

Celtic Sea Floating Offshore Wind Leasing Round 5

Frequently Asked Questions



Offshore Wind | THE CROWN
ESTATE

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In the event of any conflict between the information included in this FAQ and the Round 5 Information Memorandum, the PQQ, ITT and/or any of the Legal Agreements, the terms of the PQQ, ITT and/or the Legal Agreements will prevail, unless otherwise expressly stated by The Crown Estate.

Revision	Issue Date
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1	21 February 2024
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1. About this document

The Crown Estate published an Information Memorandum in relation to Celtic Sea Floating Offshore Wind Leasing Round 5 on 7 December 2023, setting out further details of the Round 5 opportunity. Further documents containing information relevant to Round 5 can be accessed by Bidders via the URL: www.thecrownestate.co.uk/our-business/marine/round-5.

A 'Bidders Day' was held in Swansea on 31 January 2024. In addition to answering questions at the event, The Crown Estate confirmed that it would publish some of the frequently asked questions (FAQ), with answers, which have been received since the publication of the Information Memorandum – this is that FAQ. Copies of the presentations given at the Bidders Day, along with a recording of the event, can be found at: <https://www.thecrownestate.co.uk/our-business/marine/round-5-bidders-day>

2. FAQs

Frequently Asked Question	The Crown Estate's Answer
Could you confirm whether the company information used for registering an early interest can be modified before submitting the PQQ response?	The expression of early interest is a non-mandatory, non-binding expression of interest, and the identity and details of the bidder do not need to be fixed until PQQ submission.
Can a bidder change (e.g. from a sole bidder to a consortium) between the PQQ submission and signing the wind farm AfL? If not, what is the latest point in time that the bidder could change?	The PQQ response will be from either a sole bidder or from a consortium. We anticipate that the consortium members will have been determined at that point. Following the submission of the PQQ, no change can occur without The Crown Estate's written approval. If a bidder wishes to make changes it will need to notify The Crown Estate and provide all supporting information to The Crown Estate to show how the revised entity would still meet the requirements of the tender. Agreement of such a change will be at The Crown Estate's discretion and may not be allowed.

Frequently Asked Question**The Crown Estate's Answer**

Will we be allowed to provide letters of comfort from more than two ports?

No. Bidders will be required to provide letters of comfort from two ports only. Further details will be provided at ITT Stage 1.

Will the required letters of comfort for ports need to specify if it is a 'primary' or 'secondary' option?

The information whether a port facility will be a primary or a secondary option will be indicated elsewhere and therefore will not need to form part of the letter of comfort.

Can The Crown Estate please provide a rough expected structure and word/page count for the requested social value plans?

We are expecting succinct and credible plans with commitments, methodology and timeframes. A template will be provided for each plan, with maximum allowable space for all the Plans together not expected to be more than 30 A4 pages. Further detail will be issued at ITT Stage 1.

How will The Crown Estate monitor the social value commitments made by developers and what are the consequences in failing to meet those obligations?

These will be monitored through the agreement for lease and, given the strategic and long-term nature of the obligations and likely interventions, the lease. The heads of terms to be issued at PQQ will set out the details of how the monitoring arrangements will work and how the plans can be adjusted in-life to keep them fresh and relevant. Failure to meet deliverables, if not remedied, under the AfL could result in an inability to step into lease.

What is the timescale from winning the tender to payment of option fee?

This will be set out in the auction rules. It will depend on when the auction round closes - it could potentially be that day or the next following working day. Please remember that the payment must come from your solicitors not the bidder and you will need to ensure they have the available funds.

Frequently Asked Question**The Crown Estate's Answer**

During the auction, what information will be available to bidders at the end of each round of bidding? Are you expecting fixed increments between each auction round?

Details of the auction will be provided at ITT Stage 1 and bidders will be provided the opportunity to both to raise clarification questions and also to provide 'red flag' comments on the auction rules. There will also be the opportunity to 'trial' the auction process ahead of the actual auction. Ahead of publication of the detailed rules, our expectation is that the increments in a Project Development Area (PDA) price for each auction round can differ between rounds; the size of the increase in price between auction rounds may differ for different PDA's and the price of one or more of the PDA's may not increase between the rounds. We expect to share this information to bidders between rounds.

Could HRA conformity check happen before the auction to mitigate the risk of a capacity decrease post bid outcome?

The HRA conformity check will formally conclude post-auction to support entry to AfL. The Crown Estate will monitor the status of the information feeding into the HRA conformity check throughout the tender process, to review potential risks. The risk of change between the commencement of ITT Stage 2 and the conclusion of the auction will therefore be very small, although cannot be discounted. Given the ongoing review process, we anticipate that the conformity check should be concluded swiftly following the auction to support the entry to AfL and The Crown Estate will provide a without-prejudice technical update on the conformity check to eligible bidders ahead of ITT Stage 2.

Will you update plan level HRA and reissue once export cable routing detailed design is issued by National Grid ESO?

The Holistic Network Design (HND) is not part of the plan level HRA. However, the approach taken to export infrastructure considers mitigation required across the widest cable export region, incorporating all areas which are likely to come forwards through the HND process.

