery to be established in Edinburgh for over 150 years.

“(SDI) has been brilliant for us in export. There’s no way we could have been successful in Hong Kong without them. That was our first really big market we hit. And we did all that with SDI’s help.”

Marcus Pickering, Co-founder and Head of Export



PREVISE

When London-based fintech firm, Previsе, decided to establish its research and development (R&D) base in Glasgow, it was an opportunity for co-founder David Brown to come home after 26 years. But the decision to locate in Scotland was driven more by talent than nostalgia.

“As a Scotsman who has been away from Glasgow for 26 years, it's a proud moment when you get to come home... we were drawn here by the talent and resources available as well as much stronger retention potential.”

David Brown, co-founder and chief product officer at Previsе



SUCCESSFUL INVESTMENT TRACK RECORD

Scotland is the top UK location outside London for foreign direct investment (FDI)



K2 Management
Renewables – creation of new engineering




Read Cased Hole – Creation of 18 new jobs in Aberdeen 2016



Zilift – set up R&D project in Aberdeen 2017



iZettle Intelligent Point of Sale – created 68 new jobs 2017



Computershare – 300 jobs created in centre of excellence 2017



Corporate Health - Investment created 30 new jobs in Edinburgh 2017



Siem Offshore – created 15 new jobs in Aberdeenshire 2017



Barclays Bank - 2500 new jobs created and 1842 safeguarded in purpose-built campus in Glasgow incl. 400 jobs for disadvantaged workers to meet CSR needs 2018



Texo - 980 jobs in the Oil and Gas sector in Aberdeen, specialising in service platform from drone surveys 2018



Diodes - Investment safeguarding 299 jobs in Greenock anchors Diodes' ambition to develop a centre of excellence for semiconductor development and production 2018



Hinduja Global Solutions Major business services investment in a rural community; Selkirk in Scottish Borders 2018



2018

2019

AN INDEPENDENT VIEW

“In 2019 Scotland has once again preserved its strong status as the most attractive UK location for FDI, outside London.”

Ernst & Young's
Attractiveness Survey 2020

“We're here in Scotland for the great growth and innovation potential.”

Raymond O'Hare, Director,
Microsoft Scotland



“Scotland is one of the best places to do business in Europe.”

The Financial Times Group

“We've had great help from SDI in terms of our export activities including exhibitions, outward missions and in-market one-to-one support.”

Lossie Seafoods

SDI'S INTERNATIONAL PRESENCE

#SCOTLANDISNOW | 11



100+
STAFF
BASED OVERSEAS

35
INTERNATIONAL
OFFICES

23
COUNTRIES

16+
LANGUAGES
SPOKEN



THANK YOU

SIMON WALLACE
INWARD TEAM LEADER
SIMON.WALLACE@SCOTENT.CO.UK
07771 773 549

#SCOTLANDISNOW

www.sdi.co.uk

 **SCOTTISH**
DEVELOPMENT INTERNATIONAL



**Crown Estate
Scotland**
Oighreachd a' Chrùin Alba



Colin MacIver
Offshore Wind Development Manager

New offshore wind leasing in Scotland
ScotWind Leasing

New Offshore Wind Leasing

- » We are offering successful applicants the chance to build Scotland's new generation of offshore wind farms by around 2030.
- » Leasing will help utilise the potential of Scotland's marine resources in accordance with the new Crown Estate Scotland Act and the National Marine Plan.

ScotWind Leasing

- » Target outcomes from ScotWind Leasing:
 - Maximise the contribution offshore wind can make to Scotland's Net Zero ambition
 - Deliver large capital projects which will help to power an energy transition for Scotland's economy

- » The objectives of the leasing process are to:
 - Provide certainty and clarity to attract international interest to the Scottish market
 - Be transparent, open and fair
 - Stimulate competition and innovation
 - Allow early engagement with stakeholders

Scottish context: Leasing and planning



Crown Estate Scotland are the seabed manager

- Crown Estate Scotland grants a lease of the seabed only when the consents and other required permissions are in place



