

Welsh Affairs Committee

Oral evidence: [Floating Offshore Wind in Wales](#), HC 827

Wednesday 26 October 2022

Ordered by the House of Commons to be published on 26 October 2022.

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Wayne David; Ben Lake; Rob Roberts; Beth Winter.

Questions 39 - 58

Witnesses

[III](#): Gus Jaspert, Managing Director, Marine, The Crown Estate; Tim Stiven, Senior Development Manager, Marine, The Crown Estate; and Tim Pick, Offshore Wind Champion and Co-Chair, Offshore Wind Acceleration Taskforce.

Examination of witnesses

Witnesses: Gus Jaspert, Tim Stiven and Tim Pick.

Q39 **Chair:** Good morning and welcome to our third and final panel for this session on floating offshore wind at the Welsh Affairs Committee. We are joined on this panel by Gus Jaspert, Managing Director of Marine at the Crown Estate, and his colleague Tim Stiven, who is the Senior Development Manager for Marine at the Crown Estate. We are also joined by Tim Pick, who is the Government's Offshore Wind Champion and Co-chair of the Offshore Wind Acceleration Taskforce. Welcome to you all. Wayne David will begin this section.

Wayne David: First, thank you very much indeed for coming along this morning. To start with, please give us a basic overview of how you see your role in facilitating this major initiative.

Gus Jaspert: Thank you. Shall I start from the Crown Estate perspective? First, thank you for having us here. As Mr Crabb said, as of three weeks ago, I am the new Managing Director of the Crown Estate's marine business. Tim, who joins me, runs our programme around the Celtic Sea, so may come in with the particulars on that.

In terms of the Crown Estate, maybe it is worth my setting out a bit our role, Mr David. Essentially, in our marine business our core job is to sustainably manage the seabed around Wales, England and Northern Ireland. We do that with a clear focus on creating lasting and shared prosperity for the nation. Within that, we manage about 30 different sectors of seabed use. Offshore wind is a core sector, but there are other sectors, such as minerals, habitat creation and wider work around seabed use. We use carbon capture storage and other technologies that we are exploring. It is an increasingly crowded seabed space, so one of the areas that we think about is how we maximise the benefit of the seabed and its use for coastal communities and for the nation as a whole.

Specifically, when it comes to Celtic Sea work and floating wind, we have been doing a number of things to try to help build the potential for the industry to grow. In particular, we have had demonstration sites around floating wind, which Tim may want to come in and talk a bit more about. Also, our leasing rounds are the primary way that we bring areas of the seabed to use for the industry to work with industry players, to work with all stakeholders and to work with both the Cardiff and the Westminster Governments to bring forward more energy provision. We have a floating wind 4 gigawatt approach to bring forward as a first stage.

However, it is wider than that. It is also about making sure that we help to build and support jobs, investment and growth in the industry as well, while we also manage the environmental impacts around that. Some of



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the things we are doing to put in place up front some of the environmental considerations are part of that work as well. That is the Crown Estate's core role.

When it comes to this programme, we are running the floating wind programme in the programme stage. It will go to lease to the market, which we can talk about as we can get into this, but at a headline level that is the role of the Crown Estate.

Q40 Wayne David: To many of us, the Crown Estate is something of a constitutional novelty. In terms of the development of this project, so much depends on one's priorities. Who decides your priorities? Who decides what is important and what is not so important? In other words, to whom are you accountable?

Gus Jaspert: The Crown Estate is governed by statute, the Crown Estate Act, which sets out our framework. However, in terms of this programme, as we would, we engage with all of the stakeholders. We listen to industry needs about the market. The Government have set a target for the amount of floating wind they want to see and we play a core part in providing the potential for that.

Also, as part of developing our programme objectives, we are in regular dialogue with Welsh Government colleagues, as well as Westminster Government colleagues, on how we make sure that the programme objectives address what we believe are the right stakeholder needs. The programme objectives are, yes, about unlocking clean energy like offshore wind in new areas offshore. They are also about developing a new floating wind market, the new technology and the potential that can have for the UK, including cost reduction in the new technology but also jobs and skills that come from that. Also, as I talked about earlier, it is about balancing the needs of the environment, helping to create economic and social value and helping to incentivise critical enabling infrastructure.

