

Aquind – An up-to-date perspective

The decision, whether to allow Aquind Ltd. to build the two Gigawatt electrical connection linking France to England (Aquind Interconnector), is in the hands of the Secretary of State at the new Energy Security and Net Zero (ESNZ) department. On the 23rd of May this year the latest documents were published on the planning inspectors' website. These documents, some 440 in total, are key to this decision. All interested parties have the opportunity, until the 20th of June, to study this new documentation and to respond to the Secretary of State.

We should recall that this, the Aquind Interconnector project, began life around 2014. Aquind Ltd., a company born out of the North Sea oil and gas industry, began to investigate ways to diversify their business. Up to that point the company had been dormant with, according to Companies House records, no trading activity. In fact, Aquind had, until 2010, been called SLP Energy Ltd, another dormant company, not trading. SLP Energy Ltd changed its name to Aquind Ltd. in October 2010. This name-change came just before the arrival of Kirill Glukhovskoy. He was appointed as a director of Aquind in January 2011. Throughout all this time, the ultimate controlling party was Equity Trust (BVI) Ltd, a company registered in the British Virgin Islands. Companies House records reveal that at June 2010 Aquind had a debtor owing by OGN, Offshore Group Newcastle Ltd., (formerly SLP Production Ltd). Aquind's immediate parent undertaking was at this time OGN Ltd., while Equity Trust(BVI) was the ultimate controlling party. This structure remained throughout 2011,2012 until 2013.

At this time, according to Companies House records, Aquind began trading. In previous years the company had been dormant. The activities of the company were to be undertaken in conjunction with other OGN group companies.

In June 2013, Aquind Ltd was awarded a grant of £4,500,000 from the Regional Growth Fund by the Secretary of State for Business, Innovation and Skills. There is no record of this grant ever being drawn down. However, it is reasonable to ask why the award would be given to a company with no trading history. Might this be a consequence of the close relationship between one of the company's directors and those in high office in the Government of the time?

It was at this point that a cross guarantee letter was issued from its parent company, OGN Ltd., and fellow subsidiary companies, confirming that inter-company financial support would be made available to allow the company to continue ongoing trading.

The following year's accounts show Aquind withdrew from the grant offer. There was little, if any, trading to the end of June 2014.

However, in 2014, recorded in 2015, Aquind's parent company, OGN Ltd, sold 100% of Aquind's shares to OGN Investment Partners Ltd, a company incorporated in the British Virgin Islands. Charges (in the form of property) were placed on OGN assets at this time. These charges were released almost immediately.

In Aquind's June 2015 accounts, published in March 2016, there is mention of a new business activity, an interconnector project, Aquind Interconnector.

Around the same time, annual accounts for OGN Ltd. recorded what seems a good performance for the year, turnover £136 million, up £20 million from the previous year. The directors prepared a cash flow forecast which looked to June 2017 and noted that the majority shareholder had confirmed in writing to the directors of the company that "these loan amounts can be rolled over and extended until 30th June 2017." There are no signs that the company is in trouble.

They of course needed to secure new contracts but "Similar to many businesses in this sector, the significant reduction in the price of oil over the past 18 months, has led to a large reduction in the capital investment in North Sea Oil production facilities. ... pricing, competition and investment appetite pressures have restricted the Group from successfully engaging in new contracts since 30th June 2015."

Subsequent to the year end, the subsidiary company Aquind Ltd. issued to OGN Ltd. 333, 000 fully paid-up ordinary shares. In October 2015 OGN Ltd. sold 100% of shares in Aquind Ltd. to a related party of the company's immediate parent company, OGN Investment Partners Limited.

While this activity was taking place, OGN Ltd. was being closed down. The last page of the 2015 accounts has what seems a kind of valedictory postscript. Under the heading "Subsequent events", is the following statement :-

"By February 2016 all production employees of the group had been made redundant"
27th March 2017, UHY Hacker Young LLP were appointed administrators.

In the same accounts Aquind declared itself no longer dependent on its past and immediate 100% parent company, OGN Ltd or its fellow subsidiary companies. To cover the costs of the interconnector project, funding has and would be made by way of loans from its new 100% parent company, OGN Enterprises Ltd., a company registered in BVI. The directors still regarded Equity Trust(BVI) as the ultimate controlling party however.

So, what appears to have happened? Why did OGN Ltd. go into liquidation?

For OGN to have survived they said they needed

- (1) not to have had their loans renewed and extended: or
- (2) not to have obtained new contracts.

The major shareholder appeared to have guaranteed the loans (1) so the problem seems to have been (2), lack of contracts.

It would appear obvious that a company which has shed its workforce cannot be taken as a credible bidder for any new contracts within the offshore wind industry or other related projects. The direction of thrust for the directors of OGN Ltd and Aquind was now to be the interconnector project. Aquind had been successfully saved from going the way of OGN Ltd. and was now set for survival by loans derived from OGN Enterprises. A majority shareholder now agreed to bankroll Aquind Interconnector. This business model appears to mirror OGN Ltd., by now defunct.

