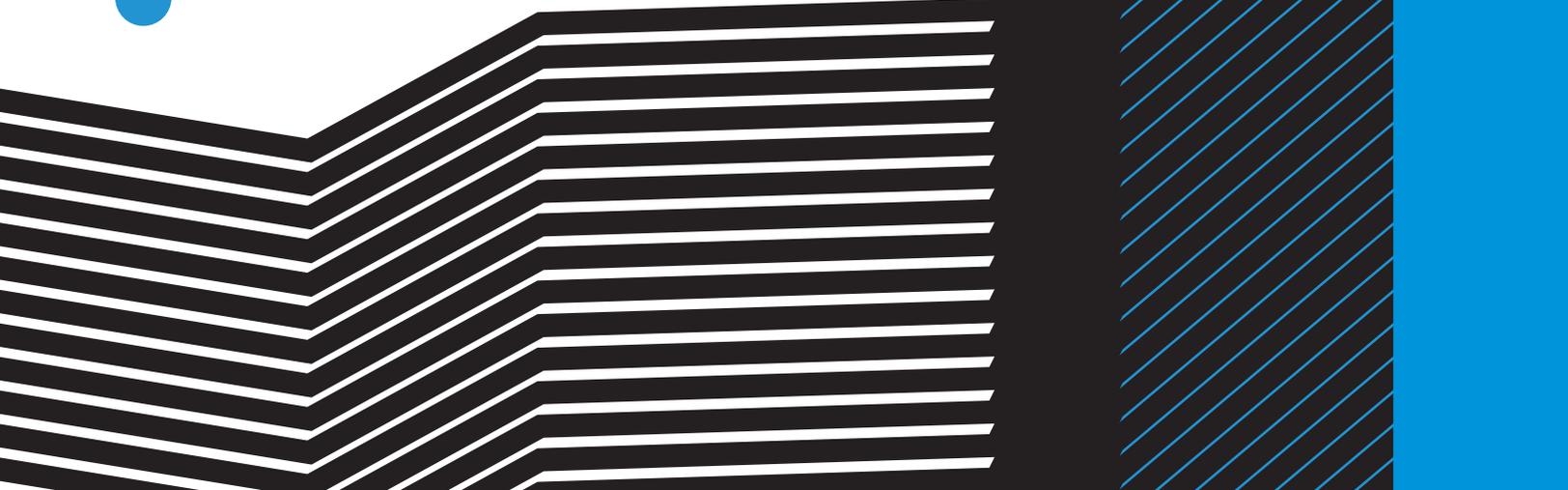


THE BUSINESS NETWORK FOR OFFSHORE WIND
2018 ANNUAL REPORT



Business Network for Offshore Wind
Annual Report
July 2017—June 2018



2018 NETWORK STAFF

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WHO WE ARE

The Business Network for Offshore Wind is a 501(C)(3) nonprofit organization solely focused on the development of the US offshore wind industry and advancement of its supply chain. More than a trade association, we are the leading voice for the offshore wind’s business community. We bring together developers, policymakers, academia, global experts and 200 Member businesses for critical discussions and unprecedented networking opportunities. Our niche is taking the lessons learned from the 4,543 wind turbines now installed in Europe and bringing that experience and tricks of the trade to policy makers and developers in the US.

OUR MISSION

The mission of the Business Network for Offshore Wind (Network) is to support the development of offshore wind-generated renewable energy in the United States and promote the growth of an offshore wind “cluster” that fosters the emergence of an offshore wind supply chain. A related objective of the Network is to provide business and public education about offshore wind and supply chain development related issues.

4,993

INDIVIDUALS BROUGHT TOGETHER

FROM MORE THAN

1,300

DIFFERENT COMPANIES

OUR
IMPACT

27

States

33

Different
Networking
Events

264

Members

75%

A Different
Voice

Dear Members and Friends,

This annual report explains how the Business Network for Offshore Wind has helped move the industry to this exciting point, and how it is preparing the industry to go much farther in the years and decades ahead.

There is unprecedented investment and activity in the US offshore wind industry. As we close our fiscal year, the US market has expanded with project funding announcements in Massachusetts, Rhode Island and Connecticut. The US now has more than 1,600 megawatts of offshore wind underway. By the end of 2018, New York will solicit a contract for an 800 megawatt offshore wind project and New Jersey will solicit an 1100 megawatt project — some of the largest deployments in the world.

