

The logo for FIVE ESTUARIES features the word "FIVE" in a sans-serif font. The letter "V" is stylized with a purple-to-pink gradient. To the right of "FIVE" are three horizontal wavy lines in teal, green, and yellow. Below this is the word "ESTUARIES" in a larger, grey sans-serif font, followed by "OFFSHORE WIND FARM" in a smaller, grey sans-serif font.

FIVE
ESTUARIES
OFFSHORE WIND FARM

FIVE ESTUARIES
OFFSHORE WIND FARM
COMPENSATION MEASURES FUNDING
STATEMENT

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DEFINITION OF ACRONYMS

Term	Definition
AEoI	Aderse Effect on Integrity
ANS	Artificial Nesting Structure
AOE	Alde-Ore Estuary
BIMP	Benthic Implementation and Monitoring Plan
DBS	Dogger Bank South Offshore Wind Farm
DCO	Development Consent Order
FFC	Flamborough and Filey Coast
GRIMP	Guillemot and Razorbill Implementation and Monitoring Plans
HRA	Habitats Regulations Assessment
IROPI	Imperative reasons of overriding public interest
KIMP	Kittiwake Implementation and Monitoring Plan
LBBG	Lesser Black-Backed Gull
LIMP	Lesser Black-Backed Gull Implementation and Monitoring Plan
M&LS	Margate and Longsands
MRF	Marine Recovery Fund
RIAA	Report to Inform Appropriate Assessment
SAC	Special Area of Conservation
SPA	Special Protection Areas
VE	Five Estuaries Offshore Wind Farm

GLOSSARY OF TERMS

Term	Definition
VE or The Project	Five Estuaries Offshore Wind Farm
The Applicant	The company Five Estuaries Offshore Wind Farm Ltd.
ABEX	Costs incurred during the Decommissioning phase of VE
CAPEX	Costs incurred during the construction phase of VE
DEVEX	Costs incurred during the development phase of VE
OPEX	Costs incurred during the operational phase of VE
Order Limits	The extent of development including all works.
Development Consent Order	An order made under the Planning Act 2008 granting development consent for a Nationally Significant Infrastructure Project (NSIP) from the Secretary of State (SoS).
Report to Inform Appropriate Assessment	A process which helps determine likely significant effects and (where appropriate) assesses adverse impacts on the integrity of European conservation sites and Ramsar sites. The process consists of up to four stages of assessment: screening, appropriate assessment, assessment of alternative solutions and assessment of imperative reasons of over-riding public interest (IROPI) and compensatory measures.
Planning Inspectorate (PINS)	The agency responsible for operating the planning process for Nationally Significant Infrastructure Projects (NSIPs).

1 INTRODUCTION

1.1.1 Five Estuaries Offshore Wind Farm (VE) is a proposed extension to the operational Galloper Offshore Wind Farm. VE will be situated approximately 37 km off the coast of Suffolk, England (at its closest point).

1.1.2 As part of the Development Consent Order (DCO) application, Five Estuaries Offshore Wind Farm Ltd (the Applicant) is required to produce a Report to Inform Appropriate Assessment (RIAA) in order to provide the information required by the Competent Authority in order to undertake its Habitats Regulation Assessment (HRA) and Appropriate Assessment. If the HRA process deems that Adverse Effects on Integrity (AEoI) cannot be excluded, a derogations process is followed. In the event that no alternative solutions can be found, and if there are imperative reasons of overriding public interest (IROPI), the final stage of the derogations process is to develop measures to compensate for adverse effects on a site.

1.1.3 As part of its DCO, VE has submitted a number of derogation cases, both conceded and without prejudice, with details of proposed compensation measures for consideration by the Competent Authority, should a conclusion of AoEI be reached for any of the features described below.

