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Beyond Price

Moving Towards Harmonised Non-Price Criteria for Offshore Wind Tenders

North Sea Alliance

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Executive Summary

Offshore wind tenders are no longer only about selecting the lowest-cost project. As competition for marine space increases, tender design increasingly determines the environmental performance, resilience and wider societal impacts of the projects that are ultimately built. While many project parameters are shaped by spatial planning, site conditions, permitting requirements and other regulatory decisions, the tender process can further influence developer choices, including aspects providing benefits to nature and people, such as turbine design and layout, foundation technology, supply-chain practices, monitoring commitments and additional biodiversity measures. Non-price criteria (NPC) provide an important opportunity to make offshore wind development more sustainable without abandoning competitive bidding. This role is becoming more important as EU policy increasingly links renewable energy deployment to wider environmental, industrial and societal objectives.[1,2,3]

The Net-Zero Industry Act (NZIA) requires tenders to include sustainability, resilience or other relevant NPC under defined conditions.[4] For offshore wind, these objectives must also be understood in the context of the Marine Strategy Framework Directive (MSFD), Maritime Spatial Planning Directive (MSPD), Habitats and Birds Directives and Nature Restoration Regulation.[5,6,7,8,9]

NPC can help translate these broader objectives into concrete project requirements and incentives, but their effectiveness depends on how they are selected, weighted, assessed and enforced. The NZIA does not establish a fully harmonised tender design: Member States are therefore developing different approaches, creating opportunities for experimentation and learning, but also risks of further market fragmentation and inconsistent environmental ambition.

Definitions

A **tender** refers to the overall framework and procedure established by the government, including the applicable rules, requirements and deadlines.

An **auction** takes place within this framework and is the competitive mechanism through which bidders submit their offers, particularly regarding price, payments or support requirements.

What does the NZIA require?

The Net-Zero Industry Act (NZIA) establishes requirements for integrating sustainability and resilience-related criteria into renewable-energy tenders within a defined scope. Depending on the criterion, Member States can use pre-qualification requirements and/or award criteria. The framework also establishes requirements concerning the share of auction volume covered and provides detailed rules for the design, assessment and monitoring of the criteria.

- Scope: the NZIA requirements apply to at least 30% of the auction volume per year per Member State, or alternatively at least 6 GW/year.
- Weighting: where sustainability/resilience criteria are used as award criteria, each criterion must have at least 5%, with a combined weighting of 15–30% of the award criteria.
- NZIA minimum scope: the requirements must cover at least 30% of annual auction volume per Member State, or alternatively at least 6 GW/year. This does not mean that every auction must use the same environmental criteria. Member States retain discretion over which criteria they apply within the NZIA framework.

Box 1: Information on the Net Zero Industry Act



This paper draws three key lessons from existing North Sea tender systems:

- **Ambitious NPC can shape project design without preventing successful auctions.** The Dutch Hollandse Kust VI/West tender allocated 50% of the assessment to environmental performance, resulting in the Ecowende project, which included measures on nature-inclusive turbine design, turbine spacing and seabed biodiversity. The lesson is that NPC should be sufficiently weighted, measurable and designed to reward meaningful differences between bids.[10,11]

- **Auction failures are primarily about the overall risk and revenue structure, not the existence of NPC.** Denmark's unsuccessful 2024 tender illustrates how uncertain revenues, rising construction and financing costs, negative bidding, grid responsibilities and other risks can undermine investment decisions. These risks were then in part mitigated through a new Contract for Difference (CfD) scheme. NPC must be designed alongside an investable tender framework and an appropriate allocation of market, construction, grid and regulatory risks.[1,12]

- **Harmonisation should focus on common principles rather than identical criteria.** The Netherlands, Denmark, Belgium, Germany and the UK demonstrate different approaches to NPC, ranging from highly weighted environmental criteria to minimum requirements and separate incentive mechanisms. Complete uniformity is neither necessary nor desirable. However, shared definitions, methodologies, monitoring formats and enforcement principles could reduce transaction costs, improve comparability and support learning across the shared North Sea ecosystem.

