

Northern Ireland

Offshore Renewable Energy

Leasing Design Discussion

April 2011

On 8 March 2011, The Crown Estate and the Northern Ireland (NI) Department of Trade, Enterprise and Investment (DETI) announced the timetable for leasing offshore renewable energy projects in Northern Ireland waters. The Crown Estate indicated that we would be holding a design discussion with the industry to inform how best to offer development rights.

To provide a framework to this discussion, this document sets out a series of areas in which we would welcome input. Written responses to these questions are invited by letter, e-mailed to:-

NIOffshore@thecrownestate.co.uk

The deadline for responses is midday on 31 May 2011.

“I am very pleased that The Crown Estate has confirmed the next steps in the development of marine renewable energy in Northern Ireland waters. The Strategic Environment Assessment that we undertook has shown there is strong potential for offshore wind and tidal stream projects, which could bring significant economic benefits to Northern Ireland as well as help meet our 40 percentage target for renewable electricity by 2020. In pursuing these goals, we look forward to enhancing our already excellent relationship with The Crown Estate.”

Arlene Foster MLA, Minister of Enterprise, Trade and Investment

“The Crown Estate is delighted to be working closely with DETI to help realise the potential in Northern Ireland waters. In inviting views on how development rights should be offered, we hope to approach site leasing in a way that maximises market interest and commitment to development and thereby find a ‘win-win’ for Northern Ireland and the industry.”

**Dermot Grimson, Head of External Relations, Policy and Planning,
The Crown Estate**

1 Introduction

Thank you for downloading this document, which is intended to enable companies in the energy industry to help The Crown Estate prepare to lease offshore renewables projects in Northern Ireland waters.

In running the design discussion, The Crown Estate has two objectives:

- To clarify the level of market interest and expectations of the renewable energy industry for development of commercial offshore wind and tidal stream projects in NI waters.
- To obtain views from interested parties on the definition of projects and the approach to site allocation that we could subsequently use in preparing a competitive tender process.

Given these objectives, the questions raised in this document are principally directed towards companies that may be interested in developing and/or operating offshore renewable energy projects.

1.1 Background

Over the last two years, the NI Department of Enterprise Trade and Investment (DETI) has been leading a major programme of work to facilitate a commercial scale offshore renewable energy leasing round in NI waters.

This has resulted in DETI's draft Offshore Renewable Energy Strategic Action Plan (ORESAP) 2009-2020, at http://www.offshoreenergy.co.uk/Data/Draft_Strategic_Action_Plan.pdf and the development of an associated Strategic Environmental Assessment (SEA).

The draft ORESAP and SEA identify eight potential resource zones covering offshore wind, wave and tidal stream energy development based on the potential natural resource and the technical/operational envelopes of the respective renewable energy technologies. Of these resource zones, four have been identified as having preferred characteristics for commercial development, Wind Resource Zones 1 and 2 and Tidal Resource Zones 1 and 2 – see Figure 11.1 at Annex A. The SEA Environmental Report concluded that between 900 and 1,200 MW could be installed by 2020 from offshore wind and tidal stream projects in NI waters without significant adverse effects on the environment and other sea users.

In light of the SEA's findings, the draft ORESAP proposed targets of at least 600 MW offshore wind and 300 MW of tidal stream generating capacity to be developed and brought into operation by 2020. (Due to only limited resource availability, no development of commercial-scale wave projects is envisaged.) It is expected that the ORESAP will be finalised and published by early summer 2011.

DETI is also preparing Regional Locational Guidance (RLG) which will provide non-statutory guidance and information for developers, other marine stakeholders and regulators on the opportunities for siting and consenting of offshore renewable energy projects in NI waters. The RLG will be available in early April.

Further details of the SEA, including maps indicating the Resource Zones identified within the SEA can be accessed at <http://www.offshoreenergy.co.uk/EnvironmentalReport.html>. For further

information, please contact Barbara Swann at DETI on 02890 529427, or Barbara.Swann@detini.gov.uk, or Olivia Martin 02890 529381, Olivia.Martin@detini.gov.uk.

1.2 How to respond

Before taking part in the design discussion, please refer to the ORESAP, SEA and RLG, as noted above.

We invite responses to the questions in this document in the form of a letter, e-mailed to NIOffshore@thecrownestate.co.uk. Hardcopies are not required. We will acknowledge receipt of responses by return e-mail.

The deadline for responses is midday on 31 May 2011.

In addition to written responses, we would also be open to have a dialogue with interested parties on a one-to-one basis to discuss the questions. To arrange such meetings, or ask any clarification questions about the design discussion, please contact either –

- Stuart Curry, development manager at The Crown Estate. Stuart is managing the offshore wind part of the leasing; or
- John Callaghan, programme manager at The Crown Estate. John is managing the tidal stream part.

