

Floating wind farm gains traction but can it set sail?

LONDON — After a bumper year for floating offshore wind farm tenders, the nascent industry is poised for explosive growth in the coming decade as countries strive to cut their carbon emissions.

But it's unlikely to be all plain sailing.

Rising costs and supply chain bottlenecks have hit some projects and without investment in infrastructure to launch the vast turbines and tow them to sea, hopes of harnessing the full power of the ocean's winds to hit climate targets could be dashed, industry experts say.

"If the next decade is to see the adoption of floating offshore wind, and its growth into a leading market, the work that we do in 2023 will dictate just how successful this is," said Felipe Cornago, commercial director offshore wind at BayWa, which is developing a wind farm off Scotland.

About 80% of the world's offshore wind power potential lies in waters deeper than 60 meters, according to the Global Wind Energy Council (GWEC), meaning floating turbines will be vital for some countries with little space left on land and steep coastal shelves to decarbonize their power sectors.

Winds are stronger and more continuous further out to sea so floating turbines can generate more power than those fixed to the seabed near to shore — and they less visible from the coast, reducing the risk of resistance from local communities.

By the end of 2022, plans for about 48 gigawatts (GW) of floating wind capacity around the world were in place, nearly double the amount in the first quarter last year, according to Fitch Solutions, with European companies driving the expansion.

Since then, new tenders have been launched in Norway and more are planned this year — but so far there are only just over 120 megawatts (MW) in operation worldwide.

Consultancy DNV forecasts that about 300 GW will be installed by 2050, representing 15% of all offshore wind capacity, but wind turbine makers are already struggling to meet rising demand due to rising inflation and raw material costs.

BOTTLENECKS AND COSTS

The largest project to date, the 88 MW Hywind Tampen project being developed by oil and gas company Equinor off Norway, was meant to be fully commissioned in 2022 but delays due to some steel parts not being of sufficient quality for four of the towers has pushed the start to later this year.

Last year, oil company Shell and state-owned Chinese energy company CGN dropped a plan for a floating wind project off France's Brittany coast, citing inflation and supply chain problems among other reasons.

GWEC said supply bottlenecks for turbines and components could continue or even be compounded by incentives in the

United States for low-carbon energy deployment, as well as increased demand in China, Europe and emerging markets.

As most commercial-scale floating wind farms are only expected to be up and running from 2030, there could be time for such problems to be resolved, said Francesco Cacciabue, partner and CFO at renewable energy investor Glennmont Partners.

At the moment, technology costs for floating wind are far higher than for fixed turbines but companies hope to reduce those costs sharply as larger projects come on stream.

According to DNV, the average levelized cost of energy (LCOE) — which compares the total lifetime cost of building and running a power plant to its lifetime output — for floating wind was about €250 per megawatt hour (MWh) in 2020, compared with around €50 euros/MWh for fixed turbines.

But by 2035, the LCOE for floating wind is expected to fall to about €60/MWh.

"For floating, the expectation is that it will sell power at a higher price than fixed-foundation offshore wind for several years while it industrializes and gets to a point where it can compete on a like-for-like basis," said Jonathan Cole, chief executive of Corio Generation, part of Macquarie's Green Investment Group.

OFFSHORE PLANS

Norway's Equinor kick-started the floating wind industry after

two of its oil and gas engineers saw a marker buoy they thought could be a structure to hold a floating turbine.

The company installed a pilot floating turbine in 2009 and has seen costs fall by 70% from the demonstration project to its 30 MW Hywind Scotland project. It expects a further 40% cost reduction for Hywind Tampen.

"It's about having larger turbines which are more efficient offshore," said Steinar Berge, head of floating wind at Equinor.

"The journey going forward is more reliant upon putting full-scale projects into action because then you will see much more innovation and investments in the supply chain which will drive costs further down," he said.

Still, higher costs in the medium term haven't dulled investor appetite for tenders. For some countries, floating wind might be the best option due to their seabed conditions, such as Japan, South Korea and the west coast of the United States.

"These are huge areas with the energy demands to match their huge populations, and they have a mandate to decarbonize as quickly as possible," said Mr. Cacciabue at Glennmont Partners.

The United States wants to develop 15 GW of floating offshore wind capacity by 2035 and its Wind Shot research and development programme hopes to cut the cost to \$45/MWh by 2035.