After years of talking about the importance of the US offshore wind supply chain, we are noting manufacturing and port development in Massachusetts, developer offices opening in New Jersey, worker training programs forming in New York, and orders for offshore monitoring buoys placed in Maryland.

In other words, we are moving from the theoretical to the real.

The Network continues to work to firmly establish the nation's offshore wind market and offshore wind as a US clean energy economic engine.

The Network's 2018 International Partnering Forum was the first time a Trump administration Cabinet level Secretary spoke at an offshore wind event. Department of the Interior Secretary Ryan Zinke's speech answered a long-standing question on the US government's offshore wind policy. Secretary Zinke stated that the Administration viewed offshore wind as part of the nation's "all-of-the-above" Energy strategy. Offshore wind and its connections to the grid, ports and manufacturing are also important elements of the US infrastructure.

The Network continued working with National Renewable Energy Laboratory (NREL) to coordinate industry participation and input into the creation of National Offshore Wind Standards.

Floating Frontiers: Offshore Wind in the US was a series of one-day events launched by the Network to facilitate the readiness of the US market to accept floating offshore wind technology as well as to ensure US businesses have an opportunity to make an impact on floating offshore wind – not just for deployment but technology development. The Network believes it must ensure that the US supply chain can be part of the global floating offshore wind market.

Sufficient federal lease areas now exist to support a pipeline of early projects. The federal government is working to issue new lease areas to avoid potential future slowdowns in the industry and to accelerate its processes for the benefit of the developers owning existing lease areas.

The industry is growing rapidly as developers and supply chain companies invest, local residents undergo training, and ports become more active. Nevertheless, the offshore wind industry continues to face challenges.

When I look at the gigawatts of offshore wind that policy makers have paved the way for you to develop, construct, install and maintain, the importance of the supply chain has never been greater. The US offshore wind industry needs **everyone** to work together to build capacity and lend our collective expertise.

We need to build a robust, competitive supply chain to drive down costs and generate more competitively-priced offshore wind-generated electricity.

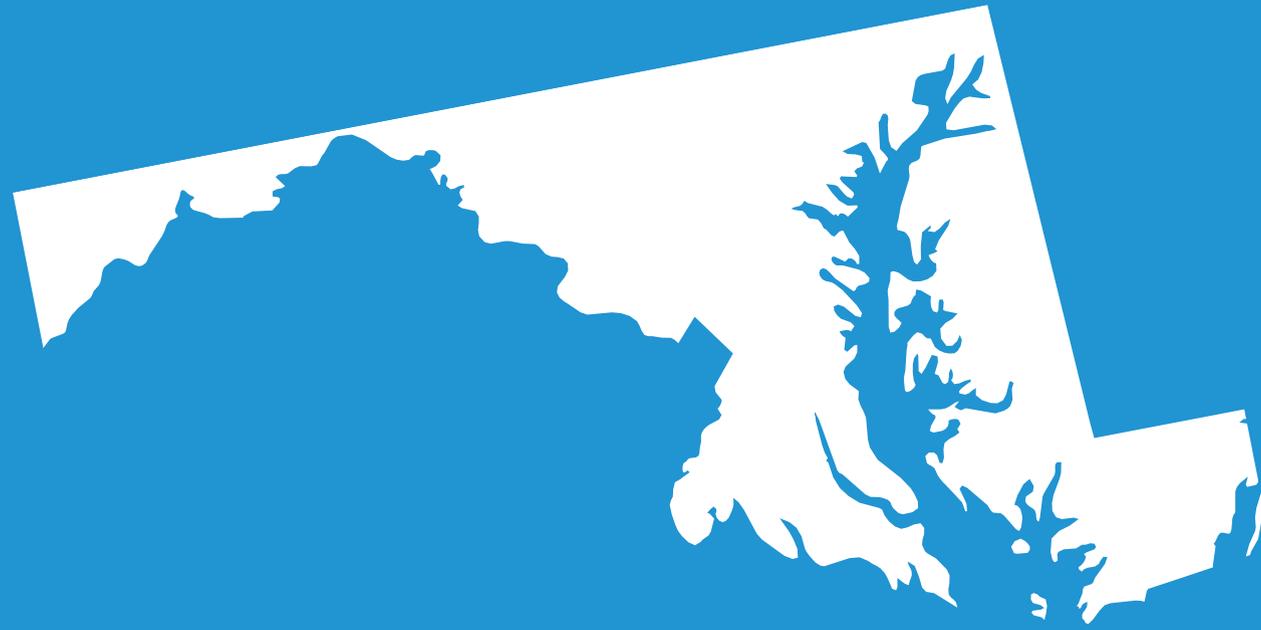
We need to **connect** to the public—our industry needs more effective communication with the general public and our local communities. We need to stress the importance of offshore wind—both environmentally and economically—so we can gain greater general acceptance.

