

# MORGAN OFFSHORE WIND PROJECT: GENERATION ASSETS

## Funding Statement

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Image of an offshore wind farm

**MORGAN OFFSHORE WIND PROJECT: GENERATION ASSETS**

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## MORGAN OFFSHORE WIND PROJECT: GENERATION ASSETS

### Glossary

Term	Meaning
Applicant	Morgan Offshore Wind Limited.
Development Consent Order (DCO)	An order made under the Planning Act 2008 granting development consent for a Nationally Significant Infrastructure Project (NSIP).
Morgan Array Area	The area within which the wind turbines, foundations, inter-array cables, interconnector cables, scour protection, cable protection and offshore substation platforms (OSPs) forming part of the Morgan Offshore Wind Project: Generation Assets will be located.
Morgan Offshore Wind Project: Generation Assets	This is the name given to the Morgan Generation Assets project as a whole (includes all infrastructure and activities associated with the project construction, operations and maintenance, and decommissioning).
Environmental Statement	The document presenting the results of the Environmental Impact Assessment (EIA) process for the Morgan Offshore Wind Project.

### Acronyms

Acronym	Description
DCO	Development Consent Order
FID	Final Investment Decision

### Units

Unit	Description
kV	Kilovolts
km	Kilometres
GW	Gigawatt
MW	Megawatt
nm	Nautical miles

# 1 FUNDING STATEMENT

## 1.1 Introduction

1.1.1.1 This Funding Statement is submitted by Morgan Offshore Wind Limited (the Applicant) in connection with its application (the Application) to the Secretary of State for a development consent order (DCO) for the construction, operation and decommissioning of Morgan Offshore Wind Project: Generation Assets. The Funding Statement is submitted in response to question GEN 1.20 of the Examining Authority's first written questions (PD-004) which states:

### **“Funding Statement**

*Further to the potential requirement for a BoR as set out in Question GEN 1.19 above, the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 regulation 5(2)(h) states that if the proposed order would authorise the compulsory acquisition of land or an interest in land or right over land, a statement of reasons and a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded.*

*Whilst the ExA understands that a funding statement has not been submitted given that the proposed order would not authorise the compulsory acquisition of land, it requires assurances to establish that the Applicant has the financial capacity to discharge all relevant requirements and conditions in the draft DCO, that the Proposed Development can be completed and operated, and subsequently appropriately decommissioned.*

*The Applicant is asked to provide a funding statement which would cover these issues.”*

1.1.1.2 This Funding Statement should be read in conjunction with the Application documents.

## 1.2 Project Description

1.2.1.1 The Morgan Generation Assets is located in the east Irish Sea. The Morgan Array Area (i.e. the area within which the offshore infrastructure will be located) is 280 km<sup>2</sup> in area and is located 22.22 km (12 nm) from the Isle of Man coastline, 37.13 km (20.1 nm) from the northwest coast of England and 58.5 km (31.6 nm) from the Welsh coastline (Anglesey) (when measured from Mean High Water Springs (MHWS)). The Morgan Array Area is located wholly within English offshore waters (beyond 12 nm from the English coast).

1.2.1.2 The Morgan Offshore Wind Project: Generation Assets will consist of up to 96 wind turbine generators. The proposed capacity of the Morgan Offshore Wind Project: Generation Assets is over 100 MW. The final capacity of the Morgan Offshore Wind Project: Generation Assets will be determined based on available technology and constrained by the design envelope of the wind turbines. The offshore infrastructure will also include up to 4 offshore substation platforms, 60 km of interconnector cables and 390 km of inter-array cables.

1.2.1.3 More information on the project design and location figures can be found in Volume 1 Chapter 3: Project description of the Environmental Statement (APP-010).

