



Council of the
European Union

**Brussels, 31 August 2020
(OR. en)**

10344/20

LIMITE

**ENER 264
RECH 295
IND 119
CLIMA 167**

NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Fostering European Cooperation in Offshore Wind and Other Renewable
Energies
- Draft Council Conclusions

Delegations will find in the annex the draft Council Conclusions on Fostering European Cooperation in Offshore Wind and Other Renewable Energies. Delegations are invited to present their views on the draft at the Energy Working Party meeting of 15 September 2020.

Draft Council conclusions on

Fostering European Cooperation in Offshore Wind and Other Renewable Energies

THE COUNCIL OF THE EUROPEAN UNION

1. RECALLING

- 1.1. that the European Council in its conclusions of 12 December 2019 (EUCO 29/19) [to be updated in view of subsequent EUCO conclusions 2020] endorsed the objective of achieving a climate-neutral European Union by 2050, in line with the objectives of the Paris Agreement;
- 1.2. that the TTE (Energy) Council in its conclusions on the Future of Energy Systems of 25 June 2019 (10592/19) identified offshore electricity grids and hubs as an energy infrastructure priority;
- 1.3. that the TTE (Energy) Council in its conclusions on the response to the COVID-19 pandemic in the EU energy sector – road to recovery of 25 June 2020 (9133/20) highlighted that a strategic approach on offshore renewable energy could stimulate investments in the sector;
- 1.4. that Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources of 11 December 2018 encourages Member States to open their support schemes to cross-border participation based on cooperation agreements;
- 1.5. that the Commission Communication COM(2018) 773 ‘A Clean Planet for all: A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy’, and in particular its in-depth analysis in support of the Communication, identify substantial EU-wide potential for increasing offshore wind capacity of 240 to 450 GW by 2050 in order to achieve the objective of climate neutrality;
- 1.6. that the Commission Communication COM(2019) 640 ‘The European Green Deal’ states that increasing offshore wind production will be essential for the European clean energy transition, building on regional cooperation between Member States, and highlights ways to tap into the

potential of offshore renewable energy, including floating wind, wave, and tidal energy, notably by managing the Union's maritime space more sustainably;

- 1.7. that the European Green Deal Call of Horizon 2020 will support ocean energy pilot applications and demonstration projects;
- 1.8. that the Commission Communication COM(2020) 102 'A New Industrial Strategy for Europe' calls for a more strategic approach to renewable energy industries such as offshore renewable energy and the supply chain underpinning them and highlights the need for more renewable energy to facilitate the twin transitions;
- 1.9. that the Commission Communication COM(2020) 299 'Powering a climate-neutral economy: An EU Strategy for Energy System Integration' recognises the role of offshore wind for the increased electrification and indicates that the Offshore Renewable Strategy and follow-up regulatory and financing actions will ensure the cost-effective planning and deployment of offshore renewable electricity, taking into account the potential for hydrogen production, and strengthen EU's industrial leadership in offshore technologies;
- 1.10. that the Commission Communication 7020/380 'EU Biodiversity Strategy for 2030' stresses that the EU will prioritise sustainably sourced renewable energy such as offshore wind as these will be essential to fight climate change;
- 1.11. the Joint Statement of North Seas Countries and the European Commission in the framework of the North Seas Energy Cooperation of 6 July 2020 [as well as the Joint Declaration by the Members of the Baltic Energy Market Interconnection Plan (BEMIP) and the European Commission of 30 September 2020] with regard to regional cooperation on offshore wind energy;
- 1.12. [the Commission Communication COM(2020)xx on the EU-level assessment of National Energy and Climate Plans assessing the overall progress towards the EU 2030 renewable energy target;
- 1.13. [the Commission Communication COM(2020)xx on an Offshore Renewable Strategy];

2. RECOGNISING THAT

- 2.1. the deployment of all renewable energy technologies plays an indispensable role in achieving the individual and common EU renewable energy targets by substantially contributing to the objective of achieving a climate-neutral EU by 2050;
- 2.2. offshore wind energy and other renewable energy technologies, such as wave and tidal energy, can help harnessing renewable energy from European seas, drawing on a pan-European supply chain;
- 2.3. complementary to national renewable energy deployment as identified by the Member States in their National Energy and Climate Plans, enhanced regional cooperation and cross-border projects among Member States can facilitate a more cost-efficient achievement of national and Union renewable energy targets;
- 2.4. regional cooperation and cross-border projects contribute to further integrating the internal energy market and enhancing the EU-wide deployment of renewable energy while providing net benefits to the participating Member States. Such cooperation can be designed, inter alia, by joint tenders or other forms of cross-border opening of national renewable energy support schemes and can be facilitated by the new Union Renewable Energy Financing Mechanism;
- 2.5. regional cooperation can help create a strong European domestic market for new offshore renewable energy technologies, which could help Europe to expand and maintain its global leadership in these technologies;
- 2.6. cross-border cooperation on offshore wind energy will play an important role in these regards; in particular, cross-border offshore wind energy cooperation projects that are financed by more than one Member State and that connect to more than one Member State (joint and hybrid projects) could unleash the potential for large-scale renewable energy deployment and economies of scale by reducing system costs and space requirements, facilitating market and grid integration of offshore wind energy as well as electricity trade, while contributing to security of supply;
- 2.7. offshore wind energy cooperation can support sector integration, inter alia by facilitating the integration of offshore wind generation into the energy system via the electricity grid or by contributing to renewable hydrogen generation, in particular through additional cross-border offshore wind energy capacities;

