

OFFSHORE WIND SECTOR DEAL PUBLISHED



The long-awaited offshore wind sector deal between Government and industry was finally published on 7 March 2019.

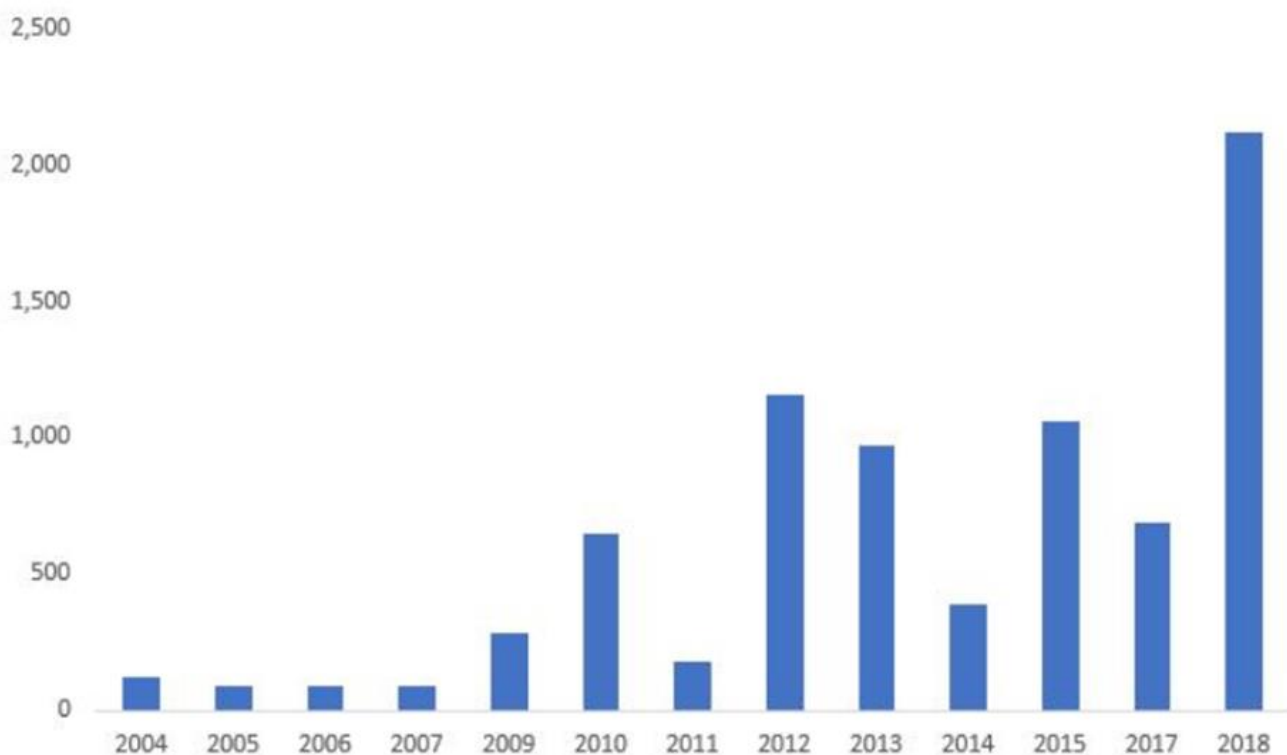
It is part of a [series of sector deals](#) (partnerships between the government and industry on sector-specific issues) published under the Government's Industrial Strategy. It shows the importance of offshore wind to the future of the UK as part of the Clean Growth challenge (one of four challenges in the [Industrial Strategy](#)).

What's the big deal?

"In the last 20 years, we have seen offshore wind grow from a nascent sector to the industrial powerhouse we see today. The Sector Deal will take it through to maturity and beyond and will keep the UK at the forefront of this vibrant 21st century industry."

So says the Foreword to the sector deal. It's worth remembering just how much the UK offshore wind industry has developed in a short space of time, as this graph from RenewableUK shows:

UK annual offshore wind deployment (in MW)



The sector deal wants to build on this so that there is 30GW of offshore wind by 2030, contributing 30% of the UK's total electricity generation. This sounds a lot, but check the [Crown Estate's Offshore Wind Energy map](#) to see how much offshore wind is generating in real time: at the time of writing, it was a windy day and offshore wind was providing 18.2% of total UK electricity.

