



Supply Chain Development Statement

Arven South

October 2023



www.arvenoffshorewind.com

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1 SCDS Outlook

This Supply Chain Development Statement (SCDS) is written as part of Mainstream Renewable Power and Ocean Winds award for ScotWind. Both companies are committed to developing 2.3 GW of floating offshore wind near the Shetland Isles via their 50:50 joint venture partnership.

Arven South is a 500 MW site, located to the east, and is being jointly developed with the 1800 MW Arven project.

Powering Scotland's Floating Offshore Wind Future

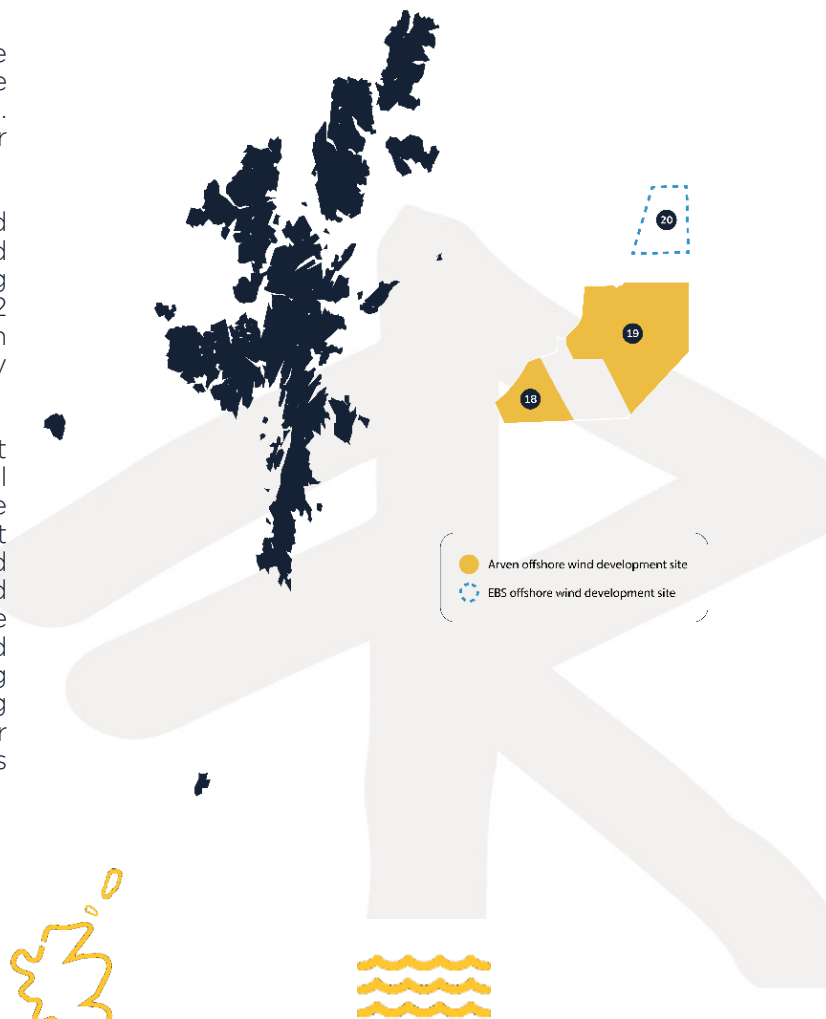
Mainstream Renewable Power and Ocean Winds are devoted to championing Scotland's renewable future. Working together with local stakeholders, the partnership aims to cement Scotland's position as a global leader in floating technology and offshore wind innovation. Our approach seeks to maximise project expenditure, primarily in Scotland (including locally in Shetland), and the rest of the UK, supporting domestic supply chain capabilities. Both shareholders have a strong track record in commitment to developing regional and local infrastructure, and local industry will be at the core of Arven's development. Additionally, around 1500 direct and indirect jobs will be created during the construction phase, plus long-term positions during the operational phase.

Project Overview

The name 'Arven' recognises the proud Norse history of the Shetland Islands: it is the Norwegian word for heritage and legacy. Building on this connection, the Norse rune for 'energy' forms the project logo.

Arven South is 500 MW floating offshore wind project, located to the east of the Shetland Islands in a larger Crown Estate Scotland leasing area called NE1. It is located approximately 22 kilometres from Shetland and has a water depth of approximately 100m, which makes it ideally suited for floating wind.

The Shetland Islands have some of the best wind resources in the world and are well positioned to play a key role in renewable energy development, and a just transition to net zero, due to their geographic location and natural resources. The islands have a proud history of fishing, oil and gas, and maritime industries that have fostered engineering and offshore expertise over time. With its evolving energy and marine infrastructure, and ongoing energy transition, there is strong potential for power-to-X and other offtake opportunities which are being explored by the project team.



Operational in the early 2030's



Approx 22km east of Bressay



Water depths of 100m

ARVEN SOUTH YEAR ONE SUMMARY

Partnering

Mainstream Renewable Power and Ocean Winds partnered in the summer of 2023 to expand the overall capacity of the Arven Offshore Wind Farm to 2.3 GW, to include Arven South, known formerly as Site 18. The two sites are now being developed jointly to maximise their potential. Extending this partnership will harness their collective knowledge to optimise advantages for Shetland and Scotland whilst contributing the UK's pursuit of a net-zero future.



Growth

Our project team has rapidly grown to over 20 staff members - talented, diverse individuals whose skills and experience are invaluable as we develop the Arven Offshore Wind Farm. The team is in Scotland and includes one local recruit in Shetland where we are looking to expand in the future as we open our local office there.



