



NORTH FALLS

Offshore Wind Farm

Habitats Regulations Assessment Derogation Case

Annex 1B Compensation Funding Statement
(Tracked)

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Glossary of Acronyms

AEoI	Adverse Effects on Integrity
AOE SPA	Alde Ore Estuary SPA
CIMP	Compensation Implementation and Monitoring Plan
DAS	Digital Aerial Survey
DCO	Development Consent Order
FFC SPA	Flamborough and Filey Coast SPA
HRA	Habitats Regulation Assessment
IROPI	Imperative Reason of Overriding Public Interest
<u>KKE</u>	<u>Kentish Knock East</u>
LBBG	Lesser black-backed gull
<u>MCZ</u>	<u>Marine Conservation Zone</u>
<u>MEEB</u>	<u>Measures of Equivalent Environmental Benefit</u>
<u>MLS</u>	<u>Margate and Long Sands</u>
MRF	Marine Recovery Fund
NFOW	North Falls Offshore Wind Farm Limited
NSIP	Nationally Significant Infrastructure Project
NSN	National Site Network
OTE SPA	Outer Thames Estuary SPA
OTB	Outer Trial Bank
RIAA	Report to Inform Appropriate Assessment
RTD	Red throated diver
RWE	RWE Renewables UK Swindon Limited
<u>SAC</u>	<u>Special Area of Conservation</u>
SPR	Scottish Power Renewables
SSER	SSE Renewables Offshore Windfarm Holdings Limited

Glossary of Terminology

The Applicant	North Falls Offshore Wind Farm Limited (NFOW).
The Project Or 'North Falls'	North Falls Offshore Wind Farm, including all onshore and offshore infrastructure.

1 Introduction

1. North Falls Offshore Wind Farm ('North Falls' or 'the Project') is a proposed extension to the operational Greater Gabbard Offshore Wind Farm. It is located in the southern North Sea, approximately 40 kilometres off the coast of East Anglia, at its closest point.
2. The Applicant, North Falls Offshore Wind Farm Limited (NFOW) is a joint venture between SSE Renewables Offshore Windfarm Holdings Limited (SSER) and RWE Renewables UK Swindon Limited (RWE), both of which are highly experienced developers.
3. As part of the Development Consent Order (DCO) application, the Applicant is required to provide the Competent Authority with sufficient information to undertake a Habitats Regulation Assessment (HRA) and a Marine Conservation Zone Assessment (MCZA).
4. In the case that the Appropriate Assessment concludes an Adverse Effects on Integrity (AEoI) of a European site, an HRA derogations process is triggered. If no alternative solutions can be found, and if there is an imperative reason of overriding public interest (IROPI), then the final stage of the derogations process is to secure compensatory measures for the adverse effects on the European site(s).
5. The Applicant has submitted a Report to Inform Appropriate Assessment (RIAA) (**Document Reference: 7.1**) as part of the DCO Application and in response to the outcomes of the RIAA and stakeholder consultation, the Applicant has also prepared an HRA Derogation: Provision of Evidence (**Document Reference: 7.2**). The HRA Derogation Provision of Evidence sets out the Applicant's submission in relation to the assessment of alternative solutions, IROPI and information describing proposed compensatory measures for relevant European site features.
6. Under the Marine and Coastal Access Act (MCAA) 2009, where it is identified that a project has a significant risk of hindering the conservation objectives of a Marine Conservation Zone (MCZ), measures of equivalent environmental benefit (MEEB) are required.
7. The Applicant has submitted a MCZA [Document Reference: REP7-019/20] as part of the DCO Application. In response to Deadline 7 feedback from Natural England [REP7-087] which lacks clarity on their position regarding whether it can be concluded there is no significant risk of hindering the conservation objectives of the Kentish Knock East MCZ, the Applicant has also prepared information describing the proposed MEEB, if required, despite and without prejudice to the evidence presented in the MCZA Report [REP7-019/020] that there will be no risk of hindering the conservation objectives.
- 5.8. Table 1.1 outlines the features for which information on compensatory measures / MEEB is provided, including without prejudice to the Applicant's position presented in the RIAA and MCZA, and the proposed compensation to be provided (if required) for North Falls alone or in collaboration with other developers.

