

Figure: Danish Energy Agency.

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Thor Wind Farm I/S to build Thor Offshore Wind Farm following a historically low bid price

Thor Wind Farm I/S has won the concession to build Thor Offshore Wind Farm. This is the first time a tendering procedure has been completed for offshore wind energy in Denmark without aid. When power is produced, the winner is expected to pay DKK 2.8 bn. to the Danish state within just a few years.

Today, the Ministry of Climate, Energy and Utilities briefed the parties to the

Energy Agreement that Thor Wind Farm I/S, where stakeholders are RWE AG, RWE Renewables GmbH, RWE Renewables Management UK Limited, has won the concession to build Denmark's hitherto largest offshore wind farm: Thor Offshore Wind Farm. Several bidders offered to build the offshore wind farm with the largest possible capacity and at a minimum price of only 0.01 øre/kWh. Therefore, in accordance with the tender conditions, the tendering procedure was decided by a drawing of lots today.

“The tendering for Thor Offshore Wind Farm is yet another milestone in the history of Danish offshore wind power. For the first time ever, the state must be paid for authorization to establish an offshore wind farm. The competitive price in the tender is even more impressive because, for the first time, the winner bidder will also have to pay for the landing cables and grid connection. This is very promising for future tendering procedures for offshore wind energy and for the green transition,” said the director general of the Danish Energy Agency, Kristoffer Böttzauw.

The draw took place earlier today and was monitored by an independent auditor and the Danish State’s legal advisor to ensure that the draw complied with public procurement terms. Moreover, the bidders for which lots were drawn also took part to ensure full transparency.

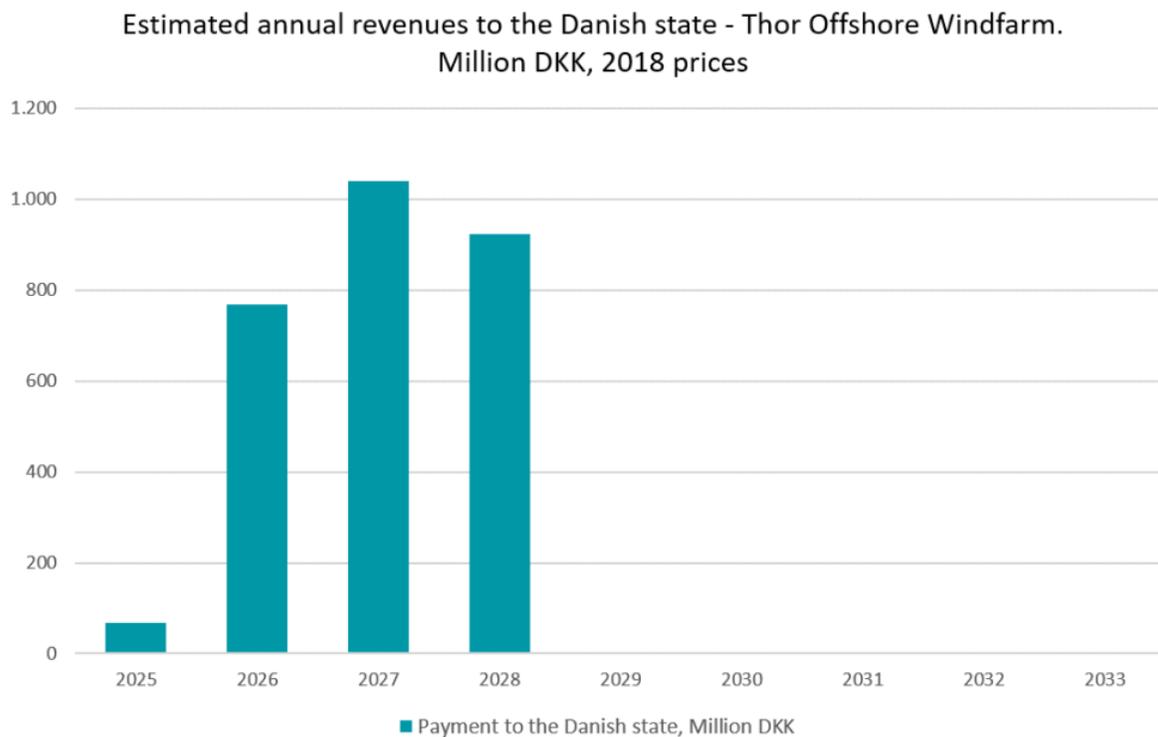
The Danish Energy Agency expects to invite the winner of the concession to a meeting very soon to discuss the future process. The Danish Energy Agency expects to sign the concession agreement with Thor Wind Farm I/S within 4-6 weeks.

The successful bidder will pay to build Thor Offshore Wind Farm

It is expected that Thor Offshore Wind Farm will produce electricity from about 2026. With the expected electricity prices, it is anticipated that the winning bidder will have paid the state the DKK 2.8 bn. over very few years, see figure 1. After this, in practice there will be no financial transactions between the state and the winning bidder, and the wind farm will be run on purely commercial terms, without support, for the rest of its anticipated 30-year life.

This means that it is the world’s first offshore wind farm constructed with payments to the state. Another new aspect is that grid connection is included in the bid price (i.e. the offshore transformer substation, including the substation onshore and cables up to the transmission grid in Idomlund).

Figure 1:



Facts about Thor:

- Thor offshore wind farm is the first of three offshore wind farms decided as a part of the 2018 Energy Agreement.
- Thor will be the hitherto largest offshore wind farm in Denmark and will be established a minimum of 22 kilometers off the coast of Thorsminde on the west coast of Jutland.
- The wind farm was put up for tender with a flexibility of 800-1000 MW, and a new aspect is that grid connection from the wind farm and to the transmission grid is included in the tendering procedure.
- Thor will be able to supply electricity for around 1 million Danish households. Total investment costs for Thor have been estimated at around DKK 15.5 billion.
- Thor will be fully established and connected to the grid by no later than at the end of the 2027, and the authorization is for 30 years, with an option for a five-year extension.

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The Danish Energy Agency is responsible for tasks linked to energy production, supply and consumption, as well as Danish efforts to reduce carbon emissions. The Agency is also responsible for supporting the economical optimisation of utilities that in addition to energy includes water, waste and telecommunication.

We are also responsible for user conditions, supply obligation and telecommunication statistics, as well as water supply and waste management.

The Danish Energy Agency was established in 1976, and is an agency under the Ministry of Climate, Energy and Utilities.

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