Frequently Asked Question**The Crown Estate's Answer**

How will the fact that one of the areas spans English and Welsh waters affect the consenting process?

We have provided some flexibility for developers to choose locations for this reason. We note that, for projects greater than 350MW in size then these would qualify in both geographies as Nationally Significant Infrastructure Projects, and would therefore be consented under a Development Consent Order which can bridge both English and Welsh offshore waters.

Was radar treated as a hard constraint in your spatial planning for PDA 1 and can you share more information on the nature of the constraint?

Radar has not been treated as a hard constraint. PDA 1 interacts with Civil Aviation radar. We have been in bilateral conversations with National Air Traffic Services since the spatial process began and are aware that there is project level mitigation available. On Defence Radar - Bidders should note the potential need for Ministry of Defence (MoD) air defence radar mitigation across PDAs.

Will any portion of the PDA have to be handed back, like in Round 4? What if the project is delivered in phases and what if capacity is decreased below 1500MW?

At 1500MW, the PDA capacity, there will be no requirement to hand back seabed area on step through to lease. There will however be an obligation to hand back seabed area if the capacity of the projects or phases being developed is reduced by the developer. The seabed area to be handed back will be essentially pro-rata to the reduction in capacity.

Can you confirm that inter array cables are not affected by Turbine Exclusion Zone?

The Turbine Exclusion Zone only applies to turbines, specifically, the centre-point of the turbine tower at maximum displacement.

Frequently Asked Question**The Crown Estate's Answer**

How has the 1500MW per PDA been determined?

The nominal power density is in the range 4.2-4.5MW/sq. km, assuming full utilisation of each PDA. In order to optimise the nominal capacity, we took into account risks associated with mechanical fatigue loading, wake effects and mooring configuration – in particular, the need for extra space around the periphery of each PDA to allow for anchors of outer-most turbines to sit within the PDA.

We believe that 1500MW is credible for all of the PDAs. The leasing round offers the ability for developers to take a stepping stone approach with development of 300MW projects or phases subject to the overall PDA minimum capacity of 500MW.

Can you assure us that these sites are technically and economically viable?

Technical and economic viability are key factors in our spatial design process, and we have been expanding our understanding of the Celtic Sea over several years to identify areas which meet a set of conditions driven principally by water depth, metocean conditions and geology. Areas of seabed that present high risk to safe design, construction and operation are excluded and due consideration given to the variation in estimated cost of energy across the area of interest.

Based on the information available to us, we are confident that the three PDAs are in one of the most commercially attractive areas in the Celtic Sea. Our three PDAs all benefit from good wind resource and are as close as practicable to grid connection and key port infrastructure, given the significance of other interests closer inshore.

It is important that bidders take their own view on technical risks and economic viability of the PDAs.

Frequently Asked Question**The Crown Estate's Answer**

Can you confirm the design envelope that was used as a basis for the Plan level HRA?

The technical envelope, incorporating assumptions used to underpin the HRA has been included within the HRA documentation which was made publicly available on 12 Feb. In terms of how this translates into the tender, we will release a simplified envelope which will focus on specific parameters relevant to the conclusions of the HRA.

In some of the PDAs a 'deep' fixed foundation may be a viable alternative to floating technology. Are fixed foundations explicitly excluded from this allocation round?

The Round 5 leasing round is a key pillar in our objective for commercialising floating offshore wind in the UK. Consequently, fixed-bottom foundations are excluded. By accelerating commercialisation of floating wind technology, we are aiming to unlock cost effective access to water depth of 100-150m and greater in future.

What are the timescales for the Positive Environmental Plan and the initiatives we bring forward?

The requirement for a Positive Environmental Plan will come into force during the AfL. We will provide more detail on what this plan should include and share the template which we will expect you to use when we issue the ITT Stage 1 documents, alongside the fully termed legal agreements.

Depending on the nature of the interventions taken forward, we anticipate that delivery could take place at different times and for some, could be split into multiple phases if that offers the best environmental value. We recognise that the timing may also in part be influenced by any additional permissions that may be required and we will encourage developers to consider this when drawing up their plans.

Frequently Asked Question**The Crown Estate's Answer**

The Information Memorandum mentions a long list of potential environmental commitments that has been created with stakeholders and SNCBs. Will this long-list will be made available to bidders?

To give inspiration to bidders, we will provide a list of potential interventions with the ITT Stage 1 documents that we have drawn up with input from the SNCBs. These are intended to help shape their approach and bring the concept to life with examples however there is no obligation to draw from this list in designing the positive environmental plan. We will expect that robust application of the mitigation hierarchy across all aspects of project design will form part of any approach. The regulators and SNCBs will be looking for evidence of this as part of their statutory process and we encourage you to look beyond this to meet the aspiration of delivering positive environmental value.

What is the relationship between the Positive Environmental Plan and Marine Net Gain in England and Marine Net Biodiversity in Wales

Given the different policies in England and Wales we wanted to make sure our approach to positive environmental value was relevant across the Celtic Sea region and offered a sufficiently broad scope to build resilience for the marine environment.

