North Seas Countries' Offshore Grid Initiative

Challenges & Cooperation in the North Sea region

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Chairman of the Programme Board

North Sea Regional Workshop with Stakeholders on ENTSO-E TYNDP and the Regional Investments in 2014

Brussels, Belgium, 31.03.'14

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1. ***NSCOGI: Organisation***
2. ***Grid Configuration & Integration***
3. ***Market & Regulatory***
4. ***Planning & Permitting***
5. ***Ongoing studies in 2014***
6. ***Other policy issues still at stake***

Mission & Objectives

"NSCOGI provides a framework for regional cooperation to find common solutions to questions related to grid infrastructure developments in the North and Irish Seas"

- contribute to the move to a **sustainable low-carbon economy** while maintaining **security of energy supply most cost-efficiently**;
- maximize the potential of the **renewable energy** resources of the North Seas;
- identify and **tackle barriers to offshore grid development**;
- facilitate a **strategic, coordinated and cost-effective** development of offshore and onshore grids.

MoU, 3 December 2010

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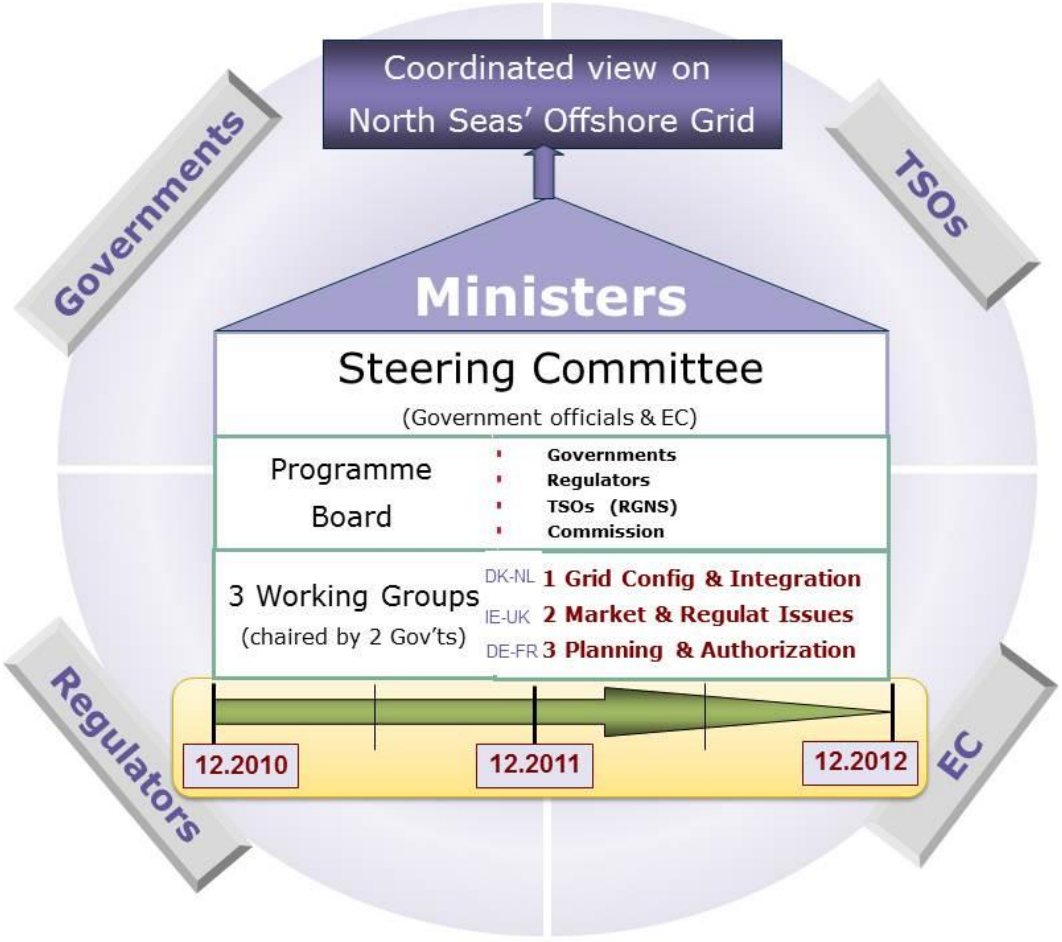
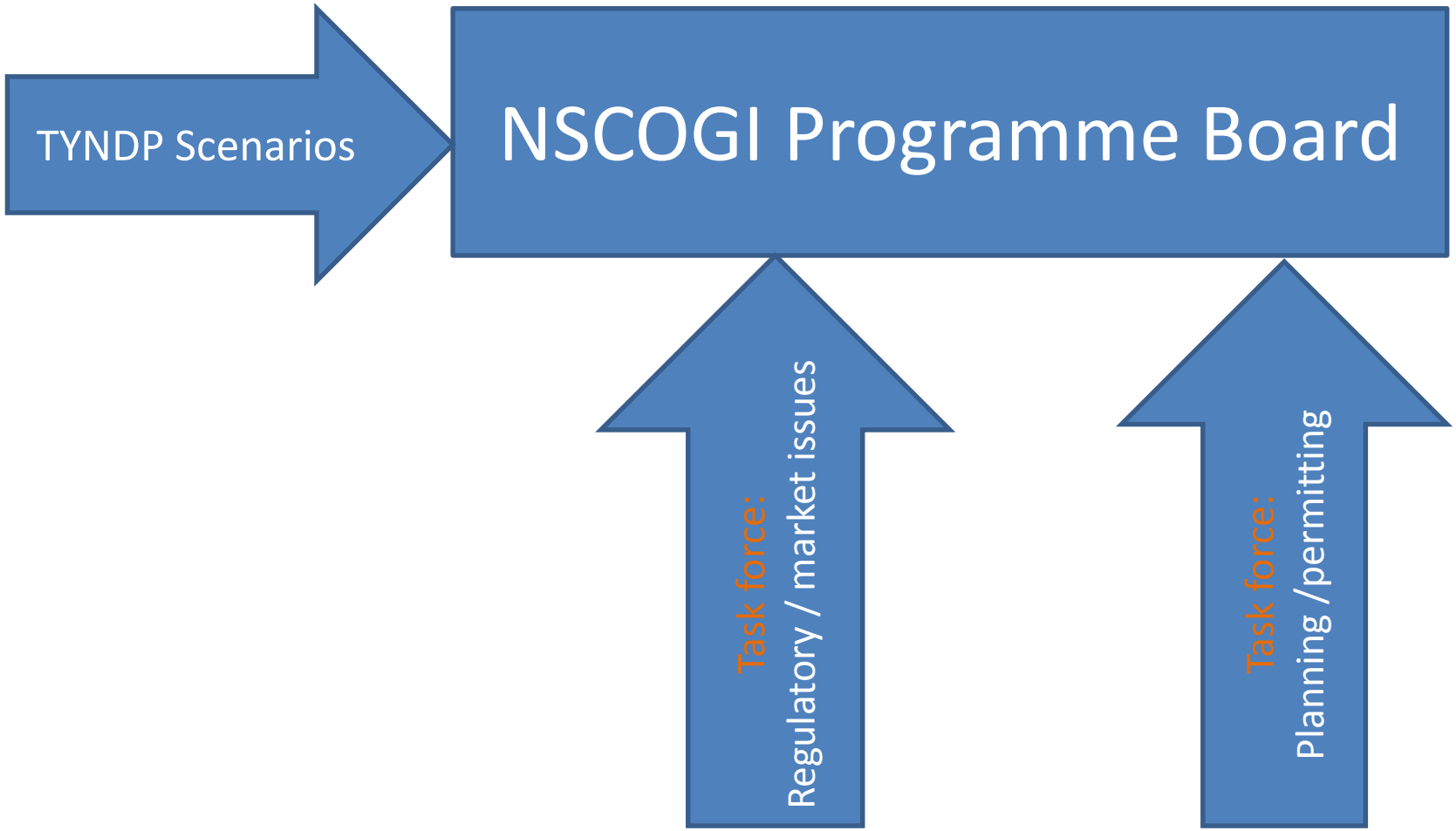
Original Setting