The industry predict future deployment as follows:

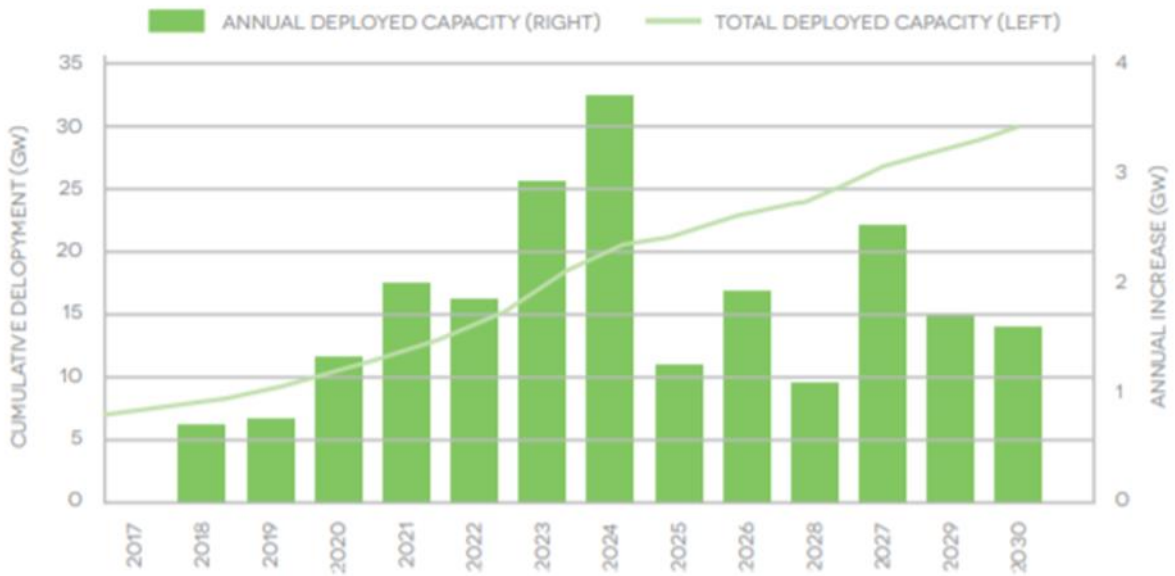


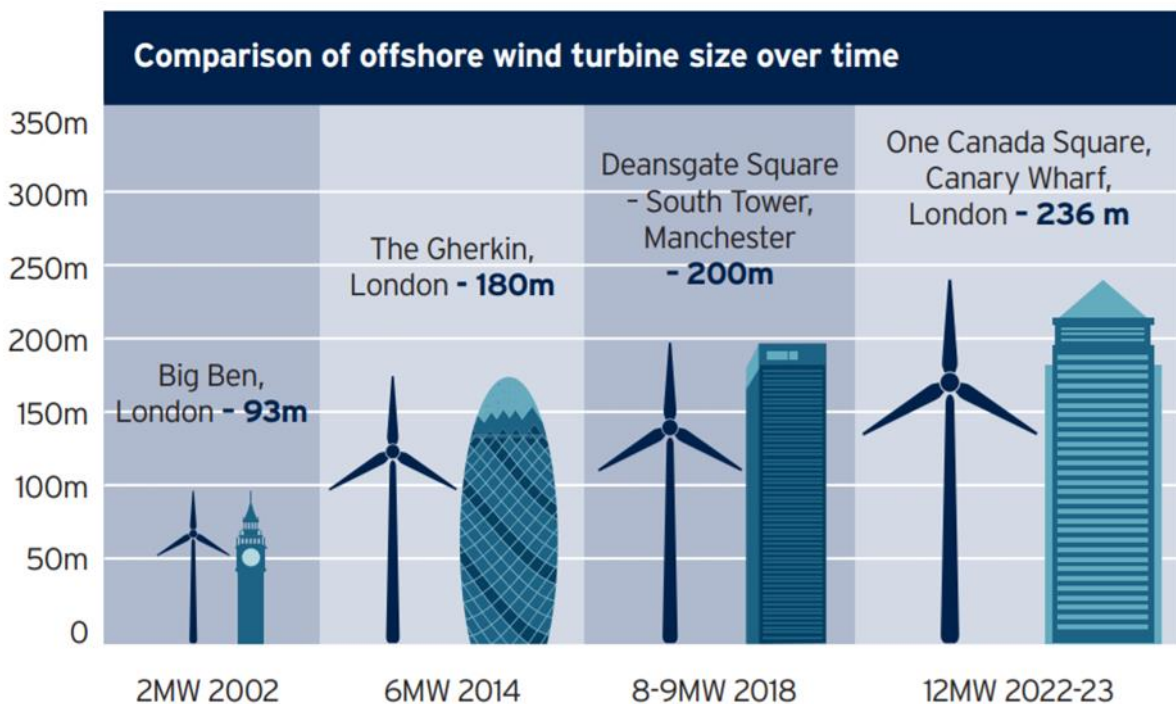
Figure 4: UK offshore wind forecast (capacity) under the Sector Deal Vision

(Diagram taken from [Offshore Wind Industry Prospectus 2018](#)).

