

FIVE ESTUARIES OFFSHORE WIND FARM

10.43 OFFSHORE WIND FARM LEASING PROCESS NOTE

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DEFINITION OF ACRONYMS

Term	Definition
TCE	The Crown Estate
EEZ	Exclusive Economic Zone
HRA	Habitat Regulations Assessment
EIA	Environmental Impact Assessment
INTOG	Innovation and Targeted Oil and Gas
ZAP	Zone Appraisal Process

1. CONTEXT AND PURPOSE

1.1.1 This note has been produced by the Applicant in response to Action Point 11 at Issue Specific Hearing 6 on Environmental Matters.

1.2 OVERVIEW OF SEABED LEASING PROCESS FOR OFFSHORE WIND FARM DEVELOPMENT IN THE UNITED KINGDOM

- 1.2.1 The Crown Estate (TCE) owns the seabed within the territorial sea of the United Kingdom. In addition TCE has vested in it pursuant to section 84 of the Energy Act 2004 the right to exploit the exclusive economic zone (EEZ) of the United Kingdom (which extends beyond the limit of the territorial sea) for energy production from water or wind.
- 1.2.2 Developers of proposed offshore wind farm projects must therefore engage with TCE in order to obtain the necessary seabed rights. TCE carries out periodic leasing rounds, pursuant to which seabed rights are offered to developers on a competitive basis. TCE sets the rules for each leasing round which are bespoke to that round, with the nature and extent of sites offered for development, and the terms offered to developers, varying between leasing rounds.

1.3 HISTORY OF UK SEABED LEASING ROUNDS

- 1.3.1 A brief summary of the leasing rounds carried out by TCE to date is as follows (the leasing rounds most relevant to the examination are emboldened):-
 - > 2001: Leasing Round 1 A demonstration leasing round, designed to provide prospective developers with the opportunity to gain technological, economic and environmental expertise in UK waters. It catered for small scale projects of up to 30 turbines. A total of 18 sites were awarded, representing a combined capacity of over 1 GW.
 - 2003: Leasing Round 2 First projects at commercial scale. In this round, over
 7 GW of capacity was awarded, including for the Greater Gabbard project.
 - 2008: Scottish Territorial Waters round The first leasing round led by The Crown Estate Scotland.
 - > 2009: TCE opened a formal application process for extension projects to Round 1 and 2 sites, colloquially known as Round 2.5, subject to specified criteria. This included the Galloper project, which was promoted as an extension to the Greater Gabbard project.
 - > 2010: Leasing Round 3 Rather than leasing individual development sites, instead rights to over 32GW of capacity were awarded across nine development 'zones', including the East Anglia Zone.
 - > 2017 Extensions leasing round. Application process for extensions to operational wind farms subject to specified criteria.
 - > 2021 Leasing Round 4 TCE awarded almost 8GW of capacity across 4 bidding areas. Round 4 attracted wider public and media attention for the annual option fee payments developers were prepared to bid.

- > 2022 ScotWind. Leasing round run by Crown Estate Scotland, established in 2017 as the devolved Crown Estate body in Scotland.
- > 2023 INTOG leasing round run by Crown Estate Scotland targeting specifically innovation projects and those linked to reducing carbon emissions from oil and gas infrastructure.
- > 2024-ongoing -Leasing Round 5. First commercial-scale leasing round in England and Wales for floating offshore wind projects. 3 sites are being offered for lease in the Celtic Sea region.

1.4 RELEVANT LEASING ROUNDS FOR THE EAST ANGLIA TWO AND FIVE ESTUARIES PROJECTS

1.4.1 As the Applicant set out at ISH6, the relevant leasing rounds in relation to the Five Estuaries and East Anglia Two projects are the 2017 Extensions leasing round and Leasing Round 3 respectively.

