Supply Chain Plan Questionnaire

Contracts for Difference

Allocation Round 6

For all offshore and onshore wind projects equal to or greater than 300MW

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# How to complete this questionnaire

This questionnaire is specifically designed for offshore and onshore wind projects that are above 300MW in size. Floating Offshore Wind projects below 300MW should complete the lighter touch bespoke Floating Offshore Wind questionnaire for projects under 300MW. All solar projects above 300MW should use the solar questionnaire.

Please read the Supply Chain Plan guidance before completing this form, which provides valuable information on how to answer this questionnaire. Please ensure your submission is complete and includes all required documentation. Details of any additional documentation required are included in the Supply Chain Plan guidance.

Applicants must provide the information in the format shown in this document. This means that each heading in each scoring table must be explicitly addressed. Applicants may use the Department for Energy Security & Net Zero tables, adapted to their own corporate templates, or make their own response template that sets out explicitly the headings provided in each question. Any use of an applicant’s own corporate template must be subject to the formatting rules set out in the guidance.

Where appropriate, all questions need to be answered with a clear, specific, measurable, unambiguous commitment, except where otherwise stated in the scoring table (some questions do not ask for commitments). Any commitment that does not meet those criteria will be awarded no points, regardless of any of the supporting information provided.

Note that applicants cannot include commitments that merely reflect the fulfilment of their legal obligations, unless the commitment in question goes well above and beyond the minimum legal requirement. For example, if the planning process requires an applicant to perform a specific action, that action cannot count as a commitment to the Department for Energy Security & Net Zero, unless it is demonstrably going beyond what is legally expected.

The project summary section is not scored but must be completed. Your application will not be assessed until the relevant information has been submitted. Sections 1-4 of the Supply Chain Plan questionnaire, excluding annexes, are scored and will count towards the assessment for your Supply Chain Plan Statement of Approval. Examples of what is being sought under most questions can be found in Annex A. Key definitions of terms can be found under Annex B.

Each question comes with a full breakdown of how it will be scored. You must pass each scored section of this questionnaire, with at least 60% of the points available per section, to receive your Supply Chain Plan Statement of Approval. Table 1 shows how many points are available per section.

Table 1: Summary of Supply Chain Plan questions and points available.

|  |  |
| --- | --- |
| **Question** | **Points available** |
| 1. **Green Growth** | 223 |
| 1.1 Supply Chain Competition | 45 |
| 1.2 Supply Chain Visibility and Fair Contracting | 38 |
| 1.3 Procurement Value Drivers | 40 |
| 1.4 Sustainable Procurement | 60 |
| 1.5 Supply Chain Resilience | 40 |
| 1. **Infrastructure** | 178 |
| 2.1 Decarbonisation: Monitoring | 20 |
| 2.2 Supply Chain Infrastructure: Major Investments | 60 |
| 2.3 Supply Chain infrastructure: Other investments | 56 |
| 2.4 Planning for Sustainable Decommissioning | 42 |
| 1. **Innovation** | 210 |
| 3.1 Investment in R&D | 90 |
| 3.2 Investment in new technologies | 60 |
| 3.3 Using SMEs | 60 |
| 1. **Skills** | 177 |
| * 1. Skill gaps and shortages | 82 |
| 4.2 Apprenticeships, scholarships and trainees | 55 |
| 4.3 Equality of opportunities | 40 |
| **Total number of points** | 788 |

# Project Summary

## Contact Details

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company name** | |  | **Authorised representative(s)** |  |
| **Company address** | |  | **Preferred contact number(s)** |  |
| **Preferred email (s)** | |  | **Preferred contact person** |  |
| Project Details |  | |  |  |
| **Project name** | |  | **Project size (MW installed capacity)** |  |
| **Expected Project commissioning date** | |  | **Project location (Grid Coordinates)** |  |
| **Expected Project Life** | |  | **Ownership structure (including ownership share)** |  |

## Key Statistics

**This section is not scored** and does not count towards the assessment of your Supply Chain Plan Statement of Approval, nor your Supply Chain Plan Implementation Statement. You must, however, complete it. Your application will not be assessed until the relevant information has been submitted.

### PS1. UK Content

Please anticipate the levels of UK Content to be delivered over the project lifetime, broken down by DevEx, CapEx, OpEx and DecEx (decommissioning) and by the project’s major components. Only the headline total lifetime UK Content figures will be published.

The method to calculate anticipated UK Content is provided in Annex C and should be followed closely. Note that where a precise figure cannot yet be derived, ranges are acceptable although will need to be explained in the narrative summary below. Alternatively, an Applicant may use an industry-agreed UK content methodology for the technology they intend to use.

### PS2. Job Creation – Direct Jobs

How many direct jobs are linked to the development, construction, and operations and maintenance phases of your project? A direct job refers to one that is directly involved in the development, manufacturing, installation, operations and maintenance of a project. Please refer to annual FTE figures only and indicate the year you expect these FTE to be created. Note the figures should distinguish between UK jobs and international jobs and provide a sum total for both. Please state the methodology used for calculating UK jobs and international jobs.

Please break your answer down into the following categories:

* Development phase
* Manufacturing phase
* Installation phase
* Operations and maintenance phase

### PS3. Job creation – Indirect Jobs

How many indirect jobs are linked to the development, construction, and operations and maintenance phases of your project? An indirect job refers to jobs in industries that supply and support the core activities of renewable energy deployment. Note the figures should distinguish between UK jobs and international jobs and provide a sum total for both. Please refer to annual FTE figures only and indicate the year you expect these FTE to be created. Please state the methodology used for calculating UK jobs and international jobs.

Please break your answer down into the following categories:

* Development phase
* Manufacturing phase
* Installation phase
* Operations & Maintenance phase

# Green Growth

Green Growth is about efficient, competitive and innovative supply chains that can make a material contribution to Net Zero, in a sustainable and resilient manner. Any major renewable energy project is a significant opportunity to support business creation, and innovation, but only if a wide range of businesses are given the chance to take part.

This is why, in this section, we ask questions about actions that:

* Demonstrate a fair, open and competitive procurement process.
* Demonstrate that procurement choices take more than just cost into account.
* Support the sustainability and resilience of the supply chain.

## Question 1.1 Supply Chain Competition

The government is keen to understand who the most capable and competitive key component suppliers are, whether in the UK or internationally, for your chosen renewable energy technology. Please describe the procurement rationale for each key component of your generating station (see Annex B for definitions of key components). Note that you must provide answers for all the key components listed for your technology.

Your answer should be no more than 8 pages.

Please answer the following questions, covering all key components:

|  |  |
| --- | --- |
| **Information requested** | **Points available** |
| **Who** are the main suppliers being considered for each key component? This can include preferred bidders if you are still in the early stages of procurement. Please specify the location of the facilities.  Note: the location is not scored, but it requested to understand where there are potentially capacity bottlenecks. | **3 points** if information provided.  **0 points** if no information provided. |
| **Why** were these suppliers chosen (i.e. what was strong about their bids)? | **15 points** if aclear statement of reasoning behind the choice of suppliers is provided, including what aspects of their bids were considered to be strongest explaining why they had an advantage over other bidders, including cost, technical considerations, delivery feasibility, or other factors (e.g. sustainability marks, etc)  **0 points** if no information is provided. |
| **Have you** set up conditional contracts with any of these suppliers? | **15 points** if you have set up conditional contracts or preferred supplier agreements with the majority of the suppliers identified.  **12 points** if you have set up conditional contracts or preferred supplier agreements with at least three of the suppliers identified and can evidence substantial progress in setting up other several conditional contracts, e.g., MOUs.  **10 points** if you have set up either two conditional contracts or preferred supplier agreements with identified suppliers or at least one conditional contract and can evidence substantial progress in setting up several other conditional contracts, e.g., MOUs.  **5 points** if you can evidence substantial progress in setting up several conditional contracts, e.g., MOUs.  **0 points** if no conditional contracts have been set up or none are in progress. |
| **Which alternative suppliers** were considered, and why were they rejected? | **12 points** for providing a comprehensive description of alternative suppliers and reasons for rejection.  **9 points** for providing a detailed description of alternative suppliers and reasons for rejection.  **6 points** for providing a basic description of alternative suppliers and reasons for rejection.  **3 points** for a superficial description of alternative suppliers and reasons for rejection.  **0 points** for not providing any information. |
| **Total number of points** | **45 points available** |

