

MONA OFFSHORE WIND PROJECT

Funding Statement

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Image of an offshore wind farm

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Prepared by:		Prepared for:			
Burges Salmon		Mona Offshore Wind Ltd.			

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Glossary

Term	Meaning
Applicant	Mona Offshore Wind Limited.
Bodelwyddan National Grid Substation	This is the Point of Interconnection (POI) selected by the National Grid for the Mona Offshore Wind Project.
Development Consent Order (DCO)	An order made under the Planning Act 2008 granting development consent for one or more Nationally Significant Infrastructure Project (NSIP).
Environmental Statement	The document presenting the results of the Environmental Impact Assessment (EIA) process for the Mona Offshore Wind Project.
Onshore Substation	Where the power generated by the wind farm is adjusted (including voltage, power quality and power factor as required) to meet the UK System-Operator Transmission-Owner Code (STC) for supply to the existing National Grid Bodelwyddan substation.

Acronyms

Acronym	Description
DCO	Development Consent Order
FID	Final Investment Decision
GIS	Gas Insulated Switchgear

Units

Unit	Description
kV	Kilovolts
km	Kilometres
GW	Gigawatt
MW	Megawatt

1 Funding statement

1.1 Introduction

- 1.1.1.1 This Funding Statement is submitted by Mona Offshore Wind Limited (the Applicant) as part of its application (the Application) to the Secretary of State for a development consent order (DCO) for the construction, operation and decommissioning of an offshore wind power generating station – the Mona Offshore Wind Project.
- 1.1.1.2 This Funding Statement should be read in accordance with the Application documents.

1.2 Purpose of the document

- 1.2.1.1 The purpose of this Funding Statement is to demonstrate that the development of the Mona Offshore Wind Project will be adequately funded and therefore that funding is no impediment to the delivery of the Mona Offshore Wind Project.
- 1.2.1.2 Additionally, this Funding Statement has been prepared as it may be necessary to compulsorily acquire land and rights over land for the purposes of developing the Mona Offshore Wind Project and such powers have therefore been included in the draft DCO (Document Reference C1). This Funding Statement therefore explains how the Applicant will provide for the payment of compensation to those affected by compulsory acquisition, temporary possession, or any blight claims.
- 1.2.1.3 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 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).

1.3 Project description

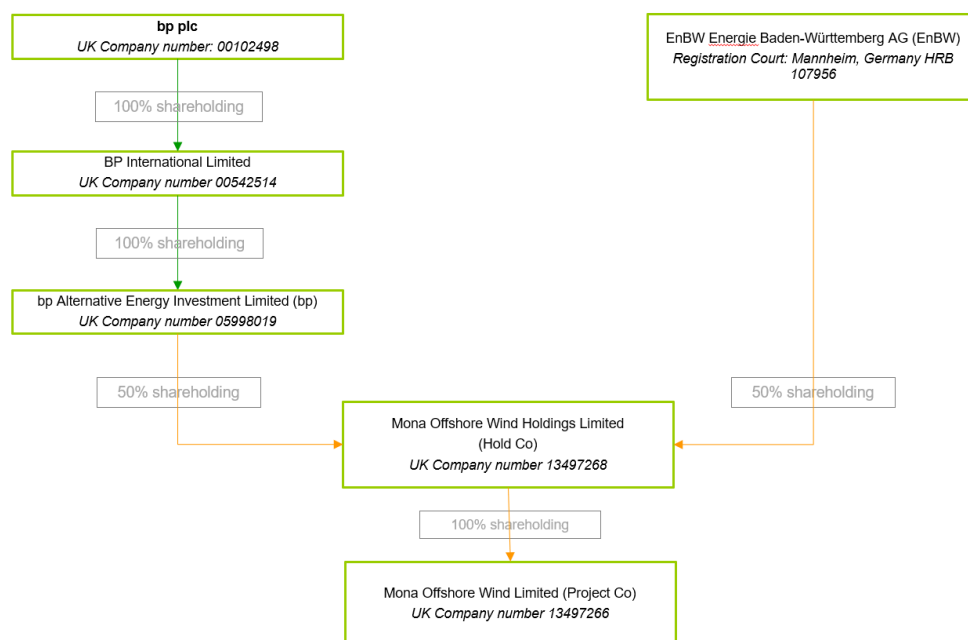
- 1.3.1.1 The Mona Offshore Wind Project will be located in the east Irish Sea, with a landfall on the North Wales coastline and a connection to the Bodelwyddan National Grid substation.
- 1.3.1.2 The Mona Offshore Wind Project will consist of up to 96 wind turbine generators. The proposed capacity of the Mona Offshore Wind Project is over 350 MW. The final capacity of the Mona Offshore Wind Project 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, 360 km of offshore export cables, 50 km of interconnector cables and 325 km of inter-array cables.
- 1.3.1.3 The offshore export cables will make landfall in Llanddulas, North Wales. The offshore export cables will be connected to the onshore export cables at Transition Joint Bays (TJBs) which will be located on land south of the A547.
- 1.3.1.4 The onshore export cables will be installed underground and will transfer the electricity to the Mona Onshore Substation. Up to four cable circuits are required and each cable circuit will consist of three cables, giving a total of up to 12 cables laid in trefoil formation or separately. From the landfall at Llanddulas the cables would route south from the landfall and pass to the west of Abergele. They would then route southeast towards the A548 and B5381 junction and then northeast in the vicinity of the B5831 before turning east towards Bodelwyddan, running south of the B5831. The Mona onshore cable corridor will be approximately 15 km in length.

