

EIC INSIGHT REPORT

GLOBAL OFFSHORE WIND

Executive summary

The offshore wind sector's global expansion trend continued throughout 2019, bringing overall operational capacity to over 28GW. Key markets such as the UK, China, Germany, the Netherlands and Taiwan further strengthened their positions as project pipelines were expanded and ongoing developments progressed with construction.

The year 2019 also saw the emergence of cross-sector and sector coupling discussions, particularly around decarbonisation of offshore oil and gas platforms and the production of 'green' hydrogen via electrolysis using offshore wind. For instance, Ørsted included a proposal for hydrogen production in its bid proposal for the Hollandse Kust Zuid tender, and is now looking to use power generated by the Hornsea 2 wind farm in the UK to produce hydrogen under the Gigastack project.

The sector is expected to see strong growth throughout the next decades, not only in existing 'mature' markets, but equally in emerging ones. Examples of countries that have gained significant interest from developers and the supply chain alike in 2019 are Poland, Japan, Vietnam and Ireland. The launch of

project activities in France also gained attention, particularly after the French government decided to increase its installation targets and announced a 1GW annual build-out ambition for the second part of this decade.

Although forecasts on the operational capacity by 2030 vary between approximately 164GW to 200GW, there is little doubt in the industry that immense growth trajectory for offshore wind will continue. The rise and gradual commercialisation of floating offshore wind technology will only add to this trend.

As more projects are added to the pipeline, concerns have been raised on the supply chain's ability to meet global demand, particularly for vessels, skilled labour and fabrication shipyards. An increased awareness of the risks and effects of climate change is likely to lead to a greater focus on decarbonisation efforts in the supply chain and in the means of component production.

The next few years could see important discussions on future supply chain engagement, effective project execution and whether the existing frameworks for offshore wind development remain fit-for-purpose.



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