

Hornsea Offshore Wind Farm

Project Two

Update to the Statement of Reasons

September 2015

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Hornsea Two Offshore Wind Farm Order Application (EN010053)

Update to the Statement of Reasons

1 Introduction

- 1.1 On 30 January 2015 SMart Wind Limited ("**SMart Wind**") acting as agent on behalf of the applicants (i.e., the Project Companies explained at paragraph 2.3 below) submitted an application (the "**Application**") to the Secretary of State under the Planning Act 2008 ("**PA 2008**") for the Hornsea Two Offshore Wind Farm Order (the "**Order**"). That application was accepted for examination on 19 February 2015. The examination commenced on 16 June 2015 and will close on 16 December 2015.
- 1.2 A Statement of Reasons (PINS Doc ref No 6.1) accompanied the Application and formed part of the suite of Application documents for the Order which seeks development consent for Project Two within the Hornsea Round 3 Zone. Project Two is a Nationally Significant Infrastructure Project ("**NSIP**") which would authorise the construction and operation of up to 360 wind turbines, up to two offshore accommodation platforms, up to six offshore HVAC collector substations, up to two offshore HVDC converter substations, up to two offshore HVAC reactive compensation substations, subsea inter- array electrical circuits, a marine connection to shore, a foreshore connection and an onshore connection to an onshore substation (which could comprise up to two onshore electrical transmission stations), and the connection from there to National Grid's existing substation at North Killingholme. Project Two will have a total installed capacity of up to 1,800 megawatts.
- 1.3 The Statement of Reasons was submitted because it will be necessary to acquire land and rights over land in order to develop Project Two and therefore powers of compulsory acquisition have been sought in the Order. The Statement of Reasons explained the reasons for the inclusion of compulsory acquisition and related powers in the Order and set out why there is a clear and compelling case in the public interest for the Order to include such powers. The powers, if granted, will enable the acquisition of all remaining property interests and land to facilitate Project Two.
- 1.4 On 21 August 2015, DONG Energy Power (UK) Limited acquired the entire share capital of SMart Wind and both Project Companies. Therefore, DONG Energy Power (UK) Limited is now the sole owner of those companies.
- 1.5 In view of this change of ownership it is necessary to update the Statement of Reasons in order to explain the ownership of the Project Companies and their new parent companies.
- 1.6 This Update to the Statement of Reasons has been prepared for the above purpose and in accordance with the requirements of Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 ("**APFP Regulations**") and the Communities and Local Government Guidance related to procedures for compulsory acquisition.

2 Update to Section 3 of the Statement of Reasons (Background Information on Parties Involved)

2.1 Summary

Details of the companies involved in Project Two, namely SMart Wind (the promoter of Project Two, as agent on behalf of the Project Companies) and the Project Companies (together the Applicant for the Order), and their shareholders and their ultimate parent company, are set out below.

2.2 Smart Wind

SMart Wind was a joint venture between International Mainstream Renewable Power (Offshore) Limited and Siemens Project Ventures GmbH. It is now a wholly owned subsidiary of DONG Energy Power (UK) Limited.

2.3 The Project Companies

- (a) Two project companies were incorporated pursuant to the Zone Development Agreement to construct and operate the offshore wind farms comprising Project Two identified by SMart Wind and The Crown Estate for development within the Hornsea Round 3 Zone. They are Optimus Wind Limited ('OW') and Breesea Limited ('BL'). OW and BL have each signed Agreements for Lease with The Crown Estate.
- (b) The powers of compulsory acquisition sought within the Order are to be conferred on OW and BL.
- (c) OW and BL are now wholly owned subsidiaries of DONG Energy Power (UK) Limited.

2.4 DONG Energy

- (a) DONG Energy Power (UK) Limited, a company incorporated in England and Wales (Company Registration No. 04984787) is a wholly owned subsidiary of DONG VIND A/S, a company incorporated in Denmark (Company Number 27256821). DONG VIND A/S is a wholly owned subsidiary of DONG VE A/S, a company incorporated in Denmark (Company Number 26510244). DONG VE A/S is a wholly owned subsidiary of DONG Energy Wind Power A/S, a company incorporated in Denmark (Company Number 31849292). DONG Energy Wind Power A/S is wholly owned by DONG Energy Wind Power Holding A/S, a company incorporated in Denmark (Company Number 18936674). DONG Energy Wind Power Holding A/S is wholly owned by DONG Energy A/S, a company incorporated in Denmark (Company Number 36213728). The above companies are referred to collectively as "**DONG Energy**" in this Update to the Statement of Reasons.
- (b) DONG Energy A/S is owned by the following shareholders. (Shareholders with less than 5% holdings may remain anonymous.)
 - (i) the Danish State (58.8% shareholding);
 - (ii) New Energy Investment S.a.r.l, funds managed by Goldman Sachs (17.9% shareholding); and
 - (iii) SEAS-NVE (10.8%)
 - (iv) Others (12.5%).
- (c) DONG Energy is one of the leading energy businesses in Northern Europe and has its headquarters in Denmark. Its average number of employees in 2014 was 6416 and in that year it generated DKK 67 billion (£7.0 billion) in revenue. DONG Energy's well established business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. DONG Energy aims to supply clean and reliable energy. It develops, builds and operates offshore wind farms across Northern Europe and has set a target of quadrupling its installed offshore wind capacity to 6.5GW by 2020.
- (d) DONG Energy has over 20 years' experience in offshore wind farm development, and the company has built more offshore wind farms than any other company in the world to date. It currently operates seven offshore wind farms in the UK and has a strong pipeline of projects under construction and development. Across Europe, in the first quarter of 2013 DONG Energy's Wind Power division generated 1.5 TeraWatt hours of electricity. It has 2.5GW of offshore wind power in operation and almost 1.4GW under construction.

- (e) The consolidated accounts for DONG Energy A/S for the year ending 31st December 2014 set out total Non Current assets of DKK 91 Billion (£9.6 billion) based on the exchange rate in force at 31st December 2014.
- (f) DONG Energy Power (UK) Limited is a 100% owned subsidiary of DONG Wind Power A/S, which in turn is a 100% owned subsidiary of DONG Energy A/S.
- (g) Set out below is a diagram showing the interrelationship of the parties.

Figure 1: Ownership Structure



3 Conclusion

3.1 DONG Energy has had regard to the Statement of Reasons and concurs with the statements made by the Project Companies therein. DONG Energy believes that the explanation set out in the Statement of Reasons, as supplemented by this Update to the Statement of Reasons, provides a robust basis for the inclusion of compulsory acquisition powers within the Order and demonstrates that the inclusion meets the requirements of Section 122 of the PA 2008 and the Compulsory Acquisition Guidance.