



Opinion of the European Economic and Social Committee

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Delivering on the EU offshore renewable energy ambitions

and

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: European Wind Power Action Plan

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1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) strongly supports the Commission's efforts to strengthen the EU wind industry and promote wind power development in the bloc since a strong EU wind industry is vital for environmental, economic and social well-being. Developing grids for connecting, transmitting and distributing wind power is essential for integrating a substantially increased volume of wind power into the energy system. The grid infrastructure needs to be significantly expanded, modernised and digitalised as quickly as possible and the corresponding storage infrastructure must be created.

1.2. The EESC points out that the Communication is aimed exclusively at large companies. It must be remembered that the energy transition will only be a success if citizens and organised civil society are invited to become active drivers of it. Therefore, the EESC calls for effective citizen participation as the 7th pillar of the Wind Power Action Plan (WPAP). Without that, social acceptance of the transition, and especially wind power, is at risk. Energy communities, energy cooperatives, and energy sharing as a form of extended prosumption are important vehicles to boost the dissemination of wind power.

1.3. In the coming years, there will be a huge need for workers in the wind power sector in general and skilled workers in particular. This need can only be met if massive investment is made at national and EU level in training and retraining programmes. In close cooperation with the social partners at all levels, it must be ensured that the new jobs created in the wind energy sector offer high-quality working conditions and secure, long-term prospects for employees.

1.4. The EESC is convinced that, if the problem of land scarcity – faced by at least some Member States – is not resolved, there is a risk that the objectives of the Renewable Energy Directive (RED III) will not be achieved.

1.5. To enable a sustainable development path for wind power, the Commission and the Member States should assess whether additional requirements (e.g.: (1) 'grid-friendliness', (2) matching to the load profile, (3) regional allocation of consumers that are capable of peak shaving, for example through electrolyzers) could be set for the regional planning of wind power. The expansion needs to be managed regionally, considering high-demand areas and spare grid capacity.

1.6. The EESC regrets that the Wind Power Action Plan (WPAP) does not recognise energy communities, energy cooperatives, and energy sharing as a form of extended prosumption despite their importance in social, economic and energy efficiency terms. Once again, the EESC must point out that the Commission does not fulfil the promises made in the Strategic Framework for the Energy Union and the Clean Energy Package to place citizens at the centre of the energy system and promote energy communities.

1.7. The EESC notes that purely price-based auctions promote a race to the bottom that harms the environment, workers and disadvantages companies that are eager to contribute, e.g. through investments in environmental and biodiversity protection, because they fail to consider high environmental, labour and social standards. Therefore, high pre-qualification criteria should be applied to auctions to ensure that all bidders comply with security, occupational safety, collective bargaining and environmental requirements such as the need to promote a circular economy.

1.8. Financing costs must be distributed fairly and appropriately. Large-scale generators and international traders should make their contribution to financing the expansion of the grid to relieve the burden on private households, which currently bear the main burden of financing electricity grids.

1.9. Wind power should be seen as critical infrastructure, with all corresponding privileges and due diligence obligations. The EESC calls for a comprehensive reflection incorporating the AI Act and the implementation of the Critical Entities Resilience Directive and the Revised Directive on Security of Network and Information Systems (NIS 2 Directive).

2. Background and context

2.1. In October 2023, the Commission presented its European WPAP. Its purpose is to promote the further development of the EU wind power industry and ensure its competitiveness. To that end it pursues objectives in six main areas: accelerated technology deployment and permitting procedures, improved auction design, access to finance, a fair and competitive international environment, skills, industry engagement and Member State commitments.

2.2. European producers currently account for 85 % of the EU wind power market and 94 % in the offshore sector. The action plan aims to maintain this high share of European production.

2.3. In recent years – especially 2022 – all the largest European wind turbine manufacturers reported significant operating losses, even though a record 16 GW of wind power installations were added in 2022. However, the EU is still far from reaching its expansion targets. This is due, among other things, to the difficult access to raw materials, high inflation and the development of raw material prices in conjunction with rising interest rates and limited access to financing, which is worsening the financial situation of manufacturers. In addition, pressure from international competitors such as China represents a growing challenge for the EU wind industry. Finally, the existing auction regime with its focus on price as a stand-alone criterion and political uncertainty has had an impact, as well.

