

# XLCC: factsheet

Deal Information	
Deal announced	September 2024
Sector	Supply chain (offshore energy and grid enhancement)
Location	Hunterston, Scotland
Counterparty	XLCC Limited <sup>i</sup>
UKIB Finance	£20m initially, up to £87.5m
Product	Equity

XLCC Geography  
 ■ NA ■ Catchment



## Summary

UKIB is committing up to £87.5 million in DEVEX funding to help XLCC build the world’s largest high voltage direct-current (HVDC) cable factory in Hunterston. The funding consists of an initial £20m with an option to invest a further £67m upon XLCC achieving specific development and funding milestones. The HVDC cables manufactured at the site will play a crucial role in facilitating international electricity transmission. This is particularly significant as renewable electricity generation rises, allowing flexibility across national and sub-national grids. XLCC will have the capacity to produce 1,300 km of cables per annum through their 3-line production and up to 2,600 km of cables per annum through their 6-line production plan.

## Sector context

The power sector in the UK and beyond is being transformed by the growth of renewable energy and the move towards a single energy market. High voltage direct current (HVDC) technology has a crucial role to play in enabling this power generation revolution, either through supporting offshore wind (OSW) transmission lines or interconnectors. The undersupply of HVDC technology poses risks to the speed of renewable deployment, as interconnectors and offshore transmission owners (OFTOs) are key pieces of infrastructure needed to roll out renewable forms of power generation and facilitate inter-country power sharing.

# Impact and additionality

UKIB’s investment has the potential to create a positive impact by building the world’s largest cable factory in Hunterston. The Hunterston factory will exceed the entire current HVDC capacity of Europe. The project can facilitate the deployment of key enabling infrastructure for the energy transition. It will target three key areas of deployment: 1) offshore wind connectors, 2) interconnectors, and 3) grid reinforcement. Each area can achieve and enable significant emissions reductions.

UKIB will fund the development phase of the project, initially creating 93 full-time equivalents (FTEs). As the project progresses to the construction and operational phases, it is expected to generate up to 921 high-quality FTE employment opportunities in a sector that is crucial for the net zero supply chain. This development, once fully built, may attract a working-age population to the North Ayrshire area, aligning with the Bank’s mandate to boost regional and local economic growth.

UKIB’s investment in DEVEX funding will allow XLCC to advance to the second stage of their fundraising journey, a construction raise. This will support UK advanced manufacturing by providing a cost-competitive 525 kV HVDC product for 45-70% less than peers producing copper-core cables.

## ESRG considerations<sup>ii</sup>

The project was assessed for ESRG risks in accordance with UKIB’s ESRG framework. XLCC is planning to build an all-electric factory, which can minimize its operational emissions, especially as grid carbon intensity reduces with the integration of more renewables. Given the pre-construction nature of the project, we will monitor the development of their ESG policy, focusing on the key material risks identified in our ESRG assessment.

## Impact metrics

4	# Deals in industries and supply chain
£371m	Total investment in sector
C921 <sup>iii</sup>	Jobs created and supported

<sup>i</sup> Kingfisher House, 1 Radford Way, Billericay, CM12 0EQ

<sup>ii</sup> By partnering with us, companies agree to follow ESG best practice guidance and report on their: Environmental, social, resilience and governance (ESRG) approach: we will assess how projects manage their direct and indirect environmental and social impact, the resilience of their projects and the robustness of their ESRG governance structures. Material climate and environmental-related financial risk: we will check projects have incorporated the relevant recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) and the International Sustainability Standards Board.

<sup>iii</sup> Of these, 93 full-time equivalent (FTE) positions will be created during the development phase, increasing to 921 direct FTEs once the project becomes operational.