

## EXECUTIVE SUMMARY

The UK has significant potential for the generation of electricity from offshore renewable sources such as wind power, tidal stream and waves. Tidal stream and wave power may soon be deployable on a commercial scale but offshore wind technology is already advanced to the extent that the industry is poised for major and rapid expansion.

Not only is this of major significance to the UK's ability to meet renewable energy targets, but it will also contribute to energy security through diversification of supply. A major expansion of the offshore renewables industry has the potential to bring significant investment and job opportunities both in the manufacturing and service sectors.

This paper recognises the wind industry's potential for development and sets out the elements of the framework which will be needed to ensure that it can be realised quickly and efficiently, but in a way which is environmentally responsible. The framework will ensure proper evaluation of impacts at the planning stage through strategic environmental assessment, as well as through environmental impact assessment of individual development applications.

In December 2000 the Crown Estate announced the first invitation to developers to apply for site leases for the development of offshore wind farms within territorial waters. This was the first test of potential interest on the part of industry. The response was extremely positive, with the result that there are now 20 offshore wind farms planned for commissioning by around the summer of 2005, which should supply approximately 1.4GW of renewable energy.

However, these first development plans represent only a small proportion of the available potential, and developers are pressing government to establish a framework to enable future, more ambitious plans to be considered, both within and beyond territorial waters.

The first round set no constraints on the location of proposed sites, but an upper limit of 30 turbines per site was established in order to control the initial scale of developments. The experience of the first round established very clearly the appetite of the industry for offshore wind farm development. But it also emphasised that some form of strategic planning framework would be essential to optimise the exploitation of the potential resource in a responsible way.

This is because there are many factors which play a part in determining the technical and economic feasibility of development in different locations. These include water depth and access to grid connections, which mean that some locations will have the capacity for a much greater scale of development than others. There may be opportunities for sharing offshore cabling, and co-operative planning may be needed to establish onshore grid infrastructure.

There are also many potential impacts of offshore development to take into account, such as the impact on birds and marine ecology, the visual impact, and the possible impact on other marine activities. These need to be understood and evaluated in order to make decisions on the scale of development that is acceptable in different regions.

This consultation therefore proposes a strategic planning framework as a basis for the expansion of the offshore wind industry.

It describes, in the first two chapters, the growing momentum of the industry and the unique potential for expansion in UK waters, both within and beyond the limits of territorial waters. It points to the industry's projection that 3-4 GW of new capacity can realistically be built by 2010, in addition to 1.4 GW under the first round. Together, offshore development on this scale would provide around 40-50% of the 2010 renewables target.

The third chapter introduces the legal basis for regulating the exploitation of the resource. It establishes that current legislation fails to provide a firm basis for developments beyond territorial waters, and concludes that new legislation is urgently required in order to enable the huge resource that exists beyond the territorial water limit to be exploited. It states that the Government intends to legislate as soon as possible, but until such legislation comes into force, the ability of developers to obtain rights for development will necessarily be restricted to sites within territorial waters.

In the meantime, however, it may be possible for developers to obtain certain exploration rights to the sea bed beyond the territorial water limit. This would have the advantage of enabling developers to conduct exploratory work with an assumption that they would be able to apply for a development licence once the necessary legislation was adopted.

The fourth chapter examines the possible arrangements for future site leasing or licensing rounds. It concludes that generally speaking, time-limited rounds will have advantages over a continuous process. It also examines the regional distribution of potentially suitable sites for offshore wind farm development, and proposes that the next development rounds should be concentrated within the three regions with the largest area of potentially suitable sites: the North West, the Greater Wash, and the Thames Estuary. The chapter proposes that the announcement of a competition should be made following the conclusion of this consultation, and the completion of a first phase of strategic environmental assessment as explained below. The target for announcing a competition is April 2003.

The consultation seeks views on a range of aspects of the competition process. These include the geographic boundaries of the proposed regions, the timing and frequency of rounds, as well as the extent to which developers should be able to propose the size and shape of the area they would wish to explore and ultimately develop.

The proposed regions extend across the boundary of territorial waters. The consultation proposes that a competition for applications for development leases within territorial waters should be supplemented by a competition based on similar principles for exploration licences beyond the limit of territorial waters.

The consultation summarises, in chapter five, the potential impacts of future offshore development on all aspects of the environment including the visual impact, as well as the potential impact on other marine industries. Some of the impacts will be of local significance and these will be assessed with development applications through an environmental impact assessment.

Other impacts however will be of more regional significance and some will be linked with the scale of development, so that the impact will be cumulative and related to the scale of development within the region. It will therefore be important to look at the potential impacts on a regional scale to enable decisions to be made as to the acceptable and appropriate level of development within a region. This needs to be done before an announcement can be made about future rounds, as this assessment should play a part in shaping the nature and scale of these round.

Chapter six explains how regional impact assessment on these lines will be achieved through strategic environmental assessment (SEA). An SEA has been commenced, focussing on the three strategic regions proposed for the next round, and spanning the boundary of territorial waters. The first phase of the SEA is due to be completed by early 2003. During this period the major risks and uncertainties of future offshore development should be identified and work programmes identified or undertaken to provide data to reduce them. This first SEA work will therefore inform the next round.

Chapter seven outlines the statutory consenting process, through which development applications will be considered in relation to UK policy aims and international obligations. The consenting process ensures that each development decision is made on the basis of a comprehensive balanced consideration of impacts, both positive and negative. Whilst closely linked, the focus on each development decision is therefore narrower than the SEA process which informs the broader policy and strategic framework.

The consultation identifies areas where specific improvements might be made to the consents process for offshore wind farms. It proposes how these improvements might be achieved, through streamlining the administration, or through legislative change. The closely-related Review of Development in Coastal and Marine Waters is looking more widely at the regulatory regimes for coastal and marine development. The more general conclusions and recommendations of this consultation will feed into the recommendations of the wider review.

Chapter eight addresses considerations in relation to the provision and regulation of the offshore electrical cable infrastructure, and requests views on specific proposals.

Chapter nine summarises the proposed timetables for the first phase of the strategic environmental assessment programme, and subsequent future rounds for offering developers security over sites for exploration and development.

## **Request for comments**

Comments and views are invited on any of the issues raised in the document. The specific issues on which we would welcome comments and views are indicated throughout the text and for convenience are also listed at Annex A.

Responses must be received by 18 February, 2003, preferably by e-mail to

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or by post to:  
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Please include a name and postal address with any e-mail responses. Queries concerning the content of the document should be addressed to Caroline Roberts or Cathy Allen (telephone 020 7215 0497). Further copies of the document can be obtained by telephoning the DTI Publications Orderline on 0870 1502 500 quoting the reference number: URN 02/1327. The document can also be found on the DTI website at [www.dti.gov.uk/energy/leg\\_and\\_reg/consents/future\\_offshore](http://www.dti.gov.uk/energy/leg_and_reg/consents/future_offshore).

## **Confidentiality**

The Department may wish to publish responses to this consultation in due course or to place them in its library. Responses received will only be treated as confidential if a respondent specifically asks that his or her response is treated as such. Confidential responses will, nevertheless, be included in any statistical summary of comments received or views expressed.

## **Code of Practice on Written Consultations**

This consultation is being conducted in accordance with the Cabinet Office Code of Practice on Written Consultations. The consultation criteria are reproduced at Annex B.

## **Regulatory Impact Assessment**

An initial Regulatory Impact Assessment is included at Annex C.