

Outer Dowsing Offshore Wind

Habitats Regulations Assessment

Compensation Funding Statement

Date: November 2024

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Acronyms & Definitions

Abbreviations / Acronyms

| Abbreviation / Acronym | Description |
|------------------------|--|
| AEoI | Adverse Effect on Integrity |
| ANS | Artificial Nesting Structure |
| CIMP | Compensation Implementation and Monitoring Plan |
| Corio | Corio Generation Limited |
| DCO | Development Consent Order |
| GT R4 Ltd | The Applicant. The special purpose project vehicle created in partnership between Corio Generation Limited (and its affiliates), Gulf Energy Development and TotalEnergies |
| GULF | Gulf Energy Development |
| HRA | Habitats Regulations Assessment |
| MAM | Macquarie Asset Management |
| MGECO | Macquarie Green Energy and Climate Opportunities Fund SCSp |
| NSIP | Nationally Significant Infrastructure Project |
| ODOW | Outer Dowsing Offshore Wind |
| RIAA | Report to Inform Appropriate Assessment |
| SAC | Special Area of Conservation |
| SoS | Secretary of State |
| SPA | Special Protection Area |
| TCE | The Crown Estate |

Terminology

| Term | Definition |
|---|---|
| The Applicant | GT R4 Ltd. The Applicant making the application for a DCO. The Applicant is GT R4 Limited (a joint venture between Corio Generation, TotalEnergies and Gulf Energy Development (GULF)), trading as Outer Dowsing Offshore Wind. The Project is being developed by Corio Generation Limited, TotalEnergies and GULF. |
| Development Consent Order (DCO) | An order made under the Planning Act 2008 granting development consent for a Nationally Significant Infrastructure Project (NSIP). |
| The Habitats Regulation | The Conservation of Habitats and Species Regulations 2017 |
| The Marine Habitats Regulation | The Conservation of Offshore Marine Habitats and Species Regulations 2017 |
| Outer Dowsing Offshore Wind (ODOW) | The Project. |
| The Planning Inspectorate | The agency responsible for operating the planning process for Nationally Significant Infrastructure Projects (NSIPs). |
| The Project | Outer Dowsing Offshore Wind, an offshore wind generating station together with associated onshore and offshore infrastructure. |

Reference Documentation

| Document Number | Title |
|-----------------|---|
| 3.1 | Draft Development Consent Order |
| 3.2 | Explanatory Memorandum |
| 7.1 | Report to Inform Appropriate Assessment |
| 7.6 | Benthic Without Prejudice Compensation Strategy |
| 7.6.1 | Sandbank Compensation Plan |
| 7.6.1.1 | Sandbank Compensation Implementation and Monitoring Plan |
| 7.6.2 | Biogenic Reef Compensation Plan |
| 7.6.2.1 | Biogenic Reef Compensation Implementation and Monitoring Plan |
| 7.6.3 | Benthic Compensation Evidence Base and Roadmap |
| 7.7 | Ornithology Compensation Strategy |
| 7.7.1 | Kittiwake Compensation Plan |
| 7.7.1.1 | Kittiwake Compensation Implementation and Monitoring Plan |
| 7.7.2 | Guillemot Compensation Plan |
| 7.7.2.1 | Guillemot Compensation Implementation and Monitoring Plan |
| 7.7.3 | Razorbill Compensation Plan |
| 7.7.3.1 | Razorbill CIMP |
| 7.7.4 | Artificial Nesting Structure Evidence & Roadmap |
| 7.7.5 | Predator Control Evidence & Roadmap |
| 7.7.6 | Other Measure Evidence & Roadmap |
| 7.8 | TCE Kittiwake Strategic Compensation Plan |

