



## How to accelerate large-scale offshore wind?

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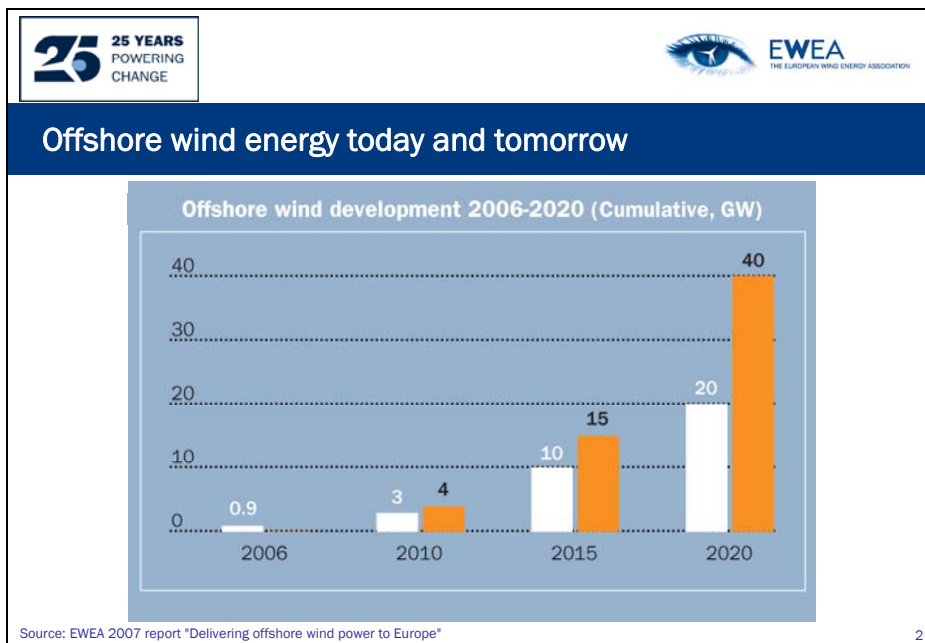
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Good afternoon ladies and gentlemen,

I am very pleased to address you today as CEO of the European Wind Energy Association. In this brief introduction, I would like to share with you EWEA's perspective on where offshore wind is today, where we believe it could be thirteen years from now, in 2020, and –most importantly– **how** we think we can get there.

We are meeting just a few weeks before the publication of a new **legislative package** that will outline how Europe is to reach the agreed 20% renewables target by 2020. The timing is ideal to zoom in on offshore wind, a technology that could make a key contribution to achieving that target in the electricity sector.



Wind energy currently delivers **3%** of the EU electricity. We stand before the challenge of increasing that figure to **12%** by 2020, with one **third** of it to come from offshore installations. The objective is bold but realistic, provided the deployment of offshore wind is speeded up.

You heard this morning the latest EWEA estimates, showing that **20 to 40 GW** of offshore wind capacity could be installed in the EU by 2020. These figures are only the tip of the iceberg: a fully developed offshore wind could deliver several hundred GW. A strong offshore wind sector does not only mean **CO<sub>2</sub> reductions**. It also translates into sustainable **economic growth**, reduced energy **import dependence** and provides a hedge against **increasing and fluctuating fuel prices**. It is synonymous with increased **export opportunities, regional development**, and creation of high quality **jobs**. Last but not least, it is also a maintained European industrial **leadership**.

Offshore wind clearly has major benefits to offer and it remains a largely untapped potential. However, time is not on our side: offshore projects require **long lead times**. It is clear that the political and industrial decisions that will be taken today will determine tomorrow's contribution of offshore wind to the 20% renewables target and also to meeting the EU Kyoto commitment: the **next five years** represent a **window of opportunity** that we cannot miss!

Every day we, European companies and consumers are paying the price of external control over our energy supply. Europe's annual gas **import bill** is already €50 billion higher than when the oil price was \$20 per barrel. Industry, governments and the EU must **join forces today** to develop our indigenous resources and the biggest one we will have left in a few years is offshore wind power:

**25 YEARS POWERING CHANGE**

**EWEA THE EUROPEAN WIND ENERGY ASSOCIATION**

### Conditions for rapid large-scale deployment

- ⇒ **Legislation and policy measures**
  - Payment mechanism
  - Removal of administrative barriers
- ⇒ **Grid**
  - Grid extensions and upgrades financed by – ownership unbundled – TSOs
    - Joint Technology Initiative
  - Increased cooperation on interconnectors
  - Removal of grid access barriers, incl. excessive technical requirements
- ⇒ **Environment & planning**
- ⇒ **R&D**

⇒ **EU POLICY FRAMEWORK FOR OFFSHORE WIND**

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In concrete terms, we believe a **European framework for offshore wind** should be set up, as already suggested by the European Commission back in 2004. This European framework for offshore should target four areas: **policy** measures –including a payment mechanism aspect–, **grid** reinforcement, **environment** and **R&D**.

Unfortunately I don't have time to go into details about what we think the framework should include. So I would like to specifically point out the importance of grid reinforcement. It is not only crucial for offshore wind energy to happen. It is also essential in order to **improve competition** within the **internal electricity market** and to facilitate **physical cross-boarder trade** in renewable electricity. There has been a lot of discussions recently about the introduction of some form of virtual trade in the new legislation. What we would like to see put forward as first priority are measures to facilitate physical trade of renewable electricity.

Under the current conditions, it is not in the interest of vertically-integrated companies to increase interconnections. They know this would lead to lower prices, hence reduced profits. There is nothing wrong with profits, but we must remove the **adverse incentives for investments** through **full ownership unbundling** of transmission and production. Grids are natural monopolies and should be regulated as such, as very clearly pointed out by the European Commission.

Considering the size of the challenge, a very good way forward would be the setting up of a **joint technology initiative**, an option provided for by article 171 of the Treaty Establishing the European Community. A consortium combining the expertise of European grid companies, cable providers, the wind power sector and the broader electricity sector with the government and EU support should be established to build a EU-wide offshore power grid for the 21<sup>st</sup> century. Such an initiative could simultaneously address some of the biggest European challenges in the coming decade: combating climate change; reducing fuel imports; increasing competition in the Internal Electricity Market; contributing to meeting our renewable energy targets and increasing physical trade in wind power and other renewables while driving innovation, research and exports.

With the appropriate policy frameworks in place and with the combined efforts from all stakeholders, I strongly believe that we can succeed in developing offshore wind rapidly. We can reap the benefits of the strong offshore potential and we can build a truly sustainable, non-polluting and competitive energy future for European citizens.

Thank you very much for your attention.