



Rialtas na hÉireann
Government of Ireland

Offshore Renewable Energy

Annex 2

Guidance for the Financial Viability
Assessment of Maritime Area Consent
Applications
(Applying to Relevant Projects)

March 2022



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1. Introduction

1.1 Purpose

The purpose of this Guidance is to outline the financial viability requirements that will apply to applicants for, and holders of, Maritime Area Consents (MAC) in respect of Offshore Renewable Energy (ORE) Relevant Projects under the Maritime Area Planning [Act] 2021 (the Act).

1.2 Interpretation

Unless specified otherwise, the capitalised terms in this Guidance have the same meanings as given to them in the Act. In the event of any inconsistency or ambiguity, the Act takes precedence over this Guidance.

Refer to section 7 for a glossary of terms used in this Guidance.

This Guidance only applies to MACs related to ORE Projects. The Guidance does not apply to site investigation licences that do not require MAC or non-ORE maritime area uses.

The Relevant Authority may elect to depart from, or amend, the methodology in this Guidance, which is for administrative guidance purposes only.

1.3 Statutory basis

Context

The Act is the primary legislation governing the management of development and activities in the marine space. The Act replaces existing State and development permission regimes with one State consent (MAC) to enable occupation of the maritime area and one development permission (planning permission), with a single environmental assessment.

The Act incorporates a forward planning model, with decisions to be taken in a manner that secures the objectives of the National Marine Planning Framework which provides the spatial and policy context for decisions about the maritime area.

Roles and responsibilities

In accordance with s90 and Schedule 2 (2)(h) of the Act, the Relevant Authority will assess the financial viability of a Relevant Person in connection with a MAC for an ORE project.

- Consistent with Schedule 2 (1) of the Act, a Relevant Person may be an applicant for a MAC (the Applicant) or the holder of a MAC (the Holder).
- Following its establishment, the Maritime Area Regulatory Authority (MARA) will be the Relevant Authority. Prior to then, the Department of the Environment, Climate and Communications (DECC) will perform this role for the Relevant Projects only.

Fit and proper person test

In determining whether the Relevant Person is a fit and proper person to be granted a MAC or to retain a MAC, Schedule 2(2)(h) of the Act specifies that the Relevant Authority shall have regard to:

“(h) whether the relevant person is likely to be in a position to meet, or continue to meet, as the case may be, any financial commitments or obligations that the [Relevant Authority] reasonably considers will be entered into or incurred by the relevant person—

- (i) in undertaking the proposed maritime usage, or in continuing to undertake the

maritime usage, as the case may be,

(ii) in ceasing to undertake the proposed maritime usage or the maritime usage, as the case may be”

This Guidance provides further details regarding the process that the Relevant Authority will apply to determine whether an Applicant or Holder is likely to be able to meet its financial commitments or obligations in respect of a MAC.

Assessment stages

A financial viability assessment is required in respect of:

- **Initial MAC applications** – Under Schedule 5(5) of the Act, the Relevant Authority will assess whether an Applicant is a fit and proper person both at the time the application is made and the time of the MAC application determination.
- **Changes to a MAC** – The Relevant Authority will assess the Holder of a MAC against the fit and proper person test at the time of any proposed:
 - **Assignment of a MAC** – Under s 85 of the Act, where the Holder wishes to assign the MAC to an assignee, the Holder and the Assignee must make an application in the specified form for the Relevant Authority’s consent. In assessing the application, the Relevant Authority shall determine if it is satisfied that the proposed assignee meets all the requirements that the proposed assignor had to meet before the proposed assignor was granted the MAC (i.e. consistent with Schedule 5(5) above).
 - **Material amendment to a MAC** – Under s 86(1), where the Holder wishes to amend the MAC in any material way, the other provisions applicable to a MAC application shall apply (i.e. including the fit and proper person test).
- **Ongoing MAC conditions** – Schedule 6 of the Act specifies that the Relevant Authority may attach conditions to a MAC, including that the Holder must:
 - adhere to a work programme (including a schedule for completion)
 - give notice of any change in circumstances
 - continue to be a fit and proper person.

1.4 Scope

This Guidance aims to ensure that the financial viability assessment is:

- **effective** – to qualify only those Relevant Persons with the financial capability to deliver ORE Projects and, in so doing, to support Ireland’s decarbonisation policy objectives
- **efficient** – to ensure that the information requirements and process timeframes for the financial viability assessment are reasonable and rigorous
- **transparent** – to ensure that the assessment process is fair and clearly understood by Applicants from the outset and by Holders in terms of their ongoing obligations.

It is important to note that this Guidance is:

- for administrative guidance purposes only and the Relevant Authority may, at its absolute discretion, elect to depart from the methodology set out in this Guidance
- supplementary to the Act, which takes precedence over this Guidance

- not a substitute for any regulation or law and does not have binding legal effect
- not a substitute for any other financial assessments that may be carried out by another regulator
- made specifically and exclusively for the purposes set out within
- to be kept under review by the Relevant Authority and may be amended as deemed appropriate by the Relevant Authority
- to apply to MAC Applicants and Holders – and does not apply to non-ORE maritime usages or preliminary site investigation activities that do not require a MAC.

2. Assessment methodology

2.1 Assessment outcome

The financial viability of each Relevant Person will be assessed on a case-by-case basis using the financial criteria set out within this Guidance.

A Relevant Person that meets all the financial criteria set out in this Guidance will be deemed financially viable. The Relevant Authority may fail a Relevant Person that does not meet all the financial criteria.

