

RECHARGE

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Morgan Stanley to link with Crowley for US offshore wind port and barge solutions

Artists rendering of Crowley's Salem Wind Terminal. Photo: Crowley



Investment by bank's infrastructure arm signals growing confidence in sector despite recent struggles with inflation, high interest rates, and public pushback

By **Tim Ferry**

Investment bank Morgan Stanley will link with maritime and logistics solutions provider Crowley Marine Services to advance port and feeding solutions for US offshore wind, reflecting growing confidence in the sector.

The joint venture (JV), Crowley Wind Services Holding, will focus on repurposing existing port infrastructure to meet needs of offshore wind as well as providing feeder barge solutions to enable at-sea turbine installation.

“In our view, the US offshore wind industry is in its early stages with ambitious goals to develop 30GW of capacity from offshore wind by 2030 and unlock a pathway to 110 gigawatts by 2050,” said Daniel Sailors, managing director of Morgan Stanley’s Infrastructure Partners unit.

“We believe port infrastructure is essential to the build-out and long-term maintenance of offshore wind projects.”

The partnership will focus on repurposing and operating existing port facilities and leasing them under long-term contracts to offshore wind developers.

The terminals will support manufacturing, assembly and storage of wind farm components as well as provide developers with maritime services such as Jones Act-compliant feeding vessels to transport components from ports to offshore wind installations.

The Jones Act forbids foreign-flagged vessels from calling in at consecutive US ports or points on the outer continental shelf, including offshore wind turbines.

As the US has no operational wind turbine installation vessels (WTIV) and only one under construction, the sector will rely on foreign-flagged vessels that must remain at sea and supplied with components by feeder barges.

“The partnership of our two companies will help lead the growth of the wind energy sector and provide clean, renewable energy for the US through high-quality maritime and logistics operations and services,” said Bob Karl, senior vice president and general manager of Crowley Wind Services.

Morgan Stanley will be the majority owner while Crowley will handle operations of the new venture.

Crowley in offshore wind

Crowley has already made substantial forays into US offshore wind.

The firm has partnered with Massachusetts’ Clean Energy Center and the city of Salem to construct a [wind services terminal at Salem Harbour](#) aimed at supporting sector development in New England.

Crowley also signed a deal to launch exclusive negotiations with the port of Humboldt Bay in northern California for the [nation’s first floating wind terminal](#).

The deal would make Crowley both developer and operator of facility, to be known as the Humboldt Bay Offshore Wind Heavy Lift Marine Terminal.

Lastly, the marine services provider has a right-of-first refusal agreement to lease and potentially develop a wind services terminal at [Port Fourchon, Louisiana](#).

Sector struggles

Each of these deals comes with a series of caveats, however.

The Salem Harbour terminal was originally in the frame for the 1.2GW Commonwealth Wind project under development by Iberdrola-controlled Avangrid which is currently being withdrawn by the developer due to rising inflation and interest rates rendering it unfinanceable.

Last year's federal auction for offshore wind leases off California underperformed on risks associated with the necessity for novel floating technology but equally important, lack of a procurement mechanism and grid capacity to handle gigascale development.

Gulf of Mexico is slated for a lease auction on Tuesday but again, lack of clear route to market along with frequent hurricanes and lower wind speeds make the region a riskier bet.

Public opposition to the sector has grown as developers seek offtake contract renegotiations for higher prices and amid a spate of whale strandings that have been blamed on the industry.

Nevertheless, offshore wind continues to gain momentum as two projects, Vineyard Wind 1 and South Fork, are currently installing turbines at sea.

The Bureau of Ocean Energy Management, main regulator of offshore energy development in federal waters, just approved a fourth commercial scale project, with more expected this year.

Tax credits and other incentives in landmark climate legislation passed last year have spurred some \$20bn in new investment into the sector, according to the White House.