**QUESTIONS FROM THE DISCOUSSION PAPER**

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| Timetables for the Energy Island | | |
| **QUESTIONS** | | **ANSWERS** |
|  | The proposed timetable for the tender of the co-ownership provides 30 days for application for prequalification, approximately 70 days for submission of preliminary tenders, approximately two months for the negotiation process and approximately 45 days for submission of final tenders (including Christmas holidays). Are these time slots sufficient, also when taking into consideration that the commercial co-owner may be required to include a project proposal in its preliminary and in its final tender? |  |
|  | Is the timetable for the period after the identification of the commercial co-owner, including the construction of the Energy Island, a realistic timeframe?  What would the consequences be for this timetable if the identification of the commercial co-owner is delayed for a few months? |  |
|  | Does the timetable for the establishment of the transmission network and the 3 GW offshore wind farms give rise to any comments? |  |
|  | Do you see any possibilities for optimising the process, enabling an earlier establishment of the Energy Island and/or enabling an earlier commencement of activities on the island/transmission of first power to the grid, given the technical and legal framework for the project, including public procurement rules, and without jeopardising the economic feasibility of the Energy Island? |  |
|  | Would you initiate production of construction elements for the island (e.g. caissons) before the EIA has been completed? And are you willing to bear the risks of initiating production of construction elements for the island (e.g. caissons) before the EIA has been completed? |  |

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| bUSINESS CASE | | |
| **QUESTIONS** | | **ANSWERS** |
|  | What is your perspective on a potential revenue framework of the Energy Island? |  |
|  | Are any of the revenue streams more important than others? |  |
|  | What potential for alternative income streams could benefit the business case? Would it be beneficial to the business case to keep non-core/other service revenue streams out of the primary ownership structure, and if so why? |  |
|  | What are your main concerns/uncertainties, and what type of revenue structure would constitute a sound business model and lower return requirements/funding costs? |  |
|  | If any, what kind of potential guarantees do you foresee are needed in order to secure your business case? |  |
|  | What is your perspective on phases and expansion, including both the planning, design, construction and commissioning phase? |  |
|  | In your view, under which conditions do you find it commercially viable to construct an island with 10GW capacity, if only 3GW of offshore wind is connected in a first phase? Please substantiate your answer. |  |
|  | In case the island is built with 10GW capacity in a first phase and the full capacity is never fully utilised, how should potential idle costs be re-covered? |  |
|  | To what extent will the interim period from construction until revenue streams begin impact the business case? And how can the consequences be alleviated? |  |
|  | What is your initial perspective on the proposed estimated CAPEX and OPEX, and do you see potential for lowering CAPEX and OPEX? |  |
|  | What is your perspective on how various elements that may also be part of the Energy Island will influence the business case, including port, service facilities and other services, and will this be dependent on whether the island is built to full capacity from day one or as a modular build-up? |  |
|  | On an overall level, how do you see the most efficient risk sharing model between the Danish State and the commercial co-owner and why? What re-sponsibilities, obligations and managerial flexibility are key to the commer-cial attractiveness of co-ownership? E.g. do you perceive it to be a pre-condition that the state commit itself to a tender for 3GW offshore wind? |  |
|  | What are the most critical risk factors and how could these be mitigated in the most optimal manner? |  |
|  | We would like to get your view on how high-level risks can be shared and distributed between the government and a given commercial co-owner, including:   * Technical risks (design, construction cost overruns and delays due to construction) * Operation/maintenance (operation, maintenance and re-investment costs, change in demand, higher/lower operational costs than anticipated) * Market/commercial risks (Financing, higher/lower rental payment, competition, recycling/re-selling shares/exit) * Legal and political (approvals, sector regulation)   Please substantiate your suggestions to how these risks should be shared. |  |
|  | Do you see advantages/disadvantages of having different risk sharing models in construction and operation (e.g., private construction risk, but shared operation and revenue risk?) and why? |  |
|  | There are multiple ways to handle the financial implications of risk allocations. What are your views on a potential payment mechanism, based on a penalty structure, to ensure aligned incentives based on the risk allocation between the Danish State and the commercial co-owner, and why? |  |
|  | The Danish State must own at least 50.1%. What ownership share (within the remaining 49.9%) do you find most attractive? What would be the most important conditions for making this particular ownership share attractive?  How do you see the roles of the private co-owner and the Danish state in the management of the joint company? |  |
|  | What are your perspectives on the financing and potential capital structure of the project company during the construction and the operation phase, respectively? Please specify your answer. |  |
|  | Is it of importance to your business case whether the Energy Island is classified as real estate, implying that it may be possible to register the title and the transfer of rights to the island, including mortgages, as security for loans? |  |
|  | How can a given capital structure with the optimal risk to return profile contribute to balancing the demand for innovation and efficiency? Please specify your answer. |  |
|  | Can you indicate your cost of capital on this type of project and what models and measures can be used to reduce the cost of capital of the project? |  |
|  | If external debt is planned to be part of the capital structure, please elaborate on assumed terms and conditions, during construction and during operations. |  |
|  | From your perspective, do you see profit distribution as an effective tool to compensate parties for allocated risk? Please elaborate and be as specific as possible when giving examples for inspiration. |  |
|  | The selection of the commercial co-owner for the co-ownership of the island is expected to be of great importance to the Danish State. Consequently, the Danish State will most likely be interested in a long-term co-ownership. The commercial ownership is expected to include limitation on the transfer of shares, cf. section 9 regarding foreign investment screening.  What is your perspective on this kind of limitation, and how will it affect your view on exit terms, including timing of exit, valuation method and other relevant parameters? |  |