Based on these findings, the paper makes five recommendations:

1. **Introduce well-designed environmental and sustainability-related NPC** in all North Sea offshore wind tenders, combining sufficiently weighted award criteria with minimum environmental requirements.

2. **Harmonise core design principles** for definitions, methodologies, monitoring, reporting, evaluation and enforcement, while preserving national flexibility and avoiding a lowest-common-denominator approach.

3. **Reward measurable environmental outcomes,** including reduced underwater noise and seabed disturbance, lower life-cycle emissions, circularity and demonstrable contributions to conservation, restoration and good environmental status. "More biodiversity" alone should not be treated as a proxy for a healthier ecosystem.

4. **Ensure robust implementation** throughout the project lifecycle, with clear monitoring, verification and enforcement arrangements, sufficient administrative capacity and effective consequences for non-delivery.

5. **Establish a North Sea learning and coordination mechanism,** building on existing structures such as the North Sea Energy Cooperation (NSEC), the Greater North Sea Basin Initiative (GNSBI), and the Oslo and Paris Conventions (OSPAR), to exchange experience, develop shared minimum standards and update methodologies while allowing countries to continue innovating with more ambitious approaches.

1. Why non-price criteria matter

While spatial planning, site selection and permitting establish much of the environmental framework for offshore wind projects, tenders can still influence important aspects of project design and delivery. Offshore wind tenders can shape the environmental performance, resilience and wider societal impacts of the projects that are ultimately built. Tenders therefore complement, rather than replace, upstream spatial planning, site selection and permitting processes that establish the environmental framework within which projects are developed.

Tender design is particularly important because many environmental and sustainability decisions are effectively fixed at the tender stage. Project design, foundation technology, turbine layout, supply-chain choices, monitoring commitments and measures for biodiversity or noise reduction can become difficult or costly to change once a project has received a permit or reached financial close.

NPC can help move competition away from a race for the most optimistic bid towards a more balanced competition focused on clearly defined project outcomes. They can reward proposals that reduce environmental pressures, strengthen circularity and supply-chain resilience, or contribute to energy-system integration, while also requiring bidders to substantiate how these outcomes will be delivered. In this paper, environmental criteria refer primarily to ecological impacts, biodiversity and marine environmental conditions, while sustainability-related criteria are used as a broader term to also cover circularity, resource efficiency, supply-chain resilience and other sustainability objectives.[1, 10]

Well-designed NPC can increase the likelihood of project realisation. By requiring bidders to demonstrate credible delivery plans and by allocating part of the competition to parameters other than price, NPC can reduce incentives for strategic underbidding and make project quality more visible to the awarding authority. This effect depends on the criteria being proportionate, measurable, sufficiently weighted and enforceable.[10]

Environmental NPC should not be understood as a substitute for statutory environmental safeguards or as a general instruction to create 'more biodiversity'. In particular, nature-inclusive design should be assessed against conservation objectives, good environmental status under the MSFD and the objectives of Natura 2000 and restoration policies. Measures should strengthen, match or imitate natural conditions and should contribute to demonstrable ecological outcomes aimed at regulatory goals rather than simply adding artificial structures. At the same time, NPC are not automatically effective. If they are too vague, weakly weighted, excessively prescriptive or disconnected from the project's actual impacts, they may generate administrative burden without improving outcomes. Their design must therefore be considered alongside the tender's revenue model and the allocation of market, construction, grid and regulatory risks.[10]

The challenge is therefore no longer whether to use NPC but how to design them effectively. The central task is to ensure that NPC produce measurable environmental and societal benefits, remain feasible for developers and authorities, and can be compared, monitored and enforced across successive tenders.



2. What makes a robust non-price criterion?

Instead of suggesting specific criteria, this section will discuss the mechanisms by which non-price criterion can deliver successful outcomes. The chapter first explains three types of implementation and then sets out seven design principles for NPC.

