



## Elia Group signs *Offshore Renewable Industry Declaration* and expresses support for political agreements reached at the North Sea Summit today in Ostend (BE)

- The Ostend Summit aims to make the North Sea the new green power hub of Europe
- This second edition of the North Sea Summit was organised by the Belgian Government and involved 9 participating countries
- Belgium also invited the CEOs of 100 top European companies working in the field of offshore renewable energy to take part in a series of roundtable discussions

**OSTEND (BE) | Today, the second edition of the North Sea Summit in Ostend brought together national and European politicians and the crème de la crème of the European offshore renewable industry. Chris Peeters (CEO of Elia Group) and Stefan Kapferer (CEO of 50Hertz) were among their number. Summit attendees took part in a number of roundtable discussions and signed a declaration prepared by the offshore renewable industry in the run-up to the event. By working together, accelerating its activities and focusing on innovation, the European offshore sector can strengthen its leading position across the world and more quickly contribute to the establishment of a more sustainable, affordable and independent energy system.**

The signatories of the Offshore Renewable Industry Declaration express their support for the political agreements reached at this year's North Sea Summit in Ostend. However, the declaration lists a series of pain points that must be urgently addressed to enable the economic and technical feasibility of the expected scaling up of offshore renewable development.

For example, it is worrying that no investment decision was taken regarding any offshore wind farm in Europe before 2022. Strong investment signals such as clear auction criteria, simplified procurement procedures and favourable financing mechanisms are therefore needed.

Large-scale investments in ports and transmission infrastructure are also needed. Bottlenecks in the production of foundations, cables, transformers and switchgear must be eliminated as along with the limited availability of installation and other vessels.

Scaling up the offshore renewable sector also requires investment in staff training and making the sector attractive to new potential staff. The number of employees in Europe's offshore wind sector needs to grow from 80,000 employees today to 250,000 by 2030. It is already difficult to find the right staff to fill current openings today.

**The full statement can be found overleaf. More information about today's political agreements can be found here: [www.northseasummit23.be](http://www.northseasummit23.be)**



