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# Business case review of Zeevonk

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## Ministry of Climate Policy and Green Growth

30 July 2025

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Amstelveen, 30 July 2025

**KPMG Corporate Finance & Valuations: Business case review of Zeevonk**

Dear KGG team,

As requested, we enclose a copy of our report ("Report") in relation to our review of the business case of the offshore wind project IJmuiden Ver Beta, being delivered by Zeevonk C.V.

This final written Report supersedes all previous oral, draft or interim advice, reports and presentations, and that no reliance will be placed by you on any such oral, draft or interim advice, reports or presentations other than at your own risk.

The disclaimer on the following slide (and limitations set out in this report) should be read in conjunction with this letter.

Our Report is for the benefit and information of the addressees only and should not be copied, referred to or disclosed, in whole or in part, without our prior written consent, except as specifically permitted in our Proposal dated 26 June 2025.

If the information shown in this Report or the assumptions on which this Report is based are subsequently shown to be incorrect or incomplete, this could have the effect of changing the conclusions as set out in this Report and these changes could be material. We are under no obligation to amend our Report for any subsequent event or new information.

The scope of work for this Report as included in our Proposal (dated 26 June 2025) has been agreed by the addressees and to the fullest extent permitted by law we will not accept responsibility or liability to any other party in respect of our work or the report.

Yours faithfully,

KPMG Advisory N.V.

# Important notice - Disclaimer

This report (the "**Report**") has been prepared on behalf of the Ministry of Climate Policy and Green Growth (the "**Client**" or "**KGG**") by KPMG Corporate Finance & Valuations, part of KPMG Advisory N.V., ("**KPMG Corporate Finance**" or "**KPMG**") with regard to the business case review of Zeevonk C.V. ("**Zeevonk**" or "**Company**") (the "**Business Case Review)**. The Client will take appropriate measures to ensure that any internal conflicts of interest are avoided. This Report does not constitute a fairness opinion statement.

This Report shall take precedence over any draft report provided to you and no reliance will be placed by you on any draft report other than at your own risk.

The information in this Report reflects prevailing conditions and our views as at this date, all of which are accordingly subject to change. In preparing this Report, we have relied upon and assumed, without independent verification, the accuracy and completeness of any information available from public sources, third parties and information provided by, or on behalf of, the Client. We do not accept responsibility for such information and, as far as it relates to information provided by the Client, such information remains the responsibility of the management of the Client.

To support the preparation of this Report, a non-disclosure agreement ("NDA") has been signed between Zeevonk and KPMG. KPMG and Zeevonk have agreed that the contents of this report are not in breach of the NDA.

This Report contains prospective financial information on the Company. KPMG does not warrant nor confirm the realization of such financial information and does not accept any responsibility for the reliability in respect thereof. Actual results may differ materially.

KPMG does not express an opinion or any form of assurance on the information presented in this Report. KPMG does not make any representations regarding the sufficiency of the procedures we performed for your informational needs.

The Client has confirmed the appropriateness of the basic principles and assumptions used by KPMG to conduct the analysis in this Report.

KPMG was not and will not be involved in any decision-making by the Client and its management.

KPMG does not accept or assume responsibility to any party other than to the Client. The document "Nadere Overeenkomst onder de Raamovereenkomst 'Financiële adviesdiensten 2024' kenmerk TN 454494" between KPMG and the Client as well as our Proposal dated 26 June 2025 sets out specific arrangements for responsibilities, indemnification and liabilities. This Report was issued in accordance with the terms agreed therein.

# The delay in the Delta Rhine Corridor has impacted the Zeevonk offshore wind project and various permit amendments are under discussion

## Ijmuiden Ver Beta – Zeevonk's offshore wind project

- With a target of 21 GW of operational offshore wind capacity by 2032, offshore wind is one of the most important pillars of climate policy in the Netherlands. To support achievement of its target, the Ministry of Climate and Green Growth is involved in many projects across the North Sea that are either operational, under construction or in the tendering process.
- One such project is the 2 GW offshore wind project IJmuiden Ver Beta. KGG opened the application process in early 2024 with a competitive tender process that included a comparative test and scoring based on:
  - Qualitative criteria (85%) such as system integration, ecology, circularity, innovation and social responsibility; and
  - A financial bid (the remaining 15%).
- In June 2024 KGG granted a permit to the "Zeevonk" consortium – which is a joint venture between Vattenfall and Copenhagen Infrastructure Partners. As required by its original permit, Zeevonk was to deliver the following by 2030:
  - A 2 GW offshore wind project;
  - A 1 GW electrolyser in the Port of Rotterdam (with electricity supplied by 1 GW of offshore wind); and
  - 50 MWp offshore solar.
- In Zeevonk's bid, it was assumed that the green hydrogen produced by the electrolyser would be transported to the Netherlands and Germany through the Delta Rhine Corridor ("DRC"). The completion of the DRC was originally planned for 2028 but has now been delayed to 2032.
- The delay in completion of the DRC has an impact on Zeevonk's sale of green hydrogen, and as a result we understand that Zeevonk and KGG have been discussing various amendments to the granted permit to mitigate the impact of the DRC delay on the project return (to ensure the project can be delivered at an appropriate return for the joint venture partners).

