

# Locke Lord QuickStudy: Offshore Wind Closes 2021 Strong, ?Further Growth Expected in 2022?

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In 2021, the demand for offshore wind in the United States grew significantly. With the recent announcements from Massachusetts and Maryland, over 8,400 MW of offshore wind power was procured last year. This sets a new record for the size of procurements in a single year and reinforces the continued growth of offshore wind in the U.S.

### Massachusetts and Maryland Offshore Wind Procurements

On December 17, 2021, both Massachusetts and Maryland announced the winning bids from their recent offshore wind solicitations. Each state procured roughly 1,600 MW of offshore wind power, further establishing those states' importance to the offshore wind industry.

In Massachusetts, Mayflower Wind won the right to sell 400 MW of offshore wind power and Commonwealth Wind won the right to sell 1,232 MW. With this one solicitation, Massachusetts procured the same amount of power that it awarded in its two previous solicitations combined.

In Maryland, US Wind's Momentum Wind project won the right to sell 808.5 MW of offshore wind power and Skipjack Wind 2 won the right to sell 846 MW. With this procurement, Maryland has well exceeded the 1,200 MW amount of offshore wind power that the state's laws require to be operating by 2030.

### Benefits Extend Beyond Renewable Energy Production

In addition to providing approximately 3,200 MW of clean, renewable energy, the winning bids in these two states will provide significant economic and other benefits to Massachusetts and Maryland. Each of the projects prioritized diversity, equity, and inclusion in their bids, and the developments will also create significant new jobs and transform Brownfields while increasing U.S. manufacturing.

In Massachusetts, Mayflower Wind will interconnect with the electric grid at the retired Brayton Point coal plant in Somerset, MA. At that same location, Prysmian Group has agreed to build a cable factory to support the offshore wind industry. Additionally, Mayflower Wind recently signed an agreement to build a crew transfer vessel to

facilitate the development of offshore wind. Commonwealth Wind will also transform the former location of a coal plant in Salem, MA to an offshore wind assembly and turbine staging port. The two projects are expected to bring over 10,000 new jobs to Massachusetts.

In Maryland, US Wind will invest at least \$570 million in the state that will include funds for the development of a monopole construction facility and a research partnership with the University of Maryland, Baltimore County. Additionally, Skipjack Wind will invest a minimum of \$410 million in Maryland that will include funds to facilitate the construction of a cable factory, upgrade a Federalsburg, MD manufacturing facility, and establish an American platform supply vessel operator located in Maryland. In addition to the \$410 million investment, Skipjack will coordinate the construction of an offshore wind turbine tower manufacturing facility in Maryland. Both companies will also each contribute \$6 million to the Maryland Offshore Wind Business Development Fund. Finally, the approval of the Maryland proposals requires the developers to create over 10,000 direct jobs in the state during the life of the projects.

### **Remaining Challenges, Future Opportunities**

While the offshore wind industry has begun to thrive in the US, developers still face challenges in bringing their projects to operation. Even after winning a solicitation, projects must work through federal review as well as state and in some cases local siting to successfully locate, interconnect, and complete a development. Further, like all construction, these projects will face workforce and supply-chain issues in the development process. The companies can leverage growing work force development programs to staff their projects in this fast-growing industry. The companies must also determine how to incorporate supply-chain risk as they negotiate the terms of their power purchase agreements as well as their contracts with suppliers. Additionally, like so many other energy infrastructure projects, offshore wind is the target of litigation that seeks to stop developments.

Despite these challenges, the US offshore wind industry is poised for major growth in 2022. Numerous states continue to increase their renewable-energy goals and have planned additional solicitations for offshore wind energy in 2022. Meeting those goals will require considerably more offshore wind. Fortunately, the industry has already begun to mature and the federal review process has accelerated under the current administration. The Bureau of Ocean Energy Management expects to hold at least three and potentially four offshore-lease auctions in 2022. Those auctions and future developments will be needed to satisfy the growing demand for domestic offshore wind power, portending another strong year for the industry.

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