– via the same e-mail address, NIOffshore@thecrownestate.co.uk.

1.3 What will happen next

Following the closing date we will evaluate the responses and take these into account when planning the next steps of the development process. We intend publishing an overview summary of the responses by August 2011 with consolidated details but will not disclose the details of any specific projects and their respective sizes and technologies, subject to section 1.4 below.

We currently envisage launching two separate, parallel, competitive tender rounds for offshore wind and tidal stream, beginning with an open call for expressions of interest, during the third quarter of 2011.

Rights to enable the development of offshore wind and tidal stream projects could be awarded as early as spring 2012.

1.4 Important notes

Respondents acknowledge that The Crown Estate is subject to the Freedom of Information Act 2000 (FOIA) and that The Crown Estate may, acting in accordance with the codes of practice (Codes) issued and revised from time to time under the FOIA, disclose information contained in responses (or the fact that a response has been made) in circumstances described in the Codes and the Act without the relevant respondent's consent. Except where disclosure by The Crown Estate is required pursuant to the FOIA, all responses to this industry design discussion will be treated as confidential and commercially sensitive.

Participation in the design discussion in no way commits respondents to taking part in any subsequent leasing competition, nor does it provide respondents any form of entry to such a competition. Also, participation in this design discussion is not a pre-requisite to entry to the leasing competitions; it is purely optional.

Nothing in this document is, or should be relied upon, as a warranty or representation as to The Crown Estate's ultimate decisions in relation to any tender rounds for offshore renewables in Northern Ireland waters.

Development rights and statutory consents

The Crown Estate is a landowner, not a regulator, and as such the proposed tender rounds will relate solely to the award of development rights. Developers will be required, in addition to securing development rights through the tender process, to obtain all necessary consents from the appropriate statutory bodies for the construction and operation of their electricity generating projects. The development rights will provide a time limited period in which to exercise the option to take a lease for an area of seabed in order to construct and operate a project. The lease will only be granted once all statutory consents necessary for the offshore development have been obtained from the relevant bodies.

Commercial projects and demonstration projects

The design discussion primarily concerns commercial offshore renewables projects of at least several tens of megawatts capacity or larger, as distinct to demonstration projects, intended to test or demonstrate new technologies.

During 2010, The Crown Estate awarded four sites for offshore wind demonstration projects, two off England and two off Scotland. Note that in the process that led to the four site awards, companies were welcome to propose NI project sites, but no such bids were received. For details, see <http://www.thecrownestate.co.uk/newscontent/92-offshore-wind-demonstration-sites.htm>.

We also opened a competition for demonstration wave and tidal stream projects in UK waters, potentially including sites in NI waters, details of which can be found via http://www.thecrownestate.co.uk/our_portfolio/marine/wave-tidal/demonstration-leases.htm.

Looking ahead:

- We are currently assessing the needs and value of further offshore wind demonstration projects, through a gap analysis study in which DETI is involved. We would be interested to hear from any party interested in an offshore wind demonstration project off Northern Ireland; and
- We plan to continue offering Northern Ireland wave and tidal demonstration projects as part of the existing competition framework as above, but consider restricting demonstration projects to sites other than those which appear suitable for commercial projects, to avoid precluding commercial projects. We will use evidence gained through the design discussion to inform this.

We are also in discussions with Invest NI, the NI regional development agency, which has commissioned a study to investigate the industry needs in terms of marine energy test areas and to assess the rationale and potential benefits for NI, in particular with regard to tidal energy technology testing in NI waters, drawing on experience of test centres elsewhere in the UK (EMEC and Wave Hub) and beyond.

Issues influencing project development

DETI has recently established an Offshore Renewable Energy Forum involving NI Departments with a marine interest and key stakeholders from the renewable industry and other marine users to advise on the implementation of the ORESAP.

As with offshore energy project development in general, there are a number of key issues which are the subject of ongoing work by DETI to facilitate the potential development of offshore wind and tidal stream projects. Section 12 of Chapter 4 of the draft ORESAP highlighted five key areas where further action is underway / planned to assist with the development of projects. These are:

- Electricity grid – an onshore renewable energy strategic action plan, including grid strengthening consideration for onshore and offshore electricity generation, is in preparation with draft Plan and associated SEA due for consultation by summer 2011;
- Infrastructure and supply chain – ongoing work by Invest NI, and in conjunction with The Crown Estate, to market NI infrastructure facilities for the offshore energy sector and support NI companies in this growing market;
- Regulatory and legislative framework – including ongoing work with the Department of the Environment on the forthcoming NI Marine Bill and the opportunity to streamline the licensing and consenting processes for offshore energy projects;
- Support regime – the recent proposal to increase support levels for tidal stream projects under the NI Renewables Obligation to 4 ROCs. A statement will be made after completion of this consultation by summer 2011; and
- Marine boundary – the British and Irish Governments, as well as the NI Executive, regard harnessing and exploiting offshore renewable energy as a top priority. DETI is confident that it will be in a position to move forward on all relevant matters so as to enable the Northern Ireland Leasing Round to be successfully completed in the timelines announced.