Table 1: VE derogation cases

Site	Feature / species	Status of derogation case	Compensation measure(s) proposed
Alde-Ore Estuary (AOE) Special Protection Area (SPA)	Lesser Black-Backed Gull (LBBG)	Conceded	Predator control and habitat restoration at Orford Ness or predator control at Outer Trial Bank
Flamborough and Filey Coast (FFC) SPA	Kittiwake	Without prejudice	Onshore Artificial Nesting Structure (ANS) or strategic compensation through the Marine Recovery Fund (MRF).
FFC SPA	Guillemot and razorbill	Without prejudice	Recreational disturbance reduction or strategic compensation through the MRF.
Margate and Long Sands (M&LS) Special Area of Conservation (SAC)	Sandbanks	Without prejudice	SAC extension or anthropogenic pressure reduction or seagrass bed restoration/creation

1.1.4 Further details of the proposed measures can be found in the following compensation documents:

- > Lesser Black-Backed Gull Implementation and Monitoring Plan (LIMP) (Volume 5, Report 5.6)

- > Kittiwake Implementation and Monitoring Plan (KIMP) (Volume 5, Report 5.7)
- > Guillemot and razorbill compensation document (GIMP) (Volume 5, Report 5.8)
- > Benthic Implementation and Monitoring Plan (BIMP) (Volume 5, Report 5.9)

1.1.5 References to 'compensation measures' in this document include all of the measures described in Table 1 above, and as set out in relevant compensation documents.

2 PURPOSE OF DOCUMENT

- 2.1.1 This document is in addition to the Funding Statement (Document Reference 4.2) submitted by the Applicant to demonstrate that sufficient funds are or will be available to meet the requirements for likely compensation costs (both in terms of landowners and, in the case of this document, impacts to European protected sites).
- 2.1.2 The information contained within the Derogation Funding Statement has been prepared taking into consideration the requirements of relevant guidance and the draft National Policy Statements including:
- > Planning Inspectorate Advice Note 10 (Planning Inspectorate, 2022)
 - > Defra best practice guidance for developing compensatory measures – draft for consultation (Defra, 2021)
 - > National Policy Statements EN-1 and EN-3 (November 2023)
- 2.1.3 These documents set out that in developing compensation measures the Applicant should provide sufficient information relating to the financial arrangements to demonstrate the deliverability and security of the measures projects.
- 2.1.4 As such this Compensation Measures Funding Statement:
- > Sets out the approach and considerations taking into account when costing the compensatory measures;
 - > Describes the compensatory measures and what is included in the calculation of costs;
 - > Sets out where measures are mutually exclusive and if so, presents the worst-case funding scenario.
 - > Confirms the funding arrangements, consistent with those set out in the Funding Statement (Volume 4, Report 2);
 - > Confirms that the Applicant is confident that the financial viability of the VE will not be compromised by the delivery of some of all of the proposed compensatory measures.
- 2.1.5 Costs for the operational period (OPEX) have been estimated on the basis of a 40-year operational period. Where required, cost allowance has been included for the handover / conclusion of the compensation measure following at the end of project life (ABEX).

3 ESTIMATED COMPENSATORY MEASURES COSTS

3.1 LESSER BLACK-BACKED GULL

- 3.1.1 The LBBG Implementation and Monitoring Plan (LIMP) (Volume 5, Report 5.6) sets out in detail the package of proposed compensatory measures for impacts to LBBG from the AOE SPA. At this stage of project development these measures include:
- > Installation of predator control measures and habitat restoration at Orford Ness within the AOE SPA; or
 - > Predator eradication and habitat management at Outer Trial Bank (OTB), an artificial island in the Wash.
- 3.1.2 These measures are mutually exclusive as either one would provide the necessary compensation for the Project.
- 3.1.3 The cost estimate for predator control and habitat restoration at Orford Ness or predator eradication and habitat management at Outer Trial Bank takes into account the process of identifying, securing and installing the measures. This includes necessary surveys, stakeholder engagement, land agreements, permits and any relevant engineering and construction costs (only applicable to AOE SPA). The costs assume ongoing maintenance and monitoring throughout the operational lifetime of the wind farm, as well as continued stakeholder engagement. Adaptive management measures including additional habitat management, attraction methods or supplementary feeding have also been considered as well as allowance for transitioning the management of the site to other parties at the end of the operation life of the project.

Table 2: LBBG compensation measures costings

Measure	Phase	Costs	Total cost
Predator control and habitat restoration at Orford Ness	Devex	£439,800	£4,886,300
	Capex	£2,385,500	
	Opex	£1,989,000	
	Abex	£52,000	
Predator eradication at Outer Trial Bank	Devex	£205,400	£2,337,400
	Capex	£338,000	
	Opex	£1,742,000	
	Abex	£52,000	

- 3.1.4 Given the cost estimates provided in Table 2, the worst-case scenario to be used for the purposes of this funding statement relates to predator control and habitat restoration at Orford Ness.

