VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

IMPLEMENTATION OF THE FIRST OFFSHORE WIND FARM PROJECT IN THE BALTIC SEA - CURONIAN NORD

14 November 2025

No VAE-11

SUMMARY

Relevance of the audit

Renewable energy sources are the main direction of development in the energy sector, as Lithuania seeks to become a country that produces energy for its own needs and exports it. It is planned that by 2030, all electricity consumed in Lithuania will be produced from renewable energy sources. To achieve this goal, a tender procedure was organised in 2023 to build and operate the first offshore wind farm in the Baltic Sea, which was won by Ignitis renewables UAB, a company controlled by Ignitis Group AB, together with its partner OW Offshore, S. L.

Taking into account that the first offshore wind farm project is strategically important for the energy security of the Republic of Lithuania, the strengthening of the country's independence and the sustainable development of the energy sector, the Seimas assigned the National Audit Office[1] to perform an audit the afore-mentioned project and respond to the questions submitted by the Seimas.

Objective and scope of the audit

The objective of the audit was to assess whether the first offshore wind farm project in the Baltic Sea - Curonian Nord - was being implemented properly.

The Seimas formulated the following questions:

[1] Resolution No. XV-280 of the Seimas of 12 June 2025 "On the Assignment to the National Audit Office of the Republic of Lithuania to Perform a Public Audit".

- whether the model of financial participation in the project by Ignitis Group AB and its subsidiary Ignitis renewables UAB (i.e. the cooperation and investment scheme between private and state capital entities) complies with the conditions of the tender announced on 30 May 2023 for the use of maritime territory for the development and operation of power plants using renewable energy sources, organised in accordance with Article 22[1] of the Republic of Lithuania Law on Renewable Energy Sources;
- whether the distribution of costs and responsibilities between the joint venture partners participating in the project, i.e. Ignitis renewables UAB and OW Offshore, S. L., is consistent with the expected benefits;
- whether the financial resources of Ignitis Group AB and its subsidiary Ignitis renewables UAB are used lawfully and effectively in the project.

Audited entities:

- Ignitis Group AB – the parent company of the group;
- Ignitis renewables UAB – a subsidiary of Ignitis grupė AB, which develops onshore and offshore wind farm and solar power plant projects. On 12 October 2023, the company, together with its partner OW Offshore, S. L. , was announced as the winner of the tender procedure for the development and operation of the first offshore wind farm in the Baltic Sea;
- Offshore wind farm 1 UAB – a project company established by the winners of the tender procedure Ignitis renewables UAB and OW Offshore, S. L., which was granted a permit on 12 February 2024 to use a part of the maritime territory for the development and operation of power plants using renewable energy sources;
- The National Energy Regulatory Council – organises tender procedures for the use of maritime territory for the development and operation of power plants using renewable energy sources; issues permits for the use of parts of the maritime territory for the development and operation of power plants using renewable energy sources; supervises compliance with the conditions of regulated activities specified in the permit, etc.

We collected information and cooperated with the Ministries of Energy and Finance, the Lithuanian Energy Agency, the Prosecutor General's Office, the Special Investigation Service, the Public Procurement Service, the Lithuanian Geological Survey, and OW Offshore, S. L.

We would like to thank the audited entities and those who provided information for their cooperation.

The audited period is from 2023 to 30 June 2025.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions[2]. The audit criteria, procedures performed and methods used are described in more detail in Annex 2 "Audit Criteria, Procedures Performed and Methods Used" (page 38).

[2] ISSAI 3000 "Performance Audit Standard", available online: https://www.valstybeskontrole.lt/LT/post/15649/ (accessed on 9 October 2025).

Key audit findings

1. The project is being implemented not by Offshore wind farm 1 UAB, which has obtained a permit for the development and operation of power plants, but by its shareholder Ignitis renewables UAB, which does not comply with the requirements of the Law on Renewable Energy Sources and the conditions of the tender procedure.

