

Without Prejudice

Crown Estate Scotland Heads of Terms for Electricity Transmission Cables within Scottish Territorial Waters

Summary

- These terms apply in Scottish Territorial Waters, the area of seabed from the baseline (broadly the mean low water springs) out to the 12 nautical mile limit managed by Crown Estate Scotland.
- The terms apply to electricity transmission cables with an international, domestic and bootstrap dimension.
- These terms are to cover the period from 1 January 2026 to 31 December 2035. However, Crown Estate Scotland may vary or extend these terms from time to time during this period.
- These terms have been adopted by Crown Estate Scotland following a review of market conditions in 2025 and sit alongside Crown Estates Scotland's rights and responsibilities under all current regulatory regimes (as applicable).
- These terms will apply on a non-discriminatory basis to new licences and, where agreed with current licensees, to existing licences.
- Potential licensees can also request a licence option agreement, prior to entering into a licence. The licence option agreement fees are outlined below and the remaining terms will be agreed on a case-by-case basis between the parties.

Licence

Term	Definition
Licensor	Crown Estate Scotland
Licensee	[]
Licence Period	[40] years
Licence Start Date	TBC
Longstop Operational Date	TBC
International Interconnector (connections between Scotland and a country outside the Great Britain energy market and including new connections between Scotland and Northern Ireland)	<ul style="list-style-type: none">• Option Fee – 55% of the Base Fee per annum• Non-Operational Fee (including from the Licence Start Date and during construction (subject to the Longstop Operational Date) and decommissioning periods) – 50% of the Operational Fee per annum• Operational Fee – together (i) the Base Fee of £300,000 per annum and (ii) the Additional Fee of £300/MW per annum (both fees indexed linked in accordance with CPI from December 2024)
Bootstrap Domestic Interconnector	<ul style="list-style-type: none">• Option Fee – 55% of the Base Fee per annum• Non-Operational Fee (including from the Licence Start Date and during construction (but subject

<p>(connections between Scotland and England or Wales)</p>	<p>to the Longstop Operational Date) and decommissioning periods) – 50% of the Operational Fee per annum</p> <ul style="list-style-type: none"> Operational Fee – together (i) the Base Fee of £200,000 per annum and (ii) the Additional Fee of £200/MW per annum (both fees indexed linked in accordance with CPI from December 2024)
<p>Domestic Cable[s] (connections with all landing points in Scotland)</p>	<ul style="list-style-type: none"> Option Fee - 20% of the Operational Fee, subject to a minimum fee of £30,000 per annum (index linked in accordance with CPI from December 2024) Non-Operational Fee (including from the Licence Start Date and during construction (subject to the Longstop Operational Date) and decommissioning periods) - 50% of the Operational Fee per annum Operational Fee - £2.50/m per annum per cable circuit (index linked in accordance with CPI from December 2024)
<p>Operational Date</p>	<p>the date which is the earlier of:</p> <p>(a) the date on which the Cable[s] [is/are] first used for the Permitted Use; and</p> <p>(b) the Longstop Operational Date</p>
<p>Out of Service Fee (This is the fee that will be payable (for a maximum of 24 months) if the Licensee notifies the Licensor that the Licensee intends to permanently take the Cable(s) out of use)</p>	<p>50% of the Operational Fee per annum</p>
<p>Permitted Use</p>	<p>Transmission of electricity (in the case of electricity cable[s]) and the transmission of data signalling protection and control functions ancillary to the transmission of electricity (in the case of fibre optic cable[s]))</p> <p>If a further fibre optic cable is proposed for purely communications reasons (which is often the case) then this can be accommodated but will be charged in line with (separate) telecoms HoTs</p>
<p>Acceptable Covenant Strength</p>	<p>Net Assets of no less than £100,000,000 (index linked in accordance with CPI from December 2024)</p> <p>The Licensee will produce confirmation of meeting the Acceptable Covenant test on each anniversary</p>

	<p>throughout the Licence and at any time during the Licence on 5 days' notice</p> <p>If the Licensee is not able to satisfy the Acceptable Covenant test or ceases to have an Acceptable Covenant, a form of security (determined by the Landlord (acting reasonably)) will be provided by the Licensee to the Landlord</p>
Cable Corridor	30 metre strip within which the Cables will be located
No Dredging Zone	235m on either side of the Cable Corridor
Works Restriction Zone	<p>In water less than 55m below chart datum 235 metres either side of the Cable Corridor</p> <p>In water greater than 55m below chart datum 485 metres either side of the Cable Corridor</p>
Rent Reviews	<p>Indexation</p> <p>The Licence Fee will be subject to review annually on and after the Licence Start Date</p> <p>Reviews will be upwards only and in line with the Consumer Prices index of the Office for National Statistics (CPI)</p>
	<p>Market Review</p> <p>On the 10th anniversary of the grant of any licence option agreement and if no licence option agreement is granted on the 10th anniversary of the Licence Start Date and, in either case, each 10th anniversary thereafter</p>
	If the parties cannot agree then The Valuation Office will act as an Independent Expert
Termination	Either party may terminate the Licence at any time after the Cable has been Fully Decommissioned subject to 6 months' notice expiring on a payment day and Licence Fee having been paid up-to-date
Decommissioning	Licensee will decommission the Cable in line with the Final Decommissioning Plan as agreed with the Licensor
Residue of the Cable	Any sections left on the seabed (as specified in the Final Decommissioning Plan) after completion of the decommissioning works shall remain the property of the Licensee and prior to the end of the Licence (by expiry, notice or otherwise) the Licensor and the

	Licensee will enter into a deed in relation to any continuing obligations of the Licensee
Diversion	<p>The Licensor may at any time or any times request a diversion of the Cable to a reasonable alternative route</p> <p>In this event:</p> <ul style="list-style-type: none"> • The Licensor will pay the costs and expenses reasonably incurred in obtaining the consent and other expenses and carrying out the diversion of the Cable • The provision of the Licence will apply to the Cable in the altered route
Alienation	The Licensee will not hold the Licence on trust, grant a sub-licence, novate or assign, in part or whole, unless permitted
Indemnity	The Licensee will fully indemnify and keep the Licensor indemnified for the entirety of the Licence
Insurance	The Licensee will effect and maintain third party and public liability insurance at a minimum level of (£25,000,000) for each and every event
As Laid plans and coordinates	Within 30 days of the Cable being laid, the Licensee will provide as laid plans and co-ordinates
Maintenance	Where necessary to repair damage, the Licensee may replace a part of the Cable or make additions to the Cables or carry out such re-protection or additional re-protection works. Within 30 days following works new as laid plans and co-ordinates must be provided to the Licensor

These Heads of Terms are not intended to be contractual in effect