

11 September 2024

Dear Paul Davies MS,

1 Summary

The Crown Estate welcomes the opportunity to respond to the Economy, Trade and Rural Affairs Committee's inquiry on the green economy. We recognise that as we develop our thinking, opportunities will arise to work in partnership with Welsh Government to achieve common goals, such as enhanced energy security and delivering new jobs, skills and investment. We look forward to collaborating on these issues and to sharing relevant information and best practice.

2 The Crown Estate

The Crown Estate is set up by an Act of Parliament, and occupies a space between public and private sectors. We act independently to grow the environmental, social, and financial value of our portfolio; a trusted delivery partner to create long-term value through these assets for future generations. Through our strategy, and in line with our statutory purpose, we aim to address needs where we are best placed to draw on our unique combination of strengths to support economic growth and equality of outcomes. Our focus is on supporting the journey towards a net zero carbon and energy-secure future, creating inclusive communities and making a positive contribution in stewarding the natural environment and reversing biodiversity loss.

In Wales, our interests include renewable energy – our most significant activity – and other marine sectors, such as marine aggregates extraction, telecommunications, power cables, and nature recovery projects. We also manage part of the foreshore and tidal riverbed, which includes much of the intertidal between mean high water and mean low water at important ports. Inland, we are stewards of common land, which is primarily rough pasture for grazing. For more information about our activities in Wales, please see our Wales Review attached which is produced alongside our Annual Report.

3 Our response

Celtic Sea Leasing Round 5

As manager of the seabed, we have worked with industry and stakeholders to unlock its potential to support the transition to a resilient, sustainable and decarbonised future. A key part of this is making the seabed available for the development of offshore wind, in support of the UK's Net Zero targets and a cleaner energy future. Offshore Wind Leasing Round 5 seeks to establish a new and innovative floating wind sector in the Celtic Sea. It is expected to be the first phase of commercial

development in the Celtic Sea, bringing an exciting opportunity to create up to 4.5GW of new renewable energy capacity enough to power over 4m homes, while acting as a springboard for social, economic and environmental opportunities. This leasing process is currently live and will run until Summer 2025, when successful bidders are expected to enter into agreements with The Crown Estate to develop the sites.

The Crown Estate leasing creates a significant opportunity for the people in the communities around the Celtic Sea to benefit from the new skills and jobs which will be required to build the new wind farms and to support their ongoing operation and maintenance. Earlier this year, we published research which showed that the Celtic Sea Leasing Round 5 could create up to 5,300 jobs during the construction phase, and deliver £1.4 billion of economic benefits to the UK.¹ Last year, The Crown Estate responded to Welsh Government's Call for Evidence on Net Zero Sector Skills, highlighting the skills and training gap exists between the current workforce and the expertise needed to ensure the transition to a net zero and achieve the scale of change needed to deliver the above opportunity and achieving a sustainable future in Wales. We look forward to working with Welsh Government on the actions needed to close those gaps identified.

Through the development of Leasing Round 5, we believe that the inclusion of commitments to deliver social and environmental value as part of the development of their new windfarms represents new commitments on developers to deliver for communities. This might include measures like new training or apprenticeship schemes, nature restoration projects or community initiatives. We continue to work hard with local authorities and governments, as well as the offshore wind industry and organisations such as National Grid ESO, to ensure the UK's offshore wind market remains as attractive as possible for investors.

While the Leasing Round in the Celtic Sea catalysis the transition to green energy, optimizing the benefit for the communities and economy requires us to work together in a coordinated way and we look forward to continuing to contribute in the coming months. For more information our commitments to social value in Celtic Sea Leasing Round 5, please see the Information Memorandum.²

The Crown Estate Bill and Great British Energy Partnership

In July, the UK Government set out further details of Great British Energy, including a new partnership with The Crown Estate to support the accelerated delivery of clean energy infrastructure, benefiting millions of homes and businesses across the country. The partnership will bring together Great British Energy's ability to invest and critical strategic industrial policy, with our

