



## Wind power makers suffer huge losses, want to abandon major project

### Description

The greenies' dream of "clean" (except for millions of dead birds) energy from wind farms is dying in the face of the poor economics (even with tax subsidies) and unreliable technology. The big players in constructing wind turbines are facing massive losses and write-downs and cancelling big offshore wind projects. Brace yourself for demands for even more subsidies to the failing industry.

The green energy subsidiary of German electrical equipment giant Siemens just reported Thursday that it lost nearly a billion dollars in the last quarter. Via Fox News

Global green energy company Siemens Gamesa reported Thursday that it had lost a staggering \$967 million during the three-month period from between October to December.

The Germany-based company, which dubs itself as "the global leader in offshore power generation," noted the wind industry has faced various unfavorable pressures leading to negative growth in recent months and years, in its earnings report for the first quarter of fiscal year 2023 released Thursday morning. The company added that governments would need to further assist the industry to ensure future positive growth.

"The negative development in our service business underscores that we have much work ahead of us to stabilize our business and return to profitability," Siemens Gamesa CEO Jochen Eickholt said in a statement.

The big problem for Siemens and other makers (see below) is equipment failure and the need to lay out huge warranty expenditures. [Reuters](#):

The company last month [flagged increased failure rates](#) of unspecified components of its installed onshore and offshore wind turbines, triggering higher warranty provisions that have also [plagued Danish rival Vestas \(VWS.CO\)](#).

One fundamental problem with wind energy (aside from the meager amount of power delivered

compared to coal and natural gas fired generators) is the variability of the wind. It changes both intensity (speed) and direction unpredictably. I know from work in my consulting career long ago (which I can't discuss in detail owing to confidentiality agreements) that incredible stresses are placed on the generators, blades, and transmissions (akin to a car's drive train) when the wind abruptly changes speed or direction. In order to get a meaningful amount of power, the blades have to be BIG, which is why the towers of major wind farms are [very tall](#)). But long blades spinning rapidly can have the tips break the sound barrier, and the stresses on the materials used in the blades (often carbon fiber because the blades have to be light weight) are intense. And changeable rapidly.

As a result, the order books of the major manufacturers are drying up:

Interesting slide from Siemens Gamesa, the 2nd world's largest manufacturer of wind turbines.

It reports that onshore turbine orders dropped 46.3% y-on-y in the last quarter. And the cost of those turbines (€ per MWh) went up 25% y-on-y | [#EnergyCrisis](#) [#Windturbines](#) [pic.twitter.com/8Tzs3bBXol](https://pic.twitter.com/8Tzs3bBXol)

— Javier Blas (@JavierBlas) [February 2, 2023](#)

Apologies — typo above. It should read (€ per MW)

— Javier Blas (@JavierBlas) [February 2, 2023](#)

Siemens Gamesa didn't receive any single order for offshore wind turbines on its last quarter [pic.twitter.com/VnrrLGrNiK](https://pic.twitter.com/VnrrLGrNiK)

— Javier Blas (@JavierBlas) [February 2, 2023](#)

As Beege Wellborn reports, another major player, General Electric, is also facing losses and is cutting back:

Here in the U.S., General Electric was humming along in its financials except...*\*sad trombone\**...when it got to their turbine business. Ooo, they took a hit, too. Really fugly numbers.

...The company's renewable energy business has been facing challenges due to inflation and supply chain pressures. The *unit reported a **loss of \$2.2 billion in 2022***.

GE is *reducing global headcount at the onshore wind unit **by about 20%*** as part of a plan to restructure and resize the business.

What a surprise. Look who GE is counting on to save the windy day! Tax credit bailout.

...Culp said the *onshore business is expected to get a boost following the **restoration of the tax credit*** for wind projects.

At least one major project faces abandonment, as Wellborn points out:

In an interesting turn of events in New Hampshire, a company contracted with the state for an offshore wind farm is embroiled in a major tussle with the state's department of utilities. Avangrid has told the state they can't afford to move forward, so "we're not building it anymore."

The [state says differently](#).

The developer behind the largest single offshore wind farm in the state's pipeline on Thursday filed a formal notice of appeal to contest the Department of Public Utilities' approval of contracts that the developer agreed to but says will no longer allow its project to be financed or built.

The DPU last month determined that the contracts, which the wind developers and utility companies agreed to in May, "are in the public interest" and approved them over the developer's objections. Commonwealth Wind parent company Avangrid has said for months that *increases in commodity prices, rising interest rates and supply shortages mean that its 1,200 megawatt renewable energy project **"cannot be financed and built" under the terms of those power purchase agreements (PPAs)***.

With wind power, Kenny Roger's song provides wise advice. "You've got to know when to hold 'em, know when to fold 'em." It's time to walk away from wind power subsidies.

It is beyond the time to end subsidies for wind power. Not only has atmospheric CO2 risen without serious consequence, the doomsaying models proven consistently wrong, but the financial thumb on the scale via subsidies has encouraged development of a technology that is still immature, if it ever will be viable.

Photo credit: [Public Domain](#)

By Thomas Lifson

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