

INCREASING SPEED TO MARKET FOR OFFSHORE WIND PROJECTS



“The lead time for offshore wind projects to reach completion has averaged 28 months after consent. So far only six round one offshore projects have been completed; many are still under construction and are yet to reach offshore installation. One of the fundamental challenges for developers is accelerating the build programme.”

Paul Stapleton - Head of Energy & Manufacturing

Predictions from RenewableUK, for round two developments, indicate that the time between consent and operation is likely to increase to between 30 - 45 months. If this is not improved the viability of round three may be called into question presenting real difficulties for this evolving industry.

Unlocking the potential

For offshore wind to be a feasible investment, financing institutions and generation companies need re-assurance that offshore wind projects can realise their potential for generating energy within a timeframe that meets the investment case.

The lack of supply chain capacity, turbine availability, and the shortage of skills and expertise to construct offshore wind projects are major barriers facing the sector. This is combined with mitigating environmental impacts, finalising planning conditions and securing grid connection.

The impact of doing nothing

If timely improvements are not realised the industry will fail to attract sufficient investment and competing technology, particularly nuclear, will supersede a large part of the wind option. It is also likely that the construction supply chain will divert into these alternate markets. Essentially, the 2020 European low carbon energy target will be dramatically underachieved and the UK government commitments will not be met by the wind option.

To accelerate the speed to market of offshore wind projects developers need to embrace a commercial approach to project delivery. Cost and financial modelling, for example, will enable the right contract and supply chain strategies to be formed from the onset, thus mitigating some schedule risk from the delivery phase.

Partnering and innovation

By creating partnering models and collaborative supply chain arrangements developers will deliver savings in both time and cost which will enable the delivery and certainty of investment goals to be achieved. This is particularly important in a time when investors are struggling to deal

with the effects of the credit crunch and wind projects have to deal with the burden of both high costs and potential lack of finance. Fostering closer working relationships with the supply chain and best practice delivery concepts will create an environment of commitment and mutual trust. Getting the right balance of control and collaboration between the developer and the supply chain tiers will be crucial.

Offshore wind power has a significant role to play in the future global energy mix. To compete in a highly competitive energy market, offshore wind has to raise its game. It will only achieve this by adopting new and innovative ways to project delivery which dramatically reduce project lead times.

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