ENERGY TRANSITION WEEKLY - GLOBAL EDITION

Vol. 2 | No. 3 | Week Ending 16th January, 2026

Welcome to Energy Transition Weekly Global Edition—your essential intelligence briefing on offshore wind, hydrogen, CCUS, decommissioning and renewables developments impacting global energy transition and the supply chains that support it.

This week's headline: The United States offshore wind sector experienced a pivotal reversal as federal courts lifted construction suspensions on major East Coast projects, while the UK achieved a record-breaking offshore wind auction securing 8.4 GW of capacity at prices 40% cheaper than new gas generation. Simultaneously, global hydrogen and CCUS sectors are transitioning from speculation to pragmatic, project-based delivery with operational momentum building across Northern Europe and Asia.

One critical number: 8.4 GW—Europe's largest offshore wind auction ever conducted, securing clean electricity equivalent to powering 12 million homes, at an average strike price of £90.91/MWh for fixed offshore (40% below the cost of new gas generation). This signals global offshore wind has achieved cost competitiveness without subsidy dependency.

Action for this week: *Monitor US offshore wind legal proceedings—three additional developers are pursuing injunctions to resume construction on $25 billion in projects. Review UK AR7 auction winners and grid connection timelines; early-stage supply chain engagement with developers will be critical. Track Northern European hydrogen infrastructure buildout; 2026 is the pivotal year when speculative projects transition to operational systems.*

1. NORTH AMERICAN OFFSHORE WIND: LEGAL REPRIEVE AND CONTINUED UNCERTAINTY

US Court Lifts Suspension on Coastal Virginia Offshore Wind

On 16 January 2026, a federal judge temporarily lifted the Trump administration's suspension on Coastal Virginia Offshore Wind (CVOW), the largest offshore wind project currently under construction in the United States. The decision permits

construction to resume on the 176-turbine project (1.3 GW capacity) capable of supplying electricity to over 600,000 residences.

Project timeline and implications:

- Project owner Dominion Energy reported that CVOW is positioned to commence power delivery within weeks
- The project was originally suspended on 22 December 2025 by the Department of Interior citing unspecified national security concerns
- Dominion argued the suspension would incur losses of approximately $5 million daily and jeopardize grid reliability for critical Virginia infrastructure including major military installations, AI data centers, and civilian networks
- Legal challenge strategy: While this specific suspension was lifted, Dominion and other developers are pursuing broader legal challenges to the administration's offshore wind policy framework

For supply chains: The temporary reprieve does not resolve underlying policy uncertainty. Project developers (Dominion, Orsted, Equinor, Avangrid) are investing in immediate workforce mobilization to capitalize on the construction window. Vessel operators, component suppliers, installation contractors, and O&M service providers should anticipate rapid mobilization demand if court decisions hold.

Additional Projects Pursuing Legal Action

Three additional major offshore wind projects are pursuing legal injunctions to resume suspended work:

- **Revolution Wind (Orsted)** – 65-turbine project off Rhode Island; 87% complete with all offshore foundations installed and 58 of 65 turbines installed; seeking preliminary injunction filed 2 January 2026
- **Empire Wind (Equinor)** – Off New York coast; 60% complete; seeking preliminary injunction
- **Sunrise Wind (Orsted)** – Considering legal action to restart operations
- **Vineyard Wind 1 (Avangrid)** – Partially operational; approximately half of 62 turbines generating power

Total investment at stake: ~$25 billion across five projects; anticipated to create ~10,000 jobs and supply energy to 3.5+ million homes. The cumulative impact of prolonged suspension would extend timelines, inflate costs, and jeopardize supply

chain investments already committed to fabrication, logistics, and O&M infrastructure.

Regulatory note: These developments reflect a fundamental tension between executive power, congressional intent (reflected in legislative authorization for these projects), and judicial review. The outcome of these legal proceedings will establish precedent for government authority to halt renewable energy infrastructure on national security grounds.

