

**(Annex 4 to ABP: 2 of 3 – DL8)**

**Proposed Lake Lothing Third Crossing (TRO10023)**

**Associated British Ports (20013261)**

**Post Examination Note**

**Justification of Assumptions of Future Development at the Port of Lowestoft**

At the resumed Issue Specific Hearing 2 (Environment) on 1 April 2019, the Applicant persistently sought to discredit the anticipated future development prospects for crew transfer vessels ("CTV's") and offshore wind farms ("OWF's") at the Port of Lowestoft, which are set out in the BVG Report (REP5-027) and the Berth Utilisation Assessment (REP5-026). The Applicant took the view that it disagreed with the analytic assessments undertaken by independent experts, BVG Associates and ABPmer, in their reports on these topics. Notably, the Applicant has not produced any evidence (expert or otherwise) or provided any confirmed data to back up their views, instead, it has merely relied on its own assertions delivered in writing or as part of oral submissions.

Disappointingly, this is a recurring theme with the Applicant's case, as the Applicant appears to be willing to repeatedly discredit expert and peer-reviewed evidence with unsubstantiated rebuttals, in order to cover up their lack of meaningful understanding of the Port's operations.

As such, to assist the ExA, ABP has provided this Post Examination Note to set out the justification for the assumptions that form part of the future growth scenarios at the Port of Lowestoft, as specified in the BVG Report and the Berth Utilisation Assessment.

**1. Future OWF Development**

- 1.1 ABP and its supporting expert's reports do not claim that ABP is guaranteed to win all future development for all proposed offshore windfarms. As such, the Applicant's assumption that these expert assessments are based on the premise that the Port would win all future OWF demand is wholly incorrect and unsubstantiated.
- 1.2 The expert assessments support the assertion that there will be large scale future development of OWF's in the Southern North Sea sector, within close proximity to the Port of Lowestoft. As stated during the BEIS Ministerial announcement in March 2019, the ambition is for 30 Gigawatts of OWF development by 2030. Given the

comparatively easier development conditions in the Southern North Sea (such as shallow water, softer seabed material and access to grid connections), it is anticipated throughout the OWF industry that 50%+ of this development will happen in this region.

- 1.3 The BVG Report assesses the future use of the Port based on a scenario where Lowestoft could potentially win around half of the East Anglia Round 3 opportunities (i.e. EA3, EA 2 and EA1 North)(BVG Report, Section 3.1). It should also be noted that the Round 3 developments in the Southern North Sea are believed to have secured NSIP designation. BVG Associates are industry leading consultants, who have undertaken their assessment on a conservative and reasonable basis.
- 1.4 Despite the Applicant's attempt to dismiss ABP's assertions on potential future demand by noting that Vattenfall have signed an MOU with the Port of Great Yarmouth, development activity associated with Vattenfall's Norfolk OWF's has not been used to formulate our future demand predictions. ABP and BVG Associates have applied a deliberately conservative assessment to derive their predictions assessed in the BVG Report. However, it must also be appreciated that the existence of an MOU between Vattenfall and Peel Ports Great Yarmouth is not actually a guarantee that the Port of Great Yarmouth will secure all the development and O&M business available.
- 1.5 Additionally, the Crown Estate has called for proposals to extend existing Round 2 OWF's; several OWF operators in this region are going through the application process at the moment, with approvals expected to be announced during 2019.
- 1.6 So rather than dismissing the Port's potential, as the Applicant's appraisal of future demand would seek to do, it should be considered that the future demand could indeed be greater than that predicted within the BVG Report.
- 1.7 It must also be considered that not all the potential OWF's have been consented. However, if the UK as a nation is to meet its ongoing renewables/decarbonisation targets, future OWF development along with other Renewable and Nuclear options must be progressed in the public interest. Of those potential OWF's in the immediate vicinity of the Port the current status is as follows:-
  - a. **EA Three** – consented, awaiting 2019 Contract for Difference (CfD) announcement, then will need developers Final Investment Decision (FID);
  - b. **Norfolk Vanguard** – Undergoing PINS DCO process at present, followed by CfD and FID decisions;
  - c. **EA Two** - Preparing application ready for DCO submission in Q4 2019;

