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'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Political declaration on energy cooperation between the North Seas Countries
- Establishment of the EU position

1. The signature of the above-mentioned Political Declaration on regional cooperation in the field of energy is planned to take place on 6 June 2016, when several countries will sign as well as the Commission on behalf of the European Union¹. The Working Party on Energy has consequently examined the draft Political Declaration at its meetings on 17 and 24 May 2016, expressed support for strengthening regional cooperation and suggested to approve the position of the Union as reflected in the draft Political Declaration set out in the Annex.
2. The Permanent Representatives Committee is invited to confirm the **approval** and suggest to the Council to approve the position of the Union as set out in the draft Political Declaration contained in the Annex, thus approving signature of the draft Declaration by the Commission.

¹ See document 8673/1/16 REV 1.

Political Declaration on energy cooperation

between the North Seas Countries

The Ministers of XX, XX, XX

Considering:

- The historic outcome reached in Paris in December 2015 where the world adopted the first-ever global and legally-binding climate agreement with the aim of holding global warming well below 2°C and of pursuing efforts to limit it to 1.5°C;
- The objective set by the EU Energy Union strategy of February 2015 to provide consumers with sustainable, secure and affordable energy, and the importance it attaches to enhanced regional cooperation;
- The indispensable role of offshore renewables in further building and diversifying the sustainable energy portfolio, achieving our individual and common European renewable energy targets, with the aim of reducing greenhouse gas emissions by 80-95% in 2050 compared with 1990;
- The conclusions of the Council of the EU of 26 November 2015 recognising that regional cooperation has proved to be a key instrument for progressing towards inter alia the completion of a well-functioning internal energy market, for trans-European infrastructure development, for the cost-efficient achievement of energy and climate policy objectives inter alia by increasing interconnection capacity, and for increasing security of supply;
- The Memorandum of Understanding of 3 December 2010 on the North Seas Countries' Offshore Grid Initiative, with the objectives of contributing to the move to a sustainable low-carbon economy, maximizing the potential of the renewable energy resources of the North Seas, identifying and tackling barriers to offshore grid development and, facilitating the strategic, coordinated and cost-effective development of offshore and onshore grids.

Taking into account:

- The need to reduce costs in the offshore wind sector, notably through exploiting the potential that regional cooperation offers in this respect, in particular with a view to reducing transaction costs and exploiting benefits of scale;
- The required investments in the offshore wind sector, and the need to mobilise funds and further improve the investment climate;
- The need for stable and transparent framework conditions for project developers and their supply chains, including having a steady pipeline of offshore wind projects to avoid periods of industry idling;
- The need to cost-effectively integrate offshore wind energy in the existing and future energy system and consider measures to this effect, including strengthening the onshore electricity grid.
- The important long term potential benefits of further interconnection and market integration, offered by the development of the North Seas as a single energy resource for all countries in the region;
- The potential of the offshore wind sector to provide the necessary sustainable growth and jobs and to solidify European leadership in the sector and the supply chain.
- The requirements stemming from EU and national legislation and applying to offshore development;
- The need to mitigate pressures on the environment as a result of further deployment of offshore renewable energy.

Welcoming and building on:

- The important work which has been undertaken in the context of several existing regional initiatives to facilitate the further deployment of offshore wind capacity, in particular;

- By the North Seas Countries Offshore Grid Initiative (NSCOGI), in particular by developing concepts for the perspective of a possible offshore electricity grid in the greater North Sea area thereby providing the basis for the next steps towards a new and broadened approach to North Seas offshore cooperation;
 - By the Intergovernmental Offshore Wind Forum (IGF), in particular the mutual exchange of know-how and ideas on the regulation and ecological effects of offshore wind;
 - The joint European TSOs' grid planning in ENTSO-E, biennially publishing Ten Year Network Development Plans and Regional Plans.
- The 2016 Manifesto 'Northern Seas as the Power House of North-Western Europe' of 20 Members of the European Parliament from countries neighbouring the North Seas calling for increased regional cooperation.

