

When the Turbine Maker Fails: Warranty and Asset Value in Wind

Service continuity and cash flow decisions for operating wind assets

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Abstract

This paper develops an investment framework for assessing wind assets that depend on a turbine manufacturer's continuing support. It links warranty enforceability, technical information, software permissions, spares and replacement-service capability to operating cash flows. Primary records distinguish manufacturer accounting disclosures, a historical insolvency and service transfer, applicable legal provisions and technical research. Proposed decision tests require evidence specific to the project and the parties involved.

A deterministic financial illustration follows author-selected assumptions for an operating wind asset. It separately calculates generation, recurring maintenance, component expenditure and delayed warranty receipts. Defined continuity and distress scenarios test asset value, debt-service coverage and liquidity. An upfront continuity package has its own cost and an explicit break-even assessment. The inputs are hypothetical and supply no estimate of manufacturer failure probability or observed investment performance.

The resulting framework connects acquisition and refinancing decisions to deliverable service rights and funded implementation. A quantified claim requires its own eligibility and recovery assessment; a replacement provider requires usable records, tools and permissions. The paper proposes a first-one-hundred-day response, jurisdiction-specific diligence and acceptance tests for condition monitoring and AI. Actual valuation, legal remedies and financing terms require separate professional assessment using verified project evidence.

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1. The investment decision after manufacturer failure

A wind asset depends on continuing access to engineering knowledge, compatible components and people authorised to maintain its turbines. When manufacturer support becomes uncertain, the investment committee needs a dated assessment of those dependencies and the cost of operating through their interruption. This paper develops that assessment for an operating asset, a proposed acquisition or a refinancing. It draws on primary disclosures, a documented service-business transfer, regulatory findings and technical research accessed on 10 October 2026. The proposed diligence method and financial cases are analytical recommendations and author-selected illustrations.

The assessment begins with the equipment and agreements actually in place. Identify the turbine platform, contracting entities, remaining service scope, open faults and rights needed by an alternative provider. Then translate unresolved dependencies into explicit operating and cash-flow assumptions. A forecast claim receipt should retain its separate legal basis, amount and expected payment date. The project decision must account for cash needed before that receipt could arrive.

The evidence has several boundaries. Manufacturer accounts describe estimates and performance within stated reporting perimeters. The Senvion record documents a particular insolvency and transfer. Public contracts illustrate drafting choices. Technical research describes methods for examining repair logistics and condition monitoring.[1][2][3][4][6][12][14] None supplies a general manufacturer-failure probability, a universal valuation discount or a recovery percentage for the owner considering a transaction.

The practical question is whether the asset can obtain deliverable support at an evidenced cost. The proposed answer combines a rights register, a service and parts plan, an operating forecast and a funding assessment. Its conclusions should change when any underlying contract, inspection, quotation or consent changes.

2. Read manufacturer disclosures within their reporting boundaries

Siemens Energy reported EUR2,474m of Siemens Gamesa onshore and offshore warranty provisions at 30 September 2025, together with EUR984m of quality-related onerous-contract and risk provisions. Its auditor identified failure rates, affected turbine populations and repair costs as judgement-dependent inputs. The later Q3 FY2026 release reported Siemens Gamesa profit before special items of EUR75m and its first positive quarterly result since FY2022.[1] These different measurement dates require separate treatment.

Vestas reported a consolidated warranty provision of EUR1,929m at 31 December 2025. GE Vernova reported a USD 1,573m group-wide product-warranty liability at the same year end.[2][3] Their currencies, business scopes and accounting descriptions differ. These amounts describe issuer estimates. An individual wind-farm claim requires its own beneficiary, covered event, notice history and remedy assessment.

Table 1. Dated disclosure benchmark and scope

Issuer and period	Reported measure	Interpretation boundary
Siemens Gamesa, 30 September 2025	EUR2,474m warranty provision	Onshore and offshore accounting estimate
Siemens Gamesa, 30 September 2025	EUR984m quality-related onerous-contract and risk provisions	Different provision category
Vestas consolidated, 31 December 2025	EUR1,929m warranty provision	Consolidated balance; actual contracts vary
GE Vernova group, 31 December 2025	USD 1,573m product-warranty liability	Group-wide; Wind-only attribution unsupported
Siemens Gamesa, Q3 FY2026	EUR75m profit before special items	Later quarterly performance measure

Notes: Issuer disclosures supply the stated figures and dates.[1][2][3] They establish no insolvency finding or project recovery estimate.

The reader should also retain current operating updates. Vestas reported a 9.4% EBIT margin before special items for Q2 2026. GE Vernova's Q2 2026 release described Wind segment revenue separately from its group warranty accounting.[2][3] A financial-monitoring process

should preserve these distinctions when deciding whether further contractual or technical enquiries are warranted.

3. Set escalation triggers using dated project evidence

An owner should define escalation triggers before support becomes an emergency. Proposed triggers include an unanswered safety-critical fault, a missed contractual response deadline, withdrawal of an offered service scope, restricted access to required records or a supplier's refusal to confirm a component delivery. Each trigger should identify its evidence, responsible person and required review. The trigger is a management control; its occurrence alone does not establish insolvency or contractual breach.

Financial monitoring should record reporting dates, legal entities and source documents. Accounting provisions, segment results, group liquidity and an individual service company's obligations answer different questions. The current disclosures discussed above can inform a review agenda, but a project team should avoid deriving an unsupported failure probability from a provision balance or a quarterly revenue movement.[1][2][3]

Operational monitoring needs equivalent discipline. Record the affected turbine, fault status, temporary restriction, required technical decision and expected repair resource. Ask the provider to distinguish confirmed personnel and parts from requested allocations. A proposed delivery date can remain an assumption until supported by a purchase order, ownership evidence and mobilisation arrangements. The technical team should decide whether continued operation is permitted under the applicable safety procedures.

The response should be proportionate to the verified event. Legal review can preserve notices and remedies while procurement explores alternatives. Lender and insurer communications should use the same dated evidence register. This proposed sequence allows the owner to distinguish a temporary service delay, a platform-wide technical concern and a formal insolvency event without treating them as interchangeable conditions.

4. Establish the warranty counterparty and contractual scope

A warranty assessment should identify the exact obligor and beneficiary before assigning value. The equipment seller, maintenance provider, parent guarantor and software licensor may have different obligations. Obtain executed agreements, amendments, assignment records and acceptance certificates. For each turbine or fleet tranche, record the covered event, term, notice requirements, remedy and exclusions. Project-specific rights remain open until those documents have been reviewed.

Vestas describes product warranties usually lasting two years from legal transfer, with some extending to five years, and separately accounts for purchased services.[2] This disclosure illustrates the need to distinguish warranty correction from a service contract. One publicly filed DeWind/XRG agreement also separates defect correction, availability damages, parts arrangements and licensing.[12] Neither source establishes the negotiated terms of a different project.

Table 2. Proposed warranty evidence schedule

Obligation	Document or record to obtain	Decision requiring verification
Defect correction	Executed clause, acceptance date and fault notice	Covered event and surviving remedy
Availability undertaking	Measurement definition and exclusions	Eligible outage and damages calculation
Parent support	Signed guarantee and amendments	Beneficiary, limit and demand conditions
Service performance	Scope, response standards and pricing	Work remaining within the agreement
Transferred rights	Assignment and consent evidence	Current beneficiary and enforcement route

*Notes: Proposed diligence schedule informed by disclosed warranty accounting and one historical filed agreement.[2][12]
No target-project entitlement has been verified.*

A damages cap should remain separate from a repair obligation and any security instrument. Record how exclusions, aggregation and competing remedies interact. The investment model should use the rights that counsel has established, together with documented operating costs. An unsupported assumption that the parent group stands behind every subsidiary obligation would overstate the available protection.

