

DELIVERING THE OFFSHORE RENEWABLE ENERGY AMBITIONS IN EUROPE

THE ODENSE RECOMMENDATIONS FROM THE NORTH SEAS ENERGY COOPERATION (NSEC) TO THE NEW EUROPEAN COMMISSION 2024 – 2029

The recent years' energy crisis and geopolitical challenges have highlighted the necessity of a fast and ambitious deployment of renewable energy in Europe. This will be a key-driver in reaching our climate goals, ensuring European energy independence from third countries, and strengthening European competitiveness. With the next Commission to begin a new mandate this year, we have the opportunity to set the course for the next steps in realising our renewable energy targets and ambitions.

The implementation of our renewable energy ambitions has met a series of challenges. This is partly due to high inflation, increased prices on components and strained supply chains. This must be met with more clarity and transparency in regulation and across the value chain in order to provide certainty for production and manufacturing, demand and capacity. In addition, challenges in realising hybrid and other large-scale offshore infrastructure projects with cross-border have become apparent due to a lacking framework necessary to ensure that the full benefits from the large-scale renewable energy deployment are widely shared and investments are jointly undertaken. Furthermore, spatial and environmental pressures to ensure co-existence require strategic regional collaboration and new approaches.

The future competitiveness of the EU is closely interlinked with the deployment of renewable energy and net zero technologies. The North Seas can serve as an important component in improving the EU's clean industrial competitiveness, having the potential to supply Europe's industrial sector with clean energy at competitive prices, and harbouring a substantial offshore wind industry as a strategic sector in its own right. In order to remain competitive at the global stage, it is necessary to ensure a fast expansion of renewable energy and infrastructure and to leverage the single market to the fullest extent. However, the necessary pace for the development of renewable energy cannot be achieved without a stable and competitive supply chain and by providing the industry with the necessary investment security.

Offshore renewable hydrogen has the potential to play an important role in a climate neutral European energy system, complementing direct electrification, which must also be pursued with increased efforts. To fully utilise the resources in the North Seas it is necessary to increase the cooperation on identifying the potential synergies between the deployment of offshore wind and renewable hydrogen, and to assess the establishment of an integrated and cost-efficient North Seas hydrogen infrastructure.

All these challenges must be addressed with concrete actions. The North Seas Energy Cooperation (NSEC) is working towards the clear goal in the Ostend Declaration of at least 300 GW by 2050 in order to supply renewable energy to NSEC members and the rest of Europe. Therefore, we, the members of NSEC, have taken the initiative to provide concrete recommendations to the new European Commission on the necessary steps forward to achieve our renewable energy ambitions at the regional level, and pave the way at the European level.

We see the following opportunities and challenges for the new European Commission to address:

To ensure an integrated and well-functioning energy market across Europe

- Prioritise the implementation and enforcement of existing EU electricity regulation in order to ensure functioning price signals and foster trust in the free flow of energy across borders and realising the benefits of existing cross border capacity. This includes compliance with the minimum requirements of for cross border trade in accordance with the Electricity Market Regulation.
- Encourage an analysis on how the future European energy system can foster the development and integration of a larger amount of fluctuating renewable energy in the most efficient manner, including an assessment of the future market design to support the efficient operation of hybrid projects in order to strengthen timely investment certainty and sufficient market revenues for both developers and TSOs.
- Urge the Commission to follow-up on the recommendations related to energy infrastructure in Enrico Letta's report on the future of the single market, which calls for increased market integration and common action in order to build a robust infrastructure network that cover the entire European continent, also with the support of a dedicated cross-border infrastructure fund, which can ensure financing of both new infrastructure and reinforcements of existing infrastructure. A well-functioning interconnected energy market is essential for fostering efficient energy and climate policies, and the Letta report offers potential avenues that can support the development of renewable energy and the energy market, which is worth exploring.
- Ensure that the introduction of the Carbon Border Adjustment Mechanism (CBAM) does not hinder the build-out of offshore wind energy, particularly concerning projects that are situated in the EEZ as well as hybrid and point to point projects linked to the United Kingdom.