## Permit amendments under discussion

- As noted, the original Zeevonk project was to be delivered in full by 2030. Various permit amendments are now under discussion and expected to be implemented. These are set out below:
  - **Delivery of the offshore wind project in two phases:** Zeevonk was originally required to deliver 2 GW of offshore wind by 2030. Now it will deliver 1 GW of offshore wind by 2030, and the second GW will be delivered in line with completion of the DRC (by 2033).
  - **A reduced financial bid:** Zeevonk's bid included a payment of EUR 20m per annum to the Dutch Government from 2024-2063 (EUR 800m total). This has now been reduced to 400m in total, with phased and backloaded payments.
  - **Delay in delivery of the electrolyser:** Rather than delivering a 1 GW electrolyser by 2030, Zeevonk is now required to deliver a 500 MW (minimum) electrolyser by 2033. In addition, Zeevonk can consider different technologies such as battery energy storage systems ("BESS").
  - **Phased delivery of offshore solar:** Zeevonk's original project included an offshore solar project of 50 MWp (to be delivered by 2030). Now it is required to deliver a 6 MWp trial, and full delivery only if it is technically and economically feasible.
- These are the key permit amendments that KGG has communicated to us. Within our current scope of work, we have not reviewed the underlying documents supporting these amendments or the original tender documentation.
- It is important to note that the permit changes contemplated have multiple effects – they provide both financial relief on Zeevonk's financial bid obligations, but they also de-risk delivery of Zeevonk's project.

# KPMG has been engaged by KGG to review the impact of the delay in the Delta Rhine Corridor on the Zeevonk offshore wind project

## KGG engaged KPMG to review the business case of Zeevonk

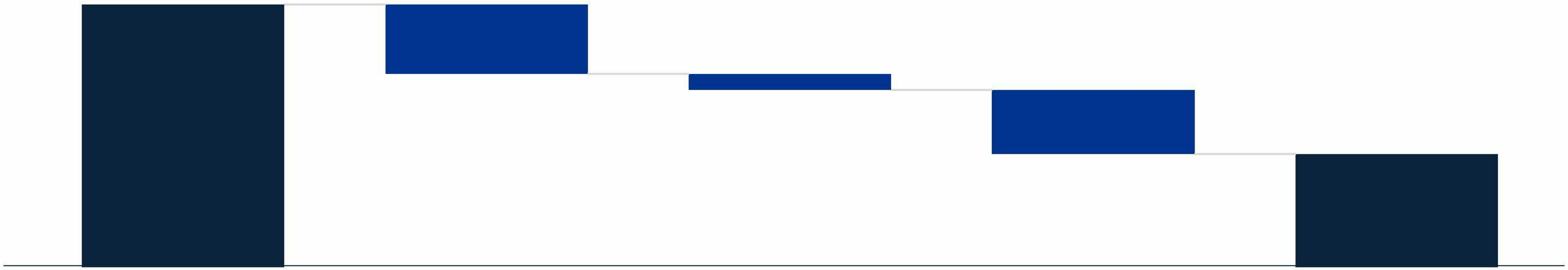
- Considering the impact on the national budget, TenneT and policy objectives, as well as the open tender process that was conducted, it is important to KGG that the permit conditions are amended proportionally (e.g., in line with the reduction in project return as a result of the delay in the DRC).
- Within that context, KGG has requested KPMG to review Zeevonk's suggested business case changes to determine whether the agreed permit changes are reasonable and do not over-compensate Zeevonk.
- In summary, KPMG was asked to:
  - Assess whether the changes in permit requirements are proportional based on the delay to the DRC; and
  - Consider whether the suggested permit amendments could potentially result in over-compensation to Zeevonk.
- KMPG's review involved the following:
  - Zeevonk provided a financial model that includes various scenarios from bid submission through to now;
  - KPMG amended the financial model to run additional scenarios and check different permutations of the Zeevonk project;
  - KPMG provided a Q&A to Zeevonk on key business case changes, and Zeevonk provided written responses on all questions;
  - KPMG verified five key (and large) impact items with the team at Zeevonk and checked underlying information; and
  - The draft report was shared with Zeevonk to undertake a factual check and then the outcomes and conclusions were shared with KGG.
- A summary of key outcomes is included on slide 6, and a deep dive was performed:
  - Slide 7: Analysis of the expected loss in return from the delay to the DRC (in isolation);
  - Slide 8: The impact of the changes in the permits on Zeevonk's return; and
  - Slide 9: Other project changes and risks that have arisen in the past year.