2 Discussion questions

2.1 Company identification and contact details

To help us to put your response in context of your interest and experience of developing offshore renewables projects, please give us details of your organisation and existing development activities.

Please provide the following details in your response:

- Company name;
- Contact person, name and job title;
- Address;
- Telephone number;
- Website;
- Email Address.

Do you have existing offshore renewables projects (at any stage of development) either in the UK, or elsewhere? If so, for each project, please provide the following details:

- Project name;
- Geographic location;
- Technology;
- (Expected) generating capacity (MW);
- Stage of development (e.g. pre-planning, in planning, under construction or operational).

As commercial opportunities for project development, offshore wind energy and tidal stream energy have important differences. As a result, it is likely to be appropriate in some respects to grant development rights in different ways. When considering the questions in this document, we encourage respondents to:

- State clearly in their responses whether they are referring to either offshore wind, tidal stream or both technologies; and
- Draw distinctions between leasing sites for the two types of projects as they consider appropriate.

To facilitate this, we have set out the main questions for offshore wind, or tidal stream separately.

You may provide responses for either or both.

2.2 Offshore wind

Given the findings of the SEA, there are a number of ways in which the identified Resource Zones and capacities could be allocated. We are interested in how potential project developers would prefer such allocations to be made.

Question OW1 – Approach to seabed allocation

Please state which of the following approaches you would find most attractive, should you bid in a formal tender round. You may comment on more than one of the possible models if you wish.

- A) Each Resource Zone identified by the SEA to be offered to a single entity.

Under this model, the result of the tender round would be a single entity (company, or consortium) having exclusive rights to the whole of a discrete Resource Zone identified by the SEA to develop projects within the Zone. Individual Zones would be identified by the bidders at the tender stage.

- B) Multiple projects to be offered within each SEA Resource Zone.

Under this model, the result of the tender round would be a number of entities having exclusive rights to develop individual projects within Zones. Individual projects would be identified by the bidders at the tender stage.

- C) The Crown Estate to identify areas to be tendered and offer as multiple projects.

Under this model, The Crown Estate would identify discrete areas of seabed within the SEA Resource Zones (based on a desk top assessment of the suitability for development) and these would be tendered, with each area awarded to a single company, or consortium. Individual areas would be identified by the bidders at the tender stage.

- D) Bidders to nominate their own project locations, possibly outside SEA Resource Zones.

Under this model, bidders would be free to select their own project areas anywhere within NI waters, whether inside the areas identified by the SEA or not. Individual projects would be identified by the bidders at the tender stage.

- E) Alternative model not listed above.

We would be interested in your views if you consider that a different approach would be more appropriate.

Question OW2 – Details of project(s)

Please provide an indication of the character of the project you would be interested in developing, by supplying the following details (if you would be interested in

developing more than one project, please state this and answer the questions separately for each).

- Proposed generating capacity of project (in megawatts);
- Approximate area of proposed project, if known (in square kilometres);
- Approximate location (including distance from shore) of proposed project and Resource Zone, if known (either provide a latitude/longitude co-ordinate of the approximate location or describe it in relation to onshore landmarks); and
- Anticipated energy resource conditions and preferred water depth for project;
- Anticipated grid connection requirements/arrangements.

Question OW3 – Draft project programme(s)

For each project you envisage, please tell us approximately when (in terms of the number of years and months post the award of rights by The Crown Estate) you would propose to achieve the following:

- Apply for statutory consents;
- Obtain statutory consents;
- Obtain grid connection;
- Start construction; and
- Generate first power.

Question OW4 – Other DETI and Crown Estate activities

Are there any other actions that DETI and The Crown Estate could facilitate that would encourage the development of offshore wind in Northern Ireland as a source of renewable energy?

Question OW5 – Further comments

Do you have any further comments on the process, or any potential issues you would like to raise?

Tidal stream

Given the findings of the SEA, there are a number of ways in which the identified Resource Zones and capacities could be allocated. We are interested in how potential project developers would prefer such allocations to be made.

Question TS1 – Approach to seabed allocation

Please state which of the following approaches you would find most attractive, should you bid in a formal tender round. You may comment on more than one of the possible models if you wish.

- A) Each Resource Zone identified by the SEA to be offered to a single entity.

Under this model, the result of the tender round would be a single entity (company, or consortium) having exclusive rights to the whole of a discrete Resource Zone identified by the SEA to develop a project within the Zone. Individual Zones would be identified by the bidders at the tender stage.

