

Conclusions

Baltic Power Offshore Windfarm

INVEU-ICR-0059-2022 – Sustainable Infrastructure window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	Baltic Power Sp. zo. o.
Countr(ies) of implementation	Poland
Implementing partner	EIB

The project consists of the development, construction and operation of a very large-scale (up to 1.2 GW) fixed-bottom offshore windfarm in the Polish Economic Exclusive Zone in the Baltic Sea that will contribute to the achievement of the 2030 decarbonisation targets set out in the National Energy and Climate Plan (NECP) of Poland. The wind farm is expected to produce 4 050 GWh/year of electricity.

The project will be one of the first offshore windfarm to be built on the Polish sea. The project is located in a 100% Cohesion priority region (Pomorskie) and specifically 23 km to the north of the Polish coastline, on the level of the municipalities Choczewo and Leba. The construction of the wind farm is planned to start in 2024. Completion is expected by end of June 2026.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 20 October 2022 for the above-mentioned operation.

In terms of addressing market failures, the offshore wind farm primarily reduces carbon and air pollution externalities, through the reduction of carbon emissions and air pollution. Moreover, the project provides new generation capacity in a sector characterised by incomplete markets, relying on public Contracts for Difference (CfD) with exposure to residual market risks. The project is located in an EU Less Developed region (Pomorskie). The financing of this project contributes to the implementing partner's lending priority objectives on Energy (Renewable Energy), on Climate Action (transversal), Environmental Sustainability as well as Economic and Social Cohesion (transversal).

The additionality of the operation is demonstrated by the implementing partner's critical role in the operation: given the difficulty to raise a large amount with long tenor from the capital market, it is expected that the implementing partner's financial value will be important by providing a sizeable amount with a long tenor. The implementing partner should transfer its experience in the offshore wind sector from other countries to Poland and accordingly, the implementing partner's participation is expected to contribute to crowd-in local lenders. To the same extent, international lenders less experienced with the Polish market may take comfort from the implementing partner's participation in the financing of this project, which is also supported by a newly-enacted contract for difference premium regime in Poland.

The Investment Committee welcomed the operation's contribution to the climate, energy and decarbonisation objectives through support in local currency and in a Cohesion priority region. The Investment Committee also acknowledged the importance of this large-scale operation and the implementing partner's strong and early financial presence.