

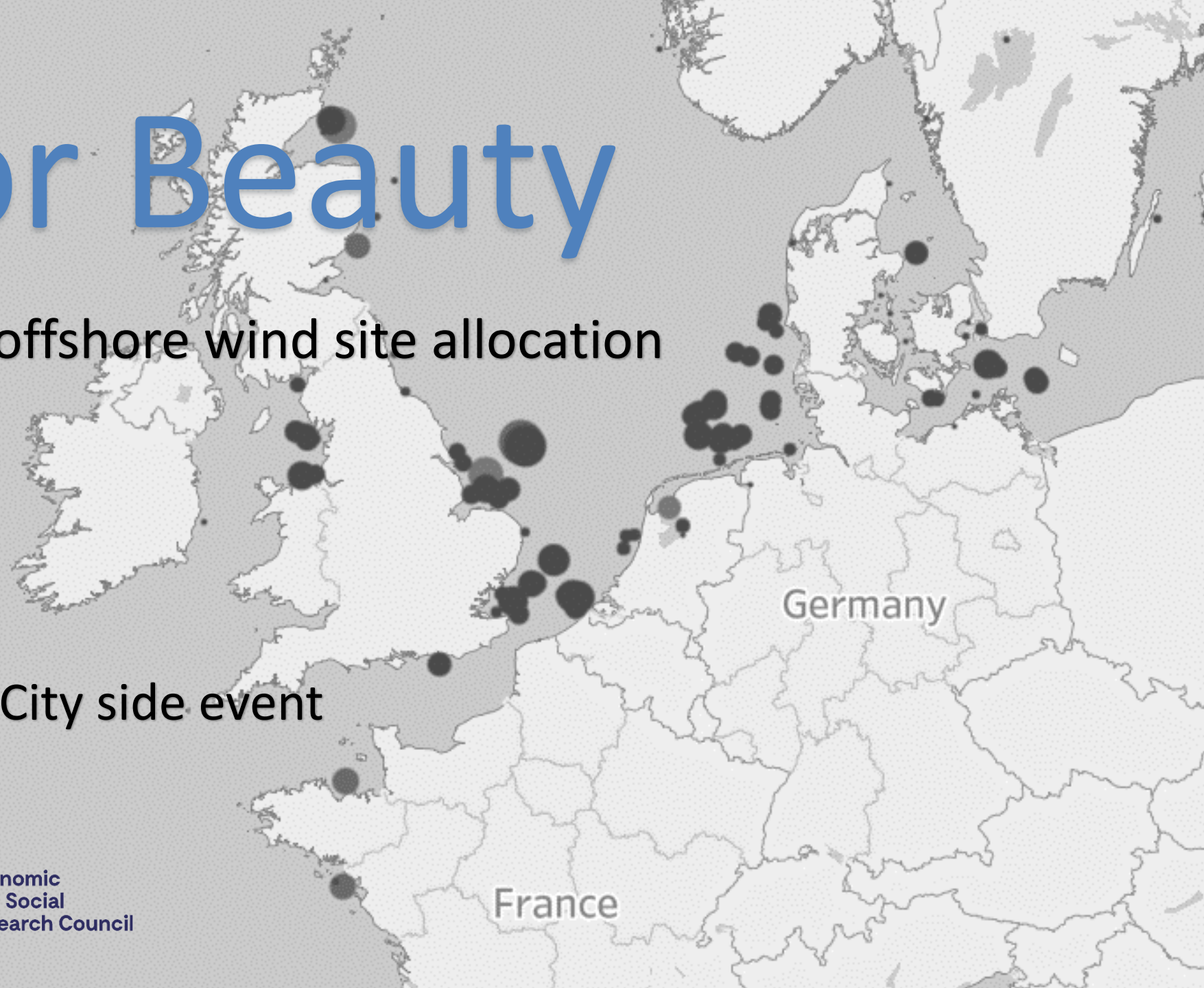
# Price or Beauty

Evolving models of offshore wind site allocation

WindEurope Electric City side event  
25<sup>th</sup> November, 2021



Economic  
and Social  
Research Council



# Agenda

- 09:00-10:15: Part one: analysis
- 10:15-10:30: Coffee
- 10:30-12:00: Part two: stakeholder experience and discussion

## Organisers:

- Oscar Fitch-Roy, University of Exeter – [o.fitch-roy@exeter.ac.uk](mailto:o.fitch-roy@exeter.ac.uk)
- Lena Kitzing, DTU – [lkit@dtu.dk](mailto:lkit@dtu.dk)
- Ahti Simo Laido, DTU - [asila@dtu.dk](mailto:asila@dtu.dk)