5. Preserve claim evidence and distinguish recovery from repair

Claim preparation should begin with a chronology linking equipment identifiers to notices, inspections, communications and incurred expenditure. Preserve original fault logs and the basis for any generation-loss calculation. Identify who delivered each notice, when it was received and which clause it invoked. Any disagreement over eligibility, causation, mitigation or quantum should remain visible in the claim register.

The historic DeWind/XRG agreement links surviving correction duties to defects identified within the warranty period and separately refers availability measurement to an exhibit. Some thresholds and limits in the public filing are redacted.[12] Those omissions must remain unknown. The example demonstrates why a reviewer needs the complete executed schedules before estimating damages for an actual owner.

Repair expenditure and legal recovery should have separate records. A necessary component replacement may require payment before a disputed claim is resolved. The owner should obtain advice on preserving evidence before destructive testing, replacement or disposal. The approved technical action should identify any documentation or inspection that must occur first, subject to immediate safety requirements.

The finance team can then model a range of hypothetical recovery amounts and dates without representing them as entitlements. A settlement assumption should identify the obligor, claim status, costs and source of payment. The lifetime value of a possible receipt and the cash required to maintain operations are different outputs. Claim deadlines, enforceability and creditor treatment require the relevant legal review; the paper supplies no project recovery forecast.[9][10]

6. Identify the insolvency procedure and its consequences

The documented Senvion case provides a historical setting for continuity analysis. GORG's transaction account describes the company's insolvency and the subsequent European onshore service-business sale. Siemens Gamesa's January 2020 announcement identifies the completed

service and intellectual-property package.[4] That perimeter leaves other contracts, liabilities and recoveries to be assessed separately.

In Britain, official-receiver guidance describes disclaimer powers exercised by a liquidator or trustee over onerous property, including unprofitable contracts. The procedure and office-holder matter. The 2020 Corporate Insolvency and Governance Act explanatory notes describe supply-contract termination restrictions when the customer enters a qualifying process.[9] Applying that explanation to an insolvent manufacturer supplying a solvent owner would reverse the direction described by the notes. Current applicability requires counsel's review.

Table 3. Jurisdictional questions for contract continuity

Source setting	Supported legal topic	Question for project counsel
British official-receiver guidance	Procedure-specific disclaimer powers	Which office-holder and procedure apply?
British CIGA explanatory notes	Supply to an insolvent customer	Is the actual relationship within current scope?
US Code 2024 edition	Executory-contract assumption or rejection	Does the actual agreement qualify?
US Code 2024 edition	Certain intellectual-property licence elections	Which licensed rights and conditions qualify?
Cross-border project	Multiple contracting entities and laws	Which proceedings and recognition rules govern?

Notes: Legal issue map, not advice on an actual agreement.[9][10] The US discussion uses the successfully retrieved 2024 codification; current amendments and case law require verification.

The retrieved US provisions address assumption and rejection, rejection-related claims and qualifying licence elections.[10] A completed turbine sale with a continuing warranty cannot automatically be classified from those headings alone. The owner should obtain advice on contract status, permitted remedies, claim filing and ongoing rights before incorporating a legal outcome into its valuation.

7. Assess whether service capability can transfer

The Senvion transaction shows a defined route for retaining service capability. Siemens Gamesa's completion announcement described relevant supervisory control and data acquisition knowledge, controller intellectual property, spare-parts knowledge and a remote-control centre within the acquired package.[4] A buyer evaluating another platform should examine the actual transfer perimeter and the resources needed to use those rights.

The European Commission's M.9582 investigation recorded differing participant views about the constraints associated with controller and supervisory-system intellectual property. Its assessment also recognised effective competing service provision and measures mitigating that advantage.[5] This historical competition evidence supports careful platform diligence. It supplies no assurance that every independent provider can perform every task on a current turbine.

Table 4. Proposed service dependency register

Dependency	Evidence of usable access	Continuity question
Fault histories	Complete export and data dictionary	Can the provider interpret the records?
Diagnostics	Licence, tools and accepted access test	Which tasks are authorised?
Controller support	Rights, responsible specialist and change procedure	Who can approve a safe intervention?
Remote monitoring	Hosting agreement and credentials	How does access continue after transfer?

Dependency	Evidence of usable access	Continuity question
Engineering knowledge	Drawings, manuals and qualified personnel	What knowledge remains unavailable?

*Notes: Proposed technical and rights register, informed by the defined Servion transfer and Commission findings.[4][5]
Permissions and capability require project-level proof.*

The owner should request a practical handover test. A proposed provider could retrieve defined records, explain a historical fault and demonstrate its maintenance-planning process under supervision. Record failed or incomplete steps. The test should preserve safety controls and confidentiality. Its scope should match the work to be purchased, with unresolved reliance on the original manufacturer priced or treated as a completion condition.

8. Verify data access and industrial repair rights separately

The EU Data Act addresses qualifying access to readily available product data and metadata and sharing with third parties. Its scope includes conditions and trade-secret, safety and security qualifications. The general application date and the later date applying to specified product-design duties differ.[8] An owner should establish which provisions apply to the actual equipment, service, data holder and request.

The rights review should separate raw measurements, derived insights, historical records, remote access, controller permissions and source code. Access to one category does not establish every permission needed to diagnose, modify or maintain equipment. The proposed provider should identify the minimum information required for each task and the contractual or statutory basis for obtaining it. Record the response and any permitted-use restrictions.

Consumer repair policy also requires a separate scope assessment. The European Commission's repair-directive explainer concerns consumer products within defined categories. The US 2024 copyright rulemaking rejected the proposed blanket commercial and industrial equipment exemption on the record presented.[8][11] These sources supply no universal wind-turbine circumvention entitlement. The paper provides no instructions for bypassing access controls.

The investment team should attach consequences to unresolved permissions. A missing export may delay onboarding; an absent licence may exclude a proposed service task entirely. The financial model should reflect the evidenced alternative or an explicitly hypothetical delay. A broad policy reference should remain background until counsel and technical specialists establish the rights required by the particular asset.

9. Connect spare-part access to repair logistics

A parts register should connect the failure mode to a compatible component, evidence of ownership and an executable delivery route. A supplier catalogue or contractual promise leaves questions about stock, fit, access and mobilisation. Ask for the part number, engineering revision, certification requirements, location and commercial offer. Record any dependence on manufacturer approval or proprietary tooling.

The NREL WOMBAT report models component failures, maintenance resources, mobilisation and weather-related delays as interacting inputs to operations and maintenance analysis.[6] It supports a project method for tracing downtime. Its examples provide no observed manufacturer-insolvency loss distribution. A project application needs locally evidenced repair tasks, access windows, equipment and quotations.