1 Introduction

1. GT R4 Limited (Company Registration Number 13281221 and trading as Outer Dowsing Offshore Wind) (the **Applicant**) is proposing to develop Outer Dowsing Offshore Wind (the **Project**).
2. The Project is a Nationally Significant Infrastructure Project (**NSIP**) and will include both offshore and onshore infrastructure including an offshore generating station comprising up to 100 wind turbine generators located approximately 54km from the Lincolnshire coastline, offshore substations, offshore cables, onshore cables, an onshore substation, a connection to the electricity transmission network, and ancillary and associated development. The Applicant is therefore 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, operation, maintenance and decommissioning of the Project.
3. This Derogation Funding Statement has been developed in support of the Applicant's Report to Inform Appropriate Assessment (**RIAA**) (document reference 7.1), in which it was concluded that there is a potential risk of Adverse Effect on Integrity (**AEoI**) in terms of the Conservation of Habitats and Species Regulations 2017 and the Conservation of Offshore Marine Habitats and Species Regulations 2017 (together the Habitats Regulations) in relation to collision on the kittiwake feature of the Flamborough and Filey Coast (**FFC**) Special Protection Area (**SPA**) during the Project's operation and maintenance phase, when considered in-combination with other developments.
4. In light of the conclusions for kittiwake, the Applicant is providing a derogation case for this feature, which forms part of the Application.
5. For all other sites and features assessed in the RIAA, a conclusion of no AEoI is reached for either the Project alone or in-combination with other plans or projects. On that basis, a HRA derogation case and associated compensatory measures are provided for some other species on a "without prejudice" basis only, as set out in the Without Prejudice Derogation Case (document reference 7.5). The purpose of that document is to provide, without prejudice, information to demonstrate that the derogation tests as set out in Regulation 64 of the Habitats Regulation and Regulation 29 of the Marine Habitats Regulation¹ could be met for Outer Dowsing.
6. This Derogation Funding Statement forms part of the suite of documents in support of the proposed compensatory measures, should they be required, along with the following:
 - Benthic Without Prejudice Compensation Strategy (document reference 7.6);
 - Sandbank Compensation Plan (document reference 7.6.1);

¹ Regulation 64 transposed Article 6(4) of Council Directive 92/43/EEC (the Habitats Directive) into UK domestic law. Following the implementation of the Retained EU Law (Revocation and Reform) Act 2023 on 31 December 2023, which revoked the direct effect of EU directives in the UK, the Habitats Regulations are now the primary mechanism for implementing derogation provisions that were derived from the Habitats Directive.

- Sandbank Compensation Implementation and Monitoring Plan (document reference 7.6.1.1);
 - Biogenic Reef Compensation Plan (document reference 7.6.2);
 - Biogenic Reef Compensation Implementation and Monitoring Plan (document reference 7.6.2.1.);
 - Benthic Compensation Evidence Base and Roadmap (document reference 7.6.3);
 - Ornithology Compensation Strategy (document reference 7.7);
 - Kittiwake Compensation Plan (document reference 7.7.1);
 - Kittiwake Compensation Implementation and Monitoring Plan (document reference 7.7.1.1);
 - Guillemot Compensation Plan (document reference 7.7.2);
 - Guillemot Compensation Implementation and Monitoring Plan (document reference 7.7.2.1);
 - Razorbill Compensation Plan (document reference 7.7.3);
 - Razorbill Compensation Implementation and Monitoring Plan (document reference 7.7.3.1);
 - Artificial Nesting Structure Evidence & Roadmap (document reference 7.7.4);
 - Predator Control Evidence & Roadmap (document reference 7.7.5);
 - Other Measure Evidence & Roadmap (document reference 7.7.6); and
 - TCE Kittiwake Strategic Compensation Plan (document reference 7.8).
7. Together, these documents are referred to as the Compensation Documents. References to ‘compensatory measures’ in this document include the measures outlined in the Compensation Documents.
8. Whilst it is not certain that all of the compensation measures set out within the Compensation Documents and provisionally secured by Article 45 and Schedule 22 of the draft DCO, will be found to be necessary, the purpose of this funding statement is:
- a. to demonstrate that the costs of implementation of any compensation measure which the Secretary of State decides is required will utilise the same funding arrangements in place to fund the construction of the Project (as further explained in Section 2 below); and
 - b. to confirm that the Applicant has considered commercial viability of the Project in the context of a possible need to deliver the compensation measures identified (with estimated costings provided in Section 3 below), and is confident that, viability would not be prejudiced.
9. This Derogation Funding Statement should also be read in conjunction with the Application documents, in particular the draft DCO (document reference 3.1), and the Explanatory Memorandum (document reference 3.2).