So offshore wind is only going to continue to grow (the UK is the biggest offshore wind market in the world), and the UK Government understandably wants to make the most of this.

What will it cost?

This would mean industry spending £40 billion of investment in infrastructure over the next decade. The Government will provide long term policy certainty to underpin that investment: there is a welcome clarification that there will be further Contract for Difference (CfD) auction rounds every two years, following the third auction round scheduled for May 2019. Costs have already come down significantly as turbines have got larger and more efficient.



Through the investment certainty provided by the CfD mechanism, the sector will continue to reduce costs so projects commissioning in 2030 will cost consumers less as we move towards a subsidy free world.

How many people will it need?

Industry estimates that by 2030 the offshore wind industry will provide 27,000 jobs (up from 7,200 now), and aim for up to 40% of these to be women. There will be an Offshore Wind Investment in Talent Group set up to identify skills needs across the sector and to develop curricula and accreditation to deepen the skills base, including an Offshore Energy Passport (recognised outside the UK) to accredit offshore workers and facilitate job-mobility between offshore renewable and extractive industries.

How will it benefit UK businesses?

The sector has set a target of 60 per cent lifetime UK content in domestic projects (up from the current 50 per cent) and is also targeting increasing UK content in the capital expenditure phase. The sector will develop a roadmap for achieving this.

As the global offshore wind market expands, the long-term challenge facing the sector and supply chain is to remain competitive. In response to this challenge, the sector will invest up to £250m across the UK, establishing the Offshore Wind Growth Partnership (OWGP) to deliver increased productivity and competitiveness and to implement the recommendations of the Whitmarsh Review (a supply chain review led by independent expert [Martin Whitmarsh](#), former CEO of McLaren Group CEO and Formula One Team Principal), which examined opportunities and barriers to growth across the offshore wind supply chain.

The sector deal also targets a fivefold increase in exports to £2.6bn per annum by 2030 and notes that new products and services built on UK expertise in areas such as autonomous vessels, drones, artificial intelligence, data and digitalisation have the potential to transform the sector and strengthen the UK's export proposition.

Can the grid support this?

Offshore wind is an intermittent technology: on windy days it produces a high output; on still days almost none. This doesn't sit well with our need to have a continuous supply of electricity. Therefore, the wind industry will establish a System Management and Optimisation Task Group (SMOTG) to deliver innovative solutions to system integration. This will be led by Baroness Brown of Cambridge, the Sector Champion, and will work with industry stakeholders, National Grid, and the Energy Systems Catapult to identify opportunities to strengthen offshore wind's role in delivering innovative solutions to system integration. There will be a roadmap to identify opportunities to collaborate on pioneering technologies for system integration, such as co-located storage and wind to hydrogen, which may develop into efficient and cost-effective solutions to help the UK decarbonise.

Won't the sea get a bit crowded?

The Crown Estate and Crown Estate Scotland are undertaking new seabed leasing in 2019, ensuring a sustainable pipeline of new projects for the late 2020s and early 2030s. This will also provide an opportunity to bring in companies who are new to the UK market, adding to competition, innovation and new sources of investment.

Neighbouring European countries will also be deploying more offshore wind in shared sea spaces such as the North Sea, so there is a need to better understand the cumulative impacts, both in the ecological and socioeconomic arenas: including birds, marine mammals, navigation and fisheries, and coastal and onshore communities affected by associated infrastructure, such as onshore cabling.

The Crown Estate will establish a strategic enabling actions programme (in parallel with new leasing). This aims to increase the evidence base and understanding of offshore wind deployment, both in the marine area and where there are associated onshore impacts, to support sustainable and co-ordinated expansion of offshore wind. The Crown Estate will provide core funding with additional contributions sought for specific projects and activities from the sector and key stakeholders.

What happens next?

The Offshore Wind Growth Partnership, System Management and Optimisation Taskforce and Offshore Wind Investment in Talent Group are all expected to be launched in May 2019. There will also be two roadmaps:

- ▶ to identify opportunities to collaborate on pioneering technologies for system integration; and
- ▶ to set out how to achieve total lifetime UK content of 60% for projects commissioning from 2030 onwards.

What is clear is that offshore wind is a growth area and that it, perhaps more than any other renewable technology – it is telling that this is the first renewable energy sector deal to be published – has the Government's full backing because it ticks a number of boxes, putting the UK at the forefront of the world in this sector.

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