



Rijksdienst voor Ondernemend
Nederland

Tender for Offshore Wind Energy Permit of Hollandse Kust (zuid) Sites I and II

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>> *Duurzaam, Agrarisch, Innovatief
en Internationaal ondernemen*



What won't we be covering today?

- Providing information about site studies or TenneT's connection requirements
- Giving immediate answers to legal questions
- Questions may be emailed (until 8 December 2017) to woz@rvo.nl and will be answered on the website: www.rvo.nl/windenergie-op-zee



What will we be explaining today?

- The transition from subsidy to no subsidy
- The Wind Energy Act (the Act)
- The Ministerial Order for Offshore Wind Energy Permit for HKZ sites I and II
- TenneT's progress with the Alpha platform
- Application form and appendices



Transition from subsidy to no subsidy

- January 2017: Completion of the Stimulation of Sustainable Energy Production (SDE) tender for the Borssele Offshore Wind Energy Sites III and IV
- February 2017: Draft SDE Tender for the Holland Kust (zuid) Offshore Wind Energy Sites I and II.
- 13 April 2017:
 - 900 MW EnBW's He Dreiht for €0
 - 240 MW Dong's OWP West for €0
 - 240 MW Borkum Riffgrund W2 for €0



The transition from subsidy to no subsidy

- 6 July 2017
The information session in Zwolle is cancelled.
- An application without any subsidy could not be excluded, even though that subsidy-free application could not be granted.



Transition from subsidy to no subsidy

- Alternatively:
 - Apply first for a permit without any subsidy
 - Then apply for a permit with a subsidy
- The Offshore Wind Energy Act offers that option
- However, ...



Transition from subsidy to no subsidy

- The Offshore Wind Energy Act has a section dealing with an application for a permit without any subsidy. However in that case is the following not applicable:
 - the SDE-Decision
 - the General Implementing Regulations for the Stimulation of Sustainable Energy Production and
 - the Policy Rule concerning a change in the power generation facility for offshore wind energy will have no application.



Transition from subsidy to no subsidy

- Which parts are not applicable?
 - No implementation agreement and bank guarantees when the permit is issued
 - There is no possibility of making a combined bid for several sites, as stated explicitly in the SDE-Decision
 - Several ranking criteria instead of a single objective tender amount



