WindEurope position on non-price criteria in auctions

APRIL 2022
Executive Summary

EU climate neutrality requires a huge expansion in wind energy: from 190 GW today to 1,300 GW in 2050 (and already 480 GW in 2030). And the European Green Deal assumes an energy transition “made in Europe” with more green jobs, not less. The new geopolitical context stemming from Russia’s invasion of Ukraine calls on policymakers to fast-track the energy transition with renewables in order to boost Europe’s energy security well before the end of the decade. This in turn calls on companies to make huge investments in a shorter investment cycle than previously foreseen all the while increasingly relying on the European wind supply chain to deliver these higher volumes.

Yet, the market for new wind build-out was only half of what it should have been in 2021. Wind farm developers continued to bid into just-on-price based auctions at lower and lower prices to respond to Government expectations for continuous cost reductions. This has led to a financially unsustainable situation for the wind industry supply chain where EU turbine and component manufacturers struggle to make products at these prices. At the same time as global supply chain disruptions and the commodity price increases (e.g. steel, glass fibre, etc) have not been resolved and are only now exacerbated by the spill-over effects of the Ukraine crisis. And competition from China is rising.

Delivering on the EU short-term energy security prerogatives whilst intensifying the delivery of the long-term Green Deal objectives requires a careful balancing of Europe’s Climate & Energy, Trade, Industrial and Competition policies. This paper looks at how National Governments could apply EU Competition law with regards to non-price criteria in auction design to incentivise the competition and innovation required to hit the European short- and long-term policy goals.

The European wind industry recommends that non-price criteria in wind energy auctions:

- Complement, but do not duplicate, existing policy instruments
- Are clear, objective, comparable, easy to assess / measure / monitor
- Do not create additional administrative or management costs
- Build upon the wind industry’s strengths and incentivise incremental innovation
- Are matched up by equal and coordinated policies in adjacent economic sectors and supply chains
- Prioritise three categories of criteria:
  - Sustainability & Biodiversity
  - System integration & Innovation
  - European supply chain development & benefits to communities
Background

EU climate neutrality requires a huge expansion in wind energy: from 190 GW today to 1,300 GW in 2050. The European Commission’s decarbonisation scenarios want wind to be half of Europe’s electricity in 2050. And the Commission sees wind energy as an engine for growth and jobs for delivering a Green Deal “made in Europe” with the 300,000 jobs across more than 200 factories that the industry currently upholds.

The new global geopolitical context with the Russian invasion of Ukraine has called for an accelerated delivery of the European climate transition policies. EU Heads of State and Government want the European Union to become independent from Russian fossil fuel imports by 2027. And they want more renewables manufactured in Europe to boost the continent’s energy security and independence, and to mitigate long-term electricity price risks for European companies and households. The European Commission’s REPowerEU roadmap says that wind energy should represent 480 GW of installed capacity by the end of this decade. This means adding 30 GW of new capacity between 2022-2030 on top of the Commission’s decarbonisation scenarios.

But are the current state of the EU regulatory framework and market for wind energy able to deliver these short- and long-term goals?

In 2021 EU-27 built only 11 GW of new wind energy. Prior to the Ukraine crisis we expected to build at most 18 GW over each of the next 5 years (2022-26) vs the 32 GW per year Europe needs to hit its 2030 Climate & Energy targets. These low volumes of new wind farms due primarily to permitting bottlenecks, mean the market for new wind farms and products was less than half of what it should have been. Meanwhile wind farm developers continued to bid into just-on-price based auctions at lower and lower prices to respond to Government expectations for continuous cost reductions.

This in turn has led to a financially unsustainable situation for the wind industry supply chain where EU turbine and component manufacturers struggle to make products at these prices. Whereas our supply chain continuously improves designs and manufactures state-of-the-art products across a wider portfolio, cost reductions are difficult to sustain. The current COVID pandemic-induced global supply chain disruptions and the commodity price increase (e.g. steel, glass fibre, etc) have not been resolved and are only now exacerbated by the spill-over effects of the Ukraine crisis.

Foreign competition has also been intensifying. China has a large and growing wind industry and is building more wind farms than Europe. The European wind industry competes with Chinese manufacturers on the world market. But we are losing ground as Chinese manufacturers expand across Asia, South America, and Africa. And China is now starting to win orders for wind farms in France, Italy, Croatia and builds in Ukraine and Serbia. Other emerging wind markets in Asia or in the United States are increasingly betting on Energy & Industrial policies incentivising their supply chains.

