

Company announcement No. 22/2024

Ørsted's Hornsea 3 and Hornsea 4 awarded capacity in UK allocation round 6

The UK Department for Energy Security and Net Zero (DESNZ) has awarded Ørsted contracts for difference (CfD) for a 1,080 MW share of the Hornsea 3 Offshore Wind Farm, as well as a 2,400 MW CfD for Hornsea 4. The CfDs were awarded at inflation-indexed strike prices of GBP 54.23 per MWh for the share of Hornsea 3 and GBP 58.87 per MWh for Hornsea 4. Both contracts are in 2012 prices.

Rasmus Errboe, Deputy CEO and Chief Commercial Officer at Ørsted, said: "We're pleased with the outcome of allocation round 6, which is an important milestone for two of the world's largest offshore wind farms. We look forward to delivering these landmark projects, which will supply renewable power at large scale to UK consumers and businesses and help the UK government achieve its target of quadrupling offshore wind capacity to 60 GW by 2030."

Duncan Clark, Senior Vice President and Head of UK & Ireland at Ørsted, said: "The important takeaway from this allocation round is that progress is being made, and it's crucial that this momentum continues to grow. The Government has shown it takes renewable energy seriously, and we're confident it will continue working with the sector to increase the volume of projects deployed in the UK. Offshore wind is key to the nation's energy security and remains one of the most attractive forms of energy generation, offering low-cost, highly scalable electricity to UK bill payers. Ørsted and the wider industry stands ready to deliver with a substantial pipeline of developments."

About the projects

Hornsea 3 will be the world's single largest offshore wind farm with a capacity of 2,955 MW.

Ørsted expects to take FID on Hornsea 4 within the next 18 months and is currently targeting commissioning of the project before the end of 2030.

Ørsted currently operates 12 offshore wind farms in the UK. Hornsea 3 and Hornsea 4 will be Ørsted's third and fourth gigawatt-scale projects in the Hornsea zone, following Hornsea 1 (1.2 GW) and Hornsea 2 (1.3 GW), which are already being operated out of Ørsted's operations and maintenance hub in Grimsby. When Hornsea 3 comes online, Ørsted's Hornsea zone will have a total capacity in excess of 5 GW, making it the world's largest offshore wind zone covering the power consumption of approx. 5 million

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UK homes. The addition of Hornsea 4 will create an offshore wind cluster of around 8 GW and unlock further cluster synergies.

About the CfD contracts

The two-way contracts for difference (CfD) for Hornsea 3 run for up to 15 years, starting after commissioning of the wind farm. The strike price is inflation-indexed up to and throughout the CfD period. The nominal starting price per MWh will be determined based on the strike price plus accumulated inflation from 2012 until the CfD starts. After the CfD ends, Hornsea 3 will receive the market price for electricity or enter into new power purchase agreements.

Ørsted will build Hornsea 3 and Hornsea 4 including transmission assets (offshore and onshore substations and export cables). When the wind farms have been fully commissioned, Ørsted will, in accordance with UK regulations, divest the transmission assets to a new owner.

The information provided in this announcement does not change Ørsted's previous financial guidance for the financial year of 2024.

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