2 Corporate Structure and Assets

10. The Applicant is GT R4 Limited, a company registered in England with Registration Number 13281221 which is a special purpose vehicle set up for the purposes of developing the Project and trading as Outer Dowsing Offshore Wind. The Project is being developed jointly by Corio (and its affiliates), TotalEnergies and Gulf Energy Development.
11. The Applicant is a wholly owned subsidiary of GT R4 Holdings Limited, a company registered in England with Registration Number 13272588, the immediate parent companies of which (each owning 50%) are:
 - a. TotalEnergies Renewables R4 HoldCo Limited, a company registered in England with Registration Number 13254186; and
 - b. Maryland HoldCo Limited, a company registered in England with Registration Number 13262637.
12. Maryland HoldCo Limited is a wholly owned subsidiary of Maryland InvestCo Limited, a company registered in England with Registration Number 13744006. The owners of Maryland InvestCo Limited are:
 - a. Maryland TopCo Limited, a company registered in England with Registration Number 13743697 (which is a wholly owned subsidiary of Corio);
 - b. Gulf International Holding Pte. Limited, a company registered in Singapore with Registration Number 201417960W; and
 - c. Broadhelm Renewables Maryland Limited (UK), a company registered in England with Registration Number 15557461.
13. There are a number of other companies of each within the overall ownership structure up to the ultimate owners. Structure charts showing this with applicable percentages are included at Appendix 1 (**Structure Charts**). Details of the owners of the Applicant are set out in Paragraphs 14-17 below.
14. **TotalEnergies:** the companies shown above TotalEnergies Renewables R4 HoldCo Limited in the Structure Chart are ultimately owned by TotalEnergies S.E. These companies are collectively referred to as “TotalEnergies”. TotalEnergies is a global multi-energy company that produces and markets energies: oil and biofuels, natural gas and green gases, renewables and electricity. Active in more than 130 countries, TotalEnergies puts sustainable development in all its dimensions at the heart of its projects and operations to contribute to the well-being of people. As part of its ambition to get to net zero by 2050, TotalEnergies is building a world class cost-competitive portfolio combining renewables (solar, onshore and offshore wind) and flexible assets (CCGT, storage) to deliver clean firm power to its customers. At the end of 2023, TotalEnergies’ gross renewable electricity generation installed capacity was 22 GW. TotalEnergies will continue to expand this business to reach 35 GW in 2025 and more than 100 TWh/year of net electricity production by 2030. The most recent consolidated accounts for TotalEnergies S.E can be found attached at Appendix 2 (**Accounts of TotalEnergies**) (document reference 7.9.1).

15. **Corio:** Maryland TopCo Limited is a wholly owned subsidiary of Corio. Corio is a specialist offshore wind business dedicated to harnessing renewable energy worldwide. With a unique blend of sector-leading expertise and deep access to long-term capital, Corio works closely with its partners in the creation and management of projects from origination, development and construction, and into operations. Corio has one of the world’s largest offshore wind portfolios with around 30 GW of projects in development across Europe, Asia-Pacific and the Americas. The portfolio spans established and emerging markets, as well as floating and fixed-foundation technologies. These next generation offshore wind projects will help form the backbone of the net-zero global energy system while meeting the energy needs of communities and corporate offtakers sustainably, reliably, safely and responsibly.

Corio is a portfolio company of MAM operating on a standalone basis. For more information visit coriogenesis.com. The ultimate parent company of Corio is Macquarie Group Limited, an entity listed on the Australian Securities Exchange. The most recent consolidated accounts for Macquarie Group Limited can be found attached at Appendix 3 (**Accounts for Macquarie Group**) (document reference 7.9.2).

16. **MGECO:** MGECO is a MAM-managed fund.

17. **GULF:** Gulf International Holding Pte. Limited is a subsidiary company of Gulf Energy Development Public Company Limited (**GULF**). GULF is a holding company headquartered in Thailand that invests in a global portfolio of energy, infrastructure, and digital and telecommunications businesses. GULF brings close to three decades of experience in energy project management and operation, with a mission to invest in businesses related to renewable energy and climate management, in accordance with the global target to achieve net zero emissions by 2050. As one of Thailand’s largest private power producers with over 20 GW of gas-fired and renewable capacity, GULF is committed to supporting the energy transition with onshore and offshore wind projects, solar projects, and other contributions to energy security across various regions to create sustainable shared value in all spheres where it operates. The most recent consolidated accounts for GULF can be found attached at Appendix 4 (**Accounts of GULF**) (document reference 7.9.3).