Surveying

Monthly digital aerial surveys by HiDef started April 2023, recording seabirds and marine mammals across the Arven array and a surrounding buffer. Surveys will continue for 24 months to inform the EIA and consent application.

In June 2023, HiDef completed seabird colony counts at two Shetland Special Protection Areas to understand breeding colony populations from which seabirds in project area birds may originate. Additional counts are planned for summer 2024.

Benthic ecology surveys commenced in September 2023 for the array area, and these will continue in 2024 when potential export cable corridors will be identified. The data gathered will be used to map habitats across the project area, including sensitive reef features near the adjacent Special Area of Conservation. The outputs from these surveys will also inform the EIA and consent application.



Collaboration

Arven is a signatory of the Collaborative Framework Charter, highlighting our commitment to working with industry and the Scottish Government to support the development of the supply chain in Scotland, supporting the group's work to pioneer the Strategic Investment Model.

Arven is in regular contact with ESB; developers of the neighbouring 500MW NE1 site. We are actively exploring opportunities to collaborate, for example collecting and sharing environmental data to inform the NE1 EIAs.



Engagement

Engagement to boost local Shetland supply chain opportunities is ongoing. Public consultation events will be held during the development phase, including various stakeholders from the Shetland community. The community will be kept informed and encouraged to participate, fostering open and transparent dialogue.

The project is in regular contact with organisations such as Highlands and Islands Enterprise (HIE), Shetland Islands Council, Scottish Enterprise (SE), Lerwick Port Authority and the NORN Engineering Alliance in Shetland to understand supply chain capabilities and begin early discussions about the opportunities Arven will bring. The 4Shetland group was established by these organisations to maximise opportunities for Shetland and the NE1 developers attend bimonthly meetings to provide progress updates and communicate opportunities.

The consents team hold quarterly meetings with the Marine Directorate and Shetland Islands Council to provide project updates and to detail progress on the consenting programme. We also participate alongside Shetland Fishermen's Association and other key stakeholders in a newly established NE1 fisheries and developer forum, which will meet a minimum of three times per year.



1.1 Arven South Commitments

The Arven South Offshore Wind Farm has not changed its original supply chain development targets since bid submission in 2022. The project is in early stage of development and is in the process of evaluating market conditions, engaging with supply chain companies, and conducting various site investigations which will drive final designs.

Our supply chain approach is to maximise deliverable project expenditure primarily in Scotland (including locally in Shetland), and in the rest of the UK, and to provide in-kind support to the supply chain to address the present limited capability in Scotland (including Shetland) through:

- Early and continued engagement with the supply chain regarding the specifics of the project, aimed at improving project performance.
- Demonstration of trust and empowerment throughout the project life cycle – clearly identifying functional requirements and subsequently supporting the supply chain to deliver to their contractual commitments.
- Sharing expected challenges and opportunities and requesting support from industry to provide solutions.
- Promoting renewable careers by:
 - Building early-stage skills for offshore wind by engaging schools and establishing scholarships.
 - Encouraging talent into renewables by promoting offshore wind as career of choice for those wishing to apply their skills and experiences from other sectors.
 - Upholding the Sector Deal workforce values of equality, inclusivity, and diversity.

Table 1: SCDS Commitments table presenting anticipated expenditure in £ million disaggregated by stage and geographic area.

Arven South Commitments Table				
Location Stage	Scottish Expenditure	rUK Expenditure	EU Expenditure	Elsewhere Expenditure
Development Stage	115	31	-	-
Manufacturing & Fabrication Stage	348	311	-	-
Installation Stage	114	48	-	-
Operations Stage (Six Years)	147	19	-	-

Clarifications:

- The expenditure levels set out in the Commitment table do not sum to the estimated total expenditure required for the proposed development. Levels are reflective of only the portion retained in Scotland, and the rest of the UK. Expenditure in regions outside of the UK is excluded.
- Scottish Expenditure means any element of the expenditure incurred (i) by entities registered, resident or having their principal offices in Scotland and (ii) where the location of the service received, or the product produced in exchange is in Scotland.

1.2 Delivering the Ambition

Arven South is a flagship project for floating wind. It offers a real opportunity to deploy floating technology on an industrial scale – generating jobs as well as wider economic and social benefits for Shetland, Scotland, and the wider UK.

Realising the potential of floating offshore wind is essential to a successful and sustainable energy transition – for Scotland, the UK and globally – highlighting the substantial importance of technology development and future learnings.

To secure our commitments and enable our ambitions we will work with other developers, suppliers, industry bodies and government at all levels with the aspiration to seize Scotland’s first-mover advantage in the development of the floating offshore wind industry by:

- Supporting the continuing innovation, R&D, and industrialisation efforts as technology transitions from bespoke demonstration projects to serial production and commercial scale deployment.
- Attracting manufacturing facilities and infrastructure in Scotland.
- Using UK-flagged vessels operating from Scotland for operations and maintenance.

Table 2: SCDS Ambition table presenting anticipated Expenditure in £million disaggregated by Stage and geographic area.

Arven South Ambitions Table				
Location Stage	Scottish Expenditure	rUK Expenditure	EU Expenditure	Elsewhere Expenditure
Development Stage	130	21	-	-
Manufacturing & Fabrication Stage	575	327	-	-
Installation Stage	134	28	-	-
Operation Stage (Six Years)	167	-	-	-

Clarification:

- Total expenditure required for the proposed development is equal across Commitments and Ambition tables. Expenditure put forward in the Ambition table is higher than the Commitments table, based primarily on a higher proportion of the expenditure retained in Scotland.
- Scottish Expenditure means any element of the expenditure incurred (i) by entities registered, resident or having their principal offices in Scotland and (ii) where the location of the service received, or the product produced in exchange is in Scotland.