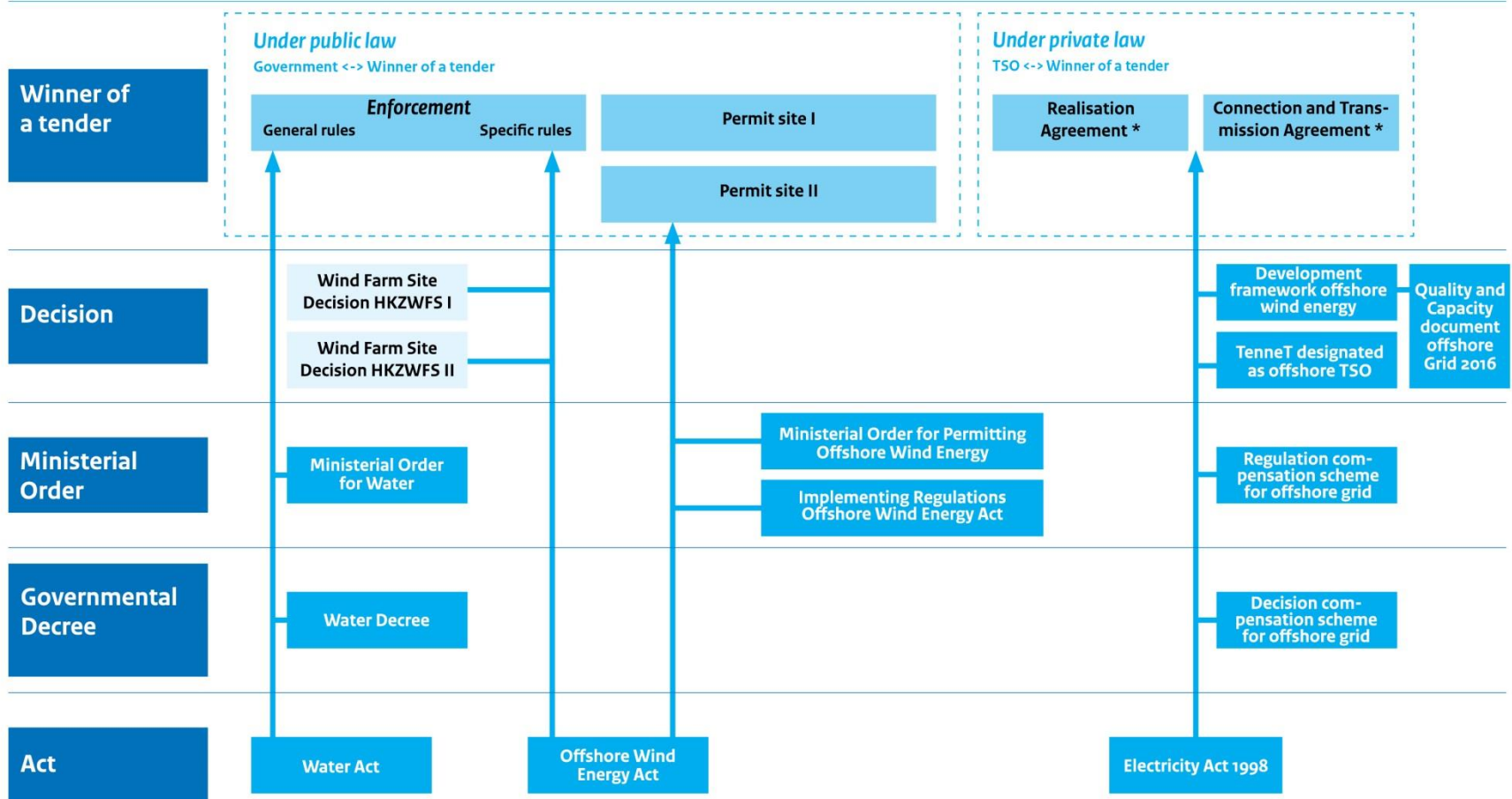
Alternatively:

- A new Offshore Wind Energy Act
- The time to completion is one to two years, which would delay the roll-out of offshore wind energy excessively
- This is why, for now anyway, an application for a permit should be made under the present Offshore Wind Energy Act



Published, not yet irrevocable
Final, into force

Figure 5a Legal framework



* TenneT has offshore model agreements available online.



Section 14 of the Offshore Wind Energy Act

A licence can only be awarded if, based on the application, it is sufficiently plausible that the construction and operation of the wind park:

- a. is practically feasible;
 - b. is technically feasible;
 - c. is financially feasible;
 - d. can be started within four years of the date on which the licence has become irrevocable;
 - e. is economically feasible within the period of time specified in the licence;
 - f. meets the requirements of the site decision.
-
- If it is insufficiently plausible that one or more criteria will be met, the application will be rejected and therefore not ranked.



Offshore Wind Energy Act

- Procedure without any subsidy described in Sections 22 to 25 inclusive
- Enforcement described in Sections 26 to 28 inclusive



Section 23(2) of the Offshore Wind Energy Act

- An application shall in any case contain:
 - a design for the wind farm;
 - a timetable for the construction and operation of the wind farm;
 - an estimate of the costs and revenue;
 - an estimate of the social costs;
 - an identification and analysis of the risks;
 - a description of the measures to guarantee cost-efficiency;
 - a list of the parties involved in the construction and operation of the wind farm;
 - a description of the knowledge and experience of the parties involved.



Section 24 of the Offshore Wind Energy Act

If more than one application meets 14 and 23, ranking takes place on the basis of:

- a. the knowledge and experience of the parties involved;
- b. the quality of the design for the wind farm;
- c. the capacity of the wind farm;
- d. the social costs;
- e. the quality of the identification and analysis of the risks;
- f. the quality of the measures to guarantee cost-efficiency.