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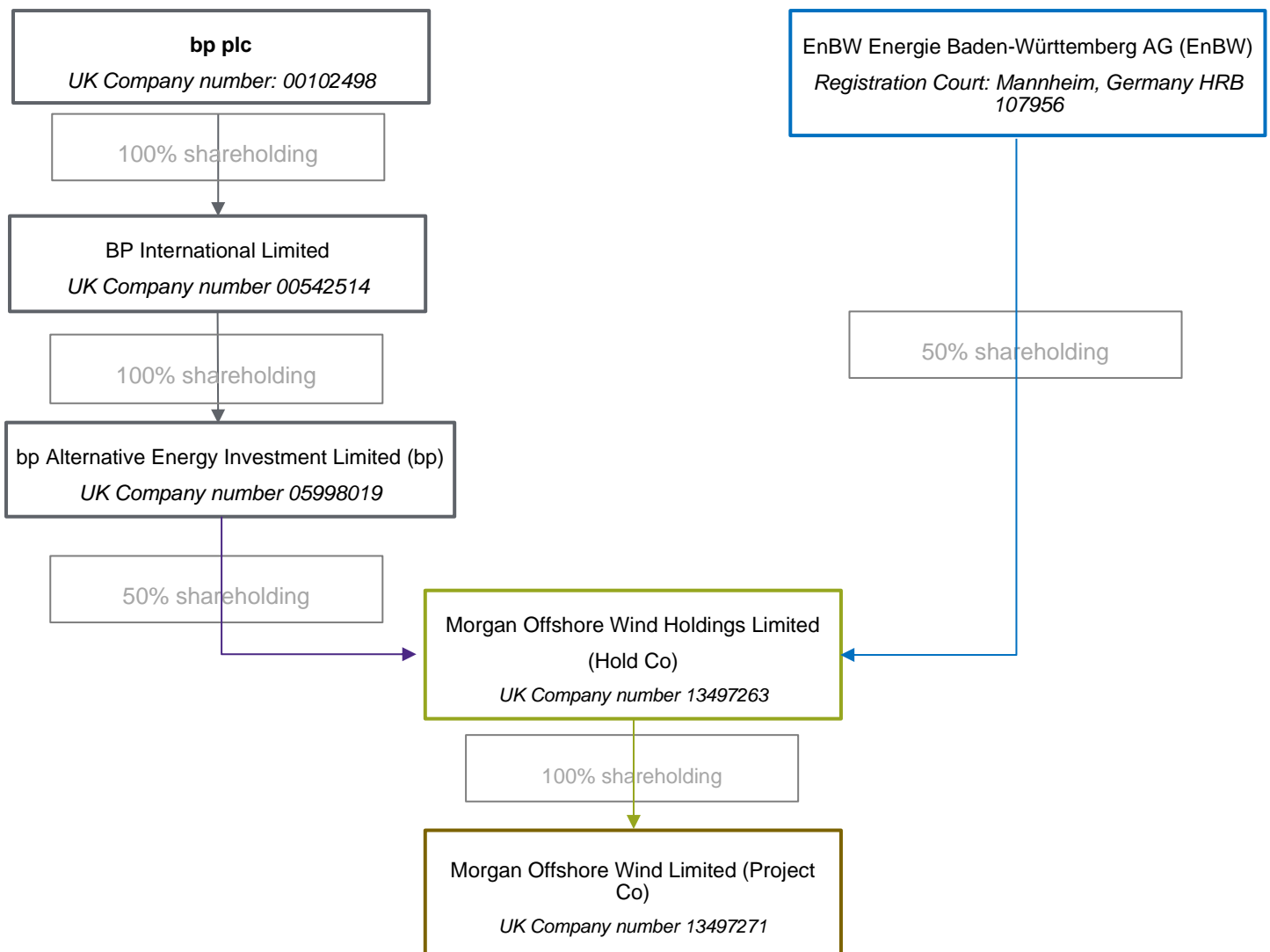
**1.3 Applicant and DCO undertaker**

1.3.1.1 Morgan Offshore Wind Limited is registered in England and Wales (company registration number 13497271) with its registered office at Chertsey Road, Sunbury on Thames, Middlesex, United Kingdom, TW16 7BP, United Kingdom and is the Applicant for the Application and this Funding Statement. The Applicant has signed an Agreement for Lease with The Crown Estate to secure the necessary rights to the seabed in order to develop the Morgan Offshore Wind Project: Generation Assets.

1.3.1.2 The Applicant is a 50/50 joint venture between below legal entities (the Shareholders):

- a. bp Alternative Energy Investments Limited (50%), which is a wholly owned subsidiary of bp plc; and
- b. Energie Baden-Württemberg AG (EnBW) (50%).