Table 5. Proposed component and logistics evidence matrix

Item	Evidence to request	Financial input affected
Compatible component	Part identity and engineering approval	Replacement scope and purchase cost
Available stock	Ownership, allocation and location	Earliest evidenced dispatch
Transport and lifting	Priced route and resource booking	Mobilisation cost and repair timing
Specialist tooling	Access agreement and compatibility	Feasible maintenance tasks
Alternative manufacture	Rights, qualification plan and quotation	Conditional substitution cost

Notes: Proposed project diligence matrix informed by repair-logistics modelling and the historical parts undertaking.[6][12] No project lead times or prices are asserted.

The public DeWind/XRG contract contains a twenty-year parts-purchasing undertaking and commercially reasonable efforts toward alternative manufacturing after the seller exits manufacturing.[12] Its existence establishes drafting language. Actual stock, funded production and delivery after insolvency require separate proof. Until the owner obtains that proof, the operating forecast should distinguish contracted obligations from confirmed resources and explicitly assumed availability.

10. Qualify the replacement provider on the exact platform

A replacement-service enquiry should specify the turbine configuration, required tasks, open defects and access limitations. Ask the provider to identify comparable platform work, competent personnel, subcontractors, diagnostics, parts routes and safety procedures. A generic fleet capability statement leaves the project scope unresolved. Commercial evaluation should follow a technically accepted scope with clear responsibilities for excluded tasks.

Vestas announced an eighteen-year service agreement for five Senvion turbines at Orjak in Croatia in July 2020.[5] The named transaction demonstrates one service-substitution route. The announcement supplies no universal service price or evidence that a proposed provider covers another platform. The owner's own diligence should retain the relevant contract, mobilisation plan and acceptance criteria.

Table 6. Proposed replacement-service acceptance record

Review area	Acceptance evidence	Open item to retain
Platform competence	Named personnel and relevant experience	Uncovered configuration or task
Lawful diagnostics	Licence and supervised access test	Missing permission or tool
Parts and resources	Priced commitments and allocations	Unconfirmed component or vessel
Safety and cyber controls	Approved procedures and access roles	Unapproved intervention
Commercial transition	Signed scope and handover milestones	Exclusion, consent or disputed liability

Notes: Recommended procurement controls informed by the service-substitution evidence.[4][5] They do not certify any provider.

The transition should have an accountable technical lead and a controlled process for accepting the records. Record which historic defects remain the owner's responsibility and how future faults are classified. Avoid assuming that new service coverage automatically transfers previous warranty liabilities. The value model should use the accepted scope and price, together with explicitly identified allowances for work still outside the replacement agreement.

11. Review insurance and security as separate payment routes

An owner should obtain the actual insurance policies, guarantees, bonds, letters of credit and funded-account agreements before assigning them a cash-flow benefit. For each instrument,

establish the issuer, beneficiary, covered event, limit, expiry and demand requirements. Ask counsel and the relevant specialist to identify assignments, exclusions, subrogation and any effect of the underlying insolvency. These are proposed review questions; no target-project policy or security instrument was supplied.

The historic turbine agreement separates liability provisions from other obligations, while the World Bank's project-finance description places contractual arrangements within a wider financing structure.[12][13] Neither source establishes a particular insurance response or a standard security package for wind assets. A guarantee label alone gives an investment committee insufficient evidence to forecast a payment.

Table 7. Proposed protection and lender document register

Instrument or agreement	Essential verification	Model treatment after review
Insurance	Covered cause, deductible, exclusion and claim process	Separate conditional receipt and costs
Parent guarantee	Obligor, beneficiary, cap and demand conditions	Evidenced support within its limits
Bond or letter of credit	Issuer, expiry, draw documents and assignment	Receipt timing tied to compliant demand
Funded account	Balance, control, permitted uses and release rules	Restricted liquidity within actual terms
Lender direct agreement	Notice, cure, substitution and consent rights	Actual transition conditions

Notes: Proposed document register, not a statement of available cover or a universal lender requirement.[12][13]

Claims against several counterparties also need coordination. Identify who bears the initial cost, who receives each recovery and how later receipts affect any escrow or price adjustment. The model should include each cash receipt once and distinguish legal entitlement from an assumed settlement. Forecast liquidity should retain the timing of approved expenditures even while recoveries remain uncertain.

12. Reconcile the continuity plan with lender rights

The World Bank describes non-recourse financing through project-company cash flows and identifies operation and maintenance contracts alongside lender direct agreements or step-in provisions.[13] This provides general financing context. The owner's actual documents determine consent requirements, notices, cure periods and restrictions on replacing a provider or distributing cash. No universal covenant level follows from the source.

The proposed review should reconcile the replacement-service plan with those documents. Obtain advice on termination and assignment rights before committing to a transition that requires lender approval. Identify who can issue notices, approve expenditure and release restricted cash. The legal and finance teams should agree which conditions remain outstanding and the forecast impact of their timing.

Coverage and liquidity require different calculations. A debt-service coverage ratio uses the financing documents' definition of cash available for debt service. A cash forecast also records when component purchases, professional costs and claim receipts occur. A later recovery may improve lifetime asset value while leaving an earlier cash deficit. The illustrative model separates these quantities and uses an expressly assumed annual debt-service amount.

The lender report should retain the operating assumptions supporting its numbers. A forecast restoration date needs a service scope and resource plan. A reserve requirement should state

payment frequency, distribution restrictions and the treatment of restricted accounts. An annual illustrative calculation cannot establish the intrayear funding needed by a particular borrower. Reconcile the approved model to the actual debt schedule before making a financing recommendation.

13. Build valuation inputs from asset evidence

The valuation should start with the asset's remaining operating rights, evidenced condition and contractual revenue terms. Link each projected availability change to a repair or service assumption. Obtain price quotations for component work and ongoing maintenance. Record taxes, working capital, decommissioning and terminal assumptions within the instructed valuation perimeter. The IFRS Foundation's general fair-value overview reinforces the importance of the measurement purpose and market-participant assumptions.[17]

IRENA reports a global weighted-average onshore-wind generation cost of USD 0.034/kWh for newly commissioned projects in 2024.[7] That statistic describes generation-cost context. It supplies no transaction price, manufacturer-distress haircut or project discount rate. Comparison with a particular operating asset requires matching geography, commissioning vintage, resource quality, financing and the measure being compared.

The proposed input register should record a source, date, unit, status and responsible reviewer for each material assumption. Separate site observations and executed commitments from engineering estimates and author-selected stress cases. A change log should explain how a revised repair quotation or rights conclusion affects availability, expenditure and recovery. This permits a reviewer to trace the valuation movement to an identified cause.

Avoid imposing the same exposure twice. If an operating model already reflects lost output and extra repair costs, any additional discount-rate adjustment needs a distinct rationale. A warranty receivable should also reconcile to the expenditure it may reimburse. The numerical illustration publishes a cash-flow loss bridge so the reader can inspect that treatment directly; it does not establish a fair-value measurement for a real asset.

14. Use condition monitoring within validated operating controls

The DOE/NREL gearbox-monitoring dataset describes research using vibration, acoustic emission, electrical signatures, lubricant and debris analysis for benchmarking and validation.[14] It supplies a useful research basis for evaluating diagnostic methods. The historical dataset description establishes no current predictive accuracy, downtime saving or financial benefit for the turbine platform being acquired.

An owner considering AI-supported maintenance should define the decision the model is allowed to support. A proposed evaluation should test data quality, platform coverage, false alarms, missed failures and performance on independent records. The technical reviewer should examine whether the available warning permits a feasible inspection or parts intervention. A prediction with no executable response has an unresolved operational benefit.