3.2 KITTIWAKE

- 3.2.1 The Kittiwake Implementation and Monitoring Plan (KIMP) (Volume 5, Report 5.7) sets out in detail the proposed in-principle compensatory measure for impacts to the Kittiwake feature of the FFC SPA.

- 3.2.2 As set out in the Report to Inform Appropriate Assessment (RIAA), the Applicant has concluded that the project will not have an AEol on the kittiwake feature of the FFC SPA, either alone or in-combination. Nonetheless, through consultation it has been requested that the Applicant provide a without prejudice derogation case and an appropriate compensation measure.
- 3.2.3 The following options have been selected for compensation for kittiwake:
- > Onshore DBS kittiwake tower at Gateshead; or
 - > Participating in the Defra strategic compensation measure for kittiwake via the Marine Recovery Fund (MRF).
- 3.2.4 The Applicant is currently in discussions with Dogger Bank South (DBS) offshore wind farm to secure a formal agreement to contribute towards a defined share of the kittiwake tower that has been constructed at Gateshead. Costs have been provided by DBS as an estimated proportion of the overall costs as they apply to VE, including ongoing maintenance throughout the operational lifetime of VE, monitoring and adaptive management measures such as adding additional nesting ledges.
- 3.2.5 There is also the potential for the Project to contribute to strategic kittiwake compensation measures delivered through the Defra-administered MRF, however at this stage it is not clear what the quantum of such contributions would be and therefore costs are not provided. Nonetheless it is expected that, given the minimal contribution from VE to kittiwake collisions in-combination, the costs associated with the MRF for this measure would be considerably lower than those allowed for as part of the onshore DBS kittiwake tower. As such the costs set out in Table 3 are considered the worst case.

Table 3: Kittiwake compensation measure costings

Measure	Phase	Costs	Total cost
Defined share of Onshore ANS	Devex & Capex	£1,430,000	£11,700,000
	Opex	£9,360,000	
	Abex	£910,000	

3.3 GUILLEMOT AND RAZORBILL

- 3.3.1 The Guillemot and Razorbill Implementation and Monitoring Plan (GRIMP) (Volume 5, Report 5.8) sets out in detail the proposed in-principle compensatory measure for impacts to the guillemot and razorbill features of the FFC SPA.
- 3.3.2 As set out in the RIAA, the Applicant has concluded that the project will not have an AEol on the guillemot or razorbill features of the FFC SPA, either alone or in-combination. Nonetheless, through consultation it has been requested that the Applicant provide a without prejudice derogation case and an appropriate compensation measure.

- 3.3.3 The in-principal compensation measures proposed are either recreational disturbance reduction to one of more guillemot and razorbill colonies in the south-west of England, at a location(s) along the north Devon and Cornwall coast or participating in Defra strategic compensation measures for auks via the MRF. These are mutually exclusive and only one would be taken forward by the Project (should an AEol not be ruled out).
- 3.3.4 . The project-led measure would entail small scale management measures such as improved signage, working with local businesses and organization to promote reduced disturbance and the production of visitor access statements.
- 3.3.5 At this stage it is not clear what the quantum of contributions to the MRF would be and therefore costs are not provided. Nonetheless it is expected that, given the minimal contribution from VE to auk collisions in-combination, the costs associated with the MRF for this measure would be considerably lower than those allowed for as part of the project-led measures. As such the costs set out in Table 3 are considered the worst case.
- 3.3.6

Table 4: Guillemot and razorbill compensation measure costings

Measure	Phase	Costs	Total cost
Recreational disturbance reduction	Devex	£260,000	£3,529,500
	Capex	£435,500	
	Opex	£2,782,000	
	Abex	£52,000	

