

European Alliance Against Coronavirus

Monday 8th June 2020 at 8:30

Analysis of Disruptions in the Renewable Energy Ecosystem

Working format is based on “Gilles Rules”:

1. conception framework
2. needs and disruptions
3. solutions

Speakers:

- Hartmut Hohns, [WAB Arbeitskreis](#)

[Link to session's recording](#)

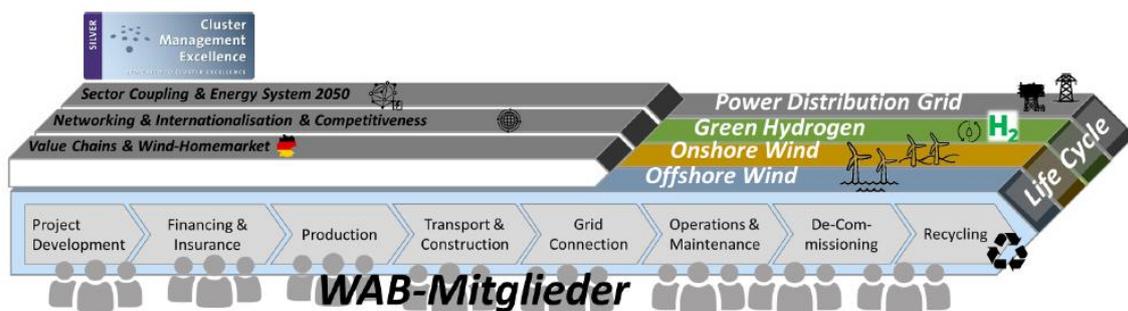
CONCEPTUAL FRAMEWORK

About WAB

WAB is a legal business network based in Bremerhaven (Germany). The association fosters the production of “**green**” hydrogen from wind energy. This network has 250 smaller companies as well as institutes from all sectors of the wind industry and from all stages of the supply chains. WAB is also focused on **creating a positive imagine of the offshore wind industry** across position papers and events like the [WINDFORCE Conference](#) which will take place on the 3th & 4th of this September in Bremerhaven.

WAB Value Chain

WAB contributes to the development of offshore wind energy in Germany with **distribution grids** as the final result of the wind's life cycle which usually starts with offshore wind and continues with onshore wind to produce green Hydrogen. At the end of the value chain, there is the **recycling process**. WAB supported his members in the project development and throughout all of the other phases.



WAB in times of Covid

Scope of WAB's activities in times of Covid were:

- **Studying and training:** it organised three different webinars with experts to **provide useful information** about legal, insurance and communication to its members. Also, WAB was focused on **R&D** in order to map and identify innovative solutions for the disruptions in the value chain.
- **Survey about the Covid situation:** WAB members confirmed a **significant reduction of new orders** because of the limitation of travel and as a general consequence of projects delay. Moreover, it emerged that WAB members are well informed about possible measures and that "KURZARBEIT" (short time work) can prevent mass layoffs.

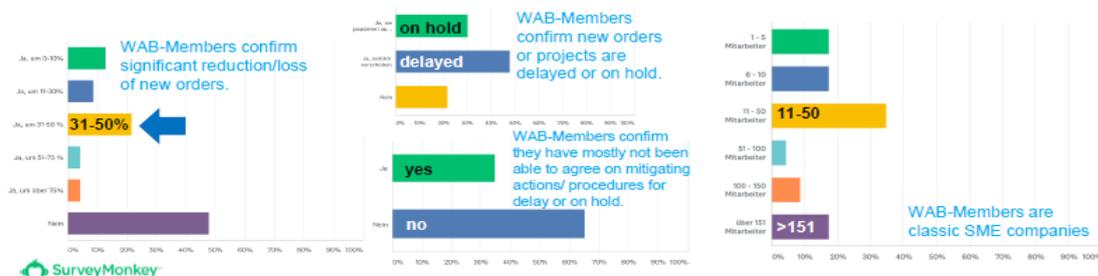
IDENTIFICATION OF DISRUPTIONS

WAB Member survey regarding
COVID situation



First summary:

- One of the biggest concern is the limitation in traveling. → Acquisition of new order & contracts | international project execution. → minimum delay or on hold.
- „Kurzarbeit“ (short-time work) is a political instrument to prevent mass layoffs of personell. → Is in use at WAB Members.
- Questions towards politics, what other financial or process support could be offered to mitigate the COVID situation.
- Positive impression from our survey; currently our WAB members are not planning on significant layoffs.
- Important feedback, a significant amount of members informed, that they will consider to re-adjust their company scope outside wind industry.



First disruption: demand and production reduction of components

Source: Hartmut Hohns, WAB Arbeitskreis (DE)

Evidence: Experts declare this is one of the biggest disruptions that has hit the renewable energy industry. In fact, the slowdowns in the engineering phases and the weakening of financial and insurance capacity of the plants generated a demand drop of the order of new plants and component construction. For this reason, component manufacturers have suffered more the timeline disruption, being them the stakeholders with the lower lead time along the value chains.