## Question 1.2 Supply Chain Opportunities

Are you taking any action to maximise the opportunities for suppliers in international and UK supply chains in the development, construction and operations and maintenance phase of your project by a) improving visibility of opportunities, and b) by ensuring full and fair contracting for all suppliers to access open tenders to compete for projects? Fair contracting means taking reasonable steps to ensure smaller or less experienced firms can compete with larger and more experienced ones. This can include actions taken in partnership with other organisations. Please state:

* Evidence of supplier engagement events, online portals or engagement with public or trade bodies.
* Your most impactful action in terms of improving visibility of opportunities, not captured by the above, including evidence of the level of ambition compared to existing industry standards or common practice.
* Your two most impactful actions that evidence a fair contracting approach when it comes to smaller suppliers, or those not familiar with your industry, including evidence of the level of ambition compared to existing industry standards or common practice.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Your answer should be no more than 5 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available** |
| Evidence of supplier engagement events, online portals or engagement with public or trade bodies. | **2 points** if evidence provided.  **0 points** if no evidence provided. |
| Evidence of ambition compared to existing industry standards or common practice, for the action on improving visibility of opportunities and each action evidencing a fair contracting approach. | **6 points** if ambition significantly exceeds industry standards or common practice.  **4 points** if ambition is only a small incremental improvement on industry standards or common practice.  **2 points** if ambition is in line with industry standards or common practice.  **0 points** if ambition is below industry standards or common practice.  Note: points available for each action. |
| Key measurable outcomes / KPIs for each action. | **3 points** for providing clear numerical or objectively measurable targets or outcomes to be completed within a specific timeframe.  **2 points** for providing qualitative targets or outcomes within a specific timeframe.  **1 point** for setting out aspirations but no hard targets or outcomes.  **0** **points** if no measurable KPIs provided.  Note: points available for each action. |
| How delivery will be assured for each action. | **3 points** for setting out clear delivery plan which includes: target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **2 points** for setting out target delivery dates and key milestones building up to final delivery, but lacking clear explanation of dependencies,  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out.  Note: points available for each action. |
| **Total number of points** | **12 points** per action, **38 points** available |

## Question 1.3 Procurement Value Drivers

What weight is given in your contracting and procurement strategy to considerations other than price (i.e., non-price factors)? Describe these considerations and support with evidence. Please state:

* The weight given to non-price factors in your contracting and procurement strategy.
* Whether any of your non-price factors relate to sustainability (see Annex B for definition)

The Department for Energy Security & Net Zero acknowledges that weightings may differ between key components. Please make clear to which key component each of the non-cost factors apply.

Your answer should be no more than 2 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Weight given to non-price factors in contracting and procurement strategy. | **30 points:** strategy gives significant consideration to non-price factors (i.e., 55% or more weighting is given to non-price factors. Price is not the dominant criteria).  **25 points:** strategy gives equal consideration to non-price factors as well as price (i.e., between 55% and 45% weighting is given to non-price factors), or non-price factors are used as pre-qualification stage questions in tenders.  **15 points:** strategy gives some consideration to non-price factors (i.e., below 45% weighting is given to non-price factors).  **0 points:** strategy gives no consideration to non-price factors. |
| Non-price factors related to sustainability. | **10 points:** factors related to sustainability are considered[[1]](#footnote-2)  **0 points:** sustainability factors are not considered |
| **Total number of points** | **40 points available** |

## Question 1.4 Sustainable Production & Manufacturing, Transport, Installation and Construction

Are you taking action to support the growth of sustainable supply chains that integrate environmentally responsible practices, by increasing the sustainability of production and manufacturing, transport, installation and construction phases of your project? See Annex B for definition of sustainability.

See guidance in Annex A for examples.

Please state:

* Your 3 most impactful actions in terms of **increasing the sustainability of** production & manufacturing, transport, installation and construction phases of your project.
* Evidence of ambition compared to existing industry standards or common practice for each action.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Your answer should be no more than 4 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Evidence of ambition compared to existing industry standards or common practice, for each action. | **10 points** if ambition significantly exceeds industry standards or common practice.  **6 points** if ambition is only an incremental improvement on industry standards or common practice.  **4 points** if ambition is in line with industry standards or common practice.  **0 points** if ambition is below industry standards or common practice. |
| Key measurable outcomes / KPIs for each action. | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **5 points** for setting out clear delivery plan which includes: target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **20 points** per action, **60 points** in total. |

## Question 1.5 Supply Chain Resilience

Recent events (the war in Ukraine, COVID-19 pandemic, modern slavery in supply chains) have underlined the need to think about supply chain resilience, and the exposure projects may have to risks such as the use of forced labour in supply chains, or the sudden unavailability of equipment, or problems accessing key materials. In past allocation rounds, as these issues came to light, it became clear that processes were not always in place internally to address them rapidly and efficiently. This question is aimed at encouraging a different approach to such issues.

(a) To what extent do you audit your supply chain to identify risks of modern slavery and/or abusive labour practices?

(b) What processes do you have in place to mitigate risks affecting the supply of key components, and associated materials (notably but not exclusively steel and copper).

Evidentiary note: to obtain high scores under questions (a) and (b), you must provide evidence substantiating your response to the extent that the Secretary of State can be satisfied that appropriate systems to deal with the risks outlined above are in place. Where there is no clear evidence that dedicated systems or processes are in place or will be put in place, you cannot achieve a high score. Where contracts and/or systems are already in place, documentary evidence of this (e.g., appropriately redacted sections of key documents) will suffice. Where contracts are not yet in place, please provide evidence that you will ask for the relevant information of your suppliers (e.g., extracts of tender templates, etc). Note that simply stating that you have systems in place or that you commit to run due diligence/audits does not suffice as evidence. Use the answer to the question to explain how your systems work, providing the supporting evidence in an annex.

Your answer should be no more than 4 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| Information requested | Points available |
| (a) To what extent do you audit your supply chain to identify risks of modern slavery and/or abusive labour practices? | **20 points** if you have processes or contractual provisions in place to audit your Tier 1s and have similar assurances that you or your Tier 1s can systematically audit downstream suppliers (Tiers 2 and 3).  **12 points** if you have processes or contractual provisions in place to audit your Tier 1s but cannot provide assurances that you or your Tiers 1s can systematically audit downstream suppliers.  **0 points** if you have no clear process to audit your supply chains. |
| (b) What processes do you have in place to mitigate risks affecting the supply of key components, and associated materials (notably steel, copper). | **10 points** if you have or will run or obtain due diligence assessments of the provenance of key materials for your key components (e.g., steel, copper).  **0 points** if you have cannot evidence such due diligence processes.  **10 points** if you have designated systems in place to identify and name back-up suppliers should initial contacts fail, and/or evidence of use of multiple suppliers for the same component, in order to mitigate risks of non-delivery.  **0 points** if you cannot evidence that you have such systems in place. |
| **Total number of points** | **40 points** in total |

# Infrastructure

This section looks at the activities you are doing to support and invest in infrastructure, and at the carbon footprint of your overall project. Upgrades are needed to supply chain infrastructure to improve overall manufacturing capacity and project logistics in light of increasing national and international demand for key components. Increased manufacturing capacity and smooth logistics should, in turn, increase competitiveness and drive down costs and risks. However, any progress should be done with due consideration given to reducing carbon footprint over time.

