

# RECHARGE

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## 'Undeniable momentum' | Flagship US floating wind auction closes at over \$750m

US Interior Secretary Deb Haaland Photo: Alex Wong/Getty Images



*After slow start, round off California heats up on day two with developers RWE, Equinor, Invenergy and consortia led by Copenhagen Infrastructure Partners and Ocean Winds all landing deepwater Pacific acreage*

By **Tim Ferry**

The US' first floating wind auction closed on its second day with prices surging to reach \$757m for five leases across 373,286 acres in waters off California where at least 4.6GW – and likely far more – of offshore capacity is set to be developed, enough to power 1.5 million American homes.

The five winners (*see panel below*) are German utility RWE; California North Floating – headed up by Denmark's Copenhagen Infrastructure Partners (CIP); Central California Offshore Wind – led by French-Portuguese joint venture Ocean Winds; Norwegian energy group Equinor; and US renewables giant Invenergy.

"Today's lease sale is further proof that industry momentum – including for floating offshore wind development – is undeniable," said US secretary of the interior Deb Haaland.

The tender included credits worth up to 30% of the total value of the bid, which "will result in tangible investments for the floating wind workforce and supply chain in the US, and benefits to Tribes, communities, and ocean users potentially affected by future offshore wind activities," said Amanda Lefton, director of the US Bureau of Ocean Energy (BOEM), which regulates federal waters.

"This auction commits substantial investment to support economic growth from floating wind energy development – including the jobs that come with it," she said.

Molly Morris, president of Equinor Wind US, said: "The US west coast is one of the most attractive growth regions for floating wind in the world due to its favorable wind conditions and proximity to markets that need reliable, clean energy."

"We are thrilled to be a provisional winner in BOEM's first offshore wind energy lease sale on the west coast," said Joshua Weinstein, vice president for offshore wind development at Invenergy, the only US-based firm to win acreage in the California auction.

CIP senior partner Torsten Smed said: "California is expected to develop into a key market for floating wind and the auction represented a strong investment opportunity for us.

"By adding the new lease area to our portfolio and based on our large global portfolio of floating projects in different stages of development we are uniquely positioned to lead the commercialisation of floating offshore wind in the US."

Sven Utermöhlen, CEO of RWE's offshore wind business, called the company's first-ever commercial floating lease "a milestone achievement" that "builds upon more than 20 years of pioneering the industry [and] gaining important experience from our floating demonstration projects".

Bautista Rodriguez, CEO of Ocean Winds, said: "As a pioneer in floating wind and firm believer in its capabilities to produce large capacity of clean energy and create local opportunities around the world, Ocean Winds is... committed to bringing the country and California closer to meeting their clean energy goals, while building a new domestic industry, creating jobs and boosting the local economy."

Sector advocacy group Business Network for Offshore Wind (BNOW) called the auction "an important milestone toward meeting both the Biden administration's goal of deploying 30GW of offshore wind by 2030 and 15GW of floating wind by 2035".

BNOW CEO Liz Burdock noted that money raised through the auction gives the US “a premier opportunity to develop a robust floating wind turbine supply chain that can compete on the global stage”.

JC Sandberg, interim CEO of Washington, DC-based industry group the American Clean Power Association, said: “This sale shows strong interest in the California floating wind market and is clear validation of BOEM’s leasing process.”

### Lagging prices

Yet, at an average of \$2,000/acre, the result came in well below that of the year’s previous tenders along the Atlantic coast, where the record-setting New York Bight saw average prices of \$8,900/acre, while in the Carolina Long Bay tender came in at \$2,900/acre.

“Prices per acre are significantly lower than we’ve seen and it [was] definitely not the super competitive auction I was expecting,” said Samantha Woodworth, wind energy analyst for research consultancy Wood Mackenzie, noting that only seven of the 43 bidders qualified to enter the auction participated. “Uncertainty is definitely a factor,” she said, highlighting the technical challenges of the nascent technology. “Floating is so much harder and more expensive, and developers are looking to save money in any way they can, so keeping bids down is one tactic to help with that,” she said.

Global economic challenges including surging inflation and rising interest rates, as well as supply chain disruptions, may have deterred more developers from entering the ring. “There is a little bit of a ‘live to fight another day’ mentality,” she said, referring to the fact that so many qualified companies sat out this auction. California’s unformalised policies – the state set the US’ most ambitious offshore wind goals, with 2-5GW by targeted by 2030 and 25GW by 2045, but has not codified those goals into mandates – may have contributed.

“Prices tend to be higher in states that have actual offshore wind mandates than in states where they’re just supporting it,” Walt Musial, head of offshore wind energy research at the US National Renewable Energy Laboratory, told *Recharge*. The state also lacks a clear pathway to market, as it doesn’t have a central authority capable of organising procurement as many north-east US states do. “These first few leases will set a bar for where things go,” he said.

### Humboldt zone on top

There were substantial differences in the prices between the two wind energy areas (WEA) of Morro Bay on the central coast and Humboldt in the north. The smaller leases in Humboldt breached \$2,500/acre, while the larger areas in Morro Bay, lagged, averaging only \$1,767/acre.

Humboldt’s lack of transmission capacity and smaller 63,338-acre and 69,000-acre sites didn’t deter investors bent on leveraging the WEA’s higher wind speeds, which exceed 10 metres per second – some of the fastest in the world. Proximity to Humboldt Bay, whose port received \$50m in state grants as a down payment on conversion into the premier floating wind facility on the west coast, also buoyed prices.

Despite access to adequate transmission and high load centres, as well as larger leases averaging more than 89,000-acres each, Morro Bay’s lower wind speeds kept prices low. The zone also lacks access to a floating wind port, with few options on building one in the time frame for meeting the state’s goals.

Adam Stern, executive director of Offshore Wind California, a state trade group of wind developers and technology companies, said that with the successful completion of the auction, the industry now needs to “focus on the essential next steps [of] investments in transmission and port infrastructure, a clear roadmap on permitting, procurement, a robust supply chain, workforce training, and more call areas to reach the state’s 25GW goal”.

Results will be certified by BOEM over the coming weeks.

#### CATCHING A WAVE: WINNERS IN THE CALIFORNIA AUCTION

Provisional Winner	Lease Area	Acres	High Bid
RWE	OCS-P 0561	63,338	\$157,700,000
California North Floating	OCS-P 0562	69,031	\$173,800,000
Equinor	OCS-P 0563	80,062	\$130,000,000
Central California Offshore Wind	OCS-P 0564	80,418	\$150,300,000
Invenergy	OCS-P 0565	80,418	\$145,300,000

Source: Bureau of Ocean Energy Management