

**Subject: NTCA Offshore & Subsea Infrastructure Programme –
Technology Development Centre**

Report of: Principal Economy and Strategy Manager

Portfolio: Clean Energy and Connectivity

Report Summary

This report provides an overview of the Technology Development Centre proposal and includes a recommendation for a funding award of £2,829,439 of North of Tyne Investment Fund to the Offshore Renewable Energy Catapult.

Recommendations

The Chief Executive is recommended to

- i. approve £2 million for the Technology Development Centre, subject to the funding conditions set out in paragraph 1.10

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The offshore wind sector provides a game-changing economic opportunity for the area. Given the scale of opportunity but also the scale of investment needed to realise it, NTCA agreed, in April 2020 a headline investment fund allocation of £25 million up to 2028 for the entire programme (including the innovation and infrastructure components), approving £16m till 2022/23, with the remaining £9m for 2023 to 2028.
- 1.2 Following the approval of the Delegated Decision Report – Investment Fund Update, Part B – Energy, Green Growth and Climate Change – a north of Tyne Blueprint on the 1st April 2020 under delegated HPS11 in Part 2.9 of the Consultation, the Head of Paid Service, in consultation with Investment Panel and Portfolio Holder, can approve the relevant call documentation and business case applications for the Offshore Wind Infrastructure and Innovation Programme.

Proposal Name	Technology Development Centre
Lead Organisation	Offshore Renewable Energy Catapult (OREC)
Delivery Areas	Blyth - Northumberland
Timescales	July 2022 – March 2024
Project Value	£5,600,000
Grant / Loan amount requested	£2,000,000

- 1.3 The Technology Development Centre focuses on the construction and development of a testing facility that will offer testing of wind turbine components, while helping to create opportunities for new technology development. The project is part of the Energising Blyth programme and Energy Central, a port-based partnership between ORE Catapult, Advance Northumberland, and port of Blyth.
- 1.4 The project aims to provide the infrastructure required to accelerate technology development which in return will drive regional supply growth, innovation, and competitiveness. The Centre will accelerate advancement of power conversion systems for grid connection, rotating components, and other novel

products and materials for the offshore renewable energy sector by providing validation and demonstration capability for innovation, research and testing. The Centre will draw together five testing areas, adding to the globally unique combination of assets provided at the Blyth campus which will provide demonstrable benefits to the regional and national supply chains. In addition, it will deliver innovation and knowledge development around key knowledge areas relating to the emerging field of Floating Offshore Wind.

- 1.5 The project will be delivered over two phases which include:
- i. Construction of a Technology Demonstration facility that will encompass the 1MW Aerodynamic Validation test rig, blade modelling and turn-key tooling solutions space and tribology area.
 - ii. Refurbishment of existing and development of new validation assets
- 1.6 A full external green book appraisal has been undertaken which identified that the project has a strong fit with the Combined Authority's Vision and key priorities and also has a strategic fit with wider regional and national policy. The overall risk rating of the business case is green with the outstanding issues dealt with through the conditions of funding set out below.
- 1.7 NTCA Investment Panel considered the proposal on the 4th July 2022 and recommended to the Chief Executive that funding of £2million is agreed subject to the following conditions:
- 1) Formal confirmation that all match funding has been secured
 - 2) Applicant to finalise specification and costs and these to be reported back to NTCA.
 - 3) Funding subject to securing all statutory consents necessary for the development as outlined in the business case.
 - 4) The applicant to bear the risk of any cost overruns.
 - 5) Submission of a monitoring and evaluation plan which incorporates evaluation at 1 and 3 years post completion.

2 Potential Impact on Objectives

- 2.1 Programme delivery as described in the report is consistent with the priorities set out in NTCA's vision and in line with Offshore Wind Sector Development Narrative agreed in April 2020.

3 Key Risks

- 3.1 The project risks have been considered as part of the application and appraisal process.

4 Financial and Other Resources Implications

- 4.1 £2m is allocated to this proposal from the Offshore Infrastructure Programme for spend in 2022-23 and 2023/24. All funding provided will be capital. In line with our agreed claim process, grants will be paid at the agreed intervention rate quarterly in arrears and upon verification of costs.

5 Legal Implications

- 5.1 The comments of the Monitoring Officer are included in the report. The subsidy control position has been assessed and confirmed.

6 Equalities Implications

- 6.1 NTCA is committed to driving equality and diversity. The delivery of this proposal which will support the creation of jobs in the Offshore Wind sector and associated supply chain will help NTCA meet its duties under the Equality Act 2010, particularly around advancing equality of opportunity for those with protected characteristics.

7 Inclusive Economy Implications

7.1 The Inclusive Economy impact of the proposal was considered as part of the appraisal and NTCA. The project aligns with the inclusive Economy Policy Statement, by unlocking potential economic opportunities that may be secured with this investment and by delivering education, skills and employment benefits.

8 Climate Change Implications

8.1 This proposal will support the growing offshore wind sector and will also support opportunities for low carbon focused investment and innovation.

9 Consultation and Engagement

9.1 The project has been discussed at Technical Officers Group meeting, Investment Panel, at Officer level in NTCA. In addition, the project sponsor has undertaken engagement with relevant stakeholders.

10 Appendices

10.1 None

11 Background Papers

11.1 NTCA Delegated Decision Report 1st April 2020, Investment Fund Update, Part B: Energy, Green Growth and Climate Change – a North of Tyne Blueprint
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/20200401-InvestmentB-report.pdf>

12 Contact Officers

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13 Glossary

NTCA – North of Tyne Combined Authority
OREC – Offshore Renewable Energy Catapult

14 Sign-off

Portfolio holder Yes	Director/SMT Yes	Chief Finance Officer: Yes	Monitoring Officer: Yes
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