With each large-scale procurement, the industry gains more traction, and offshore wind is being viewed more and more as a competitor to fossil fuels as well as other clean energy sources. We need to connect our voices into one, very loud, strong voice to make sure OSW receives its fair share in federal and state energy policies.

Maintaining and supporting the offshore wind voice is vital to the continued market growth of the industry.



Liz Burdock
Executive Director,
Business Network for Offshore Wind



MARYLAND The Skipjack and US Wind offshore wind projects awarded financing from the Maryland Public Service in May 2017 were challenged by lawmakers representing the interests of Ocean City, Maryland. Two bills introduced during the 2018 Maryland legislative session (SB 1058 and HB 1135) required that offshore wind projects be constructed and operated no closer than 26 nautical miles. If the legislation passed, the two Maryland projects could not be built. Moving the projects to the proposed 26-nautical mile setback would leave neither US Wind or Skipjack with enough space to build the capacity needed to deliver the offshore renewable energy credits (ORECs) authorized by the MD PSC. The Network worked with both developers coordinating the supply chain response, to help defeat this legislation.



NEW JERSEY With the election of Governor Phil Murphy in January, a staunch offshore wind advocate started governing New Jersey. The Network provided the Murphy campaign with a policy paper for New Jersey. The paper was driven by industry consensus and aimed at expediting the development of commercial-scale offshore wind in the state. Building upon the strategies outlined in the policy paper, The Network submitted additional recommendations to the Murphy Transition team at their request. The recommendations were based on our comprehensive view of the East Coast OSW market and how it is developing. The recommendations were divided into two sections: **1.** BPU OWEDA Implementation and **2.** Murphy Administrative Activities. The paper contained three legislative recommendations including requesting 3,000 MW of OSW and a list of other program ideas that states have used to foster the development of offshore wind in their state.

Our goal is to grow offshore wind in a way that creates jobs and reduces our dependence on fossil fuels. New Jersey is committed to growing our clean energy sector, and offshore wind is at the crux of increasing that part of our economy.



CALIFORNIA California has immense potential for floating offshore wind development, a technology that many industry players are calling the future of offshore wind. Floating offshore wind technology is rapidly improving and will be implemented more as a renewable energy source over the next five to ten years. California is a desirable area for floating offshore wind projects based on its water depth and the proximity to shore of the continental shelf.

On June 11th, 2018, the Network convened the first of many conversations under a new series —Floating Frontiers— a discussion on floating offshore wind. The purpose of the meetings are to explore floating offshore wind as a contributor to meeting climate change goals and its inclusion in state plans and policies to diversify clean energy sources. The discussion included sharing international experiences and identifying elements requiring further discussion. The setting provided an opportunity for participants to share ideas around regional cooperation, creating community dialogue and developing solutions for a path forward.

While the event was hosted in California, the forum was not exclusively focused on California nor any specific potential floating offshore wind project. All western U.S. states were invited, including Hawaii. More than 40 subject matter experts from western state governments, federal government agencies, NGOs, domestic and international developers and consultants provided experience and thoughtful commentary into the proceedings.

The Network hosts an annual webinar with updates from states actively pursuing offshore wind. Each representative presents an update on state offshore wind activity - including recent lease activity in Federal waters, state legislation, commitments and funding, stakeholder engagement, and other ongoing initiatives. Network members learn about the scale of the US market—11 states participated in this year's webinar and the Network expects additional states to participate next year. Sharing this information among states and Network members ensures momentum and continued advancement of offshore wind in the US.

