Morgan and Morecambe Offshore Wind Farms Supporting Statement for Section 35 Direction

1 BACKGROUND

1.1 Morgan Offshore Wind Limited (Morgan OWL) is a joint venture between bp and Energie Baden-Wuerttemberg AG (EnBW). bp has set out an ambition to be a net zero company by 2050, or sooner, and recently announced its strategy for delivering on that ambition. This strategy will see bp transform from an international oil company producing resources to an integrated energy company providing solutions to customers. bp already has a significant onshore wind business in the US with a gross generating capacity of 1.7GW, operating nine wind assets across the country. EnBW is one of the largest energy supply companies in Germany and supplies electricity, gas, water and energy solutions and energy industry services to around 5.5 million customers. EnBW was among the pioneers in offshore wind power with its EnBW Baltic 1 offshore wind farm in the Baltic Sea. In 2020, the company commissioned Germany's biggest offshore wind farm project to date, EnBW Hohe See and Albatros, with a combined capacity of 609MW.

1.2 The Morecambe Offshore Wind Farm is being developed by a joint venture between Cobra Instalaciones y Servicios, S.A. (Cobra) and Flotation Energy plc (Flotation Energy). Cobra is a worldwide leader with more than 75 years of experience in the development, construction and management of industrial infrastructure and energy projects. Cobra has an international presence in Europe, Asia, Africa and the Americas. In recent years the company has focused on renewable energy projects, including onshore & offshore wind and solar power including a specialised floating windfarm business. Flotation Energy has a growing project pipeline of offshore wind projects with 10GW in the UK, Ireland, Taiwan, Japan and Australia and plans to expand into many more key markets.

1.3 Both the Morgan Offshore Wind Farm (Morgan OWF) and the Morecambe Offshore Wind Farm (Morecambe OWF) are located off the coast of Barrow-In-Furness, West of Morecambe Bay outside the 12 nautical mile territorial limit but within the UK Renewable Energy Zone. Morgan OWF is expected to include:

(a) Up to 107 wind turbines with an indicative installed capacity of up to 1500MW;

(b) Up to four offshore substation platforms; and

(c) Associated inter-array and inter-substation cabling.

1.4 Morecambe OWF is expected to include:

(a) Up to 40 wind turbines with an indicative installed capacity of up to 480MW;

(b) Up to two offshore substation platforms; and

(c) Associated inter-array and inter-substation cabling.

1.5 As the capacity of each offshore wind farm exceeds 100MW they are both considered nationally significant infrastructure projects within sections 14(a) and 15(3) and (4) of the Planning Act 2008.

1.6 Transmission infrastructure is required to connect the generation assets of both offshore wind farms to the national grid. The expected scope of that infrastructure is set out in section 2 below.

1.7 Both the Morgan OWF and Morecambe OWF (the Projects) have been scoped into the Pathways to 2030 workstream under the Offshore Transmission Network Review (OTNR) being led by the Department for Business, Energy and Industrial Strategy (BEIS) in conjunction with the Office of Gas and Electricity Markets (OFGEM) and the National Grid

Electricity System Operator (NGESO). Under the OTNR, NGESO are responsible for conducting a Holistic Network Design Review (HNDR) to assess options to improve the coordination of offshore wind generation connections and transmission networks. The output of the HNDR has concluded that both projects will have a single (co-ordinated) grid connection location at Penwortham in Lancashire. The projects agree with and support this conclusion.

1.8 The Projects have been working closely to identify how best to develop (and consent) a co-ordinated but electrically separate grid connection since the submission of applications for grid connection to BEIS, NGESO and OFGEM in September 2021. In order to deliver a co-ordinated grid connection, the Projects have identified and extensively considered a number of consenting options. The opportunities and challenges of each consenting option have been assessed as part of several multi-disciplinary workshops attended by the Projects' consent teams, legal counsel and EIA consultants. The output of these workshops has been to pursue a co-ordinated grid connection whereby the Projects:

(a) consent their individual generation assets separately (this is necessary and appropriate because the generation assets are commercially and geographically distinct and subject to different agreements for lease with The Crown Estate); and

(b) pursue a joint transmission assets consent (covering both projects' offshore and onshore transmission infrastructure) through the Development Consent Order (DCO) process. It is anticipated that the DCO would authorise two electrically separate sets of works (for which there is precedent in other DCOs, for example The Dogger Bank Creyke Beck Offshore Wind Farm Order 2015) which are co-ordinated, with each set of works being a nationally significant infrastructure project ('NSIP') in its own right.