- ✓ On 30 March 2023, the National Energy Regulatory Council announced a tender procedure[3] for the development and operation of an offshore wind farm in the Baltic Sea. The conditions of the tender procedure[4] stipulate that participants operating on the basis of joint activity must submit a joint activity agreement or a copy thereof, from which it would be possible to identify the parties to the agreement, its subject-matter and the provisions for the management of common affairs. The obligation to submit only a part of the agreement, rather than the entire agreement, raises doubts as to its sufficiency for assessing the compliance of tenderers with the requirements. According to the Civil Code[5], the terms and conditions of an agreement must be interpreted taking into account their interrelationship, the essence and purpose of the agreement and the circumstances of its conclusion. This principle of interpretation is also systematically applied by the courts. The Supreme Court of Lithuania[6] has noted that no term of a contract can be interpreted in isolation – each term must be assessed in the context, systematically, taking into account the overall regulation of the contract. Therefore, when assessing only a part of a joint activity agreement, there is a risk of misinterpreting the true intentions of the parties or the scope of their obligations (Section 1, page 15).
- ✓ Ignitis renewables and OW Offshore, S. L., participating in the tender procedure organised by the National Energy Regulatory Council for the use of maritime territory for the development and operation of power plants on the basis of the joint activity agreement[7], submitted a copy of the joint activity agreement together with other mandatory documents on 26 May 2023. We have established that before the tender procedure was completed (before the winners were announced), the partners amended the essential terms of the joint activity agreement on 7 July 2023: they stipulated that, if they won the tender and obtained a permit for the development and operation of power plants, OW Offshore, S. L. would withdraw from the project, and Ignitis renewables UAB would assume the sole responsibility for its implementation and financing. The tender participants did not inform the National Energy Regulatory Council about the afore-mentioned changes, as the obligation to inform about the changes was not specifically formulated in the conditions of the tender procedure.

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[3] Available online: https://www.vert.lt/Puslapiai/baneriai/Jurines-teritorijos-naudojimo-atsinaujinancius-energijos-isteklius-naudojan%C4%8Diu-elektriniu-pletrai-ir-eksploatacijai-konkurs.aspx (accessed on 9 October 2025).

[4] Description of the Procedure for Organising Tender Procedures for the Development and Operation of Power Plants Using Renewable Energy Sources in Maritime Areas and for Issuing Permits to Use Parts of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, approved by 29 March 2023 Resolution No. O3E-332 of the National Energy Regulatory Council, paragraph 23.17

[5] Article 6.193(2) of the Civil Code.

[6] 24 March 2022 ruling in civil case No. e3K-3-66-313/2022.

[7] Agreement on the submission of a joint tender for offshore wind projects in Lithuania concluded on 14 September 2020 between OW Offshore, S.L. and Ignitis renewables UAB.

However, the conditions of the tender procedure required participants to provide accurate and non-misleading information[8], therefore, the tenderers should have informed the National Energy Regulatory Council of all amendments to the agreement that occurred during the tender procedure[9], as only with accurate and up-to-date information is it possible to properly assess the compliance of the tenderers with the conditions of the tender procedure and whether they actually agreed to act together (Section 1, page 15).

- ✓ When participating in the tender, the partners relied on the financial capacity of Ignitis Group AB and the experience of the OW Offshore, S. L. group in implementing power plant development in offshore areas, and undertook to carry out the project together[10]. However, before the tender was completed, i.e. before the winner was announced, on 7 July 2023 the partners agreed that, if they won the tender and obtained a permit for the development and operation of the power plants, OW Offshore, S. L. would withdraw from the project. OW Offshore, S.L. continued to participate in the tender, even though it did not plan to implement the project. In the above situation, where the project is not being implemented as committed to in the tender, it is actually being implemented by Ignitis renewables UAB alone, which may pose a risk that the project will not be implemented on time and to the required quality (Chapter 1, page 15).
- ✓ The winners of the tender had to establish a project company which, once it had obtained a permit, would be responsible for the development and operation of infrastructure in the offshore area[11]. The project company does not have the right to authorise other persons to engage in the activities specified in this permit or to transfer the afore-mentioned right to them under a contract or on other grounds[12]. On 12 October 2023, Ignitis renewables UAB and OW Offshore, S. L. were announced as the winners of the tender procedure[13] and on 6 December 2023 established Offshore wind farm 1 UAB to implement the project[14]. On 12 February 2024, the National Energy Regulatory Council issued a permit to this company for the development and operation of power plants. We have found that this company carried out administrative actions, but the research and other actions related to the development of the project were carried out by one of the company's shareholders, i.e. Ignitis renewables UAB. A situation where one company has a licence to operate, but another company *actually*

[8] Description of the Procedure for Organising Tender Procedures for the Development and Operation of Power Plants Using Renewable Energy Sources in Maritime Areas and for Issuing Permits to Use Parts of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, approved by 29 March 2023 Resolution No. O3E-332 of the National Energy Regulatory Council, paragraph 49.1.