We set the terms of the programme, but we are discussing with all of our core stakeholders at each point along the way.

Q41 Wayne David: To be honest, that sounds to me good intentioned but wishy-washy. It sounds like you do not have any clear priorities. Would it be true to say, therefore, that you see your role as bringing people together and trying to create a consensus or is that a misrepresentation of what you think?

Gus Jaspert: Our role in part is, yes, to be a convener and to help. As our strategy ultimately says, we believe our core role is to create lasting and shared prosperity for the nation. As part of creating that, we need to balance competing demands on the seabed. Our core role is managing the seabed. That is our statutory responsibility in terms of our core duties. However, in doing that, we engage widely. We invest in research. We have our offshore wind evidence and change programme, for



example, to help mitigate environmental concerns. Balancing all of those competing demands is core to what we see as success. It is not about one demand, just saying it is a gigawatt projection or it is one element of the programme. We have to balance all of those to ensure success.

Q42 Wayne David: Finally, you have spoken of the need to move forward, create a consensus, a direction of purpose and so on. However, in practical terms, what would you see, say, in 10 years' time as success?

Gus Jaspert: I will ask Tim to come in on the programme objectives a bit more in detail but, in practical terms, there are a number of things that we see as successful. Our floating wind programme is to provide the platform and the basis for clean energy and for renewable offshore wind with a 4 gigawatt starting point. We have also talked about seeing that as the potential for an additional 20 gigawatts, being able to demonstrate and give certainty to the market, not just the industry players you have heard from this morning. We also think about the communities of the investment, the scaling up and the full potential of what this can achieve.

Within that, we make sure that we do it in a way that balances the competing demands on the seabed and that balances environmental considerations and makes sure that communities benefit from that, not just in terms of energy output and the gigawatts produced, but making sure that the whole system is—actually, we might come on to discuss the grid and other areas. We want to make sure that communities benefit in terms of jobs and investment as well.

Success for me is that our programme enables thriving communities, enables strong technology and enables a thriving market in this area of the programme in the Celtic Sea.

Q43 Simon Baynes: Thank you all for giving up your time to come and see us today. This is the companion question, similar to the one my colleague has already asked, but this is directed at Mr Pick.

Can you clarify or summarise how you are taking on the responsibility of bringing the parties in the UK Government, the Welsh Government and relevant stakeholders together to make the potential of FLOW a reality? Also, as a subsidiary part of that, how will you measure whether the taskforce has been successful or not in its aims?

Tim Pick: The role involves co-chairing the taskforce, which is looking at both fixed bottom and floating offshore wind across the entire UK. As you said, the taskforce brings together Whitehall departments, devolved Administrations, Ofgem, National Grid, developers and so on, so a broad range of stakeholders. Inevitably, there has been some creep in the mission, particularly on the champion side in terms of looking at preparation for floating offshore wind as well.

The taskforce meets every couple of weeks. Every other meeting is co-chaired with the climate Minister. We were supposed to have our 10th meeting yesterday, but you can imagine that that was deferred pending



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confirmation of the appointment. The genesis of all of this was the British energy security strategy with the 50 gigawatts by 2030 and the 5 gigawatts of floating by 2030, so that is where we have been focused.

In terms of topics, the British energy security strategy set out a number of specific targets, like halving the planning, taking the planning from four years to one and so on. We are taking a holistic view of the entire development cycle, looking at the leasing and spatial planning points that Gus mentioned, looking at the planning.

There are a number of aspects to that. There is the legislative aspect, where we are awaiting confirmation of which bill those amendments will go into in the new Administration. There is also the operational side in terms of how the parties in the planning system use data, how they are resourced and how they are funded. Whether it be in Wales or elsewhere, they are facing a ramp-up in applications and a ramp-up in the complexity of applications. We should not underestimate the demands on those people at the end of the day to implement the planning system.

Beyond planning, we are also looking at CFD and the supply chain in ports, more from a perspective that, if we are going to accelerate, we will need them to be ready. Particularly on the floating wind, as you have heard this morning, lots of large investments are required in ports. I echo the view given by the ports guys that the FLOWMIS scheme is absolutely key to give a boost to those ambitions.