To establish a framework for common planning and to deliver benefits and share costs

- Introduce a longer time horizon for future network development plans to ensure optimal planning, coordination and calculations of future supply and demand and improve the consistency between the Ten-Year Network Development Plans (TYNDP), Offshore Network Development Plans (ONDP) and the national and regional grid development plans (NDPs).
- Develop an approach to increased regional and cross-border infrastructure planning that strategically focuses on connecting complementary and geographically diverse areas of high renewable energy potential and projected high energy demand.
- Support strong cooperation between producing and consuming EU Member States by introducing a framework for sharing benefits and costs that builds on already existing legislation in the TEN-E regulation to provide increased clarity on and adherence with the framework for TSO contributions to projects they benefit from. In this regard, it is also necessary to take into account the challenges associated with geographic and/or energy system isolation and national consumer base limitations.

In addition, we welcome the Commission's guidance on collaborative investment frameworks for offshore energy projects at the sea basin level that are an important stepping-stone in the common work to realise the offshore renewable potential of Europe's sea basins, including the North Sea. Based on the conclusions of the guidance, we also see the following areas for the Commission to further build upon in cooperation with Member States:

- Work on a European approach that address the distribution of positive net benefits which occur beyond regional or sea-basin scopes in order to include contributions from benefiting non-hosting Member States.
- Ensure stronger cooperation and coordination between TSOs as well as national regulatory authorities in the process of planning concrete hybrid projects to ensure alignment and proactivity in order for projects to move forward with more certainty.

To speed up and de-risk renewable energy and infrastructure projects

- Without prejudice to the future Multiannual Financial Framework (MFF), examine financing options, for example the possibility of a regional offshore financing facility that provides a new funding framework at the sea basin level through voluntary cooperation between the European Commission, Member States, private investors, and possibly non-EU neighbouring countries, which could support grid and hybrid offshore projects. And to examine if a regional financing facility could be developed that combines the match of supply and demand of renewable energy across borders, as seen in the Renewable Energy Financing Mechanism (REFM), with mobilisation of private investments and sharing of costs and benefits in a broader perspective.
- Enhance the access to and use of EU funding for energy projects in order to realise projects with a European value, including optimising the current framework for cross-border energy infrastructure, the Connecting Europe Facility (CEF), and mobilising the full potential of the Innovation Fund for the development of renewable energy projects with cross-border benefits, without prejudice to the discussions on a new Multiannual Financial Framework (MFF). Moreover, by exploring a fast-track process with the European Investment Bank (EIB) for Projects of Common Interests (PCI) and Projects of Mutual Interest (PMI) and Cross-Border Renewable Energy Projects (CB-RES) in order to provide de-risking tools for European renewable energy projects and help the realisation of projects. Furthermore, EU funding should be better 'fit for large-scale offshore and hybrid projects', which combine transmission and generation elements, and have faster and more streamlined procedures to facilitate early access to and certainty of financing.
- Take additional steps at EU level to make permitting procedures more effective and create more certainty for developers about regulatory bottlenecks. While measures have already been undertaken by the Commission, challenges and barriers for permitting procedures of offshore generation and infrastructure assets remain. These challenges increase the financial risk due to increased uncertainty and can result in delays or eventually a hold of offshore energy developments. A more proactive approach without unnecessary delays would benefit a balanced transition at sea. Permitting

procedures can become more effective while ensuring co-existence with nature and preserving biodiversity by introducing more flexibility to use innovation and nature inclusive designs while also using mitigation and compensatory measures.

- Continue to follow-up on efforts to foster stronger offshore energy security and improve the resilience of offshore energy infrastructure to security risks in close cooperation with relevant partners.

