POLICIES AND FINANCING

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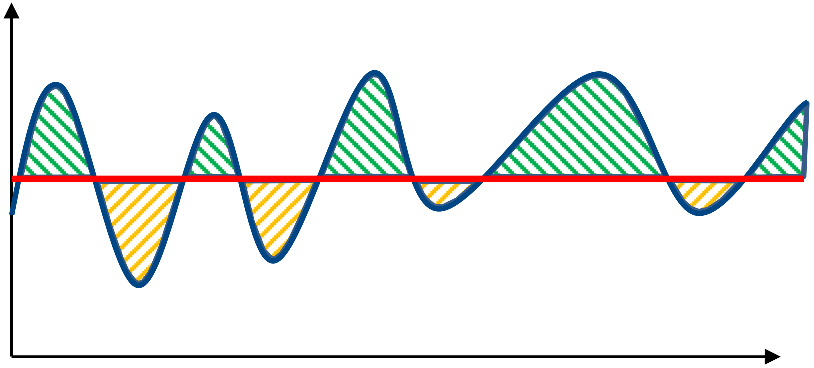
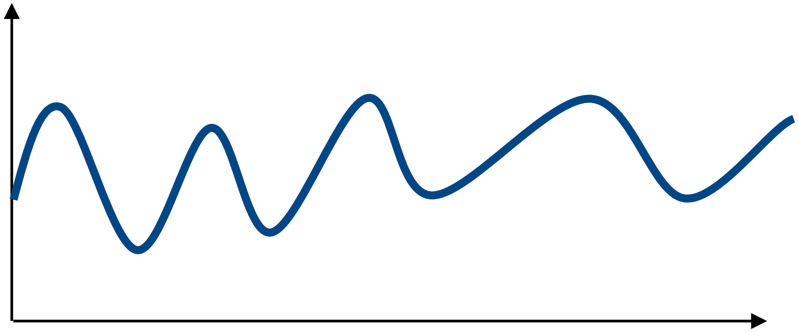
Wind EUROPE