What engagement has been undertaken on development of specifications of the survey programme?

We have undertaken broad engagement on the specifications of surveys, including:

- Appointment of specialist technical advisors
- Multiple meetings with and active engagement with SNCB's
- Sharing base scope with developers and listening to feedback on scope and technical specification
- Engaging with specialist contractors to perform the works

Frequently Asked Question**The Crown Estate's Answer**

What is your programme for undertaking surveys?

The survey programme has the following core survey data acquisition streams:

- Geophysics (Fugro): summer 2023 / summer 2024
- Shallow geotechnical (Fugro): summer 2024
- Digital aerial surveys for birds and marine mammals (HiDef): 2 years from September 2023
- Metocean (Partrac): 1 year of data acquisition with deployments planned for spring 2024

Technical specifications for contract awarded survey contracts can be found on The Crown Estate's Marine Data Exchange.

Will you provide the pre-consent surveys results during the tender?

All pre-consent survey reports and associated data will be supplied to winning bidders only. Timings will be shared in due course following the ongoing completion of survey data acquisition and evaluation of reporting timelines.

Where are you on the question of the grid connection queue - i.e. to make sure the 3 PDAs (4.5GW) get the top queue positions in the offshore wind connections queue in the region?

We set out in the Information Memorandum that having a grid connection is not a requirement of participating in the Round 5 leasing process. The Crown Estate has been working with ESO in support of the HND follow up exercise (HND FUE) to clarify how offshore wind grid connection agreements will be reconciled once the outcome of the seabed leasing process is known. We know that the ESO has entered around 30GW of connection agreements relevant to Round 5 in the Celtic Sea and our view is that the 3 PDAs (4.5GW) should take the top positions in that queue of offshore wind agreements. This is a view that we know the ESO shares, and they have been exploring this with Ofgem and DESNZ. ESO have been clear that any proposals for offshore wind should not impact inappropriately on parties who are outside the process. We expect that ESO will be able to communicate their proposals alongside the HND FUE design recommendations, if not before. ESO have committed that this will be in advance of the commencement of the invitation to tender stage.

Frequently Asked Question**The Crown Estate's Answer**

Will connection dates be provided along with the HNDFUE recommendation and if not when?

The HNDFUE for the Celtic Sea will culminate in a recommended network design for the 3 PDAs (total of 4.5GW) being leased by The Crown Estate in Round 5. Prior to that, ESO will be holding further workshops with developers and the Celtic Sea stakeholder groups that they have established to engage and seek feedback on the final stage of their options appraisal. Any connection date information that might accompany the recommended network design will be indicative. Ultimately, connection dates and connection details won't be finalised until connection agreements are entered into by developers after the leasing process.

Are option payments in advance or arrears? With a break payment isn't there a minimum of four payments if in advance?

Yes, option payments are made in advance. The minimum payment commitment for each PDA is 3 years. The option fee deposit is paid immediately following the auction and this will be used to substantially meet the first year's option fee. There are then two further payments either 2 years of option fee or one year of option fee plus a break fee.

Why are you now charging for transmission leases?

We have recently reviewed our seabed lease charging structure across all electricity transmission assets (OFTO's, interconnectors, transmission bootstraps and multi-purpose interconnectors) and have put a consistent charging structure in place to apply to all transmission agreements. This makes the charging structure equitable across the transmission sector recognising that there are more and more instances of OFTOs, interconnectors and transmission bootstraps seeking similar seabed rights in similar locations and it is important that we have a consistent approach.

In a scenario of similar development plans across the PDAs, how will The Crown Estate manage port and wider supply chain resource?

The Crown Estate will continue to use its convening power to support development of the sector, however will not intervene directly in arrangements between the Round 5 developers and the supply chain. To help manage supply chain capacity, the AfL provides flexibility for development through projects and phases to suit developers supply chain arrangements.

Frequently Asked Question**The Crown Estate's Answer**

What does an 'integration port' consist of?

An integration port is a facility to support the installation of the floating offshore wind farm. We would expect that the integration port will include facilities to accommodate the following activities:

- storage of substructures, prior to and after integration;
- storage and assembly of turbine components prior to integration;
- turbine and substructure integration;
- integrated turbine and substructure storage, transportation and delivery to site;
- mooring and anchoring storage; and/or
- operations of vessels associated with the above activities.

The proposed Sustainable Industry Awards (SIRs) for future CfD only call for construction capex phase monitoring. How will The Crown Estate ensure the ITT1 requirements align where possible with the approach in SIRs?

A tweak of the first paragraph in the proposed answer: We recognise and welcome the CfD Sustainable Industry Reward (SIR) and its objectives and are aware the consultation on proposed CfD SIR closed in early 2024. We are working closely with DESNZ to ensure the SIR policy and future leasing process can strategically align and provide a clear, investable and bankable proposition. Round 5 is the first leasing round that contains provisions to support development of the supply chain, requiring Bidders to make timely decisions on port infrastructure and commitments in relation to social and environmental value. Across these areas, interventions might start, and benefits could be realised before the construction phase and, in turn, monitoring will take place ahead of construction.

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