



Awel y Môr Offshore Wind Farm

Category 4: Compulsory Acquisition

Funding Statement

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Glossary of terms

TERM	DEFINITION
AyM	The Awel y Môr Offshore Wind Farm project.
Export Cable Corridor (ECC)	The area(s) where the export cables will be located.
Development Consent Order (DCO)	An order made under the Planning Act 2008 granting development consent for a Nationally Significant Infrastructure Project (NSIP) from the Secretary of State (SoS).

Abbreviations and acronyms

TERM	DEFINITION
AyM	Awel y Môr Offshore Wind Farm
AyMOWFL	Awel y Môr Offshore Wind Farm Limited
BEIS	Department for Business, Energy, and Industrial Strategy
DCO	Development Consent Order
DM	Dalcour McLaren
ECCs	Export cable corridors
GyM	Gwynt y Môr offshore wind farm
HVAC	High voltage alternating current
NRW	National Resources Wales
NSIP	Nationally Significant Infrastructure project
OnSS	Onshore Substation
OSPs	Offshore Substation Platforms
RD	Rotor Diameter
SOS	Secretary of State
WTG	Wind Turbine Generator

Units

UNIT	DEFINITION
km	Kilometers
kV	Kilovolts

UNIT	DEFINITION
m	meters
MW	Megawatts

1 Introduction

- 1 This Funding Statement has been prepared by and on behalf of Awel y Môr Offshore Wind Farm Limited (AyMOWFL) (the Applicant). This Funding Statement is one of a series of documents which accompanies the application to the Secretary of State for a Development Consent Order (DCO) submitted in accordance with Section 37 of the Planning Act 2008 and Regulations 5 and 6 of the Infrastructure Planning (Application: Prescribed Forms and Procedures) Regulations 2009 (the Application). This Funding Statement should be read in conjunction with the full suite of Application documents.

2 Purpose of Document

- 2 The proposed Awel y Môr project (AyM) will comprise an array of offshore Wind Turbine Generators (WTGs) located in Welsh waters with an overall capacity greater than 350 Megawatts (MW) and therefore constitutes a Nationally Significant Infrastructure Project (NSIP) under Sections 14 and 15(3B) of the Planning Act 2008. Such projects require a DCO to be granted by the relevant UK Secretary of State (SoS); in this case, the SoS for Business, Energy and Industrial Strategy (BEIS).
- 3 Marine planning is a matter which is devolved to the Welsh Ministers, and therefore separate marine licence(s) are also required under the Marine and Coastal Access Act 2009. Parallel applications are being made to the SoS for BEIS and Natural Resources Wales (NRW) on behalf of the Welsh Ministers, respectively. Further information about the process of these applications can be found in Volume 1, Chapter 2: Policy and Legislation of the Environmental Statement (application ref: 6.1.2).
- 4 The purpose of this Funding Statement is to demonstrate that the development of AyM will be adequately funded and therefore that funding is not an impediment to the delivery of AyM.
- 5 Additionally, as it will be necessary to compulsorily acquire land and rights over land for the purposes of developing AyM, and such powers have been included in the draft DCO, this Funding Statement explains how the Applicant will provide for the payment of compensation to those affected by compulsory acquisition, temporary possession, or blight claims.
- 6 This Funding Statement has been prepared 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 Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance 'Planning Act 2008: Guidance related to procedures for compulsory acquisition' (September 2013).

3 Project Description

- 7 AyM is a proposed sister project to the operational Gwynt y Môr Offshore Wind Farm (GyM) which is located off the coast of north Wales. GyM has been operational since 2015. RWE has invested £90m in Wales during construction, and has since created more than 100 long-term, skilled jobs at the Port of Mostyn in Flintshire, Wales.
- 8 AyM will comprise up to 50 WTGs and all associated infrastructure required to transmit the electricity generated to shore where it will be transmitted by the onshore infrastructure to the existing National Grid Bodelwyddan substation, as well as all infrastructure required to operate and maintain the wind farm. The transmission voltage will be up to 400 kV, with a maximum of two export circuits, and will use High Voltage Alternating Current (HVAC) technology.
- 9 At AyM, offshore WTGs will be connected via subsea cables to Offshore Substation Platforms (OSPs) that will transform the voltage and transmit the power generated via subsea cables within the offshore Export Cable Corridor (ECC) to shore east of Rhyl.
- 10 At this stage in the AyM development process, decisions on exact locations of infrastructure and the precise technologies and construction methods employed cannot be made. Therefore, a design envelope approach (often referred to as the 'Rochdale Envelope') has been used to provide certainty that the final project as built will not exceed these parameters, whilst providing the necessary flexibility to accommodate further project refinement during the detailed design phase post-consent.
- 11 Two indicative WTG scenarios are considered. These scenarios are based on the physical dimensions of individual WTGs at either end of the design envelope.
 - ▲ Larger WTG: The largest WTGs within the design envelope. For the purposes of assessment this is assumed to be up to 34 of the largest possible WTGs with a Rotor Diameter (RD) of up to 306 m; and
 - ▲ Smaller WTG: The greatest number of WTGs within the design envelope. For the purposes of assessment this is assumed to be up to 50 smaller WTGs with a RD of up to 250 m.