The questions ask about work being done to:

* Monitor supply chain carbon intensity.
* Invest in new and existing supply chain infrastructure that supports capacity and project logistics.

## Question 2.1 Decarbonisation: Monitoring

Describe and support with evidence which, if any, carbon footprint calculation methodology you use, stating whether at corporate or project level, and/or any supply chain decarbonisation programmes you have signed up to (this can be either an Applicant’s own programme or a recognised programme). Please specify the methodology used and include how the data is audited.

Your answer should be no more than 2 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available** |
| Carbon footprint methodology/Supply Chain Decarbonisation programmes. | **20 points** if you have and use a carbon calculation tool as part of your portfolio of projects, and /or you run or are signed up to decarbonisation programmes.  **0 points** if you cannot evidence either of the above. |
| **Total number of points** | **20 points available** |

## Question 2.2 Supply Chain Infrastructure: Major Investments

Are you using new or upgraded **manufacturing infrastructure for your key components (see Annex B for definitions of key components), or have you sought to work with supplier to build a business case for investment in new facilities[[2]](#footnote-3)?** Please provide details of which facilities, their status (new or upgraded and if upgraded the type of upgrade) and specify whether your actions relate to new investment or transitioning assets (such as former oil and gas assets).Note that these facilities can be anywhere in the world provided that they are demonstrably being used for your project.

The Department for Energy Security & Net Zero acknowledges that projects are at different stages in terms of the planning process and making contracting decisions. To account for this, applications can contain multiple scenarios that are being seriously considered, provided serious and sustained negotiation efforts can be evidenced.

Your answer should be no more than 6 pages.

The question will be scored as follows[[3]](#footnote-4):

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| New manufacturing infrastructure | **30 points** if your project is using at least two new manufacturing facilities, i.e., which did not previously exist, and which were set up in the 5 years preceding your application or will be set up in in the coming years. This can include manufacturing facilities repurposed from another industry.  **20 points** if your project is only using one new manufacturing facility, as defined above or if you have shown a serious and sustained effort to work with suppliers to build the business case for investment in new facilities[[4]](#footnote-5).  **0 points** if your project is not using any new manufacturing facility. |
| Significantly upgraded manufacturing infrastructure | **15 points** if your project is using at least three existing manufacturing facilities that have undergone a significant upgrade in the last 3 years, or will do so in the coming years, at least partly because of the extra demand created by your project.  **10 points** if your project is using at least two facilities, as defined above.  **7 points** if your project is using at least one facility, as defined above.  **0 points** if your project is not using any significantly upgraded manufacturing facilities. |
| Incrementally upgraded manufacturing infrastructure | **10 points** if your project is using at least three existing manufacturing facilities that have undergone an incremental upgrade in the last 3 years, or will do so in the coming years, at least partly because of the extra demand created by your project.  **7 points** if your project is using at least two facilities, as defined above.  **5 points** if your project is using at least one facility, as defined above.  **0 points** if your project is not using any incrementally upgraded manufacturing facilities. |
| Investment involving collaboration | **5 points** if at least one investment of any kind, involves collaboration with another developer |
| **Total number of points** | **60 points** available |

## Question 2.3 Supply Chain Infrastructure: Other Investments

Part 1

Are you or your tier one suppliers, supporting investments in infrastructure necessary for increasing the capacity of lower tier suppliers (i.e., not key components)? Please set out:

* Your two most impactful actions in terms of supporting lower tier supplier infrastructure.
* The nature and extent of your support (significant investment, small investment, other forms of support).
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Part 2

Are you supporting investments in any other infrastructure, specifically in relation to supply chain logistics, not referenced above in Part 1? Please set out:

* Your two most impactful actions supporting other infrastructure that strengthens supply chains.
* The nature and extent of your support (significant investment, small investment, other forms of support).
* Key measurable outcomes/KPIs for each action.  The Department for Energy Security and Net Zero acknowledges that projects are at different stages in terms of the planning process and making contracting decisions. To account for this, applications can contain multiple serious and feasible scenarios being considered, provided serious and sustained negotiation efforts can be evidenced; and
* How delivery will be assured for each action.

Out of the four actions requested under parts 1 and 2, at least one must have been in collaboration with another developer.

Your answer should be no more than 5 pages.

For both Part 1 and Part 2, two of your actions can relate to a previous project, provided that there are demonstrable links between the activity undertaken between the past and current project. See Annex B for the definition of ‘demonstrable links’.

The question will be scored as follows[[5]](#footnote-6):

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Extent and nature of the support (significant investment, small investment, other forms of support). | **8 points** if investment triggers or will lead to major infrastructure upgrades (new or expanded infrastructure).  **6 points** if investment triggers or will lead to incremental infrastructure upgrades (e.g., improving existing infrastructure).  **2 points** if providing other forms of support only (e.g., guaranteeing pipeline to enable investment).  **0 points** if no support is offered. |
| Key measurable outcomes / KPIs for each action. | **3 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **2 points** for providing qualitative targets within a specific timeframe.  **1 point** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **3 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **2 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **14 points** per action, **56 points** in total. |

## Question 2.4 Planning for Sustainable Decommissioning

Are you taking action to support the growth of sustainable supply chains by **preparing for the sustainable decommissioning of your project?** This means investing in the knowledge, processes and technologies that will help facilitate making the decommissioning process easier later down the line and reducing waste. It does not mean the Department for Energy Security & Net Zero expects you to have finalised or detailed decommissioning plans. This question is asked to stimulate early investment in the relevant supply chains to support the reuse or repurposing of components or the recycling of materials when decommission large scale infrastructure. See Annex A for further guidance.

Please state:

* Your 3 most impactful actions in terms of **planning for the sustainable decommissioning of your project**.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Your answer should be no more than 4 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Your level and type of involvement for each action. | **8 points** if leading the activity or part of a wider partnership.  **4 points** if delegated to a third party.  **0 points** for no involvement or no information. |
| Key measurable outcomes / KPIs for each action. | **3 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **2 points** for providing qualitative targets within a specific timeframe.  **1 point** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **3 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **2 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **14 points** per action, **42 points** in total. |

# Innovation

Innovation drives growth, creates jobs and can help make technology cleaner. Developing and deploying new ideas, products and processes is central to our ambition of being the world’s most innovative economy.

The growth of the renewable sector in the UK over the past two decades, together with cost reductions, has been driven by innovation. Cost reduction and efficiency have been underpinned by practical learning on how to overcome the technical challenges of renewable electricity generation, but also by bringing in new entrants and helping SMEs scale up new ideas. By delivering against the innovation objectives, you will ensure that ongoing research and development will bring forward new methods, products and processes which will drive our progress towards Net Zero and sustainable industrial growth.

This is why in this section we ask questions about:

Your project’s:

* Investment in R&D.
* Use of new technology; and
* Role in bringing in SMEs and new entrants.

## Question 3.1 Investment in R&D

Are you taking action to **invest in R&D** that relates to the challenges faced by your project and its associated technology? Please state in your description the level and type of involvement in the R&D that you have, the timescales, and the Technology Readiness Level (TRL) to be achieved from each action.

* Your 3 most impactful actions.
* Expected/desired impact(s) on the project for each action.
* Your level and type of involvement in the innovation action.
* Evidence of impact[[6]](#footnote-7) compared to existing industry standards or common practice, for each action.
* Key measurable outcomes/KPIs for each action.
* How delivery will be assured for each action.