Japan wants to install up to 10 GW of offshore wind capac-

ity by 2030, and up to 45 GW by 2040, including floating. It plans to set a specific target for floating wind this year. South Korea, meanwhile, is aiming for 9 GW of floating wind by 2030.

Several countries in Europe have also set targets such as Spain which is seeking up to 3 GW of floating capacity by 2030.

PORTS AND SHIPS

Floating offshore wind farms are made up of huge turbines installed on floating platforms anchored to the seabed with flexible anchors, chains or steel cables.

But at the moment, there are at least 50 designs under development, so narrowing down the concepts is important for standardization and enabling mass production, experts say.

They believe that can be achieved, as many oil companies have significant expertise operating in deep waters such as Shell, Equinor, BP BPL and Aker Solutions — and some are teaming up with renewable developers to bid in floating wind tenders.

For now, Equinor's Berge said one of the biggest challenges was having enough large ports to assemble the turbines and move them out to sea. Many of his peers agree.

According to a DNV survey of 244 experts, the biggest supply chain risk they identified was having enough suitable ports, followed by the availability of installation vessels.

Ports where towers measuring more than 150 m to the center

of the rotor and their giant floating bases can be manufactured and assembled are ideal — and they will also need enough access channels, berths, land areas and storage space for handling large, heavy structures, experts say.

But in many countries, such ports are sorely lacking.

Britain aims to have 5 GW of floating wind installed by 2030 but a report by the UK Floating Wind Offshore Wind Taskforce, said 34 GW could be installed by 2040 if ports were upgraded.

It said up to 11 ports will need to be transformed into hubs to enable the roll-out of floating offshore wind at scale — along with investment of at least £4 billion (\$5 billion).

Britain's Crown Estate will launch a tender for 4 GW of floating wind in the Celtic Sea off Wales this year but said the area had the potential to produce more than 20 GW.

While Britain wants to lead the world on floating wind, some experts say South Korea could be the real winner given its existing ports and large-scale engineering capacity.

Another issue is the lack of vessels needed to tow structures to their offshore sites, install them and connect the turbines to the onshore power grid.

"Even the largest vessels from the oil and gas industry have limited capacity for efficient installation of the latest floating wind farms," said DNV. — **Reuters**

SC grants CBK's appeal to review refund claim

THE Supreme Court (SC) has granted the appeal of CBK Power Co. Ltd. to review its tax liabilities worth P50.06 million representing its creditable input taxes for the calendar year 2012.

In a 19-page decision, the High Court remanded the case to the Court of Tax Appeals (CTA) Special First Division to reassess the firm's entitlement to the tax refund.

"Given this, the court deems it more prudent to remand the case to the CTA Special First Division for the purpose of reviewing the evidence submitted by CBK

to ascertain if it has adequately established the presence of the foregoing requisites," Associate Justice Maria Filomena D. Singh said in the ruling.

CBK manages and operates the Kalayaan II pump storage hydroelectric power plant and the New Caliraya Spillway in the province of Laguna.

The CTA full court had ruled that CBK was not entitled to its refund claim since its sales of the electricity generated through hydropower were already subject to zero-rated value-added tax (VAT).

Under the Renewable Energy Act of 2008, RE developers are entitled to a 0% VAT on purchases of domestic goods and services for the development and construction of plant facilities.

The High Court disagreed with the CTA, saying the power firm was not entitled to zero-rated sales since it had not shown that it was registered with the Department of Energy (DoE).

Citing the DoE's implementing rules and regulations, it said RE developers with valid certificates of registration with the depart-

ment can avail of fiscal incentives provided under the law.

"In fact, CBK has consistently stated in its pleadings both in the CTA and before the Court that it has not registered with the DoE and is thus not entitled to VAT at zero rate," the high tribunal said.

"Thus, even as the Court reverses the CTA En Banc's assailed decision and assailed resolution, it cannot make a factual and definitive finding as to whether CBK is entitled to a tax refund and if so, the amount of such refund." — **John Victor D. Ordoñez**

Filinvest Land expects robust growth in occupancy this year

FILINVEST Land, Inc. expects robust occupancy growth for the year as it aims to build back its revenue streams amid higher demand for its non-real estate investment trust (REIT) assets, the company's top official said during its annual stockholders' meeting on Monday.

"We have seen an increase in demand in 2023 for our non-REIT assets given their strategic locations, and [we] are confident of occupancy recovery by 2024," Filinvest Land Chief Executive Officer Lourdes Josephine Gotianun-Yap said in a briefing.