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2. UK OFFSHORE WIND: RECORD AUCTION DELIVERS COST COMPETITIVENESS

AR7 Auction Secures 8.4 GW at Historic Low Prices

On 14 January 2026, the UK government announced results from Contracts for Difference Auction Round 7 (AR7), securing a record 8.4 GW of offshore wind capacity. This represents the largest auction ever conducted in Europe and directly advances the government's 2030 clean power target of 50 GW offshore wind capacity.

Cost competitiveness milestone:

Metric	Value
UK AR7 average strike price (fixed offshore)	£90.91/MWh
UK AR7 (2012 prices benchmark)	£65.25/MWh
Cost of new gas generation (LCOE)	£147/MWh
Price differential vs. gas	40% cheaper
Homes powered equivalent	12+ million

Strategic implications:

1. **Subsidy-independent economics confirmed:** Offshore wind strike prices now compete directly with fossil generation on an unsubsidized basis,

contradicting previous claims that renewables require permanent subsidy support

2. **Grid capacity investment:** This capacity addition keeps the 2030 clean power mission on track; however, all 8.4 GW requires grid connection infrastructure. Network Rail and local Distribution Network Operators (DNOs) face interconnection challenges; grid connection timelines are now the critical path item, not generation capacity

3. **Major projects awarded:** Key winners include:

    - Berwick Bank B (SSE, Scotland): 1.2 GW @ £89.49/MWh—first new Scottish offshore project to secure CfD since 2022 and potentially the world's largest offshore wind farm

    - Dogger Bank South (RWE + Masdar, Yorkshire): 3.0 GW

    - Norfolk Vanguard East & West (RWE + KKR, East Anglia): 3.1 GW combined

    - Awel y Môr (RWE + Siemens + Stadtwerke München, Wales): 775 MW—first Welsh CfD in >10 years

For supply chains: AR7 represents ~£100+ billion in total project value over development and construction phases. Phased supply chain engagement is now critical:

- Immediate: Engage with Crown Estate and Major Project Control Centers (MPCCs) on foundation, turbine, and balance-of-plant procurement planning

- 2026-2027: Competitive tendering for cable systems, cabling, installation vessels, and commissioning services

- 2027 onward: O&M service contracts (35-year operational life = sustained employment pipeline)

Please see our comprehensive review of AR7 supply chain opportunities here - AR7 Opportunities for North East Scotland Energy Supply Chain SMEs.

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3. GLOBAL HYDROGEN INFRASTRUCTURE: TRANSITION FROM SPECULATION TO OPERATIONAL REALITY

2026 Marks Pragmatic Shift to Bankable Projects

The global hydrogen sector is experiencing a fundamental transition in 2026: Away from speculative announcement-driven markets toward disciplined, project-based delivery with genuine offtake contracts and financial close. Industry analysts report this represents a maturation away from the "boom years" of 2022-2024 toward sustainable deployment of projects that make economic sense.

Market consolidation indicators:

- Global clean hydrogen pipeline exceeds 1,500 projects; however, consolidation is narrowing to a smaller set of developers with strong balance sheets, secured offtake agreements, and visible FID timelines

- Hydrogen Council reports 500+ projects backed by $110 billion in committed investments; however, capital concentration is evident around projects with industrial offtake certainty (refineries, steelmakers, chemicals, ammonia production)

- Costs declining: Electrolyzer costs dropped ~20% from 2020-2025; further cost reductions likely 2026-2028 via scaling and technological advancement

Sector focus areas:

The sector is reorganizing around three primary end-use categories:

1. **Refinery hydrogen replacement** – Europe's largest single application (60% of current hydrogen demand = 4.8 million metric tons/year); major refiners (Shell, Uniper, OMV) deploying large-scale electrolyzers

2. **Ammonia production** – Hard-to-abate sector; green ammonia increasingly viable with falling electrolyzer costs; exports from renewable-rich regions (India, Middle East, Australia) emerging

3. **Direct-reduced iron (DRI) steelmaking** – 10+ pilot projects in China demonstrating commercial viability; European steel sector moving toward hydrogen DRI as alternative to coal-based blast furnaces

Policy windfall: European Hydrogen Bank (EHB) third auction closes February 2026, with winners announced spring 2026; €1.3 billion in EU funding plus national supplements (Germany €1.3 billion, Spain €415 million) will unlock FID decisions for projects in construction phase.