NIST's AI Risk Management Framework provides voluntary guidance for evaluating AI risks. Its April 2026 critical-infrastructure concept note describes development work on a profile, including testing, validity and oversight.[15] These sources support a governance discussion; they

do not validate a wind-failure model. The asset's financial appraisal should retain any claimed benefit as a hypothetical assumption until project evidence supports it.

Operational access also needs security controls. NIST SP800-82 Revision 3 addresses operational-technology security alongside performance, reliability and safety.[16] The proposed replacement-service process should establish permissions, approved remote access, change control and logging. Authorised technical personnel should retain responsibility for safety-critical decisions. AI analysis can support prioritisation within that process, with documented limits and human review; no automated modification of turbine controls is proposed here.

15. Model perimeter and annual cash-flow mechanics

All assumptions are author-selected; all financial results below are deterministic calculations. No observed project, transaction or market outcome is represented.

This analysis uses an author-selected 100 MW wind asset with 15 remaining operating years to examine the financial transmission of turbine-maker failure. It contains no observed project results, market forecasts or estimated frequencies of failure. The resource capacity factor is 42% before technical availability, with 8,760 hours in each model year. Normal technical availability is 97%. These separate assumptions produce 356,882.4 MWh of normal annual output. Real electricity revenue uses USD 70/MWh, and baseline operating expenditure is USD 4.50m annually. Energy is calculated by multiplying capacity, resource factor, hours and technical availability; the resource factor is therefore not reduced a second time for the same technical outage.

All cash flows are stated in constant purchasing-power dollars and occur at year end. The real discount rate is 8%, and the terminal value is zero. Asset NPV discounts revenue less baseline operating cost, incremental operating cost and component/mobilisation spending, then adds a warranty recovery only in its specified receipt year. A continuity-rights price paid at inception is deducted once at time zero. Debt service is excluded from this unlevered valuation. The model includes no tax, inflation, refinancing proceeds, debt balance deduction, reserve-release value or assumed sale premium. Its output is the present value of the specified remaining operating cash flows. Equity purchase-price adjustments remain outside the model.

Table 8 publishes each scenario's availability and spending path. The complete annual vectors, equations and full-precision results are retained in the accompanying machine-readable files. Intermediate calculations use unrounded values; displayed dollar amounts are rounded to millions, so rounded bridge components may differ slightly from their displayed total. Figure 1 identifies the separate paths through which operating continuity, recoveries and financing requirements enter the calculation. Each scenario is deterministic and conditional on its stated inputs. The labels are analytical descriptions and carry no legal conclusion about the enforceability of particular warranty, intellectual-property or service rights.

The calculation keeps annual incremental operating expenses separate from one-off component expenditure. This permits a reader to trace a permanent servicing-cost increase independently of an early equipment cash call. Every scenario uses identical energy pricing, baseline expenditure and discounting. Consequently, the comparisons isolate the assigned availability, incremental-cost, component-spending, package-price and recovery differences. No residual value is attached to a spare-parts inventory or to unused continuity rights at the end of the horizon.

Calculation equations: t denotes the operating year; a_t is technical availability; o_t is incremental operating expense; k_t is component/mobilisation spending; F is warranty face; f is recovered fraction; T is receipt year; P_0 is inception package price. All cash quantities below are real USD.

$$E_t = 100 \times 0.42 \times 8760 \times a_t \text{ MWh.}$$

$$C_t = 70 \times E_t - 4500000 - o_t - k_t; C_t \text{ is CFADS excluding recovery.}$$

$$R_t = F \times f \text{ when } t = T, \text{ and zero otherwise.}$$

$$V = -P_0 + \sum_{t=1}^{15} \frac{(C_t + R_t)}{(1 + 0.08)^t}.$$

$$DSCR_t = \frac{C_t}{15000000}.$$

$$L_0 = \max(0, -\min_{0 \leq t \leq 15} \sum_{u=1}^t (C_u + R_u - 15000000)); \text{ cumulative cash at } t=0 \text{ is zero.}$$

$$V_{\text{normal}} - V_{\text{scenario}} = \text{PV}(\text{revenue shortfall}) + \text{PV}(o_t) + \text{PV}(k_t) + P_0 - \text{PV}(R_t).$$

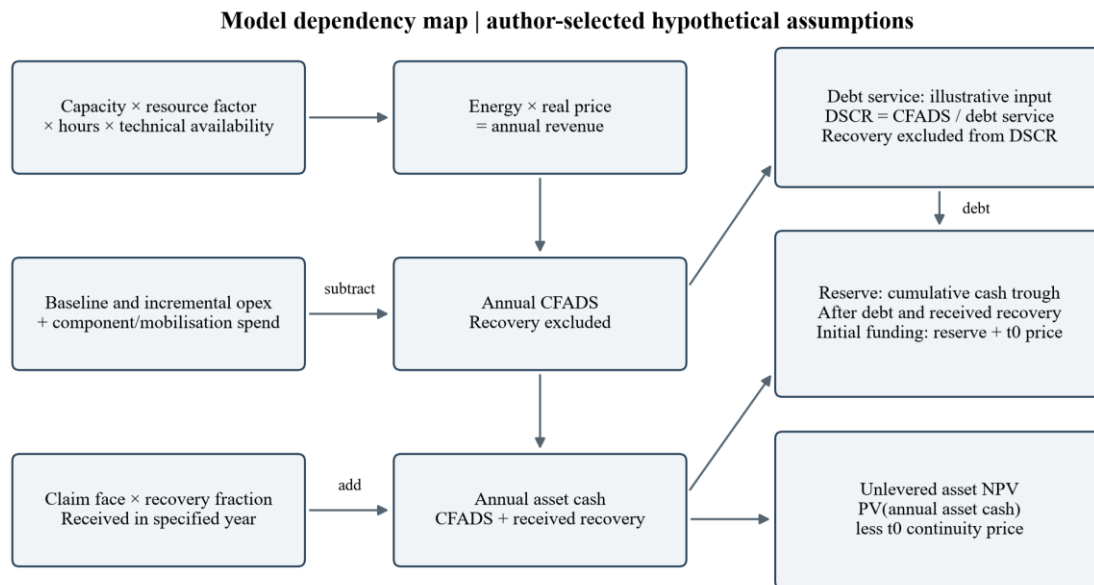
$$\text{Break-even } P_0 = \text{PV}(\text{pre-funded } C_t + R_t \text{ before its package price}) - V_{\text{comparator}}.$$

Table 8. Hypothetical scenario inputs

Input	Normal performance	Managed continuity	Severe distress	Pre-funded continuity rights
Technical availability, Y1/Y2/Y3/Y4-15 (%)	97/97/97/97	88/94/96/97	72/84/92/95	94/96/97/97
Incremental annual opex, Y1/Y2/Y3/Y4-15 (USDm)	0.00/0.00/0.00/0.00	1.50/0.90/0.40/0.15	2.50/1.80/0.80/0.40	0.70/0.35/0.10/0.10
Component/mobilisation spend, Y1/Y2/Y3-15 (USDm)	0.00/0.00/0.00	3.00/0.75/0.00	5.00/2.00/0.00	1.20/0.30/0.00
Warranty face (USDm)	0.00	8.00	8.00	8.00
Recovery fraction (%)	0	40	15	40
Recovery receipt, year	None	3	5	3
Continuity package at t0 (USDm)	0.00	0.00	0.00	2.00

Common inputs: 100 MW; resource capacity factor 42% before technical availability; 8,760 hours/year; USD 70/MWh; baseline annual opex USD 4.50m; 15 years; real discount rate 8%; annual debt service USD 15.00m; terminal value USD 0.00m. All inputs author-selected and hypothetical.

