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Dounreay Stakeholder Group

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3 August 2011

Dear Mrs Love

THE CROWN ESTATE WAVE AND TIDAL PROJECT MANAGER

I am writing in response to a letter from Derrick Milnes of the Dounreay Stakeholder Group, dated 9 May to our Chairman, Sir Stuart Hampson, on the subject of Duncan Mackay. Sir Stuart has read Mr. Milnes' correspondence and has asked me to respond on his behalf. In his letter, Mr. Milnes asked us to respond directly to you, hence this letter.

I would like to start by saying that we note your acknowledgement of the vital role that the Project Manager has played in the successful delivery of the Pentland Firth programme to date, and I would like to reassure you that The Crown Estate is committed to facilitating the delivery of the programme.

In this connection Sir Stuart recently had a meeting with Sir Anthony Cleaver, Chairman of the Caithness and Sutherland Regeneration Partnership, to discuss Duncan Mackay's departure and our proposals for taking matters forward in his absence. Following that meeting, Stuart wrote to Sir Anthony setting out our position and I thought it would be helpful if I enclosed a copy of Stuart's letter which sets out our position and re-affirms our commitment to Caithness.

I hope you will find the enclosed letter informative and reassuring but if you wish to discuss the matter at any time, please do not hesitate to contact my office.

Yours sincerely  
Roger Bright

ROGER BRIGHT CB

Sir Stuart Hampson  
Chairman  
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Sir Anthony Cleaver  
Chairman  
Engineering and Technology Board  
2<sup>nd</sup> Floor, Weston House  
46 High Holborn  
London WC1V 7EX

6 July 2011

Dear Tony

I appreciated your taking the trouble to come round to my office recently and it was useful to me to hear your observations on the perception of The Crown Estate in Caithness. I very much regret that there has been a negative reaction to the way in which we have endeavoured to support supply chain benefits for local companies, and I assured you that The Crown Estate has been happy to take a broad view of its role as landlord of the seabed and to try to bring the maximum gain to Scotland from the opportunities of renewable energy.

I was not surprised to hear your confirmation of the vital part which Duncan Mackay had played in the successful delivery of the Pentland Firth programme so far. We were happy to step in to fund this role of Project Manager for the benefit of all the interested parties, and we agree that it was a worthwhile initiative. The award of 1.6GW of lease options in the Pentland Firth has now been achieved, and this seems to us to mark the end of the phase where the main activity of The Crown Estate has been to conduct the competitive leasing process. We now see our contribution as working with the successful developers to support and manage the delivery of the programme commitments which they have signed up to in their lease option agreements. We have considered very carefully the mechanism and type of support which will best suit this stage, and our conclusion is that this will most effectively be delivered by a new position based in our Edinburgh office, as this location will enable easy day-to-day access to the developers, who are mainly located in the Central belt. I can appreciate that viewed from Caithness this may at first seem a reduction in The Crown Estate's involvement, but it most definitely is not, and we remain wholly committed to the successful completion of the Pentland Firth programme and to securing as much local employment benefit as possible.

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At the same time we also recognise the importance of local stakeholder engagement in Caithness and Orkney, and we are ready to continue playing our part in this. We have therefore agreed with the other Pentland Firth co-ordination Committee members (Scottish Government, Marine Scotland, Highland Council, Orkney Island Council, Highland & Islands Enterprise) that a review should be undertaken of how local stakeholder engagement for the programme can best be delivered. This should be completed in the course of this month, and if the conclusion supports the establishment of a new local position to provide support in this area The Crown Estate will be ready alongside the other PFCC partners to share the funding of this position.

I hope that this gives a clearer picture of our approach to supporting the Caithness community. We remain wholly committed to the successful completion of the Pentland Firth programme which we believe will secure much local employment benefit.

Yours ever,

Stuart