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4. NORTHERN EUROPEAN HYDROGEN INFRASTRUCTURE: RWE LINGEN 100MW OPERATIONAL

Europe's Largest Electrolyzer Now Operating

RWE commissioned its 100-MW electrolyzer facility at Lingen, Germany in January 2026, establishing Europe's largest operational electrolyzer to date. This milestone signals that gigawatt-scale hydrogen infrastructure—previously considered 2027-2028 delivery—is now operational.

Significance for supply chains:

- **Proof of scale:** 100 MW electrolyzer delivering operational data on uptime, utilization, and cost performance; investor confidence in larger-scale projects (500 MW+) is now rising as real operational evidence replaces assumptions
- **Supply ecosystem:** Industrial-scale electrolyzers require:
    - High-voltage electrical infrastructure and grid integration
    - Desalination and water treatment (significant cost driver)
    - Oxygen co-product handling and sales
    - Hydrogen compression, storage, and dispatch infrastructure
    - Specialized maintenance and spare parts logistics
- **Cost trajectory:** Lingen operation will demonstrate whether electrolyzer efficiency and reliability match vendor claims; this operating data is critical for investors evaluating capital deployment on larger (500 MW+, 1 GW+) projects

Hydrogen cost evolution: Current EU-compliant green hydrogen production costs assessed at €7.49/kg in Spain (year to December 2025)[6]. Grid electricity prices and electrolyzer capex remain dominant cost drivers; wind-powered hydrogen in regions with €30-50/MWh electricity economics could reach cost parity with grey hydrogen by 2028-2030[6].

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5. GLOBAL CCUS: TRANSITION FROM PILOT SYSTEMS TO SHARED INFRASTRUCTURE CLUSTERS

2026 Pivotal Year for CCUS Hubs and Operational Data

Carbon Capture, Utilization & Storage (CCUS) is advancing from demonstration projects (2020-2025) into operational hub infrastructure in 2026. This shift from single-emitter projects to shared CO_2 transport and storage networks represents a structural maturation of the sector.

Global CCUS capacity snapshot:

As of early 2025, global operational CO_2 capture and storage capacity stands at ~50 million tons per annum (Mtpa)—up from previous years but still far below the ~1 gigaton (Gt) per year estimated necessary for net-zero pathways by 2050[7]. However, project pipeline momentum is accelerating: over 600 CCUS projects in various development stages with 15% year-on-year increase in activity and $6.4 billion in committed investment (2024 levels).

2026 milestone projects:

- Project Greensand (Denmark) – Expected to enter operation; offshore storage hub model
- Stratos (Texas, USA) – World's largest direct air capture (DAC) facility commencing commercial operation; will provide critical performance data on DAC cost and reliability
- Project Union Phase 1 (Scotland/Northern Europe) – FEED studies underway; detailed engineering 2025-2026; construction phase 2027-2030
- Northern European CCS hubs – Denmark, Netherlands, Germany completing first operational clusters; CO_2 transport across borders now operational

Shared infrastructure paradigm shift:

CCUS economics improve dramatically with shared infrastructure models versus single-emitter projects. Multiple industrial emitters and hydrogen producers using common CO_2 transport pipelines and storage facilities distribute capex, reduce per-ton unit costs, and improve asset utilization. This hub-based approach is now preferred by long-term infrastructure investors and is driving FID decisions for large-scale projects.