- d. **EA One North** - Preparing application ready for DCO submission in Q4 2019;
  - e. **Norfolk Boreas** – Preparing for DCO application mid 2019;
  - f. **Galloper and Greater Gabbard OWF's** - Both plan to follow the separate Crown Estate process to achieve permission to extend their current operations by approx. 50%. ABP Lowestoft was heavily involved in supporting the construction of both these windfarms and currently hosts the Galloper O&M base; and
  - g. Similarly **Sheringham Shoal, Dudgeon and Lincs OWF's** - Engaging in the Crown Estate extension process. All these OWF's have been supported during construction or project works from the Port of Lowestoft.
- 1.8 As can be seen from the pipeline of work described above, even without considering re-powering and major essential projects to support existing OWF infrastructure, there is considerable demand within the immediate vicinity of the Port.
- 1.9 The Applicant's superficial dismissal of potential development is strongly rebutted and must surely diminish the veracity of many of their other statements concerning the prospects and operation of the Port. Indeed, the Applicant's arguments also fly in the face of the reasoning given for the award of NSIP status by the SoS for the DfT.

## 2. **Future Berth Utilisation**

- 2.1 The assessment of berth utilisation (i.e. "busy-ness" in the Applicant's terms) in future scenarios undertaken by ABPmer in the Berth Utilisation Assessment is based on understanding presented within the (as yet unpublished) Port of Lowestoft masterplan and are outlined within Section 5.4.1 of the report. In summary these include:
- a. Opportunities actively being sought by the Port and the investment already made into the Port. For example, redeveloping the Outer Harbour to engage the offshore wind Operation and Maintenance (O&M) market and expanding this further in line with ongoing offshore wind developments.
  - b. The Port actively seeking to reinstate its marine aggregate landing facility in line with potential industry opportunities.
  - c. The Port actively exploring other offshore energy opportunities, one of which has been successful, with Peterson's operations beginning in 2019.
- 2.2 As such, the future development opportunities that form the basis of assessment undertaken by ABPmer are based on realistic, pragmatic commercial opportunities and

an understanding of how the ABP intends to develop operations at the Port within the short to medium term future.

- 2.3 Section 2.3 of the Berth Utilisation Assessment describes the berthing practices used by the Port to manage their operations. The Port employs the practice of assigning dedicated berths to operators and commercial users in order to service their operations. This means that selected berths are allocated to specific operators, which give priority use to those operators and effectively removes them from use by general commercial traffic. Although other vessels may be placed at a dedicated berth, it is not pre-planned and is generally managed at the specific point in time it is required.
- 2.4 The practice of assigning dedicated berths means that those berths are effectively 100% utilised as they are removed from common use, and they are therefore reflected in the analysis as such. In addition, the potential operations associated with the dedicated berths relates to a large number of vessel calls, described in Section 5.4.1 of the Berth Utilisation Assessment. For example, these include daily visits each associated with the other offshore energy and marine aggregate opportunities, with the vessels staying at berth for up to 12-hours. The large number of vessel calls and the potential berth occupation time further supports the applied utilisation estimate in the absence of actual utilisation time.
- 2.5 The future opportunities identified in the Berth Utilisation Assessment would all necessitate the provision of dedicated berths either for operational reasons or for the provision of dedicated quayside infrastructure, which would limit any other vessels using the berth. For this reason, the majority of the future opportunities are applied as dedicated berths within the analysis. However as stated in Section 5.4.1, there is generally assessed to be a no greater than 50% probability of success associated with the different opportunities. As such, this demonstrates that ABPmer have adopted a conservative approach to its assessment of ABP's ability to win the future opportunities identified in the Berth Utilisation Assessment.
- 2.6 The reduction in utilisation of Shell Quay in the Berth Utilisation Assessment in a "with bridge" scenario reflects ABP's belief that primary O&M activity will be deterred from using any quay west of the LLTC, whereas we believe there may be some use for it supporting second and third level suppliers to OWF who may be less risk averse. This has the potential to result in a lower commercial return being achieved for this quay space.