All of this requires a careful balancing act of Europe’s Climate & Energy, Trade, Industrial and Competition policies to ensure our energy security and energy transition can be “made in Europe” with renewables under shorter timelines and with more resilient supply chains.

This paper zooms in on how National Governments could apply EU Competition laws with regards to auction design to uphold Europe’s short- and long-term policy goals.
**How do the EU State aid rules fit with the new geopolitical context?**

The allocation of support schemes to wind is determined by State-run auctions. This is a requirement under the EU Renewable Energy Directive (Article 4) and the EU State aid policy. The European wind industry advocates for National Governments to apply technology-specific auctions as prescribed by EU legislation. And for these auctions to allocate well-designed revenue stabilisation mechanisms such as two-sided Contracts for Difference (CfDs) or other market premiums.

It has been a long-standing practice in EU and national regulations that auction winners are decided solely on the basis of the price they offer for procuring electricity – the so-called ‘price-only’ rule where the cheapest bid wins.

The new **EU State Aid Guidelines for Climate, Energy and Environment** entered into force in January 2022. They now allow Governments to weave in up to 30% on non-price criteria in the selection criteria of their auctions. The full text of the Guidelines reads:

“The selection criteria used for ranking bids [...] should put the contribution to the main objectives of the measure in direct or indirect relation with the aid amount requested by applicant. This may be expressed, for example, in terms of aid per unit of environmental protection or aid per unit of energy. It may also be appropriate to include other selection criteria [...]. In such cases, these other criteria must account for not more than 30 % of the weighting of all the selection criteria.”

This is not a mandatory requirement for Governments. And the Guidelines do not prescribe the selection criteria under these 30% or the distribution of weighting between price / non-price components – this is left to Governments’ discretion.

**Why are non-price criteria in auctions important now?**

More and more EU Governments have been and continue experimenting today with non-price criteria for the allocation of support mechanisms especially in offshore wind cf. Annex to this paper. **Non-price criteria in national wind energy auctions could be an important tool for EU Governments to incentivise the innovation required for achieving the EU Green Deal objectives.** And in the current geopolitical context they can do so at a faster pace. They will hit two objectives.

First, non-price criteria will max out on the European industry’s strengths (e.g. a strong track record in observing high environmental and sustainability standards, developing value chains across Europe, engaging actively with local communities). And will support the industry in developing incremental solutions to tackle head-on challenges for the energy transition e.g. developing state-of-the-art wind technologies that allow for better system integration of renewables into the EU’s energy system.

Second, Governments and citizens’ demands for a European Green Deal meeting the highest environmental, technical, and societal standards requires sustained investment in Europe’s supply chains notably in terms of Research and Innovation. **Rewarding innovation in products and processes as well as the engagement with stakeholders along the wind value chain will be a building block for the open strategic autonomy of Europe’s wind supply chains.** It will help to keep the economic and social value that its home wind industry brings to it. And could become a clear differentiator from foreign competition.
This paper sets out the European wind industry’s views on how EU Governments and industry can shape together the application of EU State aid rules for non-price criteria in wind energy auctions based on the evolving national experience and in view of delivering faster the EU Green Deal and Europe’s energy security objectives.

It looks into categories of non-price criteria and puts forward suggestions therein for criteria that can be scored with points during the award process in an auction for those bidders that have successfully passed the pre-qualification stage. In the majority of cases such non-price criteria would be applicable to situations of granting State aid in the form of support schemes, but they might be transferrable to auction designs when allocating other and different forms of public money or fiscal advantages.

General principles for auction design and application of non-price criteria

The European wind industry considers the following principles for the design of Government-led auctions and the application of non-price criteria therein:

▪ National Governments should strive to apply industry guidance on auction design. Wind energy deployment volumes to reach EU-27 climate neutrality and energy security are ambitious. They are more than feasible when Governments stick to key principles in organising auctions: defining a long-term and predictable schedule for auctions; avoiding unforeseen changes to timelines and the agreed “rules of the game”; consulting industry thoroughly and early on the auction process set-up; designing technology-specific auctions that fit the specific generation characteristics of wind energy.

▪ National Governments should design good revenue stabilisation mechanisms. Wind farms require high upfront investments but have low running costs. This makes financing a very significant share of their overall cost. Minimising finance cost through predictable income is essential. This can be done through Government auctions allocating market premiums e.g. two-sided contract for difference (CfD), or through renewable Power Purchase Agreements (PPAs). Considering the current energy prices crises in Europe predictable regulatory framework and market design rules are critical to unlock investments in renewables under shorter timeframes.

