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The Hamburg Declaration: a step closer to large-scale offshore wind integration in the North Sea



The Hamburg Declaration, signed at the third North Sea Summit in Hamburg on 26 January 2026 by the heads of state and governments of Belgium, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Norway and the United Kingdom, is a key step in propelling cross-border collaboration for the development of a clean power hub in the North Sea.

The joint ambitions set out in the declaration include:

- a joint commitment to scale offshore wind energy in the North Sea to the levels required for Europe and the UK's decarbonisation;
- to enable hydrogen as complementary energy carrier to offshore renewable electricity (where cost-efficient);
- to develop a regional and resource-efficient approach to electricity transmission networks;
- to ensure affordable and secure energy and facilitate private sector financing of identified offshore generation and transmission projects; and
- to strengthen Europe's industrial base and technological leadership.

The declaration is accompanied by an Action Plan, which sets out specific actions and the timing for their implementation, and a Joint Offshore Wind Investment Pact, signed by both energy ministers and industry representatives.

The Hamburg Declaration is an underlining by the North Sea nations of the need to work together to turn the North Sea into the largest clean energy hub in the world, building particularly on offshore renewable energy generation and strong interconnection. It is also an acknowledgement of the long-term policy stability needed to create investment confidence. For the UK, its implementation is, however, intrinsically linked to the final outcome of broader discussions taking place between the UK and EU on the UK's participation in the EU internal electricity market. The outcome of exploratory discussions on this in December 2025 set out some key principles for agreement, the detail of which will need to be worked through as a next step. Broadly, the UK will be required to align dynamically with EU rules on the electricity market, renewable energy, environment and state aid and will be required to make a financial contribution towards EU-level costs.

Enhanced cooperation for hybrid infrastructure: A key outcome of the Hamburg summit was a commitment to cooperate to connect electricity grids across borders in the North Sea. Together, the signatories are aiming to develop up to 100GW of the previously stated 300GW total ambition (reaffirmed in this latest summit) through hybrid offshore wind projects which have infrastructure connecting to grids in more than one country, as well as projects which are radially connected cross-border, with a commitment to jointly identifying and monitoring the most promising projects. Existing plans of the Offshore TSO Collaboration and project developers already set out co-operation projects of up to 20GW in the 2030s. This is supplemented by a European installation capacity of up to 15GW per year from 2031 to 2040. This co-ordinated infrastructure development will require regulatory, planning and technical cooperation between North Sea states, TSOs and industry.

Revenue stability and investment certainty: The declaration acknowledges the importance of setting market arrangements that address hybrid-specific risks and create the stable policy environment needed to attract investment. The UK states that it is committed to participating in the development of the most suitable market arrangements to ensure project viability. The declaration is light on detail as to what these arrangements will ultimately be but identifies cross-border two-sided contracts for difference and cross-border power purchase agreements as options. This is an important signal from the parties that they understand the importance of ensuring regulatory mechanisms that support investor certainty, though the terms of the CfD are obviously key. Stakeholders will want to understand the intended mechanics for:

- running auctions on a co-ordinated basis between participating states;
- setting the strike price and reference price;
- sharing costs and settlement payment obligations between participating states; and
- sharing of physical power.

Crowding in private finance: The parties clearly state that private investment will be required to finance the level of development anticipated by the Hamburg Declaration. The declaration envisages an Offshore Financing Framework (OFF) for co-operation projects which builds on the existing mechanisms for, e.g., projects of common interest. The OFF will help to identify cooperation projects, establish fair cost-benefit sharing agreements for generation and transmission assets and "crowd in" private finance for projects. The declaration also anticipates that the European Investment Bank will play a key role in financing projects.

Building a reliable supply chain: Another facet of the declaration is the recognition that development of a clean power hub in the North Sea will necessarily require development of associated infrastructure, such as port and manufacturing capacity. The declaration acknowledges the importance of long-term visibility and regulatory signalling for creating an environment of investment confidence: to this end, the parties state that they intend to work together on solutions to de-risk investments and ensure the success of competitive tenders, including providing an overview of the upcoming tender horizon to smooth the demand for wind turbines. In order to reduce manufacturing costs and increase supply chain resilience, as well as to ensure interoperability for hybrid assets, the parties will look to co-ordinate on matters such as turbine size and other key components.

Hyping up hydrogen: The Hamburg Declaration also states that the parties will encourage the development of transport and storage infrastructure for hydrogen, alongside production, while building regulatory frameworks and supporting market-driven supply and demand. The need for a long-term strategy for combining offshore wind and offshore hydrogen projects in the North Sea where it is cost-effective and provides value to the energy system is acknowledged.