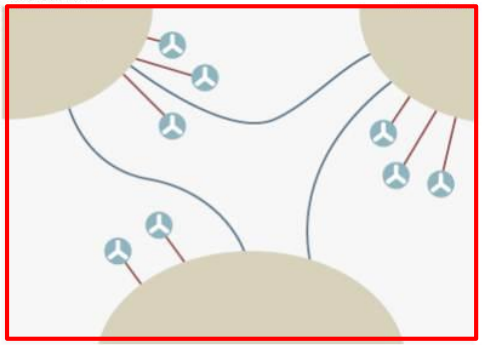


"New" working structure

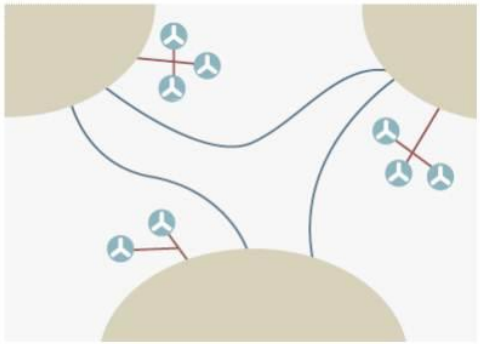


Find a pattern : …
Go alone? / Do it together?

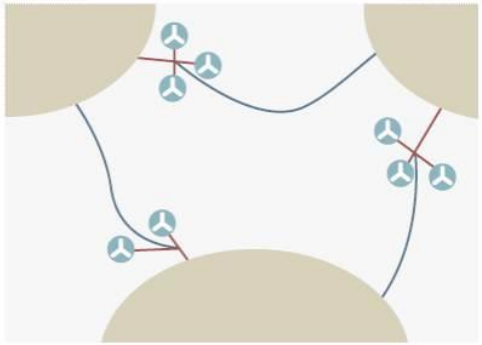
Radial



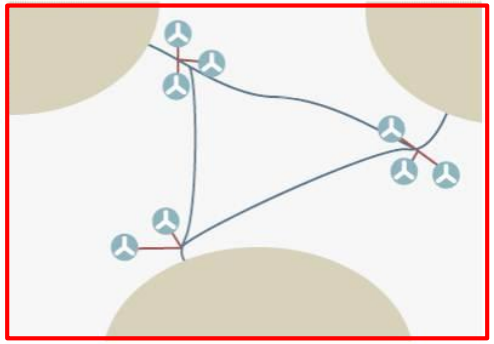
Local coordination



International coordination



Meshed solution

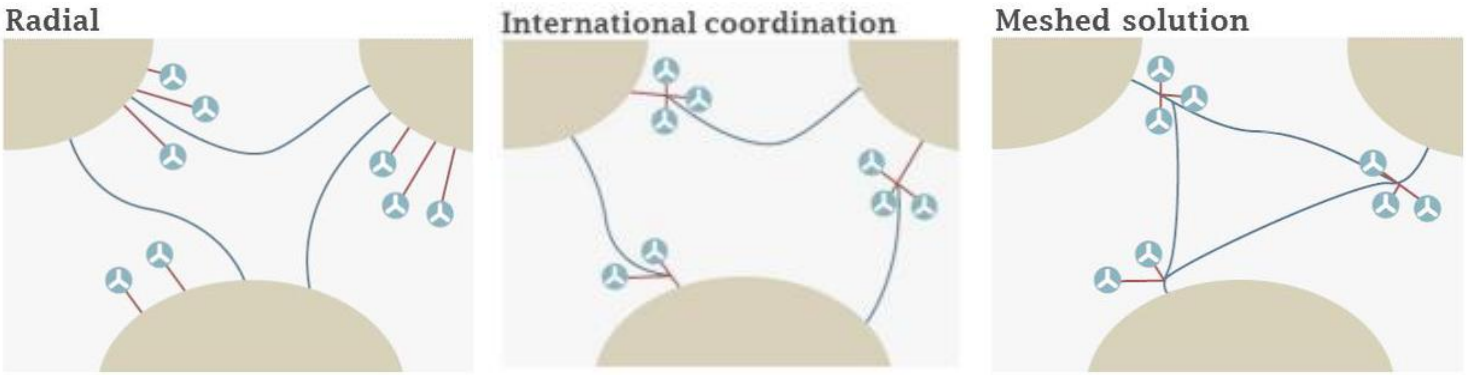


Compare:

- Costs
- Benefits
- Imports
- Exports
- CO_2 emissions

- **Radial** – implies continuing with **mainly uni- or bilateral** solutions between countries
- **Meshed** – implies **multilateral cross-border cooperation** between countries.

From Radial to Regional to Meshed



1990-2010: National solutions

2010: MoU NSCOGI

2014-2030: Bi/trilateral Coordination

2030-2050: 10 countries offshore grid

➢ **2050:** e-highway?