Challenges remaining:

- **Regulatory frameworks:** Standardized cross-border CO_2 transport, liability, and storage monitoring rules still incomplete across jurisdictions; policy clarity critical for 2026-2027 FID decisions

- **Storage uncertainty:** Long-term monitoring requirements, subsurface CO_2 migration risk assessment, and public acceptance of permanent underground CO_2 storage remain important considerations

- **Cost competitiveness:** CCUS remains expensive; economics depend on carbon pricing, tax credits (e.g., US 45Q reaching enhanced rates for DAC), and industrial offtake agreements

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6. CHINA'S CCUS LEADERSHIP AND INTERNATIONAL COLLABORATION

IEA/CIAB Report: China's Industrial-Scale CCUS Deployment

The International Energy Agency (IEA) and China Industrial Air Separation Association (CIAB) jointly published a 2025 report positioning China as a global leader in CCUS deployment at industrial scale. Key findings include:

- **Retrofitting programs:** China is systematically integrating CCUS into existing coal-fired power plants and heavy industrial clusters; deployment speed exceeds Europe and North America

- **Industrial clustering:** Integrating capture, transport, and storage into large industrial zones (coal, steel, chemicals, cement) where multiple emitters share infrastructure

- **Cost reduction:** Chinese CCUS projects demonstrate lower capex and opex versus Western projects; technology adaptation and labor cost advantages evident

- **International standards:** China co-leading ISO TC265 on CCUS standards development; positioning for technology export into African, Asian, and Middle Eastern markets

Supply chain implications: For UK and Northern European firms, Chinese competition in CCUS engineering, procurement, and construction services is escalating. Companies with proprietary capture technology, storage expertise, or specialized installation capabilities should prioritize customer relationships with first-mover CCUS projects.

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7. HYDROGEN POLICY TAILWINDS: MAJOR MARKETS DRIVING OFFTAKE REQUIREMENTS

European Hydrogen Quotas and Demand Signals

2026 marks the first operational year for binding renewable hydrogen requirements across European markets:

- **Netherlands:** First renewable hydrogen quotas taking effect early 2026; refineries and industrial customers facing mandatory low-carbon hydrogen blending requirements
- **EU Industrial Carbon Management Strategy:** Revised Renewable Energy Directive (REDIII) mandates 42% of industrial hydrogen consumption from renewable sources from 2030; significant demand creation signal
- **Shortfall risk:** Industry estimates EU faces ~1.1 million metric tons/year hydrogen shortfall versus REDIII 2030 targets unless project deployment accelerates

India's National Hydrogen Mission:

India launched its National Hydrogen Mission with ₹19,744 crore ($2.4 billion) outlays targeting 5 million metric tons (MMT) of green hydrogen annually by 2030.

Objectives include:

- Addition of ~125 GW of renewable energy capacity supporting hydrogen production
- Green hydrogen hubs in Visakhapatnam (NTPC: 20 GW renewables, 1,500 tons/day hydrogen capacity), Paradeep (L&T: ₹40,000 crore investment), and Thoothukudi (₹42,000 crore from majors: Petronas, Sembcorp)
- Zero-emission hydrogen-powered trains (150 km/h capability) and heavy industrial decarbonization
- Export orientation; India positioning as hydrogen supplier to Middle East, Southeast Asia, and Europe by 2030

Australia and Middle East: Gulf Cooperation Council (GCC) nations (Saudi Arabia, UAE, Oman) leveraging abundant solar and natural gas resources for cost-competitive green hydrogen production; major projects (NEOM, Oman green hydrogen corridor) entering FEED phases targeting 2027-2028 FID.

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8. DECOMMISSIONING AND OFFSHORE INFRASTRUCTURE REMOVAL

OPRED Guidance and Jacket Cutting Policy

The UK's Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) consultation on decommissioning guidance and jacket removal policies closed 14 November 2025. Key policy proposal under review: jacket cutting depths (at seabed level -0m versus current standard -3m below seabed).

Supply chain implications: Jacket cutting depth affects:

- Vessel specifications and heavy-lift requirements
- Diving and subsea operations complexity
- Material recovery and scrap handling logistics
- Cost structures (deeper cuts reduce salvage potential; shallower cuts increase subsea cutting duration)

Final OPRED guidance expected Q1 2026; SMEs in subsea cutting, marine contracting, and materials handling should monitor regulatory outcomes.