Where a Relevant Person does not meet all the financial criteria, the onus will be on the Relevant Person to demonstrate to the Relevant Authority that this does not impact on its ability to meet the Total Outstanding Financial Commitments. In such a scenario, the Relevant Authority may request further information and undertake a further review of the Relevant Person's financial viability.

The outcome of this financial assessment will be considered together with other factors taken into consideration by the Relevant Authority in respect of an application for a MAC and conditions that may be attached to a MAC under the Act. Irrespective of the outcome of the financial assessment, it remains at the sole and absolute discretion of the Relevant Authority to determine whether an Applicant or Holder has the financial viability required and meets the fit and proper person test.

2.2 When this Guidance should be applied

In accordance with the requirements of the Act (as summarised at section 1.3 of this Guidance), a financial viability assessment under this Guidance is required when:

- an initial MAC application is required under the Act
- material amendment to a MAC is proposed by the Holder, including where the amendment has a significant impact on the associated costs and/or risk profile of the ORE Project
- assignments or transfer of interests is proposed in respect of a MAC
- where a Change of Control has occurred
- any other provision under the Act would require consent of the Relevant Authority in respect of a MAC.

The circumstances highlighted above are not exhaustive and the Guidance may be applied in other cases where financial resources are required by a Relevant Person to meet its financial commitments or liabilities in respect of a MAC.

2.3 Legal entity

The Act sets out the types of corporate or other entities that may be a Relevant Person.

Where an application is submitted on behalf of another entity, the party committed to delivering the ORE Project is deemed the Relevant Person for the purposes of the financial viability assessment.

2.4 Self-assessment

To ensure transparency and timely processing of applications, the Relevant Authority requires all Relevant Persons to perform the financial viability tests based on a self-

assessment before submitting their applications to the Relevant Authority.

Included in the Appendices of this Guidance are pro-forma templates that the Relevant Person is required to complete and submit to the Relevant Authority. These templates include a self-assessment against the financial criteria requirements of this Guidance. This approach allows each Relevant Person to identify where further explanation or information will be required to demonstrate its financial viability.

2.5 Credit ratings

Where the Relevant Person or the Supporting Entity has an investment grade credit rating, the Relevant Authority will take account of the rating when assessing the outcome of the financial viability assessment. Evidence of the rating should be provided in addition to the financial information requirements as set out in Section 3 of this Guidance.

The credit rating should be from a recognised rating agency and should fall within their investment grade classification (for example no lower than Baa3 for S&P, BBB- for Moody's, BBB- for Fitch etc).

2.6 Assignment or Change of Control

The Relevant Person must provide all financial information specified in this Guidance to the Relevant Authority for the purposes of a full financial viability assessment within 20 business days of any Assignment or Change of Control.

2.7 Reliance on another entity

The Relevant Person may, to prove its financial viability, rely on the resources of entities or undertakings with which it is directly or indirectly linked (the Supporting Entity). In such a case, the Supporting Entity(ies) and not the Relevant Person will be subject to the financial viability assessment. For avoidance of doubt a Relevant Person may rely on more than one Supporting Entities, provided that the Supporting Entities' guarantees – in combination – guarantee the Relevant Person's total financial commitments or obligations under the MAC.

A Supporting Entity may be a parent or a non-parent company.

Where a Project Finance structure is to be used, it is expected that:

- Prior to the achievement of Financial Close, Supporting Entities are likely to be relied on to meet the financial viability criteria – rather than any special purpose vehicle (SPV).
- Following the achievement of Financial Close, the SPV is likely to be sufficiently funded to meet all applicable financial criteria (noting that certain 'Exclusions' related to the use of Project Finance apply to several criteria).
- Where a Relevant Person indicates that a Project Finance structure is being used, the Relevant Person will be expected to provide evidence to demonstrate that its financing arrangements meet the definition of a Project Finance structure.

Section 3.3 sets out additional requirements in relation to a Supporting Entity. Specifically, to be a Supporting Entity for the purposes of this assessment, the Supporting Entity must provide an executed guarantee consistent with the form at Appendix FinK of this Guidance as part of its MAC application or, as applicable, at the time of any reassessment of an existing MAC.

This support does not negate the responsibility of the Relevant Person to provide all necessary documentation (including that of any Supporting Entity) upfront to the Relevant

Authority. This approach ensures that the Relevant Authority has a single point of contact for the purposes of communication.

2.8 Consortia

Where a MAC involves a consortium, each party whose resources are being relied on will be deemed a Relevant Person. As a result, each consortium member whose resources are being relied on will be required to provide the information outlined in Section 3 of this Guidance.

Each consortium member will be assessed based on its financial viability in relation to its proportion of the ORE Project(s) (excluding the going concern, gearing and current ratio criteria).

2.9 Specific Financing Arrangements

The Relevant Authority will consider all types of credible financing arrangements and does not wish to unnecessarily deter Relevant Persons from proposing specific or innovative funding methods. It is noted that certain financing arrangements may not be evidenced within the assessments detailed within section 4 of this Guidance.

Section 5 of the Guidance sets out some of the potential funding arrangements which may represent extenuating circumstances in relation to the financial viability criteria and the evidence that may be required in such circumstances. The onus will be on the Relevant Person to provide the necessary information and assurance.

2.10 Multiple MACs

Where a Relevant Person has applied for and/or been awarded more than one MAC, the financial viability assessment will be based on the sum of the Total Outstanding Financial Commitments in relation to all associated ORE Projects (see Appendix FinE).

2.11 Post Balance Sheet Events

Relevant Persons are required to provide a written statement confirming that since the date of the latest submitted financial information in relation to this Application there has not been:

- any material adverse change in financial or trading position which may impact the assessment of financial viability as set out within this Guidance
- any material adverse post balance sheet event that which may impact the assessment of financial viability as set out within this Guidance
- any contingent liabilities or significant losses which may impact the assessment of financial viability as set out within this Guidance.