¹https://assets.ctfassets.net/nv65su7t80y5/nDXSS9l3qvtscyxa1rlwq/ded23422bbc04bf6a8753cc3623f0016/Celtic_Seas_Blueprint_final_report_Feb2024.pdf

²https://downloads.ctfassets.net/nv65su7t80y5/5zR4gHuqxjMG9NOK1LI2Av/643bfa91696be32408e5e2646c16bbba/Information_Memorandum.pdf

long-established expertise in bringing forward the UK's world leading offshore wind sector. This partnership will be supported by new legislation recently introduced into UK Parliament which is intended to give The Crown Estate new investment and borrowing powers, enabling it to play a greater role in supporting offshore wind and other emerging offshore renewable technologies. This includes the establishment of the UK's floating wind sector and associated supply chain.

Supply Chain Accelerator

Earlier this year, The Crown Estate established a £50million Supply Chain Accelerator (SCA) to catalyse early-stage investment in the offshore wind supply chain. to develop early phase investment in projects focused on growing sustainable industrial capability – helping reduce risk and accelerate activity. The initial £10 million pilot fund supports supply chain for the Celtic Sea Leasing Round 5. In response to the opportunities identified in the Celtic Sea Supply Chain Blueprint, a further £40 million is earmarked aligned to the Industrial Growth Plan. Through the SCA and other investments, we can help derisk the build-out of floating offshore wind in the Celtic Sea and create greater confidence for investors. We look forward to making further announcements on the supply chain accelerator later this year.

Marine Delivery Routemap

In early September, The Crown Estate published a bold approach to drive energy transition and nature recovery through the sea bed. We have been working with stakeholders to develop initial plans for a ground-breaking Marine Delivery Routemap and through working with others, to create a holistic and long-term view of how the seabed is used, The Crown Estate hopes to achieve a number of important benefits, including:

- Providing visibility and certainty for developers across a wide range of sectors, helping boost market confidence and attract international investment;
- Identify new areas for biodiversity and nature restoration;
Accelerate the delivery of offshore renewables, helping address current pinch-points such as consenting and grid connections; and
Support the economic development and prosperity of onshore communities, by enabling a long-term view of the investment needed for key enablers like skills, ports and supply-chain.³

In developing the Marine Delivery Routemap, The Crown Estate is working with partners, including Welsh Government, to enable the seabed to support the growth of key industries alongside the creation of thriving biodiversity and marine environments working with partners to produce a series of sector-specific updates, looking at how they can evolve over the years ahead. This begins with offshore wind and a consultation published today alongside the Routemap.

³ [1725984858-tce_marine_delivery_routemap.pdf \(datocms-assets.com\)](https://www.datocms-assets.com/1725984858-tce_marine_delivery_routemap.pdf)

The Crown Estate has published its thinking on the Future of Offshore Wind on behalf of the Great British Energy: The Crown Estate partnership⁴. This report sets out its approach to leasing this additional capacity for delivery out to 2040 in support of the UK's net zero and energy security ambitions. It is seeking input and feedback from industry and wider stakeholders to help shape its approach to seabed leasing. Much of the new offshore wind capacity is expected to be in areas of the Celtic Sea, which lies off the coasts of South Wales and South West England, and North East England. A number of smaller projects are also likely off the coasts of North Wales, North West England, Lincolnshire and Yorkshire. The precise approach to development remains under consideration but is expected to include a mix of fixed and floating foundations. The Future of Offshore Wind report also set out proposals to further de-risk the opportunity for developers and accelerate the deployment of new windfarms.

Concluding remarks

We welcome the Committee's focus on the green economy and the important opportunity that it presents for Wales. We will continue to work alongside Welsh Government and wider stakeholders to discuss how our work can support the green economy and mitigate barriers Wales currently faces and look forward to supporting the Committee in its work.

All of this response may be put into the public domain and there is no part of it that should be treated as confidential.

Yours sincerely,

Rebecca Williams,

Cyfarwyddwr Cymru/ Director Wales

⁴ https://www.datocms-assets.com/136653/1725984848-tce_future-offshore-wind.pdf