

## Cost recovery & anticipatory investment

Achieving the European Union's ambitious offshore targets by 2050 is highly challenging and requires new and pragmatic solutions.

For TSOs to allow the speed-up of their activities in the offshore space, a sufficient legislation and regulatory framework is crucial. As the market for offshore wind generation is international, also the TSOs frameworks shall be comparable and ensure a level-playing field.

Novel grid assets create a need to reflect their characteristics in adequate project categories and classifications as they involve multiple countries, developers, interfaces, and technologies. The classifications of assets will be the basis for assessment of ownership structures, distribution of responsibilities and financing.

### Best practice example for anticipatory investment

As a measure for acceleration, Germany has mandated TSOs to start planning the grid connection already once the wind areas in the German Waters are assigned. The reviewed German Maritime Spatial Plan demands TSOs to add additional assets (2 more J-tubes) to every new platform when it is deemed beneficial and technically feasible.

An offshore bonus is granted in Belgium to reflect the specific risk structure of new kinds of infrastructure projects. As projects for interconnecting offshore platforms incur higher technical risks than technology currently under development, these should be handled accordingly.

The recent French Energy Code allows RTE (i) to carry out studies and connection work for wind offshore farms connection in advance and (ii) to be covered for these anticipatory expenses through the transmission fee.

The first requirement is a robust basis for the coordinated planning of further grid development measures where TSOs are most capable to provide a holistic system view and lift synergies<sup>1</sup>. Maritime Spatial Plans (MSP) and National Energy and Climate Plans form the basis for national, regional, and European grid development plans (TYNDP and ONDP) and shall give stable and long-term visibility both for TSOs and HVDC components manufacturers well in advance. That requires that also costs for early studies are dully covered.

<sup>1</sup> The TSO-led model is referred to as the most efficient one for the expansion of an offshore (meshed) grids in the ENTSO-E Paper on roles and responsibilities for future offshore systems ([LINK](#)).

To realize sufficient capital availability and an adequate remuneration of capital expenditure, the innovative character and higher risk profile of offshore (interconnection) projects needs to be reflected. In Art. 17 the European TEN-E Regulation allows for higher risk premiums under the assessment of NRAs and subject to the project would be qualified as PCI/PMI. Non-PCI/PMI projects shall be offered the same support.

Looking at the necessary investment ahead, stranded investments should be urgently avoided. Where reasonable and technically feasible, systems should be planned in a future-proofed way to facilitate for expansion and interconnection of offshore platforms. Although these assets will show its full value only over time, TSOs must be allowed to recover the investment back without delays.

Long project lead times of grid connection project (ten years or more) can delay the integration of green offshore energy if TSOs can only start the planning of the project, once the detailed connection needs for offshore wind farms are identified.

European funding is a promising option to support especially offshore infrastructure projects which provide benefits to more Member States than only the project promoter(s). The Connecting Europe Facility is an opportunity which could close the gap between costs of the project and the direct benefit.

Funding must be attractive in terms of administrative burden and monitoring obligations and should be treated equally in the financial regulation of TSOs to ensure a level-playing field for all Member States.

As stated by the EU Commission two third of the expected investment needs of 800 billion Euros for Offshore Wind Generation will be spend on infrastructure, therefore also funding should be granted and allocated accordingly.