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East Anglia TWO Offshore Windfarm Funding Statement

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Author: Shepherd and Wedderburn LLP

**Applicable to
East Anglia TWO**



Glossary of Terminology

Applicant	East Anglia TWO Limited.
Cable sealing end compound	A compound which allows the safe transition of cables between the overhead lines and underground cables which connect to the National Grid substation.
Cable sealing end (with circuit breaker) compound	A compound (which includes a circuit breaker) which allows the safe transition of cables between the overhead lines and underground cables which connect to the National Grid substation.
Construction consolidation sites	Compounds associated with the onshore works which may include elements such as hard standings, lay down and storage areas for construction materials and equipment, areas for vehicular parking, welfare facilities, wheel washing facilities, workshop facilities and temporary fencing or other means of enclosure.
Construction operation and maintenance platform	A fixed offshore structure required for construction, operation, and maintenance personnel and activities.
Development area	The area comprising the onshore development area and the offshore development area (described as the 'order limits' within the Development Consent Order).
East Anglia TWO project	The proposed project consisting of up to 75 wind turbines, up to four offshore electrical platforms, up to one construction, operation and maintenance platform, inter-array cables, platform link cables, up to one operational meteorological mast, up to two offshore export cables, fibre optic cables, landfall infrastructure, onshore cables and ducts, onshore substation, and National Grid infrastructure.
East Anglia TWO windfarm site	The offshore area within which wind turbines and offshore platforms will be located.
European site	Sites designated for nature conservation under the Habitats Directive and Birds Directive, as defined in regulation 8 of the Conservation of Habitats and Species Regulations 2017 and regulation 18 of the Conservation of Offshore Marine Habitats and Species Regulations 2017. These include candidate Special Areas of Conservation, Sites of Community Importance, Special Areas of Conservation and Special Protection Areas.
Evidence Plan Process (EPP)	A voluntary consultation process with specialist stakeholders to agree the approach to the EIA and the information required to support HRA.
Horizontal directional drilling (HDD)	A method of cable installation where the cable is drilled beneath a feature without the need for trenching.
HDD temporary working area	Temporary compounds which will contain laydown, storage and work areas for HDD drilling works.



Inter-array cables	Offshore cables which link the wind turbines to each other and the offshore electrical platforms, these cables will include fibre optic cables.
Jointing bay	Underground structures constructed at intervals along the onshore cable route to join sections of cable and facilitate installation of the cables into the buried ducts.
Landfall	The area (from Mean Low Water Springs) where the offshore export cables would make contact with land, and connect to the onshore cables.
Link boxes	Underground chambers within the onshore cable route housing electrical earthing links.
Meteorological mast	An offshore structure which contains metrological instruments used for wind data acquisition.
Mitigation areas	Areas captured within the onshore development area specifically for mitigating expected or anticipated impacts.
Marking buoys	Buoys to delineate spatial features / restrictions within the offshore development area.
Monitoring buoys	Buoys to monitor <i>in situ</i> condition within the windfarm, for example wave and metocean conditions.
National electricity grid	The high voltage electricity transmission network in England and Wales owned and maintained by National Grid Electricity Transmission
National Grid infrastructure	A National Grid substation, cable sealing end compounds, cable sealing end (with circuit breaker) compound, underground cabling and National Grid overhead line realignment works to facilitate connection to the national electricity grid, all of which will be consented as part of the proposed East Anglia TWO project Development Consent Order but will be National Grid owned assets.
National Grid overhead line realignment works	Works required to upgrade the existing electricity pylons and overhead lines (including cable sealing end compounds and cable sealing end (with circuit breaker) compound) to transport electricity from the National Grid substation to the national electricity grid.
National Grid overhead line realignment works area	The proposed area for National Grid overhead line realignment works.
National Grid substation	The substation (including all of the electrical equipment within it) necessary to connect the electricity generated by the proposed East Anglia TWO project to the national electricity grid which will be owned by National Grid but is being consented as part of the proposed East Anglia TWO project Development Consent Order.