"We have set our priorities going forward. Our first order of business would be to build back revenue streams to pre-pandemic levels on our growing asset base," Ms. Gotianun-Yap added.

She said that the company aims to return to its pre-pandemic compounded annual growth rate for its residential and rental businesses. These segments reported pre-pandemic growth of 17% and 21%, respectively.

Additionally, Filinvest Land President Tristaneil D. Las Marias said that the company will renew its focus on its estate and township developments.

"We are designing [them] to accommodate different land uses from residential and commercial, even industrial, and institutional land use. This approach will allow us to create fully integrated and self-sufficient communities, catering to the diverse needs of our customers," Mr. Las Marias added.

These will mostly be located within the company's 2,356-hectare land bank.

Meanwhile, the company aims to construct ready-built factories for its industrial segment, which might be located in Calamba, Laguna and in New Clark City. The company aims to finish construction by the third quarter of 2023.

"We are designing our large-scale integrated projects to become the stage for new and relevant products that will catalyze progress in the community where we are present," he said.

Shares in Filinvest Land on Monday went up by 1.32% or 10 centavos to close at P0.77 each. — **Adrian H. Halili**

Globe's SIM registration boosted by its emergency cell broadcast

GLOBE Telecom, Inc. said it saw an increase in daily registrations, recording a million over the weekend after it used emergency cell broadcast (ECB).

The telco said it opted to take the step after it saw daily registrations at 200,000 in March.

"The impact of ECBs [has] been tremendous as daily registrations increased to 400,000 then 800,000 last week," the company said in a press release.

Under Republic Act No. 10639 or The Free Mobile Disaster Alerts Act, telecommunications service providers are mandated to send free mobile alerts in the event of natural and man-made disasters.

"The alerts shall consist of up-to-date information from the relevant agencies and shall be directly sent to the mobile phone subscribers located near and within the affected areas," the law read.

"We apologize to our registered customers who have received the emergency alerts and expressed their irritation online," Globe Group Chief Sustainability and Corporate Communications Officer Yoly C. Crisanto said.

"We appeal for their understanding as these messages are geographically targeted for all. Globe sees the low registration numbers as needing urgent public service because the lack of mobile services is in itself an emergency, severely impacting daily life, from financial transactions and e-commerce to transport and education, among many others," she added.

Data from the Department of Information and Communications Technology (DICT) showed that as of April 23, up to 82.85

million subscribers have already registered. This is 49.31% of the 168.98 million subscribers nationwide.

The total registered SIMs as of April 23 showed a 5% increase from the 7.86 million recorded on Friday.

Around 39.95 million of the registered SIMs as of April 23 are from Smart Communications, Inc., 37.1 million are from Globe, and 5.8 million are from DITO Telecommunity Corp.

Republic Act No. 11934 or the SIM Registration Act requires all SIM users to register their SIMs under their name until April 26, or risk SIM deactivation. It aims to help mitigate the proliferation of text scams and other mobile phone-aided criminal activities.

The DICT has the prerogative to extend the SIM Registration process for another 120 days.

In an interview with DZRH, DICT Secretary Ivan John E. Uy said that there is an above 50% chance that there will be an extension.

"Nagpulong kami ng mga telcos at ng mga stakeholders at ang report ay may ilan pa na mga kababayan natin ang hindi nakarehistro dahil sa iba't-ibang rason," Mr. Uy said.

(We had a meeting with telcos and the stakeholders and the report showed that there are some Filipinos who are not able to register for different reasons.)

"Kino-consolidate namin ang mga report. Bukas may final meeting kami at doon po kami magaanunsoy kung may extension at kung gaano kahaba ang extension na ibibigay," he added.

(We are consolidating the reports. Tomorrow we will have a final meeting and that is where we will announce whether there will be an extension and how long the extension will be.)

