



Rijksdienst voor Ondernemend
Nederland

Tender for the granting of
offshore wind farm permits

Hollandse Kust (zuid) Wind
Farm Sites III and IV

Geert Harm Boerhave

15 November 2018

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



What topics are explained?

- From subsidy to subsidy-free
- Offshore Wind Energy Act (the "Act")
- Ministerial Order for the Granting of Offshore Wind Farm Permits for HKZ Sites III and IV (the "Ministerial Order")
- Application form and appendices
- Permit



From subsidy to subsidy-free

- HKZ I & II successfully tendered without subsidy
- In addition to the winner Nuon-Vattenfall, there were three other reputable parties that also wanted to build this wind farm without a subsidy
- As a result, HKZ III, HKZ IV and HKN V are probably also feasible without a subsidy



From subsidy to subsidy-free

- **What is the procedure:**
 - First Ministerial Order for application for a permit without subsidy
 - Then Ministerial Order for application for a permit with subsidy
- The Offshore Wind Energy Act (*Wet windenergie op zee, Wwoz*) provides this option
- However...



From subsidy to subsidy-free

- Although the Offshore Wind Energy Act contains a section on applying for a permit without a subsidy, the following do not apply in that case:
 - the Stimulation of Sustainable Energy Production Decision (SDE Decision)
 - the General Implementing Regulations for Stimulating Sustainable Energy Production
 - the Policy Rule with regard to amendments to power generation facilities for offshore wind energy



From subsidy to subsidy-free

Which components do not apply?

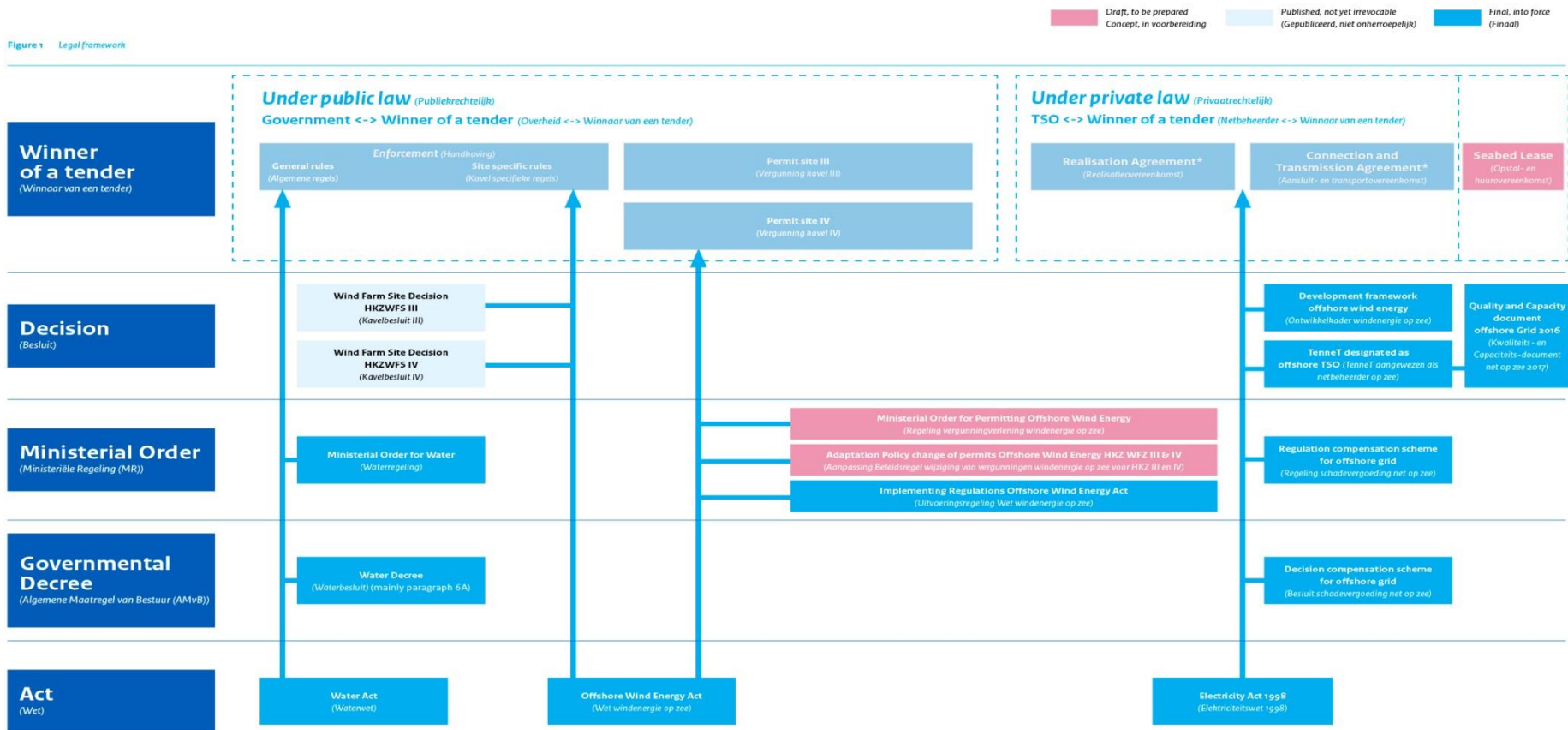
- No implementation agreement and bank guarantees on the issuance of a permit
- No option for a combined bid for multiple sites, as explicitly stated in the SDE Decision
- Several ranking criteria (comparative assessment) instead of a single tender bid price



