European offshore infrastructure projects at risk

Offshore grid projects under development in Europe’s North Seas region are at risk of delay or even cancellation due to a challenging political and regulatory environment, a new assessment released by environmental thinktank E3G warns today.

The European Commission today launched a list of infrastructure ‘Projects of Common Interest’, a new designation for European grid priorities. 13 offshore grid projects in the North Seas region received this designation.

The E3G paper finds, however, that despite PCI designation more than half of the projects face a high degree of regulatory risk and a number may become delayed or cancelled.

Based on research commissioned from Baringa Partners, energy consultants, the assessment finds:

- 13 new offshore interconnectors are under development in the North Seas region, which if built would double the number of offshore lines in the region.
- 124 ‘far offshore’ wind transmission projects are in the pipeline, with 70 GW of capacity – over 11 times Europe’s total current offshore wind capacity.
- Almost all projects except for the most advanced face medium to high risk to delivery, with more than half of projects assessed at high risk.
- Political and regulatory risk is the biggest challenge for nearly all projects – as a result of uncertainty on future renewables targets and support schemes, capacity market implementation and difficulties with regulatory approvals and permitting.

E3G programme leader Jonathan Gaventa commented:

*European infrastructure projects are at risk of underdelivery, despite the new ‘Project of Common Interest’ designation.*

*Offshore grid projects are essential for enabling electricity trading across borders and integrating renewable electricity. Continued political uncertainty and regulatory barriers mean that good projects may be delayed or even cancelled.*

*The European Commission should prioritise innovative offshore grid projects for Connecting Europe Facility investment, and set targets for interconnection as part of the forthcoming 2030 European climate and energy framework.*
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1. The E3G comment paper ‘The North Seas Grid risk landscape’ is available at x. The summary of the E3G/Redpoint assessment is available at http://www.e3g.org/docs/E3G_NSG_Project_Pipeline_Analysis_-Key_Findings.pdf