3 Estimated Costs for Compensatory Measures

18. The current cost estimate for Outer Dowsing is within the range of £5.5 – 7.5 billion. This cost estimate includes construction costs, operational costs, development costs, project management costs, financing costs and land acquisition costs.
19. The Applicant's proposed compensatory measures (without prejudice) are set out in the Compensation Documents. Where possible, a number of options have currently been put forward for each designated site and interest feature, as advocated by stakeholders, to help respond to any uncertainties in the delivery or implementation of each of the proposed measures and to add resilience to the Applicant's overall approach. Not all measures currently set out as an option would require to be brought forward in order to deliver the necessary quantum of compensation.
20. In line with policy supporting a more collaborative and/or strategic delivery of compensation, the Applicant has also taken into consideration strategic and collaborative delivery models alongside project-led compensation delivery. Further information in respect of collaborative and/or strategic measures is provided in Section 3.1 of this document.
21. Measures proposed on a project-led basis form the principal compensatory measures put forward by the Applicant. These measures are considered sufficient to fully compensate for the predicted impact from Outer Dowsing on kittiwake and, if required, guillemot and razorbill features of the FFC SPA, and to the sandbank and biogenic features of the IDRBNR SAC.
22. The Applicant has estimated the costs associated with developing, constructing, maintaining and monitoring the proposed project-led compensatory measures as outlined in the Compensation Documents for the operational lifetime of the Project. Decommissioning costs have been included where appropriate and in the event that this should be required. Where a number of options to deliver compensation have been set out in the Compensation Documents, the Applicant has identified in the table below, the costs associated with the most expensive package of compensation options, noting that delivery of other measures identified in their place would reduce the estimated costs. Note that Applicant only considers there to be the potential need for more than one measure to be used in the case of guillemot (document reference 7.7.2) and razorbill (document reference 7.7.3) dependent on the quantum of compensation deemed necessary should the Secretary of State conclude an AEoI on the FFC in relation to either of these features. Natural England's position is that seagrass restoration could only be used as measure in combination with other measures and to contribute a maximum of 10% to the required compensation. As outlined within document 7.6.3 the Applicant's position is that with the exception of seagrass restoration, any of the measures identified to compensate for the relevant features of the IDRBNR SAC would be able to do so in isolation. However, for completeness estimated seagrass restoration costs have been included within the total to represent an upper limit cost where this is progressed in addition to the most costly benthic compensation measure.
23. The estimated costs of delivering the project-led proposed compensatory measures are broken down into development (**DEVEX**), construction (**CAPEX**), operation (**OPEX**) (including decommissioning (**ABEX**) where relevant) phases in Table 1 below. The total cost for all potential compensation measures has been estimated at £54.7million .

Table 1 Cost of delivering compensatory measures for all species

| | Measure | Costs (£) | Rounded Costs (£M) |
|--------------|--------------------------------------|------------|--------------------|
| DEVEX | | | |
| | <i>Artificial Nesting Structures</i> | 5,000,000 | 5 |
| | <i>Predator Control</i> | 1,567,302 | 1.6 |
| | <i>Infrastructure Removal</i> | 50,000 | 0.05 |
| | <i>Biogenic Reef</i> | 250,000 | 0.25 |
| | <i>Seagrass</i> | 100,000 | 0.1 |
| | <i>Additional measures for Auks</i> | 282,576 | 0.3 |
| CAPEX | | | |
| | <i>Artificial Nesting Structures</i> | 27,100,000 | 27.1 |
| | <i>Predator Control</i> | 458,384 | 0.5 |
| | <i>Infrastructure Removal</i> | 7,335,000 | 7.3 |
| | <i>Biogenic Reef</i> | 1,655,535 | 1.7 |
| | <i>Seagrass</i> | 1,290,534 | 1.3 |
| | <i>Additional measures for Auks</i> | 1,500,000 | |
| OPEX | | | |
| | <i>Artificial Nesting Structures</i> | 3,500,000 | 3.5 |
| | <i>Predator Control</i> | 2,735,063 | 2.7 |
| | <i>Infrastructure Removal</i> | 1,500,000 | 1.5 |
| | <i>Biogenic Reef</i> | 7,000,000 | 7 |
| | <i>Seagrass²</i> | N/A | N/A |
| | <i>Additional measures for Auks</i> | 2,241,750 | |
| TOTAL | | | |
| | £54,681,145 ³ | | 54.7 |

² Based on Natural England's position that this measure would only comprise a maximum of 10% of the compensation delivery, survey costs have been assumed to be covered within the costs for other measures which this measure would be a component of the overall package. Therefore, no OPEX costs are identified.

