

Introduction

Scottish Renewables is the representative body for the renewable energy industry in Scotland, providing a united voice for more than 320 member organisations working across the full range of technologies delivering a low-carbon energy system integrating renewable electricity, heat and transport.

Our vision is for a Scotland that harnesses the full economic, social and environmental potential of all forms of renewable energy in order to provide consumers with secure, low-carbon supplies of energy at the lowest possible cost.

Scottish Renewables believes two core principles must underlie the Crown Estate's transfer process and enduring regime:

- **Stability and continuity of service delivery throughout a timely transfer process**
- **Delivery of competitive projects in Scottish waters**

While this response focuses on offshore assets, we recognise the Crown Estate also holds considerable landholdings and is involved with commercial forestry in Scotland. Many of the principles outlined in this response in relation to the offshore sphere should be mirrored in their onshore holdings with renewable energy developments.

Offshore Renewable Energy in Scottish Waters

Scotland's offshore renewable energy industry is currently in a period of intense activity with a number of offshore wind projects at varying stages of development.

There are also a number of wave and tidal stream developments with lease/zone development arrangements (ZDA) in Scottish waters. While these sites are also at varying stages of development, it is important that the process of transferring powers is as transparent and smooth as possible. Existing lease/ZDA arrangements must not be adversely impacted by the transfer process to the interim body or establishment of the enduring regime.

We stress, stability and continuity of service delivery throughout the transfer process and during the interim management period is absolutely critical. This will require the interim body and long term management structures to be adequately resourced to manage all customers timeously with appropriate expertise. Any substantive changes to existing lease/ZDAs could result in significant adverse impacts for the sectors.

Revenue support contracts are now awarded to developments through a price competitive auction, with the next auction expected to commence in early 2017. Scottish offshore renewable energy projects therefore need to be as competitive as possible if they are to be successful. It is imperative that the interim management arrangements and enduring regime support this need and do not increase the risks or challenges associated with development.

Overall Vision for the Future

As highlighted in the consultation document, the Crown Estate already has some discretion in relation to managing the estate on a purely commercial basis and has sought to undertake its duties in line with the principles of 'sustainable commercialism' or 'conscious commercialism'.

This has enabled it to take a long term view over the management of its assets – an approach which has benefited Scotland's burgeoning offshore renewables sector. It is essential the new body continues to

manage its assets in such a way, supporting innovative technologies and industries as they progress to full commercial readiness.

As a public body, we assume the duties under the Climate Change (Scotland) Act 2009 to exercise its function in the way best calculated to contribute to delivery of the Act's emissions reduction targets and in a way that it considers most sustainable, will apply.

As noted below, it is also important the estate is managed to support the wider policies of the Scottish Government. Of particular importance to the renewables sector is the Scottish Government's recently published draft Energy Strategy and the Climate Change Plan. These documents contain extremely challenging targets, including to generate the equivalent of 50% of all energy consumed in Scotland by renewable by 2030 and to completely decarbonise the electricity sector by 2027. The cost reduction of renewable energy generation is also highlighted as a key policy priority for the Scottish Government. It is essential the Crown Estate in Scotland is managed in a way which supports these aspirations.

Good Management for the Future

Discretion to take account of 'good management' should be retained. We do not see a requirement to amend this to explicitly take account of environmental implications, as this is intrinsic to other duties and obligations on the body.

As stated above, we assume the public body duties contained in the Climate Change (Scotland) Act 2009 will apply to the new body.

In addition, all renewable energy developments are subject to robust planning and consenting procedures which take account of all environmental implications. Strategic offshore renewable energy plans as developed by the Scottish Government have been subject to Strategic Environmental Assessments and Habitats Regulations Appraisals, while individual project applications are also subject to EIA and HRA requirements.

Sale of Assets

Scottish Renewables supports the presumption against disposal of the seabed and welcomes the proposal to maintain this policy.

Transparency

Scottish Renewables has been a member of a number of fora run by the Crown Estate which have helped to provide transparency on the management of Crown Estate assets. We recommend regular meetings of such stakeholder advisory groups are maintained.

