Commentary: A Portrait of Offshore Wind Companies

Posted Tuesday, February 7, 2023 12:16 pm
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First, we would like to reiterate that we recognize the threat of climate change and understand the urgency to drastically reduce carbon emissions. We cannot wait for the perfect solution; yet, nor should we hastily embrace a counterproductive one.

Accusing those who question the wisdom of offshore wind farms with NIMBYism or allegiance to the fossil fuel industry silences valid concerns. Caring about our ocean aligns with a desire to address climate change. The ocean produces more oxygen than all of the rainforests combined. This oxygen production doesn't occur in the open ocean, it happens along the outer continental shelf, in the very location now designated for utility-scale offshore wind complexes. No right-minded environmentalist would advocate clearcutting a forest to install a solar array. Nor should we, from a sense of collective panic, thoughtlessly industrialize our continental shelf, the rainforest of our ocean, with wind turbines.

All of the prominent offshore wind companies originated in the oil and gas industry: Ørsted (Danish Oil and Natural Gas), Equinor (Norwegian Statoil), British Petroleum, Avangrid (Spanish Iberdrola gas), and Shell Oil (Dutch/UK). These past enemies of environmentalists, now dancing partners, continue to generate revenue from fossil fuels. Ørsted even profited from burning coal this past year. Given the industry's history of misleading the public about climate change, it's not unreasonable to question their assertions now.

These companies lose money from offshore wind operations. However, backed by generous upfront government subsidies, the ongoing construction of wind farms compensates for these losses. Because federal subsidies will contribute 30% of the capital costs, taxpayers will pay these predominantly foreign-owned, for-profit companies, billions of dollars. Orsted predicts that South Fork Wind will cost $53 million per turbine. Extrapolating from this estimate, US taxpayers will pay approximately $16 million for every turbine in the water. If the development of all seven lease areas off the coast of RI and MA proceeds (1700-2000 turbines) this will amount to more than $27-32 billion US taxpayer dollars distributed, not to US citizens, but to foreign-owned companies.

In the US, once constructed, the parent companies retain no legal responsibilities for the projects. As the economist, Jonathan Lesser states, the limited liability subsidiaries, such as Revolution Wind, LLC, will possess no other assets than the turbines themselves and their related equipment. Without financial reserves to address future repairs, these LLCs will shift costs to the consumer, just as the Block Island Wind Farm transferred the $31-million cost of re-burying the improperly installed submarine cable to Rhode Island rate-payers.

Alternatively, the individual LLCs can declare bankruptcy and abandon their obligation to repair or decommission the turbines. A recent study estimates that decommissioning may cost 70% of the construction price and could thus reach $63-72 billion (albeit without recycling).

Our politicians have failed to insist on transparency regarding the amount of money put aside, or the criteria, for decommissioning. With a 20-25 year life expectancy, the reality of decommissioning will materialize quickly, particularly with New England's harsh offshore weather conditions. Numerous examples of onshore wind companies declaring bankruptcy and skirting their obligations exist. The cost of decommissioning offshore wind turbines far exceeds onshore turbines, increasing the likelihood that a forest of inoperable rusting steel structures will blight our coastal waters for generations to come.

The fossil-fuel companies have made billions of dollars constructing offshore wind projects in Europe. Their past oil and gas exploration provides the requisite expertise for this development. Because their business plan relies on constructing new projects, not electricity generation per se, they perpetually seek new markets. Our eastern seaboard constitutes an untapped frontier, open for business and ready for exploitation.

This is the third in a series of commentaries written by Lisa Quattrocki Knight, M.D., Ph.D., of Little Compton and Bill Thompson of Tiverton, on behalf of Green Oceans (info@green-oceans.org). For further reading:

Week 1

Week 2