Your answer should be no more than 4 pages.

In this question, one of your actions can relate to a previous project, provided that there are demonstrable links between the past activity undertaken and the current project. See Annex B for the definition of ‘demonstrable links’.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Expected/desired impact(s) on the project for each action. | **5 points** if comprehensive description of expected impacts is provided.  **3 points** if detailed description of expected impacts is provided.  **2 points** if basic description of expected impacts is provided.  **1 point** if superficial description of expected impacts is provided.  **0** **points** if no description of expected impacts is provided. |
| Your level and type of involvement for each action. | **3 points** if leading the activity or part of a wider partnership.  **1 point** if delegated to a third party.  **0 points** for no involvement or no information. |
| Evidence of impact compared to existing industry standards or common practice, for each action. | **12 points** if impact significantly exceeds industry standards or common practice.  **7 points** if impact is only a small incremental improvement on industry standards or common practice.  **3 points** if impact is in line with industry standards or common practice.  **0 points** if impact is below industry standards or common practice. |
| Key measurable outcomes / KPIs for each action. | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **5 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **30 points** per action, **90 points** in total. |

## Question 3.2 Investment in New Technologies

Are you taking action to **introduce and/or demonstrate innovations or novel technologies** (i.e., not currently in commercial use) **across the development, construction and operations and maintenance phases of the project** that have wider applicability in the sector?

This can include the introduction of innovations or novel technologies by your supply chain partners, if you can demonstrate that they were chosen at least in part because of their innovative offer and link to your project. At least one action must demonstrate collaboration with other developers or suppliers. Please state:

* Your 3 most impactful actions.
* Evidence of ambition compared to existing industry standards or common practice for each action.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Your answer should be no more than 4 pages.

In this question, one of your actions can relate to a previous project, so long as there are demonstrable links between the past activity undertaken and the current project. See Annex B for the definition of ‘demonstrable links’.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Evidence of ambition compared to existing industry standards or common practice, for each action. | **10 points** if ambition significantly exceeds industry standards or common practice.  **6 points** if ambition is only a small incremental improvement on industry standards or common practice.  **5 points** if ambition is in line with industry standards or common practice.  **0 points** if ambition is below industry standards or common practice. |
| Key measurable outcomes / KPIs for each action. | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **5 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **20 points** per action**, 60 points** in total. |

## Question 3.3 Using SMEs

New entrants and SMEs, wherever they are from, can help bring disruptive practices, ideas and products to the supply chain. Are you taking actions **to identify and promote new entrants into your supply chains through this project**, and to **remove barriers to new entrants**?This should include actions to specifically support SMEs[[7]](#footnote-8), both in the UK and internationally, in the development, construction and operations phase of your project not listed above. Please state:

* Your 3 most impactful actions in terms of promoting new entrants.
* Evidence of engagement with new players and/or SMEs.
* Key measurable outcomes/KPIs for each action.
* How delivery will be assured for each action.

Your answer should be no more than 4 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| Evidence of engagement with new players and/or SMEs | **10 points** if new players/SME participation confirmed in project.  **6 points** if evidence of advanced and sustained engagement to bring in new players/SMEs provided (i.e., engagement ongoing for over a year).  **4 points** if evidence of early engagement to bring in new players/SMEs provided (i.e., engagement started in last 6 months)  **0 points** if no effort can be evidenced. |
| Key measurable outcomes / KPIs for each action | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action | **5 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **20 points** per action, **60 points** in total. |

# Skills

This section looks at the actions you are taking to invest in the skills needed to strengthen the supply chain and drive the sustainable growth of the renewable energy industry.

A skilled workforce will be crucial to delivering our green growth ambitions. High quality education and skills training plays a vital role in sustaining productivity growth and supports individuals to reach their potential.

As the renewable energy sector expands, opportunities will emerge for the sector to contribute to the provision of new skills and quality jobs which will support our push towards Net Zero. It will be important for the sector to tap into the largest possible pool of talent to ensure relevant existing skills are being drawn upon, and to better reflect modern society by having a diverse and inclusive workforce.

This is why in this section we ask questions about:

work being done to:

* Address skills gaps and shortages in the industry.
* Estimate the creation of skilled positions and jobs; and
* Ensure a diverse, fair and safe workforce that will contribute to a strong, sustainable supply chain.

## Question 4.1 Skill Gaps and Shortages

Are you taking action to address **skills gaps** or **skills shortages in the industry, and encourage transitioning** into the industry? At least one action must relate to the reduction of barriers to skill transferability across industries and one action must demonstrate collaboration with other developers or suppliers. Please state:

* Which technical qualified personnel you have the greatest gaps/shortages in.
* Your 4 most impactful actions in terms of reducing skills gaps or shortages.
* Evidence of ambition compared to existing industry standards or common practice for each action.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Your answer should be no more than 5 pages.

In this question, one of your actions can relate to a previous project, provided that there are demonstrable links between the past activity undertaken and the current project. See Annex B for the definition of ‘demonstrable links’. Actions can be taken at an industry or company level provided they are demonstrably relevant to the challenges faced by your project.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available per action** |
| State which technical qualified personnel you have the greatest gaps/shortages of. | **2 points** if information provided.  **0 points** if information is not provided. |
| Evidence of ambition compared to existing industry standards or common practice, for each action | **10 points** if ambition significantly exceeds industry standards or common practice.  **6 points** if ambition is only a small incremental improvement on industry standards or common practice.  **2 points** if ambition is in line with industry standards or common practice.  **0 points** if ambition is below industry standards or common practice. |
| Key measurable outcomes / KPIs for each action | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action | **5 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **20 points** per action, **82 points** in total. |

## Question 4.2 Apprenticeships, Scholarships and Trainees

Part 1

How many scholarship positions (undergraduate and/or post-graduate) with a duration of one year or more duration are you planning to sponsor, and at which educational institutions?

Part 2

How many apprenticeships, trainee positions and positions for workers transitioning from other sectors are linked to the development, construction, operations and maintenance phases of your project? How many of these are related to the skill gaps or skills shortages identified in question 4.1?

Your answer should be broken down into the following categories:

Employed by you:

* Apprenticeships.
* Trainee positions/ T level industry placements or equivalents[[8]](#footnote-9); and
* Positions for workers transitioning from other sectors.

Employed by T1 suppliers:

* Apprenticeships.
* Trainee positions/ T level industry placements or equivalents; and
* Positions for workers transitioning from other sectors.

Part 3

How do you as the developer plan to support those workers within your organisation coming to the end of their scholarship position/ apprenticeship/trainee position/ placement into employment?

Your answer should be no more than 5 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available** |
| Number of scholarship positions with a duration of one year or more. | **5 points** if scholarship positions created.  **0 points** if no positions created. |
| Breakdown of apprenticeships, trainee positions, positions for workers transitioning from other sectors and T level placements or equivalents provided (note that where T1s have not yet been contracted, estimates are accepted at application stage). | **5 points** if data breakdown provided.  **0 points** if data not provided or broken down. |
| Total number of apprenticeships, trainee positions, positions for workers transitioning from other sectors and T level or equivalent placements across your organisation and employed by your T1 suppliers. | **30 points** if total positions across your organisation and employed by your T1 suppliers > 200.  **20 points** if total positions are between 150-200.  **15 points** if total positions are between 100-150.  **10 points** if total positions are below 100.  **0 points** if no information is provided. |
| Are your apprenticeships, trainee positions, positions for workers transitioning from other sectors and T level placements or equivalents linked to the skills gaps/shortages outlined in 4.1. | **10 points** if over 80% of total positions are linked to the skills gaps/shortages outlined in 4.1.  **8 points** if over 60% of total positions are linked to the skills gaps/shortages outlined in 4.1.  **6 points** if over 40% of total positions are linked to the skills gaps/shortages outlined in 4.1.  **2 points** if less than 40% of total positions are linked to the skills gaps/shortages outlined in 4.1.  **0 points** if no positions are linked to the skills gaps/shortages outlined in 4.1 |
| How do you plan to support those workers within your organisation into employment at the end of their scholarship position/ apprenticeship/trainee position/ placement? | **5 points** if comprehensive plan provided.  **3 points** if detailed plan provided.  **2 points** if basic plan provided.  **1 point** if superficial plan provided.  **0** **points** if no plan provided. |
| **Total number of points** | **55 points** in total. |

## Question 4.3 Equality of Opportunity and Reducing the Disability Employment Gap

Are you taking action to **promote equality of opportunities in the workforce, which includes reducing the disability employment gap?** Please state:

* Your two most impactful actions in terms of promoting equality of opportunities in the workforce.
* Evidence of ambition compared to existing industry standards or common practice for each action.
* Key measurable outcomes/KPIs for each action; and
* How delivery will be assured for each action.

