

# Regional cooperation on offshore grid development

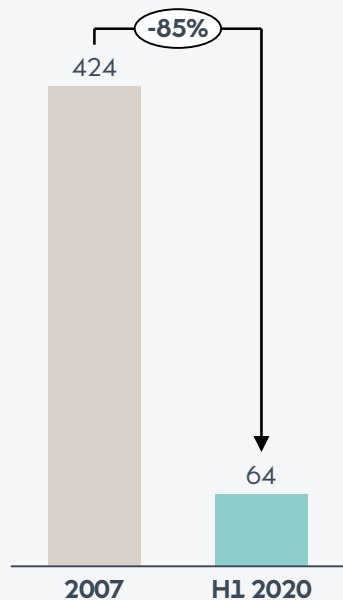
Central European Day of Energy Conference, 2<sup>nd</sup> DEC 2020



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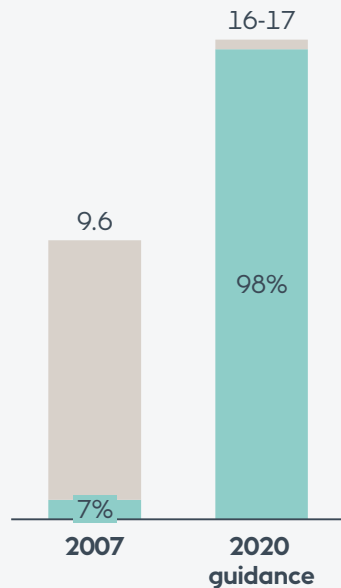
# Since 2007, Ørsted has transformed from a black to a green energy company with strong financial results

## CO<sub>2</sub> reduction g CO<sub>2</sub>e/kWh



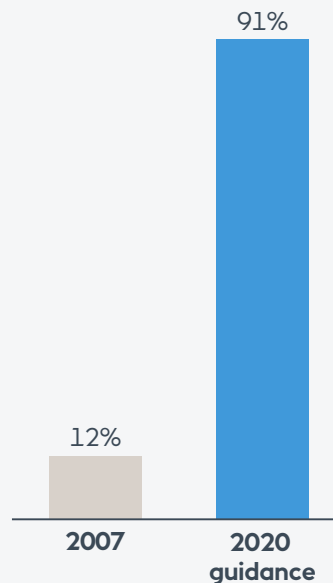
## Business transformation EBITDA, DKKbn, %

■ Share of renewables



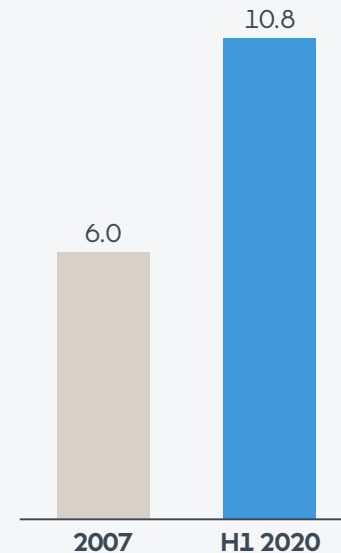
## Internationalisation Share of EBITDA outside DK