1.9 Key reasons for selecting this consenting approach are:

(a) the co-ordination of the approach between the Projects required for the joint transmission DCO would allow for better consideration and assessment of potential impacts (including cumulative impacts) and would be clearer for stakeholders, minimising any risk of stakeholder fatigue or confusion. If separate applications were pursued then stakeholders would be asked to respond on the same transmission asset corridor to two different applicants;

(b) a joint transmission DCO also provides a formal structure for the Projects to collaborate and align on transmission design, assessment and mitigation approach, particularly important for a co-ordinated transmission connection;

(c) the consents for the generation and transmission works will both be through a DCO ensuring they can be better aligned facilitating more straightforward delivery; and

(d) the consenting process is streamlined with a single consent application for both Projects' transmission assets and timetable ensuring the projects are delivered as quickly as possible, reflecting the urgent need identified by national policy. The National Policy Statements can also be given appropriate consideration and weight in the decision making process.

1.10 Morgan OWL and Cobra and Flotation Energy (the Applicants') proposed approach to consent has been discussed with the Planning Inspectorate and BEIS and notification of this provided to the relevant local planning authorities.

2 NATURE AND EXTENT OF PROPOSED TRANSMISSION ASSETS PROJECTS

2.1 The transmission assets that are required to connect the Morgan OWF generation assets to the national grid are expected to include:

(a) up to four offshore export cables, each approximately 125km long and associated works;

(b) up to twelve onshore cables, each up to approximately 30km long and associated works;

(c) an offshore booster station platform;

(d) up to four offshore substation platforms;

(e) a landfall site, comprising transition joint bays to connect the offshore and onshore cables, and associated works;

(f) an onshore substation; and

(g) up to twelve cables from the onshore substation to the Penwortham national grid connection point.

2.2 The transmission assets that are required to connect the Morecambe OWF generations assets to the national grid are expected to include:

(a) up to two offshore export cables, each approximately 40km long and associated works;

(b) up to six onshore export cables, each approximately 30km and associated works;

(c) up to two offshore substation platforms;

(d) a landfall site, comprising transition joint bays to connect the offshore and onshore cables, and associated works;

(e) an onshore substation; and

(f) up to six cables from the onshore substation to the Penwortham national grid connection point.

2.3 At this stage it has not been determined whether the offshore substation platforms will remain as part of the generation infrastructure or be transferred to an OFTO with the transmission infrastructure. For this reason it is anticipated that they will be included in both the generation and transmission works consents.

2.4 The offshore transmission works require marine licences from the Marine Management Organisation (which may be deemed granted as part of a DCO) and the onshore cabling works and substations are development and (if not authorised by a DCO) require planning permission. Compulsory acquisition powers are likely to be needed, particularly in relation to the onshore cables (which may also be included in a DCO).

3 SECTION 35 CONSIDERATIONS

3.1 Under section 35 of the Planning Act 2008 (as amended), the Secretary of State has the power to direct that development be treated as development for which development consent is required.

3.2 The conditions under which such a direction can be made are that:

(a) development must either be, or form part of, a project in the fields specified in section 35(2)(a);

(b) the development will be in an area set out in section 35(3); and

(c) the Secretary of State[1] thinks that the project is of national significance, either by itself or when considered with one or more other projects or proposed projects in the same field.

3.3 In relation to the Morgan OWF and Morecambe OWF transmission assets, conditions (a) and (b) above are met as the projects are within the energy field, the onshore elements are located within England and the offshore elements within English territorial waters and a Renewable Energy Zone.

3.4 Section 4 below sets out the reasons why the projects are considered to be of national significance, when considered both alone and together in accordance with condition (c) above.