Note: stating or summarising your overall corporate strategy does not count as an individual action.

Your answer should be no more than 3 pages.

The question will be scored as follows:

|  |  |
| --- | --- |
| **Information requested** | **Points available** |
| Evidence of ambition compared to existing industry standards or common practice, for each action. | **10 points** if ambition significantly exceeds industry standards or common practice.  **6 points** if ambition is only a small incremental improvement on industry standards or common practice.  **5 points** if ambition is in line with industry standards or common practice.  **0 points** if ambition is below industry standards or common practice. |
| Key measurable outcomes / KPIs for each action. | **5 points** for providing clear numerical or objectively measurable targets to be completed within a specific timeframe.  **3 points** for providing qualitative targets within a specific timeframe.  **2 points** for setting out aspirations but not hard targets.  **0** **points** if no measurable KPIs provided. |
| How delivery will be assured for each action. | **5 points** for setting out clear delivery plan which includes target delivery dates, key milestones building up to final delivery; clear explanation of dependencies necessary to ensure delivery, including known risks, and commitment or enrolment of key stakeholders.  **3 points** for setting out target delivery dates and key milestones building up to final delivery but lacking clear explanation of dependencies.  **1 point** for lack of clear deliverables, milestones, and dependencies.  **0** **points** if no delivery assurances set out. |
| **Total number of points** | **20 points** per action, **40 points** in total. |

# Annex A: Examples of what is being sought

Note: examples are not meant to be exhaustive. These are indicative and other types of action can be taken than those specified below, so long as they are relevant to the question they come under.

|  |  |
| --- | --- |
| **Question** | **Example[[9]](#footnote-10)** |
| **Green Growth** |  |
| 1.1 Supply Chain Competition | Guidance in the question. |
| 1.2 Supply Chain Opportunities | Examples of further actions supporting visibility of opportunity include collaborating with other projects to pool opportunities, running procurement workshops, making sure your Tier 1 suppliers maximise visibility of opportunities downstream of your project, running bespoke events for smaller groups of suppliers, and using multiple supplier portals (e.g. OGA).  Examples of fair contracting include appropriate measures to reduce prequalification requirements on smaller firms, prompt payment processes, removing unsuited tender requirements for SMEs (e.g. large performance bonds), or unfair indemnity clauses. |
| 1.3 Procurement Value Drivers | Examples include any weight given in your procurement process to factors such as carbon emissions, environmental impact, job creation, system integration and innovation, benefits to local communities, action against modern slavery, etc. Specific examples that fall into these factors could include developers that reward companies which: contribute to a Just Transition replacing fossil fuel generation with renewables and re-skilling workers; apply and invest in the development of new technology solutions; have a greenhouse gas emissions reduction plan.  Procurement Value Drivers can be used as an entry requirement for assessing bids before a final decision is made on price. |
| 1.4 Sustainable Procurement, Operations and Maintenance | Examples include, but are not limited to, using recyclable materials, minimising carbon emissions from transportation, adopting new technologies for reducing carbon impacts across the supply chain (e.g. alternative fuels, adopting new techs for reducing carbon impacts of remote monitoring systems), collaborating with suppliers to work towards decarbonising their practices, introducing measures to minimise biodiversity impacts of the supply chain. |
| 1.5 Supply Chain Resilience | Guidance in question. |
| **Infrastructure** |  |
| 2.1 Decarbonisation: Monitoring | Guidance in question. |
| 2.2 Supply Chain infrastructure: Major Investments | Guidance in question. |
| 2.3 Supply Chain infrastructure: Other Investments | Part 1: Examples of actions that support lower tier key component suppliers could include the following: supporting supply chain tier 2 and 3 to make investments improving their own capability/capacity, whether via direct funding or firm assurance in a future order pipeline to provide confidence in taking investment decisions, or by securing Tier 1 collaboration with lower tiers.  Part 2: Examples of other actions that strengthen infrastructure that supports supply chains could include the following: building enabling infrastructure, e.g., access roads, providing funding support to upgrade existing port facilities, collaborating with other projects to set up shared or joint infrastructure including network/grid infrastructure, providing community benefit packages as part of as part of deployment of relevant infrastructure. |
| 2.4 Planning for Sustainable Decommissioning | Examples could include investing in/contributing towards the research of recyclable materials, participating in working groups that think about end-of-life issues and initiatives, contributing to the research of the design of modular components, activities that promote repair before scrap. |
| **Innovation** |  |
| 3.1 Investment in R&D | Examples include any R&D project that you are involved in or driving that relates to new surveying, construction, maintenance methods, to new component design, or that could lead to a drop in carbon emissions, costs, and higher productivity etc. |
| 3.2 Investment in New Technologies | Examples include any new technology that will be commercialised or tested as a direct, or partial result, of your project’s needs. |
| 3.3 Bringing in New Players | Guidance in question. |
| **Skills** |  |
| 4.1 Skill Gaps and Shortages | Examples of actions to address skills gaps and shortages could include the following: work to support the transition of workers from non-renewables sectors, recognition of equivalent training qualifications from other industries (e.g. for offshore wind OPITO BOSIET or GWO BST); working in partnership with regulators and safety forums, educational institutions to address gaps and shortages, setting up your own training programmes, collaboration with others (developers or suppliers) to set up skill programmes including apprenticeships and STEM programmes. |
| 4.2 Apprenticeships, Scholarships and Trainees | Guidance in the question. |
| 4.3 Equality of Opportunities | Examples of actions that promote equality of opportunities in the workforce and reduce the disability employment gap could include: work to: support in-work progression to help people from diverse backgrounds, perspectives and needs, (including age, ethnicity, education and other abilities) to move into the industry or into higher paid work by developing new skills relevant to the contract; increase the representation of disabled people in the contract workforce; support disabled people in developing new skills relevant to the contract, including through training schemes that result in recognised qualifications; and influence staff, suppliers, customers and communities through the delivery of the contract to support disabled people. |

# Annex B: Key Definitions

## “Key components”

For **Offshore Wind and Floating Offshore Wind**:

1. Turbines
   1. Blades
   2. Nacelles
   3. Towers
2. Foundations
3. Cables
   1. Export
   2. Array
4. Electrical Infrastructure Balance of Plant (BoP)
   1. Electrical
   2. Structural
   3. Onshore
5. Installation
   1. Turbine
   2. Foundation
   3. Electrical / Cable (export, inter-array and onshore installation)

For **Onshore Wind, or Remote Island wind**:

1. Turbines
   1. Blades
   2. Nacelles
   3. Towers
2. Foundations, roads and drainage
3. Grid connection
4. Electrical Infrastructure Balance of Plant (BoP)
   1. Electrical
   2. Structural
5. Installation
   1. Turbine
   2. Foundation
   3. Electrical / Cable

## “Demonstrable links” between past activity undertaken and the current project

This means evidence of how activity in a previous project has direct and practical implications for the current project. For instance, lessons learnt applied to the current project, a procurement exercise that covers several projects, R&D investment or new technologies being rolled across several successive projects or infrastructure used across several projects. Activities by parent companies or consortium members can be used provided that the link to the project is within this definition.