2.7 As such, the Applicant's failure to recognise and take into consideration established existing berth practices, and the clear aspirations of the Port regarding its future development potential and its implications on future berth utilisation, is wholly unjustified.

### 3. Future Customer Appraisal of Risk

3.1 Potential future customers have been engaged with by members of the ABP Lowestoft team, as well as those engaged in the Masterplanning exercise. Despite disparaging assertions by the Applicant at the hearing on 1 April 2019, it has not been ABP policy to give an unnecessarily bleak portrayal of the impact of the proposed LLTC Scheme to potential customers (i.e. "*ABP think it will be terrible, therefore it will be terrible*").

3.2 On the contrary, ABP has given potential customers a realistic appraisal of the air draft clearance of the LLTC and advised them that ABP is in negotiation with the Applicant to operate the bridge on their behalf and over the Scheme of Operation. Indeed, to paint an unduly negative picture of the "with bridge" future port operation would be for the Port to "shoot itself in the foot", given there is a reasonable prospect of the proposed bridge being consented **provided** suitable mitigation to offset the impacts of the proposal is provided to objectors, including ABP.

3.3 All potential developers spoken to by the ABP team were concerned and responded negatively to the prospect of operating "behind a second bridge", despite ABP's attempts to reassure them. There were concerns expressed over the potential costs and associated risks of delays to CTV operations. However, the overall main theme was the prospect of adding a second point of failure arising as a result of having a second opening bridge into their due diligence scoping of the Port, as part of their pre-decision comparative assessment of potential operational bases. The feedback given to ABP, by senior team members with these potential future customers, was that such a potential second point of failure was likely to be seen as an unacceptable increase in the risk profile, which outweighed positive factors such as the Port's experience in working with OWF developers and geographic proximity to the proposed development areas.

3.4 The assertion by the Applicant, that the LLTC Scheme will become "some part of the furniture" and will be factored into OWF developers and operators calculations, is strongly rebutted by ABP. An impediment of this magnitude will always be an impediment, however familiar port users become with its presence within the Port. ABP considers it is unreasonable to expect OWF developers and operators to tailor

their future operational models to a constrained future Port situation, rather than look to locate elsewhere.

#### **4. CTV Future Development**

- 4.1 The Port has previously submitted an ABP Mer CTV Characteristics Report (REP5-028) and the BVG Report (REP5-027). The Port has also submitted a further report commissioned (Assessment of Trends in the European CTV Market) from 4C Offshore as part of its DL8 submission. All three reports have been produced by specialist independent consultancies, with pre-eminent standing within their spheres of expertise. In short, these reports all conclude that the size (including air draft) of CTV's are increasing. In spite of the sheer weight of objective independent evidence against it, however, the Applicant continues to disagree with this position.
- 4.2 There are some uncertainties in the logistics delivery methods for future OWF's, which is understandable given the developing and rapidly expanding nature of the industry. However, there is a consensus that, as OWF's are developed further offshore, there will be a requirement for larger CTV's with improved sea-keeping and deliverable speed requirements, as well as the need for Service Operation Vessels (SOV's) and helicopters.
- 4.3 There is a realistic prospect that the MCA will authorise the carriage of 24 technicians in CTVs the near future, which will also potentially drive the increase in the size of vessels. Additionally, early operational experience with CTVs has highlighted the safety benefits of higher wheelhouses, to allow the skippers better visibility when transferring technicians onto turbine structures. The effect of raising the wheelhouse is to push up the position of the vessel's mast to accommodate the necessary receiver and transmitter aerials and scanners. Indeed some CTV's have been modified to have raised wheelhouses added at significant cost to the owners.
- 4.4 To place credibility in the Applicant's assertions on this topic, ABP has requested that the Applicant provide a counter-argument supported by an analytical study, issued by a consultancy with sufficient understanding of and experience in the OWF Industry. To date, however, no such supporting report has been seen by ABP.