

19 March 2019

Trust in water

Consultation on change of ownership for South Staffordshire Water plc

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About this document

This document is a consultation on the issues arising out of the recent change of control of South Staffordshire Water plc (“South Staffs Water” or “the Company”). Ofwat considers a change of control to have occurred when there is any change in who can materially influence the direction, strategy or activities of a business. We do not limit our definition of change of control to a situation in which all or a substantial portion of the shares in a company¹ are transferred to another party.

In 2018 we consulted on [how we approach changes of control](#)²; following responses to this, we published [conclusions on our position](#)³. This document sets out our assessment of the change of control at South Staffs Water.

In order to assess the owners of South Staffs Water we reviewed information that we received from them and we separately carried out our own investigations on the new corporate structure using publicly available information.

Specifically, this document sets out:

- Our understanding of how the ownership structure of South Staffs Water has changed;
- Our assessment of each new owner and an existing owner newly identified as an Ultimate Controller as well as their capacity to be an owner of a regulated water company;
- Our understanding of how the board of directors of South Staffs Water has changed following the change of control;
- Our considerations in identifying the new Ultimate Controllers of South Staffs Water.

Ultimately, this consultation asks for views on our assessments of the incoming owners and the Ultimate Controllers of South Staffs Water.

¹ For the purpose of this document, a reference to a water company or company means a company holding an appointment as a water and/or sewerage undertaker under the Water Industry Act 1991

² <https://www.ofwat.gov.uk/wp-content/uploads/2018/05/Change-of-control-general-policy-and-its-application-to-Thames-Water-final.pdf>

³ <https://www.ofwat.gov.uk/wp-content/uploads/2018/11/Thames-Water-Conclusions-on-Change-of-Control-and-Modification-of-Instrument-of-Appointment-final.pdf>

Historically, following a change of control, we have taken the opportunity to identify areas of an Appointee's Instrument of Appointment ('licence') that may need updating. However, we have recently [consulted on strengthening the regulatory ring-fencing framework](#)⁴ and we are not proposing to modify South Staffs Water's licence beyond changes proposed in that consultation. This consultation, published on 20 November 2018, aims to bring all licences up to the industry leading standard.

The consultation closed on 8 January 2019. We are currently considering the responses and will publish our decision in due course. South Staffs Water has already indicated that it is supportive of our approach on strengthening the regulatory ring-fencing framework, however, we will take changes forward through that process rather than in this consultation.

Going forward, we will continue to assess changes in the ownership of the companies we regulate and, where appropriate, use our powers to modify licence conditions if we believe that customers need additional protection.

⁴ <https://www.ofwat.gov.uk/wp-content/uploads/2018/11/Consultation-on-strengthening-the-regulatory-ring-fencing-framework.pdf>

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1. Introduction

Owners of water companies have an important role to play by, among other things, holding senior management to account for performance and ensuring the company is resilient in the long term and focused on delivering high quality service to customers.

In the interests of customers we aim to ensure that any Ultimate Controller of a water company has the integrity, and the operational and financial capability to run such an essential public service as a water utility. As a consequence, it is important that we assess changes in the ownership of the companies we regulate and, where appropriate, use our powers to modify licence conditions if we believe that customers need additional protection.

In this document, we set out the specific regulatory considerations arising from the recent change in control of South Staffs Water following the acquisition of a controlling stake by Arjun Infrastructure Partners Limited (AIP) and the acquisition of a significant minority stake by Mitsubishi UFJ Lease & Finance Company (MUL). In addition to these two new owners, existing owner Mitsubishi Corporation has been newly identified as an Ultimate Controller of South Staffs Water.

We are not looking to make additional changes to South Staffs Water's licence to protect customers over and above what is in the consultation published on 20 November 2018 on strengthening the regulatory ring-fencing framework.

We apply the following high level principles in assessing a change of control:

- We conduct an internal assessment on all changes of control to identify and evaluate any potential issues.
- We take a proportionate approach when considering the actions and requirements we may need to place on companies.
- We request information from the company and review it as part of our assessment.
- We conduct a public consultation under circumstances such as where:
 - we think there are any concerns with the suitability of the current licence conditions and they need updating;
 - the identification of Ultimate Controllers is complex, as is the case here;
 - we identify any other concerns that we consider require the attention of wider stakeholders via a public consultation.

