

KROMANN REUMERT



Energy Law

OFFSHORE WIND ENERGY
KROMANN REUMERT
LEADS THE WAY

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REUMERT

During the past few years we have seen an increasing focus on the reduction of CO2 emissions through reduction in energy consumption and further investments in renewable energy capacity and renewable energy technology development. Some investors and governments have further been motivated by a desire for less dependency on fossil fuels.

Green energy is here to stay...

The market for wind energy, solar power, hydropower and biomass investments has therefore boomed in recent years. New technologies have emerged, and major technological advances continue to be made within both new and existing technologies. In 2009, more than EUR 36 billion was invested in new renewable energy production capacity in Europe alone – a figure that is expected to increase in 2010 (in spite of the financial crisis).*

In step with the growth of the market, suppliers have also become more professional – and the technological risks have generally diminished. Parameters that have also played a role in the attraction of new investor classes to the renewable energy market.

* These figures are based on new capacity installed in Europe within the traditional renewable energy technologies as provided by the various European and national technology organisations. The conversion of capacity figures into EUR is (as examples) based on an average capacity cost of EUR 1.2 million per MW for onshore wind energy and EUR 3.4 million per MWp for solar PV. The figures do not include secondary investments in the secondary market.

The future of green energy

EU member states have agreed that by 2020, 20% of all EU energy consumption must come from renewable energy sources – this means that the share of energy generation based on renewable sources must rise from the 2005 level of 8.5% to 20% by 2020.

Many member states are lagging behind in reaching their individual goals. Because of this, it is expected that there will be many more opportunities to invest in green energy in these countries in the coming years, as member states will step up investments to catch up within the deadline.

In 2008 and 2009 the installation of new renewable energy capacity in Europe exceeded the installation of new fossile fueled capacity.

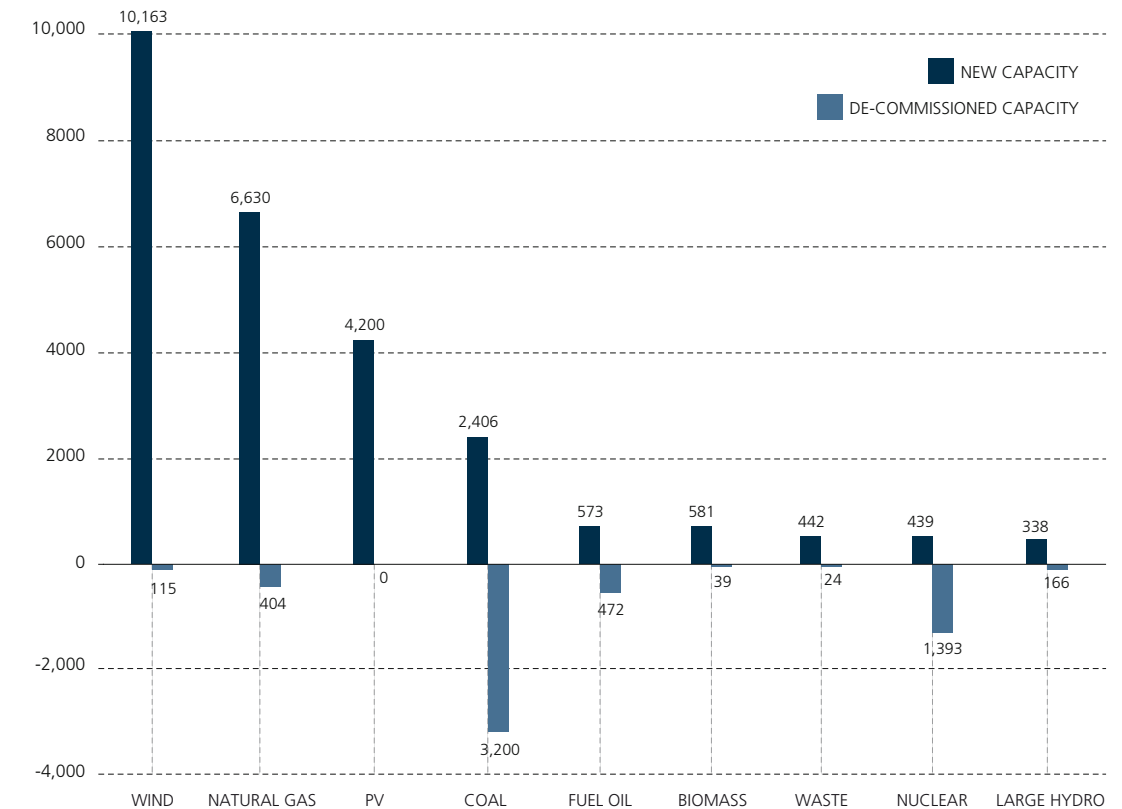
As shown in the figure on the opposite page, this covers a variety of energy sources, of which wind energy and solar (PV) power are currently the largest contributors.

