**Company/consortium presentation**

*[Insert brief company/consortium presentation and a short description of your interest in the project]*

**QUESTIONS FROM THE DISCOUSSION PAPER II**

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| Business case | | |
| **QUESTIONS** | | **ANSWERS** |
|  | What special requests and/or proposals to the Energinet rental agreement for the transmission zone would a market operator make/have in general and in particular with regard to the following:   * Rental period * Start of rental payments after the construction of the energy island * Rent adjustments * Other aspects and considerations, e.g. a need or desire to other later adjustments regarding the rental agreement |  |
|  | The political agreement states that the Energy Island must be built with an initial capacity of at least 3 GW. What risks, regarding the income from those 3 GW, if any, do you consider necessary to mitigate, and how would this affect your required return on the investment? |  |
|  | The political agreement states that space for innovation has high priority. What are the most essential framework conditions for the island (contractual, market condition, physical interfaces, etc.) to promote innovative and other commercial activities related to OSW and business cases?  What does the market consider a reasonable size for the potential innovation zone?  Please submit important matters and clarifications needed for you, in order to declare an interest in building an innovation zone and to submit a size for such an area in the final tender. |  |
|  | As the State will be the co-owner of the innovation zone and thereby sharing its risks and opportunities, we invite the market to provide your thoughts on the following preferred uses and assumptions for the innovation zone:   * Which cash flows from which activities does the market see the innovation zone realistically creating and sustaining over time absolute and compared to income/rent from the transmission zone for 3 GW OSW capacity? Please be as specific as possible. * Is it realistic that the cost of building the innovation zone can be covered by the innovation activities with an attractive return on investment? * How should innovation in the tender be evaluated? Please be as specific as possible about the reasoning behind your answer.   Please see the political agreement from 1 September for more details regarding the innovation zone. |  |
|  | From market dialogue I, it is understood that the market sees economies of scale benefits of constructing a larger Island, including lower total costs when compared to a gradual development and higher revenue potential. We therefore wish to get the market’s input on how this full potential can be achieved in a partnership model where the vacancy cost is shared in the partnership according to the ownership structure and is not covered by the State, bearing in mind that an island with surplus capacity also has possible, positive economic consequences for the private partner. We thus invite market operators to provide input on how this can be achieved, taking as a starting point the following possibilities and topics:   * What are your perspectives on constructing the island in one phase or in several phases? How do your perspectives relate to the implied risks and costs for the state and private partner, and how do they ensure that there is a link between risks and rewards? * What are your views on a scenario where an island for 3 GW is constructed with one or several expansions at later stages? |  |
|  | We have described different elements of risk sharing models to handle the vacancy costs associated with development of an island with temporary excess area for handling future OSW capacity over the 3 GW agreed specifically so far.  What is your view on possible risk minimizing and risk sharing structures and mechanisms to handle this vacancy cost risk in an equal and symmetrical partnership? Please consider how to ensure that there is a link between risks and rewards. And please be as specific as possible about your suggested structures/mechanisms and the consequences these implies.  Do you see a potential in utilizing the areas in the flexibility zone on short-term contracts, thereby creating an income potential covering or reducing the vacancy costs?  Bearing in mind the overall principle of symmetrical partnership in Energy Island A/S and given the long-term political expectation of 10 GW capacity OSW connected to this first energy island in the North Sea, what would be your preferred initial island size?  How would it affect your overall interest in the Energy Island A/S if the Danish state and the private partner bear the risks associated with the potential flexibility zone, incl. the vacancy costs associated herewith, in accordance with the ownership stakes (50,1/49,9 %)?  How would it affect your overall interest in the Energy Island A/S if the Danish state bears the risks associated with the potential flexibility zone, incl. the vacancy costs associated herewith, and consequently also receives any associated financial upside? |  |
|  | What is the preferable financing structure/solution for *your part* of the total CAPEX given that you will finance the full construction cost in the construction period and up to 49.9% in the operating period? E.g. what financing sources and instruments do you expect to make use of? In addition, how important, if at all, is the ability to secure Danish mortgage financing? |  |
|  | A potential model for the State’s acquisition of its share of the Energy Island is making a single lump sum payment upon the completion of the initial construction phase – how do you view this model and would there for example be a preference for milestone payments during construction instead of the lump sum payment at the end? If yes, why and what effects would it have?  What level of expected savings could potentially be achieved through this? Please provide high-level estimates. |  |
|  | What is the preferred financing structure/solution for the *shared company Energy Island A/S* overall given that the state will own 50.1%? |  |
|  | What are your current expectations when it comes to your required return on your investment on an equity and a leveraged basis? |  |
|  | What degree of leverage for your investment do you find realistic given what is known about the Energy Island project and its risk profile?  Which terms and what level of financing costs do you expect? |  |