Ofwat notifies a company in advance if we intend to conduct a public consultation.

2. South Staffs Water – background and assessment of the incoming owners

In this section we set out an overview of recent changes to the owners of South Staffs Water. We also assess the capacity of its new group of investors to be the owners of a regulated water company.

2.1 Overview of changes in South Staffs Water ownership structure

Following an announcement on 13 April 2018, on 3 July 2018 AIP, an independent infrastructure asset management company, acquired a 75% equity stake in South Staffs Water from Kohlberg Kravis Roberts & Co. L.P. ('KKR'). KKR had held 75% of South Staffs Water since 2013. The change of control in South Staffs Water needed merger clearance from the European Commission due to the EU-wide interests of KKR and Mitsubishi; this was granted on 19 June 2018.

In South Staffs Water's response dated 3 October 2018 to our request for information, it was confirmed that funding vehicles established by AIP, with each receiving funding from institutional investors (the majority of which are pension funds with the rest being banks and insurance companies), and managed in each case by AIP or a fund set up and operated by AIP, had (indirectly) acquired a 75% holding of South Staffs Water⁵. AIP immediately sold a 19.9% stake on to MUL⁶.

Figure 1. South Staffs Water's owners before and after the acquisition

| | | | |
|-------------------|------------|------------|---------|
| Before 3-Jul-2018 | KKR, 75% | MC, 25% | |
| After 3-Jul-2018 | AIP, 55.1% | MUL, 19.9% | MC, 25% |

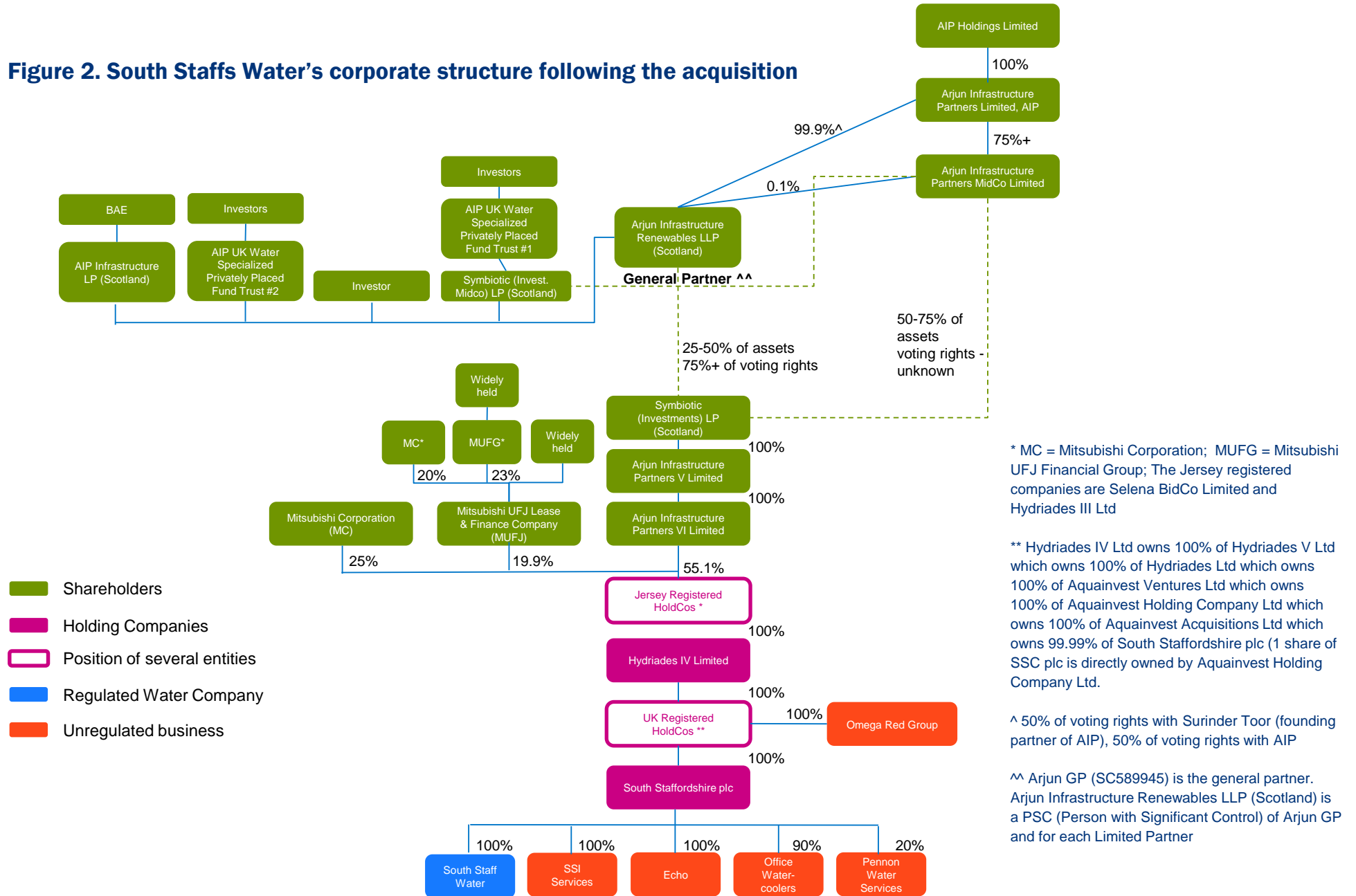
AIP = Arjun Infrastructure Partners Limited, KKR = Kohlberg Kravis Roberts & Co. L.P., MC = Mitsubishi Corp., MUL = Mitsubishi UFJ Lease & Finance Company.