6.9. For all sites and features, the project alone/ collaborative measure(s) may be substituted with contribution to a strategic fund or other strategic compensatory measure, should these become available.

Table 1.1 North Falls project alone/collaborative compensatory measures

Site/species	Compensation options
Primary	
Alde Ore Estuary (AOE) <u>Special Protection Area (SPA)</u> - Lesser black-backed gull	Breeding enhancement (e.g. predator exclusion/control, disturbance management, habitat management) in the AOE SPA
	Breeding enhancement (e.g. predator eradication/control, disturbance management, habitat management) outside the AOE SPA
	Contribution to a Strategic Compensation Fund/Marine Recovery Fund
<u>FFC SPA – Kittiwake</u>	<u>Onshore Artificial Nesting Sites</u>
	<u>Contribution to a Strategic Compensation Fund/Marine Recovery Fund</u>
<u>FFC SPA and Farne Islands SPA– Guillemot</u>	<u>Reduction of recreational disturbance at a breeding colony</u>
	<u>Contribution to a Strategic Compensation Fund/Marine Recovery Fund</u>
Without Prejudice	
OTE SPA – Red throated diver <u>(if required)</u>	Breeding habitat enhancement (e.g. nesting rafts and/or habitat management) in Scotland
	Breeding habitat enhancement (e.g. nesting rafts) in Finland
	Data collection and analysis to inform understanding of red throated diver disturbance in the OTE SPA
	Contribution to a Strategic Compensation Fund/Marine Recovery Fund
FFC SPA – Kittiwake	Onshore Artificial Nesting Sites
	Contribution to a Strategic Compensation Fund/Marine Recovery Fund
FFC SPA – Guillemot and Razorbill (if required)	Reduction of recreational disturbance at a breeding colony
	Contribution to a Strategic Compensation Fund/Marine Recovery Fund
<u>Margate and Long Sands SAC</u>	<u>Contribution to a Strategic Compensation Fund/Marine Recovery Fund</u>
<u>Kenitsh Knock East MCZ</u>	<u>Contribution to a Strategic Compensation Fund/Marine Recovery Fund</u>

7.10. A Compensatory Measures/MEEB Overview ~~An overview of the compensatory measures is provided in Appendix 1 [(Document Reference: 7.2.1, Rev 4) is provided and) of the HRA Derogation Provision of Evidence, with detail on the pre-application consultation feedback regarding the ornithology compensation is provided in Habitats Regulations Assessment Compensation Consultation Annex 1A of Appendix 1 [APP-185].~~

8.11. Further details on the selection, ecological evidence, and details of the compensatory measures can be found in the following compensation documents, ~~appended to the HRA Derogation Provision of Evidence:~~

- Lesser Black-backed Compensation Document (Appendix 2, **Document Reference: 7.2.2, Rev 3**);
- Red Throated Diver Compensation Document (Appendix 3, **Document Reference: 7.2.3 [REP6-015/016]**);

- Outline Kittiwake Compensation Document (Appendix 4, **Document Reference: 7.2.4 [REP6-019/20]; and**
- Outline Guillemot and Razorbill Compensation Document (Appendix 5, **Document Reference: 7.2.5 [REP6-023/24]; and**
- Outline Benthic Compensation/ MEEB Implementation and Monitoring Plan (CIMP) [9.109, Rev 1].-

~~9.12.~~ References to 'compensation measures' in this document include all of the measures described in Table 1.1~~Table 1.4~~ above, and as set out in relevant compensation documents.

2 Purpose of Document

~~10.13.~~ This document outlines the estimated cost for potential compensation measures for North Falls. It should be read in conjunction with the Funding Statement (**Document Reference: 6.4**) submitted by the Applicant to demonstrate that sufficient funds are or will be available to deliver the Project, including compensation requirements.

~~11.14.~~ This document focuses on compensatory measures that may be delivered for the Project alone or in-collaboration with other offshore wind farms.

