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To whom it may concern,

Consultation on proposed amendments to Supply Chain Plans and CfD Delivery

Scottish Renewables is the voice of Scotland's renewable energy industry, working to grow the sector and sustain its position at the forefront of the global clean energy transition. We represent around 280 organisations across the full range of renewable energy technologies in Scotland and around the world, ranging from energy suppliers, operators and manufacturers to small developers, installers, and community groups, as well as companies throughout the supply chain.

We welcome this opportunity to engage further in the run-up to Allocation Round 5 (AR5). It has been encouraging to see the focus from the UK Government on delivering increased renewable ambition and we have welcomed the recent announcement regarding annual CfD rounds.

With 62% of the UK's sea area, and the majority of this in deeper water, there is a particular opportunity for floating offshore wind to succeed in Scotland. This would not only make a massive contribution to our own net-zero targets but can lead to the commercialisation of this technology worldwide. Therefore, it is essential to future-proof the parameters for floating projects at this early stage and ensure that developers are able to bring forward projects at a rapidly increasing scale, in tandem with the reinforcement and expansion of local supply chain and infrastructure.

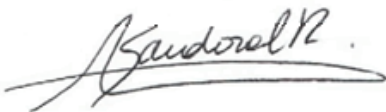
The recent results from ScotWind leasing round, which exceeded all expectations, illustrates the huge opportunity that lies in Scotland. The ScotWind announcement will bring around 25 GW of offshore wind projects to Scottish waters, with almost half awarded to floating wind farms.

Now is the time to strengthen the supply chain, particularly for emerging technologies such as floating offshore wind. This is the opportunity to maximise the local content of the supply chain from these technologies, which will bring enormous socio-economic benefits for the UK and Scotland.

However, we are concerned that the Supply Chain Plans (SCPs) have become the main instrument to encourage the supply chain across the offshore wind sector. We believe that a more strategic approach is needed to strength the value chain of the sector, and this should not rely on the SCPs only.

Our response to the consultation questions is set out below. We would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Angeles Sandoval', with a long horizontal flourish underneath.

Angeles Sandoval | Grid & Systems Policy Manager
Scottish Renewables

SUPPLY CHAIN PLANS: INTERVIEWS

1. The government welcomes views on whether “Interviews with applicants” could help facilitate the application process, and lead to the publication of clearer, more precise Supply Chain Plans.

2. The government welcomes views on how to make the process as transparent as possible for applicants, while respecting the need to protect commercial sensitivities.

Answer to Q1 and 2

Scottish Renewables welcome the inclusion of interviews to facilitate the application process which will lead to the publication of clearer, and more precise Supply Chain Plans (SCP). However, we would recommend being cautious with the introduction of anything that could replace the objective scoring criteria and assessment with a more subjective process.

We would also like to note that formal minutes of the interviews and justification of the applicant scoring should be published openly for the transparency of the process.

RAISING THE STANDARD OF SUPPLY CHAIN PLANS

3. The government welcomes views on raising the pass mark in each Section to 60%.

Scottish Renewables thinks that the required 60% scoring in each category of the SCP questionnaire is arbitrary, thus more information is required on the rationale for increasing the score. We also believe that the decision to increase the score must be realistic so as to not impose further risk on developers.

We have also noted some issues regarding the scoring system:

- The current scoring system is unclear, and we are unable to identify how the 50% and 60% pass marks are determined.
- The commitments regarding no modern slavery or labour exploitation should not be used to score points in the 60% scoring criteria. This commitment should be a mandatory threshold and should not contribute to scoring.

4. The government welcomes views on giving meaning to “scale of ambition” in the scoring criteria, and welcomes suggestions on what else could be clarified in the scoring criteria.

We welcome the proposal of giving meaning to the ‘scale of ambition’ in the scoring criteria. This will help developers to provide clearer answers.

CLEARER EXPECTATIONS UNDER THE SUPPLY CHAIN PLAN QUESTIONS

5. The government welcomes views on whether the example template would provide greater clarity to applicants as to the government's expectations.

Scottish Renewables thinks that the example template provided in the consultation would provide greater clarity to applicants as to the government's expectations. The previous methodology with open-ended questions was creating confusion between applicants. Therefore, we believe that a more precise question template, requiring each answer to be broken down into a criterion set is a better approach.

DURATION OF SUPPLY CHAIN PLAN STATEMENT OF APPROVAL

6. The government welcomes views on whether the validity period of the Supply Chain Plan Statement of Approval should be linked to the allocation round for which it was produced (from Allocation Round 5), or whether alternative approaches would be better.

Scottish Renewables thinks that it is a good approach to link the validity period of the SCP Statement of Approval with the allocation round for which it was produced, regardless of when the CfD auction for that round begins.

SUPPLY CHAIN PLANS FOR EMERGING TECHNOLOGIES

7. The government welcomes views on whether all floating offshore wind projects should be required to submit a Supply Chain Plan from Allocation Round 5 onwards.

8. The government welcomes views on whether any other emerging technologies should be included in the Supply Chain Plan process from Allocation Round 5 onwards or in subsequent allocation rounds.

Answer to Q7 and Q8

Scottish Renewables believe that emerging technologies create an economic opportunity for the UK, and the Government could take this opportunity to ensure that the economic benefit of increasing local content stays in the UK supply chain from the early stages. However, we believe that the proposal of removing the 300 MW threshold in Pot 2 would put floating offshore wind at disadvantage from other technologies.

In this context, we disagree with the proposal of requiring SCP for floating offshore wind technologies in AR5, and we also disagree with taking this approach with any other emerging technology for this round. We think that a more strategic approach is required to encourage

UK supply chain content from emerging technologies, but this needs to be done in a way that does not result in a disadvantage for these technologies, particularly from others competing in the same pot.

It also is important to consider the negative impact that this could have on innovation, as this sector is still exploring different technology models. We believe that SCPs for emerging technologies such as floating offshore wind require further assessment for future rounds, and it does not seem sensible to require them at this stage.

We also believe that government could take other approaches to encouraging supply chain development from emerging technologies. We noticed that there is a high reliance on the SCPs and it has become the main instrument to drive the value chain of the offshore sector.

NON-DELIVERY DISINCENTIVE

9. The government welcomes views on strengthening the Non-Delivery Disincentive by extending the exclusion period to prohibit a CfD application from an excluded site for the next two applicable allocation rounds.

We support the strengthening of the non-delivery disincentive in the context of the government's review into auction frequency. However, we would like to flag the risk that this could bring to some developers.

TARGET COMMISSIONING WINDOW START DATE

10. The government welcomes views on amending regulation 51(10)(c) of the CfD Allocation Regulations 2014 (SI 2014/2011) – replacing “Target Commissioning Date” with “Target Commissioning Window Start Date”, so the required details for submitting a flexible bid align with the valuation change introduced for Allocation Round 4.

Scottish Renewables agree with this proposal

ASSESSMENT OF IMPACTS

11. Are there any other impacts, or alternative approaches to meet similar objectives, that you think we should consider for:

- (a) Raising standards of Supply Chain Plan applications;**
- (b) Clearer expectations under the Supply Chain Plan questions;**
- (c) The duration of Supply Chain Plan statement of approvals;**

(d) Emerging Technologies and Supply Chain Plans;

(e) Changes to the Non-Delivery Disincentive;

(f) Changes to the wording for the Target Commissioning Window Start Date

No comments.