Similarly, the Crown Estate has always engaged heavily with the industry through attendance and support for industry conferences and events. We strongly recommend that these activities are continued as a valuable engagement tool.

Regular bulletins, reports and financial updates, accessible through an easily navigable and well populated website have also been very welcome engagement methods which add significant value to the Crown Estate's work.

Greater Alignment with Scottish Government Policies

Community Empowerment

Scottish Renewables recognises the Scottish Government's desire to further community empowerment through community-led action and community ownership, and the renewable energy industry already follows a number of policies and initiatives designed to support that aim.

The introduction of Regional Marine Planning and Regional Marine Planning Partnerships was designed to increase community engagement in the future of their marine environment. The offshore renewable sectoral plans have been subject to wide public consultation, and all individual projects have thorough community liaison and consultation programmes. Social impact assessment methodologies are currently under review by Marine Scotland with a view to increasing the efficacy and consistency in consultation approaches.

Good Practice Principles for Community Benefits from Offshore Renewables were finalised by Local Energy Scotland in 2016. The Scottish Government has also introduced a target to ensure that half of all renewable energy projects contain an element of shared ownership. While realising this target in the offshore environment poses significant challenges which we are currently debating with both the Scottish Government and Local Energy Scotland, it must be recognised that the existing community benefit and shared ownership policies are significant contributors to the Scottish Government's community empowerment agenda.

We therefore believe the industry is already engaged in actions to increase community empowerment and do not believe it is appropriate to introduce further requirements.

Improving Alignment with National Outcomes

Scottish Renewables supports proposals to improve alignment with Scottish Government policies and Minister's objectives to deliver on the national outcomes. In particular, the Crown Estate in Scotland must be managed to support the targets and objectives contained in the Scottish Government's draft Energy Strategy and Climate Change Plan.

The draft Energy Strategy states the Scottish Government is committed to supporting the continued growth of the renewable energy sector in Scotland, as a key driver of economic growth and an essential feature of the future energy system. Scotland's climate change targets as outlined in the draft Climate Change Plan, require the complete decarbonisation of the electricity sector, with a significant contribution from renewables. Likewise in heat and transport, significant progress in decarbonising is required with a considerable role for renewable sources. The Scottish Government's new ambition to deliver 50% of all energy needs from renewable sources is designed to provide unambiguous support for the further growth of the Scottish renewables industry.

The draft Strategy highlights that there is huge optimism for further development of offshore wind in Scotland and that Scottish waters remain open for business. It states offshore wind has the potential to play a pivotal role in our energy system over the coming decades, and recognises that innovative offshore wind technologies, especially floating wind, will play a significant role in positioning Scotland as a world centre for energy innovation.

In relation to wave and tidal energy, the draft Strategy commits the Scottish Government to working with the sector to demonstrate to the public and private investment community the strong industrial potential of marine energy and to press for continued UK Government support.

However, as highlighted earlier, the Scottish Government also stresses that they see cost reduction within the renewable energy industry as a key priority.

The management of the marine estate has a critical role in the successful delivery of offshore renewable projects. It is therefore essential the Crown Estate is managed to help deliver the Scottish Government's energy and climate change aspirations, at the lowest possible cost to the consumer.

We understand Scottish Ministers are considering the future of the Coastal Communities Fund but no details are provided in the consultation paper. Scottish Renewables asks that a consultation be undertaken in relation to the proposals being considered.

Chapter 2: Managing Crown Estate Assets for Scotland and Communities

Principles

The principles guiding the long term framework must recognise that management of the Crown Estate assets has implications for critical national infrastructure. The estate must be managed to safeguard and support the continued delivery of these strategically important assets.

Design Options

Scottish Renewables believes that either management at a national level ('Option 1') or a hybrid ('Option 3') which considers appropriate governance arrangements assets on a case-by-case basis, is most appropriate.

Should option 3 be pursued, a functional, rather than geographic approach should be followed.