Where a material post balance sheet event has occurred, the impact on the financial viability assessment as set out within this Guidance will be included as part of the assessment of the application.

2.12 Insurances and contingent liabilities

Financial Commitment is, for the purpose of this Guidance, the financial cost of delivering the proposed ORE Project(s) and does not include any contingent liabilities.

The Relevant Authority requires confirmations that the Relevant Person has or will have appropriate insurances in place for risks associated with its ORE Projects, which cover

potential contingent liabilities that may be incurred in the event of an unforeseen scenario. Therefore, the financial viability assessment contained within this Guidance does not include these potential contingent liabilities. The assessment of insurance cover and contingent liabilities is outside the scope of this Guidance.

3. Information requirements

3.1 Source documentation

Each Relevant Person (including each consortium member) is required to provide the information set out within this Guidance. In cases where information is missing:

- the Relevant Authority reserves the right not to accept the application
- the Relevant Person may provide the missing information in timely manner.

Each Relevant Person must submit financial statements for the last two financial periods. The financial statements should be:

- audited by an appropriate accounting professional (who is a registered member of a recognised accounting body)
- contain a balance sheet and profit and loss statement (at a minimum) for the current and a comparable prior period
- provided in or translated to English
- prepared under recognised accounting standards.

Where the Relevant Person does not have statutory audited financial statements or the latest filed audited financial statements are older than 12 months, the Relevant Authority will require the Relevant Person to provide the latest available management financial statements, which are accompanied by a letter of comfort from the Directors of the Relevant Person stating that the accounts provide a true and fair statement of the Relevant Person's financial position and performance.

If the Relevant Person is relying on a Supporting Entity, the above requirements only apply to the Supporting Entity.

3.2 Self-Assessment and other requirements

Relevant Persons must provide the following information:

- **Identity** – The name, address and contact details of the Relevant Person including information concerning the Relevant Person's place of registration, its principal place of business and the year of establishment should be provided, refer to Appendix FinA.
- **Supporting Entity information** – Where a Relevant Person is relying on a Supporting Entity, the details of the Supporting Entity should be provided as set out in Appendix FinB.
- **Consortium information** – Applicants / Holders that are in a Consortium are required to provide details of all members of the consortium, their role within the consortium and the percentage of the ORE Project to be completed by each member, refer to Appendix FinC.
- **Description of the ORE Project** – A high level project plan, refer to Appendix FinD.
- **Total Outstanding Financial Commitment** – The sum of the Outstanding Financial Commitments in relation to all associated ORE Projects where a Relevant Person has applied for and/or been awarded more than one MAC, refer to Appendix FinE.
- **Details of funding arrangements** – A detailed description should be provided in Appendix FinF regarding how each Relevant Person will fund its Financial

Commitments.

- **Documentation list** – All Relevant Persons will be required to list the financial documentation being submitted, which forms the basis for the financial viability assessments. Refer to Appendix FinG.
- **Post balance sheet events** – Each Relevant Person is required to provide a statement, with accompanying evidence, with regards to any material adverse changes in financial circumstances occurring post the balance sheet date of the latest financial information provided, refer to Appendix FinH.
- **Going Concern** – If the Relevant Person's financial statements (for either of the last two financial periods) are qualified with a disclaimer or adverse opinion. The Relevant Person should provide a written statement, with accompanying evidence demonstrating if rectification action has been taken and whether the qualification indicates a material concern in respect of the trading and financial performance, refer to Appendix FinI.
- **Self-Assessment** – The provision of a self-assessment financial viability template in Appendix FinJ.
- **Supporting Entity Guarantees** – Where a Relevant Person is relying on a Supporting Entity, the Supporting Entity must provide a guarantee that meets the requirements as set out in Appendix FinK.

3.3 Information required when relying on a Supporting Entity

Relevant Persons that are relying on the resources of Supporting Entities are required to provide the source documentation specified at section 3.1, including in respect of the relevant Supporting Entities.

Where the Relevant Person proposes to rely on a Supporting Entity, confirmation is required stating that the Supporting Entity will guarantee the obligations of the Relevant Person to complete the proposed ORE Project(s) if the Relevant Person is unable to meet its Financial Commitments. To demonstrate this support, the Supporting Entity is required to provide an executed legally binding guarantee consistent with the form at Appendix FinK – as part of its MAC application or, as applicable, at the time of any reassessment of an existing MAC.

Where the Supporting Entity is a non-Ireland incorporated entity, a legal opinion should be submitted with the guarantee where required. The opinion should be provided by an authorised law firm able to act in the jurisdiction in which the Supporting Entity is incorporated and/or is domiciled in and state that the guarantee is enforceable.

4. Financial viability assessment criteria

The Relevant Authority will assess the Relevant Person's financial viability over the two most recent historic periods (subject to the 'Exclusions' identified below). The relevant criteria are outlined below.

4.1 Going Concern

An established company with a strong track record of solvency is more likely to be able to meet its future financial commitments and liabilities. A good indication of a company's solvency and financial health is its Going Concern status. Depending on the jurisdiction of the Relevant Person, the statutory accounts may contain an Independent Auditor's report on the Going Concern status of a Relevant Person. The accounts may also include a Directors' report outlining the performance of the Relevant Person and issues affecting it for the relevant period. As part of the viability assessment, the Relevant Authority will review information which includes, but is not limited to, the Auditor's and Directors' report statements on Going Concern.

