

## Company announcement

# Centrica and DONG Energy establish joint venture to co-develop Round 3 Irish Sea wind farm zone

21. 03. 2012

Centrica and DONG Energy today announced they have formed a joint venture to co-develop offshore wind farms in the Round 3 Irish Sea Zone, which has a potential capacity of 4.2GW. The transaction will see DONG Energy pay Centrica up to £40 million in cash for a 50 per cent interest in the joint venture. DONG Energy will pay Centrica £15 million at closing of the transaction, with the balance payable in later years contingent upon consent being achieved for a project in the Irish Sea Zone and DONG Energy reaching a final investment decision for a project in the Zone.

The joint venture further cements the relationship between two of the UK's leading offshore wind farm developers, which together have around 1GW of offshore wind capacity installed or under construction in the UK. Centrica and DONG Energy already hold joint interests in the Barrow and Lincs offshore wind farms.

The two companies will work together to develop different projects in the zone on a 50/50 basis with construction management of the projects alternating between the parties. For the first project under Centrica's management, a final investment decision is expected in 2016.

Mark Hanafin, Managing Director of Centrica Energy, said: "Creating this joint venture with DONG Energy is a logical step that will combine both companies' expertise and scale to help realise the full potential of the zone. The partnership forms part of our strategy to deliver value from our growing upstream business."

Carsten Krogsgaard Thomsen, acting CEO of DONG Energy said: "This marks DONG Energy's second entry into a Round 3 project and Centrica is a natural partner for us as we already have a good working relationship with them from previous projects. The partnership also further cements our position as one of

the leading players in the UK offshore wind market. It is a strategic addition to our long-term pipeline of projects which contributes to the industrialisation of the offshore wind business and bringing down costs."

The information provided in this announcement does not change DONG Energy's previous financial guidance for the 2012 financial year or the announced expected investment level.

#### **Notes**

1. DONG Energy is taking a 50% stake in Centrica Energy Renewable Investments Ltd, the special purpose vehicle established for owning and managing the activities, assets, liabilities and commitments related to operations in the Round 3 Irish Sea Zone. Centrica Energy Renewable Investments Ltd is currently a 100% owned subsidiary of Centrica Renewable Energy Limited and will be renamed Celtic Array Limited upon completion of the transaction.
2. In January 2010, Centrica announced it had been awarded the Irish Sea Zone, as part of The Crown Estate's Round 3 offshore wind tendering process.
3. Since being awarded the development rights, Centrica has been carrying out Zonal Appraisal and Planning (ZAP). This process has involved a number of detailed surveys across the zone and consultation with stakeholders, with the aim of identifying key constraints in those areas where Centrica believes development could take place and to identify areas in the zone where development is not likely to be feasible. Based on this still evolving information, a process is underway to identify possible areas for individual wind farm projects to take through the consenting process, subject to a full appraisal of project economics.

#### **Centrica**

Centrica is a top 30 FTSE 100 integrated energy company operating predominately in the UK and North America. Upstream it sources, generates, processes, trades and stores energy. Downstream it supplies gas and electricity to millions of homes and businesses and offers a range of home energy solutions and low carbon products and services. For further information, see [www.centrica.com](http://www.centrica.com).

#### **DONG Energy**

DONG Energy is one of the leading energy groups in Northern Europe. We are headquartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products in Northern Europe. We have approximately 6,000 employees and generated DKK 57 billion (EUR 7.6 billion) in revenue in 2011. For further information, see [www.dongenergy.com](http://www.dongenergy.com).

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