

# Enabling the Offshore Wind Industry: Strategic Compensation

OffshoreWind  
IndustryCouncil

Kat Route-Stephens

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The Next Generation for Energy in the East of England



# Agenda



- About the Offshore Wind Industry Council (OWIC)
- What are derogations and compensation?
- Why we need a strategic approach for compensation
- Collaboration on Offshore Wind Strategic Compensation (COWSC)
- Marine recovery initiatives & strategic compensation
- What have we learnt so far
- Q&A

# Offshore Wind Industry Council (OWIC)

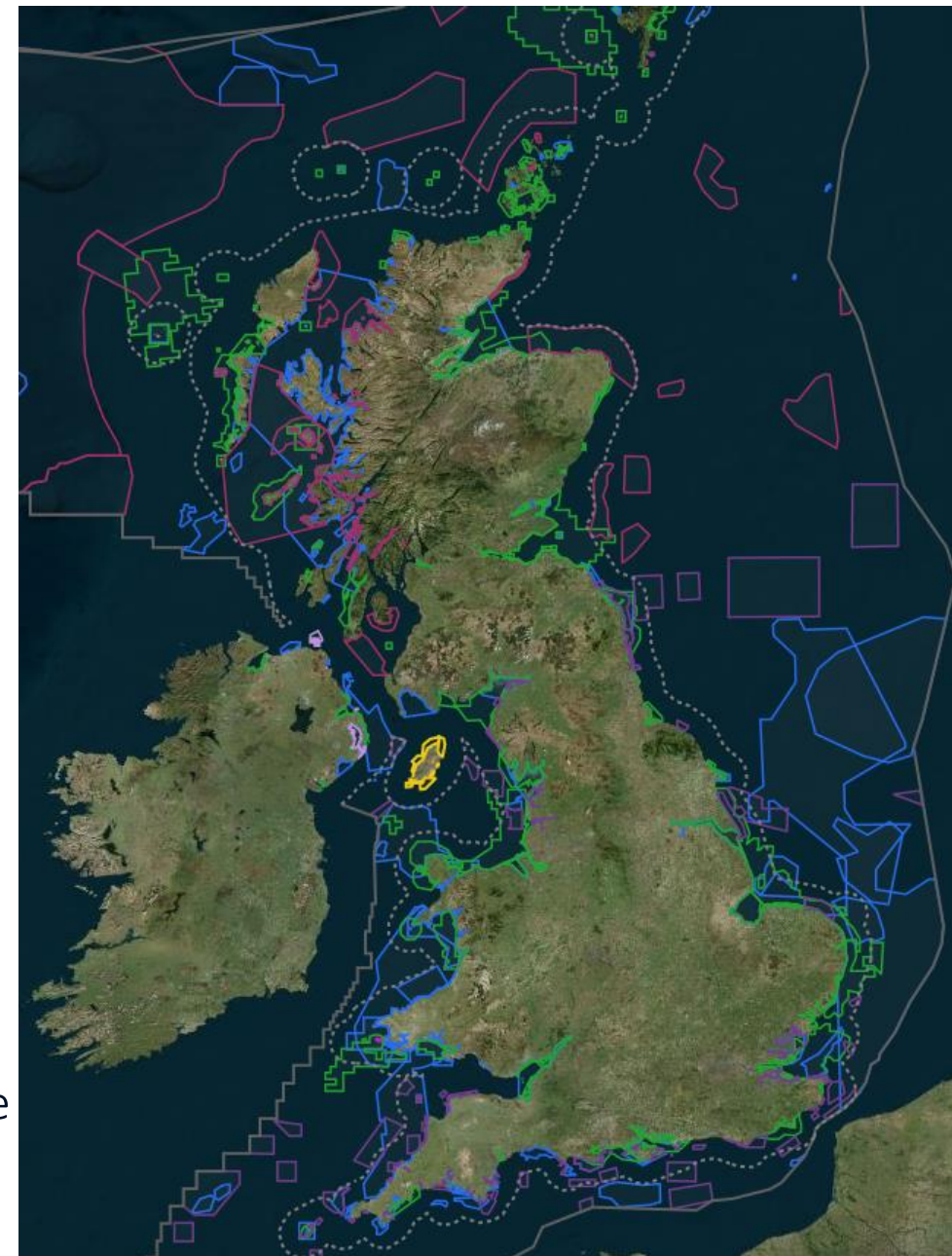
## A Partnership between Industry and Government