windeurope.org | February 2021

Minimising costs of finance

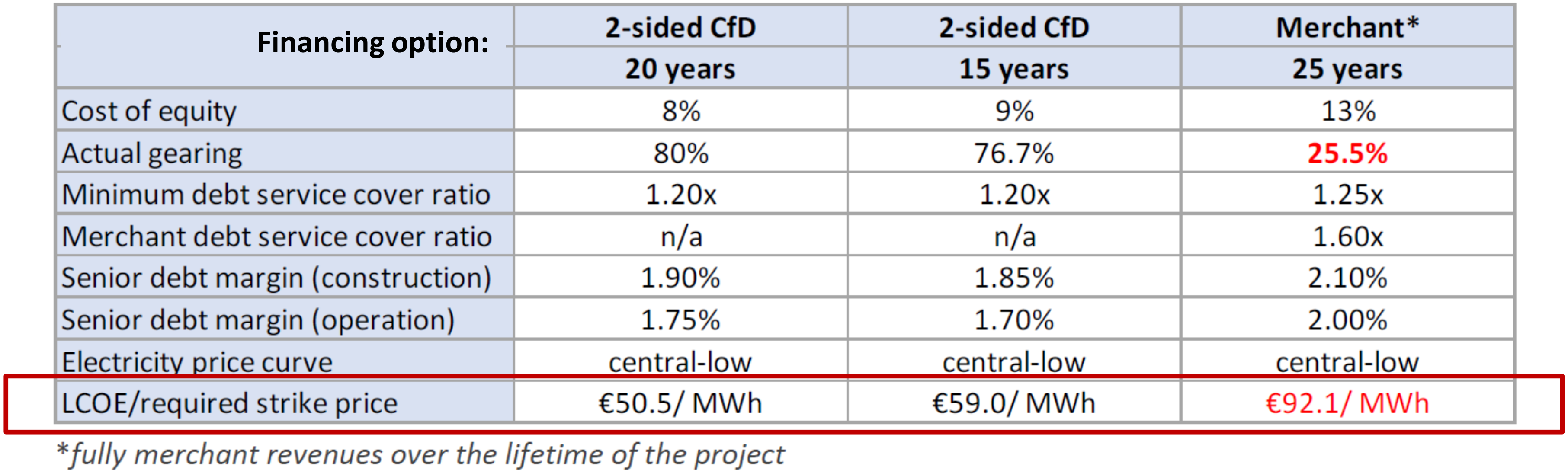


= €50/MWh



= €92/MWh

Two-sided Contracts for Difference deliver cheaper projects

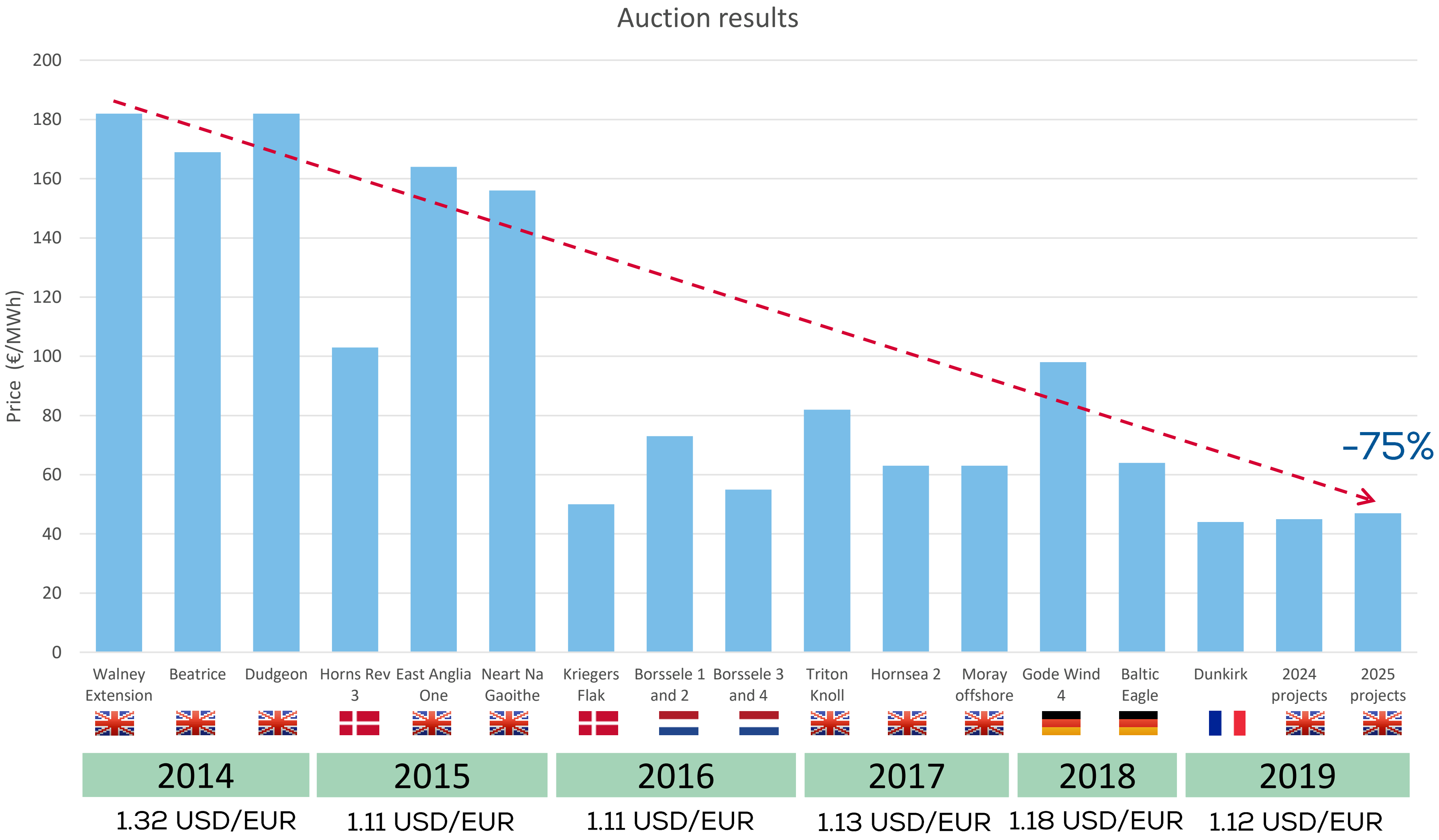


Financing option:	2-sided CfD	2-sided CfD	Merchant*
	20 years	**15 years**	**25 years**
Cost of equity	8%	9%	13%
Actual gearing	80%	76.7%	**25.5%**
Minimum debt service cover ratio	1.20x	1.20x	1.25x
Merchant debt service cover ratio	n/a	n/a	1.60x