▪ The European Commission should provide guidance on non-price criteria that could apply to wind energy. The European Commission, in consultation with the wind industry, should provide guidance on non-price criteria that could apply to wind energy, and from which National Governments could choose to meet their policy objectives. A certain level of consistency in applying the new State aid rules across EU-27 is necessary to ensure that rules and categories do not change drastically from one auction to another, to avoid too divergent or widely uncoordinated national interpretations of the State aid rules, and to allow the European wind supply chain to adapt products and ensure the necessary investments take place.

▪ National Governments should design non-price criteria to complement, but not duplicate, existing policy instruments. It is at the discretion of National Governments to apply non-price criteria when they represent the best tool in achieving policy objectives. When non-price criteria apply, Governments should coordinate closely with industry to map out existing / upcoming
national or EU policies that are or will be applicable to the industry. For instance, the permitting process for wind farms includes a wide range of proof points e.g. local community engagement, life cycle assessments, decommissioning strategies, that should not be implemented as a second layer of obligation in the selection criteria of auctions. Close coordination will also ensure that policymakers do not set up unachievable objectives considering the abilities of cross-sectorial supply chains to deliver them e.g. 100% recyclable blades.

▪ National Governments should ensure non-price criteria are clear, objective, comparable, easy to assess / measure / monitor. National Governments should apply as a first step a clear set of principles when designing non-price criteria in auctions. These could include for instance the criteria to be non-discriminatory, measurable, verifiable against a set of proof points. The European Commission will have to ensure the criteria established at national level are in line with competition and State aid principles. Vague and broad interpretation by national authorities on the merits of each bid and the ultimate allocation of award points will also increase the risk of legal appeals by losing parties.

▪ National Governments should ensure non-price criteria do not create additional administrative and management costs, and do not slow down wind deployment. Selection criteria for auctions with non-price components should be designed in a way to not unnecessarily increase administrative and project management burdens for developers when preparing and submitting bid applications. On the contrary, additional non-price criteria should come together with further simplification of the administrative and permitting processes. Considering the “learning-by-doing” nature of non-price criteria, Governments must ensure that national deliberations on the “best” auction design with such criteria do not slow down wind deployment. They should prioritise launching more wind energy auctions and faster so that Europe can respond to the current crisis adequately and in a timely fashion.

▪ National Governments should design non-price criteria that build upon the European wind industry’s strengths and incentivise incremental innovation for the energy transition. Non-price criteria should aim to max out on those areas where the European wind energy industry is already delivering strong results for the European economy rather than setting up new rules from scratch. This will allow for incremental industry-led actions and innovations to shape over time e.g. incorporating green steel in wind products – green steel is not yet available at scale today but will become more accessible over time.

▪ National Governments should ensure non-price criteria are tailor-made to the technologies they apply to. The same way that technology-specific auctions are best suited for the deployment of technologies with different generation profiles and technical characteristics, non-price criteria should also aim to fit the concrete technology, innovations or supply chain that they aim to incentivise e.g. rewarding the delivery of ancillary services requires adapting the design of ancillary products to the characteristics of wind energy.

▪ National Governments and European Commission must commit further on Industrial Policy for the wind sector. The European Green Deal requires all sectors of the economy to work together in delivering the green and digital transition by 2050. Non-price criteria in auctions could act as a
catalyst for a faster energy transition and Europe’s energy security. But any obligation on the wind sector must be paired with an equal and concerted EU/national policy action of cross-industrial supply chains e.g. sustainability / recycling commitments mean Europe needs a market and technologies for recycling wind blades or recycled magnets. The European Commission will have to take an even greater leadership in streamlining the collaboration between sectors as part of its Industrial Fora e.g. the EU Industrial Forum, the EU Raw Materials Alliance, the EU Clean Hydrogen Alliance. And ensure there is coherence between Climate & Energy, Trade, Competition and Industrial policies that impact the competitiveness of the industry in and outside of Europe.

**What categories of non-price criteria could National Governments consider?**

We consider three categories of non-price criteria could inform National Governments’ thinking on such measures: sustainability & biodiversity, system integration & innovation, EU supply chain development and benefits to communities.

