



Is Enbridge Inc. About to Get Even Windier?

Description

According to a recent report by *Reuters*, energy infrastructure giant **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is the frontrunner in the auction to acquire a 49.9% stake in an offshore wind farm in Germany. The project, which is expected to cost US\$2.2 billion, is one of the largest offshore wind parks to be built in Europe. Given its size and cost, the acquisition would provide a significant boost to Enbridge's renewable business.

Let the bidding begin

Enbridge is one of the several companies bidding on the Hohe See wind park project under development by Germany's third-largest utility **EnBW**. The utility is seeking a partner in the project given its hefty price tag. That price tag fits its size; the wind park expected to have the capacity to generate nearly 500 MW of clean energy, which is enough to power 560,000 homes.

The German utility initially said it was looking to sell a stake in the project in February. It is now reportedly seeking final bids, which are due by the end of the month. So, while Enbridge might be the current frontrunner, it could still be outbid. That said, its willingness to bid on such a massive project does speak volumes to its future commitment to the renewables space, especially offshore wind.

Wind-driven growth

Enbridge has been quietly building a strong presence in the offshore wind industry. Last fall the company made its first foray into the space when it acquired a 24.9% stake in the Rampion wind park in the U.K. The company is investing \$750 million in the project, which will produce 400 MW of renewable energy when it comes online in 2018.

Meanwhile, earlier this year Enbridge acquired a 50% stake in a French offshore wind development company for \$282 million. In doing so, it gained early entry into a venture that is in the process of developing three wind farms off the coast of France that would produce 1,428 MW of power. It is a massive investment opportunity totaling \$4.5 billion.

In addition to its investments in offshore wind, Enbridge continues to invest in onshore renewable

projects. Earlier this year it started construction of the New Creek Wind Project in the U.S., which is a roughly \$100 million wind farm with 102 MW of capacity.

Once complete, that project will join the more than 1,776 MW of net generating capacity in Enbridge's portfolio, which includes wind, solar, waste heat, and geothermal assets. That portfolio could grow by 2,500 MW through the end of the decade if Enbridge captures all of the wind opportunities it is actively pursuing.

Investor takeaway

Enbridge is aggressively betting big on offshore wind projects in Europe. If it wins the bidding for Hohe See and moves forwards with all of its projects in France, the company could invest well over \$5 billion in the space through the end of the decade. For a company planning to spend \$26 billion through 2019, that is a significant percentage of its capital investment potential driven by wind investments.

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1. Editor's Choice

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