⁵ AIP achieved this using a holding company, Arjun Infrastructure Partners VI Ltd, to acquire 75% of the shares of Selena Midco Ltd ('Selena Midco'), the seller, a company controlled by KKR & Co. LP

⁶ Note that Mitsubishi Corporation owned 20% of MUL at the time of the transaction therefore the two entities are connected, however, they operate independently.

The revised corporate structure provided by South Staffs Water confirms that whilst there has been a change in ownership, the ultimate UK holding company, Hydrades IV Limited, has remained in place and all the subsidiaries beneath it including the regulated entity remain unchanged following the acquisition.

Figure 2. South Staffs Water’s corporate structure following the acquisition



2.2 Assessment of owners and their capacity to own a regulated water company

When a change of control happens we look at how much relevant experience an owner has in delivering, managing or investing in the infrastructure sector. We do this to gain insight into a new owner's knowledge and capabilities in running a regulated entity.

We also want to be satisfied that any change of control does not compromise the effective management of the Appointee. To help with this, we ask for relevant information, in each particular case, to help satisfy us that a new owner has the integrity and the operational and financial capacity to assume the role of running a water company. We also consider how the licence can be modified to ensure customers are better protected.

The incoming owners

AIP – a new owner with a stake of 55.1% in SSC

Founded in 2015, AIP is an independent infrastructure asset management company. It was established by Surinder Toor, former Head of Europe of the Global Infrastructure Investments Fund at J.P. Morgan Asset Management.

In the response dated 3 October 2018 to our information request, AIP stated it has “a deep understanding of the regulatory environment in the water sector and other UK utility markets from the knowledge and experience of the AIP team and its industry partners having operated in these markets for a number of years.”

The relevant experience of their four board members: Surinder Toor, Peter Antolik, Charles Hazelwood and Keith Harris is set out in Appendix 1.

AIP's capacity to be owners of an appointed water company

AIP confirmed in its response that it will “comply with all statutory and regulatory requirements as an owner of an appointed water company”; and that it intends to meet its obligations by being a responsible, long-term owner and through the sector experience of the AIP team and its industry partners. AIP also confirm that it supports the highest standards of governance and leadership and will require South Staffs Water to continue to meet the Board Leadership, Transparency and Governance principles. AIP has appointed two members to the board of South Staffs Water.