## The North Sea Summit

Ostend, 24th of April 2023

### Offshore Renewable Industry Declaration

to the North Sea Summit of 24 April 2023

- 1** Europe's offshore renewables industry **welcomes the commitments** made by Belgium, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Norway and the UK on the North Sea energy and industrial potential at the Oostende Summit of 24 April 2023. We will do everything we can to support them and work to ensure that the economically viable expansion of offshore wind and renewable hydrogen in Europe is *made in Europe*. And to develop a renewable offshore energy system based on the optimal combination of electrification and renewable hydrogen to accelerate system integration, and deliver on our 2030 and 2050 targets delivering optimal European welfare.
- 2** We are a **long value chain** of wind farm developers and investors, wind turbine, electrolyser, foundation and other component manufacturers, EPC contractors, vessel operators, ports, Transmission System Operators and those who provide the equipment for grid infrastructure. All of these are essential to building, operating and integrating offshore wind in our energy system.
- 3** **Our industry is not large enough today** to deliver the 9 Governments' commitments and meet the rising demand for renewable electricity and renewable hydrogen, not least from energy intensive industry. It needs to grow. We can make up to 7 GW a year of offshore wind today. By the second half of this decade we need to be making over 20 GW a year. We can deliver - we have so far - but there are already bottlenecks in the manufacturing of foundations, cables, substations, key equipment like transformers and switchgear and in the availability of installation, service and other vessels.
- 4** **Major new investments are needed in manufacturing capacity and key infrastructure such as grids and ports.** Many companies in the value chain are challenged by major increases in their input costs. The structural response to this is to translate Government targets into clear market volumes via well timed and designed auctions and openness to other transparent developments. To kick start investments where supply chain bottlenecks are most acute, public support - including financial support - is needed.
- 5** We call on Governments to support investments in Europe's renewables and grids value chains including by using the flexibility provided by the EU Green Deal Industrial Plan and implementing **ambitious industrial policies**. We recognize that the expansion and modernization of Europe's grids, and concrete measures to drive the electrification of transport, buildings and industry will be crucial if we are to deliver on our climate related commitments.
- 6** We call on the EU to supplement this with its own financial support using unspent resources via e.g. the Sovereignty and Innovation Funds. The EU should avoid linking this to only technology breakthroughs. Expanding the offshore wind value chain is **primarily a volume challenge**.
- 7** We welcome the proposal in the EU Net Zero Industry Act (NZIA) on the use of **non-price criteria in auctions**. This shift from cost to value will reward investments we make in e.g. system integration, circularity and biodiversity protection. Criteria should also include cybersecurity, ESG, due diligence, and recognising European value creation while maintaining industrial competitiveness. The NZIA should also simplify the EU public procurement rules to accelerate infrastructure build-out.
- 8** Clear investment signals and plug-in ready grids are key to unlock the huge volume of investments needed. It is very worrying that not a single investment decision was taken in any offshore wind farm in Europe in 2022. Investments are delayed because: (a) input costs have increased significantly, by up to 40% in the last 2 years, and become much more volatile, but the revenues of developers don't cover this fully; and (b) national interventions in some electricity markets have further increased developers' costs, driven up financing costs, and deterred investors. The EU must **restore investment signals** with its Electricity Market Reform and end revenue caps as planned in June 2023.
- 9** Auction design is central to investment signals. Governments should support appropriate use of **2-sided CfDs and PPAs** which have both proved an effective model for underpinning offshore wind investments. CfDs are cheap for Governments and minimise finance costs. Auction prices must also be fully indexed to cover inflation in costs (e.g. transport and commodities such as steel). And Governments should remove all barriers to PPAs to help decarbonize industry. We call on Governments to resist the temptation to use uncapped negative bidding which come with very high upfront costs - which developers have to pass on to consumers and/or the supply chain.
- 10** We call on Governments to **support the development of the skills base** needed for the expansion of offshore wind. The offshore wind workforce needs to grow from 80,000 today to 250,000 by 2030, but we already struggle to recruit. Taking policy steps that ensure the financial viability of the industry will help make it attractive to newcomers.

## About Elia Group

### One of Europe's top five TSOs

Elia Group is a key player in electricity transmission. We ensure that production and consumption are balanced around the clock, supplying 30 million end users with electricity. Through our subsidiaries in Belgium (Elia) and the north and east of Germany (50Hertz), we operate 19,192 km of high-voltage connections, meaning that we are one of Europe's top 5 transmission system operators. With a reliability level of 99.99%, we provide society with a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition, helping to establish a reliable, sustainable and affordable energy system.

### We are making the energy transition happen

By expanding international high-voltage connections and incorporating ever-increasing amounts of renewable energy into our grid, we are promoting both the integration of the European energy market and the decarbonisation of society. We also continuously optimise our operational systems and develop new market products so that new technologies and market parties can access our grid, thus further facilitating the energy transition.

### In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are responding to the rapid increase in renewable energy by constantly adapting our transmission grid. We also ensure that investments are made on time and within budget, with a maximum focus on safety. In carrying out our projects, we manage stakeholders proactively by establishing two-way communication channels between all relevant parties very early on in the development process. We also offer our expertise to different players across the sector in order to build the energy system of the future.

### International focus

In addition to its activities as a transmission system operator, Elia Group provides consulting services to international customers through its subsidiary Elia Grid International. In recent years, the Group has launched new non-regulated activities such as re.alto - the first European marketplace for the exchange of energy data via standardised energy APIs - and WindGrid, a subsidiary which will continue to expand the Group's overseas activities, contributing to the development of offshore electricity grids in Europe and beyond.

The legal entity Elia Group is a listed company whose core shareholder is the municipal holding company Publi-T.

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