



The tender of the Hesselø Offshore Wind Farm



Per Vestergaard Pedersen
Partner



Camilla Bjørnslev Paulsen
Lawyer, Director

The Danish Government plans to carry out a public tender procedure for the Hesselø Offshore Wind Farm. If it is established, it may be the largest offshore wind farm in Denmark depending on the capacity which the winner of the tender procedure decides to install.



Figure 2.1 The location of the site for Hesselø OWF.

Illustrative map showing the planned location of the site for Hesselø OWF and the route for cabling to the existing high-voltage electricity network at the Hovegård high-voltage electricity substation. Illustrative map: Danish Energy Agency (<https://ens.dk/en>)

The Hesselø Offshore Wind Farm

The site of the Hesselø Offshore Wind Farm (OWF) is located north of the island Sealand in Kattegat, in Hesselø Bay, at a distance of 30 km from Sealand and around 20 km from the small island Hesselø. The site is an area of approximately 247 km². The Hesselø OWF will have an installed capacity of around 800-1,200 MW and be able to deliver up to 1,000 MW to the Danish electricity grid.

The winning tenderer will have the possibility to optimize and "overplant" with up to 200 MW. Based on this, Hesselø OWF has the potential to be the largest offshore wind farm in Denmark depending on the final installed capacity which will be decided by the winner of the tender. The possibility to "overplant" may be used by the winning tenderer to deliver electricity to a newly installed battery plant or other plant for temporary storage of electricity, and/or to deliver electricity to a Power to X (PtX) plant. A Power to X (PtX) plant may for example use the electricity to produce green hydrogen for delivery to the Danish natural (hydrocarbon) gas transmission system and/or for storage in tanks and delivery to user who use the hydrogen as fuel in vehicles (cars, busses, lorries or trucks) or ships. Overplanting of 200 MW has not been allowed in previous Danish tenders. The possibility to use a battery plant or other plant for temporary storage of electricity or to deliver electricity to a Power to X (PtX) plant has not been available and applied in practice before.

Hesselø Offshore Wind Farm comprises facilities and installations offshore as well on land. The offshore site will consist of a wind park with wind turbines, transformer platforms with high-voltage electricity substations and electricity cables. The offshore wind farm will be connected to the existing high-voltage electricity network at the Hovegård high-voltage electricity substation, west of the town of Ballerup, through electricity cables and high-voltage electricity substations placed on land. The facilities offshore and on land must be established by the winning tenderer.

Under the Danish Climate Agreement of June 2020, it has been decided that Hesselø OWF must be completed no later than at the end of 2027.

Conditions for prequalification and minimum requirements for applicants of the tender

For the tender of the Hesselø OWF, the Danish Energy Agency (DEA) will conduct the process of prequalification with several minimum requirements which have to be fulfilled by the applicant.

The minimum requirements on economic and financial capacity the DEA considers at the time are that the applicant must have an equity ratio (total equity/total assets x 100) of 20% or above in the most recent annual report OR a current long-term debt rating of BBB- or above (Standard & Poor's and Fitch) and/or Baa3 or above (Moody's) or an equivalent current rating from another reputable international credit rating agency, AND the applicant must demonstrate an annual overall turnover (as defined in IFRS 15), which as a minimum corresponds to two times the estimated value of 800 MW installed capacity at the Hesselø site.

The DEA has also proposed the following requirements in relation to technical and professional capacity of the applicant as to document the applicant's experience in projects similar to Hesselø OWF: Each applicant has to document a development of at least one largescale offshore wind farm with a capacity of 150 M or more, completed within the last five years, AND a development of at least one offshore AC-substation servicing an offshore wind farm, completed within the last five years.

The applicants must show experience with at least three of the five following key areas of being a developer: (1) project planning, (2) design, (3) procurement, (4) execution and (5) quality control of the offshore wind farm and the AC substation, respectively. In the invitation to dialogue for the Hesselø OWF published by the DEA, it is stated that if more than 10 applicants fulfil the listed requirements, the DEA is considering assessing the applicants based on which the applicants have documented the most relevant references for the project of the Hesselø OWF.

The winning tenderer will be granted a concession (a licence) for the OWF and its establishment and operation. The winning tenderer will then be the concessionaire under the concession.

The tender for Hesselø OWF has been put on hold

In a recent press release from the Danish Energy Agency, it is stated that the tender for Hesselø OWF has been put on hold for now based on the result of the preliminary site investigations. These investigations revealed soft clay formations in the upper 20-30 meters below the seabed in large parts of the selected location for Hesselø OWF. This indicates less favourable site conditions than initially specified in the fine screening report, and this must be analysed further. The further process of the tender depends on the result of the additionally analyses which are expected to be completed in the autumn of 2021. Based on the results, the DEA expects to send a new invitation to market dialogue and thereafter to decide on the further process for the tender.

See also the following [internet site](#) with our newsletter on Denmark's decision to establish two energy islands and nearby windfarms in the Norths Sea and the Baltic Sea.

Services	Energi og forsyning, OPP og OPS, Infrastruktur, Finansiering af aktiver (fly, skibe, vindmøller mv.), Udbud, Offentlig virksomhed, International handel, investeringer, reguleringer og compliance, Kommercielle kontrakter, Offentlige- og halvoffentlige byggerier, Planforhold, arealanvendelse og miljøforhold, Entreprise og byggeri, Projektudvikling
----------	---

Sectors	Energy and Natural Resources, Financial Services, Government Contracting, Technology, Industrials
---------	---
