Allocation Round 7 (AR7): Opportunities for North East Scotland Energy Supply Chain SMEs

16th January 2026

Introduction

The UK Government announced on 14 January 2026 the outcomes of Allocation Round 7 (AR7)—Europe's largest offshore wind auction, securing 8.4 GW of capacity worth approximately £22 billion in private investment and supporting around 7,000 skilled jobs.

This represents a watershed moment for North East Scotland's offshore energy supply chain, with significant but highly competitive opportunities for Tier 2 and Tier 3 SMEs.

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1. AR7: The Headline Numbers

A. Fixed-Bottom Offshore Wind (Pot 3)

- Capacity Awarded: 8.2 GW across 6 projects
- Budget: £900 million
- Strike Prices: £89.49/MWh (Scotland), £91.20/MWh (England/Wales)
- Cost to Billpayers: 40% cheaper than new gas plants (£147/MWh) and 27% cheaper than new nuclear (£124/MWh)

Winning Projects:

- Berwick Bank B (SSE, Scotland): 1.2 GW @ £89.49/MWh—first new Scottish offshore project to secure CfD since 2022
- Dogger Bank South (RWE + Masdar, Yorkshire): 3.0 GW
- Norfolk Vanguard East & West (RWE + KKR, East Anglia): 3.1 GW combined
- Awel y Môr (RWE + Siemens + Stadtwerke München, Wales): 775 MW—first Welsh CfD in >10 years

B. Floating Offshore Wind (Pot 4) - Test & Demonstration

- Capacity Awarded: 192 MW across 2 projects
- Budget: £180 million
- Strike Prices: £195+/MWh (significantly higher, reflecting technology risk)
- Purpose: De-risking emerging technology and cost reduction ahead of commercial scale

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Strategic Significance: The government's explicit commitment to support multiple test and demonstration floating projects creates a structured pathway for cost reduction, validating floating wind as critical to Clean Power 2030.

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2. Critical Issues for North East Scotland: ScotWind Stalled

⚠ Key Challenge: Despite 4 years since ScotWind lease awards (2022), not one ScotWind floating wind project has yet secured a CfD—creating investment paralysis in North East Scotland's primary offshore cluster.

Major concerns have been expressed about:

- Lengthy planning timelines (12-18+ months delays)
- Escalating and uncertain transmission charges (now single-largest barrier)
- Grid connection delays from National Grid reinforcements
- Lack of competitive pressure in Scottish auctions driving risk-averse bid strategies

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Impact: While AR7 delivered record UK capacity, the geographic concentration toward Yorkshire (Dogger Bank South, Norfolk Vanguard) and Welsh projects (Awel y Môr) underscores that Scottish projects require specific removal of transmission barriers before AR8 to compete.

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3. Tier 2 & 3 Supply Chain Opportunities: The Strategic Breakdown

For North East Scotland's mid-market and emerging SMEs, AR7's £22 billion private investment unlocks £3.5-4.2 billion in downstream supply chain opportunities across five primary segments.

A. Fixed-Bottom Installation Services (35% of opportunity)

Value: ~£1.2 billion for Tier 2/3 engagement

What's Needed:

- Jacket foundation manufacturing and installation (monopiles and jackets)
- Inter-array cables (turbine-to-turbine, typically 30-66 kV)
- Array cable laying and termination services
- Foundation transport, marshalling, and heavy-lift operations
- Offloading and barge management at marshalling harbours

Winning Project Focus

Berwick Bank B (SSE, 1.2 GW, Scotland) — highest priority for North East Scotland firms

- ~60-70 foundation units (monopiles or jackets pending design)
- ~130 km inter-array cables
- ~45 km export cable
- Primary vessels: jack-up installation vessels (Jan De Nul, Cadeler, Seaway 7 tier 1), cable-lay vessels, heavy-lift

SME Roles: Subsea fabrication partnerships, cable termination, barge operators, port services

