

# Taking offshore wind global

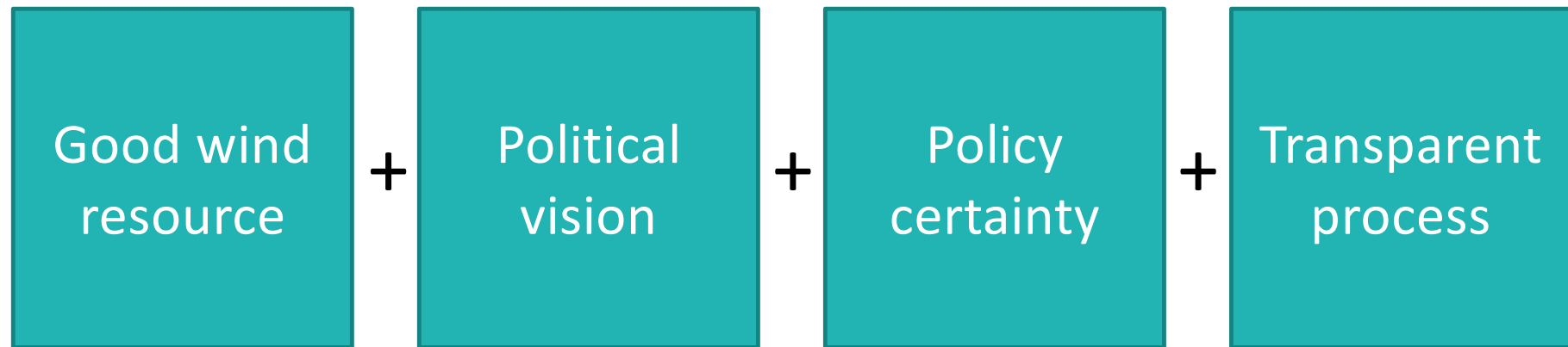
International Meeting on Marine Renewable Energy

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# Market fundamentals of offshore wind



# UK regulatory features

Topic	Elements	Pros	Cons
Project rights (from The Crown Estate)	Option fee (£/MW bid) Rental (2% of revenues)	Public body focused on market making	Additional costs to developers, which ends up in electricity price
Consenting process (through Planning Inspectorate)	National Infrastructure Plan overarching effect Projects then seek individual approval	Clear process Known timeline for decision (17 months)	More upfront effort by developers to resolve objections
Revenue stream (Contract for Difference - CfD)	Biannual auctions (£/MWh) for 15 years	Solid income, underpins investment Attracts low cost capital	Allocation risk

- UK is the largest offshore wind market
- Support has gone from grants, to Renewable Obligation Certificates (similar to Feed in Tariffs), to Investment Contracts (bilateral CfDs) to auctions (CfDs)
- Consenting and revenue mechanisms need to evolve in light of market maturity

# Other regulatory regimes also work

In Denmark and Netherlands:

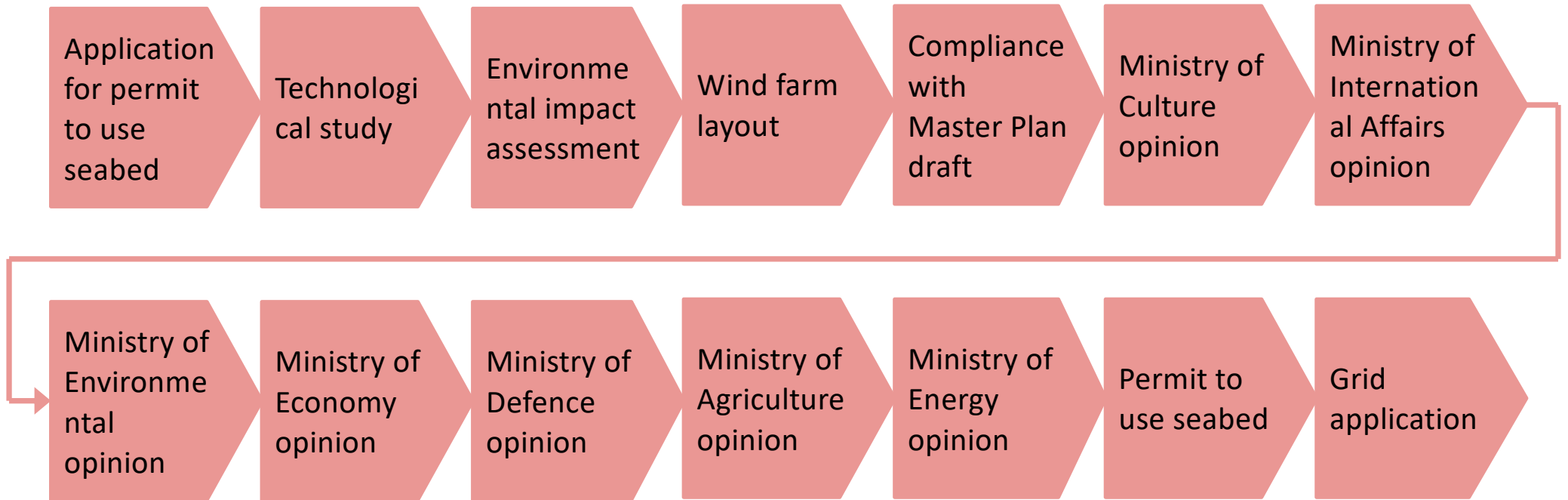
- One stop shop, the Energy Ministry identifies and develops projects
- They also consent the projects
- Transmission is paid by government and costs are socialized (passed to consumers)
- The projects are then auctioned on a €/MWh basis, lowest wins and is awarded consent
- The revenue stream is a premium tariff (very similar to Contract for Difference)
- Recently some projects have been won subsidy-free
- Note these governments are “maternal” i.e. they always invest in infrastructure
- They have small governments which are joined up with public bodies inc. grid companies