AIP's experience in the infrastructure sector

AIP was initially set up as an infrastructure advisory business. The team's collective understanding of regulated and public utilities was built up in that capacity before the business model was changed to include infrastructure asset management; South Staffs Water is the first investment under the new model.

AIP told us that it advised on or assisted AIP Alliance investors (a group of institutional investors advised by AIP) to acquire a stake in the following infrastructure assets. AIP exclusively acted as an advisor and did not manage or invest in the below assets themselves:

Water assets

- Southern Water – May 2016

Renewable / power utility assets

- UK offshore wind project – April 2018
- Enviromena – November 2017
- Viridian – April 2017
- UK Solar Portfolio – Q1 2017

Transportation assets

- Red Funnel – June 2017
- Welcome Break – May 2017

Further detail on each asset can be found in Appendix 1. In addition to the infrastructure asset advisory experience above, the AIP team has told us that they have experience in managing infrastructure assets from previous roles including positions on the boards of regulated assets (see Appendix 1 for more detail on this experience).

MUL – a new minority owner with a stake of 19.9% in SSC

Incorporated in 1971, MUL is listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange. It had 3,126 employees as at March 2018 on a consolidated basis.

MUL lists its “principal shareholders” as: Mitsubishi Corporation, Mitsubishi UFJ Financial Group, Inc. (established in April-2001 and frequently abbreviated to MUFG), MUFG Bank, Ltd. (established in 1919), Meiji Yasuda Life Insurance Company and Mitsubishi UFJ Trust and Banking Corporation.

MUL’s capacity to be owners of appointed water companies

In a response dated 11 January 2019 MUL confirmed that it has an understanding of the regulatory environment acquired through the due diligence procedures it carried out to indirectly acquire South Staffordshire Plc’s shares.

MUL considers that it will meet its obligations as an owner of a licenced water company by being a long-term strategic investor and through its extensive experience of managing water and other infrastructure business globally.

In addition, MUL confirmed that it will comply with all statutory and regulatory requirements as an owner of an appointed water company. They do not have the right to appoint a member to the board of South Staffs Water.

MUL’s experience in the infrastructure sector

In terms of water-related business, “MUL engages in several projects including the maintenance and operation of filtration plants in Japan as a private finance initiative operator. MUL is further expanding its business portfolio in the domestic and global infrastructure sector and contributes to the development of high quality infrastructure on a global basis by leveraging its experience and know-how obtained.”

MUL’s recent infrastructure investments include:

- the 2018 acquisition of a 6.68% (indirect) share in the 950MW Moray East offshore windfarm project off the North East coast of Scotland;
- the 2017 acquisition of a 6.7% (indirect) share in Evalair Limited, a 223MW wind power company headquartered in Cork, Ireland; and
- the 2017 acquisition of an 11.8% (indirect) share in a 2,810MW German submarine power transmission business.

For more detail on each subsidiary see Appendix 3.

The incumbent owner

Mitsubishi Corporation – an existing owner with a stake of 25% in SSC

Mitsubishi Corporation is one of Japan's largest general trading companies. We understand that Mitsubishi Corporation have 200 offices and subsidiaries in about 90 countries and regions worldwide and a network of approximately 1,300 group companies; it employs a multinational workforce of over 70,000 people.

Mitsubishi Corporation has a primary listing on the Tokyo Stock Exchange and maintains a secondary listing on the Osaka Stock Exchange. It has a widely dispersed and diverse range of shareholders.

Mitsubishi Corporation's capacity to be owners of appointed water companies

In the response dated 3 October 2018 it was confirmed that, "Since its participation in the company in March 2016, Mitsubishi Corporation has been fully involved in the business through its employees' participation in the board meetings of South Staffordshire Plc as a director as well as an observer in the board meetings of South Staffordshire Water Plc which has allowed them to accumulate a deep knowledge and understanding of the regulatory environment in the UK water sector."

In addition, "Mitsubishi Corporation considers that it will meet its obligation as an owner of a licenced water company by being a long-term strategic investor and through its extensive experience of managing water and other infrastructure businesses globally."