Further elaborated upon in the Ministerial Order



Section 24(2) of the Offshore Wind Energy Act

- Basic principles underlying how these criteria are assessed:
 - The intention is not to prescribe measures which will increase costs
 - The intention is not to restrict the range of suppliers for offshore wind energy
 - The emphasis is on the actual operation of the wind farm
 - > the identification and analysis of the risks
 - > measures to guarantee cost-efficiency



Offshore Wind Energy Act

- Section 25
 - The decision on the application is given within 13 weeks after the tender closes
 - The period can be extended once by a further 13 weeks



Offshore Wind Energy Act - Enforcement

- Section 27:
 - The Minister of Economic Affairs and Climate Policy can impose an administrative enforcement order on the offender in the event of a contravention of the provisions by or pursuant to this Act
- When is an administrative enforcement order imposed?
 - Always after both sides have been heard
 - It depends on the culpability
 - Always proportionate



The Ministerial Order for Offshore Wind Energy permitting of Hollandse Kust (zuid) Wind Farm Sites I and II

- Article 1 Definitions
- Article 2 Application for a permit for Sites I and II
- Article 3 Submission requirements
- Article 4 Feasibility and own assets
- Articles 5 to 8 inclusive



Ministerial Order: Article 2

- Submitting the application
 - Between 15 December 2017 and 17:00 on 21 December 2017
 - Address: RVO.nl, Hanzelaan 310 in Zwolle after making an appointment through woz@rvo.nl
 - Applications must be submitted in writing using the prescribed application form, including the mandatory appendices
- You will receive confirmation of receipt.



Ministerial Order: Article 3(1a) and (2).

→ Wind report

- Must be drawn up by an independent organisation with expertise in the field
- Using: reputable calculation models, environmental models, wind models and wind maps
- And contain at least:
 - Wind turbine details: the locations, brand, type, technical specifications, including axis height, rotor diameter and capacity curve
 - the local wind data for the wind farm,
 - the calculation of the P50 value for the net electricity production
- Losses: availability, wake effects, electricity losses and curtailment losses
 - whereby only the wake effect of the wind farm for which the application is made and that of the Luchterduinen wind farm is taken into account.



Ministerial Order: Section 3(1b) and (1c)

→ The Wind Farm Site Decision and the Water Decree

Details to be supplied pursuant to the Wind Farm Site Decision and the Water Decree

- the documents that demonstrate that the applicable Wind Farm Site Decision is being complied with

These are requested in the form and the appendices

- information that demonstrates that the declaration referred to in Section 6.16d(1)(c) of the Water Decree can be submitted in good time

This is requested only if the wind turbine has not yet been certified



Ministerial Order: Article 3(3). → Timetable

- a. the wind farm operator's consent to the conditions of the offshore grid operator for the connection and the transport of electricity in accordance with the Electricity Act (Elektriciteitswet) 1998;
 - b. the awarding of contracts to suppliers and installers;
 - c. the installation of the first foundation;
 - d. the installation of the first wind turbine;
 - e. the start date for the supply of electricity;
 - f. the decommissioning of the wind farm.
-
- Milestone a is relevant to the ranking
 - The earlier the agreement is entered into with TenneT, the higher the score
 - A maximum of 10 points from the 100 available



Ministerial Order: Article 3(4). → Costs and benefits

The estimate of the costs and benefits shall contain an operational calculation including:

- a. a specification of the investment costs per component of the power generation facility;
- b. an overview of all costs and benefits of the power generation facility;
Benefits: market price for electricity + value of Guarantees of Origin
- c. a calculation of the return on investment over the project period.

RVO.nl provides an Excel calculation model for this.



Ministerial Order: Article 3(5).

→ Social costs

- TenneT's costs for the Alpha platform and the export cable are regarded as social costs
- The greater the number of MWh the lower the costs per MWh
- This is a ranking criterion
 - A maximum of 10 points for 1,400,000 MWh or more per year
 - 5 points for 1,350,000 or more and fewer than 1,400,000 MWh per year
 - 3 points for 1,300,000 or more and fewer than 1,350,000 MWh per year
 - A score of 1 for fewer than 1,300,000 MWh per year
- The criterion is graduated to allow flexibility in case of change
- The maximum MWh is not set too high so as to avoid limiting the choice of turbine



