What is the current penetration of hybrid/storage solutions?

Today large markets exist for stand-alone energy storage; specific regions in US, UK and central Europe to name few. Hybrid solutions are becoming more and more popular, for example in areas where fuel prices are high and/or renewables penetration is high.

How is the market expected to develop going forward, what are the demand drivers?

Fundamental market drivers for hybrids are fuel prices/LCOE, renewables prices and lowering costs of energy storage, particularly Li-Ion batteries. Li-Ion technology advancements and price reduction is largely based on the Electrical Vehicle (EV) deployment.

Which regions are active globally and what areas is Wärtsilä targeting?

Wärtsilä sees high market potential in island/isolated grids, captive power sector and in the areas where there is high renewable energy source, particularly solar PV, deployment.

Will battery solutions in the longer run make your engine technology obsolete?

We believe that for years to come, there will be a need for flexible dispatchable thermal power generation in every power system, for the times that the sun is not shining or the wind is not blowing. Our engine based power plant value will be enhanced even further with the storage solution. In some smaller islands, with small power demand, there might be opportunities to go “all-green” by 2040’s. For example The State of Hawaii plans to have 100% renewable energy by 2045.

Is the competitive landscape changing, are the barriers to entry lower than in your traditional markets?

Wärtsilä believes that the market is looking more and more towards distributed energy generation resources, where value based/optimized solutions will make lot of sense. In some markets, renewables are competing neck to neck with traditional power generation and lowering the entry barriers for the hybrid solutions.

How long before the technology is a commercially viable option?

All technologies are already technical mature and commercially available.

What competences do we have or can we develop in-house?

We will be utilizing our existing world class sales network, procurement and project delivery organizations and of course our global Services network O&M offering for all projects. We are also developing further our in-house capabilities.
How does the technology work and why is Wärtsilä more attractive than other solutions (capex, opex, and technical feasibility)?

Wärtsilä’s approach is always to find and present the most valuable solutions to our customers, therefore our final solution depends on the customer requirements for each specific project. Storage will bring completely new value tools to our tool box.

Where would we partner or potentially acquire?

Wärtsilä is not in a business of manufacturing batteries; instead, we will be using techno-commercially best solutions available. Wärtsilä wants to co-operate and partner with such manufacturers, similar way as in our traditional engine business. We are always looking for and evaluating M&A opportunities in the market.

What are the risks associated with hybrid solutions EPC contracts?

We firmly believe that we are seeing just the tip of the iceberg of the hybrid market right now. By being technology neutral we can de-risk the technology development.

Is there a service element linked to hybrid/storage solutions?

Yes, we see this as one of our competitive advantages. Wärtsilä’s long experience in delivering Operation and maintenance solutions support our lifecycle value propositions also for the hybrid and storage markets. Our remote monitoring centers in seven strategic locations serve our clients on-demand.

Will you sell stand-alone solar/storage?

Wärtsilä is already selling stand-alone solar PV plants and will be selling also stand-alone storage solutions.

You are supporting the idea to have Tesla’s Gigafactory in Vaasa - are you cooperating with Tesla?

Wärtsilä welcomes all ideas strengthening the energy cluster in the Vaasa area. We continuously look for partners around the world, Tesla’s factory in Vaasa could bring up such opportunities.