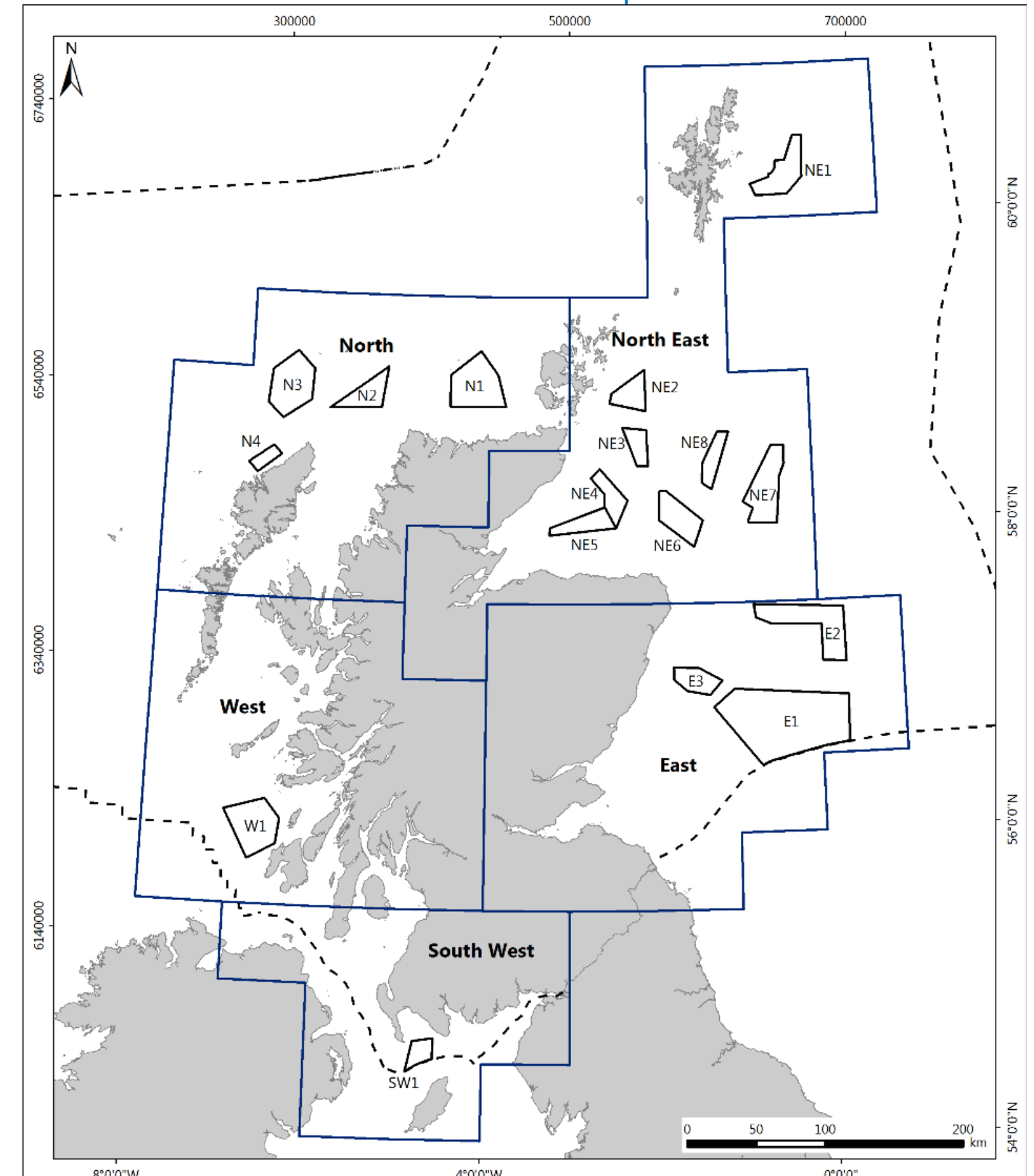
Marine Scotland are the regulator and responsible for strategic marine planning

- Marine Scotland grants consents for projects

Marine Scotland: Sectoral Marine Plan

Draft Plan Option Areas December 2019

- » Defines the areas available for ScotWind Leasing
- » Consultation on the Draft Plan closed in March 2020
- » Launch documents are based on information in the draft plan
- » Adopted plan expected Autumn 2020
- » Final Leasing requirements will align with the adopted plan



ScotWind Applications

- » Applicants apply for an Option to Lease
 - Maximum Option Period – 10 years
 - Lease Period – 60 years

- » Option Fee will be paid to CES at a rate determined by the selected Applicant Valuation

- » Project scale and configuration defined by applicants within certain limits:
 - Must have a single continuous boundary which falls wholly within one Plan Option Area
 - Minimum capacity 100 MW
 - Minimum area 20 km², maximum area 860 km²
 - Option Area intended spatial density must be at least 1 MW per km²

ScotWind Submissions

- » Applications will be submitted using the ScotWind Leasing portal
 - The Application Form, and Guidance Notes explaining how to compile an application, are provided on an application portal.

- » Applications must demonstrate a suitable level of financial resource, experience, and capability.
 - To give Crown Estate Scotland confidence on potential site development.

- » Areas of assessment
 - Project concept, project delivery plan, capability and experience, development budget, developer financial resources, commitment to the project and preparedness.

