

## Press Release

### Expansion of offshore wind energy in Germany in the first half of 2016

## Rough sea ahead for offshore wind industry

**As was to be expected, the number of new offshore wind installations in Germany was relatively moderate in the first six months of the year, with a total capacity of 258 megawatts going on line. The industry estimates an overall offshore expansion to the tune of 700 megawatts by the end of the year. The new Renewable Energy Sources Act (EEG) means troubled waters for the German offshore wind industry. A lower volume of project tenders means the German business base will be more costly and this will mean a loss of jobs. Grid expansion on land is necessary if the energy transition is to succeed.**

Berlin, 18 July 2016 – In the first six months of 2016, 43 new offshore wind turbines were connected to the grid, with an overall capacity of 258 megawatts. By 30 June 2016 there was a total of 835 offshore wind turbines feeding 3,552.2 megawatts of power into the grid. Another 54 turbines, with a capacity of 324 megawatts have already been erected and are due to go on grid shortly. Foundations have been erected for a further 142 turbines. The industry anticipates that in the course of the year new offshore wind turbines will feed a further 700 megawatts into the grid in Germany. This means that by the end of the year there will be a total output of almost four gigawatts on grid in the German North and Baltic Seas. The average capacity of each turbine connected to the grid has risen from a good four to six megawatts. More efficient turbines with longer rotor blades now have the edge.

The industry organisations and associations that commissioned Deutsche WindGuard to compile the figures consider the expansion in 2016 to be a moderate contribution to a steady development. A consistent and substantial level of offshore wind energy expansion remains the top priority, also if cost reduction is to be achieved through economies of scale. Dutch tenders have shown what possibilities there are for reducing costs, even if the conditions there are not exactly the same as in Germany. Where the final decision to invest in new projects is to be taken in 2020, the goal is to achieve a price of 10 cents per kilowatt hour for a period of 20 years, excluding the cost of grid connection. Results have shown that the greater the volume the more significant the reduction in costs. On the other hand, the annual expansion numbers defined in the EEG 2017 are well below what is possible. The numbers foreseen for 2021 and 2022 in Germany of 500 megawatts per annum are much lower than the annual expansion in capacity of 700 megawatts in the smaller Netherlands. The expansion volume capped in the EEG 2017 for the early 2020s is thus – also in the light of the constantly increasing sizes of turbines and wind farms – simply nonsensical and expensive. It is obvious that if the market shrinks by a third it will not be possible to keep all the approximately 20,000 jobs with manufacturers, suppliers and service providers for the



offshore wind industry. And with Brexit the largest export market seems considerably less secure.

For the offshore wind industry one thing is certain - if sluggish grid expansion continues to retard the expansion of offshore wind energy and other renewable energy sources, the shift to renewable energy usage will fail. The culpably neglected expansion of transmission grids on land to date must be accelerated instead of providing grounds for curbing offshore wind energy expansion. Evidence shows that there is considerable acceleration and cost reduction potential for offshore HVDC grid connection (high voltage direct current transmission). Processes and technical innovations that enable better grid utilisation should be employed for the short-term bridging of grid bottlenecks on land. In this context, the offshore organisations and associations refer to the industry report "Acceleration and Cost Reduction Potentials for HVDC Offshore Grid Connection Projects" published in June of this year.

With regard to the last-minute amendments made without sufficient discussion during the legislative process, the organisations and associations demand that corrections be made relating to the tendering terms for 2021 and 2022. The key-date regulation for the eligible projects in the transitional system for tendering should be postponed until the end of 2016 in order to guarantee sufficient competition. According to the current EEG amendment, the projects must have received planning permission, outline approval or consideration by 1 August of this year if they are to be allowed to participate in tenders in 2017 and 2018.

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