## We note the following important limitations of our scope

- KPMG notes it has signed an NDA in relation to confidential information it received in relation to the Zeevonk Project. KPMG and Zeevonk have agreed that this report is not a breach to that NDA.
- KPMG's analysis is based on a high-level corporate finance review. The work does not constitute an audit or a review. Consequently, KPMG will not express any assurance as to the reliability of the financial- and/or any other information.
- As is typical – this is a forecast in a financial model. As the project continues its development phase, differences in actual results compared to the forecasts in the financial model are expected.
- KPMG has not performed a financial model audit. KPMG has not performed an analysis of the reasonableness of the assumptions. KPMG only focused on the key changes highlighted by KGG and Zeevonk.
- KPMG did not review the reasonableness of the discount rate or IRR assumptions, and KPMG relied on the assumed equity returns from the (competitive) tender phase. The change in the risk profile of the project as a result of the permit changes has not been considered, and KPMG did not determine a new IRR target.
- The scope of work is limited, in nature and extent, to those procedures of assistance only which KGG has determined will best meet their needs in respect of the engagement and as such, will not necessarily disclose all significant matters nor reveal errors or irregularities, if any, in the underlying information. KPMG has not provided legal advice on state aid or competition law nor has KPMG provided fiscal advice in relation to this engagement.

# Summary of outcomes: KPMG analysed the Zeevonk financial model to isolate the impact of the delay to the DRC from potential other business risks

**Return bridge (project IRR) – Summary** *(all graphs are illustrative and not to scale)*




*The graph above presents the changes in the project return from the time of bid submission until the adjusted estimated return following the DRC delay, permit amendments, and various updates to the business case. Each scenario is further explained in the following slides*

### Isolated impact of the delay to the DRC (slide 7)

- The project is delivered in accordance with the original permit requirements based on the competitive tender process (2 GW offshore wind and 1 GW electrolyser by 2030).
- In this "permit compliance" case, the 1 GW offshore wind project and 1 GW electrolyser would be unused for three years, awaiting completion of the DRC.
- KPMG also considered a case where the project is delivered in two stages (noting this does not comply with the original permit). This partially mitigates some impact of the delay to the DRC.

### Impact of the envisaged permit changes (slide 8)

- The permit changes have a positive impact on the business case of the Zeevonk project (set out in more detail on slide 4). This includes:
  - Financial benefits: The reduced financial bid and also the backloaded payment profile.
  - Risk profile benefits: The permit amendments result in a less risky project to Zeevonk (smaller electrolyser, offshore solar demo, etc).
- While the return goes down due to the permit changes, the project is less risky (so the required return for the consortium will also go down).

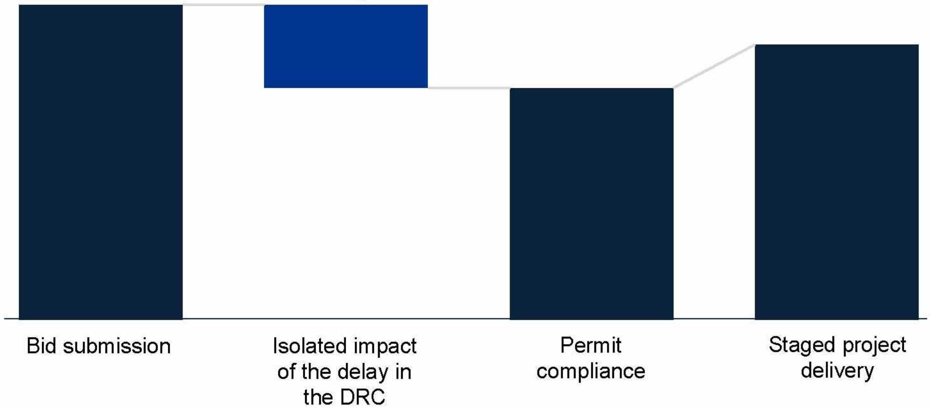
### Other business risks that have arisen (slide 9)