- 2.8. for the purpose of balancing the deployment of offshore wind and other renewable energy capacities with other objectives in the maritime space, multi-use of the maritime space can contribute to addressing spatial trade-offs and providing environmental benefits;
- 2.9. the large-scale deployment of offshore wind and other renewable energies and the associated offshore and onshore grid development requires public acceptance, ownership by Member States, and involvement, in particular from island and coastal communities;
- 2.10. international cooperation plays an increasing role in offshore renewable energy deployment and can be facilitated, inter alia, by the International Energy Agency (IEA) providing in-depth analysis on the technical potential and economic opportunities as well as by the International Renewable Energy Agency (IRENA) and its Offshore Renewables Collaborative Framework by bringing countries together to identify areas for international collaboration and accelerate the uptake of offshore renewable energy;
- 2.11. the costs of less mature offshore renewable energy technologies need to be reduced further and research and innovation (R&I) support for the EU's offshore renewable energy technology sector is key for its competitiveness and ability to drive global innovation;
- 2.12. using existing technologies and developing innovative solutions for energy storage may contribute to integrating offshore and other renewable energy into the European electricity system, while at the same time ensuring grid stability;
- 2.13. reforms enhancing investments in renewable energy generation capacities will contribute to the economic recovery from the COVID-19 pandemic by fostering innovation, European value chains, industrial growth, the development of a sustainable blue economy and employment in the Union, as well as the competitiveness of EU industries; regional cooperation among Member States will be an important factor in ensuring that these benefits are widely shared;

3. NOTING THAT

3.1. despite the benefits arising from cross-border renewable energy cooperation, substantial barriers still exist to the deployment of cross-border renewable energy projects, including joint and hybrid offshore wind energy projects, which cannot be overcome by bilateral and multilateral intergovernmental agreements (IGAs) between Member States on specific projects alone;

3.2. barriers include:

- higher transaction costs through substantial coordination efforts and uncertainties including for the first-projects,
- the challenge of ensuring a balanced allocation of costs and benefits across participating Member States, insufficient funding and financing in particular at Union level to cover financing gaps of cross-border projects arising, inter alia, from an imbalanced allocation of costs and benefits,
- the prevailing electricity market arrangements (i.e. electricity market rules) in particular at Union level with regard to the market and grid integration of offshore wind energy in hybrid projects, and
- the lack of alignment of technical standards (e.g. on lights and markings on wind turbines or interoperability and voltage levels of transmission equipment);

3.3. maritime spatial planning and offshore grid planning are not sufficiently aligned at national level and not sufficiently coordinated among Member States to enable efficient use of the maritime space and facilitate the deployment of joint and hybrid offshore wind energy projects, and offshore grid planning is not sufficiently interlinked with onshore grid connections and internal grid reinforcements;

4. TAKING INTO ACCOUNT

4.1. the opportunity to develop an integrated approach to policies and measures needed in the context of the European Green Deal, including enhanced regional cooperation between Member States and between regions, an appropriate regulatory framework and state aid rules,

financial support, industrial and growth aspects, social cohesion and employment dimensions, as well as R&I;

- 4.2. the potential of regional energy cooperation as highlighted in Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action;
- 4.3. Member States' freedom to determine their energy mix in accordance with Article 194 TFEU, national competences for the development of their national electricity grids, including interconnections, and national responsibilities for the enforcement and regulatory oversight of electricity market rules on their territory;
- 4.4. Member States' right to design their national support schemes for electricity from renewable sources in accordance with Article 4 of the Directive (EU) 2018/2001 and without prejudice to Articles 107 and 108 TFEU, and their right to decide on the extent to which they support electricity from renewable sources which is produced in another Member State in accordance with Article 5 of Directive (EU) 2018/2001;

5. **WITH REGARD TO EUROPEAN COOPERATION IN RENEWABLE ENERGIES IN GENERAL, IDENTIFIES THE NEED FOR**

- 5.1. the further integration of the internal energy market, including by infrastructure development and enhanced interconnectivity between Member States, inter alia through the policy on trans-European energy networks and projects of common interest, to support the integration of larger volumes of renewable energy into the European electricity market and to facilitate cross-border cooperation;
- 5.2. a reduction of transaction costs for concluding bilateral and multilateral IGAs between Member States on cross-border renewable energy projects by providing a menu of options for relevant cooperation models with respect to the opening of national support schemes as well as a 'blueprint', including key elements of such agreements, in order to support Member States in the cooperation process;
- 5.3. the coordination between cost-benefit analysis (CBA) and cross-border cost allocation (CBCA) for cross-border renewable energy generation projects, including joint and hybrid offshore wind energy projects consisting of both renewable energy generation and electricity infrastructure assets, in order to balance costs and benefits, including but not limited to

benefits from renewable energy target amounts, costs for renewable energy support, market integration, grid (inter)connection, grid reinforcement and integration;

