

Implementation of the Political Declaration on energy cooperation between the North Seas Countries

Support Group 3 on support framework and finance for offshore wind projects Work Programme

1. Work areas as outlined in Annex 1 of the Political Declaration

Participating countries will work on

- Sharing information on the likely offshore energy infrastructure needs of each country and the phasing of development, thereby providing predictability to the private sector as regards future aggregate demand for offshore energy infrastructure in the region;
- Increasing the coordination and alignment of national support schemes relating to offshore wind, *inter alia* auction design and planning, and possibly cooperation on the timing of tendering;
- Concepts for concrete joint (pilot) projects, and exploring opportunities for the opening of support schemes and joint tenders, ensuring win-win situations for all participating countries;
- The further mobilisation of investment capital for joint (pilot) projects, for instance through EU funds such as EFSI and CEF, and institutional investors.

2. Objectives and deliverables

2.1. Objective

The overall aim of the group is to increase the cooperation with respect to offshore wind support and finance across North Seas countries. Thereby it will seek to create a reliable framework for offshore wind deployment, increasing planning and investment security for the offshore energy sector in the region and facilitating cost reduction. In particular the group will aim at:

- Increasing the coordination and information exchange as regards national offshore development plans and encouraging long-term and coordinated planning strategies that provide for a clear and reliable corridor of demand for offshore capacity within the North Seas region
- Step-wise alignment of the design of offshore wind support and framework conditions across North Seas countries based on best-practice and common design principles
- Development of concepts for the implementation of joint offshore wind projects or the partial opening of national support schemes for offshore wind between two or more North Seas countries ensuring benefit for participating countries.
- Supporting and strengthening the involvement of financing instruments (e.g. EFSI) and financing institutions (e.g. EIB) in offshore wind development in the North Seas.

2.2. Deliverables

Objective 1	Coordination and step-wise alignment of national support schemes for offshore wind
Results	<ul style="list-style-type: none"> • Inventory of support schemes for offshore wind in the participating states • Identification and exchange of best practice and lessons learned including stakeholder views • “Common Offshore Principles” including a common understanding of elements that could be aligned across participating states • “Roadmap” including a common understanding as regards the key priorities for co-ordination and the preferred timing and gradual phase in of the common design principles
Questions to be addressed	<ul style="list-style-type: none"> • Fact finding: Design options for offshore wind support in the North Seas countries and identification of elements that should be analysed with respect to alignment? • What are differences and similarities with respect to the individual support elements, market rules and the regulatory framework for offshore wind across NorthSeas countries? What are the underlying reasons for differences/similarities? • What are the costs and potentials of offshore wind in the participating countries? • What can be considered best practice as regards the individual support elements, market rules and regulatory framework? What are lessons learned? • Which elements could be aligned between North Seas countries? Which cannot? Which are the most important elements for alignment? Which could be aligned sooner and which later? • What could be a reasonable timing for alignment? • What are the pros and cons for aligning the individual elements across the North Seas countries?

Objective 2	Cooperation on the timing of tendering as well as increased coordination of wind offshore planning across North Seas countries
Results	<ul style="list-style-type: none"> • Inventory of planned tenders and development strategies for offshore wind across North Seas countries • Regular update on the timing of national tender procedures and national development strategies for wind offshore across the North Seas countries • Analysis of the overall shape of the aggregate tender schedule • Identification of pros and cons of coordinated timing of offshore wind tenders including potential cost reductions • Exploring opportunities for better coordination of tender timing and national offshore development strategies
Questions to be addressed	<ul style="list-style-type: none"> • Fact finding/Inventory: When and in which intervals and sizes is offshore wind capacity tendered in the individual North Seas countries? What is the current time horizon for national plans and development corridors? • What are the interlinkages between offshore wind planning including tendering schedules and national grid development plans, what are the interlinkages to overall spatial planning? What is the existing level of coordination there and how does it need to be improved to enable for better offshore wind development planning (Link to WG 2 on Grids and WG1 on Maritime Spatial Planning) • Is sufficient information on national as well as aggregated plans already available to the industry? (e.g. through ENTSO-E) • How do stakeholders view this construction schedule, will it result in a competitive market and enable economies of scale to be exploited? • What are pros and cons of a more coordinated approach to the timing of tenders? To which extent may it impact the tender results (level of support)? Which sectors get a benefit from coordinated tendering? • What are possible options for improving the coordination across national development corridors? • How can a process of increased coordination for offshore wind development be integrated into the overall coordination and consultation process of the 2030 climate and energy plans? How can it be integrated into the grid development and maritime spatial planning?

Objective 3	Development of concepts for concrete joint (pilot) projects, and exploring opportunities for the opening of support schemes and joint tenders
Results	<ul style="list-style-type: none"> • Inventory of existing knowledge (concepts available, best practice, lessons learned) with respect to joint projects or partial opening of support schemes and analysis as to their applicability to offshore wind. • Definition and classification of options for joint projects e.g. mutual opening, joint tenders, etc. • Development of case studies using the example of cooperation between interested countries and partners in the North Seas region for (a) bilateral projects and (b) cluster projects with more than two countries involved • Development of blueprints or model solutions for selected individual aspects of (a) bilateral projects and (b) cluster projects
Questions to be addressed	<ul style="list-style-type: none"> • Fact finding and stock taking: what are the available concepts; are there any best practice and lessons learned with respect to joint projects/partial opening? • What are potential options for joint offshore projects including mutual opening, joint tenders, cluster tenders with more than 2 countries involved? • Which necessary preconditions would need to be fulfilled for a joint project or partial opening in the offshore sector, which questions would need to be addressed? In particular what are the interlinkages to grid planning and grid development? • Which North Seas countries would be interested to serve as an example (real or fictive) for developing case studies for joint projects? • Based on the case studies: what could be possible blueprint elements or model solutions applicable to a) bilateral as well as b) cluster projects? This should include <i>inter alia</i> the following questions: <ul style="list-style-type: none"> - Which adjustments to national support schemes and regulatory frameworks would be necessary for joint projects in the selected case study countries? - What are possible options for defining the territories available for joint projects? - What are possible options for the distribution of grid connection costs applicable for joint project? - What are possible options for the contribution of joint projects to national/European RES targets? - Further elements: tbd

Objective 4	Mobilisation of investment capital for joint (pilot) projects, for instance through EU funds such as EFSI and CEF, and institutional investors.
Results	<ul style="list-style-type: none"> • Overview of existing funds and/or financing instruments including available volumes and qualification requirements for support of offshore wind projects and or joint projects • Analysis of bottlenecks/barriers for the involvement of existing financing instruments/funds in (joint) wind offshore projects in the North Seas region • Assessment of the cost of capital for projects in the North Seas and reasons for variations between Member States • Recommendations for options to attract additional investments (institutional or private) in joint offshore wind projects
Questions to be addressed	<ul style="list-style-type: none"> • Fact finding: Which funds and/or financing instruments exist to date/are planned to support offshore wind projects and/or joint projects? • What are barriers to their further involvement in offshore wind projects? • What factors could help reduce the cost of capital for investors? • How to attract further institutional investments in (joint) offshore projects? • How to attract further private investments in (joint) offshore projects (e.g. Green Offshore Label)?