The signatories also agreed to:

- enhance co-operation and co-ordination on energy policy and planning, including within the existing forums of the North Seas Energy Cooperation (NSEC) and the Great North Sea Basin Initiative;
- co-ordinate spatial planning for cross-border co-operation projects;
- work together to implement the Action Plan to meet the ambition to reach 300GW offshore wind capacity by 2050 in the North Sea;
- develop transitional measures to support planning certainty for offshore wind by, for example, working towards a stable offshore wind tender pipeline, simplifying permitting processes and supporting strategic manufacturing capacity; and
- leverage efficiencies and unlock investments needed in offshore energy and infrastructure.

Action Plan

Implementation of the political declaration will be pursued primarily through the NSEC. Although the UK is no longer a member of the NSEC, a Memorandum of Understanding agreed in 2022 establishes a framework for co-operation on offshore renewable energy (including spatial planning, grid, regulatory frameworks, finance and technology) between the NSEC members and the UK.

The Action Plan itself sets out a series of specific action points covering grid planning, financing and investment frameworks, permitting and regulatory harmonisation, offshore security and resilience, offshore renewable hydrogen transport, storage and production, supply chain strengthening and workforce development, along with the responsible parties and anticipated timeframe in each case. Forward-looking KPIs are included in the Action Plan with a view to early identification of barriers to the realisation of the build out ambitions.

Of particular note are statements that all parties confirm their intention to develop market arrangements which support hybrid projects and that offshore wind tender schemes should be designed to take into account the potential integration of electrolysers. Electricity and hydrogen transmission system operators and system planners will also be mandated to jointly assess how to co-ordinate offshore planning for electricity and hydrogen networks.

UK regime for Offshore Hybrid Assets

In the UK, Ofgem has been considering the regulatory regime which could apply to offshore wind hubs (which Ofgem calls "Offshore Hybrid Assets"). Ofgem distinguishes between two types of Offshore Hybrid Assets: (i) non-standard interconnectors (NSIs) and (ii) multi-purpose interconnectors (MPIs). Both NSIs and MPIs are projects which will connect the electricity grid of Great Britain to another country (like a point-to-point interconnector) but also connect to one or more offshore windfarms. The difference between NSI and MPI projects is the location of the offshore windfarm; for NSIs, the offshore windfarm will be located in overseas waters and for MPIs, the offshore windfarm will be located in Great Britain's waters.

Ofgem consulted on the regulatory framework for both NSIs and MPIs in June 2023. In this consultation, it set out potential options for regulating NSIs and MPIs. For MPIs, the options included a number of permutations between a cap and floor regime and RAB regime, with the market arrangements for MPIs adopting either a "home market" pricing model or an "offshore bidding zone" pricing model. Ofgem's preferred option is an "offshore bidding zone" (OBZ) pricing model, with a narrow cap and floor model for the cable and onshore converters and a form of "regulated asset based" (RAB) regime for the offshore converter platform (via which the offshore windfarm could connect). The connecting offshore windfarm would receive an adjusted contract for difference to reflect the OBZ price rather than the GB wholesale market power price.

Ofgem has said that, given the higher risks involved in MPI development, greater revenue certainty may be needed for developers compared to point-to-point interconnector development (hence the narrower cap and floor). Also, the costs of an offshore converter platform are likely to be too high to recover from congestion revenues and so a RAB regime for this part of the project would provide greater revenue protection. Ofgem has not formally responded to the June 2023 consultation in respect of MPIs but has responded to the consultation in respect of NSIs and has proposed a narrow cap and floor regime for NSIs. In November 2024, two NSI projects (LionLink between the UK and Netherlands, and Nautilus between the UK and Belgium) were given initial approval by Ofgem. This initial approval is subject to conditions, including achieving operations by a longstop date. The outcome of any final project assessment and development of the cap and floor regime for these projects will likely influence the timing and outcome for future MPI projects. The Hamburg Declaration is also likely to prompt further response from Ofgem on the proposed regulatory framework for MPIs.

Comment

The intention to co-ordinate more closely on North Sea planning, tender co-ordination, technology and supply chain development is clearly designed to send a signal to investors about a joint direction of travel and policy clarity to mobilise the private capital needed to achieve the stated ambitions.

While governments commit to providing frameworks and enabling conditions, industry commits to delivering assets, innovation, investment, skills and sustainability. In parallel, as transmission system operators are mandated to work together to plan, build, connect and operate the infrastructure, the Hamburg Declaration means that large-scale offshore wind integration in the North Sea is one step closer to becoming a reality.

We will be following the progress of the closer UK-EU alignment and co-operation in the North Sea with interest. As the policy crystalises into regulatory changes and new investment frameworks, investors, developers and financiers will want to keep apprised of developments. Please get in touch with our experts for further insight.

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