Alexander Temerko, said to be one of the current owners of Aquind, was appointed as a director of Aquind Ltd. on May 1st 2016.

Martin John Callanan, Lord Callanan, a Conservative politician, was appointed as a director of Aquind at the same time. 10th July 2017 Lord Callanan resigned from Aquind Ltd.*

So where had Mr Temerko been all this time?

Companies House has him as a director of OGN Ltd. from June 2008. He resigned from this failed company on 7th November 2017. [REDACTED]

What about Viktor Fedetov, the other current owner of Aquind? Where had he been?

According to Companies House, Mr Fedetov was appointed as a director of OGN Ltd, in September 2008. He resigned September 2009. He dropped off the radar. He was afforded a form of anonymity enabling him to avoid connection to any business activity carried out in the UK. More about Mr. Fedetov later.

*(It is interesting to note that Lord Callanan has been appointed Parliamentary Under Secretary of State at the newly created Department for Energy Security and Net Zero, on 7th February 2023, following a cabinet reshuffle.)

Going back to 2014 then, it was full speed ahead for Aquind to try to get planning permission for its interconnector project having abandoned, it seems, other offshore interests. They enquired Initially of the local authorities which would be impacted by its construction. Portsmouth City Council quickly recognized the damaging effect that the city would be subjected to should this project go ahead. They rejected it out of hand.

The route proposed for the interconnector cables up to Lovedean involved other local councils. They too were quick to recognize the damage that would be done and turned down the project. Frustrated at being unable to persuade local councils to allow this project to proceed, Aquind turned to the national planning inspectorate to get a development consent order, a DCO.

This would impose upon local councils the obligation to allow the project to be constructed and to assist in its construction. For this to be successful the project needed a change of status - from a simple engineering project to one which would be awarded the status of Nationally Significant Infrastructure Project, an NSIP. This would require the planning act of 2008 to be applied, by direction of the then Secretary of State at the energy department, Greg Clark. Normally this NSIP status would apply to generating stations, wind farms or solar projects. Exceptionally, Aquind was granted the nationally significant infrastructure project, (NSIP), status.

Aquind's accounts show that they borrowed millions of pounds in order to assemble a convincing body of evidence to place before the Planning Inspectorate (PINS). They employed specialist contractors to carry out feasibility studies in preparation for an examination of their application for DCO (Development Consent Order).

It appears that OGN Enterprises, a company registered in the British Virgin Islands was the source of the funding to pay for this phase of the project at the beginning of the project. With the status of an NSIP assured, their application was successful- the examination by PINS started September 2020.

However, on 15th February 2019 100% of the company was sold to Aquind Energy SARL, a company registered in Luxemburg. OGN Enterprises continued to provide funding and agreed to roll-over each loan and extend them.

Aquind SAS (France) was registered on 31st May 2019 for the purposes of developing Aquind Interconnector in France.

In May 2021 Project Finance Group SA (registered in Luxemburg) consolidated most of the outstanding loans, extended them for 5 years, facilitated a further loan for the same period and provided a "letter of comfort", guaranteeing continued financial support for the next 12 months. Prior to this Viktor Fedetov surrendered his right to anonymity and was found to be behind Project Finance Group which was allotted 17million shares in Aquind. Is it correct then that the owner of Aquind Ltd. was lending to himself in the guise of a Luxemburg finance company? [REDACTED]

[REDACTED] We are not suggesting any wrong-doing in any of these activities- we are just putting it in the public arena. We trust that all parties to the decision will satisfy themselves that Aquind Ltd. is capable of managing and funding a project that would bring great harm to the City of Portsmouth. No-one would like open trenches to be abandoned ½ way through a project because the funding had dried up or the workforce made redundant.

At present, then, we hope that the Secretary of State at the Energy Security and Net Zero department has a good appreciation of why we, at Let's Stop Aquind, have severe reservations about Aquind Interconnector. We find it difficult to trust a company that wanted, it seems, to conceal the identity of a director, that relies on overseas sourced funding moved at will around the banking system, that was born out of an organisation that failed to survive despite good trading revenue and that has no experience of leading such a project.

Background to a conundrum

In November 2019 Aquind applied for a development consent order, a DCO. This required that the project be examined by the Planning Inspectorate (PINS). The applicant, Aquind, prepared the application. It was accepted for examination December 2019. From January 2020 PINS started the process of gathering information about the project -the examination proper started on September 8th 2020.

Soon after this "Let's Stop Aquind" was founded.

