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DRAFT REPORT

on a European strategy for offshore renewable energy
(2021/2012(INI))

Committee on Industry, Research and Energy

Rapporteur: Morten Petersen

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a European strategy for offshore renewable energy (2021/2012(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular to Article 194 thereof,
- having regard to the agreement adopted at the 21st Conference of the Parties to the UN Framework Convention on Climate Change (COP21) in Paris on 12 December 2015 (the Paris Agreement),
- having regard to the Commission communication of 8 July 2020 entitled ‘A hydrogen strategy for a climate-neutral Europe’ (COM(2020)0301),
- having regard to the Commission communication of 8 July 2020 entitled ‘Powering a climate-neutral economy: An EU Strategy for Energy System Integration’ (COM(2020)0299),
- having regard to the Commission communication of 19 November 2020 entitled ‘An EU Strategy to harness the potential of offshore renewable energy for a climate neutral future’ (COM(2020)0741),
- having regard to the Commission report of 14 October 2020 entitled ‘2020 report on the State of the Energy Union pursuant to Regulation (EU) 2018/1999 on Governance of the Energy Union and Climate Action’ (COM(2020)0950),
- having regard to the Commission communication of 17 September 2020 entitled ‘Stepping up Europe’s 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people’ (COM(2020)0562),
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),
- having regard to the Commission communication of 10 March 2020 entitled ‘A New Industrial Strategy for Europe’ (COM(2020)0102),
- having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹,

¹ OJ L 328, 21.12.2018, p. 1.

- having regard to Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009² (the TEN-E Regulation),
- having regard to Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010³, which is currently being revised,
- having regard to Directive (EU) No 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources⁴,
- having regard to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC⁵,
- having regard to its resolution of 10 July 2020 on a comprehensive European approach to energy storage⁶,
- having regard to its resolution of 15 January 2020 on the European Green Deal⁷,
- having regard to its resolution of 14 March 2019 entitled ‘Climate change – a European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy in accordance with the Paris Agreement’⁸,
- having regard to its resolution of 6 February 2018 on accelerating clean energy innovation⁹,
- having regard to its resolution of 19 May 2021 on a European Strategy for Hydrogen¹⁰,
- having regard to its resolution of 19 May 2021 on a European strategy for energy system integration¹¹,
- having regard to the opinion of the Committee on Fisheries,
- having regard to Rule 54 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, Research and Energy

² OJ L 115, 25.4.2013, p. 39.

³ OJ L 348, 20.12.2013, p. 129.

⁴ OJ L 328, 21.12.2018, p. 82.

⁵ OJ L 275, 25.10.2003, p. 32.

⁶ Texts adopted, P9_TA(2020)0198.

⁷ Texts adopted, P9_TA(2020)0005.

⁸ OJ C 23, 21.1.2021, p. 116.

⁹ OJ C 463, 21.12.2018, p. 10.

¹⁰ Texts adopted, P9_TA(2021)0241.

¹¹ Texts adopted, P9_TA(2021)0240.

(A9-0000/2021),

- A. whereas the EU has endorsed the Paris Agreement, as well as the European Green Deal and the recently adopted European Climate Law, which set an ambitious target of reducing emissions by 55 % by 2030 and complementary goals, with the aim of achieving the EU's net-zero carbon emission target by 2050 at the latest in order to fight the effects of global climate change;
- B. whereas the transition to a net-zero greenhouse gas (GHG) economy requires a clean energy transition that ensures sustainability, security of supply and affordability of energy;
- C. whereas the dramatic fall in renewable offshore energy prices has made it one of the cheapest sources of energy and consequently a critical element in the green transition, paving the way for a modern, resource-efficient and competitive economy, and has also made it one of the most important pillars of the EU's climate ambitions;
 - 1. Stresses that a net-zero emissions economy requires renewable energy to be deployed on an unprecedented scale; emphasises that if no further actions are taken to accelerate the deployment of offshore renewable energy (ORE), the EU will not be able to live up to its climate commitments;
 - 2. Highlights that the energy production targets for ORE in all of EU's sea basins, as outlined in Commission communication COM(2020)0741, are at least 60 GW by 2030 and 340 GW by 2050; highlights that the competitiveness of offshore wind energy as an energy source will continue to increase and prices will continue to fall further in step with continuous development and deployment;
 - 3. Notes the competitive advantage of EU companies and technologies in the ORE sector; underlines the potential for exponential growth of the sector and its contribution to the EU economy, including technology and systems exports;

Infrastructure and grids

Investment in infrastructure

- 4. Stresses the urgency of improving and expanding existing infrastructure to enable the increased flow of electricity from offshore sites to inland-based consumers;
- 5. Welcomes the Commission's proposal for a revision of the TEN-E Regulation and the attention it gives to the offshore renewables sector's needs and priorities; stresses that the development of sustainable and efficient transmission infrastructure requires forward-looking investment; believes strongly that regulatory frameworks should facilitate anticipatory investments;
- 6. Notes the advantages of combining offshore production facilities and transmission assets in the tender process; invites the Commission and the Member States (MSs) to explore the potential of this full-scope tendering approach and assess its applicability to different set-ups, including meshed grids;

