# Ørsted halts Hornsea 4 offshore wind project amid mounting financial challenges



# Ørsted Halts Hornsea 4 Project Amid Growing Economic Pressures

In a significant setback for the UK's renewable energy ambitions, Ørsted, the world's largest offshore wind developer, has announced the discontinuation of its Hornsea 4 project. The decision stems from an array of adverse economic developments, including escalating supply chain costs, rising interest rates, and increased operational risks. Chief Executive Rasmus Errboe stated that these factors "have eroded the value creation" associated with the project, which was intended to generate 2.4 gigawatts of power, enough to supply over a million homes.

The UK government had previously granted Ørsted a fixed price for electricity generated by Hornsea 4, reflecting its commitment to expanding clean energy infrastructure. However, the company now faces projected losses ranging between £399 million to £513 million this fiscal year due to the halt. Errboe emphasised that while the immediate future of Hornsea 4 is uncertain, Ørsted retains the development rights and plans to revisit the project when conditions are more favourable.

This decision echoes a broader trend affecting the renewable energy sector, particularly in light of rising inflation and supply chain constraints impacting infrastructure projects across Europe. Ørsted is not alone in this struggle; Vattenfall similarly suspended its projects in 2023 due to financial pressures. Analysts have noted that the consistent pattern of project cancellations signals a troubling lack of resilience within the industry, exacerbated by inadequate governmental support.

In addition to the suspension of Hornsea 4, Ørsted's challenges extend across the Atlantic. The company recently suffered a $4 billion blow from the cancellation of wind farm projects in the United States—an important market for renewable energy development. The political landscape has further complicated Ørsted's operations, especially following former President Donald Trump’s decision to freeze federal permitting for all offshore wind projects, which has instilled widespread uncertainty and dampened investor confidence within the sector.

Despite these struggles, Ørsted reported an increase in first-quarter sales of 8% to 20.7 billion kroner, although this fell short of analysts' expectations. Net profits nearly doubled to 4.8 billion kroner, suggesting that while the company faces significant hurdles, there is still potential for growth. Nonetheless, Ørsted's market value has plummeted by 80% since its peak in 2021, underscoring the critical challenges it faces in a tumultuous economic environment.

The British government's response to Ørsted's decision reflects a commitment to revitalising the Hornsea 4 project. Officials acknowledge the toll of high inflation and supply chain disruptions on the industry and have pledged to collaborate with Ørsted to bring the project back on track. The government’s long-term aim remains clear: to triple the country's offshore wind capacity by 2030, positioning the UK as a leader in renewable energy.

As Ørsted navigates these complexities, it is also making strategic moves to strengthen its balance sheet, including divesting stakes in several existing projects. With a renewed focus on its offshore wind capabilities, Ørsted aims to maintain its premier position in the global market amidst daunting challenges.

The landscape of renewable energy is undergoing a seismic shift, and the future of projects like Hornsea 4 will depend not only on market conditions but also on the robustness of political and institutional support. While Ørsted continues to believe in offshore wind’s long-term potential, the immediate future holds significant uncertainty.