Mitsubishi Corporation has confirmed that it will comply with all statutory and regulatory requirements as an owner of an appointed water company; and that it "will support the company's governance and transparency principles." They have appointed one member to the board of South Staffs Water.

Mitsubishi Corporation's experience in the infrastructure sector

"Having started investing in the water business in the late 1990s and expanded to Japan, Australia, the Philippines, Chile and the Middle East, Mitsubishi Corporation has accumulated a wealth of experience and know-how in the field of water, wastewater and the desalination business through development and financing of build-operate-transfer (BOT) projects as well as a broad range of investments in water engineering/ operation and maintenance (O&M) companies.

In addition to this, it also has extensive experience in developing, investing and managing other infrastructure assets/companies, such as electricity transmission, power generation, transport and Floating Production, Storage, and Offloading (FPSO) systems for offshore oil production.

Through such broad experience, Mitsubishi Corporation will support and advise the company in: (i) planning and developing business strategies, (ii) introducing innovative ideas and technologies to the company, through its existing business relationships with virtually every industry around the world, which Mitsubishi believes will contribute to bringing the Company's now-well-operated business to the next stage, and (iii) planning and developing finance strategies."

A large proportion of infrastructure assets owned by Mitsubishi Corporation are managed under the following wholly-owned subsidiaries:

- Diamond Generating Corporation
- Diamond Generating Asia
- Diamond Generating Europe

For more detail on each subsidiary see Appendix 2.

Corporate governance and management of South Staffs Water

SSC have advised us that following the acquisition of South Staffs Water, the board of directors will comprise a minimum of nine members on an ongoing basis:

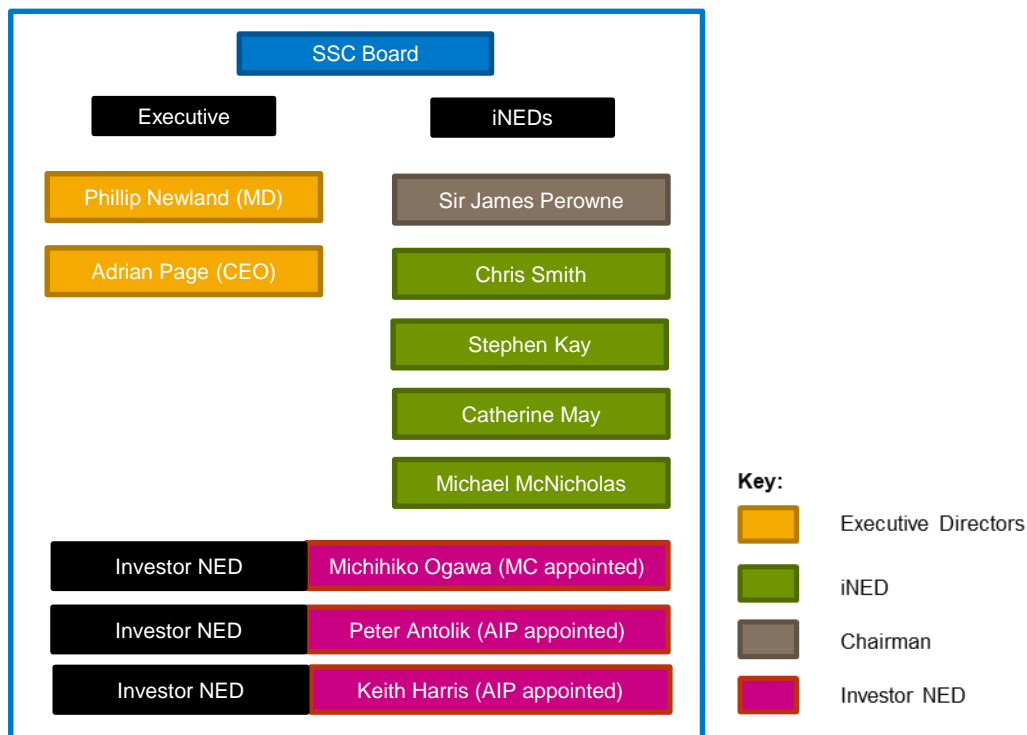
- An independent non-executive chair
- 3 independent non-executive directors (iNEDs)
- 3 investor directors
- 2 executive directors

The company told us that this structure is designed to ensure that the iNEDs (including the independent chair) are the largest single group on the Board in keeping with Ofwat’s Board Leadership, Transparency and Governance principles.