Senior debt margin (construction)	1.90%	1.85%	2.10%
Senior debt margin (operation)	1.75%	1.70%	2.00%
Electricity price curve	central-low	central-low	central-low
LCOE/required strike price	€50.5/ MWh	€59.0/ MWh	€92.1/ MWh

**fully merchant revenues over the lifetime of the project*

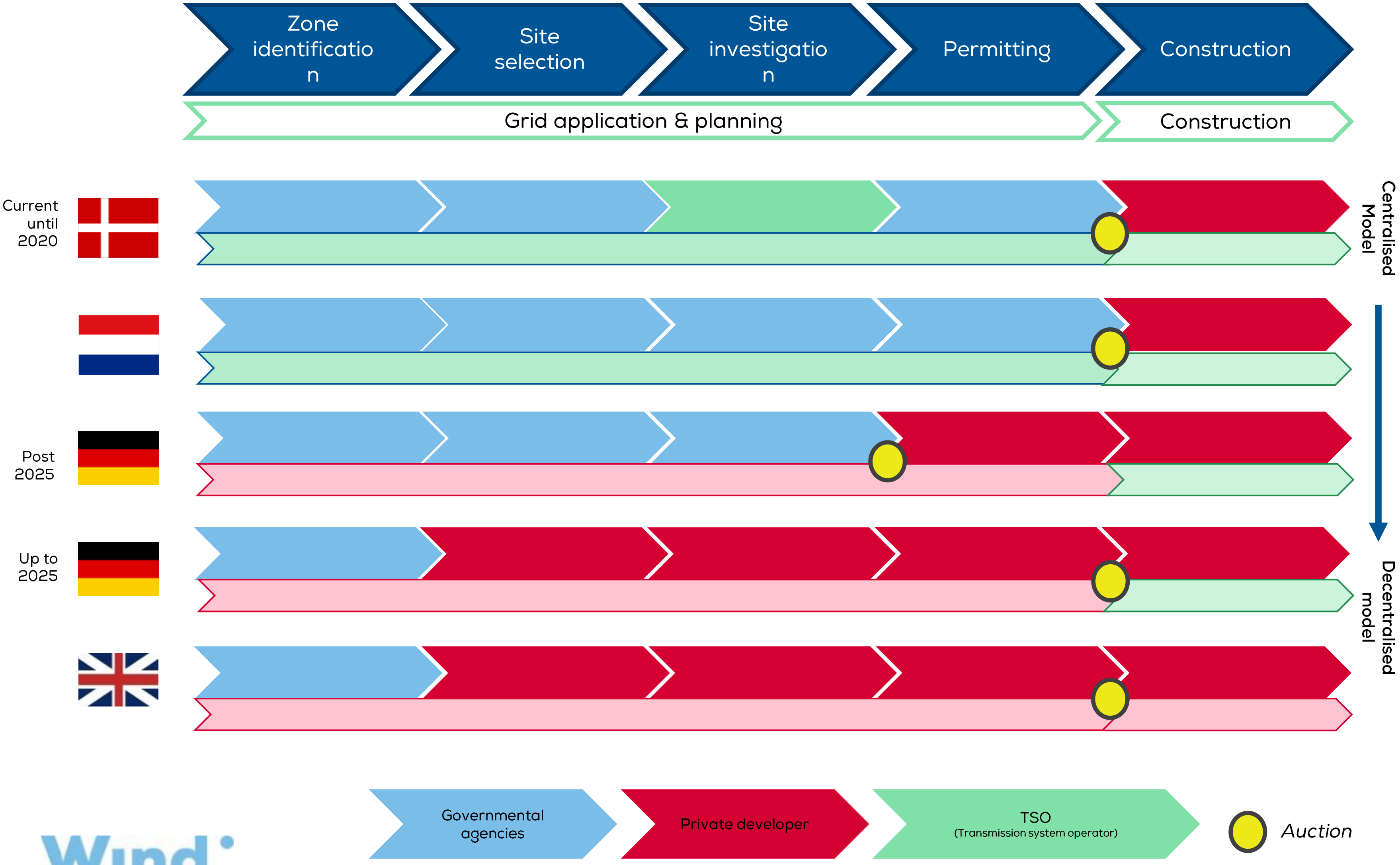
Source: WindEurope

Cost of offshore wind is decreasing



Source: WindEurope, February 2020

Who’s responsible where?



