

Renewable Energy

Ministers warned on subsidy risk to offshore wind power projects

At least 2 proposed floating farms under threat unless scheme extended



Several of the world's largest offshore wind farms are already in operation or under construction around the UK © Bloomberg Andrew Ward, Energy Editor YESTERDAY

Ministers have been warned that the UK risks forfeiting leadership of a promising new form of offshore wind power because of a withdrawal of subsidies which threatens to leave projects without funding.

At least two proposed floating wind farms off Scotland will not go ahead, industry leaders said, unless a subsidy scheme due for expiry in October is extended.

Several of the world's largest offshore wind farms are already in operation or under construction around the UK but these all involve conventional turbine towers fixed to the seabed.

Industry leaders say a bigger long-term opportunity exists in floating turbines, anchored to the seabed by cables, which can be deployed in deeper and windier waters further offshore.

The first [floating wind farm](#), the 30 megawatt Hywind project off Aberdeenshire, operated by Statoil of Norway, opened off the east coast of Scotland last October.

Three more are under development with combined planned investment of £425m. Two of these — the 60MW Forthwind and 10MW Dounreay Tri projects — will not be generating electricity in time to meet an October deadline to qualify for a form of subsidies known as Renewables Obligation Certificates (Rocs).

RenewableUK, which represents the UK wind industry, is lobbying for an 18-month extension of the deadline to April 2020. “Without this first group of projects we will not be able to build UK expertise and that would be a huge lost opportunity,” said Maf Smith, deputy chief executive of RenewableUK.

The case highlights the dilemma facing government as it tries to [reduce the burden of green subsidies](#) on bill payers in line with the stated aim of Theresa May, prime minister, to make UK energy costs the lowest in Europe.

Sharp falls in the cost of [wind and solar power](#) have raised hopes in Whitehall that subsidies can be gradually reduced and withdrawn from renewable energy without undermining the shift to low-carbon energy.

However, industry leaders say the next generation of [renewable technology](#), including floating wind farms, still needs support in its early stages to achieve economies of scale that bring costs down in the long run.

Mr Smith said floating offshore wind was especially attractive for the UK because it drew on similar skills to offshore oil and gas — allowing existing jobs and expertise to be preserved as North Sea fossil fuel resources declined.

There was an export opportunity for UK design and engineering, Mr Smith added, given that 80 per cent of offshore wind resources globally were in deepwater and therefore unsuitable for conventional turbines.

Countries and regions with steeply shelving coastlines, including France, Japan and the US west coast are showing interest in floating wind power and the technology could also widen the reach of offshore wind in the UK.

Mr Smith said the two projects at risk of missing out on Rocs had been delayed by events beyond the developers’ control. Industry has proposed that the subsidies, which normally run for 20 years, would stop in 2037 as originally planned even if the start date was delayed, reducing the cost to energy consumers.

However, government officials said there were no plans to extend a deadline which had been known about since 2013. Floating wind projects would be eligible to compete

for £557m of contracts due to be auctioned next year under a separate green subsidy mechanism, known as contracts for difference (CFD), the officials added.

“The UK is a global leader in renewables, including offshore wind with more support available than any other country in the world,” said the Department for Business, Energy and Industrial Strategy.

Advocates for floating wind power say it would be hard for the technology to compete for contracts against conventional offshore wind projects in the near term because the latter has a much more developed supply chain.

Scott Harper, commercial manager of 2B Energy, the Dutch developer behind the Forthwind project, said its development now depended “on government granting flexibility on the completion date”.

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