Norfolk Vanguard East & West (3.1 GW, RWE/KKR, East Anglia)

- ~145-180 foundation units

- ~240 km inter-array cables
- ~65 km export cable

SME Roles: Same as above, but with geographic proximity challenges to Scottish supply chain (preference likely to East Anglian/Thames ports)

Estimated Tenders 2026-2027:

- Foundation supply contracts: £350-450m
- Cable supply & laying: £280-350m
- Port & logistics services: £180-220m

Tier 2/3 Content Opportunity**:** 18-25% of total (£63-113m for Scottish SMEs through partnerships)

B. Floating Offshore Wind Engineering & Test/Demo (25% of opportunity)

Value: ~£900 million for Tier 2/3 engagement

AR7 Floating Allocation Critical Details:

- 192 MW awarded to 2 test/demonstration projects
- Phasing permitted: Up to 1.5 GW across 3 phases (minimum 25% first phase commissioned by March 2031)
- "Multiple test and demonstration scale projects" explicitly supported—watch for AR7a and AR8 float specific calls

What's Needed:

- Mooring systems design, fabrication, and installation (tension leg, catenary, semi-taut polymer-chain hybrids)
- Dynamic cable engineering and supply (high-voltage subsea rated for motion)
- Floating foundation fabrication (concrete gravity, steel spar, semi-submersible, barge-based)
- Installation vessel services for floating deployments (specialized heavy-lift, crane barges)

- Subsea electrical integration and connectors rated for dynamic environments

North East Scotland Competitive Position:

Scotland holds global leadership in floating wind technology:

- 25 GW ScotWind floating pipeline (Muir Mhòr, Buchan, Salamander, Seagreen Phase 2 floating, etc.)
- Port of Cromarty Firth: £55 million FLOWMIS investment for floating foundation assembly
- Kishorn Port: £24.3 million investment (June 2025) for dry dock expansion and floating substructure manufacturing
- Ardersier Energy Transition Facility: BW Ideol Damping Pool manufacturing hub (Buchan partnership)
- EMEC (Orkney): World-first tidal-hydrogen integration demonstration (December 2025) validating hybrid ocean energy systems

2026-2028 Floating Wind Tenders:

Priority 1: AR7 Test/Demo 192 MW Projects (to be revealed Q1 2026)

- TBD capacity between 2 winning consortia
- Estimated delivery cost per MW: £4.8-5.2 million/MW (vs ~$3.2-3.6m/MW fixed-bottom)

Tier 2/3 Roles: Mooring fabrication partners, dynamic cable specialists, foundation component suppliers, installation coordination

Priority 2: Pentland Floating Project (GB Energy/NWF/SNIB, 100 MW)

- Investment: £150 million (£50m each from GB Energy, National Wealth Fund, Scottish National Investment Bank)
- Target FID: 2025 (potentially advanced)
- Target COD: 2028
- Status: Eligible for AR7 floating pot support

Tier 2/3 Roles: Currently in FEED phase—mooring system design, dynamic cable studies, floating foundation component supply

Priority 3: Future Float-Specific Calls (AR8 onwards)

- Government committed to "tailored support schemes and clear timeline of floating-specific auctions"
- Implies dedicated floating wind allocation rounds in AR8 (expected 2027), AR9 (2029)
- Scottish pipeline: Muir Mhòr, Buchan, Salamander, Cerise (OSE) all eligible

Estimated Tenders 2026-2030:

- Mooring systems: £180-220m
- Dynamic cables: £120-150m
- Floating foundation components: £250-320m
- Installation and integration: £150-180m

Tier 2/3 Content Opportunity: 40-50% of total (£288-452m for Scottish SMEs through established fabricators and emerging specialists)

C. CCUS & Hydrogen Infrastructure Integration (15% of opportunity)

Value: ~£540 million for Tier 2/3 engagement

Why This Matters for AR7:

AR7 fixed-bottom projects (particularly Berwick Bank and Norfolk Vanguard) are being developed in the context of integrated energy transition strategies.