For succession planning reasons, South Staffs Water have decided to increase the number of iNEDs (including the chair) to five on a temporary basis (see figure 3 below).

Prior to being appointed as an NED by AIP, Keith Harris was an independent NED on the board of South Staffs Water.

Figure 3. Structure South Staffs Water’s board of directors after the acquisition



Economic and financial standing

We have reviewed the information received from AIP, Mitsubishi Corporation and MUL on their economic and financial standing. Further, all three entities have stated that they are not subject to any financial investigations or any legal or financial claims against them which might have a material impact on their financial standing. We have not independently verified these statements.

Conflicts of interest

AIP, Mitsubishi Corporation and MUL have stated that they have no direct or indirect relationship with any undertakers or water supply licensees in England and Wales therefore they do not believe that there is any actual or potential conflict of interest.

However, one of AIP's investors, BAE Systems Pension Fund (BAE), holds a 2% indirect interest in Southern Water Services. This arises because BAE has a share in a fund managed by Hermes that holds a 12.8% direct interest in Southern Water Services. Neither AIP nor BAE has governance rights in connection with the investment in Southern Water Services. In addition, we do not foresee issues in relation to conflicts of interest for BAE as the indirect stake it holds in South Staffs Water, also has no governance rights attached to it.

Conclusion

Our change of control assessment has not found any issues associated with the new investors that have purchased South Staffs Water, based on the information we have received to date.

Questions:

- Do you agree with our assessment of the incoming owners?
- What are your views on the ability of the new owners to run a regulated water utility?
- Do you have any concerns with the new owners that might affect the ability of South Staffs Water to fulfil its statutory duties and obligations under its licence?

3. South Staffs Water – identification of Ultimate Controllers

In this section we consider the identification of the Ultimate Controller(s) of South Staffs Water under the new ownership structure.

In the information submitted by South Staffs Water on behalf of AIP, Mitsubishi Corporation and MUL, they identified and proposed that AIP and Mitsubishi Corporation are joint Ultimate Controllers. We were given copies of the Ultimate Controller undertakings that they had provided to South Staffs Water soon thereafter.

However, after we carried out our own due diligence on the new ownership structure of South Staffs Water, we concluded that AIP Holdings Ltd is an Ultimate Controller. This is because the annual accounts of AIP for the year ending 30 June 2017 identify AIP Holdings Ltd as the ultimate parent company of AIP. South Staffs Water has therefore now received Ultimate Controller undertakings from AIP Holdings in addition to undertakings already provided by AIP and Mitsubishi Corporation.

MUL owns less than 20% of South Staffs Water. According to the shareholders' agreement between AIP, Mitsubishi Corporation and MUL which Ofwat has seen, MUL does not currently have the right to appoint a director to the board of South Staffs Water. They also do not have the power to veto, derail or block key board decisions. We therefore conclude that MUL does not have material influence over South Staffs Water and is not an Ultimate Controller of the company.

Finally, the licence of South Staffs Water states that where the Ultimate Controller is a foreign entity, an undertaking also needs to be provided by the ultimate UK holding company. Based on the current group structure of South Staffs Water, this is Hydriades IV Limited. Hydriades IV Limited gave South Staffs Water an Ultimate Controller undertaking in August 2013 which remains valid.

Questions:

- What are your views on our identification of the Ultimate Controllers?

4. Responding to this consultation and next steps

We would welcome any comments on this document. Please send your responses to FinanceAndGovernance@ofwat.gsi.gov.uk. You can also submit your response by post to:

Change of Control – South Staffs Water
Ofwat,
Centre City Tower
7 Hill Street
Birmingham, B5 4UA

The closing date for this consultation is 16 April 2019. We will publish responses to this consultation on our website at www.ofwat.gov.uk, unless you indicate that you would like your response to remain unpublished.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with access to information legislation – primarily the Freedom of Information Act 2000 (FoIA), the Data Protection Regulation 2016, the Data Protection Act 2018 and the Environmental Information Regulations 2004.