Figure 1. Model dependency map | author-selected hypothetical assumptions



Hypothetical model dependencies. Availability affects energy and revenue; operating and component expenditure determine CFADS. Recoveries enter asset cash and liquidity separately. Debt service enters DSCR and liquidity only. The t_0 continuity price is deducted once from asset NPV and added separately to initial cash needs.

16. Four continuity pathways and their operating consequences

The normal-performance reference maintains its availability and baseline operating cost throughout the remaining life, with no incremental expenditure or warranty receipt. Managed continuity assumes an initial disruption followed by restoration to normal availability from the fourth year. Its additional spending represents the specified operating support and component/mobilisation cash calls. Severe distress assumes a deeper initial outage and a persistent availability reduction after the initial recovery period. The pre-funded case combines a separately priced continuity package with faster assumed restoration and smaller component cash calls. These operating benefits are assigned inputs; the model does not establish that a contract alone can deliver them.

The scenarios produce year-one CFADS of USD 20.48m for normal performance, USD 13.66m for managed continuity, USD 6.54m for severe distress and USD 17.81m for pre-funded rights. Here CFADS means revenue after all annual modelled operating and component cash expenditure, excluding warranty recovery. A second field records recurring CFADS before exceptional component spending, allowing readers to distinguish operating support costs from the cash required to procure or mobilise equipment.

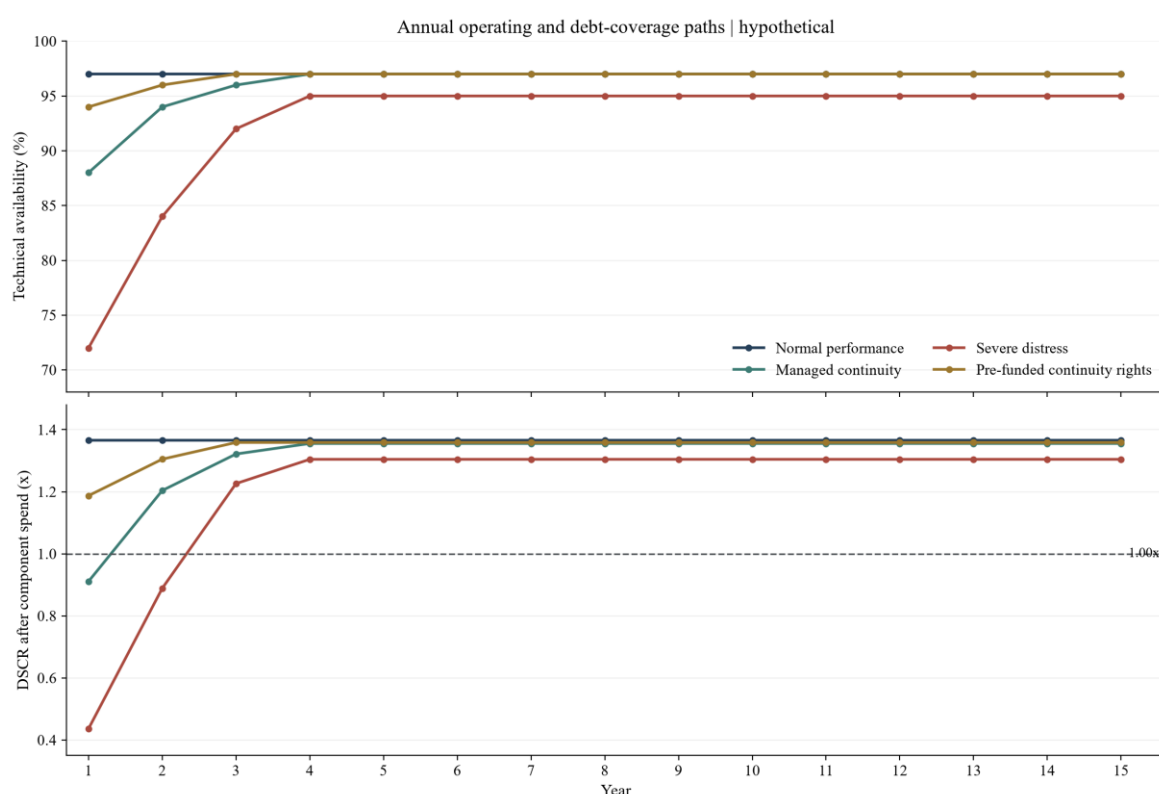
Each distressed scenario starts with an author-selected USD 8.00m claim face. Managed and pre-funded continuity receive 40% in year 3; severe distress receives 15% in year 5. The face amount is an independent hypothetical receivable input, not a sum reconstructed from lost revenue or component costs. It is never added to asset value in full and is not netted against spending before the recovery is received. No separate warranty impairment charge is deducted. This treatment records the actual assumed costs once and the assumed settlement once. Figure 2 traces annual availability and debt coverage without treating the settlement as recurring operating performance.

Table 9. Valuation, coverage and annual-step liquidity

Scenario	Asset NPV (USDm)	Y1 CFADS (USDm)	Min DSCR (x)	DSCR <1 years	Initial reserve (USDm)	Reserve trough year	Package + reserve at t0 (USDm)
Normal performance	175.31	20.48	1.37	None	0.00	None	0.00
Managed continuity	168.04	13.66	0.91	1	1.34	1	1.34
Severe distress	149.96	6.54	0.44	1, 2	10.12	2	10.12
Pre-funded continuity rights	171.92	17.81	1.19	None	0.00	None	2.00

CFADS and DSCR include component/mobilisation spending and exclude warranty recoveries. Initial reserve is a separate cash requirement, not an asset-value deduction. Annual surpluses remain available; no intrayear liquidity estimate is made.

Figure 2. Annual operating and debt-coverage paths | hypothetical



Hypothetical annual technical availability and DSCR paths. DSCR uses CFADS after component/mobilisation spending, excludes warranty recovery and applies USD15m annual debt service. A year-end aggregation cannot identify intrayear funding peaks.

17. Asset-value bridge and the timing of recoveries

The normal-case asset NPV is USD 175.31m. Managed continuity produces USD 168.04m, severe distress USD 149.96m and pre-funded continuity USD 171.92m after its inception price. These are model outputs under the common resource, price and discount assumptions. Table 10 reconciles every difference from normal into discounted revenue shortfall, incremental operating expenditure, component/mobilisation spending, inception package price and the offsetting discounted recovery. Baseline operating expenditure cancels from the comparison because it is identical in every pathway. Figure 3 presents both the resulting asset values and their loss components.

The severe-case value loss is USD 25.35m. Its revenue shortfall contributes USD 12.94m, incremental operating costs USD 6.89m and component spending USD 6.34m. The recovery

offsets USD 0.82m in present value. The managed-case loss is USD 7.27m, while the pre-funded loss is USD 3.39m including its initial price. No arbitrary value index is used; every value difference comes from a specified cash receipt, expense or generation change.