3. General comments

3.1. The EESC shares the Commission's concern about the future of the EU wind power industry, which is in a deep crisis, and welcomes the publication of the WPAP. The EESC therefore strongly supports the Commission's efforts to strengthen the EU wind industry and promote wind power development in the bloc.

3.2. At the same time, the EESC points out that the Communication is aimed exclusively at large companies. However, it must be remembered that the energy transition will only be a success if citizens and organised civil society are invited to become active drivers of it. Therefore, the EESC calls for effective citizen participation as the 7th pillar of the WPAP. Without comprehensive citizen participation, social acceptance of the transition, and especially wind power, is at risk ⁽¹⁾.

3.3. A strong EU wind power sector is vital for environmental, economic and social reasons. Environmentally, wind power is the cornerstone of the future climate-neutral energy system along with solar energy, enhanced energy efficiency, and flexibility options like storage, load shifting and flexible (green gas) power plants. Economically, it is beneficial due to its ability to generate electricity at a relatively stable cost, contributing to EU energy independence and resilience and boosting the regional economy. Socially, developing wind power is integral to labour market policies, offering skilled workers in Europe promising prospects for secure, long-term jobs in a globally significant green industry for the future.

3.4. The EESC welcomes the Action Plan for Grids announced in connection with the WPAP and points out that the Energy Union, as the basis for the energy transition, must be finalised as soon as possible. Developing distribution grids is essential for integrating much more decentralised renewable energy and further expanding wind power. The grid infrastructure needs to be significantly expanded, modernised and digitalised ⁽²⁾ as quickly as possible. This expansion needs to be closely coordinated with the rapid ramp-up of wind power and other renewable energies. It must also be able to anticipate future clusters with high levels of renewable generation so that, as far as possible, grid capacity is available when new generation capacities become operational. The EESC asks for particular attention to be paid to defining grid development, including cross-borders interconnections, both onshore and offshore, including climate protection as a regulatory objective and, more generally, synchronizing the planning of renewable energies and the electricity grid more effectively in order to guarantee security of supply, boost the EU economy and create high-quality green jobs.

3.5. The EESC supports the Commission's proposal to double the resources available under the next call of the EU Clean Technology Innovation Fund to EUR 1.4 billion to finance investment in new factories, infrastructure and labour in the wind energy sector. This increase in funds must not result in the reduction of funds for social purposes or other green investments.

3.6. The need for physical infrastructure goes hand in hand with the question of how to regulate integrated planning, monitoring and financing. The EESC has recently addressed the current challenges of the energy market and has adopted several opinions on the subject, which are also highly relevant to this opinion ⁽³⁾.

3.7. Unfortunately, the WPAP does not recognise the crucial role of workers. Hundreds of thousands of new jobs will be created in the wind power sector in the next few years ⁽⁴⁾ that will need to be filled. This need can only be met if massive investment is made at national and EU level in training and retraining programmes. At the same time, in close cooperation with the social partners at all levels, it must be ensured that the new jobs created in the wind energy sector offer high-quality working conditions and secure, long-term prospects for employees. The EESC reiterates its call for equal access for all to quality training, education and lifelong learning and for democratic participation and active citizenship.

⁽¹⁾ OJ C 290, 29.7.2022, p. 22.

⁽²⁾ OJ C 184, 25.5.2023, p. 93.

⁽³⁾ See, among others, OJ C 293, 18.8.2023, p. 112, OJ C 486, 21.12.2022, p. 185, OJ C 293, 18.8.2023, p. 127, OJ C 184, 25.5.2023, p. 93.

⁽⁴⁾ <https://www.en-former.com/en/recruitment-in-offshore-wind-sector-set-to-rise-three-fold/>.

3.8. There is a need to create long-term prospects for a resilient labour market in the sense of ‘just transition’: decarbonisation measures should be designed in such a way that they support labour market policy goals in the best possible way. This includes a training and qualification campaign, job guarantees and a wide range of retraining and further training opportunities. These necessary labour market and education policy measures require secure funding and the development of an action plan as a basis for ensuring a coordinated approach.

3.9. Offshore wind farms have reached a scale – in terms of energy generation potential at certain times – where a flexibility option makes sense. The dynamic generation of hydrogen (e.g. through on-site electrolysis) as an alternative to feeding electricity into the grid based on the requirements of transmission system operators is useful to avoid congestion measures and ensure economic feasibility. In addition to the requirements of system operators, integrating storage capacities into the energy market could also be useful to prevent future uncertainties in the gas supply.