Member State collaboration

7. Stresses that MS collaboration is vital in order to maximise effective use of offshore energy resources; notes that the current legal framework does not facilitate such collaboration sufficiently; strongly believes that failure to increase collaboration between MSs will inhibit the roll-out of offshore energy; urges the Commission and the MSs to take the necessary action without any further delays;

District heating and cooling

8. Notes that electricity from offshore renewables can contribute to the greening of district heating, decreasing and eventually eliminating its GHG emissions; highlights the potential to incorporate ORE in district heating through clean electricity and heat pumps;

Research and development

9. Strongly believes that the EU and the MSs should support research into and the development of multipurpose interconnectors (MPIs); stresses the need to create a long-term framework for MPIs that can efficiently integrate the offshore and onshore markets; calls on the Commission to assist manufacturers of different equipment in developing a common standard that can ensure compatibility and interoperability among interconnectors;
10. Strongly believes that the EU and the MSs should support research into and the development of floating offshore wind, tidal, wave and current stations, which can be adapted to the different seabed conditions in Europe;

Permits and maritime spatial plans

Streamlining the issuing of permits

11. Notes that the huge interest in ORE will attract an increasingly larger number of permit applications; calls on the MSs to urgently simplify the relevant procedures and coordinate their efforts; encourages the MSs to support the one-stop-shop proposal;
12. Notes the current lengthy process for launching ORE projects and the urgent need to speed it up in order to reach the 2030 and 2050 goals; notes that streamlining MSs procedures and technical standards will facilitate more rapid deployment; calls on the MSs to consider introducing time limits for issuing permits, including the automatic granting of permits after deadlines expire;

Aligning maritime spatial plans and national energy and climate plans

13. Notes that the total space required to ensure the offshore wind capacity for the northern seas meets the 2050 goals is expected to be 2.8 %; underlines, therefore, the possibility of compatibility between sea space requirements for ORE and other interests; strongly believes that involving renewables developers early on in the process will contribute to the successful allocation of sea space;

14. Notes that pursuant to Regulation (EU) 2018/1999, MSs were required to submit their national energy and climate plans (NECPs) by 31 December 2019 and are required to submit a progress report every two years; notes that pursuant to Directive (EU) 2014/89, the MSs were required to draw up maritime spatial plans (MSPs) by 31 March 2021; notes the risk of incompatibility of the NECPs and MSPs as regards space allocation; stresses that urgent alignment of the MSP Directive and NECP Regulation as well as other relevant EU legislation is needed; urges the MSs to immediately coordinate and lay out plans for the 230 GW post-2030 offshore development;

Market design

15. Stresses that the uptake of ORE is dependent on the adequate implementation of well-designed market rules;
16. Calls for the recalculation of the distribution of costs and benefits between the generation and transmission of ORE, ensuring the right incentives and a stable regulatory framework for developers; stresses that uncertainty regarding the distribution of costs and benefits is deterring companies from launching offshore renewable projects; invites the Commission to expedite the publishing of EU guidance on sharing the costs and benefits of offshore hybrid projects;
17. Calls for a revision of the existing regulatory framework governing EU electricity markets in order to facilitate the uptake of ORE and eliminate artificial trade barriers, fixed prices, subsidies and other market-distorting mechanisms that prevent the further successful integration of offshore renewables; calls on the Commission and the MSs to carefully analyse existing bidding zones and their suitability for the integration of the growing capacity for offshore renewables; invites the Commission to identify existing regulatory mechanisms that successfully promote the integration of offshore renewables in a well-functioning energy market, as part of a future-proof model including the facilitation of hybrid projects and new forms of collaboration;

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18. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

EU can only fulfill its climate objectives and deliver on our promises to the European citizens through the integration of offshore renewable energy in our energy systems in a much larger scale and at a much faster pace than we have done so far. The Rapporteur considers that offshore renewable energy is a critical element in the European green transition. By building up offshore renewable energy capacities beyond 60GW in 2030 we have the opportunity to secure a clean, cheap and stable source of energy as the foundation for the green transition.

The EU needs to deliver on a very ambitious set of revisions and initiatives as part of the Green Deal package. In order to succeed in rolling out the required capacity, the supply of offshore renewables can and should be integrated in all relevant EU legislation. Upwards revision of the targets in the Renewable Energy Directive and the associated governance structure and statistical transfers is needed.

The plan for EU's green transition presents several challenges where offshore renewable energy can deliver the solution. EU's electrification efforts and hydrogen strategy requires abundant cheap clean electricity. Decarbonizing heavy transports and aviation requires power-to-x, which is also dependent on the supply of cheap renewable electricity. With the help of heat pumps, renewables offer the prospect of decarbonization for district heating. Offshore renewable energy is the critical element in the shift away from fossil fuels, thereby the facilitation of our joint obligations respecting the Paris Climate Agreement.