³ This total is based on an upper case assumption of the need for a combination of some of the listed measures.: for benthic measures, biogenic reef creation in addition to seagrass restoration. For auks, Predator Control and Additional measures, in addition to ANS. Therefore, the total presented does not sum all of the measures which have been put forward as potential options.

3.1 Collaborative and Strategic Compensation Delivery

24. Collaborative and/or strategic delivery of compensation has been considered alongside the project-led compensation outlined above. Measures that would be delivered solely on a collaborative or strategic basis, include those appropriate to be taken forward with other developers, or in line with Government and/or industry-led strategy, or a combination of the two.
25. As part of the Plan-Level HRA for the Round Four projects, The Crown Estate (the competent authority) concluded an AEoI in-combination for the Round Four Plan for kittiwake at FFC SPA. The Plan-Level HRA proceeded on the basis of a derogation, with compensation required in the form of a Kittiwake Strategic Compensation Plan (**KSCP**). The TCE KSCP has been produced (document reference 7.8) and the primary measure proposed for the delivery of the required compensation is offshore artificial nesting structures. The Project will continue to engage with the KSCP throughout the post-application phase.
26. The Applicant is an active member of OWIC and has contributed towards the delivery of various strategic compensation case studies that have been completed to date. The Project also has members contributing towards the Collaboration on Offshore Wind Strategic Compensation (COWSC) Expert and Delivery groups. The Applicant will continue to engage actively in the OWIC workstreams and support the development of the strategic delivery of compensation measures for the relevant sites/features through this collaborative initiative.
27. Options for contributions to a strategic compensation fund such as the Marine Recovery Fund announced in the 'British Energy Security Strategy' (HM Government, 2022) have also been identified as an alternative strategic measure. The Applicant understands that the MRF will be in place prior to the determination of the consent for the Project and therefore will be available to rely upon for the purpose of delivering compensation if required.
28. The Project expects to deliver the kittiwake compensation as outlined within the TCE KSCP and collaboratively with RWE. However, it is necessary for the Project to also develop the compensation at the individual project level to ensure that they it can be delivered either on a Project alone basis or strategically.
29. Costs associated with the delivery of collaborative and/or strategic compensatory measures have not been included in the cost estimates outlined in Table 1, given that details around the timing and provision of a collaborative and/or strategic delivery framework are yet to be finalised and it would be anticipated that the costs of this option would fall within (and be less than) the cost estimates set out in **Table 1**.

4 Funding

30. The Applicant is confident that the Project will be commercially viable assuming it obtains the key consents required (including the DCO) and a Final Investment Decision (**FID**) is taken whereby the shareholders agree to proceed with investment in the construction of the Project.
31. The Applicant is a special purpose vehicle which does not hold substantial assets; it is currently funded by its shareholders through shareholder loans and share subscriptions. It is funded in accordance with approved budgets and the provisions of a Shareholders Agreement between the Applicant and its shareholders in line with their respective ownership percentages. Although the final financing for the Project has not been formally agreed, it is anticipated to be via a mixture of funding from the Applicant's parent companies combined with project financing and/or equity investment, secured against the revenue streams of the completed Project.
32. Given each of the parent companies' groups track record of developing, delivering and investing in offshore wind projects, the Applicant anticipates that the approach mentioned in Paragraph will meet the capital expenditure requirements for the Project together with the costs of implementing compensation measures.

5 Conclusion

Based on the information set out in this Derogation Funding Statement, the Secretary of State can be satisfied that the financial viability of Outer Dowsing will not be compromised by the delivery of the necessary compensatory measures proposed by the Applicant in the event that they are required and set out in the Compensation Documents, and furthermore that these compensatory measures can be financed through the existing financial arrangements in place to develop, construct and operate the Project.

Appendix 1 Structure Charts





