Press release

Berlin, May 16, 2024

No power nap for Denmark: Siemens Energy wins major expansion agreement to future-proof Denmark's electricity grid

- Agreement to deliver transformers and switchgears for high-voltage substations over the next eight years will greatly expand the electricity grid in Western Denmark.
- Energinet takes role model approach in securing long-term manufacturing capacity as grid expansion accelerates.

Today, Siemens Energy and Danish state-owned Energinet announce a EUR 1.4 billion (DKK 10.5 billion) framework agreement to renew Denmark's energy infrastructure. To accelerate the green energy transition, Siemens Energy has been chosen by Energinet to deliver transformers and switchgears for high-voltage substations to expand the electricity grid in the country.

The agreement focuses on the Western part of Denmark, where approximately 50 new or reinforced 150 kV high-voltage substations are planned to be built or expanded over the next 8 years. The first four years of the agreement is estimated to be worth up to EUR 800 million (DKK 6 billion) to accelerate the energy transition. The new substations will be automated and include state-of-the-art grid technologies from Siemens Energy.

With Denmark aiming to reach a target of net zero emissions by 2045 through renewable energy, the race is on to decarbonize the Danish grid. By 2030, the country must quadruple its electricity generation from wind and solar power as electricity consumption is multiplied by the switch to electrical vehicles, heat pumps, and converting solar and wind power to hydrogen and green fuels for industries. These shifts require massive investment and expanding electricity grids to ensure the future electrification of Danish society.

Tim Holt, Member of the Executive Board for Siemens Energy, says, "There is no energy transition without transmission, and that can only happen with the availability of switchgears and transformers. Grid investments are accelerating dramatically in Europe and worldwide, and customers are competing for manufacturing slots. This agreement enables Siemens Energy to plan its capacities, which will benefit both Danish and European energy infrastructure. We are excited to be trusted to deliver on the grid acceleration in Denmark."

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Henrik Riis, CEO of Energinet Electricity Transmission, says, "We need external suppliers to ensure rapid and significant expansion of the electricity transmission grid. The task is enormous. In the coming years, several high-voltage substations on the 'high-ways' of the Danish electricity grid are needed to secure that renewable electricity can be connected to the grid and transported around the country. We are incredibly pleased that with Siemens Energy we get a long-term, strategic partnership, thus ensuring that we can keep up with the dramatic development in Denmark."

As renewable energy becomes a bigger part of the electricity mix, grids need to adjust how to transport that electricity. Unlike with conventional generation, wind and solar are often not available where they are consumed, which means the electricity needs to be transported over longer distances, usually at high voltages to minimize loss. Power transformers are a crucial link in this chain, as they enable both that long-distance transport, as well as the conversion between high-voltage for transporting and lower-voltage for consumers.

Siemens Energy has been manufacturing power transformers for more than a century. This new agreement is the continuation of a long-standing partnership with Danish Energinet, the independent public enterprise owned by the Danish Ministry of Climate, Energy and Utilities which owns, operates, and develops the transmission systems for electricity and gas in Denmark. This includes the recently inaugurated Viking Link, the world's longest interconnector between Denmark and the UK.

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Its wind power subsidiary Siemens Gamesa makes Siemens Energy a global market leader for renewable energies. An estimated one-sixth of the electricity generated worldwide is based on technologies from Siemens Energy. Siemens Energy employs around 99,000 people worldwide in more than 90 countries and generated revenue of €31 billion in fiscal year 2023. www.siemens-energy.com

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