Expectation: Going concern (without material uncertainty)

Evaluation Guidance: If there are extenuating circumstances, the Relevant Person is expected to provide detailed reasoning and evidence as to why the financial viability is not significantly impacted. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

This criterion must be met by each Relevant Person on a standalone basis – irrespective of the proportion of their commitment in any consortium.

Exclusions: None.

4.2 Net Assets

The Net Assets calculation determines if a company's total assets exceed its total liabilities. Net Assets will be calculated as follows:

Calculation: Net Assets = Total Assets – Total Liabilities

Expectation: Net Assets greater than €50 million

Where: A positive Net Asset value demonstrates that the Relevant Person's business has excess assets compared to liabilities and is an indicator that over time, the company has brought in more income than it has paid out in expenses. The greater the excess of assets over liabilities, the better the Relevant Person's financial position and potential to continue trading into the foreseeable future. Given that ORE Projects involve significant scale and risk, it is expected that Relevant Persons will have significant Net Assets – and certainly much greater than zero.

Evaluation Guidance: Where the Relevant Person has a Net Asset value that is below the Relevant Authority's expectations, it could potentially indicate that the Relevant Person may find it difficult to manage any unforeseen financial shocks or contingent liabilities due to limited resources. If there are extenuating circumstances, the Relevant Person is expected to provide detailed reasoning and evidence as to why it has the financial viability to deliver the project. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory. It is highly unlikely that such reasoning would be adequate to account for a negative Net Asset balance.

Each consortium member will be assessed on a pro-rata basis against the expected net asset level. For example, where a project involves two parties with a 50% commitment,

each party will be expected to have had net assets of €25 million per annum.

Exclusions: For projects using a Project Finance structure and that have achieved Financial Close, the Net Assets criterion shall be calculated based on the most recent available financial accounts, rather than in respect of the prior two years. The purpose of this exclusion is to allow for the assessment of fully funded SPVs that may not yet have two years' financial statements.

4.3 Current Ratio

The Current Ratio is a measure of a company's ability to pay its short-term obligations using its short-term assets. The Current Ratio will be calculated as follows:

Calculation: $\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$

Achieving a rating of close to 1 indicates that the Relevant Person has adequate current assets to cover its current liabilities.

Expectation: **Current ratio greater than 0.60**

Evaluation Guidance: Where the Relevant Person has a Current Ratio below the expectation above, it is likely to highlight a liquidity issue for the Relevant Person in covering current liabilities. If there are extenuating circumstances the Relevant Person will be expected to provide detailed reasoning and evidence as to why the financial viability is not significantly impacted (including how working capital requirements are financed by adequate short-term funding arrangements). It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

This criterion must be met by each Relevant Person on a standalone basis – irrespective of the proportion of their commitment in any consortium.

Exclusions: For projects using a Project Finance structure and that have achieved Financial Close, the Current Ratio criterion shall be calculated based on the most recent available financial accounts, rather than in respect of the prior two years. The purpose of this exclusion is to allow for the assessment of fully funded SPVs that may not yet have two years' financial statements.

4.4 Gearing

As part of the financial viability assessment, it is important to understand the Relevant Person's capital structure to the extent that operations are funded by third parties (lending institutions) versus shareholders. A Gearing Ratio calculation will be used to determine the Relevant Person's capital structure. The Gearing Ratio will be calculated as follows:

Calculation: $\text{Gearing} = \text{Total Debt} / (\text{Total Debt} + \text{Equity})$

Expectation: **Gearing of 85% or less**

Where: This ratio measures the proportion of debt against the total capital in the business, which includes both debt and shareholder's equity. The ratio indicates the level of funding risk to which a business is exposed. Relevant Persons with a high level of debt, carry a greater risk as the debt will have to be serviced. Also, a high Gearing Ratio may suggest that the Relevant Person could have difficulty in raising additional funds in the future.

The Gearing Ratio assessed by the Relevant Authority will consider all the debt owed by the Relevant Person. In some instances, a proportion of the debt on the Relevant Person's balance sheet could consist of intra group debt. In this instance, the Relevant Person should specify the amount along with an explanation of any intra group debt that the Relevant Authority should take into consideration when performing the assessment. Given

that ORE Projects are often highly geared, the expectation below is set at a high level of gearing – for the purpose of identifying only those companies that may be facing financial challenges.

Evaluation Guidance: Where the Relevant Person's Gearing Ratio is greater than 85%, the Relevant Authority will expect additional information to evidence that the Relevant Person is able to service its debt obligations as and when they fall due without putting undue stress on the financial viability of the Relevant Person. This may include historic debt service cover ratios evidencing that the debt obligations can be met. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

This criterion must be met by each Relevant Person on a standalone basis – irrespective of the proportion of their commitment in any consortium.

Exclusions: The Gearing criterion does not apply to, and will not be assessed in respect of, projects using Project Finance structures and that have achieved Financial Close. The purpose of this exclusion is to allow for maximum efficiency in the use of project financing, provided that the SPV is fully funded.

4.5 Cash Cover

The Cash Cover ratio assesses the level of available cash in the company to cover the cost of the ORE Project(s). The Relevant Authority will calculate the Relevant Person's Cash Cover ratio as follows:

Calculation: $\text{Cash Cover} = \text{Cash} / \text{Total Outstanding Financial Commitment}$

Expectation: **Cash Cover greater than 1.0x**

Where: Cash may include cash, cash equivalents and any committed undrawn credit facilities from banks or other financiers with a credit rating that is investment grade or higher.

Total Outstanding Financial Commitment is as defined in the Glossary to this Guidance. Note that the duration of costs to be considered varies depending on whether a project has or has not yet reached Financial Close.

