Wind EUROPE

Ursula von der Leyen
President of the European Commission
Rue de la loi, 200
B-1049 Brussels

22 February 2022

Dear President von der Leyen,

Re: European wind energy supply chain struggling, Green Deal at risk

We are writing to alert you to the very challenging situation of the European wind energy supply chain, and its consequences for the EU Green Deal.

The European wind energy industry is going through unprecedented tough times, closing factories and halting investments in the EU - just when we should be growing. In the last 2 years the industry has had to close factories making turbines and components in Germany, Spain and Denmark, Europe's traditional wind industry strongholds. This comes when the EU wants to expand wind energy from 190 GW today to 450 GW in 2030 and 1,300 GW in 2050, by when you want wind to be half of Europe's electricity.

The problem is not Government ambition on climate action and renewables. Most Member States have ambitious national targets for the expansion of wind energy. Nor is it public opinion: most people want more wind energy. The problem is that the rules and procedures that public authorities use to permit wind energy projects are too lengthy and complex. Europe is simply not permitting anything like the volumes of new wind farms that you and national Governments want to build.

The result is that the market for new wind turbines is less than half of what it should be. In 2021 the EU27 built 11 GW of new wind farms - whereas it needs 32 GW a year to deliver your new 40% renewable energy target for 2030.

The small size of the market is really hurting the supply chain. Wind farm developers bid into Government auctions for new wind farms at the lowest possible price in order to win the small volumes of permitted projects on offer. But that comes at the expense of the EU wind supply chain which struggles to meet those cost levels (which are far lower than conventional energy).

At the same time the wind industry is having to grapple with high steel and other commodity prices, disrupted supply chains and uncoordinated trade defence measures.

The net result is that Europe's wind industry is cutting jobs with each factory closure taking a toll on the wider supply chain. The wind industry still accounts for 300,000 jobs in Europe, but Germany alone has lost over 50,000 wind jobs in the last 6 years.

China has a large and growing wind industry and is building more wind farms than Europe. The European industry competes with Chinese manufacturers on the world market. Our industry exports €8bn of technology and equipment a year and can play a key role in helping to meet your Global Gateway goals. But we are losing ground as Chinese manufacturers expand across Asia, South America, and Africa. And China is starting to win orders to build wind farms in Europe: in France, Italy, Croatia, Ukraine, and Serbia.

Europe needs to tackle this urgently. The Green Deal assumes more green jobs in Europe, not less. Energy security requires more home-grown wind energy - with technology that is developed and made in Europe - and less imported energy. Accelerating the deployment of competitive renewables and decreasing our reliance on energy imports will bring down energy bills. But citizens also need to see it's bringing them jobs and investment.

There are 4 things the EU can do:

- drive a simplification of permitting processes at national level. Building the new wind farms that you and national Governments want will require a significant acceleration of permitting processes. Your Renewable Energy Directive now imposes deadlines on permit decisions and requires one-stop shops. Enforcing this is a top priority. As is the new Guidance Commissioner Simson will issue this summer on *how* Member States can simplify their permitting. Permitting for the necessary grid investments needs to be simplified too as grid expansion is a prerequisite of more renewables;

- help strengthen the position of the European wind industry in the auctions Governments run for new wind farms. Hitherto auctions have been decided on price only. This is a dead-end: our Chinese competitors are bound to win out on cost alone. But your new Guidelines on State Aid for Climate, Environmental Protection and Energy now allow Governments to score up to 30% on non-price criteria. This is good. It allows Governments to reward the added value the European industry brings: more sustainable and circular turbines; our technologies that help balance the grid and the energy system; our contribution to European jobs and our engagement with local communities. The EU needs to push Member States to use this 30% and in a co-ordinated manner and ensure any local content requirements are at European level;

- encourage Governments to avoid negative bidding in their wind auctions. This is where the wind industry pays government for the right to build a wind farm - normally we only pay governments when the market electricity price exceeds the auction price. Negative bidding means additional costs for developers that need to be passed on to consumers and put even more pressure on the wind supply chain forcing it to consider re-locating to low-cost countries; and

- support innovation to ensure Europe retains its technology lead in wind. This is not just about emerging technologies such as floating offshore wind. It also means incremental improvements to keep our lead in onshore and bottom-fixed offshore wind. It means digitalisation, innovation in grids, renewable hydrogen, the system integration of variable renewables and repowering older wind farms - and solutions for the happy coexistence between wind turbines, nature and society.

We hope you will appreciate the serious plight of our industry and the crucial importance of the action we have set out above to deliver on your vision. As you said in your landmark 11 December 2019 speech "the European Green Deal is on the one hand about cutting emissions, but on the other hand it is about boosting jobs and creating innovation". The costs of inaction would be huge: for the delivery of the Green Deal, for diversifying our energy supply - and for jobs and growth in an industry in which Europe has led the world.

Yours sincerely,

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