Zone identification

Site selection

Site investigation

Permitting

Construction

Grid application & planning

Construction

Current until 2020

Post 2025

Up to 2025

Centralised Model

Decentralised model

Governmental agencies

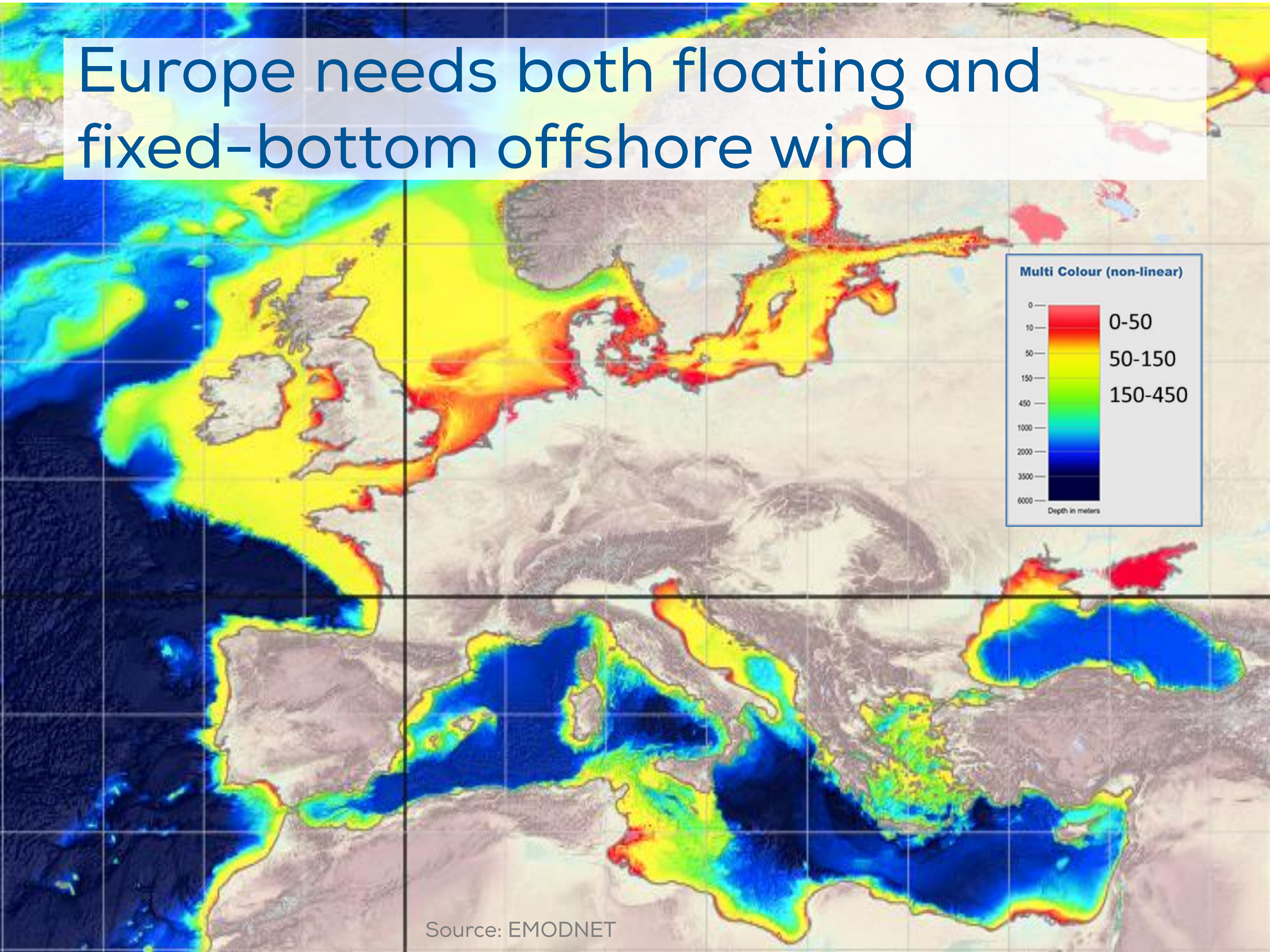
Private developer

TSO
(Transmission system operator)