## “Ambition significantly exceeds industry standards or common practice”

An ambitious activity means one that goes clearly further in scale, scope, material impact, or represents a wholly different or new approach, to what has commonly been done in the relevant industry in the past five years. For instance, building a ‘supplier portal’ in offshore wind, has become standard practice across in recent years and would therefore not be considered ambitious but instead “industry standard or common practice”. The nature of a project’s technology and its size are considered in relation to ambition.

## “Key measurable outcomes / KPIs”

This refers to the key outcomes you will be monitored against. These should ideally be clear numerical or objectively measurable targets to be completed within a specific timeframe. Qualitative targets (e.g. producing a report) are also acceptable but will score less highly than numerical KPIs.

## “How delivery will be assured”

This requires a summary of how your intent, policy or initiative will be translated into concrete outcomes. This usually would include timelines for delivery and an overview of the key steps necessary to translate an intent into an outcome.

## “Detailed” or “comprehensive” information vs. “some” or sufficient information vs. superficial” or “insufficient” information

**Comprehensive:** clear statement of desired effects, timelines, key risks, mitigations, wider context, and industry impacts.

**Detailed**: clear statement of desired effects with supportive details on at least three of the following: timelines, key risks, mitigations, wider value and industry impacts.

**Basic**: clear statement of desired effects but with supportive detail on two or fewer of the following: timelines, key risks, mitigations, wider value and industry impacts.

**Superficial:** information on desired effects is unclear.

## “New manufacturing facility”

A manufacturing facility that has been set up in the last five years, or will be set up in coming years, where none existed previously. This can include facilities repurposed from other industries.

## “Significantly upgraded manufacturing facility”

A facility that has received substantial investment in the last three years, or will receive such investment in the coming years, to increase its output or efficiency, or to manufacture different products than it was originally set up to produce.

## “Incrementally upgraded manufacturing facility”

A facility that has undergone small modifications in the last three years, or will do so in the coming years, to modify its production line or techniques as the demand for its products evolve (e.g. for offshore wind, bigger blades).

## “Sustainability”

Defined as any measure, action or initiative that seeks to reduce the environmental impact of your project. This can include, for example, a reduction in greenhouse gas emissions, the use of recyclable, refurbished or re-usable components or materials.

## “Resilience”

The ability to

1. withstand disruption to the supply chain from unforeseen events, such as geopolitical or trade shocks, significant workforce issues in downstream suppliers, or climate change (natural disasters etc.) so a project can be delivered with minimal disruption; and
2. overcome key component supplier failures through securing alternative suppliers.

# Annex C: Anticipated UK Content Calculation Methodology (PS1)

This UK content methodology is endorsed by the Offshore Wind Industry Council described in *BVG Associates (2015) Methodology for measuring the UK content of UK offshore wind farms, for UK Government, Department of Energy and Climate Change, RenewableUK and The Crown Estate, May 2015.[[10]](#footnote-11)*

Appendix G provides summary guidance to support consistent application of the methodology by developers across different renewable power generation technologies, both for forecasting UK Content in uncommitted expenditure and for tracking and reporting UK Content within committed expenditure. This summary is provided as an aid to developers in applying the full methodology, which should be followed in detail and is that contained in the document by BVG (2015).

**Table 1** of this questionnaire is provided as a template to guide the calculation of anticipated lifetime UK Content in a project.

**Definitions**

| **Term** | **Definition** |
| --- | --- |
| Generator | A Developer or Generator is the company that owns a project development.    The term ‘Developer’ refers to the owner up to the point that they are awarded a CfD Contract in a specific Contracts for Difference Allocation Round. The term ‘Generator’ refers to the owner thereafter.    In Appendix G the single term ‘Generator’ is used. |
| Development expenditure (DevEx) | DevEx costs incurred by the Generator from the award of development rights by The Crown Estate to FID |
| Capital expenditure (CapEx) | CapEx includes costs incurred from FID to works completion date (WCD). It includes the cost of constructing the transmission assets that will be sold to the Offshore Transmission Owner (OFTO). |
| Operational expenditure (OpEx) | OpEx includes costs incurred by the project Generator from works completion date (WCD) to the end of active life |
| Decommissioning expenditure (DecEx) | DecEx includes costs incurred in the decommissioning, dismantling and disposal or recycling of the project |
| Works Completion Date (WCD) | WCD is the date at which the project’s full rated generation capacity has been commissioned |
| Total expenditure (TotEx) | TotEx includes all costs incurred from award of development rights to the end of decommissioning, and is the aggregation of DevEx, CapEx, OpEx and DecEx |
| Final Investment Decision (FID) | FID is the point of a project life cycle at which all consents, agreements and Contracts that are required to commence project construction have been signed (or are at or near execution form). At this point there is a firm commitment by equity holders or debt funders to provide or mobilise funding to cover the majority of construction costs |
| Committed Expenditure | Committed expenditure includes past and current contracts, and future contracts for which expenditure has been committed and the supplier selected |
| Uncommitted Expenditure | Uncommitted expenditure is all expenditure related to the project for which a supplier has not yet been selected |
| Customer | A Customer is a purchaser of goods or services for the project, which may be a project Generator or a Supplier at any tier of the supply chain (except the bottom tier) |
| Supplier | A Supplier is a provider of goods or services to a Customer. A Tier 1 Supplier is a supplier directly contracted by the project Generator |
| Internal Supplier | An Internal Supplier refers to the activities performed by a Customer that are not passed through to Suppliers, for example, expenditure by a civil works contractor in deploying their own equipment and inhouse (i.e. internal) work teams to execute part of a scope of work, and then sub-contracting the remaining portion of the work scope to Suppliers |
| Sub-supplier | A Sub-supplier is a company that is two or more steps down the supply chain from the Customer |
| Contract | A Contract is an agreement between a Customer and a Supplier to provide a goods or services to an agreed value. It covers the aggregated payment by the Customer to the Supplier for a defined scope of work or supply of goods. Purchase Orders (POs) are considered a type of Contract. The total Contract value could be made up of a number of transactions |
| Sub-contract | A Sub-contract is an agreement between a Supplier and a Sub-supplier |
| Contract Value | The Contract Value is the price paid by a Customer to a Supplier inclusive of profit margin (exclusive of VAT where applicable) |
| Base Cost | Suppliers calculate UK Content within their Base Costs.    Base Cost is the Contract Value less the Supplier’s profit margin, and is comprised of the value of the Supplier’s aggregated internal and external Sub-contracts. (Profit margins plus Base Cost form the Contract price to the Customer and the Contract Value to the Supplier). VAT is excluded from all calculations [tbc] |
| Margin | Margin means profit margin as EBITA [tbc]    Suppliers calculate and report percentage UK Content in their Base costs. Total % UK Content across multiple Contracts is the weighted average of UK Content in the Base Cost of each Contract.  Total % UK Content is reported by a generator as % UK Content in TOTEX.    The country destination of profit margins or the company’s taxation are not considered in the calculation of UK Content. Therefore, when applying total % UK Content to TOTEX to derive a monetary figure for UK Content, the level of UK Content within aggregated profit margins will be proportionate to the percentage of UK Content in Base Cost.  (An alternative is for the monetary value of UK Content to be % UK Content within aggregated Base Costs x aggregated Base Cost, which will be a lower monetary figure). [tbc]    A Supplier may include a margin in the cost of an Internal Sub-contract. |
| Internal Contract or Sub-contract | An Internal Contract is the discrete volume of expenditure on activities performed by an Internal Supplier.  The value of an Internal Contract may include a profit margin, for example, where there is a cross charge between different company operations (ie an internal transaction). Where this is the case, the internal margin is deducted from the Internal Contact value to derive the Base Cost for calculating UK Content within the Internal Contract. |
| FTE | Direct jobs (employees or direct hires) created or maintained by suppliers, expressed as Full Time Equivalent |
| UK FTE | UK FTE jobs are direct jobs (employees or direct hires) created or maintained by suppliers operating in the UK as registered companies or with an operating license, expressed as Full Time Equivalent positions. |
| RFQ | Request for quote |
| RFP | Request for proposal |
| ITT | Invitation to tender |