Recovery timing matters even when a receipt eventually arrives. A dollar received at the end of year five has a model present value of USD 0.681. The same discounting convention applies to operating losses and recovery proceeds, maintaining comparability across pathways. A delayed settlement may offset part of the lifetime value loss while arriving after the period of greatest funding pressure. The present-value bridge and the liquidity calculation consequently answer different questions. Neither calculation establishes a creditor ranking, recovery entitlement, insurer response, collectability probability or realised litigation outcome. Those items require transaction-specific documentary and legal evidence before the hypothetical receivable can be replaced by a project assumption.

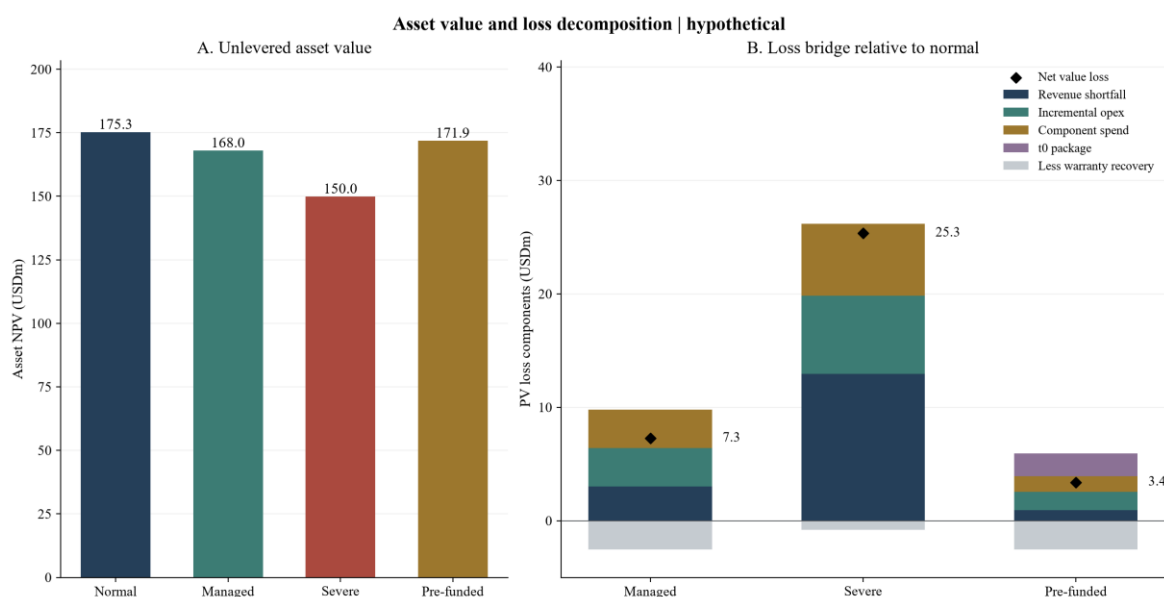
A separate contractual face-value write-down would duplicate a loss that this model never recognises as an initial asset. The normal reference contains only operating cash flows, without a warranty receivable balance. The distressed pathways therefore add the assumed settlement to their cash flows and measure the remaining loss against the same reference. Accounting carrying value, impairment recognition and the legal measurement of a damages claim are outside this cash-flow valuation perimeter.

Table 10. Present-value loss bridge relative to normal performance

Scenario	Revenue loss	Extra opex	Component spend	t0 package	Less recovery	Net value loss
Normal performance	0.00	0.00	0.00	0.00	0.00	0.00
Managed continuity	3.01	3.38	3.42	0.00	-2.54	7.27
Severe distress	12.94	6.89	6.34	0.00	-0.82	25.35
Pre-funded continuity rights	0.94	1.63	1.37	2.00	-2.54	3.39

All amounts USDm. Negative recovery entries offset loss. Baseline opex is common and cancels from the loss bridge. The full-precision bridge reconciles to normal NPV minus scenario NPV.

Figure 3. Asset value and loss decomposition | hypothetical



Hypothetical asset NPV and present-value loss bridge. Revenue shortfall, incremental opex, component spending and the t0 package price add to loss; discounted warranty recovery offsets loss. Normal performance is the common reference. Values are rounded for display.

18. Debt coverage and initial liquidity requirements

An illustrative annual debt-service requirement of USD 15.00m is applied in every year solely to test coverage and liquidity. DSCR divides CFADS after component spending by that amount. Warranty settlements remain outside this coverage numerator; they enter the cash account when received. Minimum DSCR is 1.37x for normal performance, 0.91x for managed continuity, 0.44x for severe distress and 1.19x for pre-funded continuity. The severe pathway falls below one in years 1, 2; the managed pathway does so in year 1. Table 9 reports these results alongside year-one operating cash and the initial funding requirement.

The initial reserve is the smallest opening cash balance that keeps the cumulative year-end balance non-negative after CFADS, actual recovery receipts and debt service. All subsequent surpluses are retained, the reserve earns no interest, and distributions are suspended throughout this liquidity test. Severe distress requires USD 10.12m, with its deepest cumulative draw at the end of year 2. Managed continuity requires USD 1.34m, reaching its trough in year 1. Normal and pre-funded continuity need no opening reserve under these annual assumptions. The pre-funded case nevertheless requires USD 2.00m at inception to pay for the package.

The reserve is a funding stock and is not deducted again from unlevered operating NPV. Its later use is already represented by the underlying cash deficits. This separation avoids counting both a component payment and the cash set aside to meet it as two economic costs. The annual-step result does not size working capital, intrayear debt-payment timing, restricted-account rules, minimum cash balances, distribution lockups or covenant cure rights. A lender definition of CFADS may also classify component expenditure differently. The illustrative debt service has no accompanying amortisation schedule or outstanding principal valuation; it cannot establish bankability, a borrowing limit, covenant compliance or an equity return.

19. Downtime sensitivity and the conditional price of continuity rights

Table 11 and Figure 4 vary first-year extra downtime below normal availability and the recovery fraction received in year five. All remaining severe-case inputs stay fixed. The anchor combines 25 percentage points of extra downtime, 72% first-year availability and 15% recovery. One additional percentage point of first-year technical availability adds USD 0.24m of asset NPV at the stated resource and price assumptions. The grid isolates two cash-flow levers and assigns no scenario probabilities. It assumes the same resource factor during available and unavailable hours; correlation between outages and wind conditions is outside its scope.

The maximum inception package price that equates the pre-funded operating pathway with managed continuity is USD 5.88m. Against severe distress, the corresponding ceiling is USD 23.96m. At the selected USD 2.00m price, the pre-funded pathway has an NPV advantage of USD 3.88m over managed continuity and USD 21.96m over severe distress. Table 12 changes only that inception price. Each additional dollar of price reduces asset NPV by one dollar and leaves the annual DSCR path unchanged because the package is paid separately at inception.

These ceilings are conditional valuations of the specified operating benefits, expenditure reductions and recoveries. They are not observed service-contract prices, insurance premia or recommendations to spend a particular amount. The two comparators also reflect different assumed recovery timing and fractions, so their ceilings incorporate those assigned differences. The model does not price the probability of manufacturer failure, simultaneous supplier

disruption, serial defects, replacement-lead-time uncertainty, merchant-price variation, wind variability, tax effects, decommissioning or enforceability of access rights. Project application requires verified availability and outage records, component quotations, actual contract protections, a debt schedule and an evidenced recovery case. Replacing those inputs without changing the disclosed equations preserves reproducibility while making the result transaction-specific.

