

# Quick wins to boost offshore wind

## Increasing the AR6 budget is a light-touch, high impact change

Published: 11 July 2024 | Authors: Frankie Mayo ([frankie@ember-climate.org](mailto:frankie@ember-climate.org))

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Achieving Labour's 2030 clean power target will require an immediate mobilisation to unlock all renewable resources as rapidly as possible. An easy, high impact win is to ensure that the upcoming Contracts for Difference (CfD) AR6 auction delivers substantial offshore wind capacity, which because of its high capacity factor will provide an outsized boost towards reaching targets.

A 25% increase in the offshore wind CfD budget (Pot 3) could deliver over 1 GW of additional capacity, on top of the currently expected results. This will build confidence and provide clarity to industry. In the long term, more in-depth changes to future auctions can help realise the large potential pipeline.

## Key recommendations

### **Immediately increase the AR6 Pot 3 budget for offshore wind by the Aug 1st deadline**

- Preliminary analysis suggests that a 25% increase in the offshore wind auction budget (AR6-Pot 3) would deliver over 1 GW of additional eligible capacity, depending on auction parameters and bids.
- This approach avoids the need for CfD structural change in the immediate term, and will help move projects at the front of the queue forward to development at a time of great uncertainty in the industry.

### **Evolve the CfD to prioritise delivery, not a race to the bottom**

- Practically all of the visible pipeline projects need to be built to meet targets.
- After AR6 and AR7, evolve the CfD process to move a large number of sites through development. This could take the form of a single large auction with a preset strike price, or other changes to reduce project risk, including longer contracts.
- Explore profit-sharing mechanisms to both reduce consumer bills and lower the risk of setting the strike-price too high.

### **Use offshore wind to achieve other policy priorities**

- Implement the longer-term recommendations in the [Industrial Growth Plan](#) from the Offshore Wind Growth Partnership, to build local supply chain capacity and resilience.
- The offshore wind industry needs a boost in confidence to regain a growth trajectory, with strategic benefits from jobs and economic development, as well as energy security.
- Every 1 GW of offshore wind built could displace enough gas to heat 630 thousand homes, reducing our reliance on fossil fuel imports. Offshore wind can both reduce consumer bills, improve energy resilience, and create new jobs in regional hubs.

## About Ember

Ember is an independent energy think tank that aims to accelerate the clean energy transition with data and policy. It gathers, curates and analyses data on the global power sector and coal mine methane emissions, publishing this openly and accessibly. It uses data-driven insights to shift the conversation towards high impact policies and empower other advocates to do the same. Its team of electricity analysts and other support staff are based around the world including in the EU, UK, Turkey, India and Indonesia.