

# EFSI Operation Scoreboard<sup>1</sup>

PROJECT PRESENTATION	
<b><u>Project name</u></b>	HOLLANDSE KUST NOORD V OFFSHORE WIND FARM
<b><u>Promoter and financial intermediary</u></b>	KONINKRIJK DER NEDERLANDEN
<b><u>Country of implementation</u></b>	Netherlands
<b><u>Summary project description</u></b>	<p>The Project comprises the design, construction and operation of an offshore wind farm of roughly 700 MW including the inter-array cabling up to the offshore high voltage substation (which will be constructed by the Transmission System Operator, outside the framework of the present Project). The Project was developed by RVO (Netherlands Enterprise Agency), an Agency of the Ministry of Economic Affairs and Climate Policies. All licenses and existing site investigations will be transferred to the "Private Promoter/Concessionaire" for the implementation of the Project, to be selected through a public tender, which is scheduled for April 2020. Within a predefined range, the final design, including the selected turbine, foundation technology and exact total capacity, is in the responsibility of the selected Private Promoter/Concessionaire; the unit generation capacity of the turbines will be at least 8MW.</p> <p>The Project is expected to require approximately EUR 1.4 bn of funds at a time where a significant amount of funds for greenfield offshore wind projects needs to be raised in addition to an active refinancing market. Specifically for the Netherlands, the 2019-2026 period will see circa 8 GW of new offshore capacity being tendered, totaling more than EUR 10 bn of investment. Investment levels in the EU and abroad are expected to remain high until at least 2030 given the ambitious targets for renewable generation over the next decade, including deployment of offshore wind capacity of up to 3GW in France, 2GW in Belgium, 3GW in Ireland, 5GW in Poland, 8GW in Germany and 20GW in the UK. When looking beyond 2030, offshore wind is considered a key technology in one of the EC's scenarios to reach decarbonisation by 2050: up to 450GW of offshore wind capacity could be installed, up from 20GW today.</p> <p>The Project is expected to be funded on the basis of either a limited/ non-recourse project finance structure ; or financing with recourse i.e. a loan to or hybrid bond issued by an acceptable corporate or utility.</p>

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

The different bidders may elect different financing methods, and hence the proposed approach and delegation is requested to ensure non-discriminatory approach by the Bank while at the same time maximising the financial facilitation of the Project. Such product-neutral and upstream support by EIB is warranted as (i) it involves a sector fully supporting the Climate Action goals of the EIB and the EC and (ii) offshore wind still being considered an emerging technology - admittedly evolving to maturity at a rapid pace. Furthermore, this sector support will require substantial lending volumes up to 2030 to ensure impactful coverage of the Promoter's 11.5GW offshore wind roadmap. The Bank's upstream participation sends a strong signal to developers that there is access to a cornerstone lender offering substantial volume of reliable long-term funding (whether project finance or corporate) at adequate conditions.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy		High
<b>Cross-cutting objectives</b>		
Climate Action		100.00%
<b>EFSI</b>		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Expansion of the use or supply of renewable energy		100.00%

### Pillar 2

Quality and soundness of the project		Good
1. Growth		[...]
2. Promoter capabilities		[...]
3. Sustainability		[...]
4. Employment		[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability<sup>2</sup>;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

### Pillar 3

EIB Technical and financial contribution to the project		Moderate
1. Financial contribution		[...]
2. Financial facilitation		[...]
3. Advice		[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

<sup>2</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## **Pillar 4 - Complementary indicators**

### ***Additionality***

In line with the EFSI objective to the development of the energy sector in accordance with the EU priorities and namely, the expansion of the use or supply of renewable energy, the operation is addressing an anticipated gap in terms of availability of affordable and adequate long-term financing for a new renewable energy project in the Netherlands. It will also contribute to reducing carbon and air pollution externalities. As a renewable energy project, the operation will make a strong contribution to the Climate Action target of EFSI.

Thanks to EFSI support, the operation will address market failures and sub-optimal investment situations related to the complexity and inherent high risks of the electricity renewable sector in a context of capital-intensive operations and anticipated low regulatory support levels. The financing of this new greenfield renewable energy project represents significant risks. The envisaged EIB financing with EFSI support would fall under the Special Activity category. The EIB would not have been able to provide this type of financing support during the period in which the EU guarantee can be used, or not to the same extent or under the same conditions, without EFSI.

EIB's capacity to appraise the project risks and provide guidance on appropriate financial structuring and testing bankability provides comfort to private investors and export credit agencies. EIB, with EFSI support, will be acting as cornerstone lender and thus crowding-in other lenders into the financing structure and contributing to a timely financial close.

## Set of indicators related to the macroeconomic environment

### Netherlands - Economic environment

#### Economic Performance

	NL 2018	EU 2018	US 2018	NL 2001-2007
GDP per capita (EUR, PPS)	39,650.24	30,935.11	43,569.11	38,443.32
GDP growth (%)	2.67	1.97	2.86	2.00
Potential GDP growth (%)	1.80	1.60	2.24	2.09
Output gap (% of potential GDP)	1.08	0.62	0.74	-0.52
Unemployment Rate (%)	3.60	6.60	3.90	4.70
Unemployment Rate (%) - Y/Y change (% points)	-0.80	-0.60	-0.20	0.09
Bank-interest rates to non-financial corporations (%)	1.01	1.26	--	3.82
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.19	-0.06	--	-0.06
Investment rate (GFCF as % of GDP) - Total	20.94	20.54	20.84	21.27
Investment rate (GFCF as % of GDP) - Public	3.40	2.86	3.31	3.96
Investment rate (GFCF as % of GDP) - Private	17.55	17.68	17.53	17.30

#### Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	5.49	5.74	5.94	6.60	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	8.51	8.26	8.06	7.40	2.47
Energy dependence (%)	33.80	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	90.70	93.60	94.20	--	90.00
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	--	--	--	--	141.83
Primary energy consumption (Million Tonnes of Oil Equivalent)	62.40	64.40	64.80	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	1.70	3.70	4.10	--	59.70

#### General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.22	1.26	1.23	1.06	1.82
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.30	0.31	0.30	0.30	0.54

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

### Other indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.01.2021
End of works	31.12.2023
Project investment cost [MEUR]	1,399.40 MEUR
EIB/EFSD eligible investment mobilised [MEUR]	1,371.60 MEUR
External EFSD multiplier	5.49
External EIB (non-EFSD) multiplier	0.00
Amount of private financing [MEUR]	899.40 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs [person years]	2,700 person years
Employment during operation - new permanent jobs [FTE]	45 FTE

<sup>3</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSD eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.