

## bp advances offshore wind growth strategy; enters world-class UK sector with 3GW of advantaged leases in Irish Sea

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- bp and partner EnBW selected as preferred bidder for two highly-advantaged 60 year leases in UK's first offshore wind leasing round in a decade
- Advantaged leases due to distance from shore, lower grid cost, synergies from scale, and faster cycle time
- Projects expected to meet bp's 8-10% returns aim, delivering attractive and stable returns and integrating with trading, mobility, and other opportunities
- Annual payments expected for four years before final investment decision and assets planned to be operational in seven years
- In the past six months bp has entered offshore wind in the UK – the world's largest market – and the US – the world's fastest-growing market

bp and Energie Baden-Wuerttemberg AG (EnBW) of Germany have together been selected as the preferred bidder for two major leases in the UK Offshore Wind Round 4, the first such UK leasing round since 2010.

This marks bp's entry to the UK's offshore wind power sector, currently the largest in the world, and is further progress towards bp rapidly building a world-class wind energy business.

The leases, both located in the Irish Sea, offer a combined potential generating capacity of three gigawatts (GW), the maximum award possible under the rules of the round, and a 60-year lease life. Once operational, this generating capacity would be sufficient to power more than 3.4 million UK households with clean electricity.

bp and EnBW intend to form a 50-50 joint venture to jointly develop and operate the leases. The joint venture expects to make four annual payments of £231million on each lease before projects reach final investment decision. Projects are expected to be operational in seven years.

The two leases are highly advantaged, with strong wind resources and proximity to shore that make them attractive investment opportunities. Their near-shore location, around 30 kilometres off the coast of North West England and North Wales, will allow for lower cost, more reliable transmission infrastructure. Their shallow water depths of 35-40 metres are also expected to support efficient and cost-effective development.

Lease one covers an area of c.300km<sup>2</sup> and lease two c.500km<sup>2</sup>. As they are adjacent, projects are expected to benefit from significant synergies in procurement, development and operational costs. Additional value is also expected to be generated through integration with bp's industry-leading trading organisation to take power to market, as well as the provision of power for bp's fast-growing electric vehicle charging network in the UK and other opportunities.

bp chief executive Bernard Looney said: "Success in this round marks bp's entry into one of the world's best offshore wind markets. This is both important progress towards bp's transformation into an integrated energy company as well as a significant next step in our long history in the UK.

"These projects – in which we are teaming up with an experienced partner EnBW - are absolutely in line with our determination to invest with discipline into only the very best opportunities. We are fully confident that these highly advantaged resources will deliver - at a minimum - the 8-10% returns we demand of our renewables investments.

"Additionally – offshore wind is integral to delivering the UK's green industrial revolution. Building on the UK's strengths, the government's 10-point plan aims to produce enough offshore wind to power every UK home, quadrupling output to 40GW by 2030 – and bp is delighted to play a part in this."

Frank Mastiaux, chief executive of EnBW, added: "We are delighted with this auction win in a tough international bidder field. The award confirms that bp and EnBW are the right partners with the right strategy and the right capabilities. EnBW is among today's leaders in advanced offshore wind technology. In partnership with bp, a major player with international experience in the offshore business, we will once again contribute significantly to a climate-friendly energy future in the UK, which is currently the world's largest market for offshore wind power."

In 2020 bp announced its net zero ambition – to become a net zero company by 2050 or sooner, and help the world get to net zero – and set out its new strategy to deliver this. Rapidly growing its renewables business is core to this strategy – by 2030 bp aims to have developed around 50GW of net renewable generating capacity, up from 3.3GW in 2020. The strategy also includes increasing bp's annual low carbon investment ten-fold, to around \$5 billion a year.

Dev Sanyal, bp's executive vice president for gas and low carbon energy, said: "bp is building a focused low carbon energy portfolio, delivering clean, reliable and affordable energy, consistent with our disciplined approach to investment. Returns from offshore wind are attractive and will be enduring for decades to come. bp was a pioneer in the UK's offshore industry, and we will bring more than 50 years of UK experience together with EnBW's

offshore wind expertise. By forging strong partnerships like this, we are developing and will deliver a world-class wind energy portfolio.”

bp and EnBW have already started some pre-work activities, including collection of vital environmental data through bird surveys – an integral part of biodiversity requirements – and have applied for grid connection.

bp already has a significant onshore wind business in the US with a gross generating capacity of 1.7GW, operating nine wind assets across the country. Since setting its new strategy last August 2020, bp has already formed a partnership with Equinor to develop offshore wind projects in the US, including the Empire Wind and Beacon Wind projects off the East Coast that have a planned potential 4.4GW generating capacity. To date, these projects have been selected by New York to supply 3.3GW of power to the State, underpinning the commercial attractiveness of the investments.

EnBW is a major German energy company, with more than 10 years of experience in designing, constructing and operating wind assets. EnBW plans for installed renewable energy capacity to account for 50% of its generating portfolio by the end of 2025. It aims to reach climate neutrality by 2035. EnBW currently has onshore wind assets in Germany, France and Sweden and operates four offshore wind assets in the German Baltic Sea and North Sea.

The Crown Estate will undertake a Plan-Level Habitats Regulations Assessment (HRA) of the Round 4 leasing plan, and subject to the outcome of the HRA, agreements for leases are expected by Spring 2022.

## About bp

bp’s purpose is to reimagine energy for people and our planet. It has set out an ambition to be a net zero company by 2050, or sooner, and help the world get to net zero, and recently announced its strategy for delivering on that ambition. For more information visit [bp.com](https://www.bp.com).

## About EnBW

EnBW Energie Baden-Württemberg AG is one of the largest energy supply companies in Germany and supplies electricity, gas, water and energy solutions and energy industry services to around 5.5 million customers with a workforce of more than 23,000 employees. We aim to strengthen our position as a sustainable and innovative infrastructure partner for customers, citizens and local authorities to an even greater extent. The repositioning of the company with a focus on renewable energies and smart infrastructure solutions is a key component of our

strategy. Half of the EnBW generation portfolio will be comprised of renewable energies by 2025.

## Further enquiries

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## Cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), bp is providing the following cautionary statement. This press release contains certain forward-looking statements – that is, statements related to future, not past events and circumstances – which may relate to one or more of the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements are generally, but not always, identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. In particular, among other statements, the potential combined generating capacity of these two UK offshore wind leases; the level of expected lease payments; the expected rate of returns to bp from these UK offshore wind projects; bp's aims to increase its annual low carbon investment to around \$5 billion a year and grow its developed net renewable generating capacity to around 50GW, by 2030; the enduring nature of returns from offshore wind; the planned generating capacity of the US offshore Empire Wind and Beacon Wind projects. By their nature forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of bp. Actual results may differ from those expressed in such statements, depending on a variety of factors including the risk factors set forth in our most recent Annual Report and Form 20-F under "Risk factors" and in any of our more recent public reports.

Our most recent Annual Report and Form 20-F and other period filings are available on our website at [www.bp.com](http://www.bp.com), or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at [www.sec.gov](http://www.sec.gov).