



**Vattenfall Wind Power Ltd**

**Thanet Extension Offshore Wind Farm**

## **Funding Statement**

June 2018

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Funding Statement

June 2018

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## 1 INTRODUCTION

- 1.1 Vattenfall Wind Power Limited (the **Applicant**) (Company Number 06205750), the applicant for the proposed Thanet Extension Offshore Wind Farm Order (the **Order**) is a subsidiary of the Vattenfall Group which is Europe's fifth largest generator of electricity and the largest generator of heat.
- 1.2 The Applicant is planning to develop the Thanet Extension Offshore Wind Farm (the **Project**) with up to 34 turbines and an installed capacity of up to 340 MW. The Project comprises an extension to the existing Thanet offshore wind farm off the coast of Thanet, Kent, to be located approximately 8km offshore (at the closest point). The offshore array site occupies an area of approximately 70 km<sup>2</sup>. The Project will connect to the National Grid at Richborough, Kent.
- 1.3 As the total installed electricity generating capacity will exceed 100 MW, the Project is deemed to be a Nationally Significant Infrastructure Project (**NSIP**), and therefore the Applicant is submitting an application to the Secretary of State under Section 37 of the Planning Act 2008 for a Development Consent Order (**DCO**) for the construction and operation of the Project. The Applicant is defined in the Order as the "undertaker" and will be the corporate body invested with the powers provided for in the Order.
- 1.4 The application for the Order includes a request that powers of compulsory acquisition be made available to the Applicant. Accordingly a Funding Statement is required to be submitted with the application for development consent, as per Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (the **APFP Regulations**).
- 1.5 This Statement explains how the Applicant proposes to fund the land and rights to be acquired and also the implementation of the Project. It is part of a suite of DCO application documents and should be read alongside those documents. In particular, this Statement should be read in conjunction with the Statement of Reasons (Document 4.1).

## 2 THE APPLICANT

- 2.1 The Applicant is a subsidiary of the Vattenfall Group which is Europe's fifth largest generator of electricity and the largest generator of heat. The Vattenfall Group works in all parts of the electricity supply and distribution: generation, transmission, distribution and sales, and generates, distributes and sells heat. The Group has approximately 42,000 employees. The Parent Company, Vattenfall AB, is owned by the Swedish state.

2.2 The Applicant has extensive experience of the construction and operation of offshore wind farms in UK and European waters. In addition to owning and operating the existing Kentish Flats Offshore Wind Farm, the Thanet Offshore Wind Farm and the Ormonde Offshore Wind Farm, the Applicant recently completed the construction of the Kentish Flats Extension. The Applicant is also exploring the potential to develop further offshore wind farms located in the North Sea, off the coast of Norfolk.

### 3 FUNDING THE PROJECT

- 3.1 The consolidated accounts of the Applicant for the year ended 2016 stated a total fixed assets of £270,162,000.
- 3.2 The Applicant will have the ability to procure the financial resources necessary to fund the works to be authorised by the Order, subject to final Board authority. The Applicant has the experience and reputation to enable funds to be procured.
- 3.3 The Applicant intends to secure funding for construction of the Project after certainty is obtained on the planning consent, 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 take a final investment decision (FID) which will irrevocably commit funding.
- 3.4 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 to increase renewable energy generation capacity. This approach is the standard model for development of capital intensive generation assets.
- 3.5 The Applicant has been at the forefront of financing renewable energy projects for more than 10 years. In that time, it has been involved in many significant renewable energy transactions and construction projects in the UK. The Applicant has considerable experience and expertise in financing renewable energy projects.
- 3.6 The experience of the Applicant and of the wider industry is that there is no reason to believe that the required funding for the Project would not be available in the period during which compulsory acquisition powers would be available to the Applicant under the Order, if made.
- 3.7 The Secretary of State can therefore be satisfied that, as a result of the Applicant'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.

- 3.8 In summary, the Applicant has substantial net assets as well as positive track records in the field of renewable energy development. The Applicant is therefore able to provide the required funding for the Project, including all likely compensation liabilities resulting from the exercise of compulsory acquisition powers.

## **4 FUNDING CLAIMS FOR COMPENSATION (INCLUDING BLIGHT)**

- 4.1 The development of the proposed Project requires the acquisition of interests in land, rights under and over land, and the temporary use of land. The Applicant has been advised that the total property cost estimates for the acquisition of the required interests in land should not exceed £8.5 million.
- 4.2 The Applicant has sufficient committed funds and resources available to meet:
- 4.2.1 The compensation arising from all compulsory acquisition of land and rights pursuant to the DCO
  - 4.2.2 Any statutory blight claims that may arise.
- 4.3 It is not anticipated that claims for statutory blight will arise as a result of the promotion of the Order. Should claims for blight arise as a consequence of the application for the Order being made, and 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.

## **5 CONCLUSIONS**

- 5.1 Appropriate funding for liabilities for compensation arising from the acquisition of land and rights, the creation of new rights and for statutory blight will be available where compensation is appropriately and reasonably claimed.
- 5.2 The Applicant will be able to secure appropriate funds both for compensation to landowners and for the construction of the Project. The Applicant has a track record in securing similar schemes, and is capable of securing and providing such funds individually.
- 5.3 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.

## **Annex 1**

### **Vattenfall Wind Power Ltd Financial Statement 2016**