Can renewable energy meet our requirements?

Many question whether existing renewable energy sources can meet our collective energy requirements. According to data collected by Deutsches Zentrum für Luft- und Raumfahrt in 2007, any of the existing renewable energy sources on their own could fulfil our primary global energy needs if exploited to their full potential, see figure on the opposite page.

However, exploiting the full potential of these resources requires further massive investments in renewable energy as well as continued technological developments to improve efficiency and reduce capacity costs. Also, additional investments will be needed in the distribution grid so as to overcome the inexpediencies created by the regional peak production from most of the renewable energy generating facilities through the creation of larger electricity pools. This is a challenge which, in the long run, could also be addressed through increased differentiation of different types of renewable energy sources (different peak periods to ensure a stable base load) as well as through new energy storage solutions.

New renewable energy capacity in EU in 2009 (incl. de-commissioned capacity)



EWEA 2010

Worldleader in offshore wind energy

Europe is a world leader in offshore wind energy. To date, 948 offshore wind turbines make up 43 fully operational European wind farms with a total wind power capacity of 2,396 MW. Despite the financial crisis, offshore wind continues to be a major growth industry with 2010 being a year of record growth.

Kromann Reumert assists with a range of renewable energy projects, including wind energy. Our lawyers are experienced advisors to investors, developers and financiers of offshore wind park projects in Denmark and abroad. We are committed to providing practical advice that helps our clients achieve commercially and politically operable solutions.

Our advice includes, but is not limited to:

- joint venture agreements
- power purchase agreements
- other supply and EPC-related contracts
- financing (non-recourse)
- the sale and purchase of projects and wind farms
- project management.

Projects we have assisted with

Project	Country	MW	Operational/Pending/ Under Construction
Nysted	Denmark	166	Operational
Horns Rev	Denmark	160	Operational
Horns Rev 2	Denmark	209	Operational
Borkum Riffgrund 1	Germany	277	Operational
Borkum Riffgrund 2	Germany	480	Operational
Q7	Holland	120	Operational
Belwind	Belgium	165	Operational
Gunfleet Sands 1	UK	108	Operational
Gunfleet Sands 2	UK	65	Operational
Barrow	UK	90	Operational
Burbo Banks	UK	90	Operational
London Array	UK	630	Pending
Lincs	UK	270	Pending
Walney 1	UK	183.5	Pending
Walney 2	UK	183.5	Pending
Anholt	Denmark	400	Under Construction

In addition to these projects, Kromann Reumert is also involved in further offshore wind projects with a total future capacity of more than 1500 MW.



“Since we switched our focus towards investment in Renewable Energy – primarily wind energy – in 2001, we have found it a great pleasure and of great value to work with Kromann Reumert. In 2005, this led us to work together very closely to create Denmark’s first wind energy bond, which, under the name of GW Energi, was listed on the Copenhagen stock exchange (Nasdaq OMX). Kromann Reumert’s extensive market knowledge was a key factor in four financial institutions guaranteeing the subscription of bonds worth DKK 150 million.”

John Hansen, Executive Vice President and Founder,
Green Wind Energy A/S

Kromann Reumert’s Energy Law group

During the past five years alone, Kromann Reumert’s energy law group has been involved with wind energy, solar power and biomass projects with a production capacity of more than 10,000 MW. Kromann Reumert’s involvement in the market for renewable energy projects goes as far back as the 1980s, to the time when the Danish wind power adventure took off in earnest.

We have assisted in purchases, sales, financing (project and capital markets), structuring of financial products and investments in green funds, CO2 (CDM/JI), derivatives, regulatory affairs, etc.