Finally, we have a regular standing item on grid developments. I know you have had a recent report on grid in Wales. Grid is essentially the rate limiting factor now for achieving the 2030 ambitions. If we look at the most recent modelling from some of the external modelling providers, RenewableUK has a model of wind development in the UK and it is tracking at around 44 gigawatts by 2030. The rate limiting factor there is grid connection dates.

In terms of how we will measure whether all of this has been successful, we have some interesting charts showing the period from lease award to investment decision for every wind farm that has reached an investment decision in the UK to date. You will not be surprised to hear that the best fit line on that chart goes upwards from roughly five years in the early 2000s to about 10 years today. We will know if we have been successful if someone runs that chart in five years' time and the line starts to go downwards.

Q44 Chair: Thank you very much, Simon. Could I do a quick supplementary to Mr Pick? In the previous panels, we heard some discussion around leadership and strategic decision-making, whether around ports or longer-range targets, for example, as mentioned by Mr Glover from RWE.

Does it feel to you in the work that you are doing that you are the receptacle for that challenge? Are you the guy who is driving this from a UK Government side and the guardian of the plan, such that it is? Does it



feel that way to you?

Tim Pick: I am not a civil servant or a politician, so I am sitting in the middle of this, trying to get all parties to talk to each other correctly, to be open and to push the agenda. It requires political backing to drive things through. It has been an interesting experience because being appointed by the Prime Minister gives you some authority in meetings and people do show up and take it seriously, but I have no executive authority. It is more of a convening, pushing and nudging kind of role, including nudging the politicians as well.

Q45 **Chair:** Do you know how many civil servants at BEIS work on floating offshore wind?

Tim Pick: The renewable energy development team, which is the team I most closely align with, has about 90 people in it. I guess that 20 or 30 are working on floating offshore wind. It is the next big thing in this sector. There is a lot of BEIS work to do to support that deployment. I know people have mentioned it many times before, but the FLOWMIS scheme is absolutely key to building confidence in the ports.

Also, the design of CFD allocation round five is coming next year. We absolutely need to see some of the floating wind demonstration projects—wind CFDs. A world where nobody wins and we have no more floating wind for another year is a disaster from this industry's perspective.

Q46 **Virginia Crosbie:** Thank you, gentlemen. I have a question for Gus and Tim. What needs to happen to make it a reality? What are we talking about in terms of timescale for large energy production?

Gus Jaspert: I have a number of things to ensure success of the whole rather than one part of it, which is what Tim was saying we are all focused on.

The first part is about providing a platform to develop the technology. The industry already has some demonstration sites, which we have supported in terms of our role at the Crown Estate. That is giving certainty that this technology can scale—and we believe it can—and then has a pipeline to larger use, which ultimately brings down the cost and brings up the investment.

The other part that is important for us is about—we have touched on this—the cross-system co-operation and commitment. All of us have a different role to play in it, but as Tim talked about—and his work is crucial in this—we need to ensure that all parts of the system are aligned and moving at the same pace. We get into things such as a co-ordinated grid and how important that is to make sure that that is scaling up at the same level as the plans for energy production.

Also important is enabling infrastructure and supply chain. It is important that we have all parts of the supply chain to be able to make decisions



soon to help build what is needed to ultimately get a lot of turbines up, maintained, installed and connected. We have heard a bit this morning about the challenges of that. That is critical.

Finally, from our perspective, it is important that we have a holistic approach to seabed use. That is beyond just this programme; it is how we make sure that as the demands on seabed use are increasing, we have a clear approach and we co-ordinate with all our partners, which we talked about earlier, about how we plan and use the seabed to the full.

Then, within the pace question, which Tim may want to come on to, there are some things that we can do about how we bring forward some of the assessment. On this programme—the habitats regulation assessment, for example—we are bringing that forward to help reduce some of the timescales and help the developers build mitigations into projects around environmental concerns, for example. The more we can do to help set the frameworks, build and invest early, the better. Tim may want to pick that up.