[9] Until the winner is announced on 12 October 2023.

[10] Agreement on the submission of a joint tender for offshore wind projects in Lithuania concluded on 14 September 2020 between OW Offshore, S.L. and Ignitis renewables UAB.

[11] Article 22[1](8) of the Law on Renewable Energy Sources, Description of the Procedure for Organising Tender Procedures for the Development and Operation of Power Plants Using Renewable Energy Sources in Maritime Areas and for Issuing Permits to Use Parts of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, approved by 29 March 2023 Resolution No. O3E-332 of the National Energy Regulatory Council, paragraphs 23.16.8 and 167

[12] Article 22[1](9) of the Law on Renewable Energy Sources, Renewable Energy Sources Act, Article 22[(1)] (9), Description of the Procedure for Organising Tender Procedures for the Development and Operation of Power Plants Using Renewable Energy Sources in Maritime Areas and for Issuing Permits to Use Parts of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, approved by 29 March 2023 Resolution No. O3E-332 of the National Energy Regulatory Council, paragraph 170.

[13] Resolution No. O3E-1478 of the National Energy Regulatory Council "On the Recognition of the Winner of the Competition for the Potential Use of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, Organised in Accordance with Article 22[1] of the Republic of Lithuania Law on Renewable Energy Sources".

[14] Offshore wind farm 1 UAB was registered in the Register of Legal Entities on 6 December 2023.

carries out the activities (signs the necessary contracts, pays for services and works, accumulates expenses and assets) does not comply with the provisions of the law[15] (Section 1, page 15).

2. Until Ignitis renewables UAB had not purchased the shares of its partner OW Offshore, S. L. in the project company, the distribution of costs and responsibilities among the joint activity partners participating in the project was not in line with the expected financial benefits (profit distribution).

- ✓ By the joint activity agreement signed on 14 September 2020, Ignitis renewables UAB and OW Offshore, S. L. stipulated that 51% of the project implementation costs will be borne by Ignitis renewables UAB, and 49% of the project implementation costs will be covered by OW Offshore, S. L. Both partners will jointly implement the project through a project company to be established. We have established that during the tender procedure organised in June 2023, i.e. before the winner of the tender procedure was announced, OW Offshore, S. L. informed Ignitis renewables UAB that it would withdraw from further participation in the tender procedure. The partners relied on the experience of OW Offshore, S. L. in the tender procedure, thus, Ignitis renewables UAB alone would not have met the conditions of the tender procedure. In order for Ignitis renewables UAB to continue participating in the tender, the partners amended the distribution of costs and responsibilities in the project as set out in the agreement concluded in July 2023, i.e. Ignitis renewables UAB assumed full responsibility for the implementation and financing of the project and undertook to compensate the partner OW Offshore, S. L. for the costs incurred in preparation for the project and set a date for OW Offshore, S. L. to withdraw from the implementation of the project. Ignitis renewables UAB undertook to redeem the shares of the project company owned by OW Offshore, S. L. once the project company had obtained a permit for the development and operation of the power plants, and to implement the project independently or with another investor. The total amount of the obligations of Ignitis renewables UAB to OW Offshore, S. L. amounted to EUR 0.9 million.[16] Until the shares owned by OW Offshore, S. L. were not redeemed[17], both partners had to share the profits according to the number of shares they held: 51% for Ignitis renewables UAB and 49% for OW Offshore, S. L. Until the shares were redeemed, Offshore Farm Wind 1 did not generate any profit. The decision of Ignitis renewables UAB to assume full responsibility for the implementation of the project and to compensate the partner for the incurred costs meant that the company would have to rely solely on its own human, technological, financial and other resources to implement the project and would incur twice as much costs. The Civil Code stipulates that when partners operate on the basis of a joint activity agreement, they should cooperate using their assets, work and/or knowledge to achieve a common goal[18] (Chapter 2, page 21).