Auction

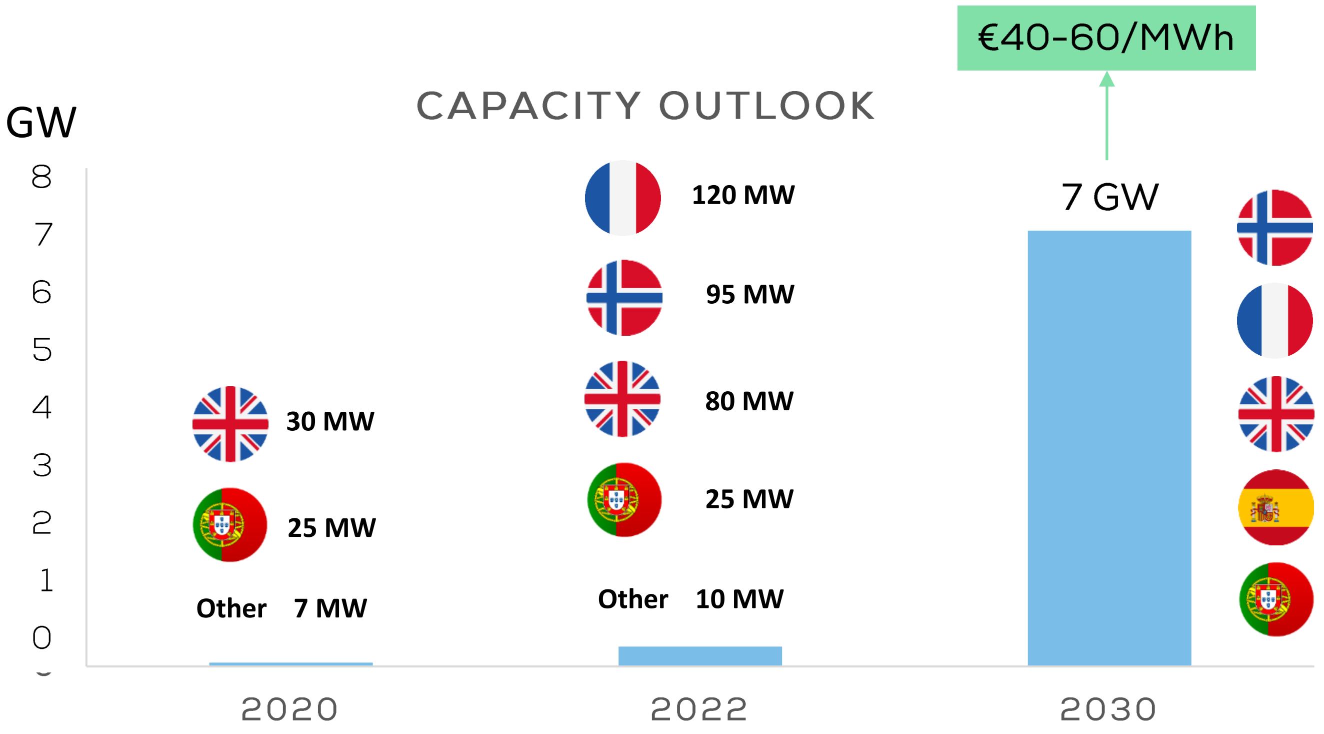
Source: WindEurope

Europe needs both floating and fixed-bottom offshore wind



Source: EMODNET

Floating Offshore Wind about to take off

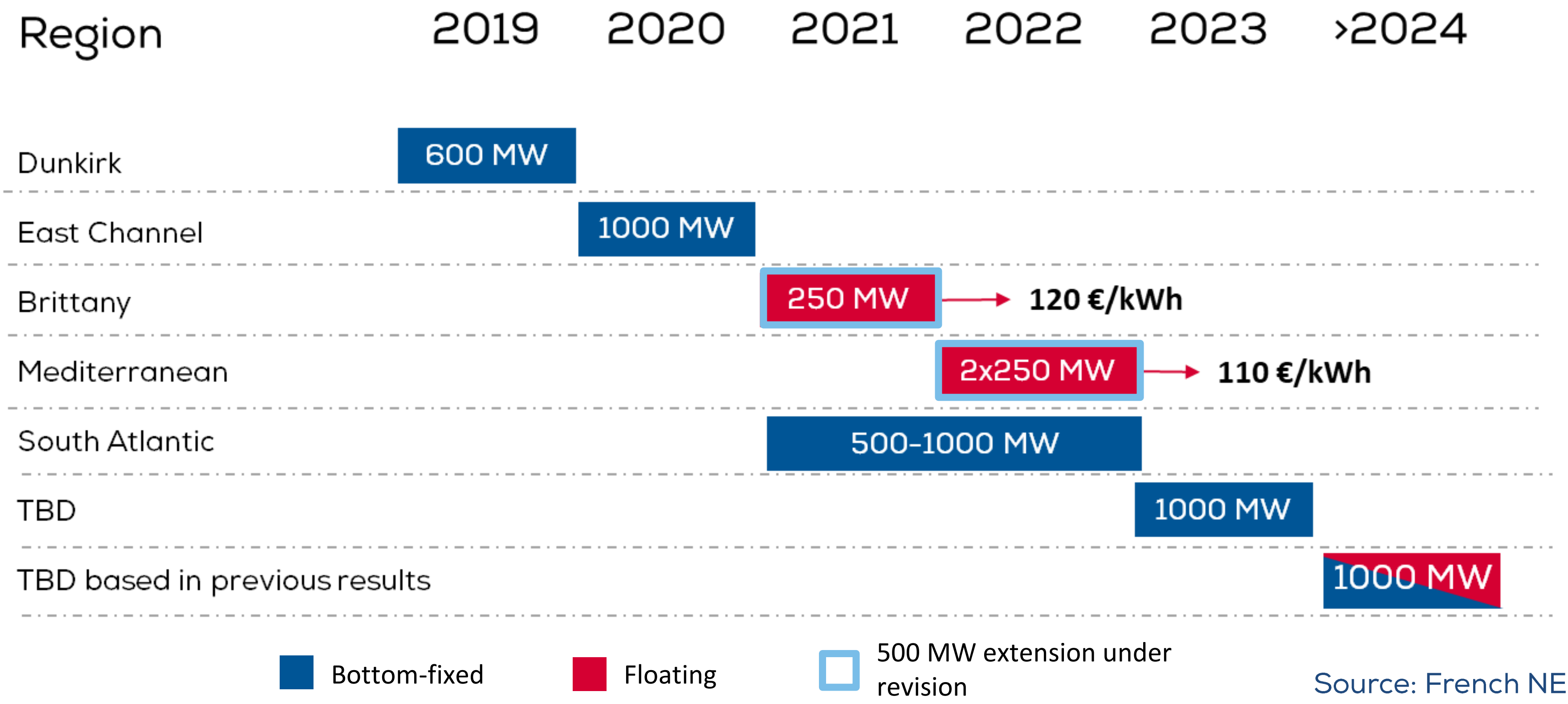


Source: WindEurope

Scale-up through clear planning:

First floating auctions in 2021

France's National Energy and Climate Plan



Region	2019	2020	2021	2022	2023	>2024
Dunkirk	600 MW					
East Channel		1000 MW				
Brittany			250 MW → 120 €/kWh			
Mediterranean				2x250 MW → 110 €/kWh		
South Atlantic			500-1000 MW			
TBD					1000 MW	
TBD based in previous results						1000 MW