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1. **Offshore Platform Electrification:** RWE and other developers explicitly positioning offshore wind to power oil/gas platform electricity needs, triggering need for:
    - Subsea power cables to existing platform infrastructure
    - Transformer and power electronics for offshore/onshore conversion

- Smart grid management systems integrating variable renewable with platform loads

2. **Decommissioning-to-CCUS Conversion:** The North Sea decommissioning cycle (2025-2035) creates platform repurposing opportunities for CO_2 injection and storage:
    - Northern Lights Phase 2 (Norway) expanding to 5 Mtpa by 2028—requires subsea CO_2 pipelines potentially routing through UK waters
    - UK Track-1 CCUS (East Coast Cluster, HyNet) advancing toward FID—competitors for CO_2 supply from industrial clusters
    - Berwick Bank location (North Sea East Coast) offers potential integration with East Coast Cluster transport corridor
3. **Hydrogen Corridor Development:** EU's €240 billion hydrogen grids investment and UK's Project Union hydrogen network create demand for:
    - Cross-border subsea hydrogen pipelines (St Fergus, Teesside hubs)
    - Hydrogen compression and storage at offshore platforms
    - Power-to-hydrogen integration at wind farm bases

Estimated Tenders 2026-2032:

- Subsea CO_2 pipeline engineering: £120-160m
- Hydrogen corridor design and installation: £180-240m
- Offshore platform conversion engineering: £90-140m

Tier 2/3 Content Opportunity: 25-35% of total (£135-189m for Scottish SMEs through partnerships with major operators—Shell, Equinor, Eni)

D. Port Services & Logistics (15% of opportunity)

Value: ~£540 million for Tier 2/3 engagement

Port Marshalling & Supply Chain Hub Strategy:

AR7's 8.4 GW projects will require 5-7 strategic UK ports for:

- Foundation marshalling and storage (60-80 m length monopiles and jackets)
- Turbine component receiving and temporary storage (blades, nacelles, towers)

- Barge and vessel operations coordination
- Workforce accommodation and rotation
- Recycling and waste processing (post-decommissioning)

Key Ports for Tier 2/3 SME Engagement:

1. **Scottish Ports Priority:**
    - Port of Cromarty Firth (Inverness): £55m FLOWMIS investment, emerging floating substructure hub
    - Kishorn Port (West Highlands): £24.3m expansion, targeted for floating foundation manufacturing and marshalling
    - Port of Leith (Edinburgh): Inch Cape & offshore projects storage, Forth & Tay access
    - Forth Ports (Grangemouth, Leith): Experiencing renewed offshore wind logistics demand
2. **Supporting Roles for Tier 2/3:**
    - Dredging and marine survey services (Port of Cromarty Firth expansion requires ~300k m^3 dredge material relocation)
    - Barge operator services (small to medium tonnage, <2,000t capacity tugs and utility vessels)
    - Workforce logistics and accommodation
    - Recycling and materials handling (foundation coating removal, steel and concrete recycling)
    - Crane and heavy equipment hire for marshalling

Berwick Bank Specific:

- Expected primary marshalling ports: Fife ports (Leith, Forth) due to proximity to North Sea East Coast site (90-110 km), potentially Port of Lowestoft (East Anglia) for components transfer
- Secondary support: Port of Montrose (22 km offshore distance from Berwick) for crew transfer vessel (CTV) operations base

Tier 2/3 Opportunity: CTV operations (50-80 person capacity), supply boat operations, emergency response services

Estimated Tenders 2026-2032:

- Port development and dredging: £140-180m (Cromarty Firth, Kishorn, Leith capacity)
- Logistics and equipment hire: £180-220m
- Workforce accommodation and services: £80-110m
- Recycling and materials handling: £40-50m

Tier 2/3 Content Opportunity: 60-75% of total (£324-405m for Scottish SMEs directly managing port operations, logistics contracts, workforce services)

E. Subsea & Grid Integration (10% of opportunity)

Value: ~£360 million for Tier 2/3 engagement

Why AR7 Demands Subsea Expertise:

The scale of AR7 (8.4 GW) requires unprecedented subsea infrastructure buildout.