**Summary Guidance for Calculation of UK Content** *(Work in Progress)*

| **Component** | **Summary of Methodology** | **UK Content Calculation** |
| --- | --- | --- |
| **UK Content** | % UK Content is reported by a generator as percentage of DevEx, CapEx, OpEx and DecEx and as % of TOTEX. | UK Content is calculated as a proportion (%) of Base Cost for each contract or internal contract (or each component or category of unallocated expenditure).    Total project lifetime UK Content is calculated as the aggregated weighted average of % UK Content across all current and past contracts (and all components/categories of unallocated expenditure) across DevEx, CapEx, OpEx and DecEx, as follows:    Total project lifetime % UK Content =  ∑ (£ UK Content / £ Base Cost) x 100%    Total project lifetime £ UK Content =  Total project lifetime % UK Content x TOTEX |
| **Committed expenditure** | Committed expenditure includes past and current contracts, and future contracts for which expenditure has been committed and the supplier has been selected.    Committed expenditures are at prices of the day.    For committed expenditures:   * Supplier undertakes UK Content calculation for contracts > £10 million * Customer undertakes UK Content calculation for contracts < £10 million     For committed expenditure with contract values >£10 million, the Customer asks suppliers to undertake the UK Content calculation following in the methodology summarised in Appendix G (this document) and described in detail in BVG (2015).    For committed expenditure with contract values <£10 million the Customer undertakes the UK Content calculation based on professional judgement following the guidance in Appendix G (this document), supported by the information in BVG (2015). | Calculation of UK Content as % of Base Cost in a Contract    V Contract Value  M Contract profit margins  OH Overheads apportioned to Contract  G Expenditure on internal and external Goods  S Expenditure on internal and external Services  Di Incremental depreciation of asset over contract  period  cOH UK Content in Overheads, apportioned to Contract value  cG UK Content in Goods, apportioned to Contract value  cS UK Content in Services, apportioned to Contract Value  cDi Incremental depreciation of asset over contract  period    % UK Content =  (cOH + cG + cS + cDi) / (V – M + Di) x 100%  [“Di” in denominator- tbc] |
| **Uncommitted Expenditure** | Uncommitted expenditure is all expenditure related to the project for which a supplier has not been selected    Uncommitted expenditure is in real terms and undiscounted    For all uncommitted expenditure the Customer undertakes the UK Content calculation based on professional judgement following the summary guidance in Appendix G (this document) and the detailed methodology described in BVG (2015). | Calculation of UK Content as % of Base Cost in a project component or goods/service category      U Uncommitted expenditure allocated to a specific project  component or category of goods/service  M profit margin (assumed)  Cp % Capacity of UK suppliers to meet demand  Pr % Probability of UK suppliers capturing orders  cOH UK Content in Overheads, apportioned to component  or category  cG UK Content in Goods, apportioned to component or  category  cS UK Content in Services, apportioned to component or  category  cDi Incremental depreciation of asset over contract  period      % UK Content =  [(cOH + cG + cS + cDi) x Cp x Pr] / (U – M + Di) x Cp x Pr x 100%  [“Di” in denominator- tbc] |
| **Margins** | Profit margins    Where commercially confidential or otherwise unable to identify Margins, assume margin is 10% of Contract Value or 10% of uncommitted [tbc] | **Committed expenditure**    To derive Base Cost, remove actual profit margin from contract value.    **Uncommitted expenditure**    To derive Base Cost, remove assumed profit margin from Uncommitted expenditure allocated to a specific project component or category of goods/service. |
| **Overheads** | A portion of corporate overheads are included in the calculation of UK Content as part of Base Cost, and include:   * asset maintenance * finance * IT * sales * research and development * human resources * training not directly associated with project     For **committed expenditure with contract values >£10 million**, calculation of UK Content in Overheads is by the Supplier as the number of UK FTE within total FTE Overheads workforce, proportioned to the ratio of the contract value to total sales of the company over the contract period.    For **committed expenditure with contract values <£10 million**, calculation of UK Content in Overheads is by the Customer as the number of UK FTE within total FTE Overheads workforce of the supplier, proportioned to the ratio of the contract value to estimated total sales of the Supplier over the contract period.    For **uncommitted expenditure**, expenditure is allocated to a specific project component or category of service or goods, and UK Content is then calculated as follows:   * assume Overheads are 10% of Base Cost [tbc] * assume that for suppliers operating in UK overheads are 100% UK Content\* * assume that for suppliers not operating in UK overheads are 0% UK Content     \*given that definition of UKFTE is any employee or direct hire created or maintained by suppliers operating in UK, then can assume all (100%) of FTE Overheads workforce is UKFTE [tbc] | **Committed Expenditure**    OH Total Annual Overhead  CP Period of Contract in years  V Contract Value  TS Total sales over the contract period  TFOH Total average FTEs in Overheads function in  contract  period  UKFOH Total average UK FTEs in Overheads function  in contract  period    % UK Content in OHs =  [(OH x CP) x (V/TS)] x (UKFOH/TFOH)        **Uncommitted expenditure**    % UK Content in OH = (U - M) x 10% |
| **Supply of Goods** (manufactured products, equipment, materials) | For **committed expenditure with contract values >£10 million,** UK Content is calculated by the Supplier as the actual weighted average (by sales price) of % UK Content in all goods produced by the supplier in the year the Contract is fulfilled. This % UK Content figure is reported to all Customers in that year, regardless of product or product model/type sold to Customer [tbc]    For **committed expenditure with contract values <£10 million**, UK Content is calculated by the Customer as the estimated weighted average (by sales price) of % UK Content in all goods produced by the Supplier in the year the Contract is fulfilled.    For **uncommitted expenditure,** expenditure is allocated to a specific project component or category of service or goods, and UK Content is then calculated as follows:     * for suppliers operating in UK, UK Content is a professional judgement based on 100% minus estimated imported value of intermediary goods used in manufacturing process (equivalent to CIF\*). [tbc]      * for suppliers not operating in UK, UK Content is professional judgement of whether intermediary components in the overseas manufacture process are exported from UK, and if so the UK-retained export value. [tbc]     \*CIF – IncoTerm ‘Cost, Insurance, Freight’: <https://www.trade.gov/know-your-incoterms> | **Committed expenditure**    PT Total sales of all products in final year of contract  P1 Total sales of all of product type number 1 in final year  of contract  P2 Total sales of all of product type number 2 in final year  of contract  C1 % UK Content in P1  C2 % UK Content in P2    % UK Content in Goods =  [ ∑ (P1 x C1) + (P2 x C2) + etc ] / PT  or  % UK Content in Goods = C1 (where P1 is the supplied good)      **Uncommitted expenditure**    % UK Content in Goods = 1 - [(CIF/ (U - M - OH)] |
| **Supply of Goods** (fuel) | **Fuel**     * Apply 70% UK Content to expenditures on fuel bought in the UK * Apply 0% UK Content to expenditures on fuel bought overseas |  |
| **Supply of Goods** (internal manufacturing) | **Internal Manufacturing**  For the purposes of calculation % UK Content, manufacturing processes that are performed by the supplier of a service (eg a marine vessel services company that produces spare parts in their own workshops) are treated as an Internal Supplier. Treat this internal manufacturing as per the calculation for UK Content for external suppliers of goods. | As above |
| **Supply of Services** | For all calculations of UK Content in services, first deduct from the Base Cost the value of any goods components within the service (eg products, equipment materials). If these goods are entirely consumed during the contract period (eg aggregates), then calculate % UK Content in these goods as per the Supply of Goods methodology above. If the goods deducted from service are a ‘Capital Investment’ (eg supplier-owned equipment deployed during contract such as earth movers or vessels, then calculate % UK Content as per the Capital Investment methodology below.  This leaves labour-in-Services as the basis of the calculation for % UK Content in services, as follows.    For **committed expenditure with contract values >£10 million,** UK Content in service contracts is calculated by the Supplier as the actual total number of UK FTEs employed by the Supplier (or division of Supplier) in the last year of the contract, as proportion of total number of FTEs employed by the Supplier (or division of Supplier) in the last year of the contract    For **committed expenditure with contract values <£10 million**, total UK Content is calculated by the Customer as the estimated number of UK FTEs employed by the Supplier (or division of Supplier) in the last year of the contract, as proportion of total number of FTEs employed by the Supplier (or division of Supplier) in the last year of the contract:   * for suppliers operating in UK assume UK Content in total workforce of supplier is 100%\* * for suppliers not operating in UK assume UK Content in total workforce service is 0%     For **uncommitted expenditure,** expenditure is allocated to a specific project component or category of services, and UK Content is then calculated as follows:   * for suppliers operating in UK assume service (less overheads) is 100% UK Content\* * for suppliers not operating in UK assume service is 0% UK Content     \*given that definition of UKFTE is any employees or direct hire created or maintained by suppliers operating in UK, then assume 100% of FTE within services meets the definition of UKFTE | **Committed Expenditure >£10m**    V Contract Value  M Contract profit margins  cOHs Overheads apportioned to Contract value and then  pro rata to labour-in-Services only  Gs Value of Goods within service contract (includes  Overheads apportioned to Contract and pro rata to  Goods-in-Service only)  TFs Total average FTEs in supplier of service in final year  of contract  UKFs Total average UK FTEs in supplier of service in final  year of contract    % UK Content in Services (less Goods-in-Services) =  (UKFs/TFs) \* (V – M – Gs – cOHs)      **Uncommitted expenditure**    Gs Value of Goods within service component or category  (includes Overheads apportioned to Contract and pro  rata to Goods-in-Service only)  or category  UKFs Total UK FTEs in provision of service component or  category  cOHs Overheads apportioned to service component or  category and then pro rata to labour-in services only  % UK Content in Services (less Goods-in-Services) =  (UKFs/TFs) \* (U – M - Gs - cOHs) |
| **Supply of Services** (land rent) | **Land rent**  The UK content is the percentage of UK FTEs involved in administering the land asset. To calculate % UK Content in insurance treat as a ‘service’ | as above |
| **Supply of Services** (insurance) | **Insurance**  UK Content in insurance considers only the premiums paid by the Customer. To calculate % UK Content in insurance treat as a ‘service’ | as above |
| **Supply of Services** (warranty) | **Warranty**  To calculate % UK Content in a warranty treat as a ‘service’ | as above |
| **Supply of Services** (internal services) | **Internal Services**  For the purposes of calculation % UK Content, services that are performed by the suppliers’ own workforce (excluding labour in Overheads) (eg engineering services, construction team) are treated as an Internal Supplier. Treat this internal service as per the calculation for UK Content for external suppliers of services. | as above |
| **Capital Investments**  (applicable to committed expenditure only) | A Supplier may have made a capital investment in equipment or a manufacturing facility that is used to fulfil a Contract. The equipment or manufacturing facility depreciates during the fulfilment of a Contract. For the purposes of this methodology, % UK Content is calculated as portion of the depreciation cost of the investment.    For **committed expenditure where the supplier’s depreciated investment value over the contract period is >£10 million,** UK Content within capital investments is calculated by the Supplier as the incremental depreciation of the asset over the period of the contract, apportioned to the ratio of the contact value to total sales of the supplier over the contact period.    If a Supplier has an established process for attributing an investment cost to a particular Contract, it should use this as a basis for the UK Content calculation. If a Supplier has no established process, a linear depreciation model should be used over 20 years for a marine vessel (ie 5% per year) and 10 years for other capital investments (ie 10% per year).    The % UK Content of the depreciation equals the UK Content in the original investment, which is calculated by determining the % UK Content in the original investment from analysing the Contracts awarded at the time. Making this analysis will become more difficult with time, therefore for investments made more than five years before they are used in fulfilling a Contract, a Customer may make its own estimate of the UK Content in the supplier’s investment.    For **committed expenditure where the supplier’s depreciated investment value over the contract period is <£10 million** (or is >£10 million but investment was made > 5 years before contract) UK Content within capital investments is estimated by the Customer following the guidance above. | **Committed expenditure -** where the supplier’s depreciated investment value over the contract period is >£10 million:    CP Period of Contract in years  V Contract Value  TS Total sales over the contract period  Di Incremental depreciation of asset over contract  period  Io % UK Content in original investment      % UK Content in Investments = [(V x CP) / TS] x Di x Io        **Committed expenditure -** where the supplier’s depreciated investment value over the contract period is <£10 million, or is >£10 but investment was made > 5 years before contract):    % UK Content in Investments = [(V x CP) / TS] x Di x Io (est.) |
| **Contingency** | Treat all contingency sums as Uncommitted expenditure and follow the guidance above. |  |