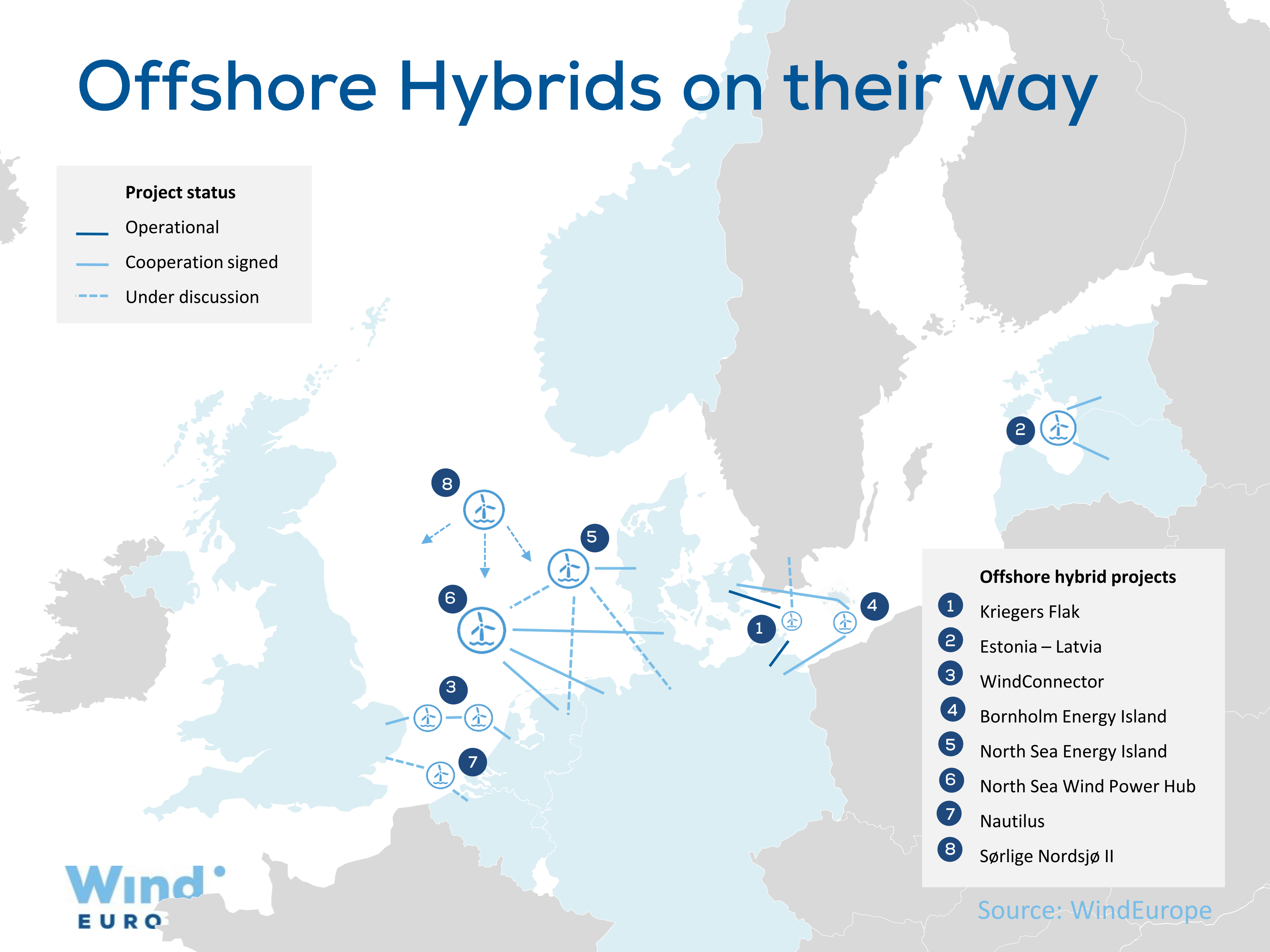
🟦 Bottom-fixed

🟥 Floating

☐ 500 MW extension under revision

Source: French NECP (March 2020)