However, today's rate of offshore renewable installments in EU is expected at just above 2 GW per year. We must four-double the speed of installing, if we are to achieve at least 300 GW by 2050. Achieving such a tremendous task is obviously not easy. While we have made important progress in the right direction, it is certain that what has brought us where we are today will not bring us to where we need to be in 2030. The Rapporteur considers that we need to take action rapidly and immediately. If we do not step up our efforts, we will not deliver. A sense of urgency must be underlined, in the way we build out offshore renewable energy, but also in all other decisions affecting our green transition.

European companies are world leaders in offshore renewable energy and the sector holds much promise in the creation of jobs, growth and exports. This strength has to be maintained and developed further in the light of rising global needs for clean energy. Ensuring European leadership in the renewable industry and supply chains has promising industrial policy perspectives. Further efforts in R&D, test centers and exchanges of best practices within EU should be at the core of an assertive, European clean energy industrial policy.

Market conditions

The EU must ensure a stable market-based framework providing regulatory certainty and clarity for investors. Developers, private investors, pensions funds and financial institutions need clarity, consistency and predictability also in relation to regulatory challenges in the distribution of income between developers and transmission system operators. Differing practices across EU are a hindrance to the rollout of offshore renewables, which is why further streamlining and harmonization of procedures and processes is needed. The future electricity market design has to cater for and take into account future offshore developments including hybrid projects and the impacts on the overall EU electricity markets should be thoroughly assessed.

Infrastructure

Massive investments in offshore grids but also onshore are needed. A magnitude of 530bn EURO of investments is foreseen in the European Commission's draft strategy in order to update and modernize the European grid infrastructure¹². These are investments in an unprecedented scale, which has to be taken into account in the relevant legislative acts and financial tools. The Rapporteur strongly believes that the revision of the TEN-E regulation should take this into account and at the same time facilitate the much needed sector coupling, integrating offshore renewables into the production and development of green hydrogen, power-to-x, storage and district heating. The Ten-Year-Network-Development-Plans should be revised accordingly. The cross-border integration of offshore renewables in district heating carries much promise for the abatement of fossil fuels in the heating sector.

Permitting

Today, practices of permitting of offshore wind farms varies from Member State to Member State and create unnecessary red tape instead of simplification of processes. With the current procedures, we already see that some projects initiated in the next two years can expect a completion date past 2030. Given the already lengthy overall process of deploying offshore renewable projects, failure to shorten the unnecessarily long permitting process will result in missing our targets.

Member States submit their plans for Maritime Spatial Planning without necessarily coordinating with their own national energy and climate plans. A streamlining of these processes is a bare minimum if offshore renewables are to be deployed with the needed speed, and a revision of the Maritime Spatial Plan Directive should be considered along those lines.

The development and generation of clean renewable energy must have priority. If not, our climate objectives will not be fulfilled. Generating clean renewable energy is of such priority that a renewed approach must consider turning the burden of proof and the precautionary principle on its head, favoring the deployment of offshore renewables, even at the expense of permitting and licenses. Bulk permitting and fast-track procedures must be considered and come into play as well as considering the introduction of a time-limited fixed-period backstop in applications and permits, so developers can go ahead without waiting for permits and varying practices across Member States. An EU-wide Regulation on permitting could be considered, simplifying environmental impact assessment and harmonizing national approaches. EU-designated offshore areas could facilitate easy access and permitting.

The EU has less than 10 years to build out an offshore energy system comparable in size with today's installed capacity of Belgium, Luxembourg and the Netherlands combined. By 2050, it should be the size of the combined installed capacity of Germany, Sweden and Norway today. This is the common challenge we face and there is no time to waste. With each passing moment of status quo, the difficulty of succeeding becomes ever greater.

¹² European Commission. 19 November 2020. An EU Strategy to harness the potential of offshore renewable energy for a climate neutral future (COM(2020) 741).

**ANNEX: LIST OF ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The following list is drawn up on a purely voluntary basis under the exclusive responsibility of the rapporteur. The rapporteur has received input from the following entities or persons in the preparation of the draft report:

Entity and/or person
ACER
Andel
BirdLife
Danish Chamber of Commerce
Danish Energy
Danish Industry
Danish Maritime Authority
Danish Shipping
Danish Society for Nature Conservation
EDF
EDF Renewables
Energinet
ENTSO-E
Equinor
Eurelectric
European Energy
Floating Power Plant
General Electric
Greenpeace/CAN Europe
Hitachi ABB Power Grids
Hydrogen Europe
Norlys
North Sea Advisory Council
Ocean Energy Europe
Offshore Wind Foundations Alliance
Ørsted
State of Green
Stiesdal
UK National Grid
Vattenfall
Vestas Wind Systems
WindDenmark
WindEurope
WWF