**US Offshore Wind Finance Forum:
Advancing Investment in Offshore Wind**

The Network held a Finance Forum in June, in partnership with Société Générale. Global financial experts came together to address cost and supply chain issues, compare differences and similarities in financing offshore wind in different global markets and discuss ways to bring additional capital to the accelerating US offshore wind market. From this discussion the Network released a report showing the growth of capital markets in offshore wind has become very intensive.

KEY FINDINGS

The report’s most important finding addresses the reduction and eventual loss of the investment tax credit. From the report:

The winding down of the US federal production tax credits (PTC) and investment tax credits (ITC) will change the medium term future balanced cost of capital for US offshore wind projects. However, again underscoring the importance of the US businesses, the expectation that the potential for the shortfall in savings from the low cost of tax equity is to be offset from a more robust, efficient domestic US supply chain. The next phase is ensuring adequate financing with the appropriate finance instruments to support development of the project pipeline.

25+

The suite of 20-30 European lenders, experienced with offshore wind, are involved and knowledgeable with the US offshore wind market but are less familiar with the US Tax equity.

70%

European lenders are now comfortable with offshore wind technology - even new technology and debt financing can amount to **70%** of capital expenditure.

12+

Unlike European projects that may have **12 or more** interfacing contractors, the equity and lending will remain more conservative with the construction structures, ideally looking for wrapped formations or with few contracts but managed by experienced, strong, project construction staff.

20y

A significant appeal to financing the US offshore wind projects is the long, usually **20-year** power purchase agreements, strengthening the revenue side.

Bonds are beginning to be introduced into some European offshore wind projects.

Capital markets have not replaced debt in the refinancing of the European projects. In contrast, the US might witness earlier entry of the capital markets through institutional financing.

#1
LEADING OFFSHORE WIND CONFERENCE IN THE US

200
EXPERT SPEAKERS

IPF '18

92%
DECISION MAKERS FROM SENIOR MANAGEMENT / EXECUTIVE LEVEL

9 **WORKSHOP TRACKS**

- POLICY & REGULATORY DEVELOPMENTS
- PROJECT INSTALLATION BELOW THE WATER
- PROJECT INSTALLATION ABOVE THE WATER
- TECHNOLOGY INNOVATION
- SCIENCE & TECHNICAL
- DIGITAL INNOVATIONS
- LESSONS FROM EUROPE
- WORKFORCE DEVELOPMENT
- #OFFSHORE

6 **BENEFITS OF ATTENDING**

- MEET “THE BIG SHOTS” (EXPERTS & INFLUENCERS) FACE TO FACE
- TALK A LOT WITH FEDERAL AND STATE REGULATORY OFFICIALS
- EXCHANGE IDEAS WITH NEW VENDORS AND SUPPLIERS
- INVEST IN YOU BY IMPROVING YOUR OWN SKILLS AND KNOWLEDGE
- MEET YOUR MATCH (BUSINESS 2 BUSINESS MATCH MAKING AND NETWORKING)
- HAVE FUN

403
COMPANIES LEADING THE INDUSTRY

800+
ATTENDEES

21
WINDMATCH™ SESSIONS

21
NETWORKING OPPORTUNITIES

WINDMATCH - B2B

A highlight of every IPF is WindMatch. These sessions match registered businesses with international companies to explore business opportunities. This year we had the highest number of sessions—12—during which 495 business-2-business meetings were hosted.

FOUNDATION TO BLADE

The Network held training events in Maryland and New Jersey. The training course offered an in-depth understanding of all aspects of the offshore wind industry. More than 60 people attended, with the majority attending the training in Maryland at Tradepoint Atlantic. Course content included: technological developments of offshore wind farms; different types of wind turbines implemented for offshore projects; control of offshore wind farms, protection and reliability assessment of offshore wind technologies. Participants reached an understanding of the most important emerging topics in this form of renewable, clean energy generation.

SUPPLY CHAIN CONNECT

As part of our mission, we have worked on creating a supply chain map of the United States' developing and potential offshore wind energy companies to identify existing offshore wind capacity.

For the past five years, we have developed and hosted an Offshore Wind Supply Chain database on our website that lets companies submit company data regarding their offshore wind capabilities. This has grown into an extensive offshore wind database including more than **3,300 companies**.