Alternative

- An amended Offshore Wind Energy Act
- Processing time so extensive that roll-out of offshore wind energy would be unacceptably delayed
- Repeatedly stated during consultations that delay must be avoided
- As a result, application for a permit once more under the current Offshore Wind Energy Act

Figure 1 Legal framework



* TenneT has offshore model agreements available online.



Requirements under the Wwoz (Section 14)

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

- a. is feasible;
- b. is technically feasible;
- c. is financially feasible;
- d. can be started within four years of the date on which the permit has become irrevocable;
- e. is economically feasible within the period of time specified in the permit;
- f. meets the requirements of the site decision.

If there is insufficient evidence that one or more criteria have been met, the application will be rejected and therefore not ranked.



Offshore Wind Energy Act (Wwoz)

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



Offshore Wind Energy Act, Section 23(2)

Applications must always include:

- 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 ensure 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.



Offshore Wind Energy Act, Section 24

If multiple applications comply with 14 and 23, they are ranked according to:

- 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 ensure cost-efficiency.
- The above comparative assessment has been set out in more detail within the Ministerial Order for the Granting of Offshore Wind Farm Permits for Hollandse Kust (zuid) Wind Farm Sites III and IV



Offshore Wind Energy Act, Section 24(2)

Guiding principles for the assessment of these criteria:

- Not the intention to impose cost-increasing measures
- Not the intention to reduce the number of offshore wind energy suppliers

- Emphasis on certainty that the wind farm will be built
 - > Identification and analysis of the risks
 - > Measures to ensure cost-efficiency



Offshore Wind Energy Act

- **Section 25**
 - Decision on application within 13 weeks after the closure of the tender
 - One-off option to extend for a further 13 weeks



Offshore Wind Energy Act: Enforcement

- **Section 27**

If the provisions under or pursuant to this Act are infringed, the Minister of Economic Affairs and Climate Policy can impose an administrative enforcement order on the infringer.

- **What is the penalty under the administrative enforcement order?**

- Arguments of both parties are always heard first
- Depends on culpability
- Is always proportional



Ministerial Order for the Granting of Offshore Wind Farm Permits for Hollandse Kust (zuid) Wind Farm Sites III and IV

- Section 1 Definitions
- Section 2 Application for a permit for Sites III and IV
- Section 3 Submission requirements
- Section 4 Feasibility and equity capital
- Sections 5–8 General provisions



Ministerial Order: Section 2

- **Submitting the application**
 - From 2019 to2019, 17:00h
 - Address: RVO.nl, Hanzelaan 310 in Zwolle (by appointment)
 - Submission in person using prescribed application form with mandatory appendices
- You will receive confirmation of receipt.