- Senior level Government and Industry forum, established May 2013, delivering the offshore wind sector deal published March 2019
- Members from leading UK and global firms in offshore wind – including Developers and Original Equipment Manufacturers
- British Energy Security Strategy: Ambition to deliver **50GW by 2030** of offshore wind (including 5GW floating offshore wind)
- Minister & Champion led Offshore Wind Acceleration Taskforce (OWAT): Tim Pick's report published April 23
- OWIC Derogation Subgroup:



# What is a Derogation?

- Habitats Regulations Assessments (HRA)\*
- Decision-making tool and defined process:
  - Assessing potential impacts to UK National Sites Network
  - Enabling sustainable development via derogations
- Stage 1 & 2 – Screening and Appropriate Assessment
  - Likely significant effect
  - Adverse effect on site integrity
  - Mitigation hierarchy: avoid, reduce, mitigate
- Stage 3 & 4 **Derogations:**
  - Test of alternative solutions and
  - Imperative reasons of overriding public interest (IROPI),
  - If pass, then need to secure **compensatory measures** to ensure the “overall coherence of the UK National Sites Network”



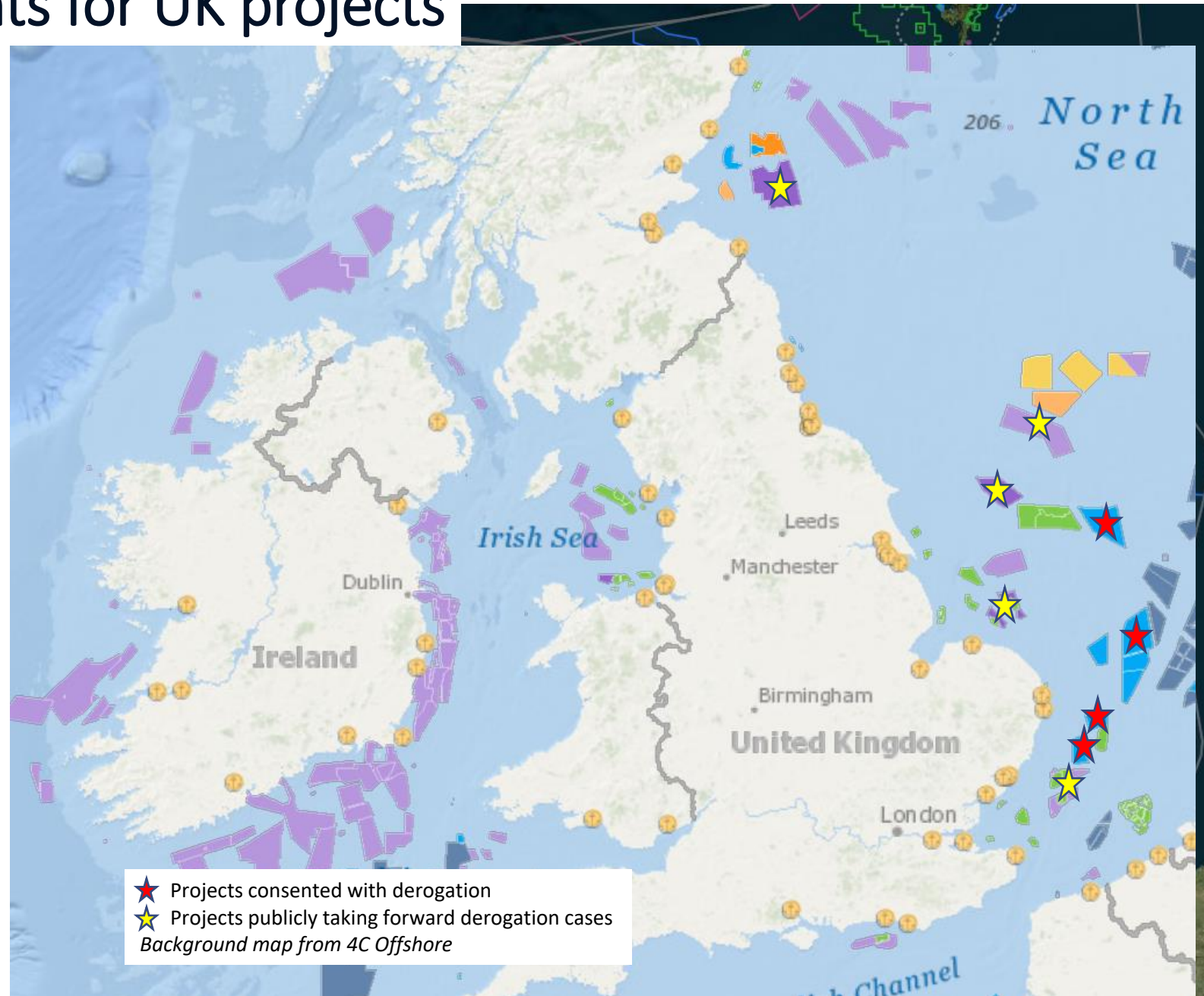
# Why is an approach to Strategic Compensation needed?