[15] Article 22^1(8), Article 22^1(9) of the Law on Renewable Energy Sources; Description of the Procedure for Organising Tender Procedures for the Development and Operation of Power Plants Using Renewable Energy Sources in Maritime Areas and for Issuing Permits to Use Parts of Maritime Areas for the Development and Operation of Power Plants Using Renewable Energy Sources, approved by 29 March 2023 Resolution No. O3E-332 of the National Energy Regulatory Council,, paragraphs 23.16.8, 167, 170.

[16] According to the data available on 10 October 2025.

[17] Until 13 October 2025.

[18] Civil Code. Book Six. Law of Obligations, Article 6.969.

3. The project is financed directly by Ignitis renewables UAB, rather than by the project company Offshore wind farm 1 UAB, which was established for this purpose. Money for seabed research projects is being used inefficiently

✓ The Law[19] stipulates that the winner of the tender, having received a permit for the development and operation of power plants, must carry out surveys of the marine territory and other actions necessary to build wind farms at sea and connect them to the electricity transmission networks. The permit for the development and operation of power plants at sea was issued to the project company Offshore wind farm 1 UAB. We have found that Ignitis renewables UAB without having obtained the necessary permit, carried out surveys and other necessary work in 2023–2025[20], spending the amount of EUR 40.3 million on this (Chapter 3, page 25).

✓ In order to design and build an offshore wind farm, it is necessary to conduct seabed surveys. At the end of 2024, Ignitis renewables UAB signed two contracts with contractors for the first seabed surveys for the offshore wind farm, with a total value of EUR 29.1 million. According to the contracts, the surveys are scheduled to be completed by the end of the first quarter of 2026. Under the contracts, the surveys are expected to be completed by the end of the first quarter of 2026[21]. At the beginning of 2025, the Supervisory Board of Ignitis Group AB agreed to slow down the implementation of the first offshore wind farm project by reducing further development costs to a minimum, necessary to comply with legal requirements (i.e. to obtain a building permit on time). We have determined that:

- At the beginning of 2025, Ignitis renewables UAB decided[22] to carry out the project's[23] seabed surveys in two stages and to postpone most of the works (e.g. 57 out of 59 sounding tests at wind turbine generator sites) would be postponed for one year, until the end of the first quarter in 2027. However, the contracts for the works have remained unchanged for more than six months[24], i.e. no agreement has been reached with the contractors on the deadlines for work other than that specified in the contracts, so there is a risk that the contractors will not be able to carry out the surveys in time (Chapter 3, page 25).

- In 2025,[25] the planned geotechnical seabed survey works were carried out and the amount of EUR 4 million was paid for them. The majority (73%, or EUR 2.9 million) of the costs related to the above surveys were incurred as a result of the arrival of two special ships at the survey site and their preparation for work. After the ships arrived, 3% (4 out of 129) of the planned project seabed surveys (probing tests and seabed drilling) were carried out. Thus, the ships arrived to carry out a relatively small amount of survey. It was decided to carry out the remaining 97% (125 out of 129) of the research at a later date. In order to carry out the afore-mentioned survey it will be necessary to incur the same costs associated with the arrival of

[19] Law on Renewable Energy Sources, Article 22^{1}(8).

[20] According to the data available on 30 June 2025.

[21] 7 February 2025 Minutes No. ST_HLD_PR 2025-002 of the meeting of the Supervisory Board of Ignitis Group AB.

[22] 17 March 2025 Minutes No. REH_PR 2025-17 of the meeting of the Board of Ignitis renewables UAB.

[23] Geotechnical and geophysical.

[24] According to the data available on 10 November 2025.

[25] According to the data available on 30 June 2025.

special ships and their preparation for work. The decision to divide the aforementioned work into two stages and to carry out small-scale seabed surveys in the first stage, which are not mandatory for obtaining a construction permit, created the conditions for the inefficient use of EUR 4 million (Chapter 3, page 25). Ignitis renewables UAB prepared a project implementation schedule, which included 69 project development and construction works and their completion dates.