- 12 For onshore aspects, flexibility is required in terms of options for the number of export circuits, layout and technology requirements for the proposed Onshore Substation (OnSS), precise siting of onshore infrastructure and construction methods.
- 13 Connection to the National Grid will be made at Bodelwyddan in Denbighshire via onshore export cables installed underground between the landfall and the grid connection. The onshore export cable configuration will include up to two cable circuits connecting the offshore substation to the proposed OnSS and existing National Grid Bodelwyddan substations via a Landfall to the east of Rhyl and underground cables within an onshore ECC.
- 14 The Landfall denotes the location where the offshore export cables are brought ashore and jointed to the onshore export cables in Transition Joint Bays. The AyM Landfall location is within Ffrith beach, located to the east of Rhyl and adjacent to Rhyl Golf Club, extending to an area to the south of the North Wales Coast Line railway.
- 15 One OnSS (HVAC) will be required for AyM and will be sited to the west of St Asaph Business Park in order to facilitate ease of connection to the National Grid.
- 16 The onshore cable corridor will be approximately 12 km in length from the Transition Joint Bays to the existing National Grid Bodelwyddan substation.
- 17 More information on the project design and location figures can be found in Volume 2, Chapter 1: Offshore Project Description (application ref: 6.2.1) and Volume 3, Chapter 1: Onshore Project Description of the Environmental Statement (application ref: 6.3.1).

4 The Project Companies

4.1 The Applicant and the DCO undertakers

4.1.1 The Applicant

18 Awel y Môr Offshore Windfarm Limited (incorporated under company number 12270928 and having its registered office at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB) is the "Applicant" for the purposes of the Application and this Funding Statement. The Applicant has signed an Agreement for Lease with The Crown Estate as the owner of the seabed in order to develop AyM.

19 The Applicant is owned by three entities:

- ▲ Siemens Project Ventures GmbH (10%)
 - Siemens Project Ventures GmbH is registered in Erlangen, Germany (Fuerth commercial register number HRB 5812)
 - Siemens Project Ventures GmbH is ultimately owned by Siemens AG, a company incorporated in Germany with registered offices in Berlin (registry number HRB 12300) and Munich (registry number HRB 6684).
- ▲ SWM UK Wind ONE Limited (30%)
 - SWM UK Wind ONE Limited is registered in the UK with company number 07110700.
 - SWM UK Wind ONE Limited is owned by Stadtwerke München GmbH, a company established in Munich, Germany, registered with the commercial register of the local court in Munich under HRB 121920. Its ultimate parent is Landeshauptstadt München (City of Munich).
- ▲ RWE Renewables UK Swindon Limited (60%)
 - RWE Renewables UK Swindon Limited is registered in the UK with company number 02550622.
 - RWE Renewables UK Swindon Limited is ultimately owned by RWE Aktiengesellschaft which is registered in Germany with company number HRB 14525.

- 20 RWE Renewables UK Swindon Limited has substantial financial resources in its own right, plus, as a wholly owned subsidiary, it has the financial backing of RWE AG. RWE AG is one of Europe's five leading electricity and gas companies, with significant expertise in oil, gas and lignite production, in electricity generation from gas, coal, nuclear and renewables, and in energy trading as well as electricity and gas distribution and supply. Moody's and Fitch rated RWE AG as Baa2 and BBB+ respectively as at 11 May 2021, with a stable outlook across both ratings agencies. As at 31 October 2021 RWE AG had total assets of €145.6billion (Interim statement on the first three quarters of 2021 - see Appendix 1).
- 21 Siemens Project Ventures GmbH is a global investor in infrastructure projects with a significant asset base and adequate financial resources at its disposal. Siemens Project Ventures GmbH, as a 100% subsidiary of Siemens AG, also enjoys strong financial and liquidity support from its parent. Siemens AG is one of the largest global technology conglomerates with a focus on energy, healthcare, mobility and infrastructure sectors. Siemens AG is rated as A1 and A+ by Moody's and S&P respectively with a Stable outlook by both agencies. As at 30 September 2021, Siemens AG had total assets of €140 billion with cash and cash equivalents of €9.5 billion.
- 22 SWM UK Wind One Limited has substantial financial resources, plus, as a wholly owned subsidiary, it has the vast financial backing of Stadtwerke München GmbH. Stadtwerke München GmbH is one of the largest municipal companies in Germany and manages its business across all segments of the value chain: Energy - subdivided into Generation, Networks, Sales, and Trade -, Water, Mobility, Telecommunications, and Public Pools. As at 31 December 2020 SMW GmbH had total assets of €10.7billion
- 23 The Applicant will also be the undertaker (as defined in Article 2 of the DCO; application document 3.1) for the purposes of exercising the compulsory purchase powers under the DCO.