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| Shared ownership of the Energy Island and corporate structure | | |
| **QUESTIONS** | | **ANSWERS** |
|  | Do you have any comments on the allocation of risk in the FIDIC yellow book and the FIDIC silver book, respectively?  Stated in order of priority, which specific risks related to the construction of the island could be allocated to the State in order to reduce the remuneration to be paid by the State and by Energinet (lease of the transmission zone)? |  |
|  | What are your preferences and comments to model A and model B regarding the Danish State’s purchase of the completed Energy Island? Or do you see any other relevant models – for instance in relation to the timing of the establishment of the shared company? |  |
|  | Please provide feedback on the section “Conditions for the co-ownership of the Energy Island A/S” set out above. We suggest limiting the feedback to the most important issues. What are your expectations to the joint ownership, including to minority rights and the Danish state as a business and/or ownership partner? This could be in relation to governance etc. |  |
|  | Do the expected requirements on responsible co-owners give rise to any comments? |  |
|  | If you expect to participate in the procurement procedure as a consortium, do you expect a need for making changes to the consortium after completion of the Energy Island (prior to the establishment of the joint ownership of Energy Island A/S)?  Please specify what the consequences will be for your interest in the project, if changes to the consortium is not allowed in order to – for example – securing an incentive to building the island according to the agreed quality. |  |

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| Construction and technical requirements | | |
| **QUESTIONS** | | **ANSWERS** |
|  | The DEA would expect the perimeter of the Energy Island to be constructed by concrete caissons or rock containment. Do the tenderers consider other construction methods of the perimeter of the island? And on what grounds are such methods recommended? |  |
|  | The DEA expects that all electrical equipment, including electrical equipment related to wind farm operation, will be located on the reclaimed island. Do the tenderers see benefits if some of the equipment is installed on foundation structures next to the Island? e.g., transformer stations on monopiles, jackets or concrete foundations etc.? |  |
|  | The DEA expects that the tenderer will prepare many of the large structures on the mainland with subsequent transportation to the construction site on the Energy Island. Which facilities and services do the tenderers consider on the mainland, and can they be utilised by Energinet for constructing transmission equipment? |  |
|  | How do the tenderers expect that the areas needed for transmission equipment, housing facilities, structures and infrastructure can be optimized in order to minimize the overall area footprint of the Energy Island? |  |
|  | What expectations do you have to the level of OPEX for the Island and do you think OPEX will be significant compared to the size of CAPEX? |  |
|  | The current expectation is that the Point of Common Coupling between Energinet and the future offshore windfarm developer will be at the incoming 400kV switchgear feeder although other options are being considered. Which preferences do the tenderers have with respect to the responsibility, interface and ownership split of the electrical systems between the island owner (as provider of utilities), Energinet and the future offshore windfarm developers to consider including in our further assessments? |  |
|  | The current expectation is that the electrical power distribution grid on the island (as one of the supporting functions) is to be provided, owned and operated by the Energy Island owner and connected to Energinet’s assets. How does this fit with your expectations and preferences? And why? |  |
|  | The current expectation is that the initial 3 GW OSW will export power to the island at 66kV (approx. 12 cables per GW), the following 7 GW OSW export at 220kV via offshore substations (approx. 3 cables/GW), the potential innovation plants (potentially Power-to-X, energy storage, etc.) will be connected to Energinet’s assets at 400kV HVAC, and that the interconnectors to DK1 and abroad will be 525kV HVDC BiPole systems.  How does this fit with your expectations and preferences? And why? And what expectations do you have for the related design of the cable interfaces in/out of and on the island? |  |
|  | The tenderer’s layout of the Island should allow for expansion of the transmission zone to 10GW without disruption of power production on the Energy Island. Which risks does the tenderer expect that construction activities would pose to power production/transmission from the wind farms or the TSO during a potential expansion of the island? |  |
|  | Which technical requirements should be applied in order to enable the potential innovative or commercial activities considered by the tenderers? |  |
|  | Which additional infrastructure related to innovative or commercial activities is expected? |  |
|  | Would the tenderers consider connections to the mainland other than electrical cables, such as hydrogen or gas pipelines, or others? (Ammonia?) |  |
|  | How will the tenderers secure a sustainable process for the construction and maintenance of the energy island? And how can the Energy Island be classified as a sustainable economic activity? |  |
|  | Do the tenderers expect to certify the facilities on the Island according to DGNB, LEED, Bream or similar and, if so, which level does the tenderer expect to obtain? |  |
|  | Do the tenderers have requirements or prerequisites for specific or targeted EIA pre-investigations (e.g. sensitive species, Nature2000, Annex IV key species)? |  |