Tim Pick: I agree. Gus is right about the work the Crown Estate is doing. This is the most sophisticated leasing round it has done in terms of the preparatory work. That takes time out of the system after award. Going back to the standards point that Tom made earlier and so on, assuming the surveys are done correctly, the other aspect of this is that there has been more dialogue between the Crown Estate and National Grid about how these projects will connect as well. In previous rounds, that was left very much up to the developer to sort out with National Grid. Here we have a much more sophisticated approach, which should take time out of the system.

I am interested in your point about what success is here because I am more in with Henrik's view that success means a proper levelling up of jobs and so on. At the moment, we have a system in the UK of two auctions as you develop a wind farm. You have an auction with the Crown Estate to get your lease site where you effectively bid high and then you have an auction to get your CFD where you bid low.

It is no surprise that in between those two auctions the supply chain is getting squeezed. There is a real case now to learn the lesson of fixed bottom offshore wind, where we do not have that supply chain and it is because of those fundamental upward and downward price pressures, and to look for some reform potentially of the CFD programme. There has been a bit of reform on the Crown Estate side in terms of this supply chain plan, but we need to create some economic space for the supply chain. Of course, bearing in mind value to consumers and so on, we should not repeat what we have done for fixed bottom offshore wind and expect a completely different outcome for communities.

Q47 Virginia Crosbie: Thank you. Regarding the Crown Estate, Tim, are there any scenarios where there may be a delay in terms of what that might mean for local jobs and the whole project development area?



Tim Stiven: Let me see if I can create you a bit of a future vision and work you back to the present day and we will talk about that. We are focused on delivering the first four gigawatts in the Celtic Sea. It is my role, as the sector lead in the Crown Estate to champion this sector and to be deeply involved with our customers, our developer community, our port operators and Governments—many of whom you have heard from this morning—to set strong strategic foundations for this market. We are confident in our judgment that 4 gigawatts is a good starting point. We have significant ambition for the future. That is why last July in our market update we included a view that there may be a further 20 gigawatts of potential to come in the Celtic Sea. Taking account of our starting point, this feels sensible. People have sketched very eloquently the scale of the challenge and the opportunity. That is 4 gigawatts for delivery in the window 2030 to 2035.

What does that look like in practical terms? If we are going to have those things wet, in the water and turning from 2030 onwards, in the second half of this decade—as Tim Pick mentioned—developers will be competing for their revenue contracts from the Government. Prior to that, they will be surveying, developing their design and starting their procurement activities.

From the point of view of the Committee, the interesting thing there is that is when you will start to feel the impact in your areas. You should start to feel that engagement between these developers with these multibillion pound projects to get away and them searching for the solutions that can come from the local supply chain. The second half of this decade will be critical in that regard.

If we work forward, then, into the first half of this decade, we have that surveying activity—and I will come in a moment to what the Crown Estate is doing, to emphasise that point—and then of course you get to our competition for rights. We have said that we will launch the tender in the first half of 2023 and we are confident that we will do that. We understand that this is the critical point at which the market gets going. Our rights create that confidence for developers to invest. That is important for us because at the moment we see huge interest in this sector.

We ran a market engagement a week ago on Monday to update the market on the principles of our tender. We had over 200 attendees on the call representing 50 organisations. That is a lot of competitive interest for 4 gigawatts of capacity. Our tender process is designed to deliver, as quickly as possible, a clear and robust outcome so that we can focus on those that have been successful and how we build that supply chain position. Hopefully, that gives you a bit of a feel for what it might look like.

Virginia Crosbie: That was helpful.



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Tim Stiven: On the surveys, Gus was mentioning a couple of things that we have done to bring this opportunity as far forward as we can because timeliness matters. There is no doubt about it. People have mentioned the first-mover advantage and we are committed to playing our part in that. First, by putting our strategic environmental process upfront, which we have to discharge as part of our duties, we have taken time out of the programme.