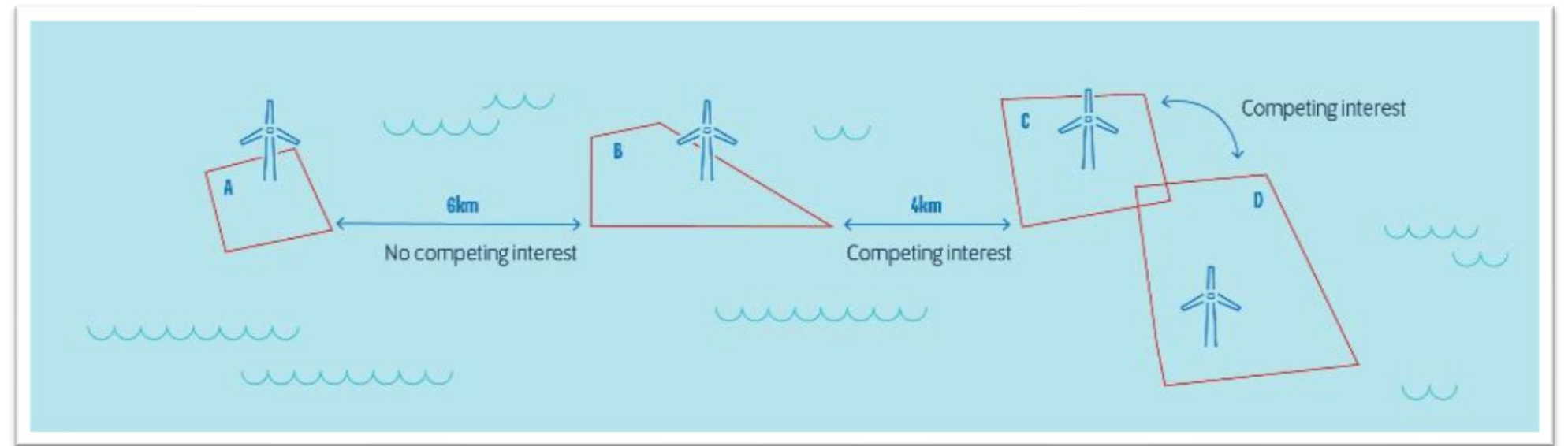
- » Level of information required
 - Detailed site investigation information may not yet be available, but some understanding of the site characteristics is expected.

Award of Agreements

- » Option Agreements will be awarded to the highest ranking applications:
 - within the limits set by the SMP for each Plan Option Area; and
 - in aggregate no more than 8,600 km² of seabed.

- » Overall ranking determined by the four scoring inputs successively:
 - Coarse grading (Band 1, Band 2, Band 3).
 - Applicant Valuation (£2,000/km², £6,000/km², £10,000km²).
 - Detailed numerical score (between 0 and 450).
 - Randomly allocated number (assigned at registration, used only in case of tie-breaker).

Competing Interest and Clearing



» Competing Interest

- Occurs when two applications have 5km or less between the application area boundaries.
- Where there is competing interest, we will not attempt to broker compromise, we will offer an Option Agreement only to the application that has a higher score.

» Clearing

- Opportunity for applications which scored well but were out competed for their chosen location.
- Require a revised Application Form for an area of seabed within the Adopted SMP.

Timelines

Activity	Date or Duration	
ScotWind Launched	10 June 2020	
Engagement Event	7 July 2020	
Registration Window for Applicants Closes	5 August 2020	
Publication of Post-adoption Addendum to ScotWind Leasing	Less than one month after SMP is adopted by Scottish Ministers	
Application Window Opens	Following clarification of queries arising from Post-adoption Addendum	
Deadline for applications to ScotWind	Between October 2020 and early 2021	

Sustainability of offshore wind development in Scotland

- » Applicants to SWL will all make a Statement of Commitment, compliance with which becomes part of the agreement with successful parties.

- » These statements relate to a range of areas including supply chain:
 - Specific requirements to advertise (including to SMEs) all procurement activities related to the intended project.
 - Establish and actively engage with a Supply Chain Forum.
 - Meet regularly with relevant economic development agencies
 - Provide to Crown Estate Scotland all Supply Chain Plan information which is part of the Contract for Difference (CfD) process.

- » These obligations are supplemented by the requirement for a Supply Chain Development Statement.

Supply Chain Development Statement (SCDS)

- » Complete SCDS submissions will not be used in the assessment or detailed scoring of applications but will be available to government and agencies, and the public.
- » It will be incorporated into Option Agreements and obligations will be ongoing during the option period.
- » Final Contracted Position Statement submitted at the point of 'Option Notice' will be measured against the most recent SCDS and contractual remedy may be required depending on the level of achievement.

SCDS Components

» SCDS Commitments

- Clear and simple measure of jobs, broken down by location, as an indicator for supply chain growth.
- Must be updated every 2 years to reflect progress during project development

» SCDS Narrative

- Provides evidence and justification for the Commitments
- Is used as the Commitments are updated as a basis for CES approval.

» SCDS Outlook

- Public document
- Ensures market visibility of the Commitments and areas of focus for project supply chain ambition

SCDS Commitments

Stage	Scotland (Direct FTEs)	rUK* (Direct FTEs)	EU* (Direct FTEs)	Elsewhere (Direct FTEs)
Development				
Manufacturing & Fabrication				
Installation				
Operations				

SCDS Objectives and Rationale

- » The long-term sustainability of offshore wind development in Scotland is linked to the capability and capacity of the supply chain.

- » Volume and deployment rate of project pipeline are critical factors to supply chain development.

- » The SCDS seeks to help maximise the opportunity from projects arising from ScotWind Leasing:
 - The SCDS has been designed in a way which will provide transparency, consistency, and a clear structure to support project developers as they identify a capable supply chain.
 - It provides an opportunity to supplement Sector Deal delivery efforts and CfD requirements at a very early stage in project development.
 - There are consequences for the project if the SCDS Commitments are not delivered which means that the outputs will provide reliable indicators of future supply chain requirements.



Q&A
Paul O'Brien