4 JUSTIFICATION FOR DIRECTION

Morgan and Morecambe offshore wind farms are projects of national significance

4.1 Through the Planning Act regime and the National Policy Statements, the Government has recognised that offshore wind farms in England with the capacity to generate over 100MW of electricity are nationally significant infrastructure projects. The 1500MW capacity of Morgan OWF could provide 6000GWh of renewable electricity every year. This would be equivalent to the approximate annual energy needs of up to 1.5 million homes[2]. It could also prevent CO2 emissions of 3 million tonnes per year if constructed to its full capacity.[3] The Morecambe OWF anticipated capacity of 480MW could provide 2000GWh of renewable electricity every year. This would be equivalent to the approximate annual energy needs of over 650,000 homes. It could also prevent CO2 emissions of over 1 million tonnes per year if constructed to its full capacity.

4.2 Detailed costings have not yet been prepared, but Morgan OWF is likely to require over £3 billion of investment in order for the project to be delivered. For the Morecambe OWF over £1 billion is likely to be required.

4.3 Based on other constructed schemes it is anticipated that approximately 3000 full time jobs will be created during the construction of the offshore wind farms, and approximately 400 full time operational jobs for the lifetime of the projects. A study undertaken by RWE at Gwynt y Mor showed that the number of jobs created by that development were higher than initially predicted and that over 90% of the contracts were won by UK based companies. There is no reason to believe that the same will not be the case for Morgan and Morecambe OWFs.

4.4 The grid connection works described in section 2 above are needed to transmit the electricity generated by the Morgan and Morecambe OWF turbines to shore and to deliver the electricity into the national grid. They serve no other purpose. Without these works, the generation assets will not be constructed and will not generate electricity. When considered in conjunction with the generation assets, these works are of national significance.

4.5 The intention is that the transmission assets DCO application will follow closely behind the offshore generation applications for the Morgan OWF and Morecambe OWF to ensure that all consents are in place to allow the projects to make the earliest contribution to the Government's renewable energy targets.

[1] The Secretary of State for Business, Energy and Industrial Strategy
[2] Based upon an average consumption of 4,700 kWH per annum (DECC: Annual Digest of UK Energy Statistics (DUKES)
[3] The savings depend upon whether coal or gas is displaced and assumes an existing mix based on conventional fuels.

Urgent need for electricity generated by the offshore wind farms

4.6 The United Kingdom Government has concluded that there is, subject to appropriate environmental protection requirements, a need for offshore wind energy generation to meet international climate change obligations and domestic targets for renewable energy.

4.7 The current National Policy Statement EN-1 presents a compelling case for the need for new electricity generating capacity in order to meet the UK's legally binding targets to cut greenhouse gas emissions. The draft National Policy Statement EN-1 brings this up to date by confirming the need to reduce emissions by at least 100% by 2050 compared to 1990 levels and the urgent need for new electricity generating capacity to meet this objective. This need covers both offshore wind farms and the transmission assets required to connect them to the National Grid. Delivering that change is a major challenge, particularly within a market-based system and with severe constraints on public expenditure in the short term.

4.8 The current National Policy Statement EN-3 recognises that offshore wind farms are expected to make up a significant proportion of the UK's renewable energy generating capacity up to 2020. The draft National Policy Statement EN-3 builds on this considerably by stating that the government expects offshore wind to play a significant role in decarbonising the energy system. It confirms that the government has set an ambitious target to have 40GW of offshore wind capacity by 2030, with an expectation that there will be a need for substantially more installed offshore capacity beyond this to achieve net zero by 2050.

4.9 The current National Policy Statement EN-5 sets out important considerations for electricity networks infrastructure, including siting and design considerations. Section 2.3 of EN-5 sets out the general assessment principles for electricity networks in circumstances where they may be separate from the generating station. This refers back to EN-1. Paragraph 2.3.6 recognises that there may be circumstances in which a single application contains works in different locations and that this will be acceptable where those works meet the need set out in EN-1. The need for the identified grid connection infrastructure derives from the Morgan and Morecambe OWFs and on this basis the case for the works has been established. Equivalent wording appears in paragraph 2.4.5 of draft National Policy Statement EN-5.

