

Toda's Japan offshore wind – details revealed

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Japanese construction company Toda-led consortium plans soon to begin construction for its floating offshore wind farm off the west coast of Kyushu Island. *IJGlobal* talks with project insiders about financing details and updates for the Japanese offshore wind market.

Goto Floating Wind Farm is the SPV of the 16.8MW Goto floating wind power project under development in Goto City, Nagasaki. The project is the country's first commercial-scale floating offshore wind farm.

The project company's shareholders are:

- Toda – lead
- Eneos
- Osaka Gas
- Inpex
- Kansai Electric Power
- Chubu Electric Power

Toda had issued ¥15 billion (\$110 million) of green bonds to raise capital for the project's construction. The green bonds were:

- December 2022s – ¥10 billion, 0.27%, 5-year
- December 2023s – ¥5 billion, 0.25%, 5-year

MUFG and Morgan Stanley were financial advisers, while Baker McKenzie acted as sponsor's legal.

"The project opted for capital raising by green bond because it was the first floating offshore wind transaction in Japan, where project finance was premature at the time because it was not yet technically proven feasible for banks," a source told *IJGlobal*.

"But Toda's green bonds were successfully financed, showing that liquidities are high in Japan," the source added. "Besides, project developers who seek financing from local banks can enjoy cheaper financing because they offer lower interest rates."

Toda did not respond to a request for comment.

Denmark-based K2 Management earlier this week (16 August 2022) bagged the contract as the project's [technical adviser](#). The consortium targets the project to begin construction later this year (2022), with a scheduled commercial operations date by 2024.

The project already has a turbine in place – 2MW [Sakiyama floating wind farm](#) – as a pilot project, subsidized by the government. The wind turbine began operations in 2016.

Hitachi is the wind turbine supplier. The wind farm will supply electricity to the grid with a tariff price of ¥36 (\$0.28) per kWh for 20 years until December 2043.

The consortium in April (2022) received Japan's [public offering plan certification](#) under the offshore wind law passed in November 2018. In June 2021, the sponsors won the auction as the sole bidder after Japan's government held a [public consultation](#) in May 2020. The project is the first public auctioned wind farm under the 2018 offshore wind law.

A Mitsubishi-led consortium [won all 3 sites](#) – 391MW in Chiba, 479MW and 819MW in Akita – tendered in the first round of action, announced in January (2022).

Since then, the Ministry of Economy, Trade, and Industry (Meti) has invited public comments on a draft to revise the auction rules. MOIT expects to announce the final draft by September or October (2022). The policy change might include the introduction of maximum capacity for bidders at 1GW to avoid domination.

The government plans to resume the 2nd and 3rd rounds of the auction by the end of this year (2022), including the [356MW Happo-Noshiro offshore wind farm](#) launched in December 2021.

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