FIVE ESTUARIES - 2017 EXTENSIONS LEASING ROUND

- 1.4.2 In February 2017, TCE launched a process for operators of existing wind farms to apply for extensions to their existing projects. This was originally prompted by one developer (Vattenfall) submitting a request to TCE in respect of an extension proposal for its Thanet offshore wind farm. Subsequently TCE sought to invite other existing wind farm operators to apply for an extension of their existing operational site.
- 1.4.3 This opportunity closed in May 2018, with TCE announcing at that time that eight project applications had been received and would progress subject to the conclusion of a plan-level Habitats Regulations Assessment.
- 1.4.4 An extension to the Galloper project (subsequently known as the Five Estuaries project) was identified as one of the 8 projects.
- 1.4.5 The Five Estuaries project was awarded seabed development rights as part of the 2017 Extensions leasing round.
- 1.4.6 The eligibility criteria for the extensions leasing round included requirements that the site of the extension must share a boundary with the site of the existing wind farm, and that, other than the site of the existing wind farm, the site of the extension must not encroach within a radius of 5km of the site of any other wind farm unless agreed with the other tenant.
- 1.4.7 The Five Estuaries project complies with these requirements as it shares a boundary with the operational Galloper project (of which it is an extension), and obtained the agreement of other wind farms within 5km of its boundary in order to obtain its seabed rights. The agreement of East Anglia Two was not required, as it is more than 5km from the boundary of the Five Estuaries project.
- 1.4.8 In August 2019, TCE announced the conclusion of the plan-level HRA process for the 2017 extensions leasing round.
- 1.4.9 On 28 September 2021 the Applicant entered into an agreement for lease with TCE in respect of the Five Estuaries project. The Applicant submitted a request for an EIA scoping opinion in respect of the Five Estuaries project on 4 October 2021. The Secretary of State adopted a scoping opinion on 12 November 2021.

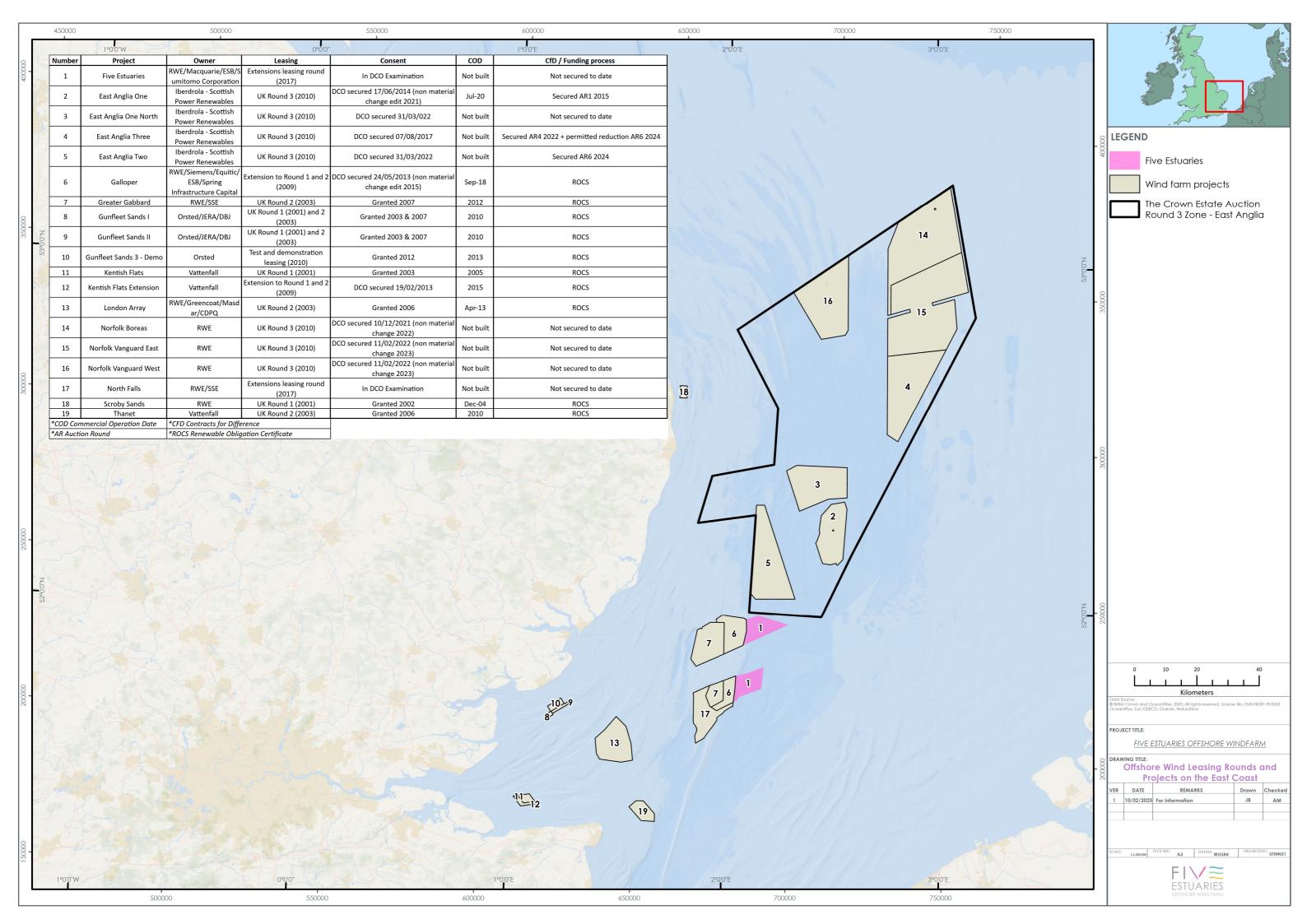
1.4.10 On 25 March 2024, the Applicant submitted an application for development consent for the Five Estuaries project, which was accepted for examination on 22 April 2024.