3.10. As part of the WPAP, the Commission intends to make full use of the trade instruments at its disposal to ensure a level playing field with non-EU competitors. The Commission will closely monitor potential unfair subsidisation of wind-related products imported into the EU and stands ready to activate the relevant policy instruments, e.g. the EU Foreign Subsidies Regulation. The EESC welcomes this and points out that the EU’s strategic autonomy objectives must be considered. A commitment to environmental, social and economic sustainability must also be an integral part of all agreements with non-EU countries.

3.11. The same applies to the necessary players along the supply chain. It must be ensured that the supply chain is ready to meet future requirements while also ensuring that the EU’s strategic autonomy objectives are considered and that the commitments in point 3.10 are respected.

3.12. The EESC welcomes the planned simplification of permitting procedures. To make this as efficient as possible, the Committee proposes that procedures be made more flexible by enabling several steps to be taken simultaneously. The Member States should also be encouraged to lay down binding provisions on planning.

3.13. The EESC believes there is an urgent need to fully digitalise and speed up all relevant procedures, especially those relating to auctions and permitting.

3.14. Given that the actions are sometimes useful, sometimes mainly symbolic, the EESC questions whether the action plan goes far enough.

3.15. To substantiate this concern, it is helpful to look at the economics of wind power projects. It is clear that they are shaped by three factors:

- availability of land (corresponding costs such as rent, resistance from those affected, etc.);
- financing costs;
- subsidy models such as market premiums – mostly as one-way or two-way contracts for difference (CFDs), usually auctioned; only in a few cases are power purchase agreements (PPAs) used instead.

There is strong evidence that the wind power crisis can only be resolved structurally if the problems are addressed based on these three factors.

3.16. **Availability of land**

3.16.1. In the WPAP, the Commission rightly focuses on speeding up permitting procedures. Given the importance of this aspect, the EESC believes that extending the emergency regulation to speed up the expansion of renewable energies and the corresponding distribution grids is the right decision. The respective rules should remain in force until all Member States have fully implemented the relevant rules from RED III. Member States should implement these as quickly as possible.

3.16.2. Aside from its contribution to smarter and more efficient maintenance and better energy output prognostics, AI has the potential to significantly expedite permitting procedures, easing workloads for permitting authorities. The EESC calls on the Commission to develop initiatives that support the use of AI to accelerate permitting processes for infrastructure projects that contribute to climate neutrality. Since such AI tools require biodiversity-related data, the EESC calls for the Commission to develop a comprehensive data strategy.

3.16.3. Furthermore, there are still not enough suitable areas available for wind power or there are conflicts of use (e.g. minimum distances to settlements, agriculture, forestry, fishing, military defence facilities). The scarcity of land is delaying and increasing the cost of rapid expansion, with negative consequences for energy prices, security of supply and job security. The Commission must therefore consider whether fixed requirements for the Member States to set aside land for wind power within the renewable acceleration areas as provided by directive EU 2023/2413 (RED III) could promote its expansion. Otherwise, the goals set out in RED III and elsewhere are at risk. The affected population and local authorities must also be involved in project planning as early as possible to increase acceptance of the projects and promote opportunities to participate as members of citizen energy communities and prosumers.

3.16.4. To enable a sustainable development path for wind power, the Commission and Member States should assess whether additional requirements could be set for the regional planning of wind power. The expansion needs to be managed regionally, considering high-demand areas and spare grid capacity. Particular attention should be paid to sector coupling (such as electrolysis). However, measures like temporarily restricting the purchase of electricity from controllable consumption systems should also be possible if there is a risk of overloading the grid. Otherwise, wind turbine curtailment is a systemic risk. This harms investment security and thus can hinder wind power expansion. While anticipatory investment in grid development and similar measures, as set out in the Action Plan for Grids, are on the right track, they will not be effective unless regional planning of wind power is aligned with them.

3.17. **Financing costs**

3.17.1. Increasing the availability of land as described in point 3.16.3 may make it easier to finance wind power projects and make them cheaper. Qualitative criteria, such as those listed – not exhaustively – in the WPAP, should therefore be considered when approving the construction of wind turbines. In particular, other aspects of social policy should be included, such as jobs tied to collective agreements, the rate of training and promotion of energy communities and of cooperative structures. Additionally, wind installations that meet circular economy requirements (e.g. the recycling quota) should benefit from a comparative advantage in auctions.