1. See Annex B for definitions. [↑](#footnote-ref-2)
2. This can include vessels. [↑](#footnote-ref-3)
3. Note: The Department for Energy Security & Net Zero will consider the following when assessing the strength of evidence supporting an activity: financial commitments; one-off payments; long-term investments; level of commercial assurance; MOUs; collaboration agreements; and contracts. [↑](#footnote-ref-4)
4. Note: The Department for Energy Security & Net Zero will consider the following when assessing whether a developer has shown a serious and sustained effort to work with suppliers to build the business case for investment in new facilities: evidence of serious and sustained dialogue over a period of time, detailed and concrete investment plans and evidence showing suitable reasons why the efforts did not result in a successful investment. [↑](#footnote-ref-5)
5. Note: The Department for Energy Security & Net Zero will consider the following when assessing the strength of evidence supporting an activity: financial commitments; one-off payments; long terms investments; level of commercial assurance; MoUs; collaboration agreements; and contracts. [↑](#footnote-ref-6)
6. High impact research would be looking into solutions that will substantially (a) speed up deployment; (b) reduce costs; (c) substantially change how and where your technology is deployed. [↑](#footnote-ref-7)
7. Use the gov.uk and EU definition of SMEs: An SME is any organisation that has fewer than 250 employees and a turnover of less than €50 million or a balance sheet total less than €43 million. [↑](#footnote-ref-8)
8. Note that where there no direct equivalents between England, Wales, Scotland and Northern Ireland, use the corresponding qualification levels as found on <https://www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels> (e.g. a T level in England equals any equivalent level 3 qualification in Wales). [↑](#footnote-ref-9)
9. This is not an exhaustive list of examples. [↑](#footnote-ref-10)
10. You may use other industry approved methodologies, such as the update provided by BVG in 2021: “UK content calculation for AR4: guidance for industry”. [↑](#footnote-ref-11)