# Our speakers and participants

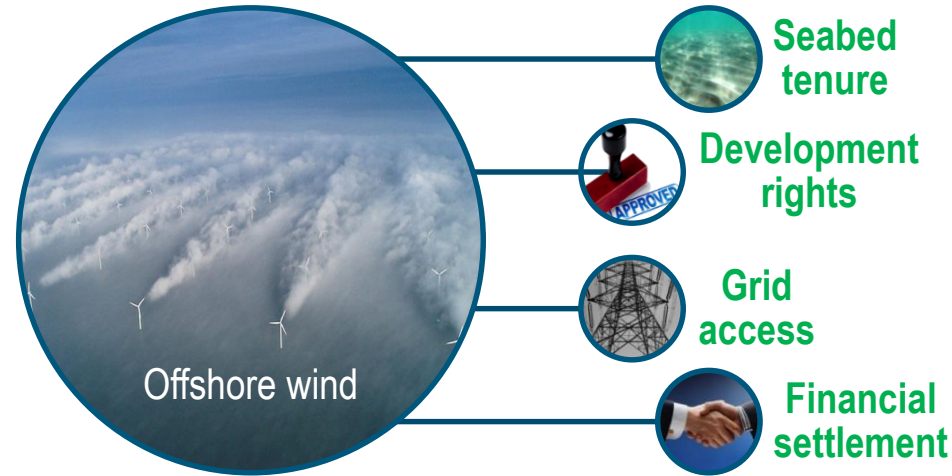
## Part 1: analysis

- Ahti Simo Laido, DTU – preliminary economic analysis of existing approaches
- Philipp Beiter, NREL – experience from the US

## Part 2: stakeholder perspectives

- Mark Stuurman, Netherlands Economic and Climate Ministry
- Mark Timmons, senior wind bid manager, SSE
- Øyvind Vessia, head of regulatory affairs and market development, Ørsted

# Why site allocation? Some context

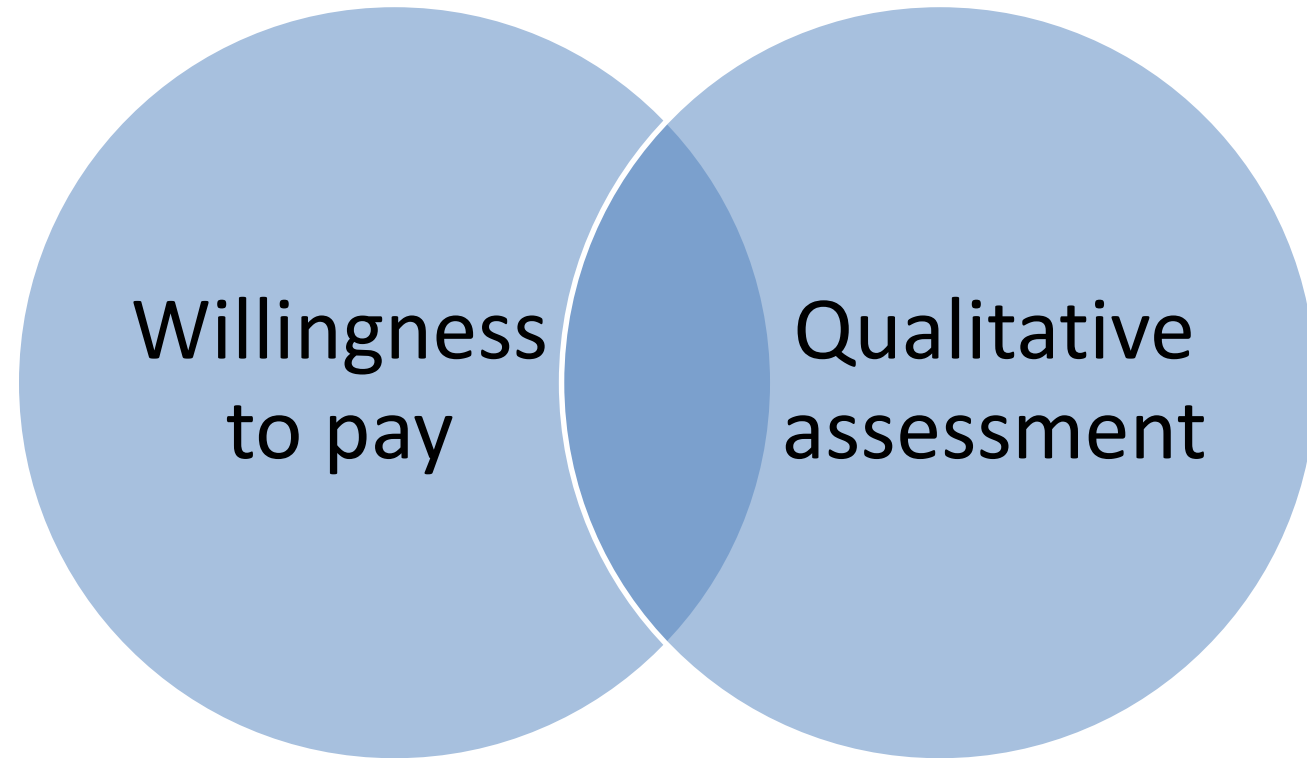


- Policy research to-date has focussed most closely on offtake policy – supporting revenues to create markets
- Surprisingly little academic work on site allocation processes

