

The Crown Estate Further Scottish Leasing Round (Saltire Prize projects)

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Agenda

- **About The Crown Estate**
- **Our work in wave and tidal energy**
- **Further Scottish leasing round**

The Crown Estate

The Crown Estate is a property and land owner which benefits the taxpayer, with core values of commercialism, integrity and stewardship

- The Crown Estate
 - Property and land owner, not regulator
 - Not part of government but work closely with government
- Main objectives:
 - Benefit taxpayer by paying revenue from assets to Treasury
 - Enhance value of estate and income it generates
- Core values of commercialism, integrity and stewardship



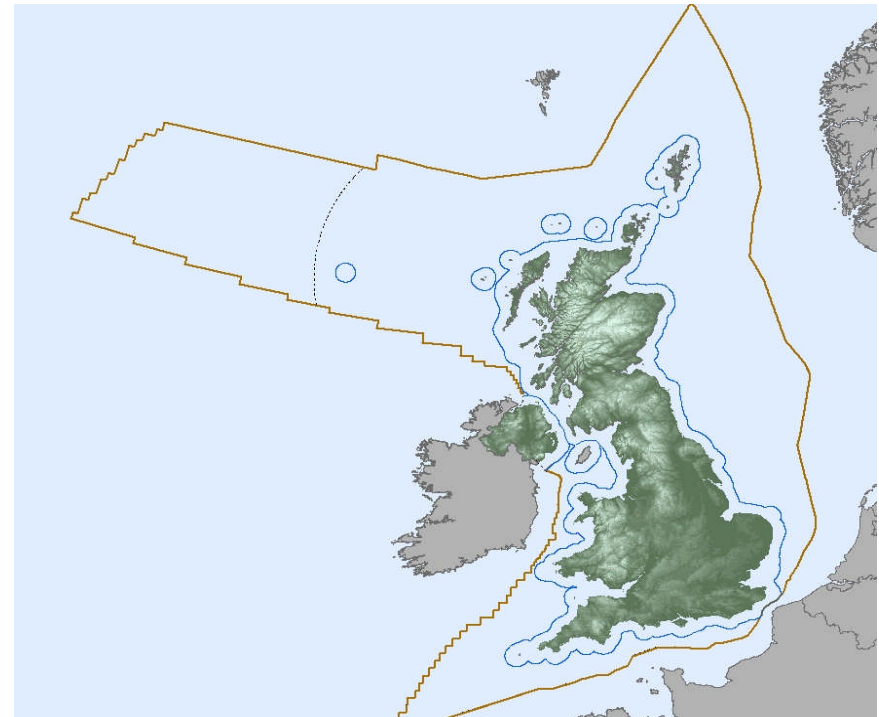
- Portfolio value over £6 billion
- Returned £230m surplus to Treasury

FY 2008/09 figures

The marine estate

We play a key role in offshore low carbon energy by providing site options and leases

- The Crown Estate plays key role in offshore low carbon energy industry
- As owner of seabed around UK coast, provide site options and leases for projects
- Objective to maximise value of marine estate over time
- To date, let sites for up to nearly 50 GW offshore wind projects
- Increasingly active in other areas



**UK territorial waters, internal waters
and Renewable Energy Zone**

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Our work in wave and tidal energy

We are active in leasing wave and tidal projects and supporting project development

Leasing

- Leasing rounds
 - Round 1 Pentland Firth and Orkney waters: Ten demonstration and commercial projects, 1.2 GW potential capacity (600 MW wave, 600 MW tidal)
 - Further Scottish leasing round (Saltire Prize projects)
 - Other future rounds across UK, including Northern Ireland
- Demonstration leases – Demonstration projects up to 10 MW capacity

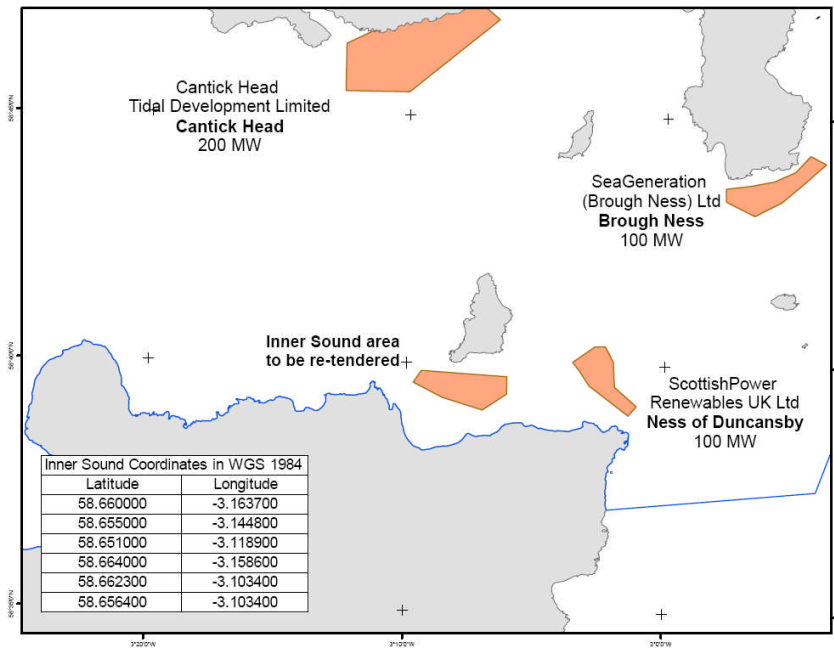
Support for development

- Round 1 Pentland Firth and Orkney waters – Developers Forum and £4m Enabling Actions fund