This criterion is assessed based on the proportion of the Relevant Person's commitment in any consortium. For example, if a Relevant Person has Outstanding Financial Commitments in respect of 50% of two €1 billion projects, its Total Outstanding Financial Commitment will be €1 billion (i.e. €500 million in respect of Project A, plus €500 million in respect of Project B).

Evaluation Guidance: Where the Relevant Person has a Cash Cover ratio lower than the expectation above, it may be an indicator that the Relevant Person will not be able to fund all ORE Project commitments. As a result, the Relevant Person will be expected to provide additional information to evidence its financial viability, this may include demonstrating its capacity with reference to specific funding arrangements as set out in Section 5. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

Exclusions: For projects using a Project Finance structure and that have achieved Financial Close, the Cash Cover criterion shall be calculated based on the level of Cash available to the SPV at the time of the assessment, rather than in respect of the prior two years. The purpose of this exclusion is to allow for the assessment of fully funded SPVs that may not yet have two years' financial statements.

The Cash Cover criterion does not apply to, and will not be assessed in respect of, projects that have achieved commercial operation.

4.6 Cash Resources

A company's cash resources represent the level of liquid assets that the company can access immediately. The Relevant Authority will calculate the Relevant Person's cash resources as follows:

Calculation: **Cash Resources = Cash and Cash Equivalents + Undrawn Credit Facilities**

Expectation: **Cash Resources greater than €50 million**

Where: Undrawn Credit Facilities may only be included if they are committed undrawn credit facilities from a financial institution with a credit rating that is investment grade or higher.

Given that ORE Projects involve significant scale and risk, it is expected that Relevant Persons will have significant cash resources to meet the cost of the ORE Project(s).

The Relevant Authority notes that depending on the date in which the calculation is performed, a Relevant Person may have certain or once off obligations due in that period which could have a negative effect on its cash levels. In the event of this being applicable, the Relevant Person should highlight this in the calculation which may be taken into consideration by the Relevant Authority during the financial assessment.

Each consortium member will be assessed on a pro-rata basis against the expected cash resources level. For example, where a project involves two parties with a 50% commitment, each party will be expected to have had cash resources of €25 million (in each of the prior two years, subject to the 'Exclusions' below).

Evaluation Guidance: Where the Relevant Person does not have the expected cash amount, it may be an indicator that the Relevant Person will not be able to meet all its financial commitments in respect of the ORE Project(s). As a result, the Relevant Person will be expected to provide additional information to evidence its financial viability, this may include demonstrating its capacity with reference to specific funding arrangements as set out in Section 5. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

Exclusions: For projects using a Project Finance structure and that have achieved Financial Close, the Cash Resources criterion shall be calculated based on the prior two years or the time that has elapsed since the achievement of Financial Close, whichever is the shorter duration. The purpose of this exclusion is to allow for the assessment of fully funded SPVs that may not yet have two years' financial statements.

4.7 Income

The level of income indicates the company's ability to generate operating, financial and other revenue – including from associated companies within the same company group for accounting purposes. The Relevant Authority will calculate the Relevant Person's Income levels as follows:

Calculation: **Income = Income**

Expectation: **Income greater than €200 million per annum**

Where: Income means amounts derived from the provision of goods and services (after deduction of trade discounts and Taxes), plus all financial or other income, including from associated companies within the same company group for accounting purposes.

Given that ORE Projects involve significant scale and risk, it is expected that Relevant Persons will have significant income to assist with the management of their cashflows and funding of the ORE Project(s).

Each consortium member will be assessed on a pro-rata basis against the expected income level. For example, where a project involves two parties with a 50% commitment, each party will be expected to have had income of €100 million per annum.

Evaluation Guidance: Where the Relevant Person does not have the expected income levels, it may be an indicator that the Relevant Person has limited operating revenues to support its working capital and funding requirements for the ORE Project(s). As a result, the Relevant Person will be expected to provide additional information to evidence its financial viability, this may include demonstrating its capacity with reference to specific funding arrangements as set out in Section 5. It will be at the Relevant Authority's sole discretion as to whether such reasoning and evidence is satisfactory.

Exclusions: The Income criterion does not apply to, and will not be assessed in respect of, projects using a Project Finance structure and that have achieved Financial Close. The purpose of this exclusion is to recognise that SPVs are unlikely to earn income until COD.

5. Specific financing arrangements

The Relevant Authority will consider all types of credible financing arrangements and does not wish to unnecessarily deter any Relevant Persons from proposing specific or innovative funding methods. It is noted that certain financing arrangements may not be evidenced within the financial viability criteria assessments detailed within Section 4 of this Guidance.

To assist Relevant Persons, this section of the Guidance sets out some of the potential funding arrangements that may represent extenuating circumstances in relation to the financial viability criteria and the evidence that may be required. The onus will be on the Relevant Person to provide additional information.

The additional information or proof of actions undertaken by a Relevant Person will be reviewed by the Relevant Authority to ensure that the Relevant Person has the necessary financial resources in place to cover its Outstanding Financial Commitments.