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- 1.3.1.5 The Mona Onshore Substation will contain the electrical components for transforming the power supplied from the offshore wind farm to 400 kV and to adjust the power quality and power factor, as required to meet the UK Grid Code for supply to the national grid. It will use gas insulated switchgear (GIS).
- 1.3.1.6 From the Mona Onshore Substation, a 400kV grid connection corridor will extend to the Bodelwyddan National Grid substation.
- 1.3.1.7 More information on the project design and location figures can be found in Volume 1 Chapter 3: Project description (application reference F1.3) of the Environmental Statement.

1.4 Application and DCO undertaker

- 1.4.1.1 Mona Offshore Wind Limited is registered in England and Wales (company registration number 13497266) with its registered office at Chertsey Road, Sunbury on Thames, Middlesex, United Kingdom, TW16 7BP, United Kingdom and is the Applicant for the DCO 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 the Mona Offshore Wind Project.
- 1.4.1.2 The Applicant is a 50/50 joint venture between below legal entities (the Shareholders):
- bp Alternative Energy Investments Limited (50%), which is a wholly owned subsidiary of bp plc; and
 - Energie Baden-Württemberg AG (EnBW) (50%).
- 1.4.1.3 See below the ownership structure of the Applicant.



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- 1.4.1.4 bp is an Integrated Energy Company, operating globally in over 60 countries with 67,600 employees.
- 1.4.1.5 bp has set out an ambition to be a net-zero company by 2050 or sooner, and to help the world get to net zero. bp has set out a strategy for delivering this ambition. bp is focused on delivering its transformation into an integrated energy company, helping to provide the energy the world needs today, and investing in the energy transition.
- 1.4.1.6 In January 2021, bp and Equinor agreed to develop together two major lease areas located in federal waters off New York and Massachusetts, Empire Wind and Beacon Wind. In January 2024, bp and Equinor announced that bp will take ownership of Equinor's 50% stake in the Beacon Wind US offshore wind projects and Equinor will take ownership of bp's 50% stake in the Empire Wind US offshore wind projects. Subject to closing the transaction, bp will work independently to develop Beacon 1 and Beacon 2 on a wholly owned basis. Beacon Wind 1 and 2 comprise a combined potential generative capacity in excess of approximately 2.5 GW. In the UK, 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.
- 1.4.1.7 In July 2023, bp was successful in its bids for two sites offshore in Germany with a potential generating capacity of 4 GW. bp has formed a strategic partnership with Japanese conglomerate Marubeni to explore offshore wind opportunities in Japan. bp has also formed a JV with Norway's Deep Wind Offshore, a part of which saw bp acquire a 55% stake in the company's early-stage offshore wind portfolio, which includes four projects across the Korean Peninsula.
- 1.4.1.8 bp already has an onshore wind business in the US with a gross generating capacity of 1,700 MW, operating nine wind assets across the country. On 30 November 2023, bp announced that it agreed to acquire the 50.03% interest it does not already own in Lightsource bp, a global leader in utility-scale solar and energy storage development which means that bp will take full ownership of Lightsource bp following completion of the transaction.
- 1.4.1.9 EnBW is one of the largest energy supply companies in Germany and supplies electricity, gas, water and energy solutions and energy industry services to around 5.5 million customers with a workforce of more than 27,000 employees.
- 1.4.1.10 EnBW aims to strengthen its position as a sustainable and innovative infrastructure partner for customers, citizens and local authorities to an even greater extent. The repositioning of EnBW with a focus on renewable energies and smart infrastructure solutions is a key component of its strategy. With a focus on renewable energy and smart infrastructure solutions, EnBW's objective is for half of the electricity it supplies to be from renewable sources by the end of 2025. This is already having a noticeable effect on the reduction of CO2 emissions, which EnBW aims to halve by 2030 and to be climate neutral by 2035.