- Instances of derogations for offshore wind plans and projects increasing
- Significant delays to project consenting and deployment, up to 4 years
- UK ambition of 50 GW by 2030 and contributions to net zero target
- Alignment to achieve both:
  - Improved outcomes for the marine environment
  - Sustainable deployment of offshore wind at pace
- Need to move beyond project level compensation to "strategic approach"
- Identified as a potential solution for addressing OWF consenting challenges
  - British Energy Security Strategy
  - Defra's Offshore Wind Environmental Improvement Package
  - OWEC Priorities for Investment 2022
  - Round 4 Offshore Wind Leasing Plan Level HRA
- Near term and future leasing: ScotWind, INTOG, Celtic Sea and beyond



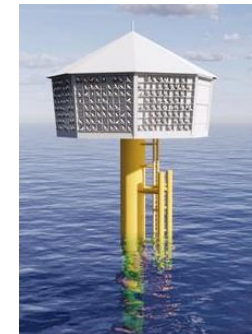
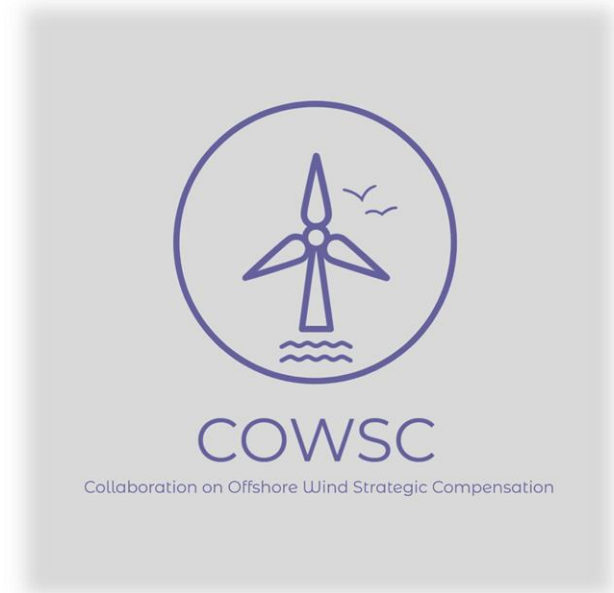
# Compensation requirements for UK projects

- First offshore wind project to require a compensation case was Hornsea Three – Decision Dec. 2020
- Many projects have since been required to follow this route, and there have been 2yr+ delays
- Derogation intended as an exception, not for consistent application – not currently the case in English southern North Sea projects
- Concern from other UK nations about future compensation requirements – unclear which approach will be used to meet 2050 targets



# Collaboration on Offshore Wind Strategic Compensation – (COWSC)

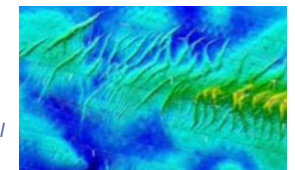
- Collaborative, UK wide, governance structure, led by OWIC & Defra
- **Purpose:** To explore, develop and implement strategic compensation solutions to help enable an offshore wind industry that delivers on Government ambitions and the UK's net zero targets whilst appropriately supporting thriving marine and coastal ecosystems.
- **Objectives**
  - Define a Delivery Mechanism
  - Feasible options for strategic compensation measures
  - Studies and pilot projects in priority areas to test compensatory measures and delivery mechanism principles
  - Monitor, steer and learn from the delivery of the pilot projects
  - Support development of a library of ecologically robust and commercially feasible strategic compensatory measures which developers can use to meet their compensation requirements



