



Council of the
European Union

Brussels, 25 June 2020
(OR. en)

9113/20

LIMITE

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| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | Joint Statement of North Seas Countries and the European Commission |

Delegations will find in the annex a draft 'Joint Statement of North Seas Countries and the European Commission, in view of the NSEC Ministerial meeting on 6 July 2020.'

**Joint Statement of North Seas Countries and the European
Commission**

6 July 2020



North Seas Energy Cooperation

Following the Political Declaration for regional cooperation on offshore wind energy in the North Seas in 2016, the Joint Statement of the Ministerial Meeting in Esbjerg in June 2019, and the Conclusions and adoption of the updated work programme and governance structure of the Ministerial Meeting in Brussels in December 2019, Energy Ministers from Belgium, Denmark, France, Ireland, Luxembourg, the Netherlands, Norway, Sweden, Germany and the European Commission met by videoconference on 6 July 2020 under the German Presidency of the North Seas Energy Cooperation.

The continued collaboration and the knowledge exchanged between the authorities and with stakeholders involved in the Cooperation have further contributed to improving the investment conditions of offshore wind energy in the North Seas. In the spirit of cooperation, national governments have directed resources to the implementation of the work programme and have advanced the work by a series of Support Group meetings with experts. Throughout the process, Support Groups have engaged with industry stakeholders and transmission system operators in a constructive manner.

At today's Ministerial Meeting, Energy Ministers and the Commissioner for Energy recognized the progress made and deliverables achieved by the Support Groups of the North Seas Energy Cooperation and came to the following understanding:

1. The North Seas Energy Cooperation (NSEC) has a crucial role in facilitating cooperation between countries with the aim of ensuring a safe and sustainable, secure and affordable energy supply and developing concrete offshore wind projects.
2. In the context of the Paris Agreement and the EU objective of reaching net-zero greenhouse gas emissions by 2050 as well as national energy and climate targets, offshore wind energy plays an indispensable role in achieving individual and common European renewable energy targets as outlined in the EU Member States' recent National Energy and Climate Plans and other national strategies.

3. Offshore wind energy is expected to play an instrumental role in reaching the energy and climate objectives for 2030 and 2050. The potential European contribution of offshore wind energy by 2050 amounts to more than 10 times of today's installed capacity of 22 GW. To this end, annual installation rates of currently 3 GW per year will have to scale up considerably in the coming years. The vast potential of the North Seas could contribute in a significant way to this increased and accelerated deployment. Ministers and the Commissioner aim for harvesting this potential through enhanced regional cooperation, while facilitating energy market integration and ensuring security of supply.
4. In particular, the accelerated implementation of cross-border offshore wind projects that are interconnected among North Seas countries (joint and hybrid projects) could unleash the potential for an efficient deployment of offshore wind energy by reducing costs and space demand of offshore developments as well as facilitating electricity trade, industrial growth and employment in the region, thereby contributing to the European economic recovery. For this reason the updated NSEC work programme for 2020-2023 puts a particular emphasis on developing concrete joint and hybrid projects as well as the necessary conditions for their development.
5. Considerable progress was achieved by the four Support Groups and the ad-hoc working group.¹ Energy Ministers and the Commissioner for Energy endorse the following findings:

Joint and hybrid projects

- Hybrid projects combining wind energy generation with electricity interconnection assets² have the potential to accelerate the cost-efficient deployment of offshore wind energy, where feasible.³

¹ See respective summary papers of the four Support Groups for reference.

² In compliance with unbundling rules.

³ Three concrete proposals for joint and hybrid projects were assessed so far: The North Sea Wind Power Hub (multiple countries), WindConnector (Netherlands - United Kingdom) and Nautilus Hybrid Interconnector (Belgium - United Kingdom). The two latter projects were chosen while the UK was an EU Member State.

- Substantial barriers exist to the implementation of joint and hybrid projects. These barriers and different approaches for overcoming them were discussed with particular focus on rules for the internal electricity market. These barriers cannot always be overcome by bilateral and multilateral Intergovernmental Agreements between States on specific projects alone. More research and modelling are needed to fully investigate all related effects.
- Appropriate market arrangements (i.e. electricity market rules and governance) for joint and hybrid projects need to ensure an efficient utilisation of grid and market resources and address legal uncertainties. Distributional effects on costs and revenues of market actors and repercussions on national renewable energy support schemes need to be tackled in order to incentivise efficient investment and thereby contribute to renewable energy deployment in the region.
- Against this background, there is a need for the development of market arrangement concepts at EU level which facilitate the realisation of joint and hybrid projects.
- Another barrier for the realisation of joint and hybrid projects by Intergovernmental Agreements is a potentially unbalanced allocation of costs and benefits across States and other actors involved.
- Therefore, EU guidance would be helpful on coordinating Cost-Benefit Analysis (CBA) and Cross-Border Cost Allocation (CBCA) for wind power generation assets on the one hand with those for infrastructure assets on the other. Such guidance may include, inter alia, how to allocate renewable energy target amounts, costs for renewable energy support, grid (inter)connection and grid integration.

Maritime spatial planning

- Spatial requirements of offshore wind energy deployment (including grid development) deserve special attention due to the need for a balance between the large and rapid scaling-up of wind energy capacities and other uses and objectives. In this context, the Commission's Biodiversity Strategy⁴ will establish **protected areas for at least 30 percent of EU Member States' seas**.

