

RECHARGE

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US offshore wind demand surges to 77GW as industry 'graduates to global stage': BNOW

Block Island Wind Farm Photo: Getty/Getty Images



Inaugural quarterly report by sector advocate hails 'consequential' third quarter, but supply chain contracts lag

By **Tim Ferry**

US states raised their offshore wind targets by 58% to a record-setting 77.4GW in the third quarter of this year, led by California's mammoth 25GW by 2045 goal set in August, the Business Network for Offshore Wind (BNOW) highlighted in its sector report released on Thursday.

The trade group's **Q3 Offshore Wind Market Report** noted that nearly 33GW of planned capacity now has a clear pathway towards offtake, with 17.6GW of plant already contracted through state tenders. "With historic federal funding, new support for floating wind turbine technology, and increasingly ambitious state-level goals, the longstanding aspirations of the American offshore wind industry are poised to become reality," said Liz Burdock, CEO of BNOW.

Multiple states in the established markets of the US northeast contributed to the sector's ebullience by raising their offshore wind targets, including **New Jersey (from 7.5GW to 11GW)**, **Massachusetts (from 4GW to 5.6GW)**, and **Rhode Island (from 600MW to 1GW)**.

The offshore wind industry has made tremendous advances on the legislative front with the passage of the **Inflation Reduction Act (IRA)**, the nation's key climate change law that channels some \$369bn into clean energy and includes tax credits for domestic manufacturing of offshore wind components and vessels. The floating wind sector saw massive gains with the Biden administration's new **Floating Offshore Wind Shot**, which sets a national goal to deploy 15GW by 2035 and includes tens of millions of dollars in new R&D funding to drive down capex costs by 70%.

The Bureau of Ocean Energy (BOEM), the regulator of energy development in federal waters, expects to hold its **first auction for floating wind acreage off California's coast** this year, and has initiated a leasing process in the deep waters of the Gulf of Maine, the Central Atlantic, and off the coast of Oregon. These milestones contributed to making the third quarter of 2022 "among the most consequential for the American offshore wind industry", BNOW asserted.

State ambitions weren't matched by actual supply chain agreements, however, with BNOW tracking only a 5% overall rise in signed contracts industry wide, mostly in shipbuilding, port infrastructure, and supply chain development. Several of the 52 contracts signed during the quarter were substantial, including a \$223m award to construction firm **Skanska by the Virginia Port Authority** for the redevelopment of the Portsmouth Marine Terminal, where Dominion Energy will stage its **2.6GW Coastal Virginia Offshore Wind (CVOW) project** – the US' largest. The state of Maryland also received a \$22.9m federal workforce development grant emphasising fabrication and logistics jobs in offshore wind.

Transmission remains a thorn in the industry's side, however, and while the IRA offers funding for research and development, it lacks the scope needed to integrate the Biden administration's target of **30GW of plant by 2030**. "The industry still must overcome challenges to upgrade our grid and transmission system, localise a robust supply chain, and train a skilled workforce," said Burdock, who urged "coordinated action from our state and federal government to deploy a comprehensive national offshore wind industrial strategy".

Looking ahead, in addition to the California auction, the industry is anticipating New York's **third round procurement for up-to 2GW** following the 4.3GW already contracted towards its 9GW by 2035 goal. The New Jersey Board of Public Utilities (NJBPU), meanwhile, also expects to finalise its long-running offshore wind transmission solicitation for a planned grid to incorporate at least 7GW of the state's target into the network. NJBPU is expected to announce the results of the tender before the end of the year. Despite the challenges, BNOW observed that on the strength of the gains seen last quarter, the US has "graduated from an ambitious market to one with the tools to be compete on the global stage".