

Norway's GIEK sees 'huge potential' in offshore wind

GIEK (The Norwegian Export Credit Guarantee Agency) has quadrupled its offshore wind portfolio to NOK 4.2bn (USD 453m) since the tail end of last year. With ample capacity and competitive rates, it is actively seeking new business worldwide as part of its mandate to bolster the participation of Norwegian exporters in a burgeoning but capital-intensive sector. Ikke sml m andre

State-owned GIEK manages an international portfolio of export-related guarantees that today totals USD 8.5bn. While its focus has traditionally been oil and gas and shipbuilding followed by fisheries and aquaculture, it has widened its mission to include offshore wind, and more generally banks and investors participating in large international energy-infrastructure projects.

"Offshore wind is really gaining momentum and is a great example of how we can actively help Norwegian industry re-channel by opening the door to new markets for existing wind expertise and other companies looking to extend their reach into green technology," says GIEK chief executive Wenche Nistad.

Her message is clear. ***"By choosing a Norwegian supplier you can count on receiving good financing from GIEK in support of the purchase,"*** she says, highlighting recent contracts won by the likes of Nexans Norway, Aibel and Fred Olsen Windcarrier (see below).

Top rating is big advantage

GIEK's core offering are AAA-rated guarantees for long-term loan financing, as well as contractual delivery guarantees that protect both buyers and suppliers in case of default.

Norway can offer triple A-rated instruments, which are a key tool in reducing the cost of project financing," says Nistad. "We work together with commercial banks to share project risk, so loans will be repaid." Customers pay risk premium on competitive commercial terms.

Trusted expertise

"We have a lot of experience, especially from offshore and shipping, in participating in complex international projects involving many players and financing institutions. We're bringing that expertise into the process for offshore wind," says Nistad.

"We're easy to work with, solution-oriented and flexible. And I'm proud to say our existing partners are very satisfied, she adds.

Offshore wind promises to be a winner for Norwegian suppliers looking to maximize new opportunities in a changing energy landscape – and as activity in offshore oil and gas is projected to slacken after 2020 amid a lack of big new finds.

Major contracts for Norwegian suppliers

GIEK blazed a trail in the sector by providing service delivery guarantees totalling NOK 1.3bn towards the end of last year that enabled Norwegian supplier Aibel to clinch two big European contracts. In February, it stepped in with a third guarantee package of an equal

amount, this time on behalf of Fred Olsen Windcarrier for a project in Asia. Just in recent weeks it provided guarantee coverage amounting to around NOK 1.6bn that helped cables specialist Nexans Norway secure a major contract with the Seagreen offshore wind farm under development off Scotland.

More projects are already in the pipeline, and GIEK is keen to hear from project owners and their banks worldwide. “We have high capacity and we’re ready to take on a lot more business in this sector,” says Nistad.

‘Preferred power export cable supplier’

Nexans Norway’s comprehensive design, engineering, production and installation contract with Seagreen will see it supply high-voltage transmission cables both offshore and on land.

The 1,075-megawatt (MW) wind farm is being developed by UK-based renewable energy giant SSE Renewables, and will comprise 114 turbines installed over 27km off the Angus coast. When completed, it will be Scotland’s single largest source of renewable energy, providing a significant contribution to its net-zero ambition and enough clean energy to power one million homes.

“GIEK has contributed financially to the development of a number of projects where we have supplied cables. This has been of great support to us as an exporter of Norwegian competence and technology to the global market,” says Nexans Norway CEO Ragnhild Kattelund.

Wind takes off in Taiwan

The Fred Olsen Windcarrier deal involves a GIEK guarantee for a loan in Taiwanese dollars from Taiwanese banks. The Norwegian installation specialist will use its jack-up ships to install turbines on the 589-MW Changfang and Xidao wind farm off the coast of Changhua County. The project is being developed by Denmark's Copenhagen Infrastructure Partners (CIP) and will provide clean energy to more than 600,000 Taiwanese homes.

“The GIEK guarantee strengthens our position as a key supplier to offshore wind projects in Southeast Asia, and we hope to win more contracts in the region [in the future],” says Even Larsen, managing director of parent company Fred Olsen Ocean.

Aibel aims high

Aibel is typical of Norwegian offshore equipment suppliers that GIEK is looking to support as they exploit new opportunities in wind. In December, the company clinched an engineering, procurement, construction, installation and commissioning (EPCIC) contract to deliver two converter platforms with jackets for the Dogger Bank mega-project in the UK zone of the North Sea. The deal includes an option for a third unit. Dogger Bank is the world's largest offshore wind-farm array being developed by SSE Renewables and Equinor. It will have a combined capacity of up to 3.6 gigawatts (GW) – enough energy to power the equivalent of 4.5 million UK homes.

The platforms will be unmanned, operated from shore and accessed only by service vessels. The topsides will be constructed at Aibel's yard in Thailand and outfitted in Haugesund with

cutting-edge HVDC (high-voltage direct current) converter technology supplied by ABB. GIEK is providing a counter guarantee equivalent to around NOK 550m in support of a bank guarantee that Aibel delivers as contracted.

A month previously, Aibel in partnership with Keppel FELS won a similar EPCIC contract with Dutch/German transmission system operator TenneT. It will supply the HVDC platform and onshore converter station for the DolWin 5 offshore grid connection project in the German sector of the North Sea. The platform will be built at the Keppel's yard in Singapore with outfitting in Haugesund. GIEK provided a guarantee of a similar amount in this case.

'Decisive contribution'

GIEK's participation has been decisive for Aibel. "It's really important because guarantee requirements are higher in the European wind market than the Norwegian offshore market. This segment is much more demanding," says chief executive Mads Andersen. "This is an important strategic milestone for us. These [contracts] confirm our position as a preferred supplier in the European offshore wind segment."

Nistad applauds Aibel's success in adding a new business line, noting the shift to green technology is coming from industry itself. "Our activity basically reflects what is taking place in the Norwegian economy and elsewhere. While GIEK can help Norwegian suppliers win bigger contracts, contributing to the green transition is a positive dimension on top of that."

Applications welcome

In terms of risk capital, GIEK financing serves to extend the capacity of banks. "We can provide guarantees to anyone involved in putting together a wind project, and we are very competitive compared to what is available internationally," Nistad says.

What can GIEK provide in terms of capacity? "We don't calculate an amount based on a mathematical model. The rule of thumb is basically, the more you consider buying from Norway, the more you can count on getting guarantees from GIEK," says Nistad. "And right now, offshore wind has huge potential."

Media contacts at GIEK:

Allon Groth, Communications Director, Cell: (+47) 93 25 11 24, Email: agr@giek.no

Cecilie Grønntun, Senior Communications Adviser, Cell: (+47) 90 65 26 38, Email: cecilie.gronntun@giek.no

About GIEK

GIEK (The Norwegian Export Credit Guarantee Agency) provides long-term guarantees on behalf of the Norwegian state that encourage Norwegian industry to increase their participation in international trade and exports. GIEK provides guarantees on commercial terms for loans, investments and product deliveries. Guarantees are supplied to Norwegian companies, international buyers and banks.

Read more about GIEK here: <https://www.giek.no/frontpage/>