Offshore Wind in the Netherlands 2017

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Offshore wind policy in the Netherlands in a nutshell

- Four existing OWF’s total ± 1,000 MW, Luchterduinen (129 MW) & Gemini (600 MW) completed in 2015, resp. 2016

- Many lessons learned from previous policy
  - Many applications’s OWF’s (80)
  - No spatial planning, no corresponding budget
  - Industry and government involved in heavy discussions
  - Development process slowed down significantly

2013 Energy Agreement Netherlands to derive 16% of its energy from renewable sources in 2023, and to meet the EU’s 14% target in 2020.

Target Offshore Wind in Energy Agreement: 4500 MW by 2023. Adding up 3500 MW to the already existing 1000 MW.
The Dutch offshore wind farms
In operation (1-4, with year in operation) and in preparatory phase (5-6, with expected year of tender)

7 Hollandse Kust (noord) 700 MW (2019)
6 Hollandse Kust (zuid) 2 x 700 MW (2017, 2018)
5 Borssele 2 x 700 MW (2016)

4 Gemini 600 MW (2016)
3 Luchterduinen 129 MW (2015)
2 Princes Amalia 120 MW (2007)
1 OWEZ 108 MW October (2006)
Shift in policy

From

- No spatial planning
- Industry pick the sites (first come first serve)
- Industry to develop the sites and apply for permits
- Industry to apply for subsidy (tender open for consented wind farm sites)
- Individual cable connections

To

- Designated wind farm areas
- Government select the sites
- Government to develop the sites and apply for permit
- Government to issue tender for permitted site / subsidy
- Government in charge of cable connections through TenneT (national TSO)

Condition: costs offshore wind down 40%! No local content criteria.
Borssele Offshore Wind Farm

- **Borssele I and II (700 MW):** winner tender Dong Energy 7.27 Euro cents per kWh *(excl. grid)*. The maximum subsidy available was capped at 12.40 Euro cents per kWh.

- **Borssele III and IV (700 MW):** winner tender consortium of Shell, Eneco, Van Oord and Mitsubishi 5.45 Euro cents per MWh *(excl. grid)*. The maximum subsidy available was capped at 11.975 Euro cents per kWh.

Main drivers of cost reduction

- Stable government policy → continuity
- Less risks, easier access to finance
- Larger OWF’s → economies of scale
- Standardisation (e.g. substations)
- Competition
- Innovation

*Low oil prices, steel prices and low interest rates also drives costs of OWF’s down*

New tender system saves government (and Dutch tax payer) billions of EURO’s. In 7,5 years subsidy no longer required for OFW?
• Minister of Economic Affairs Henk Kamp 7 x 1000 MW of new projects, but ...
• ... Elections 15 March 2017 in the Netherlands
• Dutch government has to adhere to Paris climate change pledge to keep global warming below 2°C.
• North Seas Countries agree on closer energy cooperation (political declaration June 2016)

In overall outlook for OWF’s in the Netherlands after 2019 is very positive due to new tender regime.
Thanks for your attention!

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