

**Company announcement  
No. 27/2023**

**Ørsted takes final investment decision on Hornsea 3 Offshore Wind Farm**

Ørsted has taken final investment decision (FID) on the world's single largest offshore wind farm, Hornsea 3, which will have a capacity of 2.9 GW and is expected to be completed around the end of 2027. Hornsea 3 will be Ørsted's third gigawatt-scale project 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.

The UK is a core market for Ørsted and one of the world's largest markets for offshore wind, building on strong political support and ambitious build-out targets. Ørsted currently operates 12 offshore wind farms in the UK.

In July 2022, Ørsted was awarded a contract for difference (CfD) for Hornsea 3 at an inflation-indexed strike price of GBP 37.35 per MWh in 2012 prices. The CfD framework permits a reduction of the awarded CfD capacity. Ørsted will use this flexibility to submit a share of Hornsea 3's capacity into the UK's upcoming allocation round 6.

Based on a well-established supply chain and synergies with Hornsea 1 and 2, Hornsea 3 has a robust risk-reward profile and a value creation around the bottom end of our targeted lifecycle project return range of 150-300 basis points on top of our weighted average cost of capital. This reflects part of the capacity being awarded a CfD in Allocation Round 6. The possible future addition of Hornsea 4 would create an offshore wind cluster in excess of 7 GW and unlock further cluster synergies.

We have all major contracts for Hornsea 3 in place, including an agreement with Siemens Gamesa for SG 14-236 DD offshore wind turbines, which have a capacity of 14 MW excluding power boost. Most of the capital expenditure for Hornsea 3 was contracted ahead of recent inflationary pressures, securing competitive prices from the supply chain and allowing time to work collaboratively on value creation opportunities. The larger wind turbines and the synergies with Hornsea 1 and 2 lead to lower operating costs than we have seen before in our portfolio.

Hornsea 3 will provide low-cost, green energy for the UK and deliver thousands of high-quality jobs and billions of pounds of investment in the UK's offshore wind supply chain. Hundreds of companies are lined up to play a role in the construction and operation, supply, installation, commissioning, and long-term operation and maintenance of the wind farm.

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**Mads Nipper, Group President and CEO of Ørsted, said:** "By applying our world-leading capabilities within offshore wind innovation, engineering, operations, procurement, and financing, we've been able to mature the world's largest offshore wind project and take final investment decision. Offshore wind is an extremely competitive global market, so we also welcome the attractive policy regime in the UK which has helped secure this investment. We look forward to constructing this landmark project, which will deliver massive amounts of green energy to UK households and businesses and will be a significant addition to the world's largest offshore wind cluster."

**Duncan Clark, Head of Ørsted UK & Ireland, said:** "Hornsea 3 will be a cornerstone in achieving the UK government's climate and clean energy targets while increasing energy independence and creating local jobs. Our decision to build Hornsea 3 is a vote of confidence in the UK market for offshore wind, as we continue to invest significantly in UK clean energy infrastructure and in the UK supply chain."

### **Facts about Hornsea 3**

With a capacity of 2.9 GW, Hornsea 3 will produce enough low-cost, renewable electricity to power more than 3.3 million UK homes, making a significant contribution to the UK government's ambition of having 50 GW offshore wind in operation by 2030 as part of the British Energy Security Strategy.

Hornsea 3 will support up to 5,000 jobs during its construction phase, with up to a further 1,200 permanent jobs both directly and in the supply chain in the long operational phase. Hornsea 3 will be operated from Ørsted's operations and maintenance hub in Grimsby.

Ørsted has already announced a series of significant supplier contracts – including an agreement for Hornsea 3 to be the first and lead customer at SeAH Wind's monopile factory in Teesside, underpinning SeAH's investment decision to establish a new, globally competitive monopile factory in the UK.

Hornsea 3 is located 160 km off the Yorkshire coast. When the wind farm comes online, Ørsted's Hornsea trio – comprising Hornsea 1, 2, and 3 – will have a total capacity of in excess of 5 GW, making it the world's largest operating offshore wind zone.

The Hornsea zone will also include Ørsted's Hornsea 4 project, which could have a capacity of up to 2.6 GW. Hornsea 4 received its development

consent order from the UK government earlier in 2023 and is now eligible for forthcoming CfD allocation rounds.

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

The CfD for Hornsea 3 runs for up to 15 years starting after commissioning of the wind farm, which is expected around the end of 2027. 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 new power purchase agreements.

Ørsted's previously guided EBITDA for 2023 of DKK 20-23 billion, excluding new partnership agreements and provision related to Ocean Wind 1, remains unchanged.

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### **About Ørsted**

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Ørsted is recognised on the CDP Climate Change A List as a global leader on climate action and was the first energy company in the world to have its science-based net-zero emissions target validated by the Science Based Targets initiative (SBTi).

Headquartered in Denmark, Ørsted employs approx. 8,700 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2022, the group's revenue was DKK 132.3 billion (EUR 17.8 billion). Visit [orsted.com](https://orsted.com) or follow us on [Facebook](#), [LinkedIn](#), Instagram, and [X](#).