We represent and assist a broad group of stakeholders in the field of renewable energy. Our renewable energy related clients include investment companies, private equity funds, developers, banks, pension funds and other institutional investors, energy companies and authorities. With superior expertise in the cleantech area, we often gain knowledge of new technologies and developments at an early stage.

Based on our broad range of experience, we can assist with:

- advice on structures (acquisition)
- due diligence on assets (technical advice excluded)
- benchmarking of assumptions in respect of price, production, costs, financing, etc.
- financing (project, portfolio and capital markets)
- structuring of investment products
- supply contracts
- dispute resolution/claims
- regulatory affairs
- CO2 applications and derivatives.

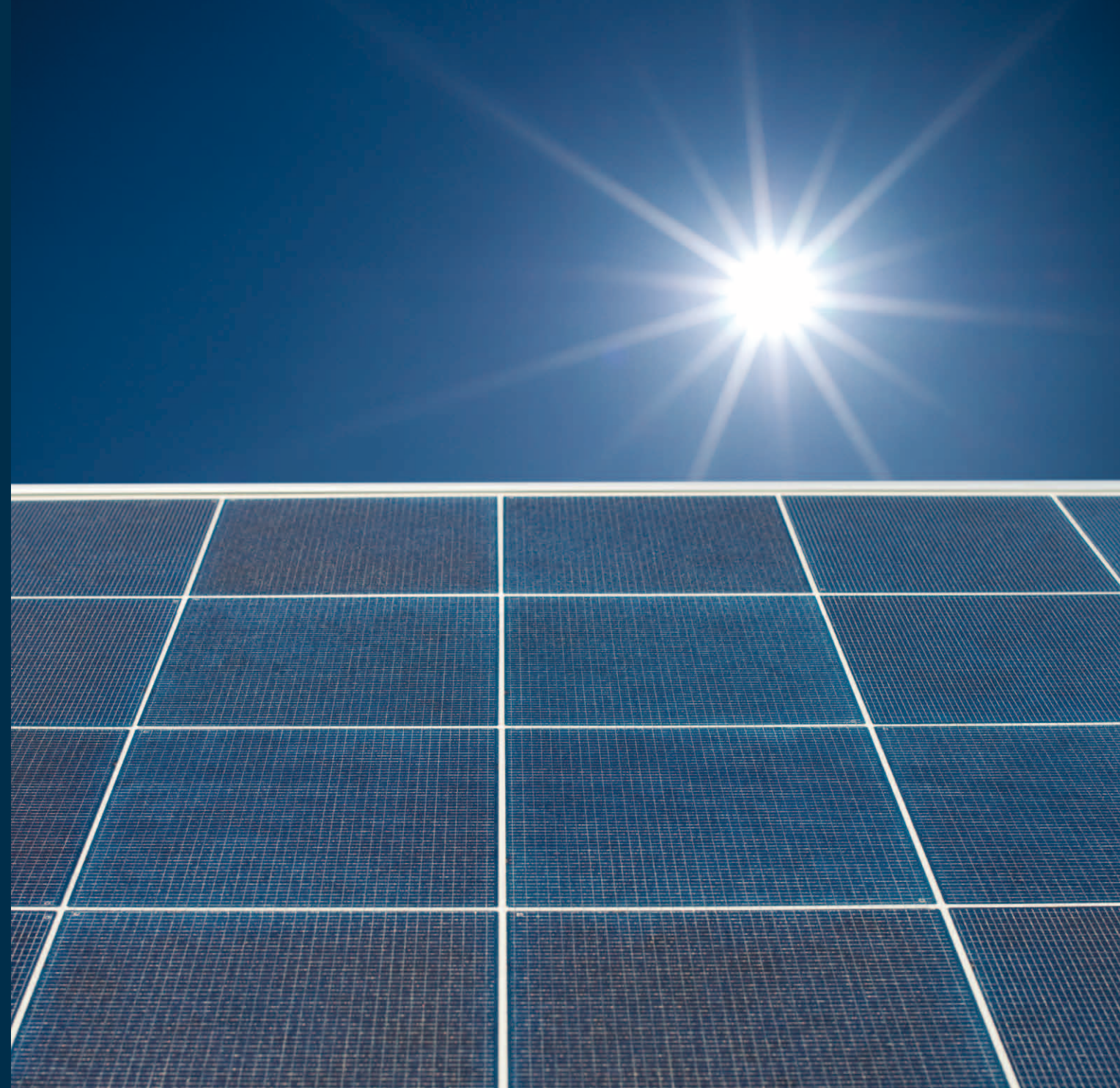
WHAT OTHERS SAY ABOUT US

Legal 500 Europe, 2010

Clients commend Anders Stubbe Arndal and his team at Kromann Reumert for 'excellent response times, industry knowledge and business acumen'. It advised DONG Energy on the purchase of offshore wind turbines from Siemens Windpower; on the acquisition of A2SEA; and

on its investment in Better Place Denmark, which aims to create a charging infrastructure for electric vehicles. Other clients include SEAS-NVE, Green Wind Energy and Eksport Kredit Fonden. Jens Blomgren-Hansen advises on photovoltaic and wind turbine projects.

LEGAL 500 EUROPE, 2010



Recent deals

EKSPORT KREDIT FONDEN, Q7 OFFSHORE WIND FARM

Kromann Reumert assisted Eksport Kredit Fonden in connection with the financing of the erection and operation of the Q7 wind farm in the Netherlands together with Rabobank and Dexia Crédit Local as authorised lead arrangers; a financing project of EUR 219 million.

GREEN POWER PARTNERS

Kromann Reumert assisted Proark Energy with the conclusion of sourcing and management agreements in connection with the formation of Green Power Partners, a Danish private equity fund, the participants of which include Danish pension providers.