3.17.2. When drawing up CfDs and PPAs, envisaged as standard financial tools for wind power in the new energy market design, it is systematically important to de-risk for potential investors. The Commission should make it clear to Member States that risks make projects expensive without having any advantage. Given the short time available to achieve the climate targets, they should not be left to the market alone. This must be controlled, monitored and transparent.

3.17.3. An effective way of increasing funding sources is to make better use of the private capital of individuals and consumers. The WPAP does not acknowledge energy communities, energy sharing as a form of extended prosumption or similar factors. However, they are greatly important socially (participation and acceptance), economically (mobilisation of additional capital) and in terms of energy efficiency (generation closer to demand). Therefore, when designing the measures set out in Actions 7 to 9 of the WPAP, the interests of individuals and consumers as small-scale investors should be taken into account. Financing costs must be distributed fairly and appropriately. Large-scale generators and international traders should be more involved in financing the expansion of the grid to relieve the burden on private households, which currently bear the main burden of financing electricity grids.

3.18. Auctions

3.18.1. When the Guidelines on State aid for environmental protection and energy were first adopted in 2014, auctions were carried out to determine how to allocate funds (generally market premiums) for renewable energy. A critical assessment is needed on the extent to which auctions have contributed to the current crisis in the wind sector.

3.18.2. While auctions are a good way of keeping wind power generation costs as low as possible, they have some disadvantages:

- They assume that there are a sufficient number of bidders, which has not always been the case, at least in some Member States.
- They can lead to a wait-and-see attitude from investors, as market participants speculate on signed tenders in future auctions and withhold their offer in the meantime. Instead of a continuous demand for wind turbines, there can be a stop-and-go effect – to the detriment of manufacturers.
- They put smaller players at a disadvantage, harming the participation of individuals in the energy transition, in turn promoting consolidation among project developers.
- If there are oversubscribed tenders, the extreme price competition could lead to ruinous competition for manufacturers.
- Focusing purely on generation costs favours locations where there is a lot of wind and disregards other energy economy aspects (e.g. proximity to the place of consumption). This increases misallocations.

3.18.3. The auction redesign must consider these aspects to make any sustainable energy system cost-effective, both for developing, integrating and transmitting electricity from renewable energy sources and for importing and transporting of hydrogen from such sources.

3.18.4. The EESC believes that mostly price-based auctions promote a race to the bottom, harming the environment and workers, and disadvantage companies that are eager to contribute, e.g. through investments in environmental and biodiversity protection, labour and social standards (e.g. social dialogue at all levels, collective agreements, exceptional worker protection and equality). Therefore, high pre-qualification criteria should be applied to auctions to ensure that all bidders comply with security, occupational safety, collective bargaining and environmental requirements.

3.18.5. Auctions should be redesigned in such a way as to promote projects that generate power close to the place of consumption (e.g. in the form of energy sharing), make optimal use of existing grid capacity and provide flexibility and system services (e.g. combinations with storage, electrolyzers and hydrogen sinks).

3.19. The EESC believes that, in the medium term, the establishment of a 'green' Recovery and Resilience Facility (RRF) with a focus on climate change mitigation and adaptation measures to complement the Just Transition Fund is necessary.

4. Specific comments on the proposed actions

4.1. The plan to address cybersecurity set out in Action 5 should be carried out as quickly as possible. Wind power should be seen as critical infrastructure, with all corresponding privileges and due diligence obligations. The EESC calls for a comprehensive reflection incorporating the AI Act and the implementation of the Critical Entities Resilience Directive and the Revised Directive on Security of Network and Information Systems (NIS 2 Directive).

4.2. The EESC underlines the importance of addressing the barriers in the co-existence of renewable energy development and defence activities such as radar surveillance. To that end, the SYMBIOSIS project under the European Defence Agency should be strengthened and expanded to cover on-shore wind in addition to offshore wind.

4.3. The approaches to mobilising funding set out in Actions 7 and 8 should fully incorporate social and environmental standards (see point 3.18.4) and consider the interests of small players (individuals, prosumers).

4.4. To ensure that the actions are linked to each other better, the aspects mentioned in Actions 12 to 15 should be fully considered in the actions to improve auction design and access to finance.

Brussels, 20 March 2024.

The President
of the European Economic and Social Committee
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