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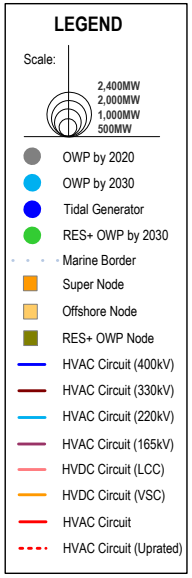
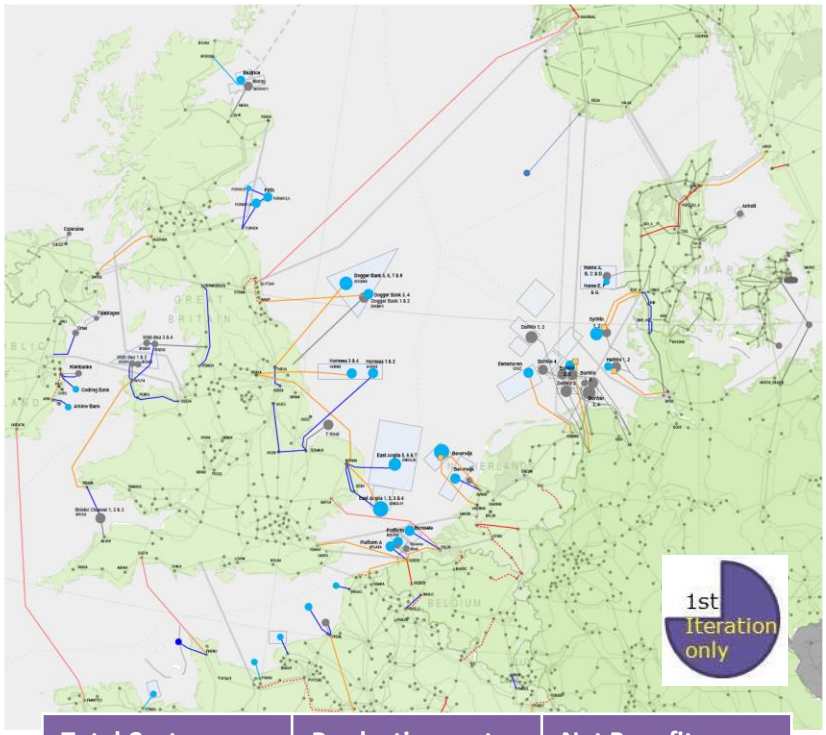
Reference Scenario 2030

(55 GW Offshore Wind)

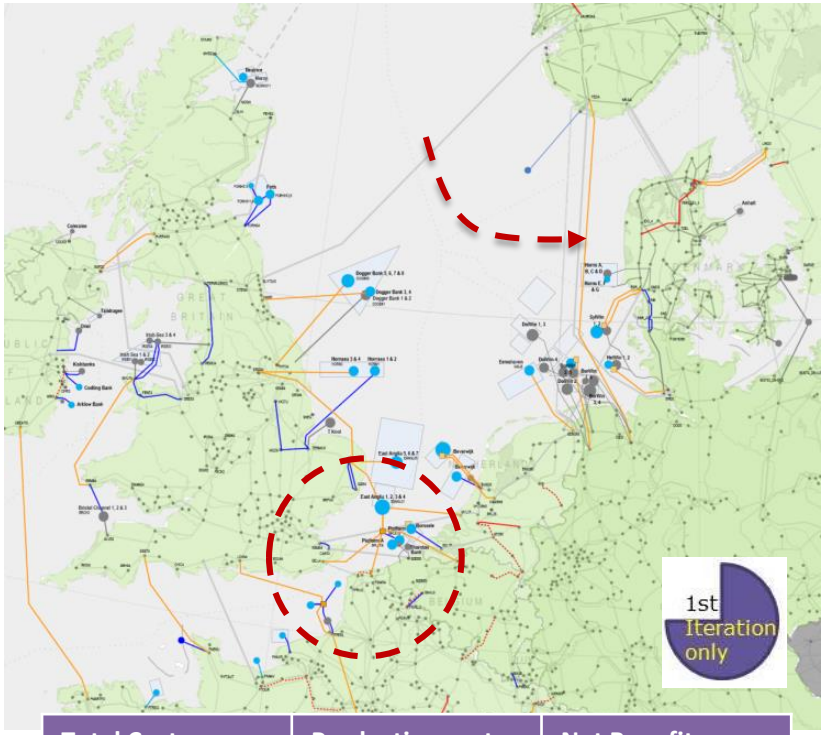


Radial Design



Total Costs [M€ p.a.]	Production cost Savings [M€ p.a.]	Net Benefits [M€ p.a.]
1,488	1,449	-39

