

Press Release

UK Infrastructure Bank and XLCC confirm subsea cable investment

The UK Infrastructure Bank (UKIB) has today announced an investment in subsea HVDC cable manufacturer XLCC to develop a new world-leading factory in Hunterston in Scotland.

The funding consists of an initial £20m from the UKIB with an option to invest a further £67m upon XLCC achieving specific development and funding milestones.

This investment demonstrates the Bank's commitment to working with private investors to support the Government's Clean Energy Mission to make the UK a clean energy superpower and accelerate to net zero. Strengthening homegrown supplies of components and parts, that are essential for net zero such as HVDC cable, is fundamental to achieving this mission.

The Bank's financing will help XLCC develop its factory in Hunterston, Scotland, which once completed will have capacity to produce thousands of km each year of leading edge HVDC cable. The UKIB commitment is complemented by additional investment from existing and new investors. This is incremental to the funding of over £40m raised by the company to date, to design the product, complete detailed design activities for the factory and to achieve full planning permission at the site.

The project is firmly in line with the Bank's twin missions to help tackle climate change and support regional and local economic growth. Once complete the Hunterston factory will create around 900 permanent jobs including over 200 apprenticeships, meaning the factory is also helping to create the manufacturing skills the country needs to support the growth of the UK as a global hub for offshore wind.

Subsea HVDC cables built at Hunterston will be capable of transporting energy over long distances with significantly increased efficiency. As such, they will play a fundamental role in the upgrade of the grid required for the energy transition. This will enable the connection of renewables at scale and allow the clean energy produced by wind farms in the North Sea to be transported to homes and businesses around the country – strengthening our energy security as well as supporting decarbonisation.

Industry regulator Ofgem has welcomed the Bank's focus on capacity additions, and the acceleration of the domestic supply chain for the critical infrastructure required to deliver these vital grid projects.

John Flint, UK Infrastructure Bank's CEO, said:

"Industry projections indicate that demand for subsea cables will soon exceed existing supply chain capacity. Our support for XLCC is intended to provide confidence to the

market, crowding private investment into this sector to boost production capacity in an industry set to have a significant impact on the UK's transition to net zero."

Ian Douglas, XLCC's CEO, said:

"XLCC's mission is to provide critical elements of the infrastructure that is essential to the energy transition and will reduce project costs to the benefit of the UK consumer. The creation of the Hunterston facility in Scotland brings significant investment to the UK, creating highly skilled jobs in advanced manufacturing and project management for decades to come. We welcome the foresight of UKIB and our other investors in recognising the opportunity to create a new force in HVDC cables to address both domestic and global requirements."

Jonathan Brearley, Ofgem CEO, said:

"Britain is seeing the biggest transformation of the energy grid for decades. It will have long-term benefits for us all – true energy security, cutting emissions and protecting consumers. It demands unprecedented levels of public-private investment in clean power, so we welcome the UKIB's commitment today to green industry, jobs and growth."

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Notes to Editors

About UKIB

- The UK Infrastructure Bank (UKIB) is a policy bank which was launched in June 2021 with a mission to partner with the private sector and local government to increase infrastructure investment in pursuit of two strategic objectives: to help tackle climate change; to support regional and local economic growth through better connectedness, opportunities for new jobs and higher levels of productivity.
- The Bank is based in Leeds and has £22bn of finance to deploy across the capital structure, including loans, credit enhancement, equity investments and guarantees. For private sector investments, the Bank has a minimum ticket size of £25m.
- UKIB also provides commercial and financial advisory services and market leading lending to local authorities across the UK for economic infrastructure projects, with a minimum ticket size of £5m.
- Under its plans for a new National Wealth Fund, the Government recently announced £7.3bn of additional funding will be allocated through the UK Infrastructure Bank.
- UKIB is wholly owned by HM Treasury but is operationally independent from government.
- **For more information on the UK Infrastructure Bank, please contact:**
press@ukib.org.uk

About XLCC

- XLCC is an independent British company founded in 2020 to address the critical infrastructure needs of the global energy transition. As the world moves toward Net

Zero, electrification becomes essential, and there is a global shortage of HVDC subsea cables needed for this transformation. To meet this demand, XLCC is building a world-class HVDC manufacturing facility in Hunterston, Scotland, along with the necessary marine and project management capabilities. This will create 900 highly skilled jobs that will significantly boost the global supply of cables. The cables produced at Hunterston will be vital in supporting the UK's energy transition.

- Xlinks and XLCC are separate companies with different legal ownership. XLCC shares some investors and Board representatives with Xlinks, as a result of the early investments made by the original founders of both companies.
- **For more information on XLCC, please contact:** press@xlcc.co.uk

Additional information

- National Grid ESO's recent plans for reinforcing the UK's network propose three times more undersea cabling than onshore infrastructure by 2035 – demonstrating the criticality of HVDC to the net zero transition for the UK.
- UKIB's investment is intended to support the project development stage enabling XLCC to continue building out the expert team and plans for Hunterston. The financing from UKIB will also support XLCC to crowd in the further private capital required for construction of the facility, expected to begin in 2025.