The portal provides two purposes **1. to connect businesses with one another;** and **2. to help us educate government officials on what necessary investments can better support the service, manufacture and operations and maintenance of major offshore wind energy projects.**



The group exhibit booth – The Business Network for Offshore Wind USA Pavilion – consisted of a wall for each of the six companies and one for the Business Network with the company logo and a short company profile along with space to display marketing materials and business cards.

The Network, along with six member companies, attended and exhibited at the **Global Offshore Wind 2018 Conference** hosted by **Renewable UK in Manchester, UK** on June 19-20.

The Network coordinated with the **International Trade Administration office under the US Department of Commerce** to promote the US delegation in European countries where offshore wind is a successful industry, including Germany and Belgium. Each member company had the opportunity to present their innovative ideas and technologies in the **Innovation Theatre**, a stage in the exhibit hall.

MEMBER DIRECTORY

The Business Network prepared a Member Directory including its new 2018 Members that was distributed to Members at the 2018 IPF in Princeton, New Jersey. This directory is given to developers, Tier 1 suppliers and others seeking business partners.

STANDARDS



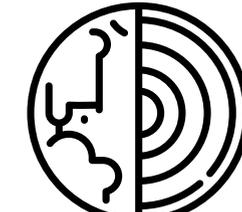
OCRP Maintenance



Floating Offshore Wind Systems



Meteorological Conditions Characterization



Geotechnical & Geophysical Investigations and Design



Submarine Cables

MEDIA RELATIONS AND SOCIAL MEDIA

The Network engages with the offshore wind community on a daily basis. The Network writes blogs and press releases that are distributed to our media list consisting of media sources who report on renewable energy and energy & utility issues. We also constantly update our LinkedIn page, Facebook page, Instagram and Twitter accounts used to market Network events, posts and reposts articles of interest.

Our activities on LinkedIn and Twitter produce the most significant user engagement. We have increased substantially in follower size and impressions over the past fiscal year, with **921 followers on Twitter as of October 1** and **626 followers on our LinkedIn business page**.

EMAIL NEWSLETTER AND BLASTS

The Network publishes and distributes a monthly “Wind Blast” newsletter to over **3,600 subscribers**. The newsletter is designed to introduce and highlight new Network members; give a brief synopsis of important news to offshore wind in the United States; and inform the readers about upcoming events. We also send out email blasts for urgent news. The blasts provide details about important news related to the offshore wind industry and upcoming events.

WEBSITE

The Network revamped its website **www.offshorewindus.org** late last year. The website features newsworthy videos, articles/blog posts and announcements related to progress in the US offshore wind industry and upcoming industry and Network events. Upcoming events are listed on the homepage with links to the event page and registration pages for Network events.

The website has two portions: a public portion where the public can find general information about wind news, US offshore wind projects, and the Network. Public viewers also have the opportunity to register to be a part of the supply chain portal. Additionally, Network members have access to a password protected section of the website which offers contact information for the Network Board of Directors and Staff, organization documents, an archive of member updates, and other valuable member resources.

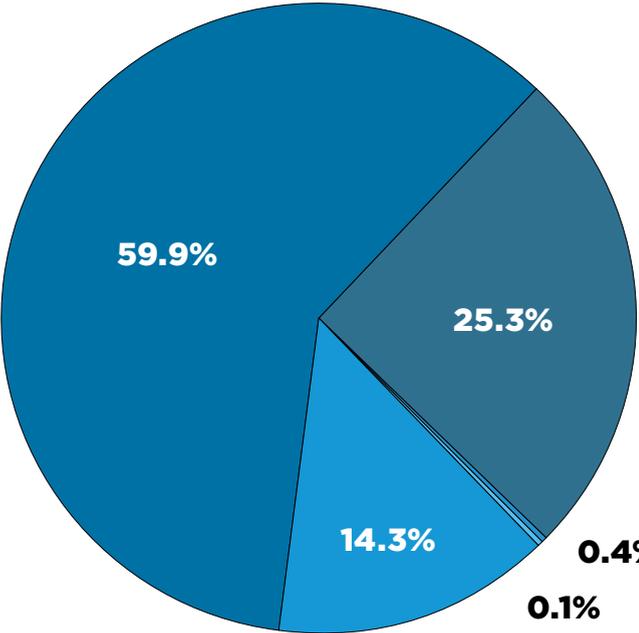
FINANCIAL METRICS

FUNDING NETWORK OPERATIONS

The Network is a non profit 501(c)(3) organization dedicated to the advancement of the US offshore wind industry and supply chain. Your corporate support through membership dues and sponsorship is vital to carrying on our work and the achievement of our collective goals.

