

**Fair Work & Economy Committee –Just Transition for Moray and the North East
Follow-up submission by Crown Estate Scotland**

Following the evidence provided to the Committee by Ronan O'Hara on 22 November, please find below some additional information pertinent to the inquiry.

INTOG

On 28 November 2023, Crown Estate Scotland announced that a total of 12 projects had secured Exclusivity Agreements as part of the [Innovation and Targeted Oil & Gas \(INTOG\)](#) leasing round. INTOG aims to attract investment in innovative offshore wind projects in Scottish waters, as well as help decarbonise North Sea operations and is expected to present a significant supply chain investment opportunity in Scotland.

Supply Chain Development Statements (SCDSs)

INTOG, along with the separate [ScotWind Leasing](#) round, requires developers to provide a Supply Chain Development Statement (SCDS) before a lease can be granted.

- SCDSs provide early indications and cover the full life cycle of projects, from development, manufacturing & construction, through to operations & maintenance.
- SCDSs outline the nature and location of the supply chain activity, from the outset, and will be updated throughout development, as project specifics such as timing and technology become clearer and as the development of the supply chain progresses.
- Final SCDSs are submitted just before developers secure a full seabed lease. For INTOG, this will be after the Scottish Government's Marine Directorate has finalised the INTOG Sectoral Marine Plan. Where actual supply chain achievements are not in line with the final SCDS commitments, there are contractual remedies ranging from financial penalties to revoking the ability to secure a lease.

Scottish Offshore Wind Energy Council (SOWEC)

Crown Estate Scotland is a key part of SOWEC and helps to fund its activities. The [Strategic Investment Model](#) (SIM), whilst at an early stage, is an example of the SCDS model in action.

- The SIM has input from ScotWind and other offshore wind developers, Scottish Government, enterprise agencies, and Crown Estate Scotland.
- The SIM is based on a collaborative effort to unlock early-stage investment and allow a sector-wide approach to encourage a critical mass to help de-risk commitment to supply chain.
- Through de-risking, it is more likely that investment will be made at an earlier stage.
- Initial work by the SIM has identified 40 plus potential projects worth several billions of pounds.

Carbon Capture & Storage (CCS)

Crown Estate Scotland is helping to develop the CCS industry, working closely with companies, government, and communities. This includes:

- Bringing new development opportunities to market by leasing areas of the seabed and managing the associated seabed rights.
- Funding research and technical studies to help establish the sector (e.g. [Reframing the value case for CCS](#)).

In November 2023, we announced a new piece of work which will contribute to vital research on the optimal colocation of offshore wind and CCS activities. [Project Colocate](#) – in conjunction with The Crown Estate and the University of Aberdeen - aligns with our commitment to ensuring the efficient use of seabed resources, supporting Scotland's and the UK's transition to a decarbonised economy, and achieving ambitious net zero targets.

Hydrogen

We have supported research to explore how hydrogen could play a greater role in the green energy revolution.

New and existing offshore wind farms could help generate large amounts of green hydrogen and support the UK and EU meet their net-zero targets, if the necessary infrastructure can be put in place, according to a report we commissioned, published in September 2023.

Written by global energy consultants Xodus Group, '[Commercial Models for Future Hydrogen Production](#)' highlighted the export potential for hydrogen produced by Scotland's renewable electricity sector and set out what infrastructure would be needed for the transportation of green hydrogen at scale, and the different commercial models that could be used to fund, own, and operate such infrastructure.

The report uses a range of scenarios for Scotland's potential future hydrogen generation, with a focus on ScotWind and INTOG offshore wind projects which might dedicate some of their output to hydrogen electrolysis.

Funding for communities

Crown Estate Scotland's [Sustainable Communities Fund](#) is designed to support local regeneration and sustainable development around Scotland. It consists of two grant programmes:

- 1) The [Community Capacity Grants](#) fund, which provides early stage financial support for community enterprise projects. This programme is open to all communities up to five miles from Scotland's coastline or within five miles of our rural estates.

- 2) The [Environment Grants](#) programme provides funding to Crown Estate Scotland tenants only. Typical projects could include initiatives to increase local biodiversity and activities to reduce flood risk, pollution, or carbon emissions.

Total investment across the two programmes since 2020 has been £970,000. We expect to invite applications for the fund again in summer 2024.

For any further information, please contact:

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