*One of Hornsea Three's kittiwake nesting structures due to be installed on East Suffolk coast in 2023*

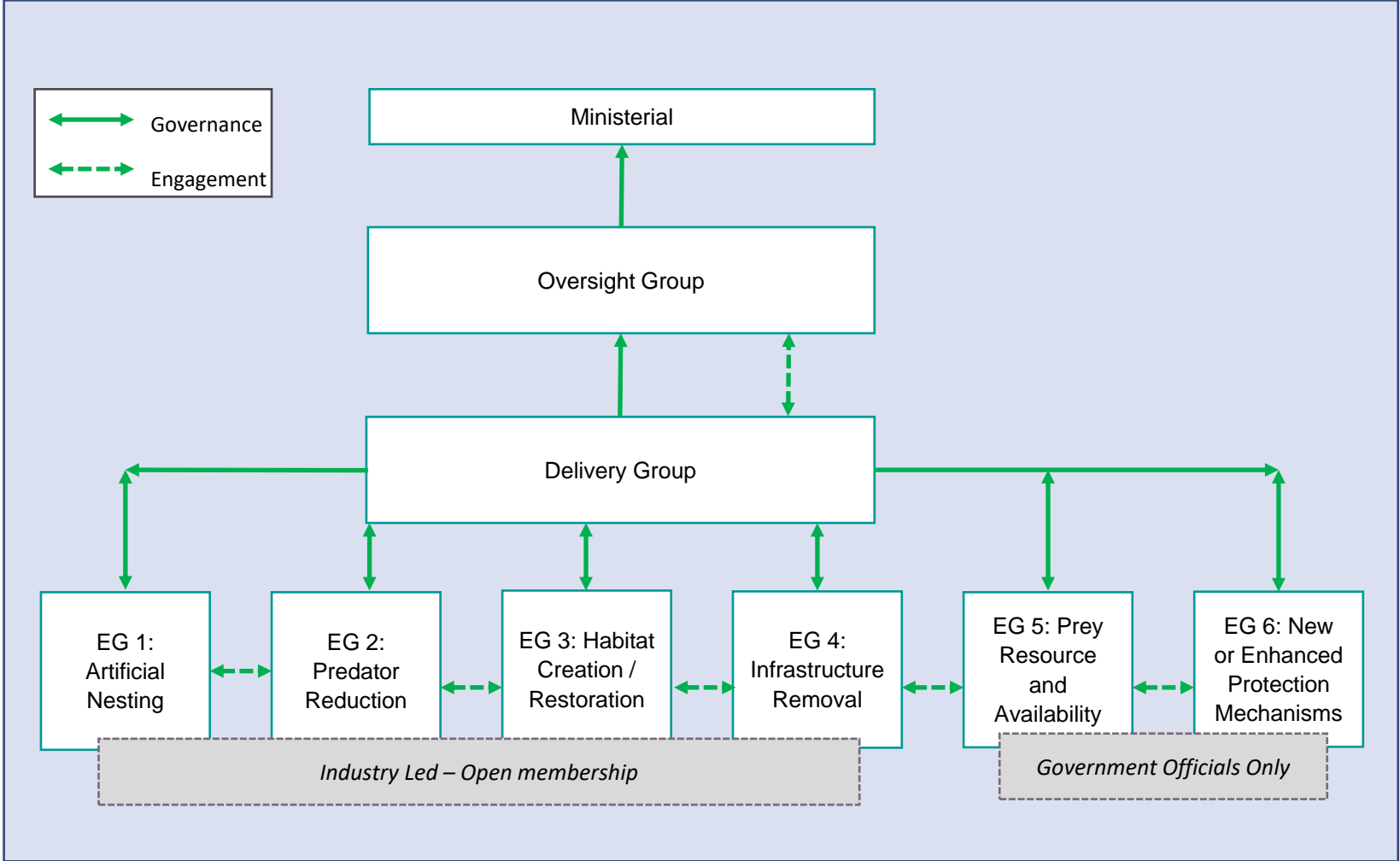


*Example predator control fence (Source: Norfolk Projects Offshore Wind Farm, 2022)*