Share of EBITDA outside DK



## Profitability ROCE, %

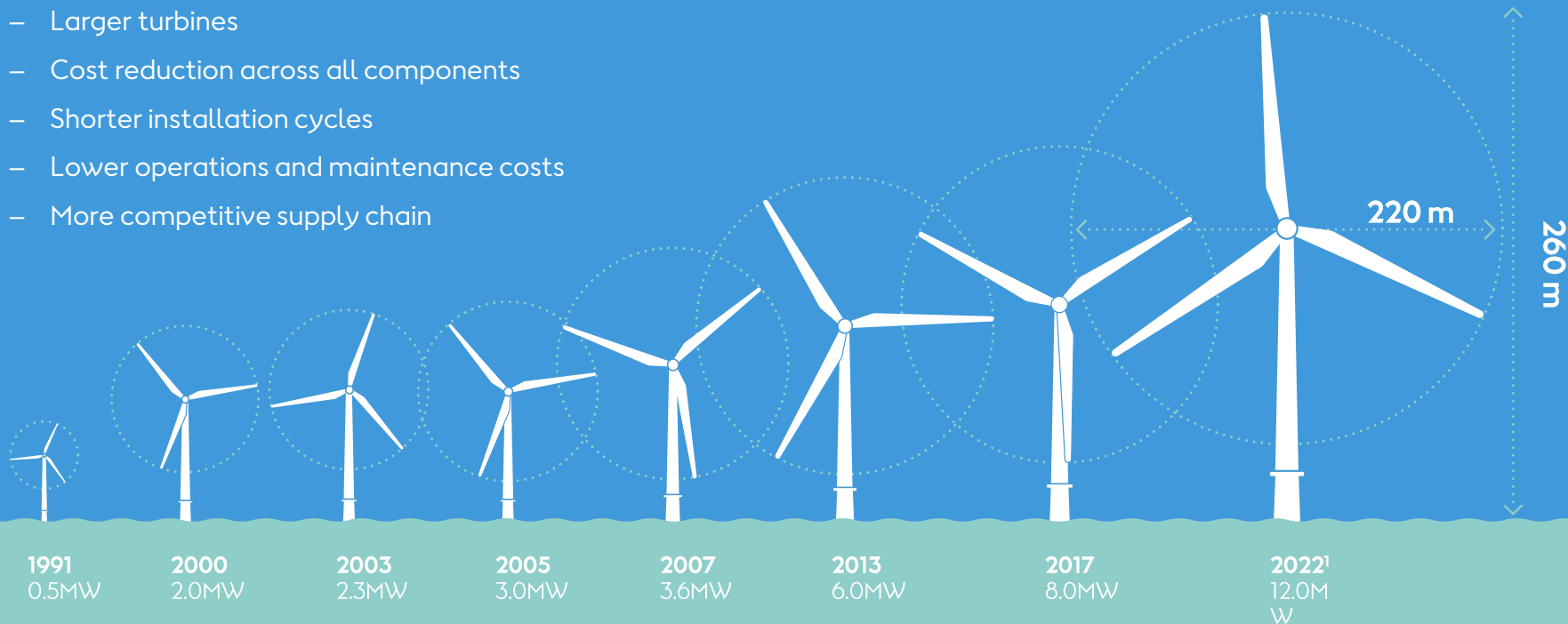
ROCE, %



# Scale and continuous innovation have driven down the cost of offshore wind

## Key cost reduction levers

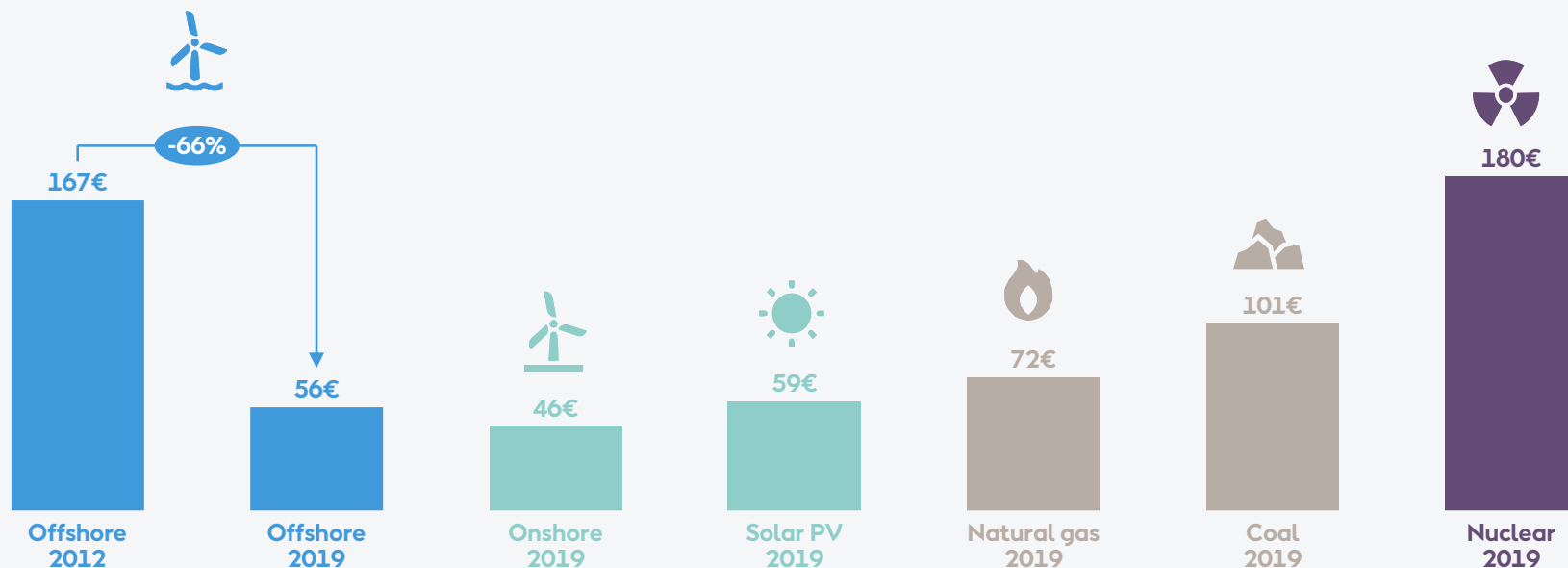
- Larger sites
- Larger turbines
- Cost reduction across all components
- Shorter installation cycles
- Lower operations and maintenance costs
- More competitive supply chain