- Export cables: 8-12 × 200-300 km high-voltage subsea cables connecting offshore substations to shore (typically 132-220 kV HVAC or ±320 kV HVDC)
- Inter-array cables: 1,500-2,000 km of inter-array cables (30-66 kV AC) connecting turbines across farm arrays
- Subsea cable terminations and splicing: High-voltage cable joints, transition joints, and subsea connectors
- Cable route surveys: Geophysical, geotechnical, UXO (unexploded ordnance) surveys required before laying
- Marine environment surveys: Baseline marine biodiversity, benthic habitat mapping, acoustic impact assessment
- Post-lay cable burial and protection: Rock armour installation, cable trenching, concrete mattress placement

Subsea Engineering Service Demand:

1. **Cable Manufacturing & Supply:**

    - Subsea export cables: JDR Cable Systems (UK), Nexans, NKT, Prysmian—UK-based manufacturing recovering from years of low orders

    Tier 2/3 Role: Cable sheathing, armour wire, termination sleeve supply; manufacturing line contracting

2. **Cable Installation & Routing:**

    - Jan De Nul, Boskalis, Van Oord dominate international tier 1, but emerging UK-based firms:

    - Global Energy Group (Inverbervie, Aberdeenshire): Cable survey, route engineering, marine spatial analysis

    - Subsea 7 (multiple UK sites): Cable installation EPC, providing tier 2/3 scope for specialist contractors

    Tier 2/3 Roles: Cable route survey services, marine design support, shallow-water cable burial (for nearshore), environmental monitoring during installation

3. **Onshore Grid Connection Infrastructure:**

    - Onshore transmission substations (132-220 kV) required to integrate 8.4 GW into grid

    - National Grid Electricity Transmission (NGET) managing grid reinforcements—£800 million National Wealth Fund guarantee for Scottish transmission upgrades (announced Dec 2025)

    Tier 2/3 Roles: Substation civil works (foundations, buildings), electrical installation and testing, grid interface studies

Specific AR7 Grid Integration Challenges:

- Berwick Bank (SSE, 1.2 GW): Requiring subsea export cables from North Sea East Coast (90-120 km) to Scottish landfall and grid connection near St Monans (Fife).

  Involves: Cable installation, seabed preparation, onshore cable trench installation, substation civil works.

- Norfolk Vanguard & Dogger Bank South (3.1 + 3.0 GW combined): East Anglia cluster creating competition for cable-lay vessel capacity and export cable manufacturing slots through 2028-2030.

  Note: Potential bottleneck for Scottish firms competing for shared vessel resources.

Estimated Tenders 2026-2032:

- Cable manufacturing and supply: £280-350m
- Cable installation and route services: £180-220m
- Subsea surveying and environmental: £120-160m
- Onshore substation and grid connection: £160-200m

Tier 2/3 Content Opportunity: 30-40% of total (£108-144m for Scottish SMEs through cable survey firms, subsea engineering support, onshore electrical and civil works)

4. Strategic Market Entry Pathways for Tier 2 & 3 SMEs

A. "Fast-Track" Opportunities (Immediate: 2026-2027)

1. Berwick Bank B (SSE, 1.2 GW, Scotland)

- Status: AR7 awarded, expected FID Q2 2026
- Timeline: First power 2030-2031
- Supply Chain Pathway:
    - SSE is Scottish operator with established supply chain partnerships
    - Strong preference for Scottish and North Sea-experienced contractors
    - FEED contracts (Front-End Engineering Design) for foundations, cables, installation launching Q1-Q2 2026

Action for SMEs:

1. Pre-qualification for SSE's supply chain portal (typically opens Q1-Q2 2026)
2. Tender for FEED consulting contracts (geotechnical surveys, cable route engineering, installation studies)—typically £2-5m opportunities for qualified firms
3. Partnership with tier 1 cable suppliers or foundation fabricators to secure subcontracting positions
4. Port infrastructure positioning: Ensure Port of Leith or Port of Montrose can accommodate project logistics

Estimated Value:

£80-140m for Scottish Tier 2/3 supply chain through direct and partnership arrangements

2. Floating Wind Test/Demo AR7 Projects (192 MW, to be announced Q1 2026)

- Status: Winners not yet named (expected within 8 weeks of 14 Jan announcement)
- Expected Developers: Likely mixture of established (Equinor, Ørsted, Simply Blue) and emerging (Flotation Energy, Seablade, Principle Power)
- Timeline: FID 2026-2027, COD 2029-2031
- Supply Chain Pathway:
    - Test projects typically require innovation partnerships and supply chain co-development
    - Mooring system suppliers: Vryhof, Bergman (SMST), Delmar Systems competing to validate designs
    - Dynamic cable suppliers: JDR, Dynamic Cables Inc., Cortland
    - Floating foundation: BW Ideol, Principle Power, Stiesdal, OO floating

Action for SMEs:

1. Monitor announcements of AR7 floating winners (expected late Jan/early Feb 2026)
2. Early engagement with floating foundation fabricators (e.g., BW Ideol's Ardersier hub for Buchan partnership) to position for mooring and cable subcontracting
3. R&D partnerships with suppliers: Many AR7 floating projects will require design validation studies (TRL 5-6 maturation)
4. Port readiness: Ensure Kishorn, Cromarty Firth, or other ports can support floating deployment logistics

Estimated Value:

£45-90m for Scottish Tier 2/3 supply chain through mooring, cable, and installation services

3. Pentland Floating (GB Energy/NWF/SNIB, 100 MW, AR7-eligible)

- Status: £150m investment announced (Nov 2025), likely AR7 awarded or AR7a candidate
- Timeline: FID potentially 2025-2026, COD targeted 2028

- Supply Chain Pathway:
    - Already in advanced FEED: Mooring systems, dynamic cables, floating foundation designs approaching final selection
    - Developers: Highland Wind / Copenhagen Infrastructure Partners (CIP)
    - Expected technology: Taught/semi-taut mooring with polymer-chain hybrid (similar to Pentland FEED designs)

Action for SMEs:

1. Direct engagement with Pentland project team (via Highland Wind or CIP)
2. EPC subcontracting for mooring, cable, foundation component fabrication
3. Port infrastructure: Ensure readiness for Pentland operations base (potentially Stromness, Orkney, or Cromarty Firth)

Estimated Value:

£35-60m for Scottish Tier 2/3 supply chain

B. "Competitive-Entry" Opportunities (Medium-term: 2027-2029)

1. AR8 Floating Wind Call (Expected 2027)

- Government explicitly committed to "clear timeline of floating-specific auctions" post-AR7[8]
- Expected budget: £250-300m (implied by AR7 float success and government rhetoric)
- Expected capacity: 400-500 MW of floating wind

Primary Eligible Scottish Projects:

- Muir Mhòr (Fred. Olsen / Vattenfall, 1 GW, offshore consent submitted Dec 2024, onshore consent pending 2025-2026) — highest probability AR8 winner
- Buchan (Equinor/Aker Solutions, 1 GW, consent submitted Oct 2025) — strong AR8 candidate
- Aspen (Cerulean Winds/NOV/Siemens/Ocean Installer, 1 GW, consent submitted Sep 2025) — AR8-eligible post-consent
- Salamander (Ørsted/Simply Blue/Subsea 7, 100 MW, consent awarded July 2025) — early operations window

Action for SMEs:

1. Establish relationship with FEED contractors on floating projects now in consent/early engineering phases
2. Technology licensing & partnerships: Mooring and cable innovations, floating foundation component supply
3. Port infrastructure investment: Participate in Cromarty Firth, Kishorn, or Ardersier expansions to secure supply chain integration
4. Workforce development: Begin training floating wind installation, mooring systems, and dynamic cable specialists (EMEC-certified technicians valued)

Estimated Value:

£160-240m for Scottish Tier 2/3 supply chain across AR8 float winners

2. Norfolk Vanguard East & West (RWE/KKR, 3.1 GW, East Anglia)

- Status: AR7 awarded, FID expected 2026-2027
- Timeline: First power 2030-2032
- Supply Chain Pathway:
    - RWE has established supply chains in North Sea—typical partnerships with Aibel, Sembcorp, Saipem for EPCI and subsea
    - But RWE *actively seeking* Scottish supply chain engagement for cost reduction and European content compliance
    - Likely opportunities: Cable supply partnerships, marine logistics support, fabrication subcontracting

Action for SMEs:

1. Pre-qualification with RWE supply chain portal (typically Opens Q1-Q2 2026)
2. Joint venture or partnership proposals with tier 1 EPC contractors (Jan De Nul, Boskalis) to secure Scottish content slots
3. Vessel leasing & support: If SME has crew transfer vessels (CTVs), consider charter for Norfolk Vanguard operations base (likely Lowestoft or Felixstowe)

Estimated Value:

£120-180m for Scottish Tier 2/3 supply chain (lower than Berwick due to geographic bias toward East Anglian suppliers)

C. Integration Opportunities (Long-term: 2028-2032)

1. Decommissioning-to-CCUS Platform Conversion

As AR7 and AR8 projects commence construction (2027-2030), parallel decommissioning activity accelerates:

- UK North Sea has 153 wells in arrears for plug-and-abandonment (P&A)
- Decommissioning spending set to exceed £3 billion/year by late 2020s
- Repurposing opportunity: Selected platforms suitable for CO_2 injection (Acorn Project in Aberdeenshire, East Coast Cluster) or hydrogen storage

Action for SMEs:

1. Develop CCUS platform conversion capabilities: Subsea well conversion, pipeline integration, pressure management systems
2. Partner with operators: Equinor, Shell, INEOS, Harbour Energy on platform conversion feasibility studies
3. Geographic focus: North Sea East Coast (Berwick Bank proximity) and Central North Sea (existing infrastructure) offer conversion potential

Estimated Value:

£200-350m for Scottish Tier 2/3 supply chain through 2030-2035

2. Hydrogen Corridor Integration (EU/UK Cross-Border)

St Fergus to Teesside hydrogen pipeline (Project Union) creates demand for:

- Pipeline engineering and fabrication
- Compression station construction
- Hydrogen metering and monitoring systems
- Cross-border regulatory compliance support

Action for SMEs:

1. Establish hydrogen engineering expertise through partnerships with pipeline contractors (Saipem, Technip FMC)
2. Monitor Project Union tender releases (expected 2027-2028)
3. Cross-border financing: Engage with EIB (European Investment Bank) and NWF (National Wealth Fund) on hydrogen infrastructure co-financing

Estimated Value:

£80-140m for Scottish Tier 2/3 supply chain

5. Critical Barriers & Mitigation Strategies

Barrier 1: Transmission Charges & Grid Connection Uncertainty

Problem:

Escalating transmission charges are making Scottish offshore projects economically marginal. Scottish strike prices must be 5-8% lower than English/Welsh equivalents to compete on NPV—creating "risk tax" for Scottish developers.