We will commission and procure a series of offshore surveys, acquiring engineering and environmental data. That is explicitly designed to take activity out of the developer's critical path. We do it early so they have a reduced need to do it later. We are just at the point, having done extensive engagement with the statutory bodies involved, in consenting, checking that our methods and standards are fit for purpose, where we are ready, on the cusp of being able to play that back to developers so that they too can just give us that final check and say, "Do you know what? That's going to be fit for purpose", or, "Actually, I think you need to adjust it in this way if you want it to work".

Virginia Crosbie: Thank you. It is a very exciting time in the sector. I can feel your enthusiasm. Thank you very much for sharing that.

Q48 **Chair:** Thank you, Virginia. I will bring Rob in, but first can I ask you, Mr Stiven, about the surveys you were just talking about? Do they potentially duplicate or just perfectly dovetail with the work that Natural Resources Wales would be doing?

Tim Stiven: You are stretching the boundaries of my expertise a little, but let me give you an impression if I can. I sense that there are really two reasons why any organisation might want to survey the natural environment for offshore wind development. The first is strategic characterisation. What is out there? What are the issues? Where are the sensitive species? That is one purpose and you would survey in a particular way for that.

Gus Jaspert mentioned our offshore wind evidence and change programme, our £50 million investment. A lot of that, looking UK-wide, is targeted at building that strategic baseline of data. Equally, part of the reason that we invested earlier in the year in the Morlais tidal centre was to do the same thing, to create that strategic baseline and speed up the planning process.

On the other hand, you have project-specific surveys—"I want to build this thing in this location. I need to know a lot of detail about what that looks like and I need it very clear and evidence-based to help NRW make some robust decisions about the impacts on the environment". I hope that clarifies that for you.

Q49 **Chair:** That is helpful. I remember 15 years ago, when RWE was building its power station at Pembroke, some serious delays arose from what I felt were essentially duplicatory environmental assessments being required to



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get it done.

Perhaps in your work, Mr Pick, somebody is looking at how to streamline the environmental regulatory process to ensure that what limited resources there are in those fields are used to best effect.

Tim Pick: There has been an unnecessarily adversarial approach to some of that work in the past where, let's say, Natural England and developers tooled up with scientists are all arguing different cases from different data. That does not help acceleration so yes, we are looking at that.

Q50 Rob Roberts: Virginia Crosbie asked what needs to be done to make FLOW in the Celtic Sea a reality. For the benefit of my constituents in North Wales who assiduously tune in to watch our proceedings every week—don't laugh; they do—we have talked a lot about South Wales and West Wales, is there a feature of FLOW that means that it would not be possible in the north?

Tim Stiven: From the UK's point of view, the important thing about floating offshore wind is that it accesses deeper water. We have big environmental pressures about the shallower water that we are using for fixed wind and—if you will excuse the colloquialism—I would say it has a Heineken effect; it reaches the parts that others don't.

The key thing you are looking for is deeper water. There is deeper water off the north coast of Wales and it continues up to the waters of Northern Ireland and, as we progress through our leasing process here for the Celtic Sea, as part of our normal strategic business activity, we will start re-evaluating other waters and the opportunity for them.

We published a study in October 2020 called "Broad Horizons", which took a very high-level look at the opportunity for floating offshore wind. It is a public document. It identifies other areas around Wales where floating wind is viable.

Q51 Rob Roberts: It is simply a matter of depth?

Tim Stiven: In the first essence of the decision. If you have deep water, it is a good start. Then you need a favourable seabed and the wind to blow quite nicely, then you need to understand—

Rob Roberts: Come to North Wales. The wind blows a lot.

Chair: Good.

Q52 Wayne David: My question follows on from that. Could you give us a technical explanation of why the refined areas of search have resulted in the removal of so-called area 1 and maybe also area 5?

Tim Stiven: Happy to help. Let me start you with a direct answer and then I will come to the why, if that is okay. I will give you the facts and then perhaps lift the lid on how we got there.



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Area 1, which is in the north-west part of the Celtic Sea that we have identified, was showing strong potential for floating wind development. Our design process, which I will come to in a moment, is highly engaged. It is data-led, evidence-led and based on strong dialogue with key stakeholders. In that area, a range of other interests became apparent. It is an important area for fishing and for sub-sea telecommunications cables and a tight area, because it is close to a key navigation channel.