**Sustainability & Biodiversity**

Non-price criteria on sustainability & biodiversity as part of the selection criteria in an auction should:

- Reward the circularity of current turbines’ design
- Reward projects with a recycling strategy
- Reward projects with GHG emissions reductions plan
- Reward projects with low biodiversity impact
- Reward projects enhancing co-existence between species and with other economic sectors (e.g. organic agriculture or mussels farms)
- Reward projects built on degraded or agricultural lands, man-made forests or non-pristine maritime areas

Sustainability is at the core of the European wind industry. We are constantly improving the materials we use. 85-90% of a turbine is recyclable today. We are also working towards full circularity in the wind supply chain. Building upon our commitments, sustainability non-price criteria would be important to drive forward the energy transition and enhance its in adjacent sectors with which we are interdependent. But it would also contribute to level the playing field with supply chains outside of Europe operating with lower sustainability requirements.

A starting point for tender design could be to score areas that are quantifiable already today e.g. the recyclability % of current wind turbines or rewarding projects sourced from a supply chain with ambitious sustainability commitments verifiable through sustainability ratings or compliance with science-based targets.

In the area of sustainability / recycling, it will be important to build a level playing field across different wind energy actors and gain practical experience of innovation in these fields. For instance, by requesting from those actors participating in an auction to provide a circular innovative design, circular (de)commissioning plan and GHG emissions reductions plan for their project. This would allow to take
into consideration existing EU or national policies applicable in these areas and not to duplicate the requirements set by national permitting processes. And would also allow time to develop agreed methodologies for the quantification of such non-price criteria – for instance for the calculation of GHG emissions footprint at EU-level.

Future options for sustainability non-price criteria in auctions could be replacing steel use in towers and foundations with green steel production. Such criteria will only make sense in the medium term after 2030 since green steel production does not exist yet in scale. Hence the importance for the European Commission and National Governments to take a holistic approach when implementing Industrial and State aid policies that can support the decarbonisation of adjacent industrial sectors part of the wind industry’s supply chain.

The non-price criteria could also reward circular economy practices once related definition and certification processes are developed. The European wind industry already calls for an EU-wide ban on the landfilling of wind turbine blades by 2025. The industry is now focusing on technology solutions for blade recycling. Here as well, a cross-industry collaboration with the chemicals and composite material sectors will be key in creating viable recycling supply chains for wind energy blades.

Sustainability criteria could also encompass the aspect of co-existence between wind farms and biological species. Our industry is already committed to protecting the natural environment (wildlife and plant life) when we develop our projects. We consider the impacts of individual wind farms and their cumulative long-term impacts and do everything we can to prevent, manage and mitigate them.

**System integration & Innovation**

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<tr>
<th>Non-price criteria on system integration &amp; innovation as part of the selection criteria in an auction should:</th>
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<tbody>
<tr>
<td>▪ Reward projects that increase a wind farms’ capacity factor through e.g. co-location with electricity storage and/or solar, hydrogen production or demand(^1)</td>
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<tr>
<td>▪ Reward projects that secure cost-efficient integration of wind energy into the energy system through direct and indirect renewables electrification</td>
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<tr>
<td>▪ Reward projects that deliver ancillary services</td>
</tr>
<tr>
<td>▪ Reward projects that apply and invest in the development of new technology solutions e.g. testing new (composite) materials or technologies (different floating foundations and moorings)</td>
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<tr>
<td>▪ Reward projects that enhance cybersecurity</td>
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</tbody>
</table>

Advances in technology make it easier to manage energy systems with large shares of wind energy. Wind turbines are increasingly flexible: able to operate at lower wind speeds and to be more aligned with energy demand. And they help control frequency and voltage in the grid. New business models of co-located power plants (wind, solar PV, storage) are now growing, the provision of ancillary

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\(^1\) In some European Member States support to hybrid power plants are allocated via dedicated auctions. Ideally Governments should have technology-specific auctions that take into consideration the technical specifications of the projects they reward.
services will be key in integrating variable wind power generation into an European grid increasingly based on renewables, digitalisation and cybersecurity technologies will also have a role in supporting an EU energy system based on wind energy.