Geographical impact: Global

Stage of value chain: Manufacturing of components for renewable energies plants

Character of the disruption: demand drop

Time frame: short-mid term

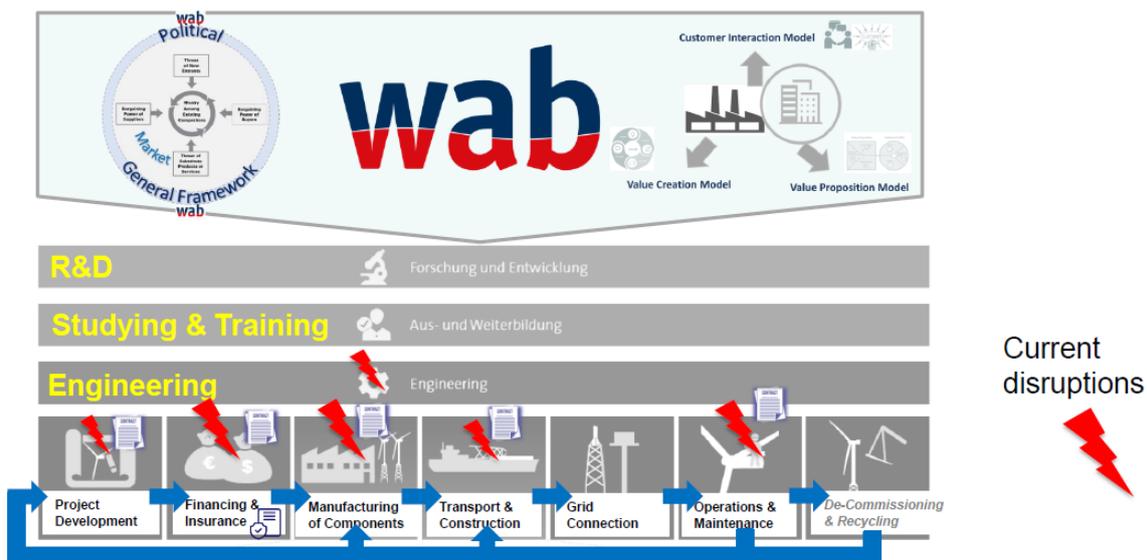
EU actions needed:

- **Funding:** financial support

Recommendation:

- Companies have put in place some repairs to avoid staff cuts (i.e. “short-time work” actions, like as holidays). For the moment, most of companies are not planning layoffs.
- A strong interaction with politics (European and National governments) is needed to support actions to mitigate the crisis.
- Also the materials recovery in the de-commissioning and recycling phase can help the supply chain regrowth. Many companies are active in the separation, processing and recovery of precious materials at the end of life of renewable plants.

... for the members in times of COVID situation



Eigene Bearbeitung & wind:research Studie „Wertschöpfung der Offshore-Windenergie in Deutschland - wind:research Regionale Verteilung und Entwicklung der Marktteilnehmer und der Arbeitsplätze“

Second disruption: project development slowdown

Source: Hartmut Hohns, WAB Arbeitskreis (DE)

Evidence: Compared to many other markets and industrial sectors (i.e. automotive, aerospace, travels, tourism, and many others), the renewable energy supply chains have suffered a lower impact due to the COVID crisis. Sector operators state that the impact is not so big for the moment. However, the crisis has been affected the entire value chain, from the project development phase to operations and maintenance life cycle phase. The crisis doesn't affect the usage and exploitation of renewable plants but has generated several delays and demand reduction for all the stakeholders involved. In fact, the lockdown that characterized companies leads to a strong delay in the project development and engineering phases of new renewables plants, which has inevitably generated delays, limits and

reductions along the entire value chain (experts estimate a new orders demand drop of about 31-50%).

Geographical impact: Europe

Stage of value chain: Project development phase and engineering

Character of the disruption: blocked and delayed projects

Time frame: mid-term

EU actions needed:

- **Funding:** Several companies along the value chains will benefit from EU Green Deal programs. This will help companies with funding for new projects, generating an increase in demand for manufacturers and operations and maintenance operators (for example, investigating new floating turbine solutions within wind industry or new materials recycling techniques).

Recommendation:

- In order to face the crisis, several companies are considering to re-adjust their business scope and company organization outside renewable industry, i.e. new businesses or shift the main corporate business on other business functions. As an example, some companies that operate in the wind turbine industry as components suppliers (i.e. cables, gearbox, ...), are planning to start within the heavy machinery sectors. This aspect represents a key factor of this industry, since several companies are showing resilience and flexibility to survive in the market, and is not only related to the Covid situation

Third disruption: financing and insurance decrease

Source: Hartmut Hohns, WAB Arbeitskreis (DE)

Evidence: The delays that hit the projects development phase due to the crisis has inevitably influenced the financing and insurance capability of renewable plants. Regarding new corporate investments possibilities, the few companies that do not survive to the economic crisis will be mainly purchased by large utilities companies.

Geographical impact: Europe

Stage of value chain: Financing and Insurance

Character of the disruption: delays in projects and construction sites and consequent loss of financial liquidity for plants construction

Time frame: mid-long term

EU actions needed:

- **Funding:** financial support
- **Coordination:** process support

Fourth disruption: logistics delays

Source: Hartmut Hohns

Evidence: Construction suppliers mainly come from EU, USA and Asia. The global lockdown and governments restrictions on transports around the world have affected some logistics routes for the movement of goods and people. Many companies have not found solutions to bridge these delays. Travels limitations have also generated delays and cancellations of contracts and insurance for plants construction. These delays also link to the missing components.

Geographical impact: Global

Stage of value chain: Transportation and construction

Character of the disruption: delays and limits regarding movements of people and goods

Time frame: short time

EU actions needed:

- **Coordination:** logistics support

Fifth disruption: demand reduction for Operations & Maintenance operators

Source: Hartmut Hohns

Evidence: The previous four disruptions inevitably generate issues for Operations and Maintenance operators, since the delays in project developments, the logistics issues and the reduction demand of components manufacturers leads to a loss of work for O&M companies. Many projects or construction sites already open have been postponed to next year due to the COVID crisis.

Geographical impact: Global. Most of these companies have a high rate of exportation and for this reason the impact has also affected a lot the relationship with stakeholders outside Europe.

Stage of value chain: Operations and Maintenance

Character of the disruption: demand reduction

Time frame: short-mid term

EU actions needed:

- **Funding:** financial support
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