

DEVELOPER Q&A

Corio CEO Jonathan Cole



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April marked the one-year anniversary month of the launch of Corio Generation, the offshore wind developer spun off from Macquarie-owned investor Green Investment Group and recently nominated for Offshore Developer of the Year at the Wind Investment Awards.



Corio picked up GIG's global pipeline of under-development offshore wind projects, access to long-term capital internally as well as from third parties, and an existing relationship with TotalEnergies' renewable energy business in the UK and South Korea, among other markets.

The partnership sees the pair working together as offshore developers and investors in places like Europe and Asia-Pacific. CEO Jonathan Cole explains these developments.

FQ: Corio is blazing a trail with its model for offshore wind institutional investment. How is this reflected in the deal shortlisted for Offshore Equity Deal of the Year?

JC: That was to do with a partnership with Ontario Teachers' Pension Plan. It's an arrangement where we have brought them in as equity partners on an asset-by-asset level across 15 different offshore wind projects in our global development portfolio. What is interesting about this particular deal is that it is bringing in an institutional investor to offshore wind projects at a very early stage in the lifecycle to seed the development portfolio, not necessarily with any predetermined cash flow from returns.

This is just to seed the development portfolio, which is quite important for offshore wind. For a big offshore wind portfolio, you need to put a lot of capital down over a very long period of time, much of which you don't have any certainty on returns. These types of equity financing deals will be very important. If we can add the 2,000 GW of offshore wind that the world is trying to build over the next 25 years, we are going to need more

and more participation of this kind in the development of offshore wind, because it costs more money to do it than it would for onshore wind.

Corio has a global portfolio of projects in Europe, across the APAC region, South America, and probably quite soon in North America. This deal with Ontario Teachers' is picking out some of the 15 projects across those regions. It's quite diversified.

I think the Ontario Teachers' deal shows a new way of bringing financing into a development portfolio. It has never been done before in offshore wind and it shows that we are willing to be innovative. So we will keep that train going, but at the moment we're not at the stage where there's any transaction imminent because we're still developing the portfolio and at least a year away from the first financial close.

FQ: Corio works with TotalEnergies as an equity partner in the UK and South Korea. What kinds of additional partners is Corio interested in talking to?

JC: The interesting thing about Corio is we are open to working with any type of partner. So it could be an industrial partner like TotalEnergies or it could be a financial partner. What we've done with Corio is we've created best-in-class in-house expertise to develop and deliver offshore wind projects.

TotalEnergies is probably the most relevant partner that we have right now in the UK and South Korea. We're also going to be partnering with TotalEnergies in Taiwan, so that's another interesting development in the partnership. No doubt, we will find other markets where it would make sense for us to be partners there.

Beyond that, we're open to working with other industrial players, or financial players to work with local developers. In fact, we do that in places like Vietnam, Korea and Brazil, where we are working with local developers, combining our global capability and their local knowledge. We can work with any partner and we will work with a whole range



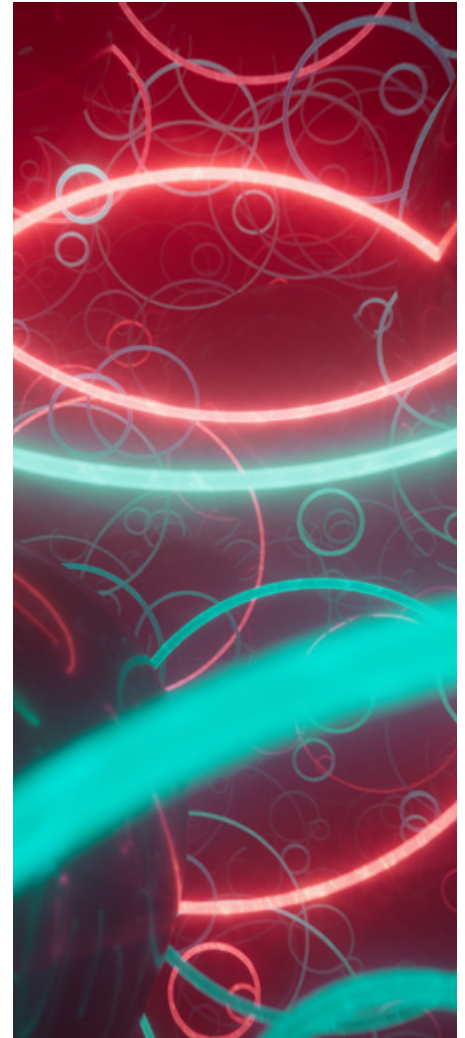
“We’re open to working with other industrial players, or financial players to work with local developers. In fact, we do that in places like Vietnam, Korea and Brazil, where we are working with local developers, combining our global capability and their local knowledge.”

of partners to develop this vast portfolio. We launched with 15GW and we now have over 30GW of projects that we're working on, so we're growing fast.

Our model is to have the capability to actively manage any offshore wind project in any market at any stage in the lifecycle, so we will have the full breadth of capability. We're already on the way with 250 people. We'll be up over 350, probably this time next year.