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9. SUPPLY CHAIN OPPORTUNITIES THIS WEEK

UK AR7 Auction—8.4 GW Infrastructure Pipeline

Priority engagement areas for regional supply chains:

1. **Grid connection and subsea cable systems** – Most critical path item; interconnection timelines 2027-2030; cable manufacturers and installation contractors should engage with National Grid ESO on grid reinforcement timelines
2. **Foundations and turbine logistics** – Phased procurement 2026-2027; fabrication yards, heavy-lift capacity, and port infrastructure critical; ports (Glasgow, Blyth, Great Yarmouth, Hunterston) will see concentrated vessel activity
3. **Monopile and transition piece fabrication** – Secondary phase 2026-2027; specialized welding, coatings, and transport logistics; NDT and inspection services in high demand

4. **Commissioning and electrical systems** – Phase 2027-2029; SCADA integration, electrical testing, performance validation; specialized electro-technical contractors in short supply

5. **Long-term O&M** – Phases 2027-2040+; estimated 1,400+ FTE jobs per project across vessel operations, technician support, spare parts logistics, predictive maintenance

US Offshore Wind—$25bn at-Risk Projects

Construction mobilization (if court orders hold) will create immediate demand for:

- Vessel availability (installation support vessels, walk-to-work, supply ships, jack-up barges)
- Qualified installation crews and marine coordinators
- Component suppliers (subsea cables, switchgear, transformer systems)
- Commissioning technicians and performance validation specialists

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10. POLICY & REGULATION

Key Policy Announcements This Week

- **US Offshore Wind Suspension Lifted (16 Jan):** Federal court temporarily lifted Interior Department suspension on CVOW; additional projects pursuing legal injunctions on 22 Dec suspension order
- **UK AR7 Results Published (14 Jan):** Record 8.4 GW secured at £90.91/MWh average; proves offshore wind cost competitiveness vs. gas generation
- **Hydrogen Policy Momentum (2026):** Netherlands renewable hydrogen quotas active; EU EHB 3rd auction closes February 2026; Germany hydrogen grid completion accelerating
- **CCUS Hub Operations Commence:** Project Greensand (Denmark) and Stratos (Texas) entering operational phase; shared infrastructure clusters emerging across Northern Europe and North America

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11. NEXT WEEK'S OUTLOOK

Energy Transition Weekly Global Vol. 2 No. 4 will cover:

- Deep-dive analysis of US offshore wind court decisions and broader legal precedent implications
- UK AR7 winner profiles and initial supply chain engagement timeline
- European hydrogen hub operational performance data (RWE Lingen, Uniper, Shell projects)
- Global CCUS project advancement; Project Union engineering milestones
- Regional hydrogen production cost trends and market competitiveness shifts

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12. KEY PUBLICATIONS

Useful Reading

- UK Government (14 Jan 2026): Contracts for Difference Auction Round 7 Results. Department for Energy Security and Net Zero [1]
- Dominion Energy (16 Jan 2026): Coastal Virginia Offshore Wind construction resumption announcement
- US Courts (16 Jan 2026): Federal court order lifting suspension on Coastal Virginia Offshore Wind project
- Carbon Herald (13 Jan 2026): CCUS 2026 Outlook—transition from pilot to deployment phase
- Hydrogen Council (2026): Global hydrogen project pipeline and FID status update
- IEA/CIAB (2025): China's CCUS leadership and international collaboration framework
- RenewableUK (2026): Offshore wind market update and supply chain analysis
- Wood Mackenzie (1 Jan 2026): CCUS 2026 outlook—policy, hubs, and infrastructure

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EDITOR'S NOTE

Energy Transition Weekly Global is an independent publication delivering actionable intelligence for energy supply chain professionals, executives, and investors navigating the global transition from fossil fuels into offshore wind, hydrogen, CCUS, and marine renewables.

We welcome story suggestions, intelligence on project developments, and insights on regional supply chain opportunities. Contact the editor to feature your company's innovations or to subscribe to future editions.

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