- 5.4. an improved use of Union funds in order to facilitate the realisation of cross-border renewable energy projects by strengthening the sourcing of key Union instruments such as the funding line for cross-border renewable energy projects under the new Connecting Europe Facility (CEF) 2021-2027 and the new Union Renewable Energy Financing Mechanism as well as other Union instruments such as the Strategic European Investment Window of Invest EU; in particular, a swift operability of the enabling function of the Union Renewable Energy Financing Mechanism to support renewable energy projects and enhance regional cooperation by covering financing gaps of joint projects that arise, inter alia, from an imbalanced allocation of costs and benefits between Member States;
 - 5.5. a revised state aid framework which is consistent with the directives and regulations of the “Clean Energy Package”, the EU climate and energy targets for 2030 and the objective of achieving a climate-neutral European Union by 2050, and which is supportive to deployment of renewable energy, ensures investor certainty and public acceptance of the necessary support, and enables the promotion of R&I and large-scale demonstration of emerging and innovative technologies;
 - 5.6. investments in R&I at Union and national level based on an EU-wide agenda for R&I as developed in the European Strategic Energy Technology Plan (SET Plan) to be updated in order to reflect the ambition of the European Green Deal and the role of offshore renewable energy in it, through the Green Deal Call of Horizon 2020 and the upcoming Horizon Europe work programmes for 2021 and 2022.
6. WITH REGARD TO **OFFSHORE WIND ENERGY** PROJECTS IN PARTICULAR, IDENTIFIES THE NEED FOR
- 6.1. enhanced coordination among Member States on maritime spatial planning in different European sea basins to enable an efficient and sustainable use of the maritime space, without prejudice to national responsibilities; a holistic approach to the use and management of the maritime space, taking into account options for multi-use, in particular to ensure environmental protection and public acceptance and facilitate co-existence;

- 6.2. a better alignment of maritime spatial planning and offshore grid planning at European and national level, including the onshore connection of offshore wind farms, to facilitate the large-scale deployment of wind energy across the Union;
- 6.3. integrated offshore grid planning, including onshore grid connection of offshore wind farms and, where necessary, internal grid reinforcements, which is essential for cost-efficient deployment of offshore renewable energy;
- 6.4. electricity market arrangements at Union level that facilitate the swift realisation of joint and hybrid offshore wind energy projects; appropriate market arrangements that facilitate an efficient use of grid and market resources, while at the same time incentivising investments in renewable energy generation capacity and ensuring market and grid integration of offshore wind energy;
- 6.5. to this end, addressing the existing barriers to market and grid integration of offshore wind energy, distributional effects on costs and benefits across different actors and Member States, repercussions on national renewable energy support schemes and grid tariffs, and legal uncertainties, also taking into account the state of maturity of projects as well as developments in grid enhancements, with the aim of generating net benefits for consumers in all Member States;
- 6.6. enhanced R&I across the Union and coordination thereon among Member States, including on less mature technologies such as floating offshore wind, wave and tidal energy technologies, in order to reduce the costs of technologies and support their deployment, as well as demonstration of key grid technologies needed for an integrated offshore renewable energy system;
7. CALLS ON THE COMMISSION to ensure swift follow-up to these conclusions and to prepare in close cooperation with the Member States an “enabling framework” at Union level for cross-border renewable energy projects and other relevant projects, addressing the needs identified under paragraphs 5 and 6, and consisting of, inter alia:
 - 7.1. guidance on concluding bilateral and multilateral IGAs between Member States on cross-border renewable energy projects, including a blueprint for such agreements, guidance for relevant cooperation models with respect to the opening of national support schemes, and guidance on coordinating CBA and CBCA for cross-border projects;

- 7.2. a proposal for an improved use of Union funds and sourcing of key instruments in order to facilitate the realisation of cross-border renewable energy projects by strengthening the funding of the relevant instruments at Union level, building on the European Recovery Plan;
 - 7.3. guidance on enhanced coordination among Member States in maritime spatial planning and offshore grid planning, including onshore grid connection of offshore wind farms;
 - 7.4. a legislative proposal for electricity market arrangements at Union level that addresses existing barriers to market and grid integration of offshore wind energy and incentivises investments in hybrid projects across the Union at large scale;
 - 7.5. support for R&I in offshore renewable energy generation and grid technologies as well as grid integration technologies, including storage, in the Horizon Europe work programmes for 2021 and 2022 and an update of the SET Plan to reflect the importance of offshore renewable energy.
-