BELWIND OFFSHORE WIND PARK

Kromann Reumert assisted Eksport Kredit Fonden in connection with the financing of the Belwind wind farm, a 165 MW offshore wind farm in Belgium.

GREEN WIND ENERGY A/S (SHARE ISSUE)

Kromann Reumert assisted Green Wind Energy A/S in connection with its share issue in 2008.

PROARK ENERGY, SPANISH SOLAR POWER PROJECTS

Kromann Reumert assisted the Proark group (Proark Energy) with the purchase and financing of a portfolio of Spanish PV parks.

MERIDIAN/PROJECT TE UKU

Kromann Reumert assisted the Eksport Kredit Fonden in the financing of the 64.4 MW Meridian Te Uku wind farm in New Zealand.

WIND PARK VADER PIET, ARUBA

Kromann Reumert assisted Eksport Kredit Fonden and Nordea in connection with the financing of a 30 MW wind farm on Aruba, the Netherlands Antilles.

GREEN POWER PARTNERS/SPANISH SOLAR PV

Kromann Reumert assisted Green Power Partners in its acquisition of a multiple project Spanish solar PV portfolio in 2009.

GREEN WIND ENERGY A/S (BOND ISSUE)

Kromann Reumert assisted Green Wind Energy A/S with the structuring and issue of the first Danish listed bonds (DKK 150 million) based on renewable energy capital.

DONG ENERGY A/S, SIEMENS WINDPOWER

Kromann Reumert assisted DONG Energy A/S in negotiations on a multi-billion Kroner deal with Siemens Windpower A/S for the purchase of offshore wind turbines for a number of offshore wind farms.

DONG ENERGY A/S, A2SEA A/S

Kromann Reumert assisted DONG Energy Power A/S with the purchase of A2SEA A/S from LD Equity, DKA, Clipper and a number of smaller shareholders. A2SEA is the world leader in the erection of offshore wind farms, owning a fleet of vessels designed especially for this purpose. Kromann Reumert assisted with the preliminary negotiations, and later with due diligence and negotiations as well as the preparation of documentation.