1.3.1.3 See below the ownership structure of the Applicant.



**Figure 1.1: Morgan Offshore Wind Limited- Ownership structure**



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- 1.3.1.4 bp delivers energy products and services to its customers around the world.
- 1.3.1.5 bp strategy is to transition to become an integrated energy company across resilient hydrocarbons, mobility and convenience and low carbon energy. bp believes it can help deliver a better, more balanced, energy system that is secure and affordable as well as increasingly lower carbon.
- 1.3.1.6 In UK offshore wind, bp and partner EnBW are leading the development of the Morgan and Mona offshore wind projects in the Irish Sea and the Morven offshore wind project in the North Sea. These projects have a combined potential generating capacity of 5.9 GW, sufficient to power the equivalent of around 6 million UK households. In early 2023, bp was successful in its bid to develop its first floating offshore wind demonstration project offshore Aberdeenshire. In Germany, bp is progressing its plans to develop two projects, Oceanbeat East and Oceanbeat West, with a combined potential generating capacity of 4 GW. In Asia, bp has formed a strategic partnership with Marubeni to explore offshore wind opportunities in Japan.
- 1.3.1.7 bp continues to invest in oil and gas to keep energy flowing to where and when it's needed today. And to invest in its lower carbon and other transition businesses.
- 1.3.1.8 With over 28,000 employees, EnBW is one of the largest energy companies in Germany and Europe. It supplies around 5.5 million customers with electricity and gas. As part of its transformation from a traditional energy company to a sustainable infrastructure group, the expansion of renewable energy sources and of the distribution and transmission grids for electricity, gas and hydrogen are cornerstones of EnBW's growth strategy and the focus of its investments. Until 2030, EnBW plans gross investments of €40 billion. By then, around 80 percent of EnBW's generation portfolio is to consist of renewable energies, and the company aims to phase out coal by the end of 2028. These are key milestones on the road to the company's climate neutrality in 2035.
- 1.3.1.9 EnBW has been planning, building and operating offshore wind farms in Germany and Europe for over 15 years. EnBW invested early, built up expertise and secured a competitive position in the European offshore market as an integrated energy company. EnBW currently operate four offshore wind farms with around one gigawatt and constructing He Dreih, Germany's largest and subsidy-free offshore wind farm, which will double EnBW's offshore portfolio.

## 1.4 Funding

- 1.4.1.1 There will be the necessary funding resources available to develop and construct the Morgan Offshore Wind Project: Generation Assets.
- 1.4.1.2 The Applicant is a special purpose vehicle which does not currently hold substantial assets or revenue generating ability. The necessary financial and funding support comes from its Shareholders and ultimate parent companies i.e. bp plc and EnBW.
- 1.4.1.3 Between now and the Final Investment Decision (FID), the Shareholders will fund the Morgan Offshore Wind Project: Generation Assets through the following:
  - a. Equity Financing (subscription by the Shareholders for additional shares in the Applicant)
  - b. Debt Financing (Shareholder Loans); or
  - c. By a combination of Equity Financing and Debt Financing.
- 1.4.1.4 At or around FID, the Shareholders are also expected to approve the financing plan of the Morgan Offshore Wind Project: Generation Assets. The Applicant intends to meet the finance requirements for the construction and operation of the Morgan Offshore Wind

## **MORGAN OFFSHORE WIND PROJECT: GENERATION ASSETS**

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Project: Generation Assets through non-recourse Project Financing (where commercially sensible and prudent) from domestic and/or international investors on market terms.

- 1.4.1.5 The audited accounts for bp plc and EnBW for the year end December 2023 are presented in the Annex 17.1 to the Funding Statement: Morgan Offshore Wind Limited reports (document reference S\_D4\_17.1). These demonstrate that both Shareholders have substantial assets and given their joint experience and reputation as energy and utilities companies, there will be sufficient funding available to meet all liabilities of the Morgan Offshore Wind Project: Generation Assets.

### **1.5 Commercial viability of the scheme**

- 1.5.1.1 The Applicant is confident that Morgan Offshore Wind Project: Generation Assets will be commercially viable based on the assessments it has undertaken.

### **1.6 Estimated project costs**

- 1.6.1.1 The current cost estimate for delivery of the Morgan Offshore Wind Project: Generation Assets that is the subject of the DCO Application is £4bn (see the Socio-economics technical impact report (APP-048)).
- 1.6.1.2 This estimate includes costs for development and project management, financing and construction.

### **1.7 Conclusion**

- 1.7.1.1 The Applicant will be responsible for providing funding to cover the costs of the delivery associated with the Morgan Offshore Wind Project: Generation Assets. This funding will be provided by the Applicant's parent companies bp Alternative Energy Investments Limited and EnBW. Each of these companies have substantial assets in their own right and considerable experience in infrastructure development.
- 1.7.1.2 The Secretary of State can therefore be satisfied that sufficient funding will be available to develop the Morgan Offshore Wind: Generation Assets will be met. The project is well-resourced financially and there is no reason to believe that, if the DCO is made, the Morgan Offshore Wind Project: Generation Assets will not proceed.