National Grid substation location	The proposed location of the National Grid substation.
Natura 2000 site	A site forming part of the network of sites made up of Special Areas of Conservation and Special Protection Areas designated respectively under the Habitats Directive and Birds Directive.
Offshore cable corridor	This is the area which will contain the offshore export cables between offshore electrical platforms and landfall.
Offshore development area	The East Anglia TWO windfarm site and offshore cable corridor (up to Mean High Water Springs).
Offshore electrical infrastructure	The transmission assets required to export generated electricity to shore. This includes inter-array cables from the wind turbines to the offshore electrical platforms, offshore electrical platforms, platform link cables and export cables from the offshore electrical platforms to the landfall.
Offshore electrical platform	A fixed structure located within the windfarm area, containing electrical equipment to aggregate the power from the wind turbines and convert it into a more suitable form for export to shore.
Offshore export cables	The cables which would bring electricity from the offshore electrical platforms to the landfall. These cables will include fibre optic cables.
Offshore infrastructure	All of the offshore infrastructure including wind turbines, platforms, and cables.
Offshore platform	A collective term for the construction, operation and maintenance platform and the offshore electrical platforms.
Onshore cable corridor	The corridor within which the onshore cable route will be located.
Onshore cable route	This is the construction swathe within the onshore cable corridor which would contain onshore cables as well as temporary ground required for construction which includes cable trenches, haul road and spoil storage areas.
Onshore cables	The cables which would bring electricity from landfall to the onshore substation. The onshore cable is comprised of up to six power cables (which may be laid directly within a trench, or laid in cable ducts or protective covers), up to two fibre optic cables and up to two distributed temperature sensing cables.
Onshore development area	The area in which the landfall, onshore cable corridor, onshore substation, landscaping and ecological mitigation areas, temporary construction facilities (such as access roads and construction consolidation sites), and the National Grid Infrastructure will be located.
Onshore infrastructure	The combined name for all of the onshore infrastructure associated with the proposed East Anglia TWO project from landfall to the connection to the national electricity grid.



Onshore preparation works	Activities to be undertaken prior to formal commencement of onshore construction such as pre-planting of landscaping works, archaeological investigations, environmental and engineering surveys, diversion and laying of services, and highway alterations.
Onshore substation	The East Anglia TWO substation and all of the electrical equipment within the onshore substation and connecting to the National Grid infrastructure.
Onshore substation location	The proposed location of the onshore substation for the proposed East Anglia TWO project.
Platform link cable	Electrical cable which links one or more offshore platforms. These cables will include fibre optic cables.
Safety zones	A marine area declared for the purposes of safety around a renewable energy installation or works / construction area under the Energy Act 2004.
Scour protection	Protective materials to avoid sediment being eroded away from the base of the foundations as a result of the flow of water.
Transition bay	Underground structures at the landfall that house the joints between the offshore export cables and the onshore cables.



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This document is supported by the following Annexes

Annex number	Title
1	Proposed Signed Funding Agreement
2	Accounts for ScottishPower Renewables Limited 2019
3	Property Cost Estimate Statement from Dalcour Maclaren