Three types of implementation

Pre-qualification criteria define a minimum standard which is fixed before the tender. Every bidder must meet these standards, and non-compliance leads to the exclusion from the auction process. Pre-qualification criteria suit requirements where a baseline is indispensable but differentiation between bids is not needed or desirable. Pre-qualification criteria and their thresholds must be defined ex-ante. They need to be unambiguously verifiable and legally assessable. Pre-qualification can also be used to establish thresholds above the prevailing market standard if the authority has reliable evidence that the desired standard is technically and economically achievable. If pre-qualification criteria are set too high, they will restrict competition in the auction process. If they are set too low, they exert no selection effect and the criterion's objective (e.g. reducing adverse environmental impacts) will not be met. Between auction rounds, pre-qualification criteria can be revised in light of earlier results to increase standards over time.



Award criteria allocate points for defined target parameters which, together with the price criterion, determine the winner of the auction. Hence, award criteria aim at a differentiation of the bidders. Quantitative award criteria are measurable, objective and readily comparable; typically operationalised through variables that can take a range of values (e.g. expected CO_2 emissions or number of disturbance days for marine mammals). More simple formats such as so-called "box ticking" are also possible. Qualitative criteria capture descriptive features assessed by judgement. Therefore, they are harder to compare, but appropriate where quantification is either not feasible or where a "competition of innovative ideas" is desired. Quantitative award criteria require precise specification without being unduly restrictive. The evaluation mechanism needs to be transparent, standardised and neutral, e.g. through cooperation between the governmental authority and an independent group of experts.[10]

Separate auction elements address non-price objectives outside the main auction, e.g. through a pre-auction awarding payments that compensate the extra cost of going beyond the baseline. This type is suitable for NPC addressing objectives that entail significant additional cost that would otherwise prevent implementation. The separate auction can also be used temporarily to trigger key investments and innovation. As a permanent feature, separate auctions can help foster a successive generation of innovative approaches.[10]

In all cases the cost of meeting the objective is reflected in the bid. For the first two types, the willingness to pay the price component will be lower. For the third type, the distributional effect will be determined by who funds the pre-auction budget (e.g. tax revenues or levies). A combination of pre-qualification and award criteria is possible, e.g. to pursue several policy objectives at once or to reinforce the effect of an individual criterion.

Seven design principles for robust non-price criteria

Non-price criteria can be developed and assessed along the following guiding questions which should be balanced against one another:

- **Does the criterion contribute to the policy objective?**
  The criterion must be tied to a clearly articulated outcome and operationalised in a way that advances it, rather than generating documentation without any impact on the project's design.

- **Does the criterion enable an effective selection of bidders and bids?**
  Where an award criterion is weighted too lightly or a pre-qualification criterion is reduced to a threshold that all bidders can achieve, NPC will not be an effective counterpart to the price criterion.

- **Can the criterion be implemented?**
  The required effort for both the bidder and the awarding authority should remain proportionate.



Seven principles make a criterion robust

1. **Outcome-oriented**
2. **Measurable**
3. **Comparable**
4. **Enforceable**
5. **Ambitious**
6. **Transparent**
7. **Adaptable**

The following seven design principles provide further orientation regarding the definition of robust non-price criteria:

1. **Outcome orientation:**
   The first part of an outcome-oriented NPC comprises the delivery of the project itself. Uncapped, dynamic bidding procedures in which the price is the main award criterion increase the risk that the project could be delayed or renegotiated. A sufficiently weighted and robustly operationalised NPC can mitigate this risk by shifting a part of the competition onto other parameters and requiring bidders to substantiate their proposals. The second part of an outcome-oriented NPC addresses the policy objective itself, meaning that the NPC should aim at improving the project design, in view of fulfilling the targeted policy objective.