Ministerial Order: Article 3(8) and (9). Knowledge and experience of the parties involved

- a. the installed capacity of the wind farms, for which the party responsible for project management performed the project management during construction;
 - b. the number of wind turbines supplied by the supplier;
 - c. the number of wind turbines installed by the installer;
 - d. the number of foundations produced by the supplier;
 - e. the number of foundations installed by the installer;
 - f. the number of wind turbines for which the supplier supplied site cabling;
 - g. the number of wind turbines connected by the installer of the site cabling;
 - h. the installed capacity of the wind farms which the party responsible for maintenance and operation maintains and operates.
- Is a ranking criterion for which a maximum of 10 points of the 100 available is awarded
 - The minimum requirements are lower for a maximum score following market consultation



Ministerial Order: Article 3(6). Risks

The identification and analysis of the risks shall contain at least:

- a. the risks involved in the construction of the wind farm;
 - b. the risk of fluctuating electricity prices and the value of guarantees of origin;
 - c. the risks involved in the operation of the wind farm.
- This is a ranking criterion
 - The assessment takes place on a continuous scale
 - By experts
 - A maximum of 20 points from the 100 available



Ministerial Order: Article 3(7). Measures to guarantee cost-efficiency

With the application you must supply details of:

- the risk management methods;
 - the way in which risks have been safeguarded in the past and are being safeguarded for ongoing offshore wind energy projects;
 - the mitigating measures envisaged in respect of the risks for the wind farm in development.
-
- This is a ranking criterion
 - The assessment takes place on a continuous scale
 - By experts
 - A maximum of 40 points from the 100 available



Ministerial Order: Article 3(10).

The following details shall also be appended to the application:

- a. a summarised description of the construction, operation and decommissioning of the wind farm;
- b. a financing plan, including the intended backers and the share it is envisaged that they would contribute;
- c. if the applicant is a collaborative venture, a statement of participation in the collaborative venture signed by each participant; and
- d. the most recently adopted financial statements of the applicant, its parent company, and each of the participants in the collaborative venture or their parent companies, for a year no more than three calendar years prior to the year in which the application is submitted.



Ministerial Order: Article 4, Feasibility

- Paragraph 1, Technical feasibility: the design for the wind farm shall contain as a minimum:
 - Wind energy yield calculation,
 - Details concerning the Wind Farm Site Decision requirements
 - Details concerning the certification for non-certified turbines
- Paragraph 2, Financial feasibility:
 - Costs and benefits
 - Financing plan
 - Annual accounts
 - Requirement: Own assets must be at least 20% of the investment (a more substantial requirement compared with the previous tender)
- Paragraph 5, Likelihood of construction and operation starting within four years
 - Based in part on the timetable supplied
- Paragraph 6, Economic feasibility. Based on the operational calculation including
 - Investment costs per component
 - Costs and benefits during the term of the project
 - Calculation of the project return



Ministerial Order: Article 4, Own assets

- Paragraph 3: At the applicant's request, the following shall be included in the determination of the level of the own assets
 - The assets of the participants in the collaborative venture
 - The assets of the parent companies provided they have consented in writing
- Paragraph 4: If an applicant applies for a permit for sites I and II, the own assets shall amount to a minimum of 20% of the investment for both sites jointly



Ministerial Order: Articles 5 to 8 inclusive

- Article 5: The ranking criteria
 - Respective weighting based on points.
The higher the score, the higher the ranking
 - In the event of equal ranking, each criterion will be examined based on the order of priority
- Article 6: Costs involved in applying for a permit €0
- Article 7: Ministerial Order on 1 November 2017
- Article 8: The Ministerial Order is entitled:
The Ministerial Order for the granting of offshore wind energy permits for Hollandse Kust (zuid) Wind Farm Sites I and II



Hollandse Kust (zuid)

- 2 x 700MW Hollandse Kust (zuid) Alpha (2021) and Beta (2022)
- *The State Coordination Scheme* (RCR) is applicable
- October 2016: Preferred route determined: onshore landing in Maasvlakte-Noord
- February 2017: Permit applications submitted
- 6 October 2017: publication of draft permits & draft spatial plan, 6 weeks reaction period started
- Final permits and final spatial plan expected February 2018

Further information:

www.tennet.eu/netopzee

- Choose Project Hollandse Kust (zuid)
- Scroll down to 'Latest Developments'





BREAK



What do you need to submit an application?

