

EXPLANATORY MEMORANDUM ON THE MEMORANDUM OF UNDERSTANDING ON OFFSHORE RENEWABLE ENERGY COOPERATION BETWEEN THE UK AND THE PARTICIPANTS OF THE NORTH SEAS ENERGY COOPERATION.

Memorandum of Understanding ('MoU') on offshore renewable energy cooperation between the UK and the participants of the North Seas Energy Cooperation ('NSEC'), signed on 18 December 2022.

Submitted by the Department for Business, Energy, and Industrial Strategy on 30th January 2023.

SUBJECT MATTER

Article 321 of the UK-EU Trade and Cooperation Agreement (the 'TCA') commits the UK and EU to cooperate in the development of offshore renewable energy and enable the creation of a specific forum for technical discussions regarding offshore grid development between the Ministries and authorities of the UK and NSEC Member States, the EU Commission and the relevant stakeholders. This MoU has been agreed and signed by the UK and participants of NSEC to set the framework for the UK's cooperation with NSEC.

Cooperation on energy in the North Seas began in December 2010 when a MoU was signed between the ten countries around the North and Irish Seas. These were the UK, France, Germany, Ireland, Belgium, Netherlands, Luxembourg, Sweden, Denmark and Norway. The EU Commission was also invited to sign. That MoU was replaced in 2016 by a Political Declaration on energy cooperation between the same countries and the Commission, and the initiative was given its present name, the North Seas Energy Cooperation. The UK ceased to be a member following the UK's exit from the EU on 31 January 2020.

The objective of North Seas Energy Cooperation is to exploit the huge renewables potential of the North Seas, particularly by developing projects linking offshore wind farms and electricity interconnectors – known as hybrid projects or multi-purpose interconnectors (MPIs). These reduce the amount of offshore grid infrastructure required and maximise the use of offshore wind, thereby reducing cost, minimising environmental impact and limiting carbon emissions.

The MoU sets the framework for UK cooperation with NSEC, and its aim is to facilitate cost-effective and sustainable development of offshore renewable energy, in particular wind, as well as planning and development of specific projects, including in relation to offshore grid development, where appropriate. This cooperation covers technical and expert dialogue, information exchange and sharing of best practices. The UK will not be a full member of NSEC, as a third country, but will be invited to attend NSEC meetings to discuss specific topics or projects of "direct common interest" to the UK and NSEC participants. Information will be exchanged by both sides to enable these specific topics or projects to be identified. The cooperation will cover all the NSEC

work streams, which include hybrid projects, maritime spatial planning and onshore and offshore grid planning.

SCRUTINY HISTORY

There has been no previous scrutiny of this MoU.

MINISTERIAL RESPONSIBILITY

Graham Stuart, Minister for Energy and Climate, Department of Business, Energy and Industrial Strategy

INTEREST OF THE DEVOLVED ADMINISTRATIONS

Energy policy is devolved in Northern Ireland but not in Scotland or Wales. We engage Devolved Governments regularly concerning the implementation of the Energy Title, to which this MoU relates, to ensure their respective interests are taken into consideration.

When the UK was a member of NSEC, some Devolved Governments attended NSEC meetings, and we expect Devolved Governments to continue to play a key role in our engagement with NSEC.

Devolved Governments have been consulted in the preparation of this EM, and they provided no comments.

LEGAL AND PROCEDURAL ISSUES

- i. **Legal Base:** The TCA provides for an obligation in Article 321 for the UK and EU to cooperate on the development of offshore renewable energy. The article references the creation of a specific forum for technical discussions between the EU Commission, ministries and public authorities of the UK and Member States, transmission system operators and the offshore energy industry and stakeholders more widely, in relation to offshore grid development and the large renewable energy potential of the North Seas region. The MoU between the UK and the participants of the North Seas Energy Cooperation is non-binding but is designed to form the “specific forum for technical discussions” referred to in Article 321 of the TCA. It is intended that cooperation under this MoU will run for an initial period until 30 June 2026 after which its continued application will be subject to the Energy Title of the TCA being extended pursuant to Article 331(2) TCA.
- ii. **Timetable for adoption and implementation:** The Memorandum of Understanding was signed on 18 December 2022 by the UK Minister Graham Stuart, NSEC Energy Ministers [or representatives] and the EU Energy Commissioner.

It is our expectation that the UK will resume cooperation with NSEC as set out in the MoU in early 2023.

POLICY IMPLICATIONS

Exploiting the enormous resources of the North Seas will be crucial if we are to meet our net zero ambition, enhance our domestic energy production and enhance our energy security.

In particular, it will help us meet our targets to: deliver at least 18GW of electricity interconnector capacity by 2030, produce 50GW of offshore wind by 2030, including 5GW of innovative floating offshore wind in the windiest parts of our seas, and develop 10GW of low carbon hydrogen production capacity by 2030. The North Seas also provide opportunities for the development and deployment of hydrogen and carbon capture, usage and storage (CCUS).

In order to deliver these targets and ambitions in an efficient and sustainable manner, we need to work with North Seas partners to develop a future vision for offshore low carbon infrastructure with a focus on new innovative technology, specifically multi-purpose interconnection (MPIs). The MoU on cooperation with NSEC provides a framework for energy cooperation at regional level and, in particular, facilitates the development of joint offshore projects such as MPIs. Our cooperation also provides opportunities for collaboration on hydrogen and CCUS development and deployment.

CONSULTATION

N/A

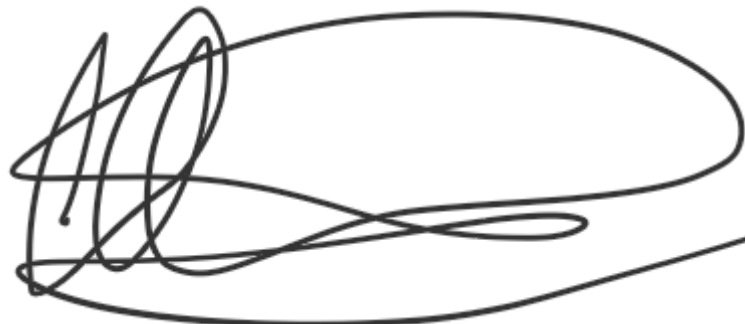
FINANCIAL IMPLICATIONS

There are no direct financial implications for the UK Government.

MINISTERIAL NAME AND SIGNATURE

Graham Stuart

Minister for Energy and Climate
Department for Business, Energy and Industrial Strategy

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.