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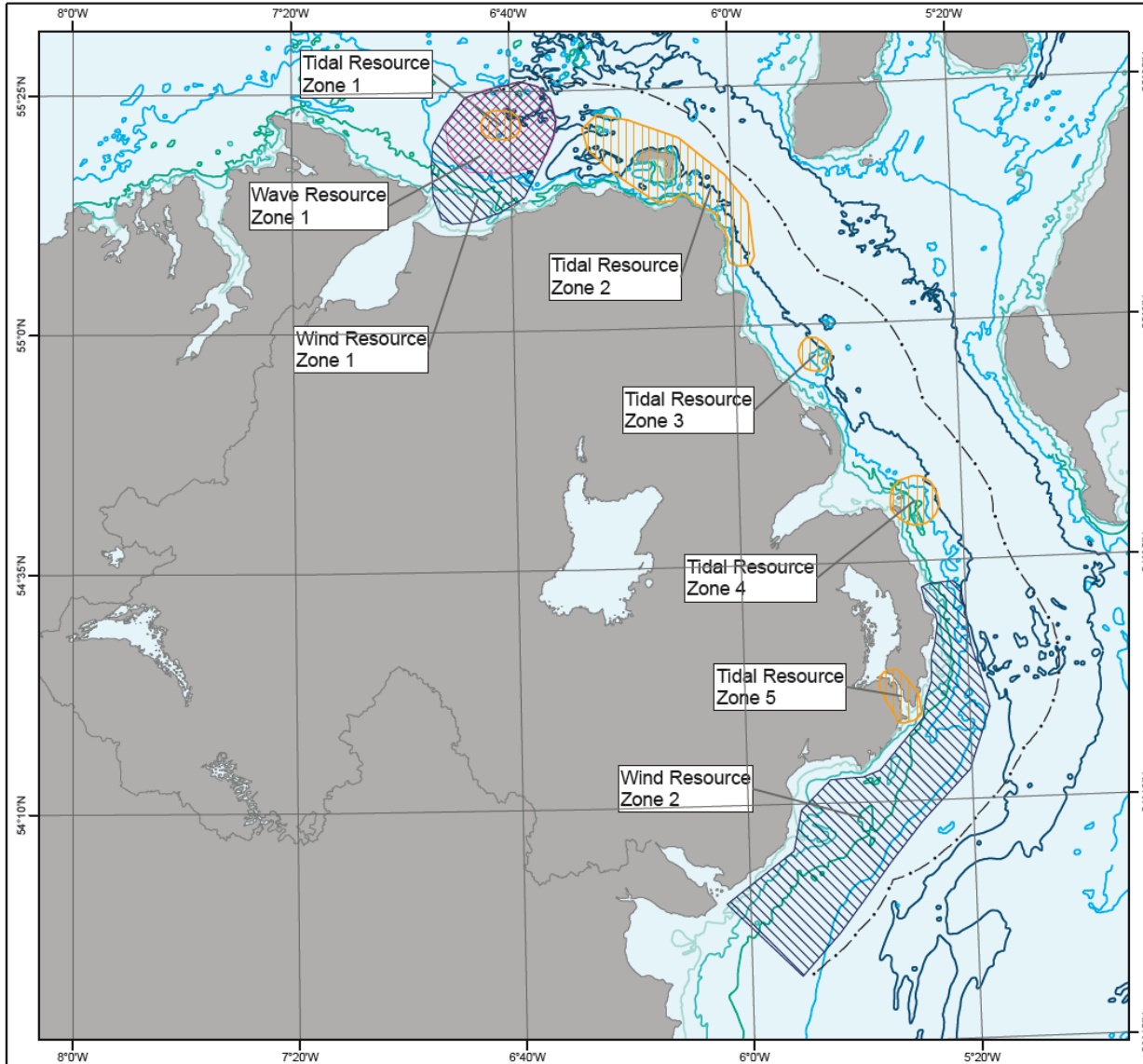
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Question TS5 – Further comments

Do you have any further comments on the process, or any potential issues you would like to raise?

ANNEX A – RESOURCE ZONES



Northern Ireland Offshore Wind and Marine Renewables SEA Environmental Report
Figure 11.1: Resource Zones

Legend

Resource Zones

-  Tidal
-  Wave
-  Wind

Water depth (m)

-  10
-  20
-  30
-  50
-  100

Land

-  Land

Northern Ireland 12nm limit

-  Northern Ireland 12nm limit



Not to be used for navigation

Date	Thursday, July 30, 2009 15:05:54	
Projection	Irish National Grid	
Spheroid	Airy	
Datum	TM85	
Data Source	UKHO digital data	
File Reference	J:\P1161Mxd\SEA\Zones of Interest.mxd Figure 11-1 - Resource Zones	
Checked	Produced By	Joanna Lester
	Reviewed By	Sally Holroyd



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