

This is not a wind farm

A guide for turning
procurements into projects



Offshore Wind Project Delays Threaten Climate Goals and Energy Reliability

Lessons Learned and Strategies to get U.S. Offshore Wind Back on Track

In 2024, East Coast states could award up to 16 GW of offshore wind across six solicitations, and the Bureau of Ocean Energy Management (BOEM) is planning to conduct new lease auctions that could unlock another 50 GW of new lease areas.

This shows that government plans for wind power are becoming increasingly ambitious.

These plans seem straightforward. Developers with existing offshore lease areas will bid into State Requests for Proposals (RFPs). Winning projects will be selected by States. The winning developers will take the necessary steps through the development stages, including financial close and technology procurement. The projects will be built on schedule, supplying millions of households with clean, affordable, green electricity.

But plans are not wind farms

The “technology arms race” has resulted in some offshore wind bidders proposing projects based on immature, untested wind turbines in response to State RFPs.

State RFPs often lack a significant focus on technology and supply chain readiness, which are crucial for ensuring successful and timely project delivery.

Additionally, state by state local content mandates, requiring turbine manufacturing as a condition of offtake, have failed as a policy mechanism and is one of the contributing factors regarding recent project cancellations up and down the East Coast.

If we continue down this road, our offshore wind farms, and climate goals, will never be more than plans.

From plan to action

The good news: we can reform State RFPs to support viable project execution and sustainable business cases for offshore wind, ensuring that planned projects become real wind farms on time.

So how do we turn procurements into projects?

By implementing the following steps.



What is driving offshore wind project delays and challenged project economics?

1

The **“technology arms race”** has led to some offshore wind developers putting forward proposals based on immature, untested wind turbines, introducing additional risk and increased costs.

2

State RFPs have insufficient focus on project execution and supply chain readiness necessary for successful, on-time project delivery.

3

State by state **local content requirements** have failed as a policy mechanism and should be abandoned.

4

Long lead time between offtake awards and project execution can lead to speculative bidding behavior and increases cost uncertainty across the supply chain. **Limited or no indexation adjustments** within power purchase agreements (PPAs) or offshore wind renewable energy credits (ORECs) have led to some offshore developers abandoning contracts.

We can enable successful project execution and sustainable growth of the U.S. offshore industry by implementing the following steps:

- 1 Prioritize the award of offtake contracts to bidders that have selected turbine technology that is mature, tested, and commercially available to ensure on-time project delivery and industry scalability.**



Prioritizing Existing, Mature Technology:

- The bidding into State RFPs of “paper turbines” that are in very early stages of development continues to result in offtake awards that are at high risk of abandonment by awardees.
- We must reward technology readiness. State RFPs should require bidding of existing turbines that have demonstrated sufficient product maturity, which should include current Type Certification according to the latest version of IECRE OD-501 - the internationally accepted certification standard meant to ensure quality, reliability, and performance.



Enabling Supply Chain Scalability:

- The bidding of larger, untested turbines results in paralysis of investment decisions across turbine supply and sub supply chains as well as the entire value chain, such as vessels, cranes, and ports, as investors become uncertain whether to proceed with current investment plans.
- We must scale products at a pace that is sustainable for infrastructure to scale with it. Designing technology with the current supply chain in mind will result in cost predictability, shorter execution times, and industry scalability.

- 2 Rigorously evaluate supply chain, infrastructure, and interconnection readiness in State RFPs and prioritize the award of offtake contracts for projects that demonstrate maturity.**

- Past state RFPs had a limited focus on project execution.
- State RFPs should have a critical focus on supply chain readiness and evaluate risks that could delay projects and/or increase costs.
- Prioritize the award of offtake contracts that have credible project execution plans, secured necessary equipment and facilities, and demonstrated how projects will be built and maintained with existing or planned supply chain resources.





3 Avoid awarding or heavily incentivizing bids with domestic manufacturing commitments in State RFPs.

- The practice of seeking to force local turbine manufacturing as a condition of a revenue contract award has failed as a policy mechanism in the United States and should be abandoned.
- Create a steady, predictable pipeline of projects executing on a reliable timeline, year in and out to attract local investments.
- With the right economic and market conditions in place, the supply chain can begin to follow.

4 Build indexation into PPAs or ORECs to enable benefit and cost sharing between awarded projects and ratepayers, and increase the resiliency of projects to withstand future uncertainties.

- States should award contracts that use inflation indices tied to turbine sourcing locations, like the Consumer Price Index and Eurostat Harmonized Index of Consumer Prices. This strategy captures long-term cost shifts in offshore project costs, benefiting ratepayers by removing risk contingencies in bid prices and potentially lowering future costs.
- Timing of strike price indexation adjustment should occur at Financial Close, rather than offtake or permitting milestones, to ensure that prices paid to projects via PPAs or ORECs reflect costs at the time of project construction.



Reforming offshore procurements based on the steps outlined is key to delivering the first U.S. offshore projects and driving this industry forward. Without reform, we risk being left with just plans.

Let's turn procurements into projects.



Wind. It means the world to us.™

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