

Regional content reporting:

Guidance notes

Introduction

This document describes a process by which regional content data is gathered by developers and reported to Scottish Renewables for aggregation. The data will be used to support local authority relations to support the case for onshore wind development.

Regional is defined as being within a certain Scottish region, as defined by the Scottish Government, with remote islands placed collectively as a separate category, as shown in Table 1.¹ Developers are to submit the local authority area (or areas) in which the wind farm is located, long with its regional content data.

Table 1 Scottish regions to be used in the regional content reporting framework.

Region	Areas & Cities within Region
Aberdeen and North East	Aberdeen City, Aberdeenshire, Moray
Highland, and Argyll and Bute	Argyll and Bute, Highland
Remote islands	Eilean Siar (Western Isles), Orkney, Shetland
Tayside, Central and Fife	Angus, Clackmannanshire, Dundee, Falkirk, Fife, Perth and Kinross, Stirling
Edinburgh and Lothians	City of Edinburgh, East Lothian, Midlothian, West Lothian
Glasgow and Strathclyde	East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire, West Dunbartonshire
Scotland South	Dumfries and Galloway, Scottish Borders

These notes accompany the spreadsheet BVGA-32512-Local content pro forma-rA. This spreadsheet contains the calculations needed to:

- Produce a regional content figure for a given wind farm that reached commercial operations in the preceding year.
- Produce a regional content figure for a given year in a given region or the whole of Scotland for wind farms reaching commercial operations in the preceding year.

¹ <https://www.publiccontractsscotland.gov.uk/Maps/LocalAuthorityRegions.aspx>

Glossary

Prices: Calculations are based on prices are in real terms in the year of COD.

DEVEX: Development expenditure from agreement with landowner through to final investment decision

CAPEX: Capital expenditure from final investment decision to commercial operations date

OPEX: Operational expenditure from commercial operations date to the end of decommissioning. It includes fees such as land rent, business rates and transmission charges

TOTEX: Total expenditure, that is DEVEX + CAPEX + OPEX

FID: Final investment decision to proceed with the wind farm

COD: Commercial operations date

Buyer: Purchaser of goods or services, which may be a developer or a major supplier

Developer: the special purpose vehicle that owns the asset, which may have one or more equity partners

Major supplier: supplier whose aggregated contracts exceed X% [figure to be agreed] of total expenditure

Subcontractor: A supplier to the developer or major supplier

Internal expenditure: Expenditure by the developer on internal salaries and overheads.

External expenditure: Expenditure by the developer to contractors (except major suppliers)

Regional content figure for a given wind farm

Each wind farm developer derives a regional content figure, expressed at £/MW for DEVEX, CAPEX, OPEX and TOTEX. Developers gather data for each of the line items shown in Table 2. The sections below explain the approach to be taken for each item.

Table 2 Data inputs to regional content calculation. ■ Indicates data gathered by the developer; ■ Indicates data gathered by the major supplier and submitted to the developer.

Buyer	Item	Activity or expenditure type
DEVEX		
Developer	1a	Internal development expenditure to FID
Developer	1b	External development expenditure to FID
CAPEX		
Developer	2a	Internal project management expenditure from FID to COD
Developer	2b	External project management expenditure from FID to COD, excluding major tier 1 suppliers
Major supplier A (turbine supply agreement)	3	Project expenditure
Major supplier B (civils contractor)	4	Project expenditure
Major supplier C (electrical contractor)	5	Project expenditure
OPEX		
Developer	6a	Internal asset management expenditure from COD to end of decommissioning
Developer	6b	External asset management costs from COD to end of decommissioning, excluding turbine service supplier
Major supplier A (turbine service agreement)	7	Project expenditure
Developer	8	Insurance
Developer	9	Land rent
Developer	10	Business rates
Developer	11	Community benefit fund
Developer	12	Transmission and distribution charges
Developer	13a	Internal decommissioning expenditure
Developer	13b	External decommissioning expenditure

DEVEX

1. Developer expenditure to FID

1a. Internal expenditure

Internal expenditure in Scotland is calculated as a financial value from the employment costs of individuals working on the wind farm in Scottish locations, along with associated overheads.

1b. External expenditure

External expenditure in Scotland is calculated as a financial value based on the aggregated value of contracts placed with Scottish suppliers, as defined by their invoice address. Developers should remove contracts from the calculation if they have reason to believe that no meaningful activity took place in Scotland.

CAPEX

2. Developer expenditure from FID to COD

2a. Internal expenditure

As for 1a.

2b. External expenditure

As for 1b.

3-5. Major suppliers

Major suppliers submit a single regional content figure (expenditure). Major suppliers' calculations are based on based on the same approach as item 1 for developers, that is considering internal and external expenditure in the region.

OPEX

A regional content figure (expenditure) is derived for the total operating life of the wind farm, but OPEX figures must be based on budgetary figures for the first full year of operation. While regional content may change after the end of any initial service period, at the start of operations this would be speculation.

6. Developer asset management expenditure from COD to decommissioning

6a. Internal expenditure

As for 1a.

6b. External expenditure

As for 1b.

7. Major supplier A

Major supplier A is the turbine supplier that delivers the service agreement. It submits a single regional content figure (expenditure) for the first full year after COD using the method for items 3-5.

In calculating the overall regional content for OPEX and TOTEX, the developer multiplies this figure by the planned operating life of the wind farm.

8. Insurance

If the insurer is located in the region then regional content is 50% [figure to be agreed] of insurance premiums.

9. Land rent

The regional content in land rent is determined by the payment address. If the payment address is in the region the regional content is the rental value for the first full year of operation multiplied by the planned operating life of the wind farm. If the payment address is outside the region, the regional content is 0.

10. Business rates

The regional content in business rates is the cost for the first full year of operation multiplied by the planned operating life of the wind farm.

11. Community benefit fund

The regional content in the community benefit fund is the cost for the first full year of operation multiplied by the planned operating life of the wind farm. It is 100% regional content.

12. Transmission and distribution charges

The regional content is 20% [correct value?] of the cost for the first full year of operation multiplied by the planned operating life of the wind farm.

13. Decommissioning

Regional content figure for a given year

An annual regional content figure for Scotland for a given year is calculated by aggregating the data for DEVEX, CAPEX, OPEX and TOTEX for all wind farms that reached COD for that year.

An annual regional content figure for a given region for a given year is calculated by aggregating the data for DEVEX, CAPEX, OPEX and TOTEX for all wind farms that reached COD for that year in that region. If a region has only one wind farm for that year, the developer may request that the data is withheld.

Individual wind farm regional content data for DEVEX, CAPEX, OPEX and TOTEX is weighted by nameplate capacity, as shown in the pro forma spreadsheet.

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