EAST ANGLIA TWO - LEASING ROUND 3

- 1.4.11 The East Anglia Two project was awarded seabed development rights in the Round 3 leasing round as part of the East Anglia Zone Development Area.
- 1.4.12 Round 3 marked a new approach in seabed leasing in that seabed areas were awarded in 'zones' rather than on the basis of individual sites. Following the award of development rights for a 'zone', a process set out in the Zone Development Agreements entered into by developers guided the identification and subsequent development of individual development sites within the wider zone, in respect of which applications for development consent were subsequently sought and obtained. The Zone Development Agreements, signed in December 2009, provided for exclusivity in bringing forward projects within the zone for 10 years, together with an aggregate (target) capacity for each Zone. The boundary of the East Anglia Zone is shown on the attached map.
- 1.4.13 The precise location of each project within a Zone was, in practice, decided by the relevant developers through a 'Zone Appraisal Process' or ZAP. Appendix 1 displays all Offshore Wind projects with an agreement for lease in the East Anglia region, including the Round 3 East Anglia zone.
- 1.4.14 For the purposes of identification the East Anglia zone awarded in Round 3 comprised the projects labelled 2, 3, 4, 5, 14, 15, 16 on the plan included in Appendix 1, being respectively East Anglia One, East Anglia One North, East Anglia Three, East Anglia Two, Norfolk Boreas, Norfolk Vanguard East and Norfolk Vanguard West. The original developer of the East Anglia zone was a joint venture between Vattenfall and Scottish Power Renewables.
- 1.4.15 Details of the project ownership and the Crown Estate leasing round are provided for all projects. The date consent was granted, the commercial operation date and the funding process mechanism and date are provided for projects where these are applicable.
- 1.4.16 In 2015, Scottish Power Renewables and Vattenfall announced that they would independently develop projects within the East Anglia Zone. Both organisations concluded their joint zone related activities and designated areas for independent development.
- 1.4.17 Vattenfall took forward development of the Norfolk Vanguard West, Norfolk Vanguard East and Norfolk Boreas projects within the East Anglia zone, which are now together known as the Norfolk projects. Subsequently, in 2024 the Norfolk projects were acquired by RWE.
- 1.4.18 Scottish Power Renewables took forward development of East Anglia One, East Anglia One North, East Anglia Two and East Anglia Three.
- 1.4.19 On 25 October 2019, over a year after the announcement by TCE of the 8 extension projects including Five Estuaries, East Anglia Two Limited submitted an application for development consent for the East Anglia Two project (jointly with East Anglia ONE North), which was accepted for examination on 22 November 2019. On 31 March 2022, the Secretary of State granted development consent for the East Anglia Two project.

1.4.20 Of the East Anglia projects, East Anglia One construction was completed in 2020. The subsequent East Anglia projects are being developed later. East Anglia Three is currently in construction East Anglia Two has secured a CfD in Auction Round 6 in September 2024, and East Anglia One North is yet to secure a CfD.

APPENDIX 1: OFFSHORE WIND LEASING ROUNDS AND PROJECTS ON THE EAST COST





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