- ✓ Ignitis renewables UAB prepared a project implementation schedule, which included 69 project development and construction works and their completion dates. We have found that 62% (43 out of 69) of the works were postponed for a period of 0.5 to 20.5 months, taking into account the results of the market analysis, supplier offers and availability, the lack of demand for electricity, a comprehensive assessment of project implementation deadlines (the impact of the implementation of some tasks on the implementation of others, etc.) and other factors. Postponing the deadlines for the completion of works carries the risk of an increase in their cost due to inflation, staff retention costs, contract adjustments, penalties and other factors (Chapter 3, page 25).
- ✓ Less than a year and a half remains until the planned start of construction of the first offshore wind farm, but neither the project company Offshore wind farm 1 UAB nor the company actually implementing it, i.e. Ignitis renewables UAB, has signed any letters of intent or long-term contracts under which electricity consumers would commit to purchasing electricity generated in the Baltic Sea. In addition, the company's preliminary return on investment estimate has fallen by about 40% (from 6.74% to 3.95%) as compared to the previous estimate in 2023[26] and currently[27] does not meet the company's target return level according to the financial criteria set by the company. This means that, according to the company's calculations, the project is too risky and may not generate sufficient income to cover the project cost. Ignitis Group AB informed[28] about the potential need to postpone the start of commercial operations (electricity production) of the project. Nevertheless, the planned date for the start of electricity generation (12 February 2030) in the project implementation schedule has remained largely unchanged[29]. Given the challenges faced in implementing the project, there is an increased risk that the wind farm in the Baltic Sea will not be built and will not start generating electricity by the deadline set in the project implementation schedule (Chapter 3, page 25).

  Changes during the audit:

  On 13 October 2025, Ignitis renewables UAB redeemed 49% of the shares in the project company Offshore wind farm 1 UAB held by the project partner OW Offshore, S. L. at a nominal price of EUR 0.5 thousand and compensated OW Offshore, S. L. the amount of EUR 893.3 thousand OW Offshore, S. L. incurred as a result of preparation for the project and took over the results of the analyses and studies carried out by OW Offshore, S. L. during the preparation for the project.

  On 5 November 2025, Ignitis renewables UAB entered into an agreement with the project company Offshore wind farm 1 UAB on the transfer of rights and obligations, whereby Ignitis renewables UAB agreed to transfer all project contracts, rights,

[26] According to the data available on 4 July 2023.

[27] According to the data available on 10 November 2025.

[28] Integrated annual report of Ignitis Group AB for the year 2024, page 36.

[29] It was planned to postpone the date of 31 December 2029 to 12 February 2030, i.e. by approximately 1.5 months.

interests and obligations, including all ownership and usage rights to the results obtained in the performance of the contracts, and will transfer all documents, records and materials related to the contracts and their results by 31 December 2025.

Recommendations

Ignitis renewables UAB

1. In order to ensure clearer responsibilities and effective supervision of the first offshore wind farm project Curonian Nord, transfer the created assets, works and obligations to the project company Offshore wind farm 1 UAB and ensure that it implements the project (key audit findings 1, 2, 3).

2. In order to enable contractors to carry out the necessary seabed surveys in a timely manner, revise the contracts concluded with them and set realistic deadlines for the completion of works (key audit finding 3).

3. In order to objectively assess the feasibility of achieving the target set out in the National Energy Independence Strategy (to build offshore wind farms with an installed capacity of 1.4 GW by 2030) , analyse the internal and external factors related to the implementation of the first offshore wind farm, set realistic deadlines for the implementation of the project on that basis, and take specific decisions on the further implementation of the project (key audit findings 2 and 3).

To the National Energy Regulatory Council

4. In order to properly assess the compliance of tenderers with the conditions of the tender procedures for the use of maritime territory for the development and operation of power plants, the tender conditions should require tenderers to submit full documentation and any changes in information during the tender procedure, on the basis of which the assessment of their compliance with the requirements for tenderers was carried out (key audit finding 1).

5. To assess whether the project company Offshore wind farm 1 UAB complies with the conditions set out in Articles 22 and 22^1 of the Law on Renewable Energy Sources (key audit findings 1 and 3).

The measures and deadlines for implementing the recommendations, the expected impact of the audit and the indicators for assessing the changes are presented in the section "Plan for the Implementation of the Recommendations" of the report (page 32). Up-to-date information on the status of implementation of the recommendations, results and changes that have taken place is published in open data on the website of the National Audit Office at https://www.valstybeskontrole.lt/LT/AtviriDuomenys.