When you put all those things together, you end up with an area that is a little sub-scale for gigawatt opportunity, which is part of our objective for this round in that we are reaching for the largest projects we think are sensible because we want to give that strong signal for investment in the supply chain through scale and pace. This is a really important thing to say here. This is about prioritisation for this leasing round and it is in the context of this programme's objectives. It says nothing about decisions we might make in the future for different purposes.

On area 5 it is a bit more straightforward. You can see it from the Isles of Scilly. There are also fishing interests there.

If I can just touch on how we got there, our process for this prioritisation, where we are seeking the best water for 4 gigawatts, essentially means a good strong economic opportunity for the developers and acceptable impact for everything else and a balance, as Gus Jaspert was saying earlier.

The spatial design process has been running for about two years, but at quite a high pace. We do not just use our own data. We use best-in-class tools and we engage heavily with a wide range of stakeholders to make sure we are using the best available data. The best way of bringing that to life for you is that, in February this year, we ran a workshop for over 70 different organisations. The purpose of that was to test. Are we using the right data? Have you got anything better? Is this up to date? Then we set out the criteria we think we are going to use to prioritise and weigh in our decision-making: how do you feel about that? Is this the right order? It is that process that leads to the result you see there, in those areas 1 and 5, but I hope I have helped you to understand the basic why as well.

Q53 Wayne David: Thank you. Area 1 might be looked at in the not-too-distant future?

Tim Stiven: For a different programme, for a different purpose, we would start with a fresh sheet of paper and may come to a different decision.

Q54 Beth Winter: A very quick question. I think everyone agrees about the importance of the supply chains, but what you are doing specifically to ensure that those chains can benefit? Mr Pick, do you want to go first?

Tim Pick: This comes down to a number of things. The supply chains will only exist if the ports get moving, if the port infrastructure is there for them for this activity to take place. We are basically talking about the



assembly and construction of this equipment. The operation and maintenance I am confident will come to Wales anyway. We are basically talking about the construction. In order to grab that opportunity, we have to have the ports ready.

From my perspective, the FLOWMIS scheme, which is the Government's contribution to the derisking of that investment by the likes of ABP and Milford Haven, is absolutely essential. That is not me doing it or the task force doing it; it is just an observation. Then, from my perspective, and again I am not a BEIS person but a sort of critical friend on some of the tension around using just price on the CFD as the only metric—fundamentally, at the end of the day, if people are only judged on price in the CFD they will buy the cheapest they can get away with. That may not be the local and that is exactly what we have seen with fixed bottom offshore wind, so why would it be any different?

Challenging BEIS on the CFD I think is probably the key thing that I am doing to assist. I firmly believe that you have to modify the fundamentals to make people behave differently. Expecting them to behave differently from the way they did on fixed bottom without any change—it is not going to happen.

Gus Jaspert: From the Crown Estate perspective, we have changed the approach to how we are bringing these areas of seabed to the market through our leasing round. For the first time, we are putting in that bidders need to submit plans for how they intend to invest into the supply chain as part of the process for their bidding. We are working through that at the moment. It has not yet gone out to the market, but we have stated very clearly that that is a commitment that they will need to pass to show how they intend to build investment into the supply chain in local areas.

There is also an important point that I want to develop that is less about the Crown Estate, although we have a deep interest in it: success is not just gigawatt output; it is creating investment and jobs, and building stronger communities in the areas that you represent as well. However, it is not just the hard infrastructure either—the ports, the grid, the supply chains, the steel manufacturing, all those parts—it is also the people side.

Just yesterday some of my team were at Pembrokeshire College talking about a programme called Destination Renewables, talking about the skills, the training that may need to be maximised. Therefore, I encourage thinking about the supply chain as a holistic thing. While there are some very big, hard infrastructure elements, which need investment and co-ordination—and we have talked through some of that—there is also a very real people element that we want to make sure is part of the thinking.

Q55 **Beth Winter:** A quick observation. All the planners have emphasised the need for acceleration—we are facing an existential climate crisis—but I am not getting a sense of the urgency of the issue.



