

Energy island – what will it be like?

The concept of energy islands is beginning to take shape. There is political agreement that two energy islands must be established, in the North Sea and the Baltic Sea, respectively. What the concept of the energy island is going to be is however still unclear, as are the legal and financial terms and conditions of the islands.

The climate agreement entered into in the Danish parliament in 2020 assumes that any energy island shall be profitable from the Danish state's perspective. The Danish government expects that 3GW of offshore wind can be established on an energy island in the North Sea without consequences to the public finances, i.e. a profit is expected from the projects that will offset any public expenses.

However, there are still large technical, financial and legal issues that need to be resolved.

Discussions now are ongoing as to whether the best solution is a real, artificial island, or whether the "island" should consist of a number of steel or concrete platforms e.g. connected via bridges. A lot of factors can go into such a decision.

Last week both Ørsted and the VindØ-consortium (consisting of Danish utilities, pension funds and investors) had the opportunity to present their ideas as to energy islands to the Danish parliament's committee on Climate, Energy and Utilities.

There are marked differences between the two concepts. Ørsted believes in a flexible solution consisting of platforms and a gradual development as market needs are clearer and the technology matures, whereas VindØ believes in a large island with opportunities to integrate technologies in one place.

Ørsted focuses a lot on the fact that for instance Power-to-X is still an immature technology and that it is not a given whether a PtX solution shall be implemented in the individual wind turbine, on a platform, or on the shore. VindØ focuses more on experience and capabilities of the investor consortium and a perceived low risk for the Danish state.

WSCO law firm will continue to monitor and report on the legal framework of offshore wind projects in Denmark.

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For questions or comments to this newsletter or energy and offshore in general, please contact Bo Sandroos on +45 4088 5422 or bos@wsco.dk.

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