

**ENERGINET**

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Date:
7. november 2022

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MEMORANDUM

THE READER'S ADDENDUM TO A BUSINESS CASE FOR BORNHOLM ENERGY ISLAND'S ELECTRICITY INFRASTRUCTURE

Energinet's business case solely concerns the electricity infrastructure

Energinet intends to use the business case to assess the economic value to society of the electricity infrastructure that enables the interconnection of power generated by Bornholm Energy Island to electricity markets in one or more countries.

As shown by the business case, Energinet assesses that an interconnection to both Denmark and Germany would generate economic benefits to society worth billions of Danish kroner compared to a scenario in which Bornholm Energy Island is interconnected with the rest of Denmark only.

It is worth emphasising that Energinet's business case does not draw any conclusions about the overall profitability of Bornholm Energy Island, as the costs of constructing the offshore wind farms are not included.

Important events since the Supervisory Board's approval on 29 March 2022

On 31 March 2022, Energinet submitted an application to the Danish Minister for Climate, Energy and Utilities for the approval of the electricity infrastructure of Bornholm Energy Island pursuant to Section 4(3) of the Danish Act on Energinet (Lov om Energinet), cf. Section 20(1)(i) of Executive Order No. 1067 of 28 May 2021 on transmission system operators and the use of the electricity transmission grid, etc.

On 26 July 2022 a political agreement (a Memorandum of Understanding) was entered into between Denmark and Germany concerning the establishment of a power cable connecting the two countries via Bornholm Energy Island. According to the principles of this agreement, Germany, among other things, will co-finance Energinet's converter plant on the island of Bornholm. This measure reduces Energinet's total estimated construction budget from the amount of DKK 16.9 billion specified in the business case to DKK 13.9 billion instead. It is the assessment of Energinet that, on the basis of this political agreement, the anticipated derivative operating expenses will be similarly reduced from DKK 121 million p.a. to DKK 114 million.

On 29 August 2022 the political parties behind the Bornholm Energy Island agreement entered into a political agreement in the Danish parliament to increase Bornholm Energy Island's offshore wind power capacity from 2 GW to 3 GW. Energinet's calculations of costs and economic value to society in the business case covered both a 2 and 3 GW scenario for the capacity of offshore wind power in the waters off Bornholm Energy Island. Accordingly, the political agreement mentioned above only means that the possibilities described for the 2 GW scenario in the agreement are no longer relevant.

On 4 October 2022, Energinet received the approval of the Minister for Climate, Energy and Utilities for the project 'Electricity infrastructure of Bornholm Energy Island'. The approval was conditioned by the later entering into the agreements on ownership and costs between the TSO's. The approval states that "The project must be completed in conformity with the descriptions in the materials that were submitted for use in considering the matter, including the technical solution chosen and other prerequisites set out in Energinet's business case for the project. In the event of significant changes to the project, the Danish Ministry of Climate, Energy and Utilities must be notified without undue delay with a view to special approval of these changes."

On 14 November 2022, the existing cooperation agreement between Energinet and 50Hertz (German TSO) was expanded with new agreements on, amongst other things, ownership and costs.