~~12.15.~~ Should a contribution to a strategic fund or other strategic measure be selected, this would be proportionate to the level of impact of the Project and would be subject to agreement between the Applicant and relevant Government body (e.g. Defra). The costs estimated in Section 3 are deemed to provide a reasonable proxy for any contribution to a strategic fund.

~~13.16.~~ This Compensation Measures Funding Statement provides estimated costs of the compensatory measures and confirms that the Applicant is confident that sufficient funds are or will be available to deliver the compensation requirements.

3 Estimated Cost of Compensatory Measures

3.1 Lesser Black-backed Gull

~~14.17.~~ The project alone or collaborative compensatory measure options for LBBG from the AOE SPA include:

- Breeding enhancement (e.g. predator eradication/control, disturbance management, habitat management) within or in proximity to the AOE SPA; or
- Breeding enhancement (e.g. predator eradication/control, habitat management) at the Outer Trial Bank (OTB), an artificial island in the Wash.

~~15.18.~~ Table 3.1 presents the estimated costs for the above compensation measures, including:

- Development of the compensation proposals (e.g. Site selection and design);

- Surveys;
- Stakeholder engagement;
- Securing land agreements;
- Securing necessary permits;
- Installation;
- Maintenance;
- Adaptive management (if required); and
- Monitoring.

Table 3.1 Lesser Black-backed Gull compensation measures costings

Measures	Indicative total costs range
Breeding habitat enhancement (e.g. by predator eradication/control, disturbance management, habitat management) within, or in proximity to, the AOE SPA	£2,000,000 - £5,000,000
Breeding enhancement (e.g. predator eradication/control, habitat management) OTB	

3.2 Red Throated Diver

~~16-19.~~ The project alone or collaborative compensatory measure options for red-throated diver from the OTE SPA include (without prejudice):

- ~~Provision of nesting rafts or habitat management at breeding areas in Scotland;~~
- ~~Provision of nesting rafts at breeding areas in Finland; and/or~~
- Collaboration with the East Anglia ONE North and East Anglia TWO projects during data collection at the OTE SPA.

~~17-20.~~ Table 3.2 presents the estimated costs for the above compensation measures. These estimates include:

- Development of the compensation proposals (e.g. Site selection and design);
- Surveys;
- Stakeholder engagement;
- Securing land agreements;
- Securing necessary permits;
- Installation;
- Maintenance;
- Adaptive management (if required); and
- Monitoring.

Table 3.2 Red Throated Diver compensation measures costings

Measures	Indicative total costs range
Up to 20 artificial nesting rafts and/or habitat management measures	£2,000,000 - £5,000,000
Collaborative data collection at OTE SPA	£2,000,000 - £5,000,000

3.3 Kittiwake

~~18.21.~~ An onshore artificial nesting structure in collaboration with other offshore wind farm developers has been selected as the preferred compensation measure ~~(without prejudice), should the Appropriate Assessment conclude an AEoI on for~~ kittiwake from FFC SPA.

~~19.22.~~ Table 3.3 presents the estimated costs of the compensation measure, including:

- Procurement of a proportion of the existing Kittiwakery at Gateshead or contribution to another artificial nesting structure, if required;
- Stakeholder engagement;
- Maintenance;
- Adaptive management (if required); and
- Monitoring.

Table 3.3 Kittiwake compensation measures costings

Measures	Indicative total costs range
Onshore kittiwake tower at Gateshead or to another artificial nesting structure;	£11,000,000- £12,000,000

3.4 Guillemot and Razorbill

~~20.23.~~ Reduction of recreational disturbance at breeding colonies has been selected as the preferred compensation measure for guillemot from FFC SPA and Farne Islands SPA, and ~~(without prejudice for razorbill),~~ should the Appropriate Assessment conclude an AEoI of ~~guillemot and/or~~ razorbill from FFC SPA.

~~21.24.~~ Table 3.4 presents the estimated cost of the compensation measure, including:

- Development of the compensation proposals (e.g. Site selection);
- Surveys;
- Stakeholder engagement;
- Securing land agreements (if required);
- Delivery of the measure;
- Maintenance;
- Adaptive management (if required); and

- Monitoring.