4.10 Co-ordination of offshore wind transmission works is encouraged and supported by both draft National Policy Statement EN-1 and National Policy Statement EN-5. Paragraph 4.10.3 of draft National Policy Statement EN-1 expressly recognises that "*However, for some new co-ordinated offshore transmission projects it is recognised that these will be brought forward for consenting separate to (though planned with) the applications for the wind farms as outlined in EN-5.*" As a co-ordinated offshore wind connection, the Morgan OWF and Morecambe OWF grid connection enjoys this support from the draft National Policy Statements and benefits from the recognition that a separate consenting approach may be appropriate. Paragraph 2.4.2 of draft EN-5 also recognises that for generating stations and their related electricity networks infrastructure, a consolidated application approach may not be possible, nor represent the most efficient strategy for delivery of new infrastructure. This could be due to the different lengths of time needed to prepare the applications for submission to the Secretary of State, or because a network application relates to multiple generation projects, as is the case for the Morgan and Morecambe OWFs.

UK Government Legal Obligations and Policy

4.11 This need established by the National Policy Statements is underpinned by the UK Government's legal obligations and policy commitments.

4.12 The Climate Change Act 2008 introduced a legally binding climate change mitigation target for the UK to reduce its greenhouse gas emissions by 80% by 2050, compared to 1990 levels. This was amended to a legally binding target of 100% by 2050 through The Climate Change Act 2008 (2050 Target Amendment) Order 2019. The Committee on

Climate Change's (the CCC) sixth carbon budget (running from 2033-2037), which will require a 78% reduction in emissions from 1990 to 2035, was introduced in April 2021.

4.13 The first key commitment of The Energy White Paper (HM Government, 2020) is a target for 40GW of offshore wind by 2030. This echoed Point 1 of the Ten Point Plan for a Green Industrial Revolution, which set out the aim to produce 40GW of offshore wind by 2030. The more recent British Energy Security Strategy has only strengthened this commitment by setting an ambition to deliver up to 50GW of offshore wind by 2030.

4.14 The Morgan and Morecambe OWFs have an important part to play in securing the delivery of the Government's renewable energy strategy and achieving the legally binding emissions reduction targets. The timely and consistent consenting of the necessary grid connection infrastructure is critical to that delivery.

Comparison with other nationally significant infrastructure projects

4.15 Electricity lines are recognised in the Planning Act 2008 as capable of being nationally significant infrastructure projects. The threshold that is applied is that the line is over ground, 132kV or above, and over 2km in length. The requirement for consent from the Secretary of State, originally under the Electricity Act and subsequently the Planning Act, reflects the importance placed on these works.

4.16 The Morgan and Morecambe OWF grid connection cables are likely to be up to 400kV. The Applicants are committed to minimising the impacts of their projects and as a result are seeking to install the cables underground, notwithstanding the length of the connections and the increased cost when compared to overhead lines. Were it to be necessary to install a section of more than 2km of the onshore cable over ground this would need to be determined as a nationally significant infrastructure project.

4.17 Changes to section 35 were enacted[4] to allow developers of business and commercial projects to voluntarily have their projects treated as NSIPs to allow them to benefit from the "statutory timetabling... and the 'one stop shop' approach to development consent[5]". These are among the reasons that the Applicants are seeking a section 35 direction.

4.18 The Secretary of State has to date granted section 35 directions to several network NSIPs:

(a) the Nautilus Interconnector;

(b) the AQUIND Interconnector; and

(c) the Triton Knoll Electrical System.

4.19 These projects are similar in character to the project, in that each comprises onshore and offshore high voltage cables and related infrastructure for the purposes of electricity transmission or interconnection. All were recognised to be complex and to have the potential to deliver wider benefits, and without the section 35 directions each would have required a number of separate consents. The Planning Act regime was considered to be the most appropriate and effective way to consider and reach a decision on these projects. When considered alone or in conjunction with the generation assets, the transmission assets for the Morgan and Morecambe OWFs are clearly comparable to other NSIPs and should also be able to benefit from the section 35 process.