- More generally, Zeevonk has advised us that its business case has deteriorated since bid submission for a range of reasons, including:
  - Increasing development expenses and capital expenses for offshore wind
  - Changes in forecasted energy prices
  - Increased decommissioning costs
  - Other more minor factors

Note: (1) The permit amendments include the phased project delivery and the financial bid reduction. The phased project delivery has been adjusted for increased capex due to the scaling effect and inflation for the second 1GW construction
Source: Company information, Client information, KPMG analyses

# KPMG analysed the isolated impact of the delay to the DRC

### Return bridge (project IRR) – Impact of the delay to the DRC *(all graphs are illustrative and not to scale)*




### Summary of analysis performed

- To derive the impact of the delay of the DRC, we have assumed:
  - The full 2 GW offshore wind project and 1 GW electrolyser is delivered in alignment with the original permit;
  - 1 GW of the offshore wind project and the electrolyser are not in use until 2033 when the DRC is completed; and
  - The offshore solar project is delivered as originally anticipated.
- In this case Zeevonk would comply with the requirements in its original permit and the project would lose three years of revenues from the electrolyser.
- There are likely some mitigants to these losses (for example, reduced operating costs) – we have not considered these mitigations. In addition, Zeevonk could connect to the grid for the idle years, noting this could bring additional capex (and may not be technically possible, which we have not considered).
- We have also considered the impact of a staged delivery of the offshore wind project (1 GW offshore wind delivered by 2030 and the remaining 1 GW by 2033 in alignment with the 1 GW electrolyser). This would be in breach of the permit.

### Detailed overview of key changes

| Scenario | Description of scenario |
|---|---|
| Permit compliance | — Revenues turned off until 2033 for 1 GW of offshore project and for the 1 GW electrolyser<br>— All other costs the same (except electrolyser usage costs) |
| Staged project delivery | — Losses in economy of scale for capex (e.g., loss of scaling benefits)<br>— Additional inflation on the delayed construction of 1 GW of offshore wind and 1 GW electrolyser<br>*This partly mitigates the reduction in IRR compared to the permit compliance scenario, but it is still lower than the bid submission due to increased capex* |
| Not considered | — Deliver 2 GW offshore wind project and spend additional capex to connect 1 GW of offshore wind to the grid until the electrolyser is operational. We have not considered whether this is practically possible or additional capex required<br>— Selling green hydrogen in other forms (e.g. not via the DRC) |

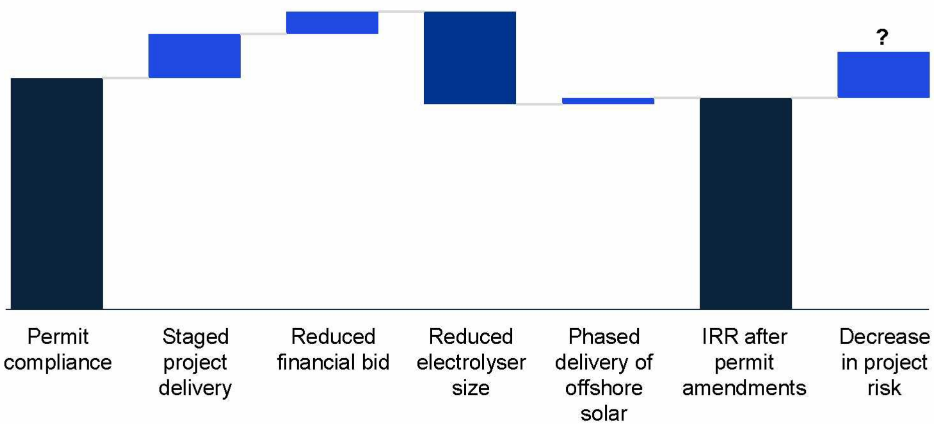
### Conclusions

- The delay of the DRC has a significant and detrimental impact on the business case.
- If Zeevonk was to comply with its permit, it could have faced a project IRR reduction of approximately
- Amending the permit to allow for staged delivery of the project would partially mitigate these losses, however returns are still lower than the bid submission due to higher capex assumptions.
- Taking into account the delay of the DRC, it is reasonable to assume that Zeevonk would require compensation and/or permit change from the Government in order to ensure the project can take a final investment decision, not taking into consideration potential changes to the business case due to other business risks. The impact of other business risks is set out on the following slides.

