

Offshore wind boom to spark rush to build Jones Act fleet

Race by US states to get turbines into the water is set to trigger a rush to create a domestic fleet of vessels

May 17th, 2018 17:00 GMT by Darrin Griggs

US offshore wind is an emerging market in need of a wide array of specialised vessels that satisfy Jones Act rules, according to a shipping lawyer.

Emily Huggins Jones — a maritime-and-wind focused partner at Squire Patton Boggs' Cleveland office — says the latest example is “a potential sea change” for the US sector, after Aeolus Energy Group (AEG) in Florida revealed plans last month to construct a fleet of wind assets.



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“It’s a matter of the legislation and its interpretation. I think developers, and particularly European developers, are terrified of the Jones Act,” Huggins Jones tells TradeWinds, “because can you stake your assessment on the possibility an interpretation is going to torpedo your project?”

“That’s why most folks are looking more to trying to find Jones Act vessels that will at least fill the current iterations and then looking for a whole fleet down the road.”

AEG says it intends to build a fleet of Jones Act-compliant ships, without specifying an exact number of vessels, the size of the investment or the status of financing.

“The untapped potential of offshore wind energy in US coastal waters is well documented. The initial projects are well into their development — what is lacking is a US construction fleet, trained American workers and port facilities to do the work. That is what we intend to create,” AEG chief executive Elia Golfin said in April.

The shopping list includes jack-up vessels that could install the latest generation of large 12 MW turbines; cable-layers for installing medium and high-voltage lines; service operation vessels for on-site accommodation; and a fleet of crew transfer vessels to carry technicians to sites. AEG also wants helicopters, and it plans to invest in port facilities tailored for wind vessels in Massachusetts and Maryland.

Huggins Jones says no potential yards or orders have been announced but it is early yet — and not just because the plan was announced only last month.

“It’s a massive investment because it’s the full fleet that they’re building from the ground up. There are actually no US-flag transmission-cable-lay vessels, let alone for electric cable,” she says, adding that AEG may be looking at a \$1bn investment up front.

The Block Island Wind Farm came online in 2016 off Rhode Island with five turbines totalling 30 MW. But the cable-laying work was done with retrofitted barges. However, this was for a small project in shallow water just three miles (4.8 kilometres) from shore, so a barge solution will not be feasible at a larger commercial project, Huggins Jones says.



Emily Huggins Jones, a maritime-and-wind focused lawyer Photo: Squire Patton Boggs

“Each state is really rushing to market to try to get their port infrastructure up to speed. It is actually a little bit comical but there’s a total race among the states to see who can build the first commercial-scale windfarm and they are one-upping each other in the amount of megawatts that they’re pledging by a certain time.

“So along with that pressure, and once there’s real money there, the PPAs [power-purchase agreements] are signed and there are contacts in place, I think that will give someone — maybe AEG or maybe someone in tandem with one of the bigger developers — the ability to put the capex out there to build a fleet.”

She agrees that the wind sector has parallels with subsea in the US Gulf of Mexico. For natural resources, the Jones Act applies to the extraction of hydrocarbons or minerals from under the seafloor but so far not wind energy.

More than 70% of the world's offshore wind market is in shallow waters, with turbines installed on monopiles that are driven into the seabed, according to DNV GL. Vessels that hammer in these monopiles are not restricted by the Jones Act, under current interpretations, but any ship is restricted if it carries materials or parts from US ports out to the sites.

This allowed non-Jones Act vessels belonging to Norway's Fred Olsen Windcarrier to take part at Block Island while US-flag vessels from Seacor subsidiary Falcon Global transported parts to the site from port in Rhode Island.

Huggins Jones believes wind developers will be inclined to use purpose-built vessels rather than converting offshore supply vessels, hundreds of which are laid up in the Gulf of Mexico.

"There's the potential for some of those to be repurposed but the reality is that the application for which these wind vessels are needed is pretty specific," she says, indicating that cheap ships could turn out to be expensive in the end. "Developers are sophisticated enough to know that you have to spend the right amount of money on ships to do these wind projects correctly."