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| The joint procurement process | | |
| **QUESTIONS** | | **ANSWERS** |
|  | The proposed timeline for the joint procurement process regarding co-ownership and construction of the Energy Island provides 30 days for application for prequalification, approximately 4-5 months for submission of preliminary tenders, approximately one and a half months for the negotiation process and approximately 5 months for submission of final tenders (including Christmas holidays and summer vacation). Are these time slots sufficient when taking into consideration that the contractual basis for the project could be based on FIDIC Silver Book and the commercial co-owner will be required to include a proposal for the construction of the Energy Island on a turn-key basis in its preliminary and in its final tender? |  |
|  | Do you have any comments to the considerations regarding the evaluation criteria? What would you consider appropriate criteria? |  |
|  | Do you have any inputs on ways to include sustainability or sustainability criteria in the award criteria? What would be the anticipated impact thereof in respect of the total cost of the island and the time for preparation of tenders? Should these be included in the tender as requirements or as part of the award criteria?  What would be the anticipated impact on cost if a requirement for internships/apprentices is included in the call for tenders and what would be a realistic scope of such a requirement in terms of the number of internships/apprentices required? |  |
|  | Do you have any input on potential requirements for use of renewable/sustainable resources/material/processes for the construction of the island which would significantly reduce the environmental impact of the project? If possible, please also indicate the cost and possible time effect of such requirements compared to the use of standard resources/material/processes? |  |

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| Optimizing the overall time schedule | | |
| **QUESTIONS** | | **ANSWERS** |
|  | With the sequence of activities outlined in **Appendix 2**:   * What are the options and effects of processes taking place in parallel? * Which interfaces (design and construction) are central and subject to early clarification to allow for parallel processes? * What are the constraints, barriers and risks for having parallel processes? * Who is most suitable to manage the risk and which mitigations are foreseen? |  |
|  | * Which construction processes must run in parallel if earlier deployment of transmission equipment should be allowed? * What are the constraints, barriers and risks for having parallel processes? * Who is most suitable to manage the risk, and which mitigations are foreseen? |  |
|  | * Are there any effects if start of construction is initiated in autumn/winter (say October) compared to spring/summer (say April)? * What are the key drivers for the duration of the construction activities? * What is the expected duration of construction activities? |  |
|  | Will construction of a larger island from the beginning allow for sequential handover of areas and deployment of transmission equipment for 3 GW before construction of the island is finalised?  What possibilities for time optimisation can be identified by constructing a large(r) island initially? |  |
|  | If the island is expanded sequentially, what are the effects of construction activities on existing power transmission installed on the initial island |  |
|  | Do the tenderers have suggestions as to how the process for pre-investigations is optimised in regards to time and to ensure that the design, footprint and construction methods will be covered through the pre-investigations? |  |
|  | Which steps do the tenderers foresee in the EIA process, and how much time is expected for the tenderers to complete the EIA process including public consultation and final permit? Please be specific on expectations to the different steps of the process. |  |

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| Foreign Investment Screening and Risk Preparedness | | |
| **QUESTIONS** | | **ANSWERS** |
|  | Do you have any comments or questions regarding the requirements and implications of the Investment Screening Act? |  |
|  | Do you have any comment or questions regarding the current regime governing security and risk preparedness, and do you envision or expect any potential or additional threats not covered by said regime? |  |