5 Funding

- 24 There will be funding available to meet the costs associated with compulsory acquisition for AyM.
- 25 As explained above, the Applicant is a joint venture indirectly owned by three large companies, each with a sound financial standing: RWE AG listed in Germany, Siemens AG listed in Germany and Stadtwerke München GmbH.
- 26 The Applicant has taken professional advice regarding the estimated cost of acquiring the land and interests required to deliver AyM and is satisfied that the requisite amount of funding is available to meet this cost.
- 27 The funding required in relation to land assembly will be provided by the Applicant. It will not be necessary to obtain any third party funding in respect of the land assembly requirements of AyM. This is because as RWE AG, Siemens AG and Stadtwerke München GmbH have made allowances for these costs, as they would with any large infrastructure project they undertake, and will ensure that the necessary funds will be available when they are due.
- 28 As such, barring any unprecedented and currently unforeseen circumstances, no funding shortfalls are anticipated. The possibility of either Siemens AG, Stadtwerke München GmbH or RWE AG being unable to meet its financial commitments in respect of land assembly is extremely remote as demonstrated by the sound credit ratings of the companies.
- 29 The Applicant has included in Article 31 of the DCO a provision which requires the Applicant to refrain from exercising the powers of compulsory acquisition granted by the DCO until guarantees or alternative forms of security in respect of the liability of the undertakers to pay compensation are in place. The form of guarantee or security and the amount of these must be approved by the Secretary of State. It will be for the SoS to satisfy himself/herself that the guarantee or security provided is sufficient to cover the compensation liabilities.

- 30 The Applicant is confident that AyM will be commercially viable based on the assessments it has undertaken. The SoS can be confident that funding will be available to meet the compulsory acquisition costs as they fall due.

6 Estimated Project Cost

- 31 The current cost estimate for AyM is approximately £1.81bn. This includes the costs of construction, development, project management, financing, land acquisition and operation.

7 Compensation Claims

- 32 The DCO will grant the Applicant powers to acquire land and interests over land as necessary to develop AyM. These can be used in the event it has not been possible to acquire the necessary interests and rights by agreement.
- 33 The Applicant has sought advice from Dalcour McLaren (DM) who are expert chartered surveyors with experience of OWF development. DM have provided possible heads of liability for:
- ▲ compulsory acquisition of land and rights,
 - ▲ compensation arising out of temporary works,
 - ▲ blight,
 - ▲ severance,
 - ▲ injurious affection,
 - ▲ claims arising under Part 1 of the Land Compensation Act 1973,
 - ▲ Business Loss Claims,
 - ▲ Part 1 claims and
 - ▲ Third Party Professional Fees.
- 34 See further details at Appendix 2.
- 35 DM have considered blight in relation to AyM and have concluded that the project will not blight any properties so the quantum of liability under this head of claim is £0. See further details at Appendix 2.
- 36 Overall DM estimate the costs associated with compulsory acquisition and potential compensation claims to be in the region of £11.2m.
- 37 Article 31 of the DCO provides that the Applicant may not exercise a number of powers until it has put in place a guarantee or security equal to its potential liability to compensation payable under the DCO. The guarantee or security must be approved by the SoS.

8 Conclusions

- 38 The Applicant will be responsible for providing funding to cover the costs of the delivery of and the compulsory acquisition associated with AyM. This funding will be provided by the project partners: Siemens Project Ventures GmbH, SWM UK Wind ONE Limited and RWE Renewables UK Swindon Limited with the backing from their parent companies Siemens AG, Stadtwerke München GmbH and RWE AG (respectively). Each of these companies have substantial assets in their own right and considerable experience in infrastructure development.
- 39 The DCO secures that powers of compulsory acquisition cannot be exercised unless and until the SoS is satisfied that funding for the potential liability for compensation has been secured.
- 40 The SoS can accordingly be satisfied that sufficient funding will be available to develop AyM and any liability arising from the exercise of compulsory acquisition powers under the DCO will be met.



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