## Reference Map:

* Paragraph 1 – [[1]](https://news.google.com/rss/articles/CBMilwFBVV95cUxOckNIQzZYeW8tVHpyR01GWWJ6czgwU3NYU3ZqTHVIVlJ3ZUVIdzA1amVnNnM2RVhMOXhnMTk1czZBSElYbWpQeXUxd0hnM041cm9KV0tmNmdfclZZZ1Iwa1dNMjh6MjBtaUF1cURJXy1aTnRmb0JhbHJOVF9CYVN2WWhVWG1vYmZoaUYydy1sdW11SG9Dc3VR?oc=5&hl=en-US&gl=US&ceid=US:en), [[2]](https://www.ft.com/content/7015e906-6415-4c35-a992-88f5f3e60e07)
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2. <https://www.ft.com/content/7015e906-6415-4c35-a992-88f5f3e60e07> - Ørsted, the world's largest offshore wind developer, has halted its Hornsea 4 project in the UK due to rising costs and risks, posing a setback to the country's clean energy ambitions. The 2.4 GW project in the North Sea was intended to power over a million homes and had secured a UK government contract for a fixed electricity price. However, Ørsted cited macroeconomic challenges, supply chain issues, and increased operational risks as reasons for suspending spending and terminating supplier contracts, leading to projected losses of £399 million to £513 million this year. Chief Executive Rasmus Errboe noted that the company retains the development rights and may revisit the project under more favorable conditions. The decision reflects wider industry struggles, including a similar move by Vattenfall in 2023, and underscores growing concern over inadequate government support amid inflation and logistical constraints. The UK government, aiming to triple offshore wind capacity by 2030, stated its intention to collaborate with Ørsted to revive the project and affirmed its commitment to expanding clean energy infrastructure.
3. <https://www.reuters.com/sustainability/climate-energy/offshore-wind-developer-orsted-q1-beats-forecasts-2025-05-07/> - Danish renewable energy company Orsted announced the cancellation of its major offshore wind project, Hornsea 4, in the UK due to worsening global economic conditions affecting renewable energy development. The company cited rising supply chain costs, higher interest rates, and increasing execution risks, leading to a projected loss of up to 5.5 billion Danish crowns ($837.85 million) in breakaway fees and asset write-downs. Orsted has experienced a dramatic 80% decline in market value since its peak in 2021. The company also reported a better-than-expected first-quarter EBITDA of 8.6 billion Danish crowns, surpassing analysts' expectations of 7.88 billion. Despite this positive result, Orsted maintained its unchanged 2025 outlook, excluding the impact of the Hornsea 4 cancellation. The company continues to face challenges in the previously promising U.S. market, particularly due to delays, impairments, and political opposition to offshore wind, notably from former President Donald Trump. This regulatory pushback has affected broader industry confidence, as shown by Norway's Equinor halting its Empire Wind I project in New York following a U.S. stop-work order. Orsted will further evaluate impacts from U.S. tariffs and regulatory shifts as it navigates a more complex renewable energy landscape.
4. <https://www.ft.com/content/5130251d-06dd-40f5-a5d7-edf24ec1e571> - The Danish renewable energy company Ørsted has faced a challenging year, with management issues and a difficult economic environment leading to a 70% reduction in its value since 2021. Norwegian oil and gas company Equinor has acquired a 10% stake in Ørsted in an effort to advance its transition towards decarbonization. Ørsted has encountered rising costs and has abandoned significant projects in both offshore wind and hydrogen and green fuels. The re-election of climate-skeptic Donald Trump threatens to halt green subsidies and offshore wind projects in the U.S., further complicating the landscape. Despite these challenges, Ørsted continues its goal of achieving between 35 and 38 GW of renewable capacity by 2030, primarily in offshore wind. The company is also selling stakes in wind farms to raise funds. Despite the difficulties, renewable energy continues to grow, driven by economic logic and the need for decarbonization.
5. <https://www.energyvoice.com/renewables-energy-transition/wind/477721/bp-orsted-project-overlap-not-feasible-developers-say/> - BP and Ørsted have encountered challenges in the North Sea due to overlapping project areas. Both companies have expressed concerns about the feasibility of coexisting in the disputed zone, with neither willing to dilute their share. A document prepared by Northern Endurance Partnership (NEP) partners concluded that coexistence across the entire overlap zone is not feasible. Ørsted has stated that providing more space for boat access would reduce the site's annual energy production by 2.5%, making the project less commercially competitive. The impasse highlights potential conflicts as more energy projects vie for space in the increasingly crowded North Sea.
6. <https://www.offshorewind.biz/2023/02/10/uk-delays-development-consent-decision-on-2-6-gw-hornsea-four-offshore-wind-farm/> - The UK government has delayed the development consent decision for the 2.6 GW Hornsea Four offshore wind farm by four months. The delay is intended to allow the Department for Energy Security and Net Zero to seek further information from the applicant and ensure sufficient time for consideration by other interested parties. RenewableUK's Executive Director of Policy, Ana Musat, expressed disappointment over the delay, emphasizing the importance of timely approvals to meet renewable energy targets. The decision underscores the need for reform in the UK's planning system to avoid unnecessary delays in renewable energy projects.
7. <https://orsted.com/en/media/news/2024/12/orsted-completes-divestment-of-share-of-four-uk-of-1420575011> - Ørsted has completed the divestment of 12.45% minority stakes in four UK offshore wind farms—Hornsea 1, Hornsea 2, Walney Extension, and Burbo Bank Extension—to Brookfield. This divestment is part of Ørsted's strategy to raise funds and strengthen its balance sheet amid challenges in the renewable energy sector. The company continues to focus on its core offshore wind projects and aims to maintain its position as a leader in the global offshore wind market.