



MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTRY OF CLIMATE, ENERGY AND UTILITIES OF THE KINGDOM OF DENMARK

AND

THE DEPARTMENT FOR ENERGY SECURITY AND NET ZERO OF THE UNITED KINGDOM

ON COOPERATION IN THE ENERGY TRANSITION

The Ministry of Climate, Energy and Utilities of the Kingdom of Denmark on the one part and the Department for Energy Security and Net Zero of the United Kingdom of Great Britain and Northern Ireland on the other part (hereinafter referred to individually as a "Participant" and collectively as the "Participants").

Recognising the common interests of the Participants to work on the implementation of the Paris Agreement and in leading the global transition to clean energy through development of reliable, affordable and sustainable energy sources.

Recognising the obligations and commitments of the Trade and Cooperation Agreement between the EU and the United Kingdom.

Recognising the cooperation between the Participants of the North Seas Energy Cooperation and the United Kingdom of Great Britain and Northern Ireland on offshore renewable energy in the North Seas as expressed in the Memorandum of Understanding of December 18 2022.

Recognising the strength of current cooperation between the Participants with regard to heat decarbonisation and energy efficiency, and the ambition to build on this in the context of the Participants' commitments to net zero and climate neutrality.

Recognising the benefits of knowledge exchange and cooperation to accelerate the delivery of offshore renewable generation and multipurpose interconnection and its efficient use, green hydrogen, the deployment of CO₂ storage sites for emissions from carbon capture facilities and the importance of wider regional cooperation to facilitate this.

Noting in that respect the decision by the Danish Parliament to establish an Energy Island in the Danish part of the North Sea by 2033 and the UK ambition for 50GW offshore wind and at least 18 GW of electricity interconnector capacity, including multi-purpose interconnectors, by 2030.

Acknowledging the energy transition as a cornerstone of achieving net zero and climate neutrality, in particular the need to drive deployment of key technologies and maximise cross-sector opportunities, notably in the context of heat and industrial decarbonisation, as well as the production of low carbon fuels.

Bearing in mind that this Memorandum of Understanding is intended to provide a general framework for cooperation and to express the cooperative intent of the Participants.

Have come to the following arrangement:

Paragraph 1 – Objective

The objective of this Memorandum of Understanding is to establish a framework for mutually beneficial cooperation between the Participants in the field of the implementation of the Paris Agreement and the global clean energy transition. The Participants will analyse the option for cooperation on offshore energy infrastructure, including an interconnector and a potential hydrogen connection between the United Kingdom and the Energy Island in the Danish part of the North Sea. This could improve security of supply, increase overall socio-economic welfare, bring diversification of energy sources, contribute to national targets and ambitions for renewable energy and facilitate energy system integration of wind power and development of hydrogen and Power-to-X technologies.

Paragraph 2 – Areas of Cooperation

The following topics have been identified as priority areas for cooperation between the Participants under the framework of this Memorandum of Understanding, the list is not exhaustive:

- a. Offshore Wind development and related areas
A particular focus will be given to knowledge exchange and cooperation on deployment of offshore energy infrastructure including but not limited to offshore wind, interconnection, energy islands/multi-purpose interconnection, green hydrogen and carbon storage.
- b. Onshore green Hydrogen, Power-to-X and Carbon Capture (Usage) and Storage
Cooperation to deliver technologies, enable pathways and adjust, clarify and implement the relevant regulatory regimes necessary for deep decarbonisation, including in green hydrogen, power-to-x, and carbon capture, (usage) and storage (CC(U)S).
- c. Heat networks and energy efficiency in buildings
Cooperation on heat networks, particularly through heat network zoning to facilitate decarbonisation of the heating sector and the buildings sector more generally including energy-related products (i.e. ecodesign and energy labelling) with a focus on energy efficiency in both existing and new buildings.
- d. Industrial decarbonisation
Facilitate industrial decarbonisation, with a specific focus on energy efficiency, electrification and utilisation of excess heat (e.g. in heat networks).
- e. Additional areas
Additional areas of cooperation as the Participants may jointly decide upon in writing, taking into account respective legal obligations.

Crosscutting themes in the abovementioned topics are the promotion of innovation, sector coupling and cooperation with likeminded ambitious stakeholders.

Paragraph 3 – Forms of Cooperation

The Participants plan to encourage cooperation between policy makers and technical experts from the Danish Ministry of Climate, Energy and Utilities and the UK Department for Energy Security and Net Zero (the 'Ministries') and their implementing agencies, on mutually beneficial energy-related research and projects in both countries. Since the areas range widely in content, and significant steps have already been taken in some areas, the structure and approach should be customized from topic to topic. The forms of cooperation under this Memorandum of Understanding may include the following:

1. Explore and support potential development of bilateral cooperation through working groups, consultation etc.
2. Exchange of scientific and technical information and information on relevant projects
3. Secondments of experts
4. Exchange visits by experts and delegations
5. Jointly organised seminars, workshops and meetings involving experts, industry and other relevant agencies
6. Jointly commissioned research or analytical studies
7. Bilateral consultations on climate and energy issues in pursuing their common climate and energy goals
8. Other forms of cooperation as the Participants may jointly decide to include in their operational agenda.

