



Green fuel factory axed in net zero blow

The Daily Telegraph (London)

August 16, 2024 Friday

Edition 1, National Edition

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The Daily Telegraph

Section: BUSINESS; Pg. 19

Length: 495 words

Byline: Jonathan Leake

Body

A FLAGSHIP green fuel factory has been scrapped by the renewable energy giant **Ørsted** amid a lack of demand from customers.

Work has halted on the FlagshipONE project, a proposed e-methanol plant in the Swedish town of Ornsköldsvik, meant to supply container ships as part of the battle to reach net zero.

The announcement is the latest sign that energy majors are retreating from the mega-projects needed to accelerate the global shift from fossil fuels to cleaner substitutes. **Ørsted** took a 1.5bn Danish kroner (£172m) hit from the decision to axe the facility, according to its latest financial results. The business, which is controlled by the Danish government, has become one of the UK's leading developers of offshore wind, with 12 wind farms in UK waters.

They include Hornsea 1 and 2 off the Yorkshire coast - together comprising one of the world's largest wind farms.

The company produces 7pc of the UK's power and is planning further expansion including two more wind farms near Hornsea and a massive floating one off Scotland. However, its ventures into new technologies and regions have hit the company hard this year, with Mads Nipper, group president and chief executive of **Ørsted**, announcing a total of 3.9bn kroner of impairments.

The FlagshipONE project would have used renewable electricity to produce hydrogen that could then be combined with CO2 to produce methanol.

The aim was to produce 55,000 tons of methanol a year, enough for one large container vessel, making it a large-scale pilot project.

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Mr Nipper said the company had been unable to secure long-term contracts to buy its e-methanol at a viable price. He said: "The liquid e-fuel market in Europe is developing slower than expected, and we have taken the strategic decision to deprioritise our efforts within the market and cease the development of FlagshipONE.

"We will continue our focus and development efforts within renewable hydrogen, which is essential for decarbonising key industries in Europe and closer to our core business."

Ørsted suffered a second impairment totalling 2.1bn kroner at its Revolution wind farm project near Martha's Vineyard, off the US east coast. Construction delays at its onshore substation are the key cause. Mr Nipper said: "Despite encouraging progress on our US offshore wind project, Revolution Wind, the construction of the onshore substation for the project has been delayed.

"This means that we have pushed the commercial operation date from 2025 into 2026, which led to an impairment.

"This is, of course, unsatisfactory."

The company reported a pre-tax profit of 3.9bn kroner, up from 2.4bn kroner in the same period last year, and net profits of 931m kroner.

Tancrede Fulop, senior equity analyst at Morningstar, said **Ørsted** had outperformed expectations especially in offshore wind, but the impairments "underscore the impact of project delays".

£172m The cost of **Ørsted's** decision to scrap the FLAGSHIPONE project in Sweden amid a lack of demand from customers

Load-Date: August 16, 2024