# Seabed leasing in focus

- Until now site allocation has not been a research focus because
  - Allocation of seabed often wrapped into other processes
  - Has not always been the determining or limiting factor
- But things are changing fast
  - Merchant offshore wind is becoming a reality
  - Without a revenue support competition, the allocation task defaults to licences
  - Competition for sites is growing – prime sites are (artificially) scarce, high strategic value
  - Introduction of financial bidding for sites, either as an auction or a multi-criteria process
  - DG COMP has entered the chat – EEAG 2022

# Price or beauty



# Policy objectives

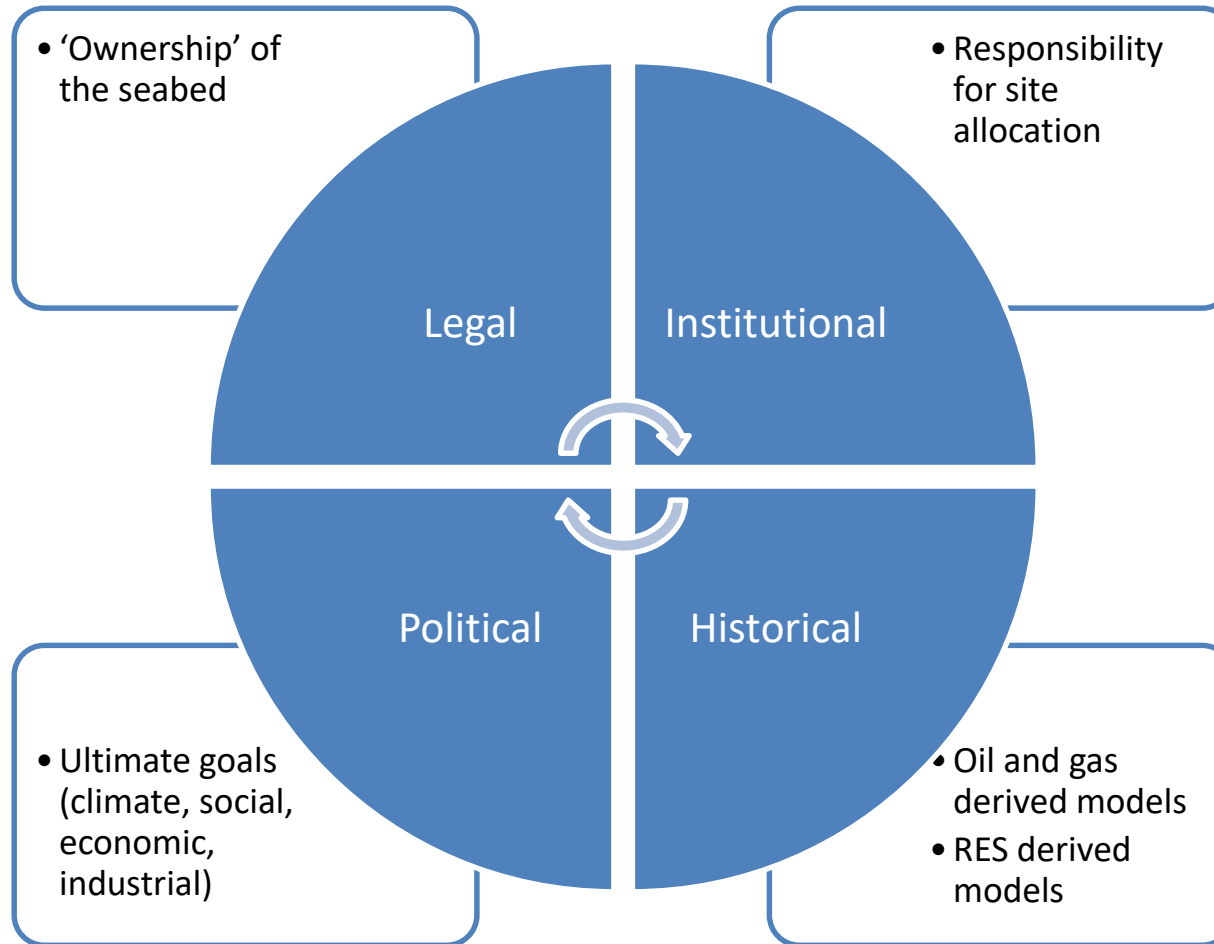
## Financial bids

- Recoup the cost of pre-development
- Realise the inherent value of the site
- Competitively select which projects enter the pipeline
- Align developer incentives to public policy goals (e.g. option fees)

## Qualitative

- Strong qualification, surety of delivery
- Steer projects towards particular emphasis
  - Innovation
  - Industrial
  - Environmental

# Sources of national divergence





## To summarise

- Site allocation is a (the?) key policy task determining offshore wind build out
- We do not have a common framework to understand and evaluated regulatory models
- We (researchers and practitioners) may need to rethink how we understand offshore wind markets, policy and governance

# Some interesting questions

- Compromises: can we have price and beauty at the same time?
- What is the empirical experience? What lessons can we learn?
- Evaluation criteria: how do we know if the policy is well designed?
- Interaction with other policy areas
  - Support scheme allocation
  - Offshore networks
  - Social, environmental, industrial policy
- Is there a ‘target model’?

Thank you