

May 15, 2014 3:29 pm

Europe's renewable energy market boosted by €3bn wind farm deal

By Piliita Clark in London



A €3bn deal for what is expected to be one of the world's biggest offshore wind farms has boosted Europe's battered renewable energy market after more than a year of sagging investment.

The Gemini wind farm off the coast of the northern Netherlands province of Groningen is backed by a consortium led by an independent Canadian power producer, Northland Power Inc, that includes Germany's Siemens engineering group.

"This is the largest renewable energy asset finance deal anywhere in the world in 2014 so far," said Angus McCrone of Bloomberg New Energy Finance, which monitors global renewable energy transactions.

"The fact that €2.8bn in equity and debt has been raised for the Gemini project will be a morale booster for the European renewables sector after a 44 per cent fall in new investment in 2013."

Siemens has won a contract worth more than €1.5bn in the deal. It will supply 150 turbines for the wind farm and has a 15-year service and maintenance agreement that it said was its largest energy service contract.

The project has a construction budget of nearly €3bn and is notable because it has not been financed directly by one of the big European utilities, such as Denmark's Dong and Germany's Eon, that have developed schemes in the UK, the world's largest offshore wind market.

Instead, 70 per cent of the Dutch project's budget comes from bank project financing. Siemens, which has an equity investment in the scheme, said this meant it was largest ever project-financed offshore wind farm.

"It sends a signal how the appetite for offshore wind assets can be aligned across a wide range of investor groups," the company said in a statement.

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- Siemens

Siemens Financial Services has a 20 per cent stake in the project while Northland Power Inc is the biggest shareholder with a 60 per cent holding.

A joint venture of 48 Dutch municipalities and six water regulatory authorities has a 10 per cent stake as does Van Oord, a Dutch dredging and marine engineering company.

With an installed generating capacity of 600 megawatts, the Gemini farm will supply electricity to 1.5m people in the Netherlands. "With the project we are entering one of the most important emerging offshore wind markets in Europe," said Markus Tacke, CEO of the wind power division of Siemens Energy.

The project was advised by Green Giraffe Energy Bankers, a European-based specialised financial advisory group that focuses on renewable energy.

The Netherlands is aiming to secure about 14 per cent of its energy from renewable sources by 2020 and currently has 2.7 gigawatts of wind power generating capacity, of which 2.45GW comes from onshore wind farms. It hopes to have 4.45GW of offshore capacity in operation by 2023.

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