3.4 BENTHIC COMPENSATION MEASURES

- 3.4.1 The RIAA undertaken for VE did not identify any AEol upon the M&LS SAC however, cognisant of previous decisions reached by the SoS on recent offshore wind farm Development Consent Order determinations, the Applicant has developed potential ‘without prejudice’ compensation measures for this SAC in the event VE is required to provide compensation for this SAC by the SoS.
- 3.4.2 The Benthic Implementation and Monitoring Plan (BIMP) (Volume 5, Report 5) sets out in detail the proposed compensatory measures for potential impacts on the M&LS SAC. These are mutually exclusive and only one would be taken forward by the Project (should an AEol not be ruled out). At this stage of project development these measures are:
- > SAC extension through the Marine Recovery Fund (Strategic), or;
 - > Anthropogenic pressure removal (Project-led), or;
 - > Non like-for-like seagrass habitat restoration or creation (Project-led).

- 3.4.3 The cost estimate for SAC extension is based on the current assumption that Defra will lead on identification, consultation and implementation of the SAC extension through the Marine Recovery Fund as a strategic compensation measure without developer contribution. Once in place, it is expected that developers will fund initial monitoring and management of these areas and estimated costs have been provided for the Applicant's proportional contribution to the Marine Recovery Fund on this basis.
- 3.4.4 The cost estimate for anthropogenic pressure considers both removal of redundant infrastructure and removal of aggregate industry pressures. It is considered that redundant infrastructure removal represents the worst case costing due to the cost of surveys and direct intervention, whereas removal of aggregate pressures would likely be through agreement and potential compensation, the quantum of which is expected to be no greater than infrastructure removal and minor in the context of the project budget. Therefore, the costs for anthropogenic pressure removal includes the studies and surveys required to identify potential redundant infrastructure, the removal itself and post-removal monitoring.
- 3.4.5 The costs for non like-for-like compensation measure of seagrass bed regeneration or creation include the identification and development of the measure, stakeholder engagement, implementation and ongoing monitoring. Adaptive management measures (e.g. re-seeding) have also been considered.

Table 5: Benthic compensation measures costings

Measure	Phase	Costs	Total cost
SAC extension	Devex	-	£625,000
	Capex	-	
	Opex	£625,000	
Anthropogenic pressure removal (removal of redundant infrastructure)	Devex	£31,250	£4,981,250
	Capex	£4,325,000	
	Opex	£625,000	
Seagrass bed restoration / creation	Devex	£50,000	£656,250
	Capex	£231,250	
	Opex	£375,000	

- 3.4.6 Given the cost estimates provided in Table 5, the worst case scenario to be used for the purposes of this funding statement relates to anthropogenic pressure removal.

4 SUMMARY

4.1.1 The estimate total maximum cost for compensation measures for VE is set out in Table 6 below. Where multiple, mutually exclusive, compensation measures are proposed, the worst-case in terms of overall cost has been used to calculate the total funding requirement.

Table 6: Total funding requirement for compensation measures

Site	Feature / species	Measure	Total estimate cost
Alde-Ore Estuary (AOE) SPA	Lesser Black-Backed Gull (LBBG)	Predator control and habitat restoration at Orford Ness or predator control at Outer Trial Bank	£4,886,300
Flamborough and Filey Coast (FFC) SPA	Kittiwake	Onshore Artificial Nesting Structure (ANS)	£11,700,000
FFC SPA	Guillemot and razorbill	Recreational disturbance reduction	£3,529,500
Margate and Long Sands (M&LS) Special Area of Conservation (SAC)	Sandbanks	SAC extension or anthropogenic pressure reduction or seagrass bed restoration/creation	£4,981,250
Total estimated funding requirement for compensation measures			£25,097,050

4.1.2 As set out the Funding Statement (Volume 4, Document 2), the owners of the Project (with backing from their parent companies) have substantial assets in their own right and considerable experience in infrastructure development.

4.1.3 The funding required in relation to compensation measures will be provided by the Applicant. It will not be necessary to obtain any third party funding in respect of the compensation measures required for the Project. This is because the owners of the Project have made allowances for these costs, as they would with any large infrastructure project they undertake, and will ensure that the necessary funds will be available when they are due.

4.1.4 The Secretary of State can accordingly be satisfied that sufficient funding will be available to develop VE and that any liability arising from the implementation of compensatory measures as may be required under the DCO will be met. The Project is well-resourced financially and there is no reason to believe that, if the DCO is made, VE will not proceed.




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