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- 1.4.1.11 EnBW has been involved in the operation of hydro power plants in the Black Forest for more than 100 years and has a large and continuously growing number of onshore wind farms and solar photovoltaics in Germany, France and Sweden. In addition, EnBW developed, constructed and operates four offshore wind farms in Germany (EnBW Baltic 1, Baltic 2, Hohe See and Albatros) with a total installed capacity of 945 MW, commissioned between 2011 and 2020. A further 900 MW offshore wind farm, He Dreiht, is currently under development in Germany.

1.5 Funding

- 1.5.1.1 There will be the necessary funding resources available to develop and construct the Mona Offshore Wind Project.
- 1.5.1.2 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.
- 1.5.1.3 Between now and the Final Investment Decision (FID), the Shareholders will fund the Mona Offshore Wind Project 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.
- 1.5.1.4 At or around FID, the Shareholders are also expected to approve the financing plan of the Mona Offshore Wind Project. The Applicant intends to meet the finance requirements for the construction and operation of the Mona Offshore Wind Project through non-recourse Project Financing (where commercially sensible and prudent) from domestic and/or international investors on market terms.
- 1.5.1.5 The audited accounts for bp plc and EnBW for the year end December 2022 are presented in the Mona Funding Statement Annexes (document reference D2). 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 Mona Offshore Wind Project including any liabilities related to compulsory acquisition of land or rights in land.
- 1.5.1.6 The Shareholders undertake that they will ensure that the necessary funds will be available when they are due in relation to land acquisition. Given Shareholders' strong balance sheets and credit outlook, no funding shortfalls are anticipated in respect of land assembly (S&P Global has assigned "A-" credit rating to both the Shareholders).
- 1.5.1.7 The Applicant has included in Article 33 of the draft 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 Secretary of State to satisfy himself/herself that the guarantee or security provided is sufficient to cover the compensation liabilities.

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- 1.5.1.8 Article 33(5) of the draft DCO provides an exception to the need for the Applicant to provide a guarantee or alternative form of security. The Applicant will need to provide the Secretary of State with financial information sufficient to demonstrate that the relevant company has appropriate funding in place to meet any liability to pay compensation without the need for a guarantee or alternative form of security to be put in place. In those circumstances, no guarantee or alternative form of security will be required.

1.6 Commercial viability of the scheme

- 1.6.1.1 The Applicant is confident that Mona Offshore Wind Project will be commercially viable based on the assessments it has undertaken. The Secretary of State can be confident that funding will be available to meet the compulsory acquisition costs as they fall due.

1.7 Estimated project costs

- 1.7.1.1 The current cost estimate for delivery of the Mona Offshore Wind Project that is the subject of the DCO Application is £4.8bn (see the Socio-economics technical impact report (document reference F8.3.1)).
- 1.7.1.2 This estimate includes costs for development and project management, financing, land acquisition and construction.

1.8 Compensation claims

- 1.8.1.1 The DCO will grant the Applicant powers to acquire land and rights in land as necessary to construct the Mona Offshore Wind Project. These can be used in the event it has not been possible to acquire the necessary interests and rights by agreement.
- 1.8.1.2 The Applicant has sought advice from Dalcour Maclaren (DM) who are expert chartered surveyors with experience in offshore wind farm development. DM have provided possible heads of liability for:
- Compulsory acquisition of freehold land and permanent rights
 - Compensation arising out of temporary works (disturbance)
 - Severance and injurious affection
 - Third Party Professional Fees
 - Blight
 - Claims arising under Section 10 of the Compulsory Purchase Act 1965
 - Claims arising under Part 1 of the Land Compensation Act 1973
 - Business Loss Claims
 - Development and Minerals
- 1.8.1.3 Further details on the Property Cost Estimates and the heads of claim are presented in the Funding Statement Annexes (document reference D2).
- 1.8.1.4 DM estimate the costs associated with compulsory acquisition and potential compensation claims to be in the region of £14,328,298.00.

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- 1.8.1.5 Article 33 of the draft 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 under the DCO, or the Secretary of State confirms that no such guarantee is required because the Applicant has provided financial information sufficient to demonstrate that it has appropriate funding in place without a guarantee or alternative form of security to meet any liability to pay compensation under the DCO.

1.9 Conclusion

- 1.9.1.1 The Applicant will be responsible for providing funding to cover the costs of the delivery of and the compulsory acquisition associated with the Mona Offshore Wind Project. 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.
- 1.9.1.2 The Secretary of State can therefore be satisfied that sufficient funding will be available to develop the Mona Offshore Wind Project and that any liability arising from the exercise of compulsory acquisition powers under the DCO will be met. The project is well-resourced financially and there is no reason to believe that, if the DCO is made, the Mona Offshore Wind Project will not proceed.