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| Shared ownership and corporate structure | | |
| **QUESTIONS** | | **ANSWERS** |
|  | What do you consider to be the preferred share of commercial ownership of a joint subsidiary “Energy Island A/S” (within the limit of 49.9 %)? Would you prefer a lower share and if so, why? What would be the most important conditions for making this particular ownership share attractive? cf. also section 5. |  |
|  | What are your comments to the listed scenarios 1 and 2?  Under which circumstances do you consider the above scenarios and models suitable for achieving the full technical, economic, business and innovation potentials of the Energy Island? Please list and specify these circumstances.  Which risks do you find attached to the models given the identified circumstances? Please specify the reasoning behind your answer.  What do you consider the pros and cons of model a)-d) described above? Do you prefer other models than a) – d)? |  |
|  | Do you have any preference as to the choice of corporate form?  Do you have any other comments or suggestions concerning the corporate structure of a shared ownership of the Energy Island? Please be very specific in your reply about the reason for suggesting other structures (including pros and cons). |  |
|  | What are your expectations to the terms and conditions of a cooperation/co-ownership with the Danish State? Which rights would be essential for you in order to accept a minority co-ownership? Please specify the reasoning behind your suggestions.  Regarding transfer of shares, the Danish State envisions that a right of first refusal, right of allocation etc. is included in the shareholders’ agreement. Does this give rise to any concerns? |  |
|  | What would be the preferred duration for the period of your co-ownership? |  |

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| Construction and technical requirements | | |
| **QUESTIONS** | | **ANSWERS** |
|  | What are your considerations regarding the modular area expansions of the Energy Island? Such modular expansion should not affect the transmission of existing offshore wind power.  Could the artificial island be constructed faster than in three years, cf. the timetable in Appendix 2? |  |
|  | Would it be possible for you in your tender for the co-ownership of the Energy Island to include a project proposal and a maximum budget for the initial construction of the Energy Island?  Such project proposal and budget should provide a basis for the subsequent procurement of the construction project. |  |
|  | What time duration is needed to prepare your tender regarding the co-ownership if it is to include a project proposal and a maximum budget for the construction of the island?  See also the draft timetable in section 4. |  |
|  | Would you be willing to carry the risk for budget overruns?  What would be the optimal solution for the construction and transfer of the island to “Energy Island A/S”?   * Should the commercial co-owner complete the construction of the island before transferring it to “Energy Island A/S”? or, * Should “Energy Island A/S” be the contracting authority when the construction is put out for tender?   Please specify the reasoning behind your answer. |  |
|  | Would you prefer a joint procurement process for the shared ownership and the construction of the Energy Island? If so, the offer should include a civil works contractor and fixed prices for the construction.  What would be the consequences for the timetable? Would the artificial island be completed earlier than stated in Appendix 2? |  |

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| Innovation and commercialisation | | |
| **QUESTIONS** | | **ANSWERS** |
|  | Do you consider energy storage and PtX facilities on the Energy Island to be beneficial to the business case for the Energy Island as a whole (in short term or in long term)? cf. also section 5.     * Do you consider state subsidies necessary for energy storage and PtX facilities to be profitable? * What are the benefits of establishing energy storage and PtX facilities on the Energy Island compared to establishing such facilities on the shore of Jutland or connected neighbouring countries? |  |
|  | Which other innovative activities could benefit the business case for the Energy Island Project? cf. also section 5.   * How do you envision organising these activities, and what would be the most central conditions for making the activities attractive? Specifically, what would the optimal role of the Danish State be in such projects? * How should it be ensured that future innovative activities on the Energy Island are always operated by the most suitable parties? By tendering procedures? * Should it be possible to expand the area of the artificial island for future innovative activities? And under which conditions?   Please specify the reasoning behind your answer. |  |
|  | Which commercial activities do you consider to be of most relevance to the operation of the Energy Island?   * How do you envision organising such activities, and what would be the most central conditions for making the activities attractive? Specifically, what would the optimal role of the Danish State be in such projects? |  |