



22 June 2015

AIB and ENERCON seek to reduce start-up costs for small wind farm developers

Allied Irish Banks (AIB) and ENERCON, a leading European wind turbine supplier, have signed a co-operation framework to help small wind farm developers to streamline their start up processes.

AIB and ENERCON took the initiative after noting that the legal and technical advisory fees associated with raising capital were disproportionately high for their smaller wind farm developers. ENERCON estimates small wind farm developers could save about €50,000 in transaction costs on a typical wind farm development as a result of the initiative.

AIB and ENERCON recognised that their customers could make significant cost and time savings if the documentation and due diligence process was more standardised and streamlined.

AIB's Head of Business Banking Ken Burke said: "Ireland, like every other country, is facing challenging CO² emissions targets. Given our geographical position on the Western seaboard of Europe, we are well equipped with the natural resource – wind – to feed the national grid."

"The availability of capital for small and medium sized wind farm projects, especially the sub-10MW projects, has been constrained over the last five years partly due to the high transactional costs. By taking the time to standardise the documentation and removing duplication in the process, AIB and ENERCON have been able to cut due diligence costs," he continued.

"Projects with fewer than four turbines sometimes have a tough time getting finance and the due diligence fees can be disproportionately high. This challenge can lead to small developers selling to the larger players despite years of hard work getting planning permission and grid connection in place. Many small developers, such as farmers wishing to construct turbines on their own land, would like to develop and hold wind farms as investments for their future. This agreement between AIB and ENERCON will help reduce the costs for the smaller developer. We are championing the smaller wind farm developers by giving them a better chance of getting their projects off the ground," Burke added.

AIB's and ENERCON's efforts also mean that once the due diligence begins it can take as few as four weeks for the customer to draw down the funds. "Having AIB and ENERCON working together greatly reduces the stress and time lines involved in achieving financial close. Negotiations were streamlined and double reviews minimised with external fees much more

competitive than encountered elsewhere. The whole process took approximately one month,” said David McDonnell, director of Windsorce Ltd.

“ENERCON, which employs 180 people in Ireland, has over 27,000 operating wind farms of all sizes around the world which they still service. We have been members of Meitheal na Gaoithe, the Irish Wind Farmers Association, for a long time and are delighted to work with AIB to provide an even better service to Irish wind farm developers. This agreement and the benefits it will bring to smaller developers is a big step forward.” said Robin Borgert, ENERCON Head of Sales for Northern Europe.

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Notes for Editors:

ENERCON is the world’s leading supplier of direct drive wind turbines and a leading wind turbine supplier in Europe, with a significant market share in the Republic of Ireland. The company employs 180 people in Ireland at its headquarters in Tralee, Co. Kerry and at offices in Sligo and Dublin. With more than 27,000 wind turbines installed in over 30 countries, ENERCON is also recognized as one of the leading manufacturers at the international level. See more at <http://www.enercon.de>

AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. It provides a comprehensive range of services to personal, business and corporate customers in its target markets and has leading market shares in banking products in the Republic of Ireland. AIB’s business has been restructured in recent years with the aim of becoming a customer focused, profitable and lower risk institution, well positioned to support economic recovery in Ireland while seeking to generate sustainable shareholder returns. See more at (www.aib.ie/renewable-energy)

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