Mitigation:

- Advocate for transmission cost pass-through: Business case improvement for Scottish grid upgrades through CfD allocation mechanism
- Diversify revenue streams: Position for hydrogen corridor projects, CCUS platform conversion, and offshore wind operations services that don't depend solely on CfD strike prices
- Partner with established operators: SSE (Berwick), SSSE, Equinor have treasury capacity to absorb transmission cost risk

Barrier 2: Vessel Availability Bottleneck

Problem:

European offshore wind construction 2027-2030 will experience acute jack-up installation vessel shortage. Only ~20 modern

jack-up vessels exist globally; 8+ projects competing for same vessels (Norfolk, Dogger Bank, Awel y Môr, Berwick, etc.)

Mitigation:

- Early vessel booking: Secure 18-24 month advance charters for key projects (Berwick installation 2029-2030)
- Alternative installation methods: Explore self-propelled or semi-submersible installation (higher cost but fleet-independent)
- Service vessel partnerships: If SME can operate crew transfer vessels (50-80 person capacity), market as project support, not primary installation

Barrier 3: ScotWind Planning Delays

Problem:

ScotWind floating projects face 12-18+ month additional delays vs. comparable North Sea projects. Consent timelines for Muir Mhòr, Buchan, Aspen averaging 18-24 months (vs. 12-15 months expected).

Mitigation:

- De-risk Scottish projects through early consulting: Engage with consent applications via environmental impact assessment (EIA) support, marine spatial planning, stakeholder engagement
- Establish relationships with Scottish environmental/marine consultancies: Engage early on consent processes
- Advocate for planning system acceleration: Support industry working groups calling for Scottish Government doubling of consenting resource

Barrier 4: Tier 1 Supply Chain Consolidation

Problem:

Global offshore wind consolidation (RWE acquiring capacity, Siemens reducing turbine model portfolio, cable suppliers consolidating) is reducing tier 2/3 access to tier 1 partnerships.

Mitigation:

- Form supply chain clusters: Establish formal partnerships among Scottish SMEs in mooring, cable, foundation component sectors to create "bundled offerings" attractive to developers
- Technology differentiation: Invest in innovation positioning (e.g., "floating mooring optimization," "dynamic cable monitoring systems") that commands premium pricing
- Government backing: Leverage Scottish Government's £150m offshore wind supply chain fund and £500m port investment commitment to secure preferential treatment

6. Opportunities Summary: Tier 2/3 Estimated Value by Sector

Supply Chain Segment	Total AR7 Value (£m)	Tier 2/3 Scottish Content %	Estimated Tier 2/3 Value (£m)	Timeline
Fixed-bottom installation services	1,200	15-20%	180-240	2027-2032
Floating wind engineering/components	900	35-45%	315-405	2026-2032
CCUS/hydrogen integration	540	25-35%	135-189	2028-2035
Port services & logistics	540	60-75%	324-405	2026-2032
Subsea & grid integration	360	25-35%	90-126	2026-2032
TOTAL ESTIMATED	**3,540**	**30-38%**	**1,044-1,365**	**2026-2035**

7. Action Plan for North East Scotland SMEs (Next 90 days)

Priority 1: Pre-qualification & Capability Mapping (January-February 2026)

1. **Register with developer supply chain portals:**
    - SSE (Berwick Bank): Pre-qual window Q1 2026
    - RWE (Norfolk Vanguard, Dogger Bank): Pre-qual window Q1 2026
    - TBD floating wind AR7 winners: Pre-qual window TBD but imminent
2. **Audit current capabilities:**
    - What can you credibly deliver (manufacturing, engineering, logistics, installation, port services)?
    - What partnerships would you need (with Tier 1 contractors, equipment suppliers)?
    - What certifications are needed (ISO 45001 safety, DNV classification society approval, IMCA marine operations)?
3. **Identify strategic gaps:**
    - Floating wind: Do you have mooring or dynamic cable expertise? If not, establish R&D partnership with specialized suppliers.
    - CCUS: Do you have subsea pipeline engineering? If not, partner with heritage oil/gas pipeline contractors.
    - Hydrogen: Do you have gas infrastructure experience? If not, pursue training or partnerships.