Funding Statement

1 Introduction

1. East Anglia TWO Limited (the “Applicant”) (Company Number 11121842), the applicant for the proposed East Anglia TWO Offshore Windfarm Order (the “Order”) is a subsidiary of ScottishPower Renewables (UK) Limited (Company Number NI028425). ScottishPower Renewables (UK) Limited is hereafter referred to as the “Company”.
2. The Applicant is a company created specifically for promoting, developing, constructing and operating the East Anglia TWO offshore windfarm (“the Project”) for which the Order is sought.
3. The application for the Project is for an offshore generating station of up to 75 wind turbines together with associated development which includes up to four offshore electrical platforms, an offshore construction, operation and maintenance platform, a meteorological mast and offshore electrical infrastructure and onshore infrastructure to provide a grid connection between the offshore electrical platforms and a new onshore substation at Grove Wood, Friston and the National Grid infrastructure. As the Project comprises a Nationally Significant Infrastructure Project under the Planning Act 2008, the Applicant is applying to the Secretary of State for the Order to provide it with the consents, powers and authorisations required to construct and operate the Project. The Applicant is defined in the draft Order as the “undertaker” and will be the corporate body vested with the powers provided for in the Order.
4. The application for the Order includes a request that powers of compulsory acquisition be granted. Accordingly, and in accordance with Regulation 5(2)(h) of the Infrastructure (Applications: Prescribed Forms and Procedure) Regulations 2009 a Funding Statement is required to be submitted with the application for development consent.
5. This updated version of the Funding Statement is being submitted to take account of the removal of plot [310](#) from the Order Land and ~~revisions to the total property cost estimate supplied by Dalcour Maclaren as set out~~ [corresponding reduction](#) in [section 3 below](#). ~~The total property cost estimate~~ [area of plots 12 and 13. It](#) has [also](#) been ~~revised following recent negotiations and consultations with landowners, occupiers and third parties affected by~~ [updated to reflect the Project which](#) [fact that the Funding Agreement](#) has ~~resulted~~ [now been entered into and is no longer](#) in ~~further commercial information about cropping values and losses.~~ [draft form.](#)



2 The Company

6. The Company is an indirect wholly owned subsidiary of Iberdrola, S.A., a Spanish public listed company (“Iberdrola”).
7. Iberdrola is a global, publicly listed energy holding company, with more than 150 years of contributing to the development of the energy sector, and providing safe and reliable energy supply to its customers. Iberdrola is also involved in a number of other activities including new energy sources, engineering, construction, telecommunication and information systems, real estate and customer value-added services.
8. Iberdrola is one of the world’s top utility holding companies. It is listed on the Madrid Stock Exchange (IBE: MC) and its share performance is included in the computation of the Spanish IBEX 35 index, with a shareholder base made up largely of international investors.
9. The Company is at the forefront of the development of the renewables industry and is contributing towards providing cost effective energy security for the UK, reducing greenhouse gas emissions and maximising economic opportunities through investment in the UK.
10. ScottishPower Renewables is part of the ScottishPower group of companies operating in the UK under the Iberdrola Group, one of the world’s largest integrated utility companies and a world leader in wind energy. ScottishPower now only produces 100% green electricity – focusing on wind energy, smart grids and committed to speeding up the transition to cleaner electric transport, improving air quality and over time, driving down bills to deliver a better future, quicker for everyone.
11. ScottishPower Renewables is at the forefront of the development of the renewables industry through pioneering ideas, forward thinking and outstanding innovation. Its ambitious growth plans include expansion of its existing onshore wind portfolio, investment in new large scale solar deployment and innovative grid storage systems including batteries.
12. With over 40 operational windfarms, ScottishPower Renewables manages all its sites through its world leading Control Centre at Whitelee Windfarm, near Glasgow.
13. The consolidated accounts for the year ended 31 December 2019 stated total fixed assets of £3,255.5m for the Company. The last published accounts for the Company are at Annex 2 to this Statement.
14. Through the reputation, experience and support of the Company, the Applicant will have the ability if necessary to finance or procure the financial resources to



fund the works to be authorised by the Order, subject to final Board authority. The Company has the experience and reputation to enable such funds to be procured.