If you would like the information that you have provided to be treated as confidential, please be aware that, under the FoIA, there is a statutory ‘Code of Practice’ with which public authorities must comply and which deals, among other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on Ofwat. At a minimum, we would expect to publish the name of all organisations that provide a written response, even where there are legitimate reasons that the contents of those written responses remain confidential.

Consultation questions

We welcome responses to the following questions.

- 1) Do you agree with our assessment of the incoming owners?
- 2) What are your views on the ability of the new owners to run a regulated water utility?
- 3) Do you have any concerns with the new owners that might affect the ability of South Staffs Water to fulfil its statutory duties and obligations under its licence?
- 4) What are your views on our identification of the Ultimate Controllers?

Appendix 1 – AIP’s experience with and portfolio of regulated assets

AIP’s experience in the infrastructure sector

AIP outlines the experience of their team as follows:

“Surinder Toor, the founding partner of AIP, has held board and senior executive positions in several major utility companies. He was Chief Financial Officer and co-head of Scotia Gas Networks from 2005 to 2008, attended the board of Southern Water and Electricity NorthWest from 2009 to 2014. In 2001, Surinder became Managing Director of American Electric Power’s European operations.

Peter Antolik, also a partner of AIP, has had board and senior management experience with three UK water companies. He was the Strategy and Regulation Director at Thames Water from 2006 to 2010, a board member of Southern Water from 2011 to 2015 and of South East Water from 2004 to 2006.

Charles Hazelwood, a partner of AIP, was CFO of Wales & West Utilities from 2005 until 2011 and also attends the board of Viridian as an observer from 2017.

Industry Partner Keith Harris was previously Deputy CEO of Wessex Water and is a non-executive director at Ervia and South Staffordshire Water, whilst industry partner Colin Hood has had several non-executive positions and has served as Chairman at Southern Water.”

Regulated assets that AIP has advised investors to acquire a stake in

The projects that AIP has advised on or assisted AIP Alliance investors to acquire a stake in are:

Water assets

- Southern Water – May 2016

AIP Alliance investors (a group of institutional investors advised by AIP) acquired 12.8% of Southern Water's capital in May 2016 following a bilateral agreement with one of the shareholders.

The AIP team has some understanding of how water assets work because Southern Water was the largest asset in the JPMAM⁷ portfolio – Surinder Toor (founder and director of AIP) is the former Head of Europe of the Global Infrastructure Investments Fund at J.P. Morgan Asset Management. In addition, Surinder Toor and Peter Antolik were board members for a number of years until 2014. Southern Water serves a population of 4 million for wastewater services and 2 million for water services.

Renewable / power utility assets

- UK offshore wind project – April 2018

The AIP Alliance acquired a minority stake in a c.570 megawatts (MW) offshore wind farm project located off the Eastern coast of England. The operational aspects of the project are managed by a well-established European energy company, which also provides a long-term power purchase agreement.

- Enviromena – November 2017

AIP Alliance partners acquired 100% of Enviromena Power Systems, a clean energy project company in the Middle East and North Africa. Enviromena develops, deploys and operates clean energy solutions throughout that region. With a project footprint spanning nine countries, the company has installed more than 17,000 solar systems

⁷ JP Morgan Asset Management

and has the largest portfolio of solar rooftops in the region. The company has over 175 MW of projects under operation and a further 500 MW under construction.

- Viridian – April 2017

AIP advised an Alliance investor, in the acquisition of a stake in Viridian making them a co-investor alongside the current shareholders including I Squared Capital. Viridian is a power utility operating in the Republic of Ireland and Northern Ireland. The generation business includes over 200 MW of operational onshore wind farms and c.750 MW of Combined Cycle Gas Turbines plants, along with a well-established electricity and gas supply business.