Ministerial Order: Section 3(1a)/(2) Wind report

- By an independent organisation with expertise
- Use: reputable calculation models, environmental models, wind models and wind maps
- Must contain the following as a minimum.
 - Wind turbine details: the locations, make, type and technical specifications, including axis height, rotor diameter and power curve
 - Local wind data for the wind farm
 - Calculation of the P50 value for the net electricity production
- Losses: availability, wake effects, electricity losses and curtailment losses
 - For the wake effect, only the wind farm for which the application is made and the Luchterduinen Wind Farm are taken into account



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

→ Wind Farm Site Decision and Water Decree

Details to be supplied under Wind Farm Site Decision and Water Decree:

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

Are requested in the application 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

Is only requested if the wind turbine has not yet been certified



Ministerial Order: Section 3(3) → Timetable

- a. The wind farm operator's consent to the conditions of the offshore grid transmission system 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 supply of electricity
- f. The decommissioning of the wind farm
 - Milestone a is relevant for the ranking
 - The earlier the agreement with TenneT, the higher the score
 - Maximum of 10 out of 100 points



Ministerial Order: Section 3(4) Costs/benefits

The estimate of costs and benefits contains an operation 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 = value of electricity + value of GoOs
- c. a calculation of the return on investment over the project period.

RVO.nl provides an Excel calculation model for this purpose.



Ministerial Order: Section 3(5) → Social costs

- The costs of TenneT for the Beta platform and the export cable are regarded as social costs
- The more MWh, the lower the costs per MWh
- Is a ranking criterion
 - Maximum of 10 points for $\geq 1,400,000$ MWh per year
 - 5 points for $\geq 1,350,000$ and $< 1,400,000$ MWh per year
 - 3 points for $\geq 1,300,000$ and $< 1,350,000$ MWh per year
 - 1 point for $< 1,300,000$ MWh per year



Ministerial Order: Sections 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 during construction performed the project management;
- 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;



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

- f. the number of wind turbines for which the supplier supplied the infield cabling;
 - g. the number of wind turbines connected by the installer of the infield cabling;
 - h. the installed capacity of the wind farms which the party responsible for maintenance and operation maintained and operated.
- Is a ranking criterion; maximum of 10 out of 100 points



Ministerial Order: Section 3(6) Risks

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

- a. the risks involved in the construction of the wind farm;
 - b. the risks associated with the financial yield of the electricity to be generated;
 - c. the risks involved in the operation of the wind farm.
- Is a ranking criterion.
 - Is assessed on a continuous scale.
 - By experts.
 - Maximum of 20 out of 100 points and criterion b counts for 50%.



Ministerial Order: Section 3(7) Measures to ensure cost-efficiency

The application must include information on the following:

- a. the risk assessment methods;
- b. the way in which risks were safeguarded in the past and are being safeguarded for ongoing offshore wind energy projects;
- c. the mitigating measures taken in respect of the risks associated with the wind farm under development.
 - Is a ranking criterion.
 - Is assessed on a continuous scale.
 - By experts.
 - Maximum of 40 out of 100 points (yield risk counts for 50%).



Ministerial Order: Section 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 that they would be expected to contribute;
- c. if the applicant is a collaborative venture, a statement of participation in the collaborative venture signed by each participant;
- 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: Section 4 Feasibility

- Paragraph 1 Technical feasibility: The design for the wind farm shall contain the following as a minimum.
 - Wind energy yield calculation
 - Details of requirements stipulated in the site decision
 - Information on certification for non-certified turbines
- Paragraph 2 Financial feasibility:
 - Costs and benefits
 - Financing plan
 - Financial statements
 - Requirement: Equity capital at least 20% of investment
- Paragraph 5 Likelihood that construction and operation will start within 4 years
 - Partly on the basis of the timetable submitted



Ministerial Order: Section 4 Feasibility

- Paragraph 6 Economic feasibility based on operation calculation including:
 - Investment costs per component
 - Costs and benefits for the duration of the project
 - Calculation of the return on investment



Ministerial Order: Section 4 Equity capital

- Paragraph 3: The following may be included in the equity capital if the applicant so requests.
 - The capital of participants in a collaborative venture
 - The capital of a parent company, provided that the parent company agrees to this process in writing
- Paragraph 4: If an applicant is applying for a permit for Sites III and IV, its equity capital must amount to at least 20% of the investment for both sites combined



Ministerial Order: Sections 5–8

- Section 5: Ranking criteria
 - Respective weighting based on points
Higher number of points results in a higher ranking
 - In case of equal ranking, each criterion is examined by order of priority
- Section 6: Costs of applying for a permit €0
- Section 7: Ministerial Order to enter into force..... 2019
- Section 8: Title of the Ministerial Order:
Ministerial Order for the Granting of Offshore Wind Farm Permits for Hollandse Kust (zuid) Wind Farm Sites III and IV



What do you need for an application?