Meshed Design



Total Costs [M€ p.a.]	Production cost Savings [M€ p.a.]	Net Benefits [M€ p.a.]
1,418	1,456	38

Grid configuration & Integration: Outlook to 2014

Further improvement of the long term grid planning exercise by a structural dialogue between government authorities and TSOs on:

- the appropriateness of scenarios,
- their underlying assumptions, and
- expected policy developments (in the framework of the TYNDP exercise)

Market & Regulatory: Messages from 2013

There are no existing arrangements to incentivise investment in and facilitate trading across hybrid offshore structures so :

- NSCOGI is developing proposals for market arrangements to enable trading, and
- Exploring different cost allocation measures to encourage investment

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Market & Regulatory: Outlook to 2014

- Finalise trading arrangements for hybrid offshore structures,
- Anticipatory investments,
- Produce proposals for allocating the costs, liaising with ACER,
- Assess impact on trading across and investment in hybrid offshore structures: (workshop)
  - of national RES support schemes
  - of asset classification

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Planning & Permitting: Work of 2013

Establishment of new terms of reference and a work plan, approaching the differences between planning and authorisation procedures in NSCOGI countries

Planning & Permitting: Outlook to 2014

- Work on the basis of country pairings to:
  1. compare generic activities,
  2. achieve key milestones,
  3. analyse differences: sharing of common solutions and best practices.
- Assist competent authorities for an efficient and effective cooperation and coordination for PCIs (Regulation 347/2013) (the PCI manual of procedure).

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NSCOGI Monitoring Activities 2014

- Radial/ Meshed study:

  When is coordinated development better than radial?

- NorthSeaGrid study

  Where and in which setting can we start?

  What are the costs and benefits, and who gets what?

- Cooperation Mechanisms study

  Practical implementation of these cases in ‘joint projects’

Other Policy issues still at stake

- Market Integration
- Cost Allocation
- Anticipatory Investments

- Compatibility of support schemes
- Asset Classification

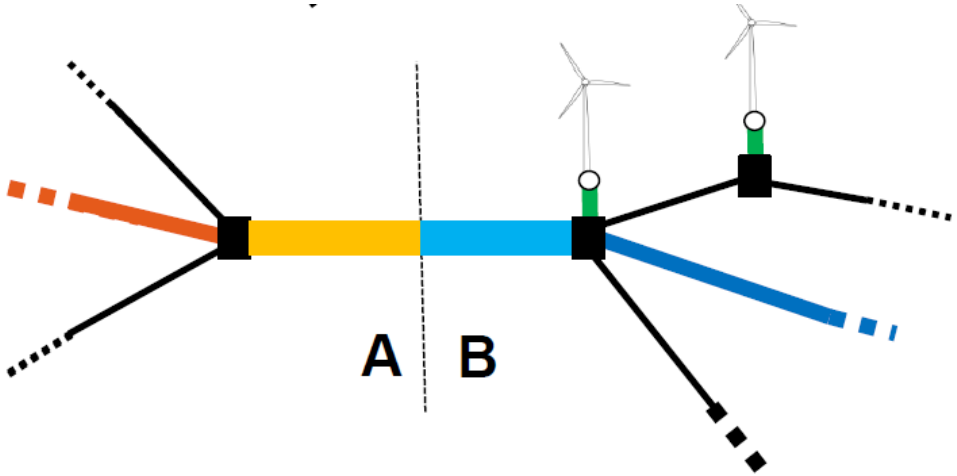
Compatibility of cooperation mechanisms

- Impact of RES support schemes/ cooperation mechanisms on trading,
- Further work on methodology to assess cross-border (direct & indirect) costs & benefits,
- Discussion of offshore aspects of the (EC)cooperation mechanisms project at NSCOGI:
  - Input from government representatives
  - Project output will be used by NSCOGI

Asset classification

Hybrid assets: are the cables interconnectors or connecting lines? Both have a different regulatory regime, and the classification could have consequences for:

- applicability of EU-law (incl. unbundling requirements)
- support schemes
- structure/delivery of the asset



Thank you for your attention!

NSCOGI Reports are available :

http://www.benelux.int/nscogi