- UK Solar Portfolio – Q1 2017

The AIP Alliance acquired two portfolios of Ground Mounted Photovoltaic solar farms from two Solar PV developers in the UK representing a current total portfolio of 60 MW. All sites purchased were fully operational and will benefit from Renewable Obligation Certificates for a period of 20 years from commencing generation.

Transportation assets

- Red Funnel – June 2017

AIP Alliance investors joined a consortium of other UK and Canadian pension funds to acquire full ownership of Red Funnel. Red Funnel has provided a passenger and freight ferry service between the Isle of Wight and the UK since 1861. It is the sole operator on both its routes: Southampton to East Cowes and Southampton to West Cowes.

- Welcome Break – May 2017

AIP Alliance investors acquired a 45% stake of Welcome Break (WB) from infrastructure funds on a bilateral basis. Established in 1959, WB is the UK's second largest operator of motorway service areas (MSAs). With c.5000 employees and 36 MSAs, WB serves c.85 million customers each year and has annual sales of c.£670 million.

Appendix 2 – Mitsubishi Corporation’s portfolio of regulated assets

A large proportion of infrastructure assets owned by Mitsubishi Corporation are managed under the following wholly-owned subsidiaries:

- **Diamond Generating Corporation (DGC)**

DGC is based in Los Angeles, California. It was established as a strategic foothold of Mitsubishi Corporation for power development and generation business in North America. DGC targets markets in all of the Americas. To-date, over 5,700 MW of operating facilities have been acquired or developed (2,400 MW under operation) and new projects are in active development.

- **Diamond Generating Asia (DGA)**

DGA is based in Hong Kong. It was established as a strategic foothold of Mitsubishi Corporation for power development and generation business in Southeast Asia and Taiwan. The company promotes power generation and sales business in that region, where demand for electricity is growing steadily. Its current capacity under operation amounts to approximately 1,180 MW.

- **Diamond Generating Europe (DGE)**

DGE is based in London and was established in 2012. DGE operates a tailored portfolio of renewable and energy-efficient assets in Europe and the Middle East and is developing projects in Africa. As at end of May 2018, DGE has a (gross) power generation capacity of approximately 5 gigawatts (GW) and approximately 1 GW (net share portion) under operation/construction.”

Appendix 3 – MUL’s portfolio of regulated assets

Moray East (UK) offshore windfarm project

MUL acquired 20% of the shares in Diamond Green Limited (DGL), which holds a 33.4% stake in Moray East windfarm project, from Diamond Generating Europe (DGE), the UK-based subsidiary of Mitsubishi Corporation that invests in energy projects across Europe and Africa.

The sale agreement with DGE gave MUL a 6.68% ownership stake in the project. Construction of the power plant began in 2018 and is scheduled to complete in 2022. At completion the power plant is expected to have 100 wind turbines and total generating capacity of 950MW (enough to power one million homes)

Evalair Limited – wind power generation holding company

MUL acquired an interest of 6.7% in Evalair Limited, a wind power company headquartered in Cork, Ireland. Evalair owns and operates five wind power plants (with a total generation capacity of 223 MW) in Ireland, four of which have already commenced operation. The remaining plant is scheduled to commence operation in 2018. Pursuant to Ireland’s feed-in tariff scheme, Evalair will supply power to the Irish wholesale electricity market.

German submarine power transmission business.

Alongside Chubu Electric Power Co., Inc (CEPCO), MUL invested in a submarine power transmission project for offshore wind power plants in Germany.

This project is to operate and maintain four submarine transmission cables (BorWin 1, BorWin 2, DoIWin 2, HelWin 2) that each have a power transmission length of over 100 km and run from a wind power plant located in an offshore area of the North Sea.

| | BorWin1 | BorWin2 | DoIWin2 | HelWin2 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Transmission capacity (MW) | 400 | 800 | 920 | 690 |
| Transmission line length (km) | 200 | 200 | 135 | 130 |
| Project status | Completed | Completed | Completed | Completed |

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales. Our vision is to be a trusted and respected regulator, working at the leading edge, challenging ourselves and others to build trust and confidence in water.

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533
Website: www.ofwat.gov.uk
Email: mailbox@ofwat.gsi.gov.uk

March 2019

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