The model that we think makes sense is that we develop projects and then we recycle the capital as we go, and we will bring in the right type of investors at the right time. So probably, over time, the ownership of projects changes, but Corio will always have a presence. We will always be there actively playing our role in managing the projects.

At the moment, all of the projects in our portfolio have the equity participants in them that we need for this stage of the project, and it's probably only at a later stage of the project, when it has been fully de-risked and it is about to be built or has been built, that we may consider bringing in another type of equity participant in order to make the capital as efficient as possible.



FQ: Have any of Corio's offshore wind projects in Europe reached financing and construction stage, and if so, which ones?

JC: The three most advanced projects we're working on in Europe are in Ireland and in the UK, Scotland and in England. In total, it is about 4GW of projects.

In Ireland, the (450MW) Sceirde Rocks project has qualified for the first Irish auction process, which is taking place in a few months' time. We will be bidding into that process with the Sceirde Rocks project, and if that one is successful in that auction, then it will be our first financial closing project in Europe.

Beyond that, we have two huge projects in the UK, in Wales, England (1.5GW Outer Dowsing) and Orkney, Scotland (2GW West of Orkney).

West of Orkney has the lease that was secured under the Scottish Crown Estate leasing process. What we're now doing, having spent a couple of years doing the environmental impact assessment work and planning, is submitting the permitting applications to the authorities in England and Scotland for each of those projects later this year.

FQ: What is Corio's vision for PPA offtake arrangements on offshore wind projects?

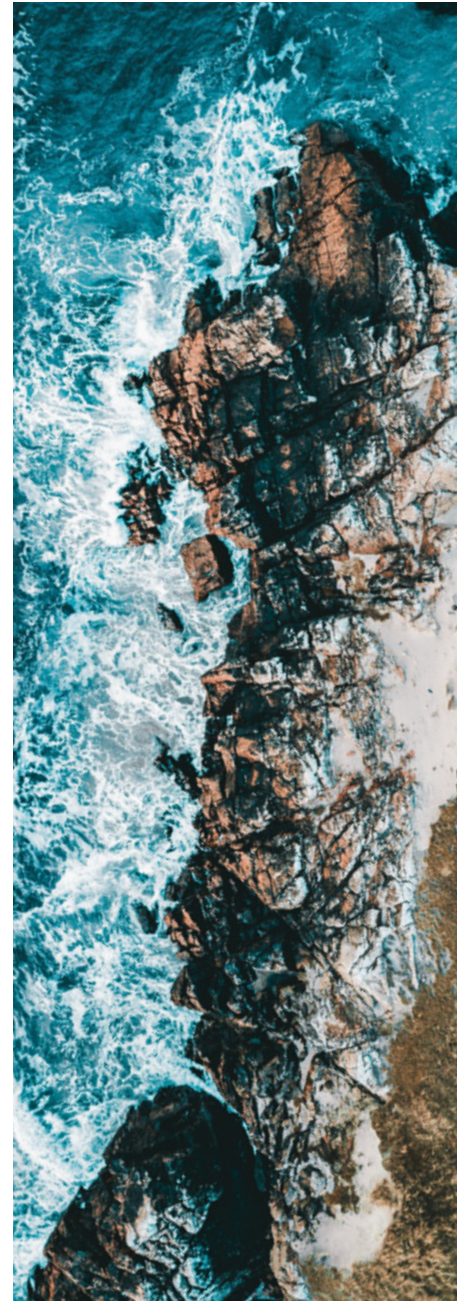
We are capable of participating in any type of market, any type of offtake arrangement. With our heritage in GIG, we have experience of actually dealing with private offtake arrangements, as well as bidding into winning public tariffs, so it will really depend on the market.

In the UK, of course, we will look into CfD processes. In Ireland, we're putting into the public auction under the Renewable Electricity Support Scheme (ORESS) process. For other markets, though, we may be looking into private offtake or long-term private PPAs. We are already in the process of looking at that in certain markets, particularly places like Taiwan.

FQ: Is Corio in financing talks for any newly developed wind projects, and if so, at what stage are the talks?

JC: The project that's closest to financial close for us is Formosa 3 in Taiwan. It is a project that we were awarded at the end of last year in the Taiwanese auction process. That was Corio's first time to actually participate in a competitive process against our peers so it was great to be successful, and arguably be the most successful, because we were awarded the highest capacity.

We are already, of course, engaging the market, preparing ourselves for that process in the run up to financial close in the first half of next year.



