



Biden Administration Moves Offshore Wind Installation Vessels to the Head of the Financing Line

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The Biden Administration announced today a new federal-state offshore wind partnership to spur the installation of electricity generating wind turbines off the U.S. coast. Among the initiatives was the announcement that the Administration would designate “offshore wind vessels” as “Vessels of National Interest” to facilitate the provision of federal financing assistance.

That designation refers to the U.S. Maritime Administration administered “Federal Ship Financing Program.” That program was originally enacted as Title XI of the Merchant Marine Act, 1936 and is popularly known as the “Title XI program.” MARAD is authorized pursuant to Title XI to guarantee debt incurred to construct a vessel in the U.S. on favorable amortization and interest terms. Title XI has been criticized in recent years because of slow application processing time.

The law permits certain vessels to get priority processing if they are designated as being of “National Interest.” Specifically, the law permits MARAD, in consultation with the Departments of Defense and Homeland Security, to “develop and publish a list of vessel types” that would be considered National Interest vessels.

MARAD posted on its website as of June 21 the designation of National Interest vessels used “primarily in construction, service, and/or maintenance of offshore wind facilities.” MARAD indicated that the list was developed in consultation with the U.S. Bureau of Ocean Energy Management without mentioning DoD or DHS.

Whether “construction” includes just wind turbine installation vessels or also includes other vessels such as feeder vessels and cable lay vessels is unclear. The Administration’s announcement focused on “specialized installation vessels” which would appear to be only a portion of the vessels MARAD has designated. Therefore, whether maintenance vessels, like crew transfer vessels, will have the same priority as wind turbine installation vessels is unclear.

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