Mr. Uy reiterated that the DICT does not expect all SIM cards to be registered and is only expecting 70%-80% registration from the total subscribers nationwide. — **Justine Irish D. Tabile**



PSALM

POWER SECTOR
ASSETS & LIABILITIES
MANAGEMENT CORPORATION

SCOTREC
2019-2021

INVITATION TO BID
FOR THE SALE OF TWO (2) LOTS WITHIN
THE SUDIPEN PROPERTY

The Power Sector Assets and Liabilities Management Corporation ("PSALM") through its Privatization Bids and Awards Committee (the "PBAC") invites Interested Parties to participate in and bid for the sale, through public bidding on an "as-is, where-is" and "Cash" basis, of the following:

1. **Subject of the Bid**

Project No.	Property	Lot No.	Area (sq. m.)	Minimum Bid Price (MBP)
PBAC-REA-PA-SP-2023-001-01	2 lots located at Sudipen Property	916	1,320	Php2,669,000.00
		980-Portion	492	
TOTAL AREA			1,812	
2. **Sealed Bids will be accepted on or before 31 May 2023 at the 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City.** Interested buyers are enjoined to physically inspect the properties and conduct due diligence beginning 24 April 2023.
3. **Bid Security.** The Bid Security shall be in the form of cash or manager's check payable to PSALM Corporation, issued by any commercial or universal bank licensed to do business and operating in the Philippines, in an amount equal to at least ten percent (10%) of the Financial Bid. Bidders who opt to submit a Bid Security in the form of cash shall deposit the same to the following PSALM LBP account subject to presentation/submission of proof of deposit/fund transfer:

Name of Bank :	Land Bank of the Philippines
Branch :	Paseo de Roxas Branch
Account Name :	Power Sector Assets and Liabilities Management Corporation (PSALM)
Account Number :	1802-1019-68
LBP Swift :	TLBPPHMM
4. **Terms of Payment.** Within ten (10) Business Days from the date of the Notice of Award, the Buyer shall pay a one-time full payment of the Purchase Price in accordance with the payment instruction to be issued by PSALM.
5. **Other Terms and Conditions**
 - a. Bidding is open to Filipino individuals/sole proprietorships, corporations or partnerships duly registered and organized under the laws of the Philippines and at least 60% Filipino-owned, joint ventures or consortia, government corporate entities and Local Government Units (LGUs) authorized by law to acquire, own, hold or develop real properties in the Philippines.
 - b. Interested Parties may download the Bidding Package from the PSALM website (<https://www.psalm.gov.ph>) starting on 24 April 2023. Alternatively, Interested Parties may request for an electronic copy of the Bidding Package through electronic mail. In order for an Interested Party to be allowed further participation in the bidding process, it must pay a non-refundable fee (the "Participation Fee") in the amount of Three Thousand Pesos (PHP3,000.00) until one (1) Business Day prior to Bid Submission Deadline.

The Participation Fee shall be payable in cash, or manager's check. Only interested parties that have paid the Participation Fee will be allowed to participate in the Bidding Process.
 - c. The Bidding Package shall include the Bidding Procedures and Property Profile which will include copies of PSALM's available ownership/possessory documents over the Sudipen Property.
 - d. The Winning Bidder shall pay for all applicable taxes, licenses, fees, and charges due on the sale transaction and all unpaid taxes, fees and/or expenses, such as but not limited to, capital gains tax or creditable withholding tax, whichever is applicable, documentary stamp tax, registration and transfer fees, and all other expenses and charges to, as applicable, cause the transfer of the title to the Winning Bidder.
 - e. The Schedule of Bidding Activities, is as follows:

Due Diligence	24 April 2023 until one (1) day prior to the Bid Submission Deadline
Pre-Bid Conference	10 May 2023, 2:00 P.M.
Bid Submission Deadline	31 May 2023, 2:00 P.M.

In the event the public bidding is declared a failure due to the participation of only one bidder, the lone bidder's bid shall be considered an offer to buy the Sudipen Property for the purpose of **Negotiated Sale on cash basis.**

The PBAC reserves the right to accept or reject any interested party/bidder or proposals/bids therefrom, or any part thereof, and/or to waive any defects contained therein and accept the offer most advantageous to the Government, without offering any reason whatsoever. The PBAC does not assume any obligation to compensate or indemnify parties for any expense or loss that they may incur as a result of their participation in the privatization process, nor does it guarantee that an award will be made.

Allowed participants shall be notified of any modification or change in the Bidding Procedures.

In the event that the bid opening date will not take place on the said date due to fortuitous events or if the same be declared a non-working holiday, it shall be held the following working day at the same time and place without further notice.

DENNIS EDWARD A. DELA SERNA
Chairperson
PSALM Privatization Bids and Awards Committee

BW - April 24, 25, & 26, 2023