15. The Applicant intends to secure funding for the construction of the Project after the Order is granted, the tender process is complete for the major construction contracts and the investment case has been satisfied. Once these criteria are met the Applicant will request a final investment decision which will irrevocably commit funding. The Applicant is incentivised to develop a commercially viable project, given the significant development funds that have already been spent on the Project, which will meet its long term objectives (and those of its shareholder) to increase renewable energy generation capacity. This approach is the standard model for development of capital intensive generation assets.
16. Funding for the Project could be provided using a number of different standard models, or using a combination of these models. The main models are providing funds from:
 - The capital reserves of the parent companies (balance sheet);
 - Parent company finance (company debt); or
 - Directly from an external lender (project finance).
17. The Secretary of State can be satisfied that, as a result of the Company's experience and reputation, funds are likely to be available to meet the capital expenditure for:
 - The cost of the Project;
 - The cost of acquiring the land identified in the Order;
 - The cost of compensation otherwise payable in accordance with the Order.
18. The Company has substantial net assets, as well as positive track records in the field of renewable energy development. It should be noted that the Company could, by itself, secure the required funding for the Project. This would include all likely compensation liabilities resulting from the exercise of compulsory acquisition powers (set out in more detail in Sections 3 and 4, and in the ~~draft form of~~ [signed](#) agreement which is attached to this Funding Statement at Annex 1 ("the Agreement")).
19. The arrangements for funding compensation to landowners are explained in section 3.



3 Funding Claims for Compensation (including Blight)

20. The Applicant has been advised by specialist chartered surveyors, Dalcour Maclaren that the total property cost estimates for the acquisition of the required interests in land should not exceed £16.40 million. Dalcour Maclaren are a firm of Chartered Surveyors providing property consultancy services exclusively to the utility and infrastructure sector, and have developed cost estimates on behalf of a number of Nationally Significant Infrastructure Projects. See Annex 3 for a statement from Dalcour Maclaren containing this advice.
21. The Applicant and the Company ~~will shortly enter~~have entered into the Agreement, which ~~will be in substantially the same form as~~is attached to this Funding Statement at Annex 1.
22. In clause 4 of the Agreement, the Company undertakes to put the Applicant in funds for the payments of legitimately claimed compensation by a class of persons listed in the Agreement, or to pay the agreed or awarded funds direct to the relevant claimant.
23. The Agreement specifically states that the persons of the class specified in the Agreement in Schedule 3 may, through the provisions of the Contracts (Rights of Third Parties) Act 1999 enforce the obligation upon the Company to place the Applicant in funds to pay compensation for expropriation, injurious affection and claims under Part 1 of the Land Compensation Act 1973, if such claims are valid and appropriately made. It should be noted that the Applicant does not anticipate that any claims under Part 1 of the Land Compensation Act 1973 will arise.
24. A cap on liability of £16.40 million is included in the Agreement. This cap is subject to indexation and is based on the advice received by the Applicant from Dalcour Maclaren on the likely level of compensation due to claimants for the compulsory acquisition of interests in their land.
25. As a result of this mechanism, the Examining Authority and Secretary of State can be assured that sufficient funding for payment of compensation will be available to the Applicant if compulsory acquisition powers are provided in the Order being sought by the Applicant.



4 Funding for Blight

26. It is not anticipated that successful claims for statutory blight will arise as a result of the promotion of the Order. Should claims for blight arise before it is known whether the Project will proceed, the costs of meeting blight claims that are upheld will be met from the capital reserves of the Applicant or the Company. Funding for blight claims made in advance of the making of the Order is provided for in the Agreement between those parties referred to above (see clause 3.1 and Schedule 2 Part 3). For blight claims validly made subsequent to the Order being made the Agreement will also apply.



5 Conclusions

27. Appropriate funding for liabilities for compensation arising from the acquisition of land and rights, the creation of new rights and for blight will be available where compensation is legitimately claimed. If the Applicant is unable to pay such compensation then the Company will put the Applicant in funds to enable it so to do, in accordance with the Agreement.
28. The Applicant will be able to secure appropriate funds both for compensation to landowners and for the construction of the Project. For this project, the Company ~~will be~~ is the party providing the necessary Funding Agreement.
29. The Secretary of State can therefore be satisfied both that funding is likely to be available for claims for compensation by landowners and also that the Project is soundly backed and there is no reason to believe that, if the Order is made, the Project will not proceed.