



Elia Group and Ørsted launch new paper on making hybrids happen and maximising the effectiveness of European offshore wind development.

BILBAO | Today, during the WindEurope conference in Bilbao, Elia Group and Ørsted launched a joint paper which aims to help Europe overcome the barriers that are impeding the development of ‘hybrid projects’, which link two or more countries together alongside connecting these with offshore wind farms. The launch was attended by Tinne Van der Straeten, the Belgian Minister of Energy; Lars Aagaard, the Danish Minister for Climate, Energy and Utilities; and Ditte Juul Jørgensen, Director General for Energy at the EU Commission. The paper proposes novel approaches to offshore development, including the adoption of regional planning at sea basin level - e.g. the North Sea or the Baltic Sea - and the establishment of Offshore Investment Banks for Europe’s sea basins. Elia Group and Ørsted want to help Europe to harness the full renewable potential of its seas and more effectively distribute the green electricity produced among its countries.

Offshore hybrids are a crucial element for securing Europe’s green transition. This has been confirmed in ENTSO-E studies* which outline that up to 80 GW of offshore wind capacity could be connected to two or more markets by 2050. Yet, to date, only one such project (the Kriegers Flak – Combined Grid Solution, which connects Denmark to Germany) has been realised. This is primarily due to the regulatory framework in place, which has traditionally supported the development of either generators or interconnectors, rather than encouraging assets that include both – which hybrid projects do. Moreover, existing planning strategies tend to prioritise individual national interests, meaning that cross-border and regional solutions are sidelined.

Since purely national solutions will not be enough to ensure the success of the energy transition, Elia Group and Ørsted’s paper aims to disrupt the status quo. Indeed, offshore wind potential is not spread out equally across Europe. Some countries have a shortage of renewable energy sources - like Belgium and Germany - whilst others, like Denmark, have more renewable energy than they can use domestically. Hybrid interconnectors will therefore help Europe to harness the full renewable potential of its seas while more effectively distributing the green electricity produced among different countries.

“There is an increasing recognition across Europe that it will be very challenging to meet the targets that we’ve set out for ourselves as a society. Creative solutions such as those we are proposing are needed to address the unique challenges of the energy transition in a cost-effective way. When time is of the essence, you need everyone at the table.”

Olivia Breese, CEO of Ørsted Europe

* <https://www.entsoe.eu/outlooks/offshore-hub/tyndp-ondp/>

Four solutions for fostering the development of offshore wind



'Making Hybrids Happen' proposes four solutions for fostering the development of offshore wind across our seas; it focuses in particular on offshore hybrid interconnectors.

The first solution involves **(1) regional planning at sea basin level** that prioritises projects with the highest potential in terms of generating socioeconomic welfare and reaching net zero.

This regional planning at individual sea basin level should be accompanied by regional **(2) Offshore Investment Banks** that would aim to allocate existing funding streams for each sea basin area in a more efficient manner to maximise impact, with private investors invited to contribute.

To make sure that the financial risks and benefits of hybrid projects are allocated in a fair way, a **(3) review of the framework for hybrid interconnectors** is needed, with a specific focus on the fair distribution of risks and benefits amongst transmission system operators, wind farm developers and society at large. Two alternative approaches are proposed in the paper: firstly, capacity based 2-sided contracts for difference; and secondly, a 'Commercial +' approach, focused on enabling power purchase agreements for offshore wind farms connected to two or more markets.

Finally, countries and the EU should **(4) encourage the development of more hybrid projects from which we can learn** to expand the use of hybrid solutions on a larger scale. We must start delivering tangible projects as soon as possible so that we can speed up the learning loops – commercial, technical and regulatory – and deliver more and better projects on an accelerated timeline.

"We are launching our vision paper at a crucial moment. The climate agenda is increasingly becoming an investment agenda so that Europe can reduce its dependence on fossil fuels and retain industry. We are facing European elections and new legislative initiatives will further the implementation of the Green Deal. Our proposals aim to encourage new ways of thinking and discussions between all stakeholders so that we can help Europe harness the full renewable potential of its seas while more effectively distributing the green electricity produced among its countries."

Catherine Vandendorpe, Elia Group's interim CEO

The study is available on our website and can also be downloaded via the following link:

<https://elia.group/MakingHybridsHappen>

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 19,460.5 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 socioeconomic 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.

eliagroup.eu

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