

Political agreement brings energy island in the North Sea closer to realization

The energy island in the North Sea has come one step closer, after a political majority in Danish parliament has on 2 September 2021 agreed on parts of the overall framework for establishment and ownership of the island.

It will be one single tender for the partnership and the construction project for the Energy Island in the North Sea. It appears that the tender structure and conditions will be comparable to those tender terms that govern tender of offshore wind farms.

One private party will be responsible for the construction of the island.

The ownership of the island will be built up as a joint stock company, where the state will own at least 50.1 percent when construction completes. The principles for setting the value and price of the shares will be established at the tender stage.

The company must act on commercial principles.

"Access" to the island will not be restricted to the owners but shall be open to the activities of all relevant players within renewable energy etc. Developers etc. must have the opportunity to establish extra areas on the island for innovative solutions.

The agreement places emphasis on a continued focus on optimizing the schedules for the island. The political parties to the agreement will receive an update on the status of the time plan by the end of 2021.

Facts about the energy island in the North Sea:

- The energy island in the North Sea will be connected to surrounding offshore wind farms and to several countries' electricity grids.
- In the long run, it is possible that facilities on the energy island can also store power and convert it into fuels through Power-to-X.
- A capacity of 3 GW of offshore wind has already been agreed for the island, which corresponds to 3 million households' power consumption. In the long run, the island must have a capacity of 10 GW of offshore wind.
- Total investments for the island itself, infrastructure and associated offshore wind farms will be approx. DKK 210 billion of which costs for the construction of the island itself are expected to be in the order of DKK 6-11 billion.

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WSCO will continue to monitor and report on renewables and other energy matters in Denmark.

The firm has significant experience in all matters related to renewable energy, including financing and investor relations, regulatory affairs, corporate matters, contracts, transactions and dispute resolution.

For questions or comments to this newsletter, or energy, infrastructure and offshore in general, please contact partner and lawyer Bo Sandroos on +45 4088 5422 or bos@wSCO.dk.

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