The Network works for you—building industry supply chain clusters, connecting businesses and advancing the industry.

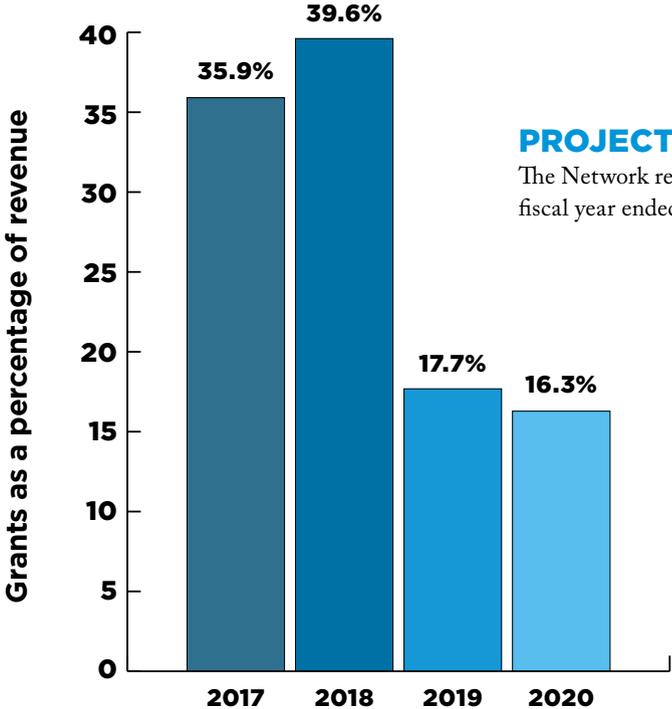
As we work toward self sustainability and grant revenue diminishes, your membership becomes more and more significant in enabling us to carry out our mission and support your business.



REVENUE SOURCES

The Network received revenue from the following sources for the fiscal year ended June 2018.

- 59.9% Event Registration, Sponsorship, Net of Direct Expenses
- 25.3% Grant Revenue
- 14.3% Membership Dues
- 0.4% In-Kind Donated Services
- 0.1% Misc



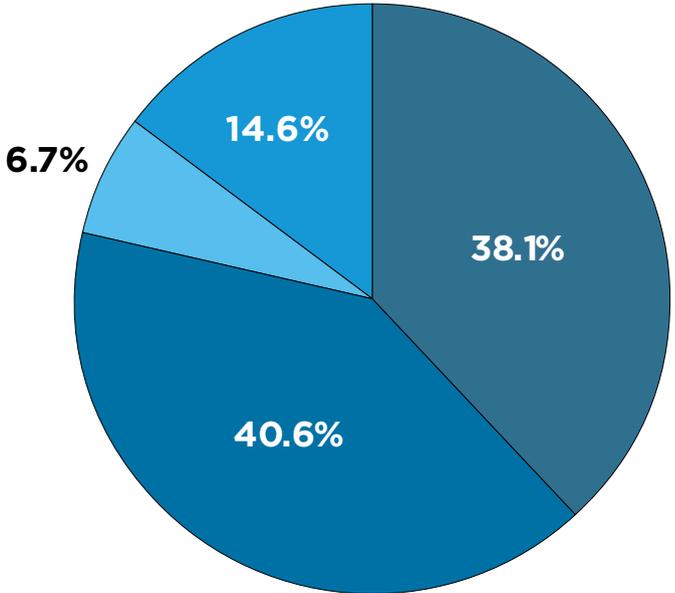
PROJECTED GRANT REVENUE

The Network received revenue from the following sources for the fiscal year ended June 2018.

USE OF FUNDS

The following represents our use of funds to accomplish Network goals.

- 40.6% Cluster Building
- 38.1% Education
- 14.6% Management & General
- 6.7% Scientific Research & Activities





The Business Network for Offshore Wind Annual Report 2018

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