

Designer looks to consortium to tap US wind farm riches

AK Suda has high hopes for its new turbine installation ship design as Jones Act shortage looms

REVOLUTION: Block Island Wind Farm is the first commercial offshore wind farm in the US
Photo: Bloomberg

Gary Dixon
London

US naval architect AK Suda is stepping up its plans to capitalise on growing interest in offshore wind farms — and a likely shortage of Jones Act ships to service their installation.

The Louisiana company is looking to form a consortium with equipment suppliers, and possibly project operators, to compete for charters with its new JG10000T wind turbine installation vessel (WTIV) design.

AK Suda has declined to reveal the dimensions of the vessel, as these are key to what it calls its commercial advantage in terms of capacity and cost.

But it has won Norwegian classification society DNV GL's preliminary approval for the blueprint, which builds on its earlier JG6000 vessel.

AK Suda is confident its new design is going to be "the most efficient in terms of cost and installation time, and will meet the needs of the growing US offshore wind industry".

It added that the JG10000T has a 33% higher capacity for its size, compared to existing WTIVs.

The unit is designed to carry multiple turbines, even the larger ones of between 14 MW and 18 MW currently under development

The JG10000T can also install turbine foundations and work in oil and gas decommissioning markets.

A 2,500-tonne leg-encircling crane can install monopiles for the biggest turbines.

"There is serious interest in investment. The industry seems to understand the need to provide long-term commitment and is stepping up," AK Suda said.

It added that the price tag should

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come in at under \$300m, but the ships have to be built in the US due to Jones Act requirements.

The sector is increasingly appealing not just to traditional offshore vessel names, such as Solstad Offshore and Fred Olsen, but also to conventional owners like dry bulk player Scorpio Bulkers, which has ordered a new WTIV at Daewoo Shipbuilding & Marine Engineering in South Korea, at a price of up to \$290m.

The vessels can cost up to \$335m, according to Norwegian investment bank Clarksons Platou Securities.

CHEAPER THAN RIVALS

Several options have been offered by various design houses in the industry, AK Suda president Ajay Suda told TradeWinds, but they have all been expensive in terms of the US market.

Suda said the company's own price was achieved "by combining jack-up technology with liftboat technology".

"Wind turbine cargo is real-estate intensive. Liftboat technology accommodates that," he said.

"The hurdle that we are attempting to overcome is developing a low-cost, high-capacity WTIV."

He said that Jones Act requirements, which stipulate US construction, will lead to higher labour costs than other shipbuilding nations.

"The icing on the cake is if with a combination of low cost and high capacity we can get the return on investment to be at a point that it

is competitive for operation in the Far East. This has been achieved with the JG10000T," Suda said.

The president said he has spoken with all the major wind farm owners, who vetted its designs.

"The responses have been highly complimentary," Suda said. "We have been told by a major wind farm owner that we are the only serious game in town."

Wind farm owners have also offered to help with financing, he added.

Suda believes wind farm owners "from across the pond" who currently dominate the development of US wind farms are used to speculative investment in WTIVs.

But he said: "The industry that will dominate the investment in Jones Act-compliant WTIVs is the US oil and gas industry, which has grown up

with the luxury of long-term employment commitments in support of funding."

"We are seeing that wind farm owners have begun to realise this truth. They have decided to club their US projects [together] to provide long-term guarantees of employment."

This has sparked much interest from the investment community, Suda said.

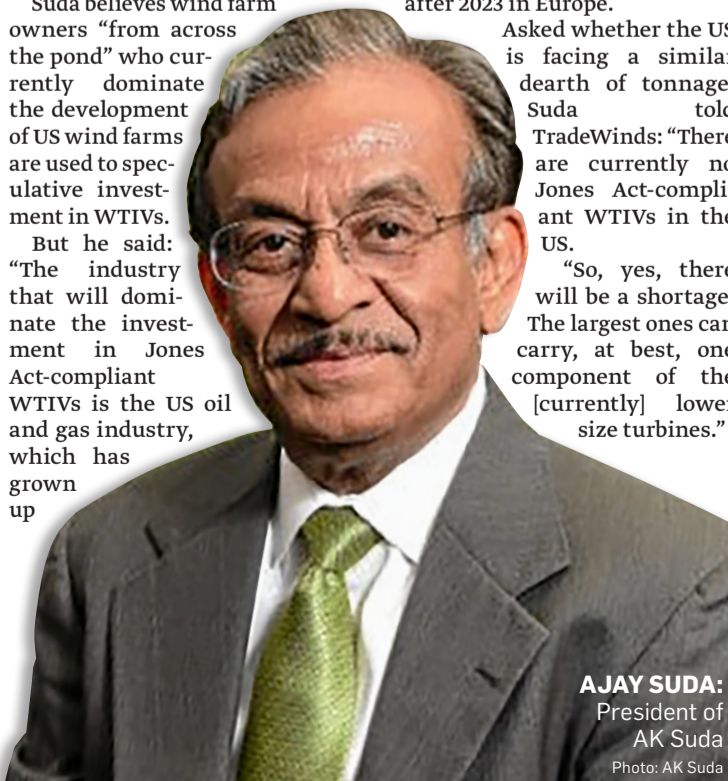
"We are in the process of putting together a consortium that will include major equipment vendors and possibly wind farm operators," he added.

Suda said orders for WTIVs will be placed as soon as the company can win its first charter.

Clarksons Platou has identified a major shortfall in suitable ships after 2023 in Europe.

Asked whether the US is facing a similar dearth of tonnage, Suda told TradeWinds: "There are currently no Jones Act-compliant WTIVs in the US.

"So, yes, there will be a shortage. The largest ones can carry, at best, one component of the [currently] lower size turbines."



AJAY SUDA:
President of
AK Suda
Photo: AK Suda

\$2TRN PLEDGE NO GUARANTEE WTIVs WILL BE BUILT IN THE US

Momentum is building behind the US offshore wind farm shipping industry, but questions remain over when new projects will get the green light.

Naval architect AK Suda, of Louisiana, is pushing ahead with a new wind turbine installation vessel (WTIV) design and will be keeping an eye on November's presidential election.

"Democratic candidate Joe Biden has promised that if elected, he would spend \$2trn on clean energy over a period of four years," AK Suda president Ajay Suda told TradeWinds.

"It's a great idea, but doesn't necessarily guarantee that a dedicated WTIV will be built for the US market."

HEADWINDS

Suda added: "The Trump administration, or at least Trump himself, seems to be against offshore wind, but we are not aware of anything they have done or said publicly that would indicate they are trying to stop the progression of offshore wind farms."

The potential for the sector is huge, if projects can move from the planning stage to construction, the company believes.

"More and more, governments of the individual US states are pledging to implement alternative energies, including offshore wind, as part of their main energy sources," Suda explained.

"There is a state-wide competition to be the biggest and first."

Many leases have been issued by the federal government for offshore wind sites, Suda said.

RED TAPE

But "bureaucratic" regulations imposed by individual federal government agencies are slowing the process, he added.

The first major offshore wind farm in the US, under development by Vineyard Wind in the state of Massachusetts, was supposed to be operational by 2022.

However, the company announced earlier this year that they would not be able to meet that target date.

"Seeing the need for greener energy sources, many are trying to find a way to speed up this approval process, without compromising safety and environmental quality," Suda said.

"Thus, we feel certain that it will happen. The question is how soon."

The proposed wind farms would all be on the east coast of the US.

Suda said he is aware of about 15 active leases slated for development in that area that can provide up to 25 GW of power. This is up from 19 GW just a year ago.