Put simply, PINS held the examination over the next 6 months and delivered its recommendation on 8th June, 2021. PINS sent their recommendations to the department for Business, Energy and Industrial Strategy (BEIS). The Secretary of State at BEIS decided to refuse the DCO January 2022. Aquind subsequently applied to the High Court to have this decision reviewed. This took place November 2022 when the decision was quashed and the BEIS, soon to be abolished and replaced by the Energy Security and Net Zero (ESNZ) department, was instructed to look again at the project. All those involved were invited to put forward their special evidence for inclusion in this review. We now have until June 20th 2023 to submit our evidence, after which the SoS at ESNZ will make his decision.

Throughout this drawn-out process Aquind Ltd. has undergone many changes of funding and ownership. The names may not have changed (much), despite anonymity status, but the location of the source of funding has migrated from the Caribbean to Luxembourg. We, at Let's Stop Aquind, are not sufficiently informed or advised to be able to offer an accurate current analysis of the funding or company structure of Aquind Ltd. Nor can we comment on the £1 million+ donations made to the Conservative Party by some of those associated with Aquind Ltd.

We sincerely trust the Secretary of State will have regard to these matters during his review/deliberation of the project over the next few weeks.

Let's Stop Aquind awaits the decision of his review with optimism.

The mysterious, misleading case of the missing millions (an attempt to decipher the riddle)

Is it any wonder that we are still awaiting a decision about the Aquind Interconnector? We have read millions of words, looked at hundreds of pictures and images and listened to days of recorded or live spoken words. Are we any nearer to understanding the truth about this Project?

Does our confusion not start with the company itself, with Aquind? Are not the complexities of ownership and funding so intricate as to beg the question: are we meant to understand? Are we being misled?

Would forensic analysis of the company's structure lead to better comprehension or are we to live in the land of smoke and mirrors and put our trust in those involved? Best not forget that our constituency MP, Penny Mordaunt, has been threatened by one of those involved. Is this the way to inspire trust?

And what of those millions, those missing millions? Where has the money, that has financed the project so far, come from? A reading of Companies House Records, looking for an answer, is a job for someone with plenty of time and a sense of the absurd. It seems that someone, a shareholder, has been happy, over the years, to lend millions upon millions of pounds from a location in the Caribbean in the hope/understanding that these loans will be repaid. High interest will of course be added. Repayment will be at some unspecified time in the future once the interconnector has been built. Do you wish you had such a generous arrangement?

Is Aquind's aim to pump money in and out of the UK and in and out of France in the form of electrical energy simply to facilitate repayment of these loans amounting to millions and millions of pounds? Will it be we consumers who ultimately pay off these debts?

Were we not told that 2 million Watts of electricity would be coming our way from a France happily offloading its surplus energy? Was this not a very misleading scenario? What is the reality?

Over the past years, we have sent as much of our precious energy to France as France has sent to us. We are missing millions of Watts for our consumption whenever we send electricity out of the country down existing interconnectors- do we want another means of sending yet more millions out of the country? Do we need another Interconnector?

Is it not a reasonable assumption that we are being fed misleading information (we would benefit from extra energy) to influence us into approving the project?

In the current situation are we not supposed to embrace the idea of home-grown sustainable energy and become more self-reliant? At best Aquind Interconnector would bring no net electrical energy gain when export/import totals are equal- at worst we will have net loss when export totals exceed import totals. How misleading!

Were we not shown diagrams that could have misled us? Did not leading participants in the examination stage or judgment in court come to the wrong conclusions because of diagrams that were misleading? Could we have thought that the cable arriving from France had originated somewhere near Le Havre? Do we not remember a map that showed the interconnector cable leaving France just north of Le Havre? Is there not a diagram or map showing that there are only 10

possible connection points on the south coast of England? Only 10 that would suit the cable originating in France near Le Havre? Were we not told through this diagrammatic evidence that the shortest route for the cable had been chosen for cost implications? Are we to trust that all parties who have power in the decision-making process had clear understanding of all diagrams, maps and charts? What is the cost to the city of Portsmouth should persons, charged with the decision, approve this interconnector project on the basis of misleading evidence? If we take the best case, mitigation is supposed to reduce damage and harm to the environment, to the residents, to the wildlife. At worst, proposed mitigation could be ineffective. Is this not too high a cost for a project that we know we do not need? What of the missing millions? Will the shareholder, some 50 million pounds owed to him, be able to survive this loss should the interconnector not be built? What of the millions of Watts that would flow back and forth along this interconnector cable? Will we be able to survive without them? What is certain is that, without the disruption, the damage and the harm of this Project, Portsmouth and beyond, Normandy from the coast to Barnabos, will do just fine. Should we not go back to these possibly misleading diagrams, charts and maps? Should we not readdress the issue of best route, best point of connection, best for the residents, best for the environment? Should we not prioritise what is best for the city, the residents and the environment.

Priority should certainly not be given to what's best for the company. The interconnector must not be built. We will not tolerate being misled.