We recognise the Crown Estate consists of a diverse range of assets and greater local management may be appropriate in many instances. However, this may require projects to work with a number of different managers over different parts of the project, risking non alignment on policies and timescales etc. A national approach would ensure consistency in decision making for all parts of the project and create a supportive environment for future development.

We continue to believe that energy and its supporting infrastructure must be recognised as critical national infrastructure, managed at a national level. Geographic delineation of powers is likely to result in arbitrary distinctions between offshore renewable energy developments and risks creating complexity and uncertainty in the leasing process, disadvantaging projects in Scottish waters.

Further comment on our concerns relating to further devolution can be found below.

Delivering More Control for Communities

We support the proposal to continue to manage offshore renewable leasing in the 12 – 200nm zone at the national level. However, we can see no justification for offshore wind leasing within the 0 – 12nm zone being devolved to councils or communities and strongly oppose this proposal.

The scale of Round 3 projects are comparable to those in Scottish Territorial Waters in terms of investment, complexity and technicality. They are also subject to the same requirements in relation to consenting and community engagement, and policies such as community benefit and shared ownership. The level of technical support provided by the Crown Estate to all offshore wind projects in Scottish waters (0 – 200nm), pre and post consent, is significant. We do not believe Local Authorities or communities currently have the resource or technical expertise to provide this service.

Any reduction or fragmentation in support and management will disadvantage Scottish projects, and may impact on their ability to successfully compete against projects in the rest of the UK in forthcoming Contract for Difference allocation rounds. This would have a significant detrimental impact on Scottish supply chain opportunities, and our progress towards energy and climate change targets.

Should devolution of asset management to local authorities or communities be considered, it is essential they make the case for devolution and demonstrate the capability to maintain service delivery and increased benefits. We believe the concerns highlighted relating to duplication of functions and the impact on revenue are clear arguments in favour of retaining offshore renewable energy asset management at the national level.

Strategic Planning Role

Scottish Renewables agrees that strategic planning and investment strategy at a national level is essential to ensure the continued development of the offshore renewable energy sector.

Marine Scotland already leads on the development of offshore renewable energy spatial planning at a national level. We support the continuation of this work and expect the new body will support its outputs.

The Crown Estate also plays an extremely proactive and strategic support role, which has been key to the successful development of the offshore renewable energy industry. In addition to providing individual projects with specialist legal, GIS, consenting and commercial support, in order to ensure the responsible stewardship of its assets, The Crown Estate plays a key role in many strategic, industry wide initiatives, helping to coordinate work programmes and develop best practice guidance.

Programmes such as the Marine Data Exchange and SPARTA (System performance, Availability and Reliability Trend Analysis) in which TCE are a key partner, have been invaluable to the offshore renewables industry. The Crown Estate has also invested directly into the MeyGen project, providing nearly £10 million in funding.

This approach has helped to realise the value of the offshore estate. It is therefore essential the industry in Scotland continues to be supported in a similar fashion and a national level strategic planning and investment strategy will be critical to achieving this.

Implementing Devolution: A Phased Approach

Scottish Renewables reiterates its position that offshore renewable energy assets and their supporting infrastructure must be considered critical national infrastructure and therefore managed at the national level. However, we recognise the estate is very diverse and more local management may be appropriate for some assets.

Devolution of the management of these assets may have unintended consequences for the estate as a whole, therefore we would support running pilot schemes in advance of implementing reforms in order to help identify and resolve potential issues.


Securing the Benefits

As a nascent and maturing sector, offshore wind in the UK benefited hugely from the Crown Estate's ability to cross invest revenues generated by assets across the estate. The wave and tidal sectors are similarly benefiting from this long term, strategic, flexible approach to investment. As Table 1 shows, renewables generated only 5% of the estate's gross revenue in 2015/16 and a similar level in 2014/15 due to sector's relative immaturity in Scottish waters. At a UK level in 2015/16 renewables generated revenues of £22.9 million. This long term, strategic, flexible approach must continue to help bring forward the technologies of the future which hold potential for significant revenue generation.

Strategic activities should therefore continue to be funded at the national level and this should be seen as a core activity of the Crown Estate in Scotland.

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