

WindEurope meeting with Commissioner Simson on the Offshore Energy Strategy, 20 October

Main points raised by WindEurope

Industrial and trade policies for offshore wind

- Offshore wind is now rapidly becoming a **whole Europe** affair. The industry is keen to develop it in the Mediterranean and Black Sea. The rapid coming of age of floating will help here. Landlocked countries stand to benefit from supply chain activity too;
- The **industrial** aspects in the Strategy are crucial. There are **77,000 jobs** in offshore wind today. There will be **200,000** by 2030 if Member States deliver on their NECP commitments;
- Offshore wind creates high quality and sustainable jobs, predominately in **coastal and industrial areas** that have struggled in recent years;
- Finding workers with the right **skills** for jobs in offshore wind is a major challenge. The industry has already re-skilled many workers from offshore oil and gas. We are ready to re-skill coal miners too;
- **Free trade** is crucial for offshore wind. The industry's competitiveness relies on its being able to import components and materials without tariffs or quotas. EU safeguard measures on imported steel and glass fibre are unhelpful. Threatened new measures against Chinese steel towers would add 8% to the cost of 20% of the offshore wind turbines made in Europe. The EU should also push back against local content requirements in non-EU market to which we export.

Financing offshore wind

- Even with its rapid cost reduction in recent years, offshore wind requires major upfront capital investment, so the **costs of finance** are key. Revenue stabilisation mechanisms such as Contracts for Difference (**CfDs**) reduce the finance costs by 2.5 percentage points – because the banks see that there is a clear revenue perspective. This reduces the total lifetime costs of an offshore wind farm by 25%;
- And CfDs are cheap for governments and consumers because the **wind farms pay back** when the market price exceeds the auction price;
- Most countries in Europe that are building offshore wind today use CfDs. To minimise costs, they are the **right model** both for conventional offshore wind farms and for cross-border projects. We urge the Commission to stand firm on the importance of CfDs;
- The EU **State Aid Guidelines** should continue to support CfDs. They should also continue to allow **technology-specific auctions**, so that Member States can run targeted auctions for offshore wind - and within that also targeted auctions for floating offshore wind.

Floating offshore wind

- All but 50 MW of Europe's offshore wind today is "bottom fixed". This works in sea depths of up to **50m**. Beyond that offshore wind needs to be floating;
- Floating offshore wind is complementary to bottom fixed offshore wind. It can accelerate offshore wind expansion because it opens geographies where bottom fixed isn't possible, notably the **Mediterranean** and **Atlantic**;
- Europe is now building a further 300 MW of demonstration size floating offshore wind farms. France will run the world's first auction for a large-scale floating offshore wind farm in 2021. Led by France and Norway we expect Europe to have **7 GW** of floating offshore wind by **2030**;
- While Europe led the development of bottom fixed offshore wind, we face stiff competition from Asia on floating. Korea has particularly ambitious plans;
- Floating costs more than bottom fixed offshore wind today. Scale-up to large projects will reduce costs. EU funding and finance should support this, especially the **industrialisation** of the manufacturing of floating structures and of **port infrastructure** needed for mass production.

Maritime Spatial Planning

- Delivering 450 GW of offshore wind by 2050 requires a new approach to maritime spatial planning (MSP). MSP needs to be **longer term** and factor in the climate neutrality goal;
- 450 GW would take up **3%** of the sea space in Europe's North Seas. **60%** of the sea space is currently "out of bounds" to offshore wind. This limits our ability to do offshore wind at least cost. MSP should consider whether all these exclusions are justified;
- MSP should also support and encourage **multiple use** of sea space. The wind industry is already working with other sectors on this, e.g. fishing in wind farms, aquaculture etc., working with the military;
- In particular we want to collaborate with the **fishing** industry. We have sent a letter to the European Parliament with examples of how we can do this;
- And we are signing an **MoU** with **biodiversity NGOs** (WWF, Greenpeace, BirdLife) and TSOs on how we can collaborate to expand offshore wind in an environmentally friendly way.

Hybrid Offshore Wind (with multiple grid connections)

- Hybrid offshore wind farms **save money and space** by pooling generation and transmission assets. They also **enhance energy flows** across Europe. Europe should build as many of them as possible. We believe hybrids could and should be up to one-third of all of Europe's offshore wind capacity by 2050;
- Hybrids take longer to plan than conventional "radial" offshore wind farms. It is critical that the Commission sets out an **enabling framework** for them by **next year**;
- TSOs want to create stand-alone **offshore bidding zones** (OBZ) for hybrids. Under current EU rules, hybrids would not be invest-able using OBZs, because the **revenue perspective** for the developers would not be clear enough. The market arrangements must work for all the parties involved;

- If the Commission gives guidance on how to develop hybrids using OBZ, it must also give guidance on how to **distribute the revenues** between the TSOs and developers;
- For projects with an advanced stage of planning, an immediate exemption of Art. 16 (in the case of opting for the home-market solution e.g. Kriegers Flak bidding into the Danish market) or Art. 19 (in the case of OBZ) of the EU Electricity Regulation is needed. This **transitional arrangement** needs to be spelled out in the Strategy;
- The Commission should create a new **asset class** for offshore hybrids in legislation so that these assets are not treated as an interconnector. They are the combination of both generation and an interconnector;
- The Strategy should also commit to support the demonstration at scale of multi-terminal, multi-vendor **HVDC** systems for connecting offshore wind farms.

New EU arrangements to support the supply chain

- A targeted EU forum or other light-touch structure could help to take forward and coordinate the range of **essential policy interventions** that are needed to support Europe's offshore wind supply chains. Key policy interventions are:
 - funding and finance for port infrastructure and the scale-up of manufacturing to support the expansion of **floating** offshore wind;
 - ensuring investment in the necessary **grid** infrastructure and **logistics**;
 - getting **trade** policy right (see above);
 - ensuring adequate **R&D** funding for wind; and
 - a proactive approach to **skills** development (see above).