*Source: Company information, Client information, KPMG analyses*

# The permit amendments result in a de-risked project and lower financial obligations for the Zeevonk project

### Return bridge (project IRR) – Impact of permit changes *(all graphs are illustrative and not to scale)*




### Summary of analysis performed

- The permit amendments have a range of positive benefits on the project, both financially and in terms of risk profile. These are set out in more detail on slide 4. We calculated the positive impact of these permit amendments.
- Based on the previous slide, we calculated that the delay to the DRC resulted in:
  - a reduction to the Project IRR if Zeevonk was to comply with its original permit (compared to the bid submission Project IRR); and
  - A reduction to the Project IRR if Zeevonk was to deliver the project in two stages (compared to the bid submission Project IRR).
- KPMG has then compared the benefit of permit amendments against those losses in project IRR.
- KPMG has not considered the alternative technologies investments, such as BESS, and the potential impact on the project IRR in the analysis.

### Detailed overview of key changes (cont'd)

| Item | Description of amendments |
|---|---|
| Staged project delivery | — Consistent with previous slide 7 |
| Reduced financial bid | — KGG and Zeevonk have agreed a revised profile for payment of the financial bid (with a reduced magnitude and a backloaded profile). This is included in the financial model |
| Reduced electrolyser size | — The electrolyser is now 500 MW and is delivered later. This includes revised production |
| Phased delivery of offshore solar | — Offshore solar is now also delivered in two phases, with only 6 MWp initially. It is assumed that the second phase of offshore solar is not feasible and is not delivered[1] |

### Conclusions

- The Project IRR reduced as a result of the permit change. This is because:
  - The overall Project IRR is blended between offshore wind (a lower return) and an electrolyser (a higher return);
  - The electrolyser is a smaller proportion of the overall project (500 MW compared to 1 GW) – so the relative weighting of the electrolyser on the overall return is now lower (the blended return converges towards the offshore wind return); and
  - As a result, while it appears that the permit changes reduce the Project IRR, Zeevonk is delivering a less risky project as compared to originally anticipated so it follows that the overall return requirement would also reduce.

  This is demonstrated in the graph.
- It is not within our scope to assess what a reasonable return is for the revised risk profile of the entire project.
- At an offshore wind level (e.g., excluding the electrolyser), the offshore wind IRR has improved slightly due to the permit changes (not shown in the graphic). We consider this improvement to be minor in the context of the project.

*Note: (1) We understand that Zeevonk intends to build the additional floating solar PV during phase 2 of the project, if the impact of doing so is NPV neutral*
*Source: Company information, Client information, KPMG analyses*

# KPMG also analysed the business risks to understand the current position of the Zeevonk project (prior to it taking FID)

# It is reasonable for KGG to provide compensation for direct impacts of the delay to the DRC

## Key outcomes of our analysis

**1** If Zeevonk were to comply with their original permit and deliver the project as anticipated in the bid submission, they would have made a substantial loss compared to their original expectations at the time of submitting the bid. There could be some ways to mitigate that loss (e.g., additional capex to connect to the grid or reducing opex costs) however these technical changes and the resulting financial impacts have not been assessed within our scope of work.

**2** Our view is that it is reasonable to compensate the project for the direct impact of external elements outside of the span of control of the project, such as the delay to the DRC. To ensure there is an equal playing field for other bidders into the open tender process, compensation should not be provided for other business risks.

**3** The key outcomes of our analysis are as follows:

- The permit amendments do not seem to overcompensate Zeevonk for a decrease in project return due to the DRC delay, compared to the potential losses if Zeevonk were to deliver the project in alignment with the existing permit conditions (noting Zeevonk could seek to mitigate this loss with various technical permutations of the project, which we have not assessed);
- Staging of delivery of the project does not fully compensate Zeevonk for decrease in project return and it follows that further permit amendments and financial relief is required to increase the project return to the approximate level that Zeevonk submitted at bid submission;
- From our perspective, the permit amendments provide financial relief to Zeevonk and they also provide benefits in terms of simplifying project delivery and reducing the risk profile of the project; and
- We have considered the impact of the delay to the DRC in isolation, and we have also considered Zeevonk's current business case to check Zeevonk is not earning excessive profits as a result of the permit changes – which does not seem to be the case at this stage in the project's development.

**4** We would like to highlight the following important limitations of our analysis:

- Our engagement has been limited to a high-level corporate finance review and additional diligence and analysis could result in different outcomes;
- The risk profile of the project has changed with the permit amendments, and it was not in our scope to determine a revised required level of return for the project; and
- Our review has been based on Zeevonk's current business case, however we note that this will change in the coming years as the owners optimise the project (for example by seeking further reductions in capex and/or signing additional PPAs).

More general limitations of our review are included on slide 5.