

NeuConnect

New company for NeuConnect Consortium set up to build German-British Interconnector

- **First ever electricity interconnector between Germany and UK**
- **Significant benefits for power supply markets and consumers**
- **Submarine cable in the North Sea operational 2022**

Berlin / London, 26 February 2018

A consortium comprising Meridiam, Allianz Capital Partners, on behalf of Allianz Group, and Kansai Electric Power today announced that they would fund NeuConnect Britain Ltd, a newly set up operating company, which will build the first direct power link between Germany and the UK. Germany's Federal Cartel Office (Bundeskartellamt) already approved the funding of the operating company NeuConnect Britain Ltd. The investment for the project is forecast to be 1.6 billion euros. The consortium currently expects a Final Investment Decision for 2020 which will be subject to the successful further development of the project, in particular with respect to a satisfactory outcome on the applicable legal and regulatory frameworks in both Germany and the UK.

The project comprises of two submarine 500 kV HVDC-cables totalling approximately 670 km and a capacity of 1,400 MW to flow between the two countries. This interconnector will help master the challenges of the German energy transition, create new trading opportunities to export and import electricity and improve the security of supply in both countries.

"The first direct connection between the UK and German power grids offers great economic benefits for both countries and furthers the integration of renewables by enabling both countries to balance their future energy needs from a new market," said David Inglis, Chief Executive Officer of NeuConnect Britain. *"And the long-term investors are very committed to jointly work with the national governments and regulators of both countries to successfully deliver this innovative and independent energy infrastructure project to German and British consumers."*

Being the first connection between two major markets, NeuConnect will create new export and import routes for electricity for each market. The interconnector is also intended to help some of the strain off the power grid bottlenecks in Germany. Presently numerous wind turbines have to be powered down frequently because the electricity they produce cannot always be fed into the grid resulting in un-used renewable energy and high congestion costs. In future it will be possible to export the surplus wind energy through the interconnector. Thus the costs for curtailing surplus power will fall, benefiting German consumers and also benefiting UK from reduced wholesale and consumer electricity prices.

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In addition to the above, higher use of the wind turbines has environmental benefits by increasing the utilisation of renewable energy. A recent cost-benefit analysis by the independent consulting firm Baringa shows an economic welfare gain for Germany of around 100 million euros annually between 2023 and 2047.

At the same time, the interconnector improves the diversification and increases the security of supply in the European power grid. Britain, which currently relies on electricity imports, is driving forward the construction of interconnectors. For the country, NeuConnect means an additional power source and higher security of supply. Germany also benefits because the difference in electricity demand between the two countries is greater than the difference to their respective neighbouring countries. Partly due to the time difference, simultaneous demand peaks occur less frequently, meaning generation capacities from Germany and Great Britain can be shared more efficiently in cases of power shortages.

The NeuConnect interconnector is already part of the Ten Year Network Development Plan 2018 (TYNDP) of the Association of European Transmission System Operators (ENTSO-E). NeuConnect has already received initial approval from Ofgem, UK's energy regulator, in early January 2018. NeuConnect is the only German-British project currently authorised to participate in the British cap and floor scheme.

NeuConnect is being developed as a 'stand-alone' interconnector project by a consortium of experienced infrastructure investors and operators. Besides Meridiam (equity share 53.5%), Allianz Capital Partners on behalf of Allianz Group (26.2%) and Kansai Electric Power (18.3%), the project is also supported by Greenage Power and Frontier Power as developers.

Contact Information

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Meridiam

Meridiam was founded in 2005 by Thierry Déau, with the belief that the alignment of interests between the public and private sector can provide critical solutions to the collective needs of communities. Meridiam is an independent investment firm specializing in the development, financing, and management of long-term and sustainable public infrastructure projects. With offices in, New York, Paris, Toronto, Luxembourg, Istanbul, Vienna, Addis Ababa and Dakar, Meridiam currently manages €6.2 billion of assets, and more than 60 projects under development, construction, or in operation to date. www.meridiam.com

Allianz Capital Partners

Allianz Capital Partners is the Allianz Group's in-house investment manager for alternative equity investments. With offices in Munich, London, New York and Singapore, Allianz Capital Partners manages approximately €23 billion of alternative assets. The investment focus is on infrastructure, renewables as well as private equity funds. ACP's investment strategy is targeted to generate attractive, long-term and stable returns while diversifying the overall investment portfolio for the Allianz Group insurance companies. www.allianzcapitalpartners.com

Frontier Power

Frontier Power was founded in May 2009 by Humza Malik and Iain Cameron with the objective of providing financial investors wishing to invest in energy infrastructure with access to highly experienced power sector experts to help develop, acquire and manage power sector assets. Frontier Power has been very successful in assisting investors to acquire offshore transmission assets in the UK and currently manages more than £1.1 billion of such assets for investors. Frontier Power's experienced interconnector development team is supporting the development of NeuConnect under a service contract. www.frontierpower.biz

Kansai Electric Power Co

3-6-16, Nakanoshima, Kita-ku Osaka, Japan

Founded in May 1951

President: Shigeki Iwane

Business: Electric power industry, Heat supply business, Telecommunication business, Gas supply business, and others. www.kepco.co.jp/english/

Greenage Power

Greenage Power was formed by Mathew Brett, Andrew Newbery and Lorne Gifford who are experienced energy and infrastructure developers to originate and develop the NeuConnect project. Humza Malik and Iain Cameron (both founders of Frontier Power) joined to bring in deep interconnector industry experience and further the development of the project.