*Habitat creation / restoration options for different features inc. seagrass and sandbanks*

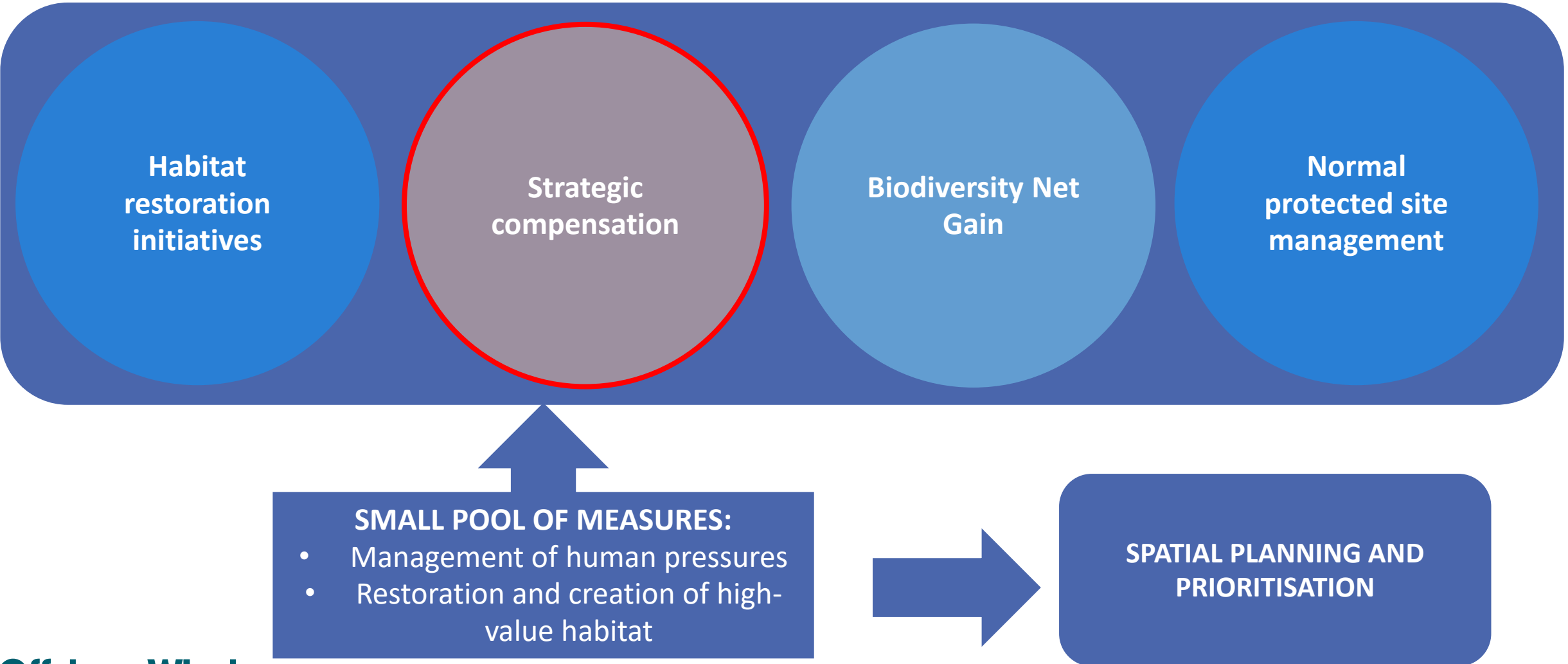
# Collaboration on Offshore Wind Strategic Compensation (COWSC) Governance Structure





# Nature recovery initiatives

Compensation requirements are not the only path for developers to contribute to good outcomes for nature



# What have we learnt from UK projects so far

- Compensation **extremely** challenging & costly - Should not be seen as a default option
- Early monitoring & research: cumulative risk, current site conditions and conservation priorities
- Focus on creating ecological “headroom” and resilience to enable coherence of network
- Measures designed to support ecosystem resilience will likely lead to better outcomes for industry & nature – big picture rather than site-specific work
- Collaboration with all stakeholders essential
- Need for consenting, environmental and engineering specialist for achieve targets



Any questions?

Thank you!

Kat Route-Stephens - [kat.route-stephens@renewableuk.com](mailto:kat.route-stephens@renewableuk.com)