- The prescribed application form
 - Shortly available to download from mijnrvo.nl
 - Sites III and IV each have their own form
- An operation calculation model
 - Shortly available to download from mijnrvo.nl
- Relevant appendices
 - Listed in the application form checklist



The application form

1 Applicant's details and application

2 Intermediary

3 Design details for the wind farm:

- P50 value for the electricity production
- Total installed capacity
- Turbines certified or non-certified
- Turbine types



The application form

4 Timetable for construction and operation:

- Transmission system operator's conditions
- Contracts to suppliers and installers
- Installation of the first foundation
- Installation of the first wind turbine
- Starting date for the supply of electricity
- Date for the decommissioning of the wind farm



The application form

5 Financial data

- Investment costs for the site
 - Please note: in the case of applications for both sites, the total investment for both sites applies
- Supplement equity capital with capital of a parent company?
- Amount of equity capital
- Necessary for assessment of 20% equity capital



The application form

6 Regulations of the Wind Farm Site Decision

- Type of foundation
- Use of sacrificial anodes yes/no

7 Appendix checklist

- To verify that all relevant appendices have been attached



The application form, appendices

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



The application form, appendices (continued)

8. Overview of the knowledge and experience of the parties
9. Overview of the identification and analysis of the risks
(max. 50 pages)
10. Description of the measures to ensure cost-efficiency
(max. 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

- Applications for both sites **cannot** be combined on a single form!
- Want to apply for permits for both sites?
- In this case, there may be economies of scale to consider
- You should provide **additional** information on the economies of scale
- **However, the basis is the application for the single site without economies of scale**



The application form

8 Economies of scale (continued)

- You must submit applications for both sites
 - Each with their own form
- You can specify that you are not interested in the individual sites
- However, an application is only complete if it includes the information for the individual site!



The application form

9 Checklist of additional appendices

- Only include these appendices if there are economies of scale
- Submission of the following supplementary appendices is mandatory
 - Summarised description of the project including economies of scale
 - Operation calculation including economies of scale
 - Overview of the identification and analysis of the risks (max. 50 pages)
 - Description of the measures to ensure cost-efficiency (max. 100 pages)

10 Declaration and signature



Final date for submitting questions

- Questions can be submitted to woz@rvo.nl
- The last questions that will be answered by RVO must be received by RVO no later than 1 week before the tender opens
- These questions will be answered asap and there will then be no further communication until the results of the tender are announced
- The one exception is making an appointment for submission



Questions and answers

- How will changes be handled after the permit has been awarded?
- A new policy rule will be published in accordance with the existing policy rule, in which changes are permitted; however, the overall ranking score must improve or remain the same (exception for criterion b)



What will the permit cover?

- Permit drawn up in the name of the recipient for 30 years
- Which activities in which time periods
- Obligation to implement the project in accordance with the application
- Annual reporting obligation
- Obligation to provide a bank guarantee for decommissioning
- Signature of preliminary agreement with Central Government Real Estate Agency within one month



The site decisions are not yet irrevocable, will this fact affect the planning?

- Whether or not the Council of State has issued a decision will not affect the closing date of the tender
- The sector declared during the consultations that it could manage this uncertainty
- If a negative decision is issued which significantly impairs the business case, the winner may surrender the permit at no cost



Going forward

RVO.nl/windenergie-op-zee for:

- Publication of questions and answers on the Ministerial Order

Offshorewind.rvo.nl for:

- Publication of questions and answers on research data
- Publication of Project & Site Description
- Publication of sheets from this meeting
- Publication of research data

Zwolle Office for:

- Information meeting on applying for a permit
- Submission of application for a permit for HKZ Sites III and IV

To apply for a permit, visit www.mijnrvo.nl