



Regulatory challenges of a meshed offshore grid - NRA perspective -

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Presentation

- I. **Short introduction**
- II. Regulation of the offshore TSO
- III. Challenges for regulation
- IV. Outlook

Background

- Works at the Directorate Energy of the Dutch regulatory authority: Authority for Consumers & Markets (ACM)
 - regulation of TenneT as onshore and offshore TSO
 - integration of the European energy markets
- PhD research at the University of Groningen
 - Thesis: Developing a legal framework for a transnational offshore grid in the North Sea

Offshore grids in the Netherlands

1) First round

- two OWFs: one in territorial sea, one in EEZ
- OWFs were responsible for cable to shore

2) Second round

- in 2009, 12 permits were granted
- only 3 OWFs received subsidy and were built
- OWFs were responsible for cable to shore

3) Third round

- new legal regime in 2015/2016
- government allocates offshore wind energy areas
- the offshore wind areas are tendered
- TenneT TSO responsible for connecting OWFs

Overview offshore wind in the NL: next step?



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Regulation of TenneT as offshore TSO I

- Certification and designation of TenneT TSO B.V. in 2016
- Investments in Dutch offshore grid:
 - Ministry issues an 'offshore wind scenario', which lays down how and when to connect OWFs
 - TenneT works this out in an investment plan
 - ACM assesses the motivation and reasoning
 - when the investment plan is finalized, the investments are considered necessary
- As TSO, the income of TenneT for these investments is regulated

Regulation of TenneT as offshore TSO II

The income regulation

- income is set in advance
- incentives to be efficient
- ex post: project specific efficiency assessment
- ex post: benchmark

→ TenneT incentivised to make efficient investments

Currently, the income is financed via a subsidy.

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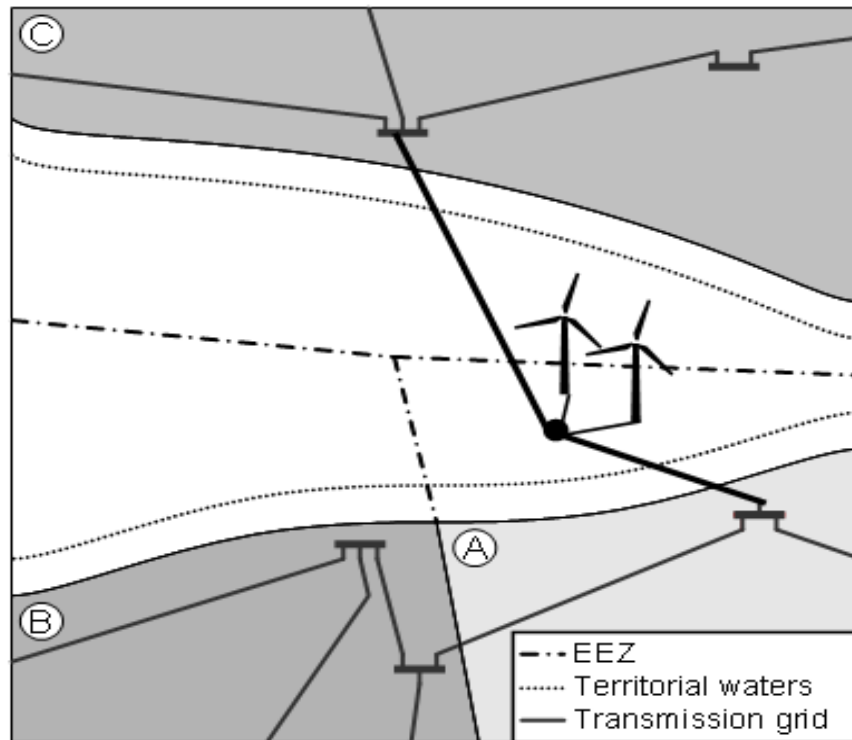
View of the NRA

- The regulation has a rather national focus and is already complex
- Ensure efficient investment and adequate tariffs

Transnational offshore grid?

- how to ensure efficient choices to keep costs low?
- how to allocate costs and benefits?
- who would be responsible?
- how to finance?
- if TSO would be responsible:
 - incentives
 - clarity needed about responsibility TSO
 - no rules for oversizing
 - interconnector vs. offshore grid
 - allocation of capacity

Unclear regulatory situation



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Conclusion

- The current legal and regulatory framework is focused on national grids
→ In consequence, regulation is rather national
- If there is the political will, this could be changed
- Important for the NRA
 - choose the most efficient approach
 - ensure that the market has sufficient role
 - make a robust regional CBCA
 - ensure balance between financial incentives for TSOs and sufficient certainty



Thank you for your attention!

Questions?