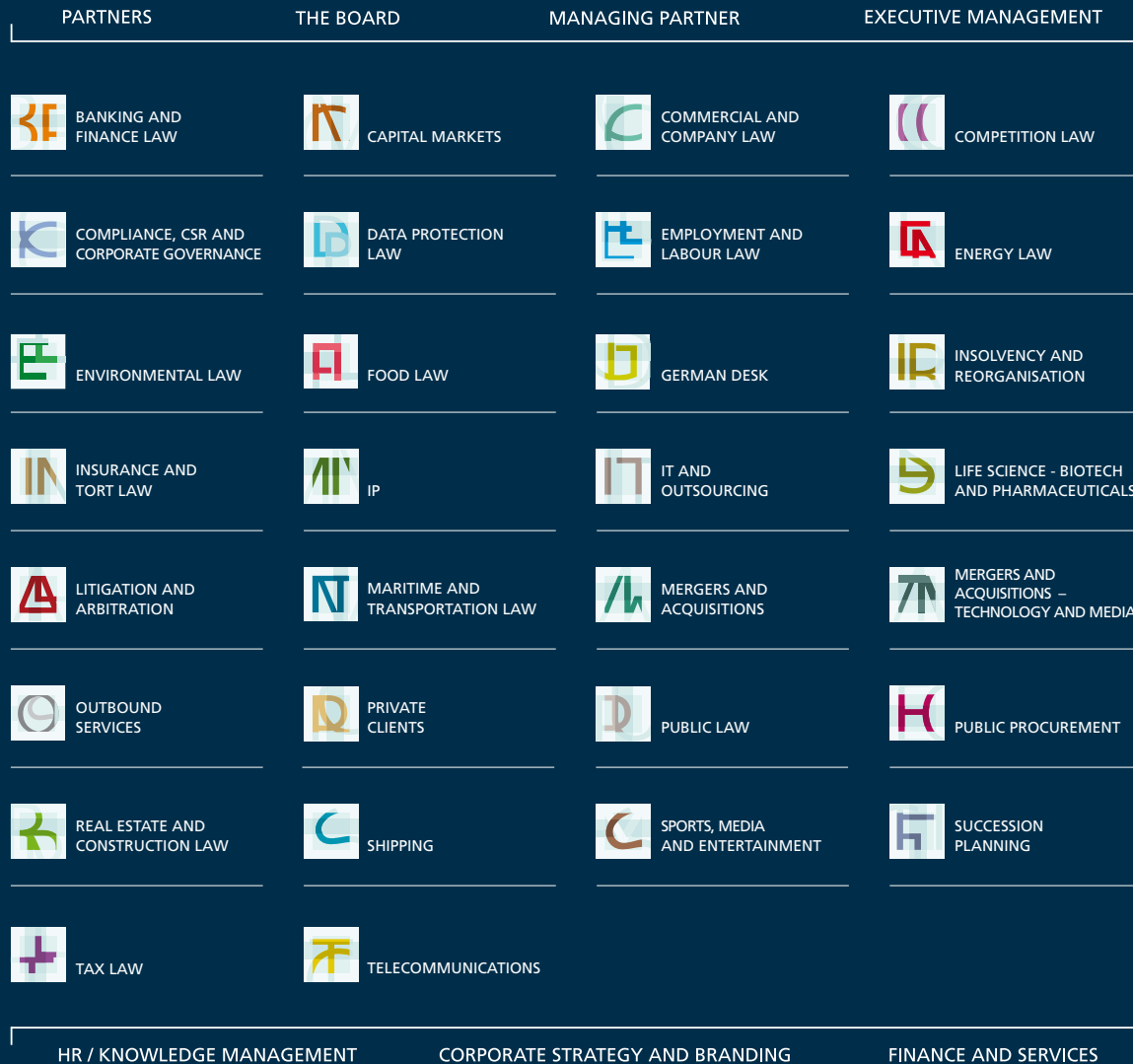
DONG ENERGY A/S, NYSTED

Kromann Reumert assisted DONG Energy in structuring and completing the first ever pension fund investment into an offshore wind farm when Pension Danmark in September 2010 agreed to acquire from DONG Energy a 50 % ownership interest in the 165.6 MW Nysted offshore wind farm. The agreement is anticipated to pave the way for further pension fund investments in offshore wind farm assets.

DONG ENERGY A/S, PNE WIND AG; BORKUM RIFFGRUND

Kromann Reumert assisted Danish energy company DONG Energy Power A/S when it entered into an agreement on 17 December 2009 with Vattenfall Europe Windkraft GmbH for the purchase of 49% of the shares in Borkum Riffgrund I Holding A/S, an offshore wind farm project. Kromann Reumert also advised DONG Energy Power A/S on Danish law with regard to an agreement with German wind farm developer PNE Wind AG for the purchase of its 50% stake in each of the two German offshore wind farm projects Borkum Riffgrund 1 and 2. The purchase agreements with Vattenfall Europe Windkraft GmbH and PNE Wind AG made Dong Energy A/S sole proprietor of the Borkum Riffgrund 1 and 2 projects.