See www.thecrownestate.co.uk/wave-tidal

Inner Sound

Companies are invited to express interest and pre-qualify for the Inner Sound tidal project



Map showing Inner Sound

- As part of Round 1 Pentland Firth and Orkney waters leasing round, currently re-tendering Inner Sound site
- Inner Sound lies between Scottish mainland and island of Stroma and is one of most energetic tidal areas in Pentland Firth, with potential for significant commercial project
- Expressions of interest and pre-qualification phase began 19 April 2010 and closes 28 May 2010

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Partnership with Scottish Government

We are working in partnership with the Scottish Government on a further leasing round

- In partnership with Scottish Government, developing plans for further wave and tidal leasing round in Scottish waters
 - Scottish Government wishes to support acceleration of wave and tidal energy development in Scotland
 - The Crown Estate also wishes to support acceleration of wave and tidal energy, in Scotland and elsewhere around UK, to enhance value of marine estate
- The Crown Estate recognises Saltire Prize is a key incentive of Scottish Government

Further leasing round

The further round is in the spirit of encouraging rapid development of wave and tidal energy and will give opportunities for competition in the Saltire Prize

- To install and operate projects, companies need Crown Estate leases
 - Leases effectively a pre-condition for competition for Saltire Prize
- Currently, companies have/are negotiating agreements for lease for projects in Pentland Firth and Orkney Waters and elsewhere (demonstration leases)
 - Some projects may be entered to compete for the Saltire Prize
- The Crown Estate has decided to run further leasing round –
 - In spirit of encouraging rapid development of wave and tidal energy, and
 - To give opportunities for other projects to be developed and compete for Saltire Prize

Relationship between leasing round and Saltire Prize

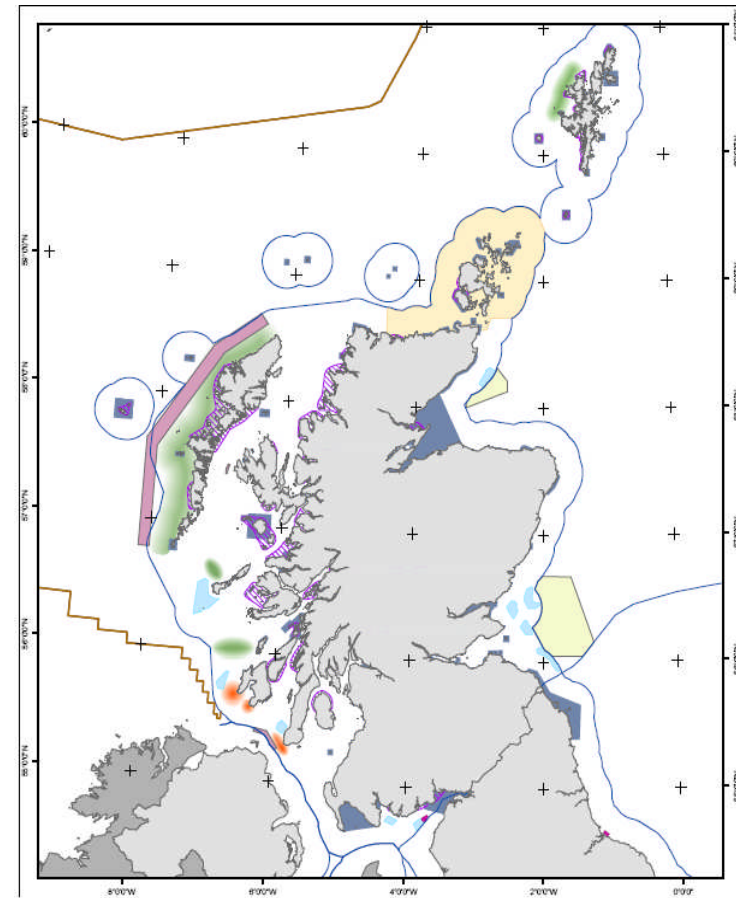
The further leasing round and the Saltire Prize will be separate competitions

- Further leasing round will be competitive process
- Competition for leases will be separate to competition for Saltire Prize
- Further round will support Saltire Prize in creating additional opportunities for companies developing projects to compete for Saltire Prize
 - Having obtained leases, companies will have the option to compete for Saltire Prize

Areas for lease

Consultation is underway on areas for lease in the further round

- In March 2010, Scottish Government and The Crown Estate jointly announced proposed areas for lease in further round
- Comments have been invited on these areas, in consultation exercise led by Scottish Government
- Scottish Government and The Crown Estate still receiving comments and in discussions with stakeholders



Map of proposed areas for lease

Terms of lease

Developers may be offered the choice to follow phased programmes

- The Crown Estate is also receiving views on terms of lease from stakeholders
- Lease terms will be announced later

On provisional basis, without prejudice, thinking of:

- ***Phased programmes:*** Offering the choice to follow phased programmes, with the option to step up from one level(s) of installed capacity to another level(s)
- ***Commercial lease length:*** Offering a lease length commensurate with financing a commercial energy project, although (some, or some phases of) projects may in practice involve only demonstration activities
- ***No 'land banking':*** Requiring leases to be surrendered if development progress does not meet agreed milestones, thus avoiding land banking

Next steps

We are continuing to prepare the further leasing round and welcome views

- The Crown Estate continues to work with the Scottish Government on preparation of further leasing round
- We welcome views on proposed areas for lease and other aspects of round
- Further details of round will be announced later in 2010