**European supply chain development and benefits to European communities**

<table>
<thead>
<tr>
<th>Any criteria on European supply chain development in an auction should:</th>
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<tbody>
<tr>
<td>▪ Ensure supply chain development rules are set at European level and used in coordinated manner</td>
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<tr>
<td>▪ Reward projects that have a strong community engagement offer</td>
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<tr>
<td>▪ Reward projects that reinforce the workforce skills for wind energy</td>
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<tr>
<td>▪ Reward projects that contribute to a Just Transition replacing fossil fuel generation with renewables and re-skilling workers</td>
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<tr>
<td>▪ Reward projects that foster new business opportunities with other economic or societal actors</td>
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</table>

To achieve the EU objectives of energy security and acceleration of the Green Deal delivery, National Governments need to think cross-border and aim to reward the economic, social value and engagement that the wind energy supply chain achieves at European level. Or local supply chains must be thought of as European supply chains where the added value of European manufacturing is taken into consideration and rewarded accordingly (e.g. onshore wind turbines production, manufacturing facilities, Operation & Maintenance activities, R&D facilities, engagements with academia, skills training centres, new business development along value chains and SMEs, etc).

The European wind industry is committed to engaging with local communities and to happy coexistence with other economic and societal partners, including fishing, military and civil aviation and by working with environmental NGOs.

We are already applying the Industry Principles for Community Engagement in our day-to-day operations and are constantly improving our ways of working including on community benefits, shared ownership schemes, sustainable business strategies. Non-price criteria in auctions could thus aim to reward projects with a strong community engagement offer. But also those projects that aim to prepare communities for the energy transition by developing their skills to install, operate and maintain wind energy farms.
EU practical experience with non-price criteria mainly stems from the offshore sector e.g. FR, NL, DK, PL. Non-price criteria have applied both to auctions awarding market premiums and zero bids.

1. **France**

For the ongoing Normandy auction (1 GW bottom-fixed):

- **price is 75% of the scoring:**
  - 70% the actual bidding price; and
  - 5% the financial robustness of the offer;

- **managing environmental impacts is 15%:**
  - 2%: the number of turbines;
  - 5%: how much money the bidder is committing: (a) to avoiding, reducing and in the last resort compensating impacts plus the decommissioning plan; and (b) to funds aimed at preserving biodiversity impacted by the project and at improving knowledge of the relevant biodiversity; and
  - 8%: the recycling / re-use rate of the blades.

- **local economic development is 10%:**
  - 5%: the share of installation work and studies the bidder intends to procure from SMEs;
  - 3%: the share of Operation & Maintenance procurement that will go to SMEs;
  - 2%: the amount of community financial participation.

2. **Netherlands**

The Hollandse Kust North and South auctions (in 2019 and 2020) were zero-bid auctions, in which the winner was chosen on what they were offering against the following 6 criteria:

- Knowledge and experience of the parties involved
- Quality of the design of the wind farm
- Capacity of the wind farm
- Social cost
- Quality of the assessment and analysis of the risks
- Quality of the measures to ensure cost-effectiveness.

Most of these criteria were not defined in a strictly numerical way, which left room for interpretation on the allocation of scores and a risk of legal challenges to the winning bids.

For the Hollandse Kust West auction which is now underway the Government has taken a different approach. They have divided the 1.5 GW capacity into 2 sites. Bids for the first site (Site VI, 760 GW) are being scored 50% on environmental factors. Bids for the second site (Site VII, 760 GW) are being scored 50% on energy system integration factors. The detail is as follows:
### Hollandse Kust West Site VI

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Max Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial offer</td>
<td>20</td>
<td>- how much up to a cap of €50m is the bidder offering to pay</td>
</tr>
</tbody>
</table>
| Security of completion of the wind farm | 40         | - 10 points: experience of turbines and foundations suppliers, with maximum points if you have 10 turbines and 25MW  
|                                  |            | - 15 points for the %age of the investment you’ll cover with your own equity  
|                                  |            | - 15 points for the project guarantee offered up to a maximum of €500m |
| Contribution to energy supply    | 40         | - expected energy production ranks capacity factors between 45-51% |
| Contribution to the ecology of the North Sea | 100        | - how far the project will limit negative effects on the conservation of birds, or promote positive effects on conservation of marine habitat;  
|                                  |            | - commitment to and plans for knowledge-sharing; and  
|                                  |            | - how far innovation is based on current scientific insights at the moment of submitting application, plausible to execute and measurable. |