Paragraph 4 - Cooperation on interconnection to energy islands/offshore energy hubs

The Participants will initiate cooperation under this MoU on the investigation of the possibility of an interconnector from the Danish energy island in the North Sea for the mutual benefit of the two countries.

The cooperation between the Participants under this MoU will be operationalised through a Joint Working Group established and chaired by the ministries, and further consisting of representatives of the energy authorities and/or regulators, the GB Electricity System Operator (ESO), the Danish Transmission System Operator (Energinet) and interconnector developers in the United Kingdom (hereinafter referred to as "UK developers"). Energinet, ESO and UK developers could be requested to carry out the relevant analyses to be carried out, referring regularly to relevant ministries and agencies and/or regulators.

With a view to provide a solid investigation, the Joint Working Group could in particular consider the following:

- a. A joint analysis by Energinet, ESO and UK developers and/or regulators that could include but is not limited to technical and economic aspects such as technology, capacity, connection points, land falls, internal grid reinforcements, ownership, financing, market arrangements, socio-economic implications as well as necessary environmental assessments with regard to an interconnector to the Danish energy island;
- b. An assessment by Energinet and UK developers and/or regulators with regard to the cost and benefit of a project. This assessment could be based on the analysis mentioned under paragraph 4.a above and could describe which configuration of an interconnector into the Danish energy island would be most suited for the cooperation in terms of socio-economic welfare benefits as well as other financial consequences for the states and stakeholders. The assessment could act as basis for further design and development of a joint project with a view towards realisation in 2035 or as soon as possible thereafter;
- c. Information exchange between members of the Joint Working Group about the national power and hydrogen grid including the power and hydrogen markets and discuss a potential common long-term forecast for grid development;
- d. Other forms of cooperation, which are necessary for analysis of an interconnector.

The cooperation under the DK-UK MoU will be complementary and consistent with the exchanges under the NSEC-UK MoU of 18 December 2022, including with regard to transparency and sharing information with other NSEC members.

Paragraph 5 - Arrangements of the Participants

Both Participants commit to facilitate the involvement of government institutions, industry, regulators, research institutions and other agencies to establish cooperation activities aimed at fulfilling the objectives of this Memorandum of Understanding. The Participants will communicate and cooperate fully with the aim to ensure that the objectives and outcomes are successfully achieved.

Paragraph 6 – Governance

Experts of the ministries or implementing agencies will meet in joint working group(s) on a regular basis to work on the priorities set out in this Memorandum of Understanding and to share information on general developments in their climate and energy policies. Working groups(s) will draft rolling agendas for each specific topic under this Memorandum of Understanding.

The respective Director Generals of the Ministries responsible for energy and climate policy will meet, at least once a year, to assess the progress on the areas identified for closer cooperation and to assess general follow-up action to this Memorandum of Understanding. Preferably, they will meet in the margin of an event they both already attend to limit their travel-related CO₂-emissions. In preparation of this meeting, the progress on the different areas of cooperation under this Memorandum of Understanding will be assessed.

The respective Ministers of the Ministries intend to meet periodically, at least once a year, to discuss the progress made on achieving the priorities set out above. Preferably, they will meet in the margin of an event they both already attend to limit their travel-related CO₂-emissions. In preparation of this meeting, the progress on the different areas of cooperation under this Memorandum of Understanding will be assessed.

Paragraph 7 – Costs

Each Participant will bear its own costs associated with the cooperative activities intended under this Memorandum of Understanding unless the Participants jointly decide otherwise in writing. Activities under this Memorandum of Understanding are subject to the availability of appropriate funds, in conformity with budgetary provisions and the relevant laws of each Participant.

Paragraph 8 – Amendment, Termination and Dispute Resolution

At any time, a Participant may propose amendments to this Memorandum of Understanding, which may be jointly approved by the Participants in writing.

Either Participant may terminate this Memorandum of Understanding by means of three months' written notice to the other Participant. The Participants will seek to finalise the activities already under implementation.

Any dispute about the interpretation or implementation of this Memorandum of Understanding will be resolved through consultations between the Participants and will not be referred to any national or international tribunal or third party settlement.

Paragraph 9 – General Provisions

This Memorandum of Understanding constitutes an expression of the Participants' good faith to engage in the cooperation described herein. The Participants acknowledge that this Memorandum of Understanding is not an international agreement, does not create any legally binding obligations and is without prejudice to the primacy of the Participants' respective national legislation and international commitments.

This Memorandum of Understanding will not affect the Participants' respective rights and obligations under international law or impose any financial obligations on the Participants. In implementing this Memorandum of Understanding, the Participants will fully respect Denmark's obligations as an EU Member State.

Paragraph 10 – Final Provisions

This Memorandum of Understanding comes into effect on the signature date.

This Memorandum of Understanding will continue to have effect until 30 June 2026 and may be extended for a further period of time if jointly decided by mutual written consent of the Participants.

Signed in Ostend on 24 April 2023 in two (2) original copies each in the English language.

Lars Aagaard

Minister for Climate, Energy and Utilities

FOR THE MINISTRY OF
CLIMATE, ENERGY AND UTILITIES OF
THE KINGDOM OF DENMARK

Grant Shapps

Secretary of State for Energy Security and
Net Zero

FOR THE MINISTRY OF
ENERGY SECURITY AND NET ZERO OF
THE UNITED KINGDOM