In US a very different approach:

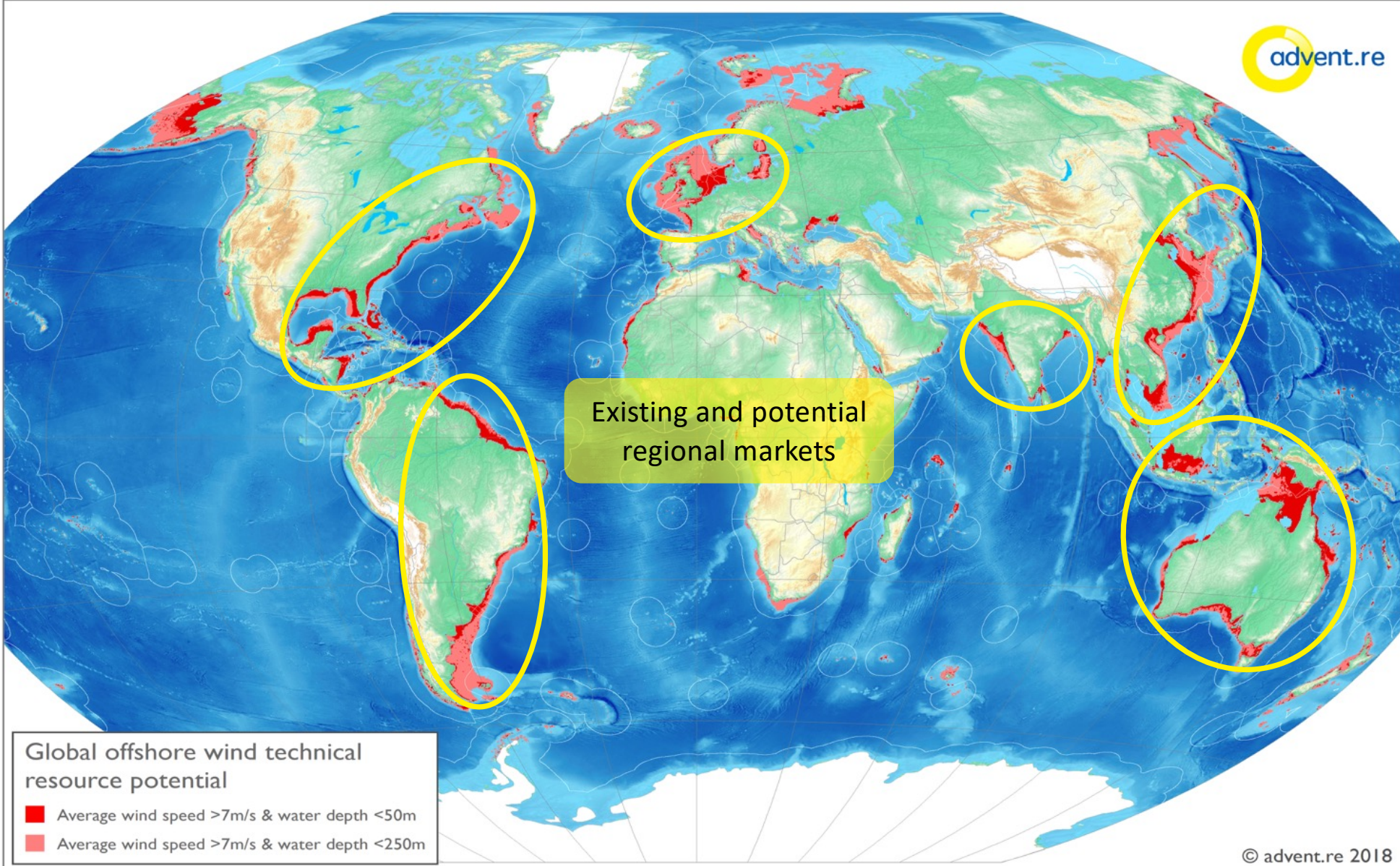
- Totally market orientated, project rights are auctioned, development fees are charged, PPAs are auctioned plus revenue fees charged (rental)

There is no single right answer, as long as it works!

# Some regulatory regimes don't work



- After all this you still need to get a PPA, but policy and process is unclear
- In over 10 years nothing has been built...



# Thank you

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