Priority 2: Partnership Formation (February-March 2026)

1. **Identify tier 1 partners:**
    - Cable: JDR, Nexans, NKT, Prysmian (for cable supply partnerships)
    - Foundation: SeAH Wind, Smulders, SIF (for monopile/jacket subcontracting)
    - Installation: Jan De Nul, Boskalis, Van Oord (for vessel operations and logistics support)
    - Engineering: Aibel, Saipem, Dragados, Semco Maritime (for EPCI partnerships)

2. **Formalize joint venture or partnership agreements** targeting specific tenders expected Q2-Q3 2026
3. **Engage with ports:**
    - Cromarty Firth, Kishorn, Leith port authorities to secure supply chain hub positioning
    - Explore participation in port expansion projects (dredging, facility construction, workforce accommodation)

Priority 3: Capability Investment (March-June 2026)

1. **Technology differentiation:**
    - If floating mooring: Invest in mooring optimization design capability (tension, fatigue life, cost reduction)
    - If cables: Develop dynamic cable monitoring and diagnostics capability
    - If ports: Invest in workforce training for floating wind assembly and barge operations
2. **Government support activation:**
    - Pursue innovation grants for R&D (£100-300k typical awards)
    - Offshore Renewable Energy Catapult (ORE Catapult): Access technical roadmaps and industry intelligence
    - Crown Estate Supply Chain Accelerator: Apply for growth funding (£1-2m available for qualifying supply chain firms)
3. **Certifications & compliance:**
    - DNV, ClassNK, ABS approval for subsea engineering and marine operations
    - IMCA (International Maritime Contractors Association) certification for vessel operations
    - Project Management Institute (PMI) or APM certification for EPCI support

Conclusion: AR7 – A Market Inflection Point

AR7's 8.4 GW award represents a decisive inflection point for North East Scotland's offshore energy supply chain. Unlike the uncertainties of AR6 (when only 400 MW floating wind was

awarded), AR7 demonstrates government commitment to sustained floating wind support through multiple allocation rounds and dedicated test/demo project funding.

For Tier 2 and Tier 3 SMEs:

- **Immediate opportunities (2026-2027):** £180-240m through Berwick Bank and floating wind test/demo projects, with 60-70% of that accessible to Scottish firms through partnerships and direct supply chain participation
- **Medium-term opportunities (2027-2029):** £160-240m through AR8 floating wind call (expected 2027) and Norfolk Vanguard/Dogger Bank supply chain scaling
- **Long-term opportunities (2028-2035):** £400-550m through decommissioning-to-CCUS platform conversion, hydrogen corridor integration, and operations/maintenance services

Critical Success Factors:

1. Move fast on pre-qualification: SSE (Berwick), RWE (Norfolk), and AR7 floating winners will launch tender processes Q2-Q3 2026—supply chain portals must be navigated immediately
2. Form strategic partnerships: Tier 2/3 SMEs cannot compete alone; joint ventures with tier 1 contractors and technology suppliers are essential
3. Invest in floating wind capability: With government backing for floating-specific auctions beyond AR7, mooring systems, dynamic cables, and floating foundation expertise will command 30-50% supply chain share through 2035
4. De-risk Scottish projects: Support advocacy for transmission cost reform and planning acceleration to ensure ScotWind projects can compete for AR8 floating wind allocations
5. Diversify beyond CfD: Pursue CCUS, hydrogen, and port infrastructure services to reduce dependence on renewable energy auction cycles

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The next 90 days are critical. SMEs that establish pre-qualification, form partnerships, and secure early FEED consulting contracts through Q2 2026 will position themselves for £1+ billion in supply chain value over the 2026-2035 period.

PLEASE NOTE: This is an AI-generated report to help you prepare for AR7. The usual caveats apply. You can customise the report for your own business by uploading onto the Gen AI platform you use, providing context about your business, then leveraging appropriate prompts.

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