**TOTAL POINTS** 200

### Hollandse Kust West Site VII

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Max Points</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial offer</td>
<td>20</td>
<td>- how much up to a cap of €50m is the bidder offering to pay</td>
</tr>
</tbody>
</table>
| Security of completion of the wind farm | 40         | - 10: experience of turbines and foundations suppliers, with maximum points if you have 10 turbines and 25MW;  
|                                  |            | - 15: the %age of the investment you’ll cover with your own equity; and  
<p>|                                  |            | - 15: project guarantee offered up to a maximum of €500m.              |
| Contribution to energy supply    | 40         | - expected energy production ranks capacity factors between 45-51%. |</p>
<table>
<thead>
<tr>
<th>Contribution to integration into the Dutch energy system</th>
<th>100</th>
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<tbody>
<tr>
<td>- 60: investments planned in system integration during operation of the project which will help increase the scalable flexible demand linked to its output. Investments should be made by 60 months after the permit is awarded;</td>
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<tr>
<td>- 20: how far will the project help fill knowledge gaps; quality of a dissemination and communication plan; and</td>
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<tr>
<td>- 20: how far will the demonstration of the innovation contribute to increase scalable flexible demand.</td>
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**TOTAL POINTS** 200

3. **Scotland**

The recent Scotwind seabed leasing tender was based on price (with a cap setting a maximum bidding price) and non-price criteria.

Alongside “coarse grading bands”, they gave a numerical mark to some questions, which were used to calculate an overall score when bids were tied. The criteria and maximum scores were as follows:

<table>
<thead>
<tr>
<th>Part</th>
<th>Description</th>
<th>Maximum tie-break score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Basic information</td>
<td>Not included in tiebreak</td>
</tr>
<tr>
<td>B</td>
<td>Project concept and density</td>
<td>75</td>
</tr>
<tr>
<td>C</td>
<td>Project delivery plan</td>
<td>75</td>
</tr>
<tr>
<td>D</td>
<td>Capability and experience</td>
<td>125</td>
</tr>
<tr>
<td>E</td>
<td>Development Budget</td>
<td>125</td>
</tr>
<tr>
<td>F</td>
<td>Developer financial resources</td>
<td>Not included in tiebreak</td>
</tr>
<tr>
<td>G</td>
<td>Commitment to the project and preparedness</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Total detailed mark</td>
<td>450</td>
</tr>
</tbody>
</table>

4. **Germany**

The draft Offshore Wind Law which the Government has submitted to the Bundestag. The Bill proposes CfDs for more mature sites and negative bidding + non-price criteria for less developed sites. For the latter half the score will be based on the level of the negative bid offered. The other half will be based (equally, so 12.5% each) on 4 non-price criteria:

- **energy yield** = the size of the total swept rotor area of the turbines;
- **PPAs**: the share of the output that will be covered by PPAs;
• foundation-related noise pollution and sealing of the seabed: how far are you avoiding impulse pile-driving and gravity foundations; and

• recyclability of blades: how much of the total blade mass will you fully recycle at end-of-life. Recycling here can include recovery if the waste is reprocessed into other products, materials or substances and the reprocessing of organic materials. But it doesn’t include energy recovery and reprocessing into materials intended for use as fuel or for backfilling.

5. Belgium

The Belgian Government has held a public consultation on its offshore wind tenders for the new Princess Elisabeth Zone. There are four consulted models (including CfDs and zero bids) all with a different element of non-price criteria. Amongst the criteria envisaged are:

• Citizen participation: either through Renewable Energy Communities (RECS = co-ownership), co-operative PPAs or financial participation (equity or debt, or a combination of those). The proposed weight in citizens participation is 2% of the total investment costs for the RECs and 4% for financial participation;

• Local benefits for society: a communication plan shall demonstrate the local benefits in revenues and employment;

• Sustainability: a sustainability plan shall demonstrate how the winner pursue sustainability actions such as for materials, recycling, decommissioning, CSR, CO2 impact, operations (e.g. vessels), and multi-use. Explicit commitments must be made in at least one of these points. A penalty will be paid if the commitments are not realised;

• Nature preservation: a nature preservation plan shall provide options for innovation and investments to support nature preservation, e.g. nature-inclusive design and increased biodiversity. Other criteria for nature and environment include placement of infrastructure, design and choice of material, protection of habitats and species, protection from noise, laying of cables etc.; and

• Innovation and System Integration: how far will the project stimulate innovation e.g. by allowing test facilities for new turbines, new technologies, living labs for aquaculture, drones, grid support etc. The innovation in the offshore zone should be 50% of this criterion. The other 50% will be wider system integration, such as Demand Side Management, flexible PPAs, or the installation of battery capacities, or long-term storage facilities in Belgium. Additional hydrogen production is excluded, given Belgium’s overriding need for renewable electricity.