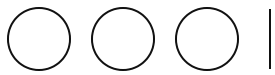


## BUSINESS

# CT-based Eversource to write off up to \$1.6B as it sells stake in three offshore wind farm projects

**Luther Turmelle, Staff Writer**

Jan. 11, 2024



Massive wind turbine hubs lined up in a row in October 2023 at State Pier in New London, Conn., destined for Orsted's South Fork Wind Farm off the Rhode Island coast that will supply electricity to New York. Eversource Energy

is in the midst of selling off its ownership stake in the project and two others, which will result in a charge off of as much as \$1.6 billion.

Alexander Soule/Hearst Connecticut

Eversource Energy expects to write off as much as \$1.6 billion against its 2023 fourth quarter earnings once it completes the sale of its ownership stake in three

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Orsted. Monday's announcement by the company resulted in a 7.75 percent decrease in the price of Eversource stock, which finished at \$58 per share at the close of trading Tuesday on the New York Stock Exchange.

The three wind power projects Eversource is selling its ownership stake in are South Fork Wind, Revolution Wind and Sunrise Wind. Officials with the company described negotiations related the ownership stake as advanced and exclusive, but did not identify the buyer or provide a timeline for the sale.

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Joe Nolan, Eversource's president chairman and chief executive officer, said the charge-off information is related to certain impacts identified during the fourth quarter of last year" that will require further adjustment to carrying the value of its offshore wind investments for the three projects.

The charge-off is required to account for the difference in value between when the project was first announced and what it is worth now. A variety of factors, including increased project costs and any construction delays, can cause a project's value to change.

Eversource will release its fourth quarter and full year earnings for 2023 in mid-February.

Erin Baker, an industrial engineering and operations research professor at the University of Massachusetts in Amherst and faculty director of the school's [Energy Transition Institute](#), said companies like Eversource are selling their ownership stakes in wind power projects "because of a mismatch between the current interest rates and inflation and the negotiated long term contracts, at least in some cases."

"Unfortunately, since we had had such low inflation for so long, and no one saw COVID coming, the long term contracts were not inflation adjusted," Baker said. "Even now, with the knowledge of the recent inflation, it is a little tricky, as the cost of wind power is all upfront in the building and installing."

There are at least two possible solutions to the problem, both of which require government involvement, she said. One involves the government using strategic bonds to reduce interest rates for renewable energy projects, which makes wind farms a good investment associated with low electricity prices, Baker said.

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Another possible solution, she said, is the federal government or states taking action to reduce the number of offshore wind projects by streamlining the permitting and grid interconnection approval process.

Robert McCullough, managing partner of Oregon-based McCullough Research, said off shore wind power "is quite a bit more costly" than wind farms built on land.

"The enthusiasm for offshore tends to reflect politics and lobbying rather than economics, especially given the U.S. with a vast untapped onshore wind potential," McCullough said. "The cost differential is approximately two to three times per megawatt hour. These are concerns Eversource had to address and probably a part of their decision to exit."

The charge-off, he said, is "a fairly clear signal that they believe the projects are not viable at any defensible set of assumptions."

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Luther Turmelle is a business reporter with Hearst Connecticut Media Group. Turmelle has covered the towns of Cheshire and Wallingford and he specializes in the utility and energy beats. A graduate of Boston University, Turmelle has held multiple leadership roles in the Society of Professional Journalists, including two terms on the organization's national Board of Directors.

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