Offshore Hybrids on their way



Project status

— Operational

— Cooperation signed

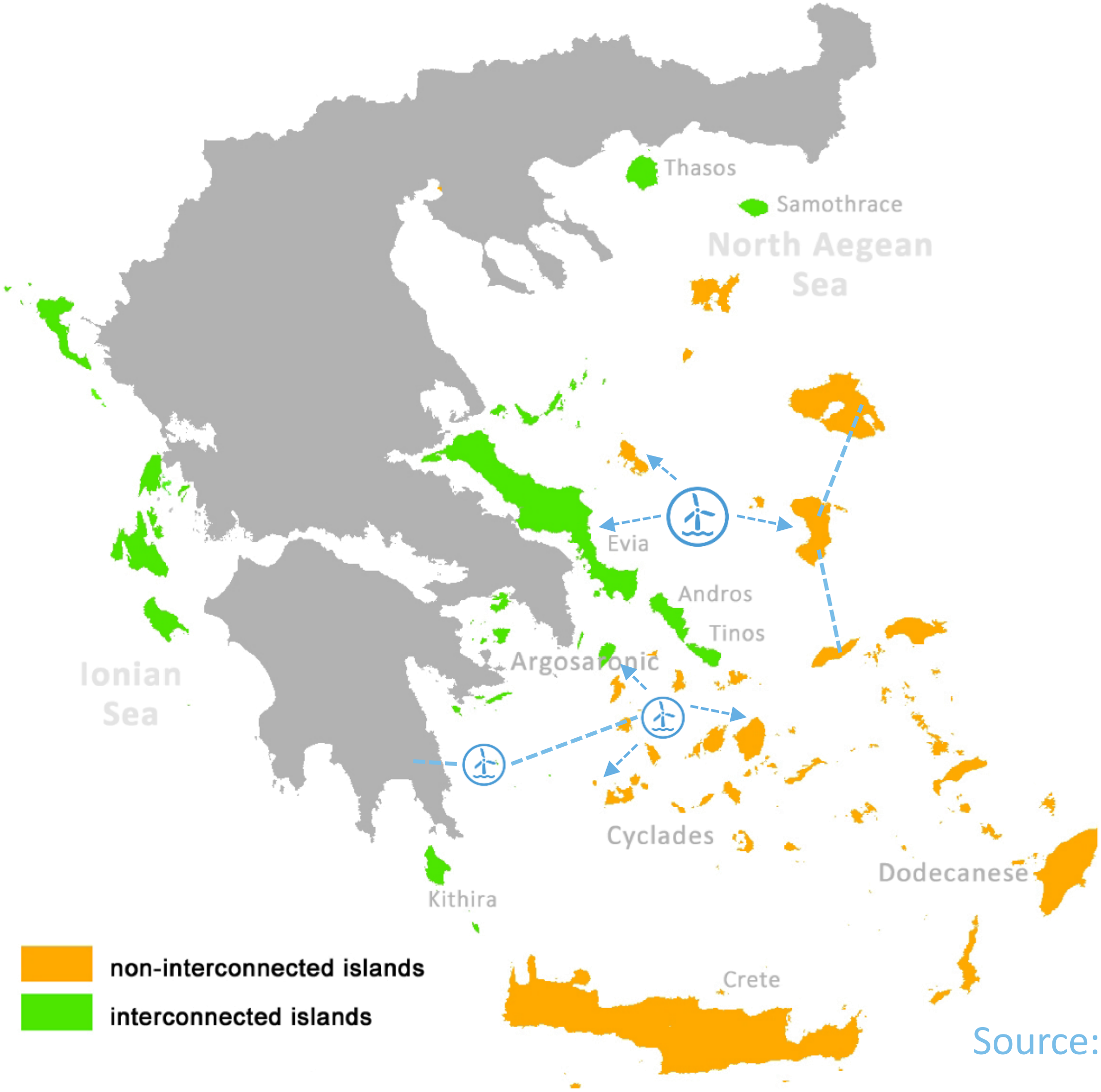
- - - Under discussion

Offshore hybrid projects

1. Kriegers Flak
2. Estonia – Latvia
3. WindConnector
4. Bornholm Energy Island
5. North Sea Energy Island
6. North Sea Wind Power Hub
7. Nautilus
8. Sørlige Nordsjø II

Source: WindEurope

Offshore wind can increase interconnectivity in islands



Source: WindEurope

Delivering the right offshore framework

1. Clear auction timetable
2. Technology-specific auctions
3. CfDs
4. One-stop shop for permitting
5. Private/Public grid development
6. Ensure happy co-existence

THANK YOU

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