KROMANN REUMERT'S ORGANISATION



Kromann Reumert sets the standard

Kromann Reumert is Denmark's premier law firm with offices in Copenhagen, Aarhus, London and Brussels.

As at 1 September 2010, we have more than 600 dedicated employees of whom over 320 are lawyers, working together as a team to service our clients. Our practice currently covers 30 different business areas. However, to ensure that we fully meet our clients' needs we continuously review and develop the areas we cover. Our objective is to be Denmark's premier legal adviser within each business area. Good is not good enough – it is our vision to set the standard in the legal profession.

“One-stop shop” services

At Kromann Reumert, each of the business areas is undertaken in separate practice groups. Each practice group area is headed by a partner, who works closely together with the other partners and lawyers in the practice group to develop our skills and deepen our knowledge in that particular area. Having so many specialist skills gathered in one firm enables us to constantly renew our services and stay up to date with emerging trends in Denmark and internationally.

Interdisciplinary expert teams

There will be occasions, though, where our clients will need access to experts across more than one practice group. When this need arises, our practice groups work

together to provide seamless service across the different areas. We place particular importance on the ability of our lawyers (from whatever practice group) to understand the commercial aspects of each individual case, to the benefit of our clients. It is our mission to provide focused, value-added solutions and advice.

Equal division

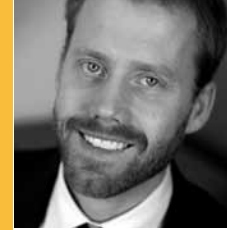
It is a fundamental principle among Kromann Reumert's partners that the firm's profits are divided equally. This principle ensures that there is never any internal competition between partners or the different groups and that we are always in a position to allocate the best available resources – in terms of professional skills and time – to each case.

The client in focus

Kromann Reumert provides legal advice which is practical, relevant and individually tailored to meet the specific needs of each client. We believe that the best advice is achieved by working in close cooperation with our clients and developing a thorough knowledge of their business. This enables us to provide clients with solutions that are workable and which add value to their business in the short and long term. We strive to take a proactive approach, especially if we believe that there are impending changes to legislation or to administrative or legal practices that may be relevant to the client. In our experience, flexibility and availability are key elements of a lasting working relationship, and our work focuses on providing the client with operational solutions. <



CONTACTS



JENS BLOMGREN-HANSEN, PARTNER

RENEWABLE ENERGY
BANKING AND FINANCE LAW
FUNDING

Direct: +45 38 77 43 09
Mobile: +45 24 86 00 76
E-mail: jbh@kromannreumert.com

Profile

Jens joined Kromann Reumert in October 1998. His primary areas of expertise are renewable energy (encompassing the financing, purchase, sale, structuring and funding of renewable energy projects), project financing and structured financing, funding and corporate law. Jens also advises on legal and enterprise risk management.

Jens has worked on several ground-breaking investment projects, including renewable energy projects (such as the first non-recourse offshore project financing of the Dutch Q7 project). He has also played a central role in a number of project financing matters that have received international acclaim.

In addition to his law degree from Aarhus University, Jens also holds an LL.M from the University of Illinois and an Executive MBA from Copenhagen Business School. In 2006, Jens was named 'Talent of the Year' by the Danish periodical Berlingske Nyhedsmagasin, and in 2008, Financial Times nominated him 'Innovative Lawyer of the Year (Finance)' in Europe. Jens has also worked for the US Federal Trade Commission (in Washington DC), and is co-author of the company law book 'Fakta Selskabsret'. He serves on the board of directors of a number of Danish enterprises.

Jens writes a 'VIP' blog for Denmark's financial newspaper, Børsen.