A package funded through new borrowing would require an explicit financing schedule and revised debt coverage. Funding charges and opportunity costs of restricted reserves are also unmodelled. The stated ceilings apply only to an inception cash purchase of the exact assigned pathway; differences in scope, payment milestones or rights duration require a fresh comparison. The numerical grid supports scrutiny of those assumptions and does not substitute for technical diligence.

Table 11. Severe-case asset NPV: first-year extra downtime and year-five recovery

Extra downtime / Y1 availability	0% recovered	15% recovered	30% recovered	45% recovered	60% recovered
15 pp / 82%	151.53	152.35	153.17	153.98	154.80
20 pp / 77%	150.34	151.16	151.97	152.79	153.61
25 pp / 72%	149.15	149.96	150.78	151.60	152.41
30 pp / 67%	147.95	148.77	149.59	150.40	151.22
35 pp / 62%	146.76	147.58	148.40	149.21	150.03

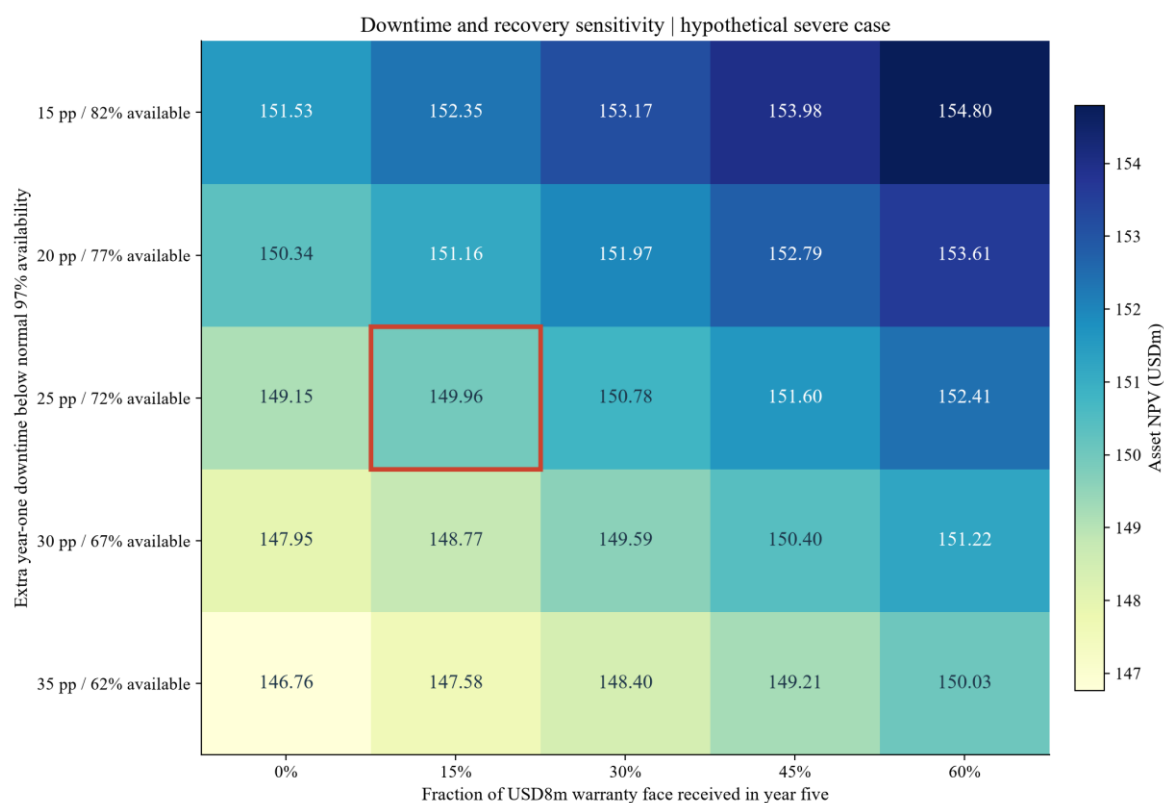
Cells show USDm asset NPV. Downtime is percentage points below normal 97% technical availability. All other severe inputs remain fixed, including USD 8m claim face, year-five receipt, Y2-15 availability and all expenditure. Grid anchor: 25 pp / 72%, 15% recovery.

Table 12. Continuity-package price and comparator value

t0 price (USDm)	Asset NPV (USDm)	Advantage vs managed (USDm)	Advantage vs severe (USDm)	Package + reserve (USDm)	Min DSCR (x)
0.00	173.92	5.88	23.96	0.00	1.19
2.00	171.92	3.88	21.96	2.00	1.19
4.00	169.92	1.88	19.96	4.00	1.19
5.88	168.04	0.00	18.08	5.88	1.19
6.00	167.92	-0.12	17.96	6.00	1.19
8.00	165.92	-2.12	15.96	8.00	1.19
23.96	149.96	-18.08	0.00	23.96	1.19

Only the package price changes. Break-even t0 prices: USD 5.88m versus managed continuity and USD 23.96m versus severe distress. These are deterministic conditional ceilings, not market prices or probabilities.

Figure 4. Downtime and recovery sensitivity | hypothetical severe case



Hypothetical severe-case NPV sensitivity to first-year extra downtime and the fraction of an USD8m warranty claim received in year five. Remaining severe-case inputs are fixed. Outlined cell reproduces the severe-case base assumptions; this grid assigns no probabilities.

20. Translate the continuity assessment into transaction terms

A buyer should commission the same continuity assessment before signing, at completion and after any material change in the service arrangements. The deliverable should reconcile the turbine register, remaining warranty rights, open defects, available records and accepted replacement-service scope. Each unresolved item should have a proposed contractual treatment and a named decision-maker. This is a recommended transaction process; the commercial terms require negotiation and legal review.

The price model should identify the assets and rights being acquired. A share acquisition and an asset acquisition can transfer different obligations, subject to the applicable law and agreements. Obtain advice on assignments, change-of-control restrictions, existing security and third-party consents. A service-business purchase also needs an assessment of the employees, facilities and platform knowledge needed to perform the transferred contracts. The Servion service transaction supplies a dated example of a defined transfer package.[4][5]

Separate a quantified expenditure allowance from a warranty receivable. A seller may agree to fund a documented repair before completion or deposit an agreed amount into an escrow account. The documents should identify permitted uses, release evidence, interest, dispute handling and the recipient of any later recovery. A price adjustment for a repair and an assumed reimbursement for that same repair need a single reconciliation to avoid counting the recovery twice.

Conditions to completion should test delivery of usable rights. Proposed conditions include a completed export of required records, confirmed licence scope, a successful provider handover

and evidence of access to strategic spares. The owner should distinguish signed promises from delivered materials. Acceptance can include a supervised retrieval and maintenance-planning exercise on a defined turbine sample, with unresolved faults recorded.

The investment committee should state the purpose of its valuation. An internal acquisition appraisal, a lender's downside assessment and a financial-reporting measurement have different instructions. The IFRS Foundation's overview places fair value within an orderly market-participant transaction at the measurement date and explains that another standard determines when that measurement applies.[17] The illustrative cash flows in this paper provide a transparent decision test; an actual accounting measurement needs its own scope, evidence and professional judgement.