⁴ Available at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu/eu-biodiversity-strategy-2030_en

- To this end we will develop a 2050 scenario study assessing different options for the long term development of offshore wind energy considering spatial and environmental aspects of the maritime space by a bottom-up approach, with the involvement of relevant stakeholders. The study will provide important insights into environmental and spatial issues related to offshore wind energy deployment, including: protection of (marine) biodiversity and assessment of cumulative effects, spatial options for joint projects, and the role of grid development as well as wake effects in spatial planning. It will also assess the need for more coordinated spatial planning among North Seas countries.
- We will promote enhanced coordination among North Seas countries of offshore grid planning and onshore grid connection of offshore wind farms as well as a better coordination between maritime spatial planning and offshore grid planning to facilitate our joint ambition of offshore wind energy deployment in the region.
- Multi-use of maritime space for other purposes besides offshore wind energy can contribute to reducing spatial tensions. However, multi-use in the area of offshore wind energy is still limited to date. An active role of all relevant actors such as involved industries and public authorities is required to unlock this potential. We will develop recommendations for regional cooperation in facilitating multi-use that supports offshore wind energy deployment while considering and providing benefits for the marine environment.

Support framework and finance

- Substantial coordination efforts by States are necessary to set up joint and hybrid offshore wind energy projects on the basis of an Intergovernmental Agreement. To support these efforts, EU guidance could help defining (i) support-related elements and (ii) cost-benefit related elements as part of a “blueprint” for Intergovernmental Agreements for joint and hybrid projects. Such guidance would provide transparency about a suitable structure of Intergovernmental Agreements in order to reduce transaction costs between the involved parties.

- To facilitate the realisation of joint and hybrid offshore wind energy projects as well as other relevant projects, improved and more efficient use of EU funds is essential. Promising instruments in this regard include the new funding line under the Connecting Europe Facility (CEF) for cross-border renewable energy projects and the new Union Renewable Energy Financing Mechanism. The EU recovery plan provides an opportunity to mobilise and efficiently use EU funding for offshore wind projects. The European Investment Bank can contribute to ensuring an adequate funding of projects.
- Hydrogen technologies involve substantial investment costs related to electrolyzers and hydrogen infrastructure assets. Therefore, combining offshore wind energy with hydrogen production may require additional financial support apart from the support needed for the offshore wind farm.
- The different options of combining offshore wind energy with hydrogen production may be influenced by renewable energy accounting rules and sustainability definitions. We are looking forward to the Commission proposal for a European methodology in this regard.
- A continued coordination of tendering processes and timelines among North Seas countries can prevent unfavourable overlaps and increase competition. These efforts will be supported by the establishment of an online tool for tender coordination, which will be launched in 2020.

Delivering 2050

- We will work towards a shared long-term vision for the role of offshore renewable energy to deliver ambitious 2050 energy and climate objectives in the North Seas region and a joint understanding of the future energy system in the region.
- We will commission a study that compiles existing national and regional long-term scenarios for offshore wind energy and grids in a systematic way, with a view to facilitating comparisons between the North Seas countries. The study will examine technical aspects of the analyses, assumptions on policy and market development and establish common ground among national long-term scenarios.

- Hydrogen could play an important role in the future energy system, and may also contribute to integrating the expected large volumes of offshore wind generation into the future energy system. We will assess options and uncertainties of the potential of hydrogen, including financing and renewable energy accounting rules.
- Regarding long-term grid planning, we will ensure a balanced stakeholder involvement and develop a stakeholder management plan. We also aim to work for increased public acceptance of grid development by better communicating the societal value of grid expansion in relation to the role of offshore renewable energy in a climate-neutral energy system.

Alignment of technical standards

- A major barrier for the alignment of technical standards is that competences are spread across several authorities within North Seas countries.
 - The NSEC will continue its work of bringing all relevant responsibilities together in order to discuss how the different prevailing rules across North Seas countries can be further aligned to the benefit of all parties.
 - To this end, we will first focus on the alignment of markings and lights.
6. The Commission is encouraged to consider the above NSEC work in particular with regard to electricity market arrangements, the need for EU guidance to Member States, and improved and more efficient EU financing in the development of a potential enabling framework at EU level for the facilitation of the deployment of joint and hybrid offshore wind energy projects as well as other relevant projects.
 7. The outcomes of NSEC meetings provide valuable input to upcoming initiatives at EU level. In particular, they feed into the planned EU Offshore Renewable Energy Strategy, foreseen in October 2020, and further discussions at EU level.

8. With a view to ensuring a successful continuation of the NSEC work, Energy Ministers and the Commissioner for Energy:
- Ask the German NSEC Presidency to continue its work under the updated work programme and governance structure in close collaboration with the other North Seas countries, the Commission and stakeholders, and maintain a close dialogue with the incoming NSEC Presidency 2021 (Belgium in its role as Presidency of the Benelux Union) in order to ensure a smooth transition.
 - Recognise the importance of maintaining an open dialogue with all stakeholders and welcome the contributions by stakeholders as a valuable input for the future cooperation.
 - Will meet in December 2020 to discuss the future work of the North Seas Energy Cooperation and decide on the need for a new Political Declaration.
 - Will increase the share of virtual meetings, in particular of the NSEC Support Groups, in order to reduce the carbon footprint of the cooperation.
9. This Joint Statement does not create any rights or obligations under national or international law and does not intend to replace or modify any existing legal obligations. The contents of this document remain within the framework of the 2016 Political Declaration for regional cooperation on offshore wind energy in the North Seas, the 2016-2019 Action Plan annexed to it as well as the updated NSEC work programme and governance structure adopted in December 2019.
10. The work of the North Seas Energy Cooperation should be in line with relevant EU and national legislation, the EEA agreement, as well as with existing obligations under international law.