

# IJGlobal European ESG Energy Deal of the Year – Northvolt

Angus Leslie Melville

02/11/2021

European ESG Energy Deal of the Year was won by Northvolt that was established in 2017 with the plan to enable the future of energy by developing the world's greenest battery cell and establish a European supply of batteries.

This award recognises the £3 billion financing two gigafactories for lithium-ion battery cell production – Northvolt Ett in Skellefteå, Sweden, and Northvolt Zwei in Salzgitter, Germany.

The Skellefteå plant is one of Sweden's biggest industrial projects in decades and is Europe's biggest lithium-ion battery plant. The plant initially will provide 16GWh of cell manufacturing capacity and will eventually reach a capacity of at least 32GW with expansion plans and eventual recycling facilities under development to address the full life cycle of electric vehicle batteries.

Once built, Northvolt will source its power from nearby hydroelectric facilities – ensuring all its power is from renewable sources – and it is committed to recycling the batteries it manufactures when they have come to the end of their useful life.

The project was originally conceived by ex-TESLA executives to form a key part of the European drive towards environmental sustainability and to aid Europe in becoming self-sustaining in its production of batteries for electric vehicles, a key component in energy transition and in assisting governments in their decarbonisation targets.

This is a first-of-its-kind project with two anchor sponsors – Goldman Sachs and Volkswagen – with a number of major European vehicle manufacturers including VW, BMW, Audi and Scania as offtakers for the project's car battery cells.

It was the first project financing for a greenfield lithium-ion battery manufacturing plant project and was always going to be a contender to win this award, though it did have to see off some lively contenders:

- CDPQ's Velto Renewables – entering the southern European renewables market with ambitious plans afoot
- Fécamp Offshore Wind Farm – a market defining transaction in France
- San Serván green loan – the first climate bond certified green transaction in Spain

Northvolt will supply batteries for a wide selection of end markets that range from electric vehicles through to energy storage systems, portable and industrial applications. In essence, it feeds into Europe's ambitions to enable some of the most exciting projects on the agenda.

Its customers need large volumes of high-quality batteries with a low CO2 footprint, and these gigafactories are a solution to the challenge Europe faces to build a fully regionalised value chain.

The judges were impressed by Northvolt, describing it “a unique project in a sector that lends itself to ESG”, celebrating it as “a large and essential project that will further support the move to decarbonising the car industry”.

“This is a potentially ground-breaking project in the European energy transition industry, and while unproven still – as an investment – I hope it will be successful in the long run, and therefore attract more capital to such projects,” said another judge.

And the praise kept rolling in: “This project is the first of its kind, a pure play activity, and it was structured in line with best market practices involving multi-stakeholder collaboration and supporting energy transition... not to mention the large scale and the innovative technology. It stands out from the rest and it is the clear winner in my view.”

The judging comments were rounded off with: “Northvolt stood out as being truly innovative and, given its scale, genuinely game changing. As with Project Blaise, the development and then recycling of EV batteries is clearly beneficial, but it is the plant's location – allowing it to source power from hydroelectric facilities and stimulate the regeneration of industrial Sweden – that sets it apart.”

This award recognises the £3 billion financing two gigafactories for lithium-ion battery cell production – Northvolt Ett in Skellefteå, Sweden, and Northvolt Zwei in Salzgitter, Germany



*Thank you for printing this article from IJGlobal.*

*As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.*

*If you have been given this article by a subscriber, you can contact us through [www.ijglobal.com/sign-in](http://www.ijglobal.com/sign-in), or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.*