Examples of potential funding arrangements and the associated expectations are provided below:

- **Issue of new Share Capital:** A Relevant Person may raise funds through the issuing of new share capital. It should be evidenced that the associated funds from the share issue are available to the Relevant Person at the time the MAC is granted. Arrangements with financial institutions or other financial firms whereby they undertake to raise equity on a 'best efforts' basis will not be considered as adequate evidence. Executed underwriting agreements may form acceptable evidence, if: fully committed, not subject to further approvals, and underwritten by a financial institution with at least an investment grade credit rating.
- **Cash Flow:** A Relevant Person may intend to fund its commitment using forecast cash flows. Where this is the case, the Relevant Person should evidence of its historic track record of generating adequate cash flows over recent periods and/or provide evidence of imminent sale proceeds to be received from asset sales.
- **Loan Arrangements:** A copy of an executed loan agreement between the Relevant Person and the lender along with an executive summary of the key terms should be provided. Agreements conditional on a MAC being granted may be acceptable. If the loan agreement requires interest and/or capital repayments prior to COD, then further information in relation to the Relevant Person's ability to service the debt will be required. Conditional letters of comfort, such as a letter of loan offer being subject to credit committee approval, are not acceptable.
- **Line of Credit:** A Relevant Person may provide or put in place a Line of Credit facility with a financial institution (normally a bank) which can be drawn on or repaid continually over a specified period. A borrower can avail of this type of facility at any time provided the maximum amount of the facility is not exceeded.
- **Letter of Credit:** A Relevant Person may obtain or provide a Letter of Credit from a financial institution (normally a bank) guaranteeing the payment of its costs on time and for the correct amount. If the Relevant Person is unable to pay for the associated costs, the bank will be required to cover the outstanding payments.
- **Bonding:** A Relevant Person may be required to put in place appropriate bonding which provides assurance to the Relevant Authority that the ORE Project(s) will be completed to the required specification and on time. To obtain a bond, a Relevant Person is likely to undergo extensive background and financial checks by a recognised surety which backs the bond. In some cases where it is difficult for the Relevant Authority to assess the Relevant Person, proof of bonding may suffice.

- **An escrow agreement:** A Relevant Person may be requested to put in place an arrangement where it reserves / deposits cash equivalent to the full costs of the proposed ORE Project(s) with a third person (escrow agent) or in a reserve account. The cash can only be paid out to beneficiaries if, and when, specific conditions are met, which in this case are costs relating to the ORE Project(s).

6. Queries and feedback

6.1 Queries

To facilitate the timely processing of applications and the avoidance of incomplete submissions, Relevant Persons should direct queries relating to the information requirements or any other requests to the Relevant Authority as early as possible in the process. Queries should be sent to: oreconsenting@decc.gov.ie

The Relevant Authority reserves the right to request clarification of any matter set out in the information provided by the Relevant Person or other publicly available information of relevance to the Relevant Person.

6.2 Feedback

The Relevant Authority will inform Relevant Persons in writing of the outcome of the assessment. In the case of an unsuccessful assessment, the Relevant Authority may provide feedback at its discretion.

7. Glossary

Term	Definition
Accrual Items	Depreciation, amortisation and other accrual accounting adjustments to the project cashflows.
The Act	The Maritime Area Planning [Act] 2021
Applicant	Entities applying to obtain a MAC under the Act
Assignment	The assignment of more than 20% of any interest in a MAC by the holder of a MAC to another entity.
Capital Costs	<p>Capital costs on a nominal basis:</p> <ul style="list-style-type: none"> including all planning, design, construction, contingency, escalation or inflation, project management, plant, machinery, equipment and other acquisition, installation or demolition costs associated with construction of the generation facility, grid connection or other costs of a capital nature that will be incurred directly by your project; and excluding all Financing Costs, Taxes and Accrual Items.
Cash Cover	Cash and Cash Equivalents (including committed undrawn credit facilities from an investment grade financial institution) / Total Outstanding Financial Commitment
Cash Resources	Cash at bank, cash equivalents and Undrawn Credit Facilities
Change of Control	The sale or transfer of 20% or more of the shares or voting rights in respect of a Relevant Person or a Supporting Entity – excluding a listed company with a market capitalisation of more than €100 million.
COD	Commercial Operation Date (COD) means the date that the project achieves commercial operation as defined in the RESS Terms and Conditions or, in the case of non-RESS projects, an equivalent project delivery milestone.
Commitments	The financial commitment required to complete the ORE Project.
Consortium	A group of parties submitting a combined application for a MAC or a group of parties that hold a MAC

Term	Definition
Current Ratio	Current Assets / Current Liabilities
Decommissioning Guidance	Guidance to be published by the Relevant Authority that outline the requirements Relevant Persons must comply with in respect of decommissioning and the funding of decommissioning liabilities.
DECC	The Department of the Environment, Climate and Communications
Financial Close	The date that funding to construct the ORE Project and achieve commercial operation is in place and available for drawdown in respect of the ORE Project.
Financial Commitment	The total Capital, Financing and Other Costs, excluding contingent liabilities, in respect of a project. At any given point in time, the Financial Commitment will be based on the Relevant MEC.
Financing Costs	Interest payments, finance arranging or refinancing fees, dividends, hedging costs and other financing costs.
Gearing	Total Debt / (Total Debt + Equity)
Going Concern	An operating entity that is expected to continue to function as such and remain viable in the foreseeable future.
Guarantor	The parent or non-parent entity that provides a guarantee for the Relevant Person
Guidance	Guidance for the Financial Viability Assessment of Maritime Area Consent Applications – Offshore Renewable Energy
Holder	The holder of one or more MAC(s) under the Act
Maritime Area Consent	Maritime Area Consent, as defined under the Maritime Area Planning [Act] 2021
MARA	Maritime Area Regulatory Authority
Minister	Minister for the Environment, Climate and Communications
Net Assets	Total Assets – Total Liabilities