21. Organise the first one hundred days around operational evidence

The proposed one-hundred-day programme begins when an owner identifies a material threat to manufacturer support. Its timetable is an organisational recommendation. Safety constraints, insolvency procedure, existing contracts and available personnel determine which actions can actually be taken. The asset manager should establish the operating facts before authorising irreversible enforcement or equipment changes.

During the initial response, assemble the executed contracts, turbine serial numbers, fault logs, open work orders and correspondence. Confirm the people permitted to contact the manufacturer, lenders, insurers and any office-holder. Preserve original records and timestamps. The technical lead should identify turbines requiring restriction or inspection through the applicable safety process. The legal lead should record contractual notice dates and any restrictions on termination or enforcement.[9][10][12]

The next workstream tests service continuity. Ask the existing provider and a qualified alternative to explain the tasks they can perform, the information they require and the work they must subcontract. Verify which parts are physically available, who owns them and how they reach the site. A proposed mobilisation date should be supported by personnel, tools, access arrangements and a priced scope. Record dependencies still awaiting consent or technical acceptance.

The finance workstream should update near-term cash requirements as invoices and outage forecasts change. Maintain separate records for operating expenditure, component purchases, professional fees and claim receipts. A forecast recovery should retain its expected date and conditions. Proposed reserve releases and distribution restrictions should be checked against the financing documents. Update the downside case when an assumption becomes a documented commitment.

By the programme review, the board should receive an approved service scope, a rights register, an expenditure forecast, an updated valuation and a list of remaining decisions. EIB's published appraisal process provides a useful reference for considering technical delivery, procurement and promoter operating capability together.[18] Completion of an internal action list does not establish a provider's continuing performance; subsequent reporting should track actual response times, repairs, expenditure and generation.

22. Apply the method separately in each jurisdiction

The framework can organise diligence in several markets because it begins with specific equipment, counterparties and cash flows. Its legal conclusions require local verification. A project can involve a turbine supplied by one group company, maintenance by another, software licensed under a different agreement and financing governed elsewhere. Record those relationships before selecting a remedy or recovery assumption.

For a British asset, the review should establish the relevant insolvency procedure, the contractual debtor and the treatment of continuing supply obligations. For a US asset, identify the relevant bankruptcy treatment and the type of intellectual property relied upon. The statutory provisions discussed earlier have defined conditions and exceptions.[9][10][11] A reviewer should explain which provision applies to the actual licence or contract and retain the basis for that conclusion.

For an EU asset, assess the Data Act's territorial, product, service and timing requirements for the particular data request. Record the data holder, user and proposed recipient, along with any trade-secret or safety issues. The consumer repair legislation has its own scope.[8] An investment model should use rights that have been established for the equipment and parties concerned. A broad reference to repair policy cannot establish an industrial service entitlement.

For assets in India, the GCC or another jurisdiction, commission a local review of insolvency, licence enforceability, import requirements, tax, employment and security. This paper supplies no conclusion on the application of those laws to an actual project. The diligence request should also test local service capacity, customs lead times, specialist access and environmental operating conditions against quotations and site records.

Cross-border continuity arrangements should identify where technical records and spares are held, who can authorise their transfer and whether replacement personnel can lawfully perform the work. The proposed reserve and outage assumptions should be revised when local evidence changes the mobilisation sequence. The resulting comparison can support a regional investment decision while retaining the different legal and operational conditions of each asset.

23. State the limits of the evidence and the model

Public manufacturer disclosures describe group-level accounting estimates, commercial performance and identified risks. They rarely reveal every owner's contract, turbine condition or claim eligibility. A warranty provision cannot be assigned directly to an individual project. Its amount also provides no standalone estimate of a particular manufacturer's insolvency probability or a creditor's eventual recovery.[1][2][3] The dated Senvion record demonstrates one transaction and its stated perimeter.[4][5]

The numerical cases in this paper are deterministic author-selected illustrations. They are constructed to expose the consequences of availability, expenditure, recovery timing and continuity rights. They do not estimate event probabilities, forecast an operating wind farm or certify an investable price. A project appraisal needs verified production data, a suitable energy-yield assessment, executed revenue terms, cost quotations, technical inspections and a financing model aligned to its actual covenants.

The simplifications also constrain interpretation. Constant real prices and the stated operating horizon cannot capture every power-purchase agreement, merchant-price pattern or remaining

concession. The selected terminal-value treatment excludes value that would require additional assumptions about life extension, repowering, land, grid rights and decommissioning. A project's taxes, working capital, accounting recognition and distribution waterfall require separate treatment. Stress results should retain those boundaries when presented to decision-makers.

Condition monitoring and AI introduce their own evidence requirements. A technical model needs assessment of its operating conditions, inputs and failure modes. NIST's April 2026 critical-infrastructure concept note describes the development of a profile addressing testing, validity, oversight and supply-chain risks.[15] It establishes a research and guidance agenda. It supplies no demonstrated failure-prediction accuracy or financial benefit for the wind assets considered here.

Further empirical work should link documented service disruptions to turbine-level operating records, repair expenditure and realised claim receipts. Useful datasets would record the service-transfer date, platform characteristics, weather access, replacement-provider scope and unresolved rights. Independent evaluation could then distinguish the effect of manufacturer continuity from resource variation, asset age and unrelated component defects. Such evidence is needed before assigning general valuation discounts or estimated benefits to the proposed interventions.

24. Base the investment decision on deliverable continuity

The proposed decision record should connect each material manufacturer dependency to an operating alternative, the rights required to use it and a cash-flow consequence if it is unavailable. The owner should retain evidence of contract scope, platform access, service capability, parts availability and funding. The resulting assessment gives the board a concrete basis for choosing whether to retain, purchase, refinance, support or replace the asset.

The financial illustration makes the timing of those dependencies explicit. Lost generation, incremental maintenance and component payments affect different years. Claim receipts have a separate recovery fraction and payment date. The continuity package also has an initial cost. Those items need one consistent model so that a proposed protection can be compared with the expenditure and output consequences it is intended to address.

A favourable sensitivity requires an executable intervention. Before approving expenditure, the committee should request the replacement provider's accepted scope, a priced mobilisation plan and the permissions needed to perform the work. Any remaining reliance on the original manufacturer should remain visible. The investment recommendation should identify which assumption changes if the proposed service transfer, access right or parts delivery fails.

The same discipline applies to a sale or refinancing. Present the technical state, rights position and prospective cash flows together. Distinguish the buyer's requirements from the lender's, retain outstanding conditions and explain the allocation of later recoveries. The general market-participant principles described by IFRS and the combined appraisal disciplines described by EIB support careful scoping; they confer no project approval.[17][18]

The recommended outcome is an evidenced continuity decision with named responsibilities and funded next steps. Revisit it after a material contract change, operating fault, supplier event or service handover. A current record of deliverable support allows the owner to explain the asset's operating assumptions and the price attached to them.

Frequently Asked Questions

What happens to a wind turbine warranty when its manufacturer enters insolvency?

The answer depends on the contractual debtor, applicable procedure, claim eligibility and any separate security or support. Identify the warranty's scope, notice requirements and liability limits, then obtain advice on enforcement and creditor treatment. The existence of a warranty does not establish the amount or timing of an eventual receipt.

Can an independent service provider maintain