

RWE

Forecasting market conditions for floating wind

Chris Willow, head of floating wind development for RWE, highlights the need for increased efforts in forecasting the costs of floating wind to facilitate deployment in the Celtic Sea region and beyond.



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It is now generally assumed that floating wind costs will decrease rapidly over the coming years in response to technological innovation, industrialisation, and economies of scale.

Though this may be true, we must still remember that it won't happen automatically just because we see the same waterfall cost charts at every conference.

The floating wind industry is hitting a new phase of maturity and the challenge now is to understand specifically what is going to cause these decreases in costs.



Equally important, we also need to understand what needs to be done to trigger these cost reductions.

Over the last decade, the cost of seabed-fixed wind has decreased significantly. This didn't happen on its own and was definitely not inevitable. There was considerable effort spent on stimulating the development of skills, industry, and supply chains while building a deep understanding of the financial context of the technology.

The same needs to occur with floating wind if we are to achieve the necessary cost reductions.



Understanding triggers of cost reduction

The challenge for floating wind (as it was for seabed-fixed), is it is impossible to know for sure whether we will achieve the cost targets until we actually build the projects of the future. The process of cost reduction is also incremental; hundreds of improvements are needed and some of these will come sooner than others.

For RWE, we are taking on this challenge by working on an “early warning” cost system. This involves predicting not just the specific drivers of cost reduction, but also the steps needed to achieve them and the likely timing of implementation. In this way, we can start to look for signs that we are on track for long-term cost reduction. Rather than sitting back and hoping things happen, we can build confidence by actively looking for evidence.

For example, the development of suitable port infrastructure is really important, but also has a very long lead time, so early action is needed. As such, we are investigating the benefits of different approaches, forecasting the cost benefits and thinking about timescales and early signs of progress.

This information can be derived from RWE’s project teams around the world, from our supply chain partners, industry organisations, and financial partners.



Monitoring signs of preparedness

By monitoring early signs of preparedness for cost reduction events happening in the short term, we can build confidence about predicting cost savings in the long term, providing a stronger investment case.



Developing a strong business case

To successfully deliver a thriving floating market, developers like RWE are already starting to commit significant development funding and resources so that commercial-scale projects are ready to be constructed in the late 2020s and early 2030s.

Without an effective cost-forecasting system, we would be asking our boards to make these early investment decisions based on blind faith. Instead, by ensuring our business cases for floating wind are supported by research and evidence, we can confidently demonstrate that we are on track to make these cost reductions a reality. Our track record with seabed-fixed wind has already proven that this approach works. By applying this mindset to floating wind, RWE is best placed to unlock its long-term potential.



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