Table 3.4 Guillemot and Razorbill compensation measures costings

Measures	Indicative total costs range
Recreational disturbance reduction	£1,000,000 - £ 35,500,000 ,000

3.5 Benthic ecology

25. A contribution to the Marine Recovery Fund (MRF) is the proposed without prejudice compensatory measure/ Measure of Equivalent Environmental Benefit (MEEB) should the Secretary of State conclude that an AEOL cannot be ruled out for Margate and Long Sands SAC and/or there is a significant risk of hindering the Conservation Objectives of the Kentish Knock East MCZ.
26. In 2024, the Secretary of State for the Department for the Environment and Rural Affairs (Defra) approved the designation and/or extension of Marine Protected Areas (MPAs) to compensate for effects on benthic habitats. This measure is included in the library of strategic compensatory measures (LoSCM) and for strategic delivery as compensation for offshore wind projects (Defra, 2024). The MRF is expected to be available from late 2025 and therefore this measure would be available to North Falls, if required.
27. It is noted that Defra, as the MRF Operator will determine the costs of MRF and each Project's contribution. Therefore at this stage it is not possible to confirm the cost, if required, however it is expected that costs will be proportionate to the level of impact of each Project.
28. The Applicant notes that for other offshore wind farms requiring compensation for benthic ecology, this relates to direct effects. In consultation with Natural England, North Falls has avoided any direct overlap of the Margate and Long Sands SAC and the Kenitsh Knock East MCZ, therefore only indirect effects are relevant, and the Applicant's contribution (if required) should therefore be significantly less than other projects. Nevertheless, the Applicant can confirm funding is available should it be required, in accordance with Table 3.5.

Table 3.5 Benthic compensation measures/MEEB costings

Site	Measures	Indicative cost estimate for indirect effects purporting to lead to AEOL/or hinderance of conservation objectives
<u>Margate and Long Sands SAC</u>	<u>MRF</u>	<u>£0 - £50,000</u>
<u>Kentish Knock East MCZ</u>	<u>MRF</u>	<u>£0 - £500,000</u>

4 Summary

22-29. The total funding estimates for North Falls compensation measures is set out in Table 4.1~~Table 4.4~~. Where options for compensation measures are included in Section 3, the worst-case in terms of overall cost has been used to calculate the total funding requirement.

Table 4.1 Total funding requirement for compensation measures.

Site	Feature/Species	Total cost estimate
Alde Ore Estuary SPA	Lesser black-backed gull	£2,000,000 - £5,000,000
Outer Thames Estuary SPA	Red throated diver (without prejudice)	£2,000,000 - £5,000,000
Flamborough and Filey Coast SPA	Kittiwake (without prejudice)	£11,000,000 - £12,000,000
<u>Flamborough and Filey Coast SPA</u>	Guillemot and razorbill (without prejudice)	£1,000,000 - £35,050,000
<u>Farne Islands SPA</u>		
<u>Flamborough and Filey Coast SPA</u>		
<u>Margate and Long Sands SAC</u>	<u>MRF</u>	<u>£0 - £50,000</u>
<u>Kentish Knock East MCZ</u>	<u>MRF</u>	<u>£0 - £500,000</u>
Total estimated funding requirement for compensation measures		£16,000,000 - £2 57,554 0,000

23-30. As set out the Funding Statement (**Document Reference: 6.4 [APP-008]**), the Applicant (with backing from the parent companies) has considerable assets and extensive experience in infrastructure development.

31. The Secretary of State can accordingly be satisfied that sufficient funding will be available to develop North Falls and that any liability arising from the implementation of compensatory measures as may be required under the DCO will be met.

5 References

Defra (2024a) Consultation on policies to inform updated guidance for Marine Protected Area (MPA) assessments. Draft for consultation.



NORTH FALLS

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HARNESSING THE POWER OF NORTH SEA WIND

North Falls Offshore Wind Farm Limited

A joint venture company owned equally by SSE Renewables and RWE.

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