Recognising:

- The need to renew energy cooperation in the North Seas based on lessons learned from previous work and move to a more pragmatic, step-by-step, bottom-up approach, with strong political commitment at the national level;
- The significant added value that the European Commission has to offer to North Seas cooperation as a strong 'driver in substance', being an important source of knowledge, analysis and capacity, thereby stimulating the cooperation process;
- The need for a concrete and realistic work programme for cooperation on a voluntary basis, building on shared political will at the regional and/or sub-regional level, that is flexible and whose progress should be evaluated periodically to facilitate cost-effective and efficient cooperation;
- The importance of developing concepts for joint offshore wind investment (pilot) projects at the regional and/or sub-regional level, aiming at win-win situations for all participating countries e.g. by making use of benefits of scale, as key drivers for further concrete cooperation;

- The importance of keeping an open dialogue with all stakeholders including system operators, regulatory authorities, business, civil society, institutional investors, governments and politicians, when drawing up and implementing a work programme and further shaping North Seas regional cooperation;
- The need to ensure an efficient governance and support structure, that combines the work and structures already available into a lean overall process, avoiding duplication of work.

Set as an objective:

- To facilitate the further cost-effective deployment of offshore renewable energy, in particular wind, through voluntary cooperation, with the aim of ensuring a sustainable, secure and affordable energy supply in the North Seas countries, thereby also facilitating the further interconnection between North Seas countries and – whilst focussing on a step-by-step approach – with the perspective of further integration and increased efficiency of wholesale electricity markets in the longer term, contributing to a reduction of greenhouse gas emissions, the average wholesale price spreads and enhanced security of supply in the region.

And express their commitment to:

- Support the further development and implementation of the work programme and to pursue voluntary cooperation in line with the governance & support structure set out in Annexes I and II respectively, with the aim of developing concrete cooperation at the regional and/or sub-regional level, aiming at a win-win for cooperating North Seas countries;
- Communicate interim results regularly and thereby provide a basis for an open and transparent regional dialogue, including with stakeholders;
- Take stock of the progress made towards implementation of the work programme and evaluate the functioning of the governance & support structure no later than three years after the signing of this declaration.

Nature of the Political Declaration

This document records a political intent alone, it is not intended to establish any new legal commitments or to replace or modify any existing legal obligations, nor is it meant to prejudice in any way an outcome of discussions on the governance system for the Energy Union.

Signed in Luxembourg on the sixth day of June in the year two thousand and sixteen.

For XX, XX, XX

Annex I: Work programme 2016 – 2019

All work under this work programme will be undertaken in line with relevant EU legislation and subject to available resources. Where relevant, the agreed measures to implement such legislation will be notified to the relevant authorities. Countries are free to focus on the work areas of their interest.

Work area: Maritime spatial planning

Participating countries will work on:

- Coordination of planning and development of offshore wind and grid projects beyond national borders including area mapping;
- Developing a common environmental assessment framework;
- Increasing the availability and the interoperability of marine data for planning, impact assessment, licensing and operations;
- Exchanging best practices on site preparation and handling of unexploded ordnance;
- Exchanging best practices on permitting procedures and work on modalities of a coordinated permitting process for concrete regional or sub-regional joint offshore projects.

Work area: Development and regulation of offshore grids and other offshore infrastructure

Participating countries will work on:

- Improving the coordination of regional and point-to-point grid planning and development, promoting projects with regional benefits and exploring models of cost allocation i.e. compensation, to help generate win-win options for concrete (sub)regional cooperation;

- Exploring options for developing hybrid projects linking offshore windfarms with interconnectors;
- Exploring potential synergies with the conventional offshore sector, including operational cooperation and electrification of platforms.