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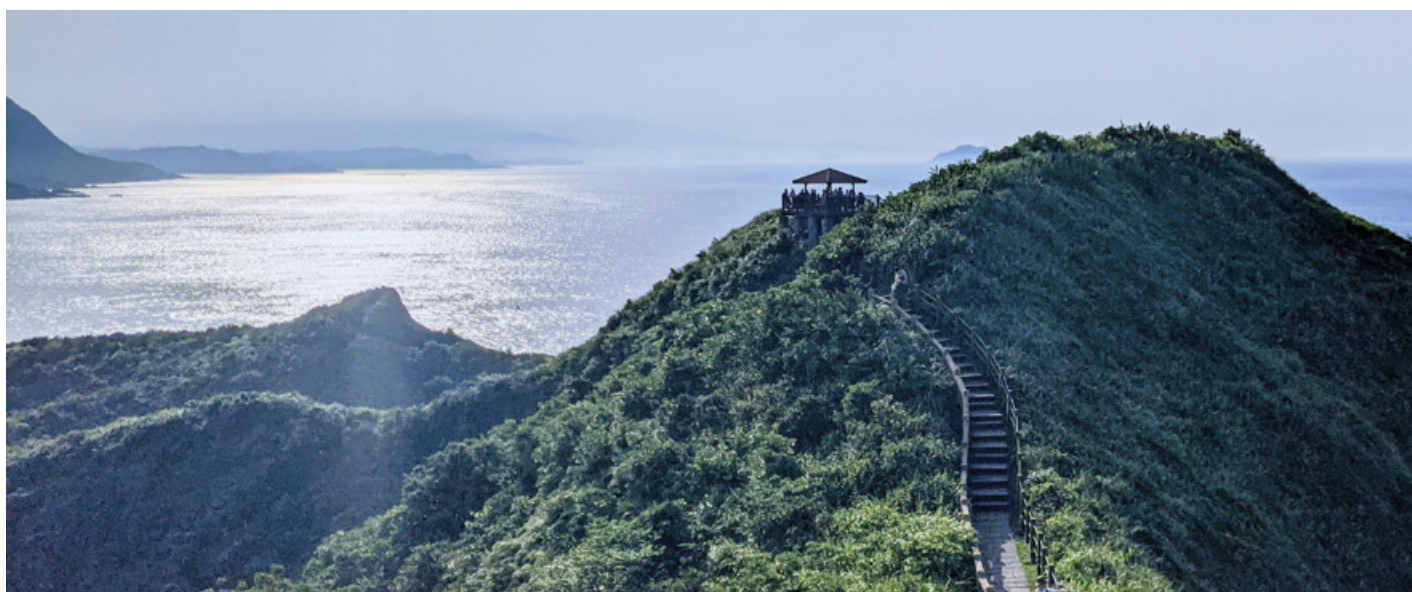
FQ: How is Corio's offshore revenue strategy different for emerging markets in Taiwan, Australia and South Korea than it is for say, the UK?

JC: The way this works is that the approach is tailored to the conditions of the market. We have a process. So in the UK, it's a very mature market, a relatively high cost of entry but then a relatively stable process that you go through from permit to grid connect, to build and sell the power via a CfD auction. That's the kind of process that we participate in, because we like the stability of that process.

In other new markets like Taiwan, it's a bit different, because you are not only having to develop the project, but you are also having to find your own route to market. The good thing about Taiwan is there is quite a heavy industrial offtake requirement there, and there is plenty of liquidity in the market. The revenue strategy will be tailored to suit the maturity of the market, whatever the conditions are.

FQ: What roles do TotalEnergies and Corio play in the partnership and is TotalEnergies an offtaker?

JC: The arrangement with TotalEnergies is that we will deliver the projects together, both participating with resources and expertise in the delivery of the project. Then the offtake arrangements will be sold by the project using our combined strategy for selling the power. It's to be determined project-by-project at the right time and optimised for each project. So at this stage, nothing has been finalised for any of the projects we're working on with TotalEnergies.



I wouldn't categorise Corio as being oriented with only project development or financing. We are an organisation that has within our team all the right engineering, construction and operational capability. We have recruited around about 150 people in the past year with that flavour. We've got some pretty experienced people who have been there and done it before.

We are already a full-life participant in offshore wind projects, and so are TotalEnergies. Each time we do a project together, we come in as a partnership of equals and we contribute together in the delivery of the project, with each of us being capable of participating in any aspect of the project.

FQ: What is the status of floating wind development and bankability?

JC: I think what will come and what will make it a competitive part of the mix is the scalability of floating. Where the industry wants to go next is to start doing these projects at commercial scale.

The issue of the era is that, at scale, floating becomes not so much a game of structural engineering but a game of logistics, because it requires massive port capability and heavy engineering capability quite close to the project.

That is why in our portfolio we are moving the fastest on floating in South Korea. South Korea is probably the only place right now where you have a good regulatory framework with very good licensing for floating wind, and also you have the port infrastructure and the heavy engineering capability, all there and ready to go.

In Europe, we are still several hundreds of millions of euros of investment away from having the port infrastructure ready for the floating sector to be deployed, and that is probably why floating in Europe is going to take a few more years than in places like South Korea.

I think potentially by the end of this decade, there will be a floating wind project financed, but it will be somewhere like South Korea, because it has the ports and the heavy engineering capability, as well as floating projects and regulatory goals.

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FQ: In terms of the first floating-inclusive auctions expected in Norway this year, and held in the UK and France in last year, what's the timeline for the development there versus Korea?

JC: Those projects will also be developed and be prepared to be built towards the back end of this decade or early into the next. But I think the issue is in South Korea, you could probably see offshore floating projects at commercial scale being put in the water as early as 2027-28, and that's going to be a couple of years ahead of the European markets.

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