Offshore Wind Alliances Give Certainty to Funders

Developers of offshore wind parks find it difficult to give approval for the execution of their projects on balance sheet at Final Investment Decision (FID).

LONDON, ENGLAND, July 31, 2013 /EINPresswire.com/ -- This is unless there is a pre-agreed refinance structure for the project with acceptable interim risk.

To establish the appropriate contractual structure for an offshore wind project's delivery, Developers must recognise the need for funders to be satisfied as to the robustness of any legal structures.

If a strategic partnership is formed, questions arise as to whether this will limit the exposure of the project to cost over-run in the construction phase. Experience suggests that strategic partnerships work well in the early stages of a project and enhance the contributions from Early Contractor Involvement [ECI] but could create difficulties and tensions as costs begin to impinge on profits.

Alliances and partnerships are a legal structure in which all principal stakeholders involved in a project come together to form one business. These stakeholders agree to share risk within the project which is financed by or through the Special Purpose Vehicle [SPV] of the key stakeholders. This means the interests of the project come above the individual interests of the stakeholders. Experience in the stakeholder team gives confidence in the project and allows the agencies providing investment to structure finance in a way which is achievable and at reasonable cost.

Another model exists which allows the capital expenditure [CAPEX] projects to be financed on an underwritten limited recourse basis from commercial lenders with long term institutional refinance upon commencement of generation. Where balance sheet finance for CAPEX is not achievable this is a solution that could work well for offshore wind. This is can be considered as a way to reduce risk in the project and allows third party equity to participate for long term finance. Funders want certainty and a robust Alliance structure can deliver that.

In light of the unclear contractual path ahead, the International Offshore Wind Construction, Installation and Commissioning Conference will return on the 14th and 15th October. Offshore developers and EPC contractors will come to Hamburg, Germany from the United Kingdom, Denmark, Belgium, and the Netherlands to discuss how to use their latest project, operational and technical experience to enhance execution of future offshore wind projects.

"Wind Energy Update is proud to be the primary source of exclusive, industry demanded information surrounding offshore wind construction" says Jon Harman, the Managing Director from Wind Energy Update. "As an organization, we understand how to drive both a company's growth and profits, and we will strive to provide the audience with the targeted material and individuals that they need to achieve them".

50Hertz Transmission, BARD Holding, DONG Energy, Elia Group, EnBW, Iberdrola / Scottish Power Renewables, Mainstream Renewable Power, Northland Power, OpenHydro, RES Offshore, RWE Innogy, Stiftung Offshore-Windenergie, STRABAG Offshore Wind, TenneT TSO GmbH, The Crown

State, GDF Suez, Vattenfall are just a few of the international offshore wind industry companies who will meet this October in Hamburg to discuss, debate and appraise the latest strategies to reduce costs, optimize efficiency, and improve overall ROI.

For more information on this event, speakers, agenda and workshops, visit the website:
http://goo.gl/Xydy4c

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