- The prescribed application form
 - Available to download soon from mijnrvo.nl
 - Sites I and II each have their own form
- An operational calculation model
 - Available to download soon from mijnrvo.nl
- Relevant appendices
 - Stated in the application form check list



The application form

1 Applicant details and application

2 Intermediary

3 Design details for the wind farm

- P50 value for the electricity production
- Total installed capacity
- Turbines certified or not
- Which turbine types



The application form

4 Timetable for construction and operation

- Grid operator's requirements
- Award of contracts to suppliers and installers
- Installation of the first foundation
- Installation of the first wind turbine
- Start date for the supply of electricity
- Decommissioning date for the wind farm



The application form

5 Financial data

- Investment costs for the site
 - However, for applications for both sites the total investment for both sites will apply.
- Supplement own assets with the assets of parent companies or not
- Level of own assets
- Required for the 20% own assets test



The application form

6 Wind Farm Site Decision regulations

- Type of foundation
- State whether or not sacrificial anodes will be used

7 Check list for appendices

- To check whether all relevant appendices have been appended



The application form, appendices

1. A summarised description of the construction, operation and decommissioning of the wind farm
2. Wind report
3. Operation calculation
4. Annual accounts
5. Financing plan
6. Table of wind turbine details and wind turbine locations
7. Table of cabling plan details



The application form, appendices

8. Overview of the knowledge and experience of the parties
9. Overview of the identification and analysis of the risks (a maximum of 50 pages)
10. Description of the measures to guarantee cost-efficiency (a maximum of 100 pages)
11. Overview of the collaborative venture
12. Certification plan for non-certified turbines
13. Environmental impact of the foundation



The application form

8 Economies of scale

- Combined applications for both sites may **not** be made using a single form!
- But what if you would like permits for both sites?
- In that case, there may be economies of scale
- and you should provide **supplementary** information on them
- **However, the application for a single site without economies of scale is the basis.**



The application form

8 Economies of scale (continued)

- And you will have to submit applications for both sites
 - Each with its own form
- You may state that you are not interested in single applications
- However, an application is only complete if it includes the application for the single site!



The application form

9 Check list for supplementary appendices

- Send these only if economies of scale are involved
- The following appendices should be submitted as a supplement
 - Operational calculation including economies of scale
 - Overview of the identification and analysis of the risks (a maximum of 50 pages), optional
 - Description of the measures to guarantee cost-efficiency (a maximum of 100 pages), optional

10 Statement and signature



What is the deadline for questions?

- You may put any questions to woz@rvo.nl
- RVO.nl will answer only those questions it has received by 8 December 2017 at the latest
- They will be answered as soon as possible and thereafter there will be radio silence until the result of the tender is known
- This does not include any contact made to make an appointment to submit an application



Questions previously asked

- What is the procedure for any changes after the permit has been granted?
- A new policy rule will be published in accordance with the existing policy rule containing the changes that are permitted; however, they must not result in a lower ranking score.



What is stated in the permit?

- Permit issued in the party's name for 30 years
- Which activities in which periods
- Obligation to implement the project in accordance with the application
- Obligation to provide an annual report
- Obligation to provide a bank guarantee for removal



What happens if no applications are submitted?

- Publication of the Ministerial Order for the procedure including a subsidy in mid-January 2018.
- Closing date two months later



Did the Council of State's ruling on the appeal against the Wind Farm Site Decisions have an impact on the schedule?

- The Council of State's ruling has no impact on the closing date of the tender.



Going forward

RVO.nl/windenergie-op-zee for:

- Publication of questions and answers regarding the permit arrangements

Offshorewind.rvo.nl for:

- Publication of questions and answers regarding research data
- Publication of Project & Site Description
- Publication of sheets generated by this session
- Publication of research data

Zwolle office for:

- Information session on applying for a permit
- Submitting an application for a permit for HKZ I and II

Applying for a permit:

www.mijnrvo.nl