Term	Definition
NMPF	The National Marine Planning Framework
ORE	Offshore Renewable Energy, as defined in the Act
ORE Project	The ORE project that the Relevant Person has applied for a MAC or holds a MAC in the Republic of Ireland. Note, for avoidance of doubt, this definition excludes the need to provide worldwide cost information.
Other Costs	Any costs, commitments or obligations that the Relevant Person must meet and are not Financing Costs or Capital Costs. For avoidance of doubt, Other Costs includes the funding of decommissioning liabilities in accordance with applicable Decommissioning Guidance.
Outstanding Financial Commitments	<p>Any Financial Commitments associated with a MAC applied for or granted that have not yet been incurred. In the case of projects that have:</p> <ul style="list-style-type: none"> • not reached Financial Close – the Outstanding Financial Commitment shall be calculated over the forthcoming three years or the time up to the estimated date of Financial Close, whichever is the shorter duration • reached Financial Close – the Outstanding Financial Commitment shall be calculated over the forthcoming three years or the time up to COD, whichever is the shorter duration • achieved commercial operation – the Outstanding Financial Commitment shall be deemed to be zero (€0).
Project Finance	The use of an SPV to deliver the fund, build and operate the project – including via the use of limited or non-recourse finance.
Relevant Authority	DECC (prior to the establishment of MARA) or MARA (once established).
Relevant MEC	Where a MAC application is made prior to the project having entered into a grid connection agreement with the TSO, the Relevant Maximum Export Capacity (MEC) will be the maximum export capacity is or will be identified in the grid connection assessment. At all other stages, the Relevant MEC will be the maximum export capacity identified in the grid connection agreement.

Term	Definition
Relevant Person	The Applicant for, or Holder of, a MAC – as the case may be.
RESS	The Renewable Electricity Support Scheme (RESS).
RESS Terms and Conditions	The RESS Terms and Conditions as published by the Department.
Supporting Entity	Where a Relevant Person is relying on the resources of another entity / entities or undertakings with which it is directly or indirectly linked
Taxes	Corporation tax, capital gains tax, VAT, rates, stamp duty and any other taxes. For avoidance of doubt, consent levies are not Taxes for the purposes of this Guidance.
Total Debt	<p>Debt all includes:</p> <ul style="list-style-type: none"> senior, subordinate and mezzanine debt, corporate debt facilities and bonds other financial instruments that are classified as debt for accounting purposes. <p>Subject to the above, Debt excludes:</p> <ul style="list-style-type: none"> equity, preference shares (redeemable or otherwise), and shareholder loans other liabilities that are not classified as debt for accounting purposes.
Total Outstanding Financial Commitment	The sum of the Outstanding Financial Commitments in relation to all MACs applied for and/or awarded.
Undrawn Credit Facilities	Committed undrawn credit facilities from a financial institution with a credit rating that is investment grade or higher.

Appendix FinA: Relevant Person information

All Applicant(s) and Holder(s) are required to complete this template. Answers in all the applicable templates should be typed and where options are given, insert ✓ in the box(es) as appropriate.

Relevant Person information		
Company name		
Company registration number		
Jurisdiction of registration		
MACs applied for		
MACs currently held		
MACs previously held		
Legal Form of the Relevant Person		
Is your company a:		
Private Limited Company	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Public Limited Company	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Please provide details of 'Other'		
Relevant Person structure		
Is the Relevant Person a single bidder or is it a consortium	<input type="checkbox"/> Single	<input type="checkbox"/> Consortium
If a consortium, will the consortium form a special purpose vehicle or other single purpose entity solely to undertake the ORE Project?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If a consortium, is there a legal agreement that defines rights and liabilities of each member person or firm of the consortium? If 'yes' please give details of the agreement.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Appendix FinB: Supporting Entity information

Where a Relevant Person(s) has outlined that it will be relying on a Supporting Entity, the Supporting Entity is required to complete this template.

Supporting Entity information		
Company name		
Company registration number		
Jurisdiction of registration		
Relevant MACs		
Legal Form of the Supporting Entity		
Is your company a:		
Private Limited Company	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Public Limited Company	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Supporting Entity structure		
Is the Supporting Entity a Parent Company or Non-Parent Company	<input type="checkbox"/> Parent <input type="checkbox"/> Non-Parent	
If a Non-Parent, is there a legal or binding agreement between the third-party guarantor and the Relevant Person? If yes, please provide details of the agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Appendix FinC: Consortium information

If a Relevant Person(s) is part of a Consortium, please provide details of the name of each member, a description of the relationship between the participants and the percentage of the ORE Project that each member will complete.

Company name	Role within the consortium	% of the ORE Project to be completed

Appendix FinD: Description of the ORE Project

Relevant Persons are required to provide an overview of the ORE Project, including a description of:

- the planned project electricity generation capacity in MW and capacity factor and high-level technology description
- the proposed project delivery workstreams and activities against an annual delivery plan
- the extent (in percentage terms) that the ORE Project will be completed in each year.

ORE Project description

Appendix FinE: Total Outstanding Financial Commitment

Where a Relevant Person has applied for and/or been awarded more than one MAC, the financial viability assessment will be based on the Total Outstanding Financial Commitments in relation to all associated ORE Projects (in the Republic of Ireland). Total Outstanding Financial Commitment and Outstanding Financial Commitment are as defined in the Glossary to this Guidance.

MAC	Outstanding Financial Commitment
	[V]
	[W]
	[X]
	[Y]
	[Z]
Total Outstanding Financial Commitment	[V+W+X+Y+Z]

Appendix FinF: Details of funding arrangements

Relevant Persons are required to disclose how they intend to cover the costs of their commitments. In respect of each project that is the subject of a MAC application or an existing MAC, Relevant Persons should specify below:

- the type of funding arrangement being proposed for each project
- a detailed description of the proposed arrangements, partners and the process to be undertaken before all conditions for funding are satisfied for each project – and the estimated date of Financial Close
- a summary sources and uses of funds sheet that provides a high-level forecast of the funding arrangements for each project. In the case of projects that have:
 - **not reached Financial Close** – the sources and uses of funds sheet shall include all cashflows over the forthcoming three years or the time up to the estimated date of Financial Close, whichever is the shorter duration
 - **reached Financial Close** – the sources and uses of funds sheet shall provide cashflows for the project, up to and including the time of COD
 - **achieved commercial operation** – a sources and uses of funds sheet is not applicable or required to be provided by the Relevant Person.