Work area: Support framework and finance for offshore wind projects

Participating countries will work on:

- Sharing information on likely offshore energy infrastructure needs of each country and the phasing of development, thereby providing predictability to the private sector as regards future aggregate demand for offshore energy infrastructure in the region;
- Increasing coordination and alignment of national support schemes relating to offshore wind, inter alia auction design and planning, and possibly cooperation on timing of tendering;
- Concepts for concrete joint (pilot) projects, also exploring opportunities for opening of support schemes and joint tenders, ensuring win-win situations for all participating countries;
- Further mobilisation of investment capital for joint (pilot) projects, for instance through EU funds such as EFSI and CEF, and institutional investors.

Work area: standards, technical rules and regulations in the offshore wind sector

Participating countries will work towards:

- Harmonisation of rules concerning aviation markings and lights;
- Harmonisation of health and safety requirements;

- Alignment of crew and vessel requirements;
- Mutual recognition and harmonisation of certification standards for components in offshore wind projects;
- Exchanging best practices of park layout constraints including line of sight requirements;
- Establishment of a common approach, for example by establishing facilities for innovation, testing and demonstration of new technology;
- Investigating a common approach to rules applicable to offshore turbines in territorial waters and exclusive zones.

Annex II: Governance & support structure

Integration of existing cooperation

- On the basis of the work programme set out in Annex I, work under the auspices of the Intergovernmental Offshore Wind Forum (IGF) and NSCOGI will be brought under the umbrella of this North Seas cooperation initiative.

A strengthened structure

- NSCOGI serves as the basis for a renewed and strengthened governance and support structure for North Seas cooperation, thereby ensuring the effective and efficient implementation of the work programme.
- In accordance with the purpose and content of this declaration, aiming at further improving the North Seas cooperation, a number of measures to strengthen the NSCOGI structure will be taken:

Support groups

- The work programme will be further developed and implemented by four Support Groups mirroring the work streams in Annex I, consisting of experts from national administrations, the Commission and relevant stakeholders including, where appropriate, system operators, regulatory authorities, business, institutional investors and civil society. The Support Groups will meet on a needs basis but no less than twice per year.
- The Support Groups will be co-chaired by the European Commission and one of the participating North Seas countries, on a three year rotating basis.

High Level Group

- A High Level Group, consisting of high level representatives of the participating North Seas countries and the European Commission, will be established in order to provide political guidance and support. High level representatives will be DGs or ministers as appropriate. The High Level Group will meet at least once a year.

Coordinators Committee

- The work carried out at technical level by the Support Groups will be guided and interlinked through a Coordinators' Committee, consisting of representatives of all participating countries and the Commission. The Coordinators' Committee is to be considered to represent the High Level Group at working level. The Coordinators' Committee will meet at least as frequent as the High Level Group, and more often as appropriate.
- The Coordinators' Committee will be co-chaired by the Commission and, on a rotating basis, by one of participating North Seas countries. The co-chair of the Coordinators' Committee not being the European Commission will represent the same North Seas country as the co-chair of the High Level Group.

The North Seas countries and the Commission as co-chairs

- In its co-chair capacity, the Commission is 'driver in substance', guiding and supporting further analysis as to concrete concepts for cooperation thereby facilitating a pragmatic step-by-step approach towards cost effective (sub)regional North Seas cooperation;
- Co-chairs have no decision making power as regards concrete cooperation between North Seas Countries and the Commission at the (sub)regional level. This remains competency of each of the participating countries and the Commission, on the basis of political will;
- The foregoing applies to all levels of coordination: Support Groups as well as the High Level Group and the Coordinators' Committee;

The Secretariat

- When it comes to substance, the function of the secretariat i.e. the preparation of the meetings is included in the role of the co-chairs;
 - The Secretariat General of the Benelux in Brussels continues to serve as the basic platform for support to the North Seas cooperation i.e. all co-chairs, by making its premises available for meetings of all groups at all levels;
 - As Belgium, Luxemburg and the Netherlands, other countries and the Commission may also wish to consider using the Secretariat General for more substantive tasks. This however would require additional resources from these countries.
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