Admission

Admitted 2002

Languages

English



ANDERS STUBBE ARNDAL, PARTNER

CONTACT



ENERGY LAW AND CO2
CAPITAL MARKETS
LITIGATION AND ARBITRATION
COMMERCIAL AND COMPANY LAW
MERGERS AND ACQUISITIONS

Direct +45 38 77 43 05
Mobile: +45 20 44 21 92
E-mail: asa@kromannreumert.com

Profile

Anders Stubbe Arndal was born in 1966. He obtained his law degree from Aarhus University in 1991 and became a partner with Kromann Reumert in 1999. Anders specialises in mergers and acquisitions, working particularly within the energy sector and with energy law. Much of his work focuses on the regulation of businesses that supply electricity, heating and natural gas.

Anders lectures on energy law issues for various legal and accountancy courses.

Admission and right of audience

Admitted 1994

Right of audience before the Danish Supreme Court 2000

Activities

Member of the International Bar Association

Member of the Danish Association for Energy Law (Den Danske Energiretsforening)

Member of the Copenhagen Bar Association (Københavns Advokatforening)

Languages

English, German



JAN HVARRE, PARTNER

CONTACT



ENERGY LAW – WIND ENERGY
IT AND OUTSOURCING
MERGERS AND ACQUISITIONS – WIND ENERGY AND TECHNOLOGY

Direct: +45 38 77 43 38
Mobile: +45 20 19 74 23
E-mail: jhv@kromannreumert.com

Profile

Jan Hvarre joined Kromann Reumert in 1998 and became a partner in 2007. Jan spends most of and increasingly more of his time on wind energy projects, including as advisor to DONG Energy, a Danish state controlled energy group with a EUR6.6bn turnover in 2009. DONG Energy has a committed strategy to promote and invest in wind energy, and Jan is advising DONG Energy in many of their wind energy related matters, in particular recent investments in offshore projects.

When not working with wind energy projects, Jan deals with complex IT contracts, IT tendering and procurement.

Admission

Admitted 2001

Languages

Scandinavian languages, English



MICHAEL BUDTZ, PARTNER

CONTACT



ENERGY LAW
COMMERCIAL AND COMPANY LAW
MERGERS AND ACQUISITIONS

Direct +45 38 77 45 11
Mobile: +45 20 13 79 92
E-mail: mb@kromannreumert.com

Profile

Michael Budtz was born in 1952 and became a partner with Kromann Reumert in 1987.

For more than 25 years, Michael has acted as a legal advisor for offshore oil and gas matters. He helped the Danish Ministry of Energy establish the legal framework for oil and gas activities in Denmark. He has also advised Danish and international oil companies conducting offshore activities in the North Sea, and acted as legal counsel in arbitration cases involving disputes on the construction of offshore installations and refineries.

PLC Which Lawyer has recommended Michael Budtz as a 'leading energy lawyer'.

Michael was educated at the University of Copenhagen (Master of Laws in 1976) and UCLA (LL.M. in 1982).

Admission and right of audience

Admitted 1979

Right of audience before the Danish Supreme Court 1989

Activities

Member of the International Bar Association

Member of the governing body of the Danish Energy Law Society (Den Danske Energiretsforening)

Languages

Danish, English, German

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COPENHAGEN

Kromann Reumert
Sundkrogsgade 5
DK-2100 Copenhagen
Denmark

Phone: +45 70 12 12 11
Fax: +45 70 12 13 11
E-mail: cph@kromannreumert.com

LONDON

Kromann Reumert
42 New Broad Street
London EC2M 1JD
England

Phone: +44 207 920 3030
Fax: +44 207 920 3099
E-mail: lon@kromannreumert.com

ÅRHUS

Kromann Reumert
Rådhuspladsen 3
DK-8000 Århus C
Denmark

Phone: +45 70 12 12 11
Fax: +45 70 12 14 11
E-mail: arh@kromannreumert.com

BRUSSELS

Kromann Reumert
Rue du Luxembourg 3
B-1000 Brussels
Belgium

Phone: +32 2 501 07 00
Fax: +32 2 501 07 01
E-mail: bru@kromannreumert.com



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Kromann Reumert's vision is "We set the standard". Good is not enough - we want to be the best. We provide value-adding solutions and advice with full involvement and commitment. We get there by focusing on quality, business know-how, spirited teamwork, and credibility. We are Denmark's leading law firm, employing approximately 600 staff members, 320 of whom are lawyers. Our offices are located in Copenhagen, Aarhus, London and Brussels.