

Shifts in Contracts for Offshore Wind Raises Further Questions

Banks want to see fewer contracts in the offshore wind projects they invest in so to minimise project risk.

LONDON, ENGLAND, August 13, 2013 /EINPresswire.com/ -- As a result, the Offshore Wind market has started to see a shift in the structure of its work packages, but into what remains to be seen.

Contracts are more commonly divided up into technology supplier and Balance of Plant [BOP] - that include foundations, transition pieces, nacelles, cables, substations and logistics - as large EPCs. Sub-contracts for BOP work in the current market are the funders favoured route as they regard a good EPC contract as a risk transfer to the Contractor with a spread of risk to sub-contractors who are often better placed to manage that risk. This structure spreads the risk throughout the project and gives comfort to funders.

It remains to be seen if turbine manufacturers will want to take a part in this risk transfer, and whether they will go to the extent required. If turbine manufacturer do decide this is a potential route forward, then intricate management structures have to be initiated for the project and although these are used in other in other industries, they are not yet modified to deal with Offshore Wind.

To use a structure which is not legally robust and which funders cannot see as familiar would only add unnecessary difficulty to a process which faces enough challenges already.

The solutions to reduced risk in future Offshore Wind projects, minimised capital expenditure and on time project delivery would either be a robust legal alliance in which the developer shares risk or an EPC approach which adequately transfers risk from the developer to the contractor(s). Ultimately this will lead to the lowest achievable Levelised Cost of Energy [LCOE] on any given project.

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/rDPhWw>

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