

European wind O&M strategies in transition

Contents (Restricted to clients)

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Survey overview

Asset owners are increasingly seeking cost reductions and value creation further down the project life-cycle - in operation and maintenance (O&M). We surveyed European utilities and independent power producers about their current and future service strategies and their decision-making process when choosing between turbine manufacturers, third-party service providers and bringing operation and maintenance services in-house.

- Survey participants represent 17.5GW of European onshore wind capacity. The most important reason for participants to focus on operations and maintenance was increasing asset performance and reducing cost. After the initial service contract runs out, they face a strategic choice between continuing with the original equipment manufacturer (OEM), switching to an independent service provider (ISP) or taking services in-house.
- Competition for O&M is rife and for asset owners there are more options than ever before. OEMs now compete with ISPs and former clients who are taking O&M services in-house. Large utilities - the largest group of survey participants - are following this strategy. They are backing their in-house expertise in the hope of bringing down costs and increasing the performance of their wind assets. But this strategy will not be easy and only a handful may be successful.
- Renewal costs appear to be the biggest concern for all asset owners when renewing O&M service contracts with OEMs. Meanwhile, the ability of ISPs to perform to the standard of OEMs is the biggest concern for large utilities and large IPP asset owners.

By the numbers

38%

In the future, large utilities will bring 38% of O&M services in-house.

**EUR 23.2k/
MW/year**

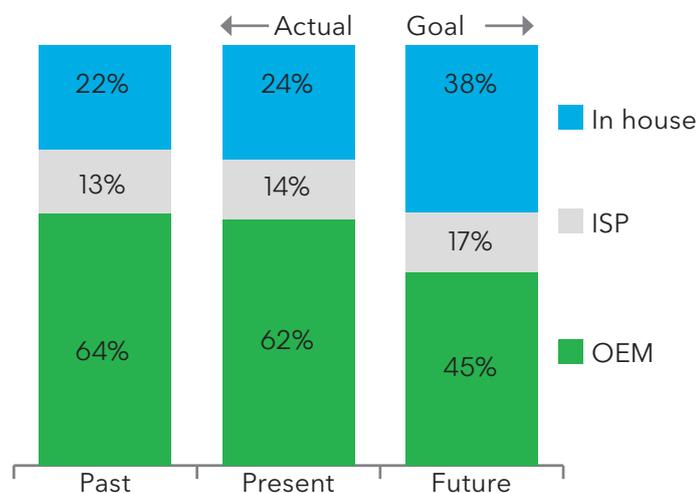
The price of initial O&M service agreements.

6-7

The average number of participants in O&M service-contract tenders.

Figure 1

Past, present and future O&M strategy for large European utilities



Source: Bloomberg New Energy Finance. Note: "Past" refers prior to 2016 while "Future" refers to 2017- 2020.

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