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A question for Mr Pick: I note that the marine portfolio of the Crown Estate is valued at about £550 million. The Minister for Climate Change in Wales has commented that she thinks it is outrageous that the Crown Estate is not devolved in the same way as it is in Scotland. Is that in the mix of the task force's considerations, in terms of how to move forward?

Tim Pick: I am firmly keeping away from the devolution settlement and I have said the same to Scottish representatives. It is not my bag.

Can I make one last point on the supply chain? I think there is a real opportunity here—as Henrik said a number of times—around the issue of Port Talbot steelworks and decarbonisation, and a sort of win-win solution between steel production, a heavy steel-using industry to green energy. There is potential for a win-win in there somewhere. I am not sure that it has been properly studied as a win-win. You have different bits of Government looking at different industries. As a taxpayer, you see it in the paper every five years, Tata needing another bailout and I wonder if there is a way to put it onto a more sustainable footing using this industry as a catalyst. I will just put that out there.

Beth Winter: I am conscious of time.

Q56 **Chair:** I will bring Rob Roberts in for the final question in a moment. First I have a final supplementary for Gus Jaspert from the Crown Estate. You talked about changing the way the leasing process is being done to encourage the local supply chain content. Can I press you a bit more on that? Are you just hoping that the developers will put that in, or are you designing the fee structure in a sharper way to incentivise that?

Gus Jaspert: We are not just hoping. We are making it mandatory as part of the process. Tim Stiven can talk a bit more about it. The honest truth is that we are working through it at the moment. We had an engagement with 200 developers to talk about the stage we are at. We are putting in a firm pass or fail point, so that developers need to show that they are investing—and have a plan for investing—in the supply chain as part of our considerations. We have not brought it to market yet, so we are not at the point of talking about who we are consulting with and working through the details of that. However, it is not a hope; it is a requirement.

Q57 **Rob Roberts:** We are at the end of our time so we have to be super concise on a very big topic. How are you working with the energy network operators to address issues with the lack of grid capacity in the region?

Tim Pick: We have National Grid and Ofgem on the taskforce. Grid is a standing item at every meeting. Across the entire UK, the 50 gigawatt target by 2030 is effectively the rate-limiting factor. Interestingly, not so much for the 4 gigawatts in the Celtic Sea but a very big limiting factor in Scotland. It is very high up on the taskforce's list and we drag them in. Things are going on. We talked earlier about the holistic network design. There is work going on to allow anticipatory investment, consistent with



Dan's comments about net zero and so on. We are trying to hold them to account, through the taskforce and through having to front up to the Minister about what they are doing.

Tim Stiven: To lift the lid on the day to day for you on the grid, I think we feel very pleased with the progress on collaboration between the Crown Estate and the energy system operator and, indeed, National Grid Electricity Transmission. That is evidenced by the letter of intent we signed with them, I think last year, to collaborate on holistic network design. That has manifested itself in very good working co-operation so that, as they progress through their holistic network design—UK-wide at the moment but focused on the Celtic Sea—our latest spatial design information from our programme is shared in a completely timely way with them.

We very much want to see that there is a fantastic opportunity here for the Celtic Sea leasing round to be the first offshore wind leasing round in the UK to be accompanied by an appropriate and fit-for-purpose design for the network, both onshore and offshore. Equally, there is a lot to do here—possibly clarity on the regulatory regime and those kinds of crucial delivery models. There is an awful lot to come together here, but we are very much leaning into this in the context of the grid.

Q58 **Rob Roberts:** It might be interesting for the purposes of our inquiry that, if that letter of intent is not a sensitive document, you share it with the Committee.

Tim Stiven: I will check whether we are able to. I will take that away.

Chair: Thank you, Rob, and thank you to all our panellists this morning. It has been a really helpful and insightful three-panel session on FLOW. We are seeing Welsh Government and UK Government Ministers in four weeks' time on this subject, and you have given us lots of very helpful material to inform our lines of questioning. If any of your teams want to follow up with further supplementary written information ahead of that ministerial session, we would be delighted to hear further from you. Mr Pick, Mr Jaspert, Mr Stiven, thank you very much for your time. Thank you to all our witnesses this morning and thank you to my colleagues.