[4] By section 26 of the Growth and Infrastructure Act 2013
[5] See para 2 of *Major infrastructure planning: extending the regime to business and commercial projects – summary of responses and government response*, June 2013

Potential to streamline process to ensure early delivery

Separate consenting processes

4.20 In the absence of a section 35 direction, the transmission assets for the Morgan and Morecambe OWFs will require multiple separate consents, from multiple different decision-makers:

(a) the offshore works will require marine licences from the Marine Management Organisation; and

(b) the onshore works cover four local planning authority areas.

4.21 This complex consenting position has the clear potential to lead to differences of approach being taken on the same works in different areas, and for delays and inconsistencies in the determination of the applications, the consents granted and in securing the necessary rights. There is the potential for significant delays to the delivery of the transmission assets if the applications need to be determined by the Secretary of State following a public inquiry.

4.22 Given their intrinsic link with the generation assets of the offshore wind farms, the Applicants believe that consideration and determination of the transmission assets should be under the Planning Act to ensure consistency with the applications and any consents for the generation assets and to ensure that the National Policy Statements (current and emerging) are given appropriate consideration and weight in the decision making process.

4.23 In the absence of a section 35 direction the Applicants face uncertainty and potentially significant delays in the consenting of the necessary transmission assets that will in turn delay the delivery of the generation assets.

Compulsory Acquisition

4.24 The Applicants are likely to need to rely on compulsory acquisition powers to acquire some of the land and rights required to deliver the transmission infrastructure. Without a section 35 direction compulsory purchase orders would need to be promoted separately, and without the benefit of the timelines prescribed by the Planning Act 2008. This has the potential to lead to additional costs and delays that could otherwise be avoided. It is essential that this process is put onto the same footing as the generation assets.

Streamlining Process

4.25 The Planning Act was designed to streamline the process for consenting nationally significant infrastructure. A section 35 direction would ensure that the effects, impacts and benefits of the works are considered in a consistent and timely manner that does not delay the prompt delivery of the much-needed new renewable electricity that will be generated by Morgan and Morecambe OWFs, in accordance with the Government's energy policy.

Local Planning Authorities

4.26 The Applicants have contacted the relevant local planning authorities (Blackpool Council, Fylde Borough Council, Preston City Council, South Ribble Borough Council and Lancashire County Council) to inform them of their intention to apply to BEIS for a section 35 direction for the transmission assets for the Morgan and Morecambe OWFs. The Applicants are committed to working with the local authorities on the generation assets and transmission assets applications for the Morgan and Morecambe OWFs.

5 SUMMARY

5.1 In summary, a section 35 direction is sought for the Morgan OWF and Morecambe OWF grid connection works because they meet the legal tests and they are, for the following reasons, of national significance:

(a) They are large scale, complex, co-ordinated and high value works;

(b) They are needed to deliver two NSIPs, the Morgan OWF and the Morecambe OWF, which will make a material contribution to the UK Government's ambition to deliver 50GW of offshore wind by 2030;

(c) Current and emerging government policy confirms that there is an urgent need for the offshore wind farms and by extension the infrastructure required to connect them to the grid, and supports and encourages a co-ordinated approach to offshore wind transmission; and

(d) They are required to deliver much needed investment and secure more than 3000 construction jobs and 400 operations jobs in the UK.

5.2 There are major benefits to consenting these works as an NSIP in that:

(a) Rather than multiple, potentially inconsistent, decisions there would be a single, consistent consent, particularly important for a co-ordinated transmission connection as is being proposed for the Morgan OWF and Morecambe OWF;

(b) The National Policy Statements can be given appropriate consideration and weight in the decision making process; and

(c) The timetabling certainty will allow the Applicants to plan the procurement and investment decisions and other activities needed to deliver the offshore wind farms.

5.3 The Morgan OWF and Morecambe OWF grid connection works are similar in scale and complexity to other NSIPs, including those that have been the subject of previous section 35 directions.