# Today offshore wind is competitive with fossil fuels

## Levelised Cost of Electricity (LCOE)

EUR/MWh, 2012<sup>1</sup> and 2019<sup>2</sup>



1 2012 generic offshore wind, Northwest Europe, FID 2012. In 2012 our goal was to reduce offshore wind costs to EUR 100 per MWh in 2020

2 Offshore wind 2019: Ørsted calculations from UK CfD Round III. Onshore wind: average of DE, NL and UK mid-scenarios. Solar PV, Gas: average of DE, UK mid-scenarios. Coal: DE mid-scenario. Nuclear: UK mid-scenario. Exchange rate EUR:USD: 0.89, YoY inflation 2017-2018: 1.75%

4 INTERNAL Source: Bloomberg New Energy Finance – 1H 2019 LCOE Update, current LCOE and Ørsted Calculation

# Next Danish offshore wind projects will be hybrid

To realise the projects before 2030, the regulatory barriers must be addressed now

## Bornholm could become the first “Hub and Spoke” of the Baltic Sea

### – Requires:

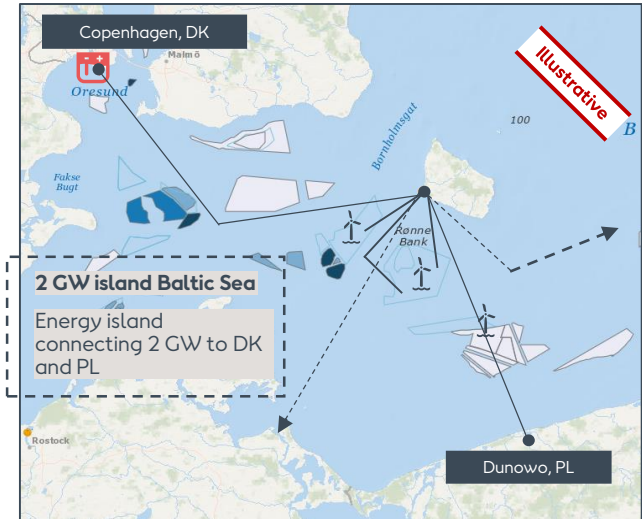
- Cross-border cooperation between governments to agree on the hybrid project
- Swift solution to the regulatory questions (including the offshore bidding zone) to execute tenders within the next couple of years

### – Can benefit from:

- Ten-e reflecting hybrids as separate asset class
- ENTSO-e including hybrids in the TYNDP.

### Baltic Sea island has great potential

- Can enable **large ptx facilities** close to load center in Copenhagen
- **Further expansion** with offshore wind areas in Danish and neighbouring territories



Sources:

Financial Times, [20.05.2020](#) and [26.05.2020](#)

Danish government's proposal for [Part 1 of Climate Action Plan](#) (Danish), presented 20.05.2020

**Our vision**

**Let's create a  
world that  
runs entirely on  
green energy**