Type of funding arrangement

--

Details of the proposed funding arrangement

--

Summary Sources and Uses of Funds Sheet ¹ (€ million, VAT-Inc, Nominal ²)								
Sources of Funds (prior to COD)	2022	2023	2024	2025	2026	2027	2028	Total
Senior Debt (Tranche 1)								
Senior Debt (Tranche 2 etc)								
Subordinated Debt								
Shareholder Loans								
Preferred Equity								
Ordinary Equity								
Working Capital Facility								
Other sources (add rows as required)								
Total Sources								
Uses of Funds (prior to COD)	2022	2023	2024	2025	2026	2027	2028	Total
<u>Capital Costs</u>								
Planning and design costs								
Project management and overheads								
EPC / Construction costs								
Turbines								
Plant, machinery and equipment								
Grid connection								
Contingency								
Other capital costs (add rows as required)								
<u>Financing Costs</u>								
Senior Debt (Tranche 1)								
Senior Debt (Tranche 2 etc)								
Subordinated Debt								
Shareholder Loans								
Preferred Equity								
Ordinary Equity								
Working Capital Facility								
Other financing costs (add rows as required)								
<u>Taxes</u>								
Corporation tax								
VAT movements (net)								
Other taxes (add rows as required)								
<u>Other costs</u>								
Consent levies								
Decommissioning liabilities funding								
Net foreign exchange costs								
Other costs (add rows as required)								
Total Uses								
Net Sources and Uses of Funds								

Note: ¹ The above cost and funds categories, as well as the timing, are indicative only. Applicants / Holders should tailor these categories and the years to accurately represent the funding strategy and cost profile – specific to each of their projects.

² The above figures must be specified on a nominal basis (ie including inflation), inclusive of VAT and based on the Relevant MEC.

Appendix FinG: Documentation list

Relevant Persons are required to list details of all financial documentation that they provide to the Relevant Authority. Relevant Persons should include the document title, date and note the findings any independent audit or assurance opinion.

Document title	Financial period	Independent verification
[Example: Statutory Accounts filed with Companies Registration Office]	[Example: 1/1/2020-31/12/2020]	[Example: Full Independent Audit]

Appendix FinH: Post balance sheet events

Each Relevant Person associated with the relevant MAC is required to provide a written statement confirming that since the date of the latest submitted financial information there has not been:

- any material adverse change in financial or trading position which may impact the assessment of financial viability as set out within this Guidance
- any material adverse post balance sheet event that which may impact the assessment of financial viability as set out within this Guidance
- any contingent liabilities or significant losses that may impact the assessment of financial viability as set out within this Guidance.

Accompanying information should be provided where applicable.

Written statement

Appendix FinI: Going Concern

If the audited financial statements, provided by a Relevant Person(s), are qualified with a disclaimer (including any material uncertainty) or an adverse opinion, state:

- whether rectification action has been taken and the extent to which such action rectified the underlying causes of the qualification
- whether the underlying cause(s) of the qualification will adversely affect the Relevant Person's ability to meet its financial commitments or obligations in respect of the relevant MAC.

Written statement

Appendix FinJ: Financial viability self-assessment

Each Relevant Person is required to complete the following financial viability self-assessment. The table below should be completed as follows:

- All calculations are to be shown in Euro.
- Where relevant, reference the applicable exchange rate and source.
- Perform each test as per the formula provided.
- Clearly show workings behind all calculations.
- Refer to the relevant section(s) of the financial statements for each component part of a calculation (eg Current Assets = €X. Reference: 20XX Annual Report – Pg XX – Line Description – Amount).
- No adjustments should be made to the figures disclosed in the financial statements.

Financial viability self-assessment				
Criteria	Formula	Workings	Answer	Reference
Net assets	Total Assets – Total Liabilities			
Current ratio	Current Assets / Current Liabilities			
Gearing	Total debt / (Total debt + Equity)			
Cash Cover	Cash and Cash Equivalents / Total Outstanding Financial Commitment			
Cash Resources	Cash and Cash Equivalents + Undrawn Credit Facilities			
Income	Income			

Appendix Fink: Supporting Entity Guarantees

The Guarantee should include wording to address the following requirements:

- Who the Guarantee has been prepared by [Parent/Non-Parent Company Name] (the Guarantor)
- Who the Guarantee is provided for [Relevant Person Name]
- The purpose of the Guarantee is to ensure that the Outstanding Financial Commitments or obligations in respect of the MAC will be discharged in full and on time.
- The Guarantee is valid from the [Start Date] until the [End Date].
- The Guarantor agrees to the following:
 - The Guarantor agrees as its own liability to fund, all amounts that are overdue and payable by [the Relevant Person] to discharge its commitment in full.
 - The Relevant Authority is entitled to enforce the Guarantee to cover the Relevant Person's Outstanding Financial Commitments or obligations in respect of the MAC(s) or where the Relevant Person has been declared bankrupt.
 - The Guarantor can confirm that they have all necessary and appropriate powers and authority to execute the Guarantee. All notices and other communications required or permitted by the Guarantee or by law should be delivered to the following address: [Guarantor's address]