To strengthen European competitiveness and transparency in the value chain

- Follow-up on relevant recommendations related to the build-out and financing of renewable energy in Mario Draghi's report on the future of European competitiveness, which highlights many areas that NSEC already works to address.
- Establish a Transparency Framework, in collaboration with regional groups such as NSEC, in order to increase certainty for investors across the value chain, including by:
 - Developing a digital Transparency tool that provides increased visibility and clarity across the renewable energy value chain with the aim of strengthening the supply chains, including a clear pipeline of tenders and auctions, equipment requirements such as cable lengths, manufacturing capacity of key components, production facilities in Europe, and port capacity. This framework can build upon the NSEC tender tool and the EU digital platform on RES tender planning under the Net Zero Wind Power Action Plan, and could be piloted at a regional scale but should ultimately cover the whole of Europe, including the United Kingdom and Norway.
 - Exploring a potential platform for aggregation of production demands of components, technical equipment etc, especially for transmission such as cables, in order to facilitate strategic investments at the necessary scale rather than on a project specific scale. In addition, more coordination on the technical specifications for equipment is encouraged in order to create more certainty, flexibility, and cost-effectiveness in the supply chains, in particular for infrastructure.
- Support the development of an electrification strategy, which can provide greater certainty of demand for electricity for investors, developers and the rest of the value chain and tackle the future electrification of European industry.
- Ensure an effective and closely coordinated use and implementation of non-price criteria in auctions and tenders in the context of the Net Zero Industry Act (NZIA) and generally, while taking into account the need for an accelerated deployment of renewable energy. Coordination of non-price criteria may increase their potential, especially if the non-price criteria are operational, transparent and not outdated after a short period of time. Therefore, we urge the Commission to ensure a shared methodology and more coordination across Commission Directorate-Generals on the use of non-price criteria to help develop European industry and improve sustainability. As part of these efforts, we will continue to work on coordinating the use of non-price criteria in NSEC.

To explore the options for developing offshore renewable hydrogen in the North Seas

- Take steps on offshore renewable hydrogen development in the North Seas with the aim of identifying key actions aimed at supporting a successful and cost-efficient ramp-up, while recognising the use of other types of hydrogen in decarbonisation efforts. Assessing the establishment of the necessary infrastructure and targeted utilisation to ensure trade of renewable hydrogen produced in the North Seas is important to position the North Seas as a leading region in offshore renewable hydrogen.
- Encourage close cooperation between the planning of hydrogen infrastructure (ENNOH), gas infrastructure (ENTSOG), and electricity grids (ENTSO-E) to integrate long-term planning in the North Seas.
- Ensure reliable, robust and transparent certification schemes to enable consumers to differentiate clearly between the origins of hydrogen, while acknowledging the RFNBO targets set out in the Renewable Energy Directive, ReFuelEU Aviation and FuelEU Maritime and ensuring a level playing field for the development of the overall hydrogen market.

To ensure cooperation across the North Seas with all partners

- Building on the MoU between NSEC and the United Kingdom, we encourage to take appropriate steps towards a more effective and constructive cooperation between the United Kingdom and NSEC. As many NSEC countries already have or are developing interconnections with the United Kingdom, it is important to find working solutions when it comes to the framework for cooperation and coordination between all actors in the North Seas to ensure that these projects will be realised on time.



NSEC is committed to realising our joint ambitions of the North Seas as Europe's green power plant. While we have already achieved meaningful progress, we believe that these steps are necessary for the development of offshore renewable energy, for increasing Europe's security of supply, strengthening European competitiveness, and ultimately achieving a climate neutral EU. On this basis, the members of NSEC encourage the Commission to present actions based around these recommendations, and urge the Commission to present them by the upcoming North Sea Summit in 2025.

Signed in Odense, Denmark on 24 October 2024,



Tinne Van der Straeten, Minister for Energy of the Kingdom of Belgium



Lars Løkke Rasmussen, Minister for Climate, Energy and Utilities of Denmark



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Esther Pijls, Director-General, on behalf of Sophie Hermans, Minister of Climate Policy and Green Growth of the Netherlands



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