2. **Measurability:**
   To be measurable, NPC must be objective, transparent and non-discriminatory. Quantitative designs (e.g. box ticking, binding self-commitments, pre-defined catalogues of measures) tend to be more suitable for implementation on a bigger scale (e.g. a section of the wind park) and deliver comparability and predictability. Qualitative designs may be more suitable to test innovation on individual turbines and can include an assessment of concepts, e.g. by an independent expert commission. In both cases, authorities should specify ex-ante and as far as possible the following aspects: the thematic scope; the form, scope and frequency of the reporting; the standards and methodology against which the performance is measured; and the verification intervals. Innovation tends to require a more open and customised approach.

3. **Comparability:**
   To compare NPC, their objectives and evaluation benchmarks must be defined at the very beginning. Comparability is typically ensured through a points system. Points can be granted for the number of measures suggested and/or for the depth of implementation. It is important to communicate the scoring and weighting of each criterion before the auction. The results need to be reproducible to ensure a consistent ranking. Furthermore, the scoring scale can be exogenous or endogenous. Exogenous scales award points against an absolute benchmark fixed before the auction. They provide ex-ante certainty about the return on additional efforts to deliver on NPC. Endogenous scales assign points relative to the best bid received, thereby adapting to the standard that the market offers and ensuring differentiation.

4. **Enforceability:**
   NPC should be designed in a way that limits the risk of litigation as well as strategic bidding and the administrative burden. To be enforceable, NPC need a robust penalty regime which ensures that bidders deliver on the NPC. Where the cost of non-delivery is low in relation to the cost of compliance, bidders can abandon their NPC commitments after the auction. Therefore, the penalty should be at least as high as the originally expected cost of compliance. Bidders who refuse to deliver on a NPC that they committed to should be worse off than those who never offered the measure. The enforcement mechanisms must cover the entire project cycle. Sanctions can range from monetary penalties and deductions from support mechanisms, through temporary exclusion from future tenders to withdrawal of the award. Positive incentives, e.g. tax deductions for bidders who deliver on the NPC, can complement these instruments. The monitoring mechanism must be set out transparently ex-ante and authorities must be enabled to apply the sanctions in practice.



5. **Ambition:**
   While a sufficient level of ambition is necessary to enable changes in the project design, the effort required to prepare bids for NPC should remain proportionate. Additionally, the appropriate weighting of NPC is essential. If NPC carry little weight in relation to the price criterion, the rational decision for bidders is to use their financial means in favour of the price criterion. The NZIA requires that NPC should be weighted with at least 5% per category and 15% to 30% combined which leaves substantial room for the price component (see Box I for more details). The weighting of NPC has three dimensions: the weight of the price criterion in relation to NPC, the weight of individual NPC against one another, and the points awarded within a criterion for a given difference in the variable assessed (e.g. in exogenous vs. endogenous scales).[13]

6. **Transparency:**
   Before the auction is launched, authorities must set out the scope of the obligations related to each NPC which can be developed in dialogue with developers and research institutions. Furthermore, authorities should communicate clearly on the policy objective of the NPC, how it is conceptualized and whether it will be implemented as a pre-qualification or award criterion. The operationalization of the NPC should also be communicated in advance and includes the type of assessment (e.g. quantitative / qualitative), specific benchmarks, monitoring and assessment intervals, the weighting of NPC, details related to the scoring and potential sanctions for non-deliverance.

7. **Adaptability:**
   NPC can, and often should, evolve over time; both in their composition and calibration. The adaptation of NPC can be prompted by information revealed in previous tenders or by new developments in research, markets and technology. For instance, strong bidding on a particular award criterion can indicate that the market standard has shifted so that the criterion could be moved into pre-qualification. Similarly, where a qualitative assessment has generated sufficient knowledge, it could be converted into a quantitative assessment, simplifying the evaluation procedure for the authority. Any such change should be communicated and implemented well before the date of the auction so that bidders have sufficient time to adjust their project concepts.



3. Current state of play in the North Sea

Across the North Sea, countries increasingly use offshore wind tenders to pursue objectives beyond price, including environmental performance, sustainability, resilience and supply-chain objectives. However, approaches differ significantly in how strongly NPC are weighted and how they are used: the Netherlands use highly weighted environmental criteria to differentiate bids, Denmark primarily uses sustainability requirements as minimum standards, Belgium focused its non-price component on other objectives, while Germany is transitioning from a broader NPC system towards the NZIA framework.

Comparative overview: NPC in analysed countries

Country	Weighting	Focus	Remarks
Denmark	No award weighting; mainly pre-qualification criteria	Life cycle analysis, environmental product declarations, recyclability, environmental monitoring, Nature Inclusive Design, social responsibility, Nature Positive initiatives in concession area.	Clear environmental and sustainability requirements but primarily used as minimum standards rather than competitive award criteria.
Germany	40% historically	Decarbonisation, foundation technology / underwater noise and seabed sealing, skilled workers, electricity supply.	NPC historically had a substantial weighting for part of the auctions but limited differentiation; system currently being reformed around NZIA criteria.The total weight of NPC could be weakened and to 15% as part of the reform.
The Netherlands	High (30–50%)	Biodiversity / ecosystem protection, environmental impacts, circularity, life cycle analysis, resource use, research and reporting, system integration.	Clear environmental approach, with criteria evolving substantially over successive tenders; however, there is no legally binding obligation to carry ecological criteria into the next auction. In practice, pre-qualification criteria included in site decisions are generally retained and improved, while award criteria vary considerably and may exclude ecology altogether.
Belgium	No award weighting; only price based	Binding pre-qualification criteria on cyber security, corporate social responsibility, environmental sustainability and European supply-chain resilience, including restrictions on dependence on Chinese components.	Citizen participation / business model innovation was in the first auction, but not in the approved (July 2026) regulatory framework for relaunching the tender for the first offshore wind site in the Princess Elisabeth Zone (PEZ 1). Environmental NPC currently absent from award design; biodiversity is not an auction criterion.
United Kingdom	Separate incentive mechanism	Sustainable and local supply chains, manufacturing investment.	Clean Industry Bonus provides additional CfD support for sustainability-related supply-chain investments rather than scoring environmental quality directly.

Table 1: NPC in analysed countries

Country snapshots

Denmark

Denmark is taking a different approach by increasingly making environmental performance a minimum requirement rather than a scored competitive criterion. The last 2.8 GW tender includes requirements on recyclable turbine blades, sustainability and social responsibility, and one wind farm (Hesselø) must embed Nature Positive Initiatives inside the concession area. As these requirements are primarily conditions of participation rather than award criteria, no specific weighting for environmental NPC is currently specified. Currently, there is no definition on "Nature Positive" and more specifically what outcome the initiatives should contribute to [10,12]

Germany

Germany has historically given NPC a relatively high weight: 40% of the assessment for centrally pre-investigated sites, compared with 60% for the financial bid. For sites that were not centrally pre-investigated under the current WindSeeG framework, the award was determined solely by the financial bid. Environmental criteria included decarbonisation and foundation technology, including underwater noise and seabed sealing, but some criteria provided limited scope for meaningful differentiation between bids as relevant technologies and practices became increasingly standardised across the market. Germany is now fundamentally redesigning this system. The 2026 WindSeeG reform proposal would introduce two NZIA-based criteria, together accounting for 15% of the assessment, alongside a two-stage tender system. The two stages are alternatives for the same site: a project either receives an award through the first, market-based stage or proceeds to the second, contract-for-difference stage if no successful bid is made in the first stage. Importantly, the draft does not frame these elements as a broader set of environmental NPC. The proposed NZIA-based criteria focus primarily on industrial and supply-chain objectives rather than ecological criteria and apply only in the second stage, meaning that they do not apply if bidding stops successfully in the first stage. [10,16]

The Netherlands

The Netherlands currently provides one of the clearest examples of using NPC to actively shape the environmental performance of offshore wind projects. In several recent tenders, environmental criteria have accounted for a substantial share of the award assessment: 50% at Hollandse Kust West VI (2022, Ecowende) and 45% at IJmuiden Ver Alpha (2024, Noordzeker). The focus includes topics such as biodiversity and the effective integration of offshore wind into the wider electricity system. Environmental award criteria have focused particularly on reducing ecological impacts, restoring and strengthening biodiversity, resource use and circularity, and have become increasingly differentiated and measurable over successive auctions. These award criteria complement environmental requirements established at the pre-qualification stage through the relevant site decisions, which provide a minimum environmental baseline rather than a competitive baseline for differentiating between bids.[10]

Belgium

Belgium provides an interesting contrast: the 2024 Princess Elisabeth tender assigned 10% of the award score to "innovation in business model", focused on increasing citizen participation, while 90% was based on the strike price.* Environmental performance was not included as a scored award criterion, despite environmental and biodiversity criteria having been considered during the earlier consultation process. The first tender was cancelled in 2025 and the framework was revised and relaunched in July 2026. The tender is now designed as an essentially price-based procurement, with a single award criterion based exclusively on the strike price to be submitted by the bidders. The citizen participation element has been fully discarded and will no longer constitute either an award criterion or an admissibility requirement. Underpinning this approach is the assumption that citizen participation could lead to increased costs, while prioritising price is considered paramount.[14,15]

United Kingdom

The UK is developing a different model through its Clean Industry Bonus, introduced in 2025. Rather than assigning a percentage of the main CfD auction to environmental NPC, the mechanism provides additional CfD support for projects making investments in sustainable and local supply chains. It is therefore useful as a complementary example but is not directly comparable to the percentage-based NPC models above.[10]

* 10% refers to the 2024 Princess Elisabeth tender framework, which was subsequently cancelled in 2025; the revised Belgian tender framework was approved. July is a time event that happened in the closed past.

4. Best practices from existing tender systems

Lesson 1

Well-designed NPC can drive environmental ambition without preventing successful tenders

Example: Hollandse Kust VI/West (Ecowende), The Netherlands

The Dutch Hollandse Kust VI/West tender shows that ambitious NPC can be integrated into a successfully tender: environmental performance accounted for 50% of the assessment, while the financial bid was limited to 10%. The remaining points covered project experience and financial criteria (20%) and the capacity of the wind turbines to be installed (20%). The criteria rewarded concrete measures on biodiversity, nature-inclusive design, ecological monitoring and the reduction of environmental impacts, rather than focusing only on compliance with minimum standards.[10,11]

More specifically measures included nature-inclusive turbine design, adapted turbine spacing and measures to support seabed biodiversity. This demonstrates that sufficiently weighted NPC can influence what is actually built, rather than functioning merely as reporting requirements. This example also shows that ambitious environmental criteria do not inherently prevent a successful auction: Ecowende reached its investment decision despite the high environmental weighting.[17,18]

The key lesson is that NPC need to be measurable, achievable and sufficiently differentiated to allow developers to compete on environmental performance.

Lesson 2

Tender failures are primarily about risk allocation, not the existence of NPC

Example: Denmark's 2024 offshore wind auction

Denmark's 2024 auction for 3 GW of offshore wind received no bids. The subsequent market dialogue conducted by the Danish Energy Agency identified deteriorating project economics, rising construction and financing costs, uncertain electricity revenues and increased market risks as central reasons for the lack of bids. The presence of NPC was not identified as a primary cause of the lack of bids.

The tender also combined several demanding conditions: no public subsidy, negative bidding, responsibility for grid connection and a 20% state ownership requirement. As a result, a substantial share of the market, construction, grid and regulatory risks was placed on the project developers. An academic assessment found that the sustainability requirements had only a minimal influence on developers' decision not to bid, although they did create some additional costs, risks and administrative complexity. [1,12]

The Danish example therefore illustrates how governments can support successful project delivery by providing revenue certainty, ensuring an appropriate allocation of market opportunities, and minimising construction, grid and regulatory risks.[10] NPC can be implemented in the tender design without leading to significant no-bid outcomes.

Lesson 3

Citizen participation can strengthen the social acceptance of offshore wind

Example: Princess Elisabeth Zone, Belgium

The first Belgian tender for the Princess Elisabeth Zone incorporated citizen participation directly into its design: for the first 700 MW tender (PEZ1), bidders were required to make at least 1% of project investment costs available for citizen participation, while additional participation could provide a competitive advantage.

The model allowed citizens, renewable energy communities and other local actors to obtain a direct stake in the project and benefit from its electricity production, which can help build legitimacy and address concerns among affected stakeholders, including fisheries, tourism and local economic interests. This illustrates how tenders can pursue wider societal objectives rather than relying on price alone to determine project outcomes. However, the first tender was cancelled in 2025 and the framework was revised and relaunched in July 2026, with the strike price as the sole award criterion and the citizen participation element removed from both the award criteria and admissibility requirements.[14,15,19]

The removal of citizen participation was justified primarily on cost considerations. However, evidence from research and developers themselves highlight that citizen participation can provide important benefits beyond the auction price, including strengthening public trust, countering misinformation and enabling citizens to actively participate in the energy transition.[19]

Lesson 4

Separate incentive mechanisms can reward sustainability beyond the main tender

Example: Clean Industry Bonus, United Kingdom

The UK Clean Industry Bonus provides a separate competitive mechanism linked to the CfD system. Developers compete for additional support for investments in sustainable supply chains and lower-carbon production, rather than having these requirements compete directly with the electricity price in the main tender.[21]

This offers a model worth considering in the EU. A similar pre-tender sustainability bonus could go beyond supply-chain sustainability and circularity and include ecological requirements from the outset, such as commitments on biodiversity, reduced underwater noise or other measurable environmental improvements.

A European approach could therefore combine minimum ecological requirements for eligibility with additional financial support for projects that offer measurable environmental benefits beyond the baseline. The UK model also highlights the importance of monitoring and financial consequences for non-delivery, rather than treating sustainability commitments as voluntary promises.

5. Moving towards harmonised NPC in the North Sea

Harmonisation contributes to both achieving environmental objectives and renewable targets. In addition, it ensures common environmental standards which have beneficial effects for project development and investment security. Therefore, harmonisation should be viewed as an inherent objective of the NZIA. Using more consistent NPC across EU Member States can reduce transaction costs and fragmented internal markets. The deployment of offshore wind energy in the North Sea is an ideal starting point for coordinated harmonisation efforts: its coastal states share a single ecosystem and an increasingly interconnected electricity grid. The supply chain for the offshore wind energy industry in Europe is relatively concentrated. And offshore wind energy tenders draw on the same pool of developers, vessels and manufacturers.

From a cost perspective, a fragmentation of the offshore wind energy market into many national segments through diverse NPC reduces economies of scale and misses out on establishing reliable, science-based environmental standards.

Where harmonisation of NPC makes sense

The harmonisation of NPC does not necessarily require every Member State to apply an identical set of criteria.[10,11,22] On the contrary, the NZIA leaves room for adaptation. National policy priorities or legal frameworks can differ. Likewise, NPC with a one-size-fits-all approach are also unsuitable to address the numerous needs of the North Sea's ecosystems. Consequently, the selection of priorities as well as ambition levels and weighting should remain subject to national decision makers to allow for enough room for further experimentation and innovation. However, the criteria's structure and framework can and should be aligned to seize the benefits of a more integrated European electricity market and to enhance their ecological effectiveness as the North Sea is a shared ecosystem.[22]

Options for alignment include:

- Setting ecological minimum standards addressing marine protection and biodiversity, reduction of CO_2 emissions and increased circularity as a mandatory requirement for all offshore wind energy tenders in the North Sea. Where a baseline already exists, these standards could be derived from existing EU legislation, including the MSFD, the Water Framework Directive as well as the Corporate Social Responsibility Directive.[12,24,25]
- Ensuring consistent terminology and definitions: as a precondition for any meaningful comparison, the terminology used to define the NPC objectives, and their operationalisation must refer to the same conceptual framework.
- Common methodologies and standards across Member States increase comparability and ensure robust interpretation of the effectiveness of NPC. For instance, these standards can refer to life-cycle assessments, CO_2 accounting or biodiversity metrics.
- Aligning reporting and monitoring formats can reduce transaction costs and increase comparability as well as transparency in between auctions across Member States.
- Defining common principles for enforcement mechanisms, such as rules for the scoring, schedules and timelines and penalty structures can increase predictability and investment security across the Member States' jurisdictions. Importantly, harmonisation should not lead to convergence on the lowest common denominator. Harmonising the above-mentioned categories is a methodological exercise that can enhance cost-efficiency and ecological effectiveness. Therefore, it should be separated from the NPC individual level of ambition.
- As a final remark, the principal gap in the policy framework for NPC in the North Sea is the absence of an institutional setting in which they are deliberated across different European jurisdictions. Therefore, a coordination mechanism, established within the existing structures of NSEC, could be assigned for the development of shared minimum standards, terminology, methodologies and standards as well as monitoring procedures as indicated above.

6. Policy recommendations

The lessons from the country examples point to a common set of design principles for future North Sea tenders. The recommendations below translate these lessons into principles for harmonisation while leaving room for national ambition and innovation.

1 Introduce well-designed NPC in all North Sea offshore wind tenders

Every North Sea offshore wind tender should include well-designed social, ecological and sustainability-related NPC. While the NZIA establishes a binding minimum scope for the use of sustainability and resilience-related criteria, this paper recommends going beyond this minimum by applying NPC across all North Sea offshore wind tenders where they can contribute to environmental, climate, resilience or wider societal objectives. NPC should receive sufficient weight to influence project design and should be combined with minimum requirements where a basic environmental baseline is indispensable. Where relevant, this can also include wider objectives such as meaningful citizen participation.

2 Harmonise core design principles across the North Sea

Member states do not need to apply identical criteria, but they should use common principles for definitions, methodologies, monitoring, reporting, evaluation and enforcement. Harmonisation should improve comparability and reduce transaction costs without forcing countries towards a lowest common denominator or preventing higher national ambition.

3 Reward measurable environmental performance

NPC should reward outcomes rather than prescribe particular technologies. Relevant outcomes may include reduced underwater noise, reduced seabed disturbance and sealing, lower life-cycle greenhouse-gas emissions, circularity and demonstrable contributions to conservation, restoration and good environmental status. Nature-inclusive design should be assessed against ecological objectives and should strengthen, match or imitate natural conditions; 'more biodiversity' alone should not be treated as a sufficient proxy for a healthier ecosystem. For biodiversity-related criteria, this should include a clear mitigation hierarchy and measurable indicators linked to the ecological objective pursued.

4 Ensure robust implementation

Every NPC should include clear monitoring, reporting, verification and enforcement arrangements covering the full project cycle. Authorities should allocate sufficient resources for monitoring and inspection, define consequences for non-delivery in advance, and ensure that penalties or reductions in support are proportionate but dissuasive. Enforceability is one of the decisive design elements of an effective NPC.

5 Create a North Sea learning and coordination mechanism

The EU Commission, Member States and relevant regional structures should establish a regular mechanism for exchanging experience, evaluating criteria and updating methodologies. This could build on existing structures such as NSEC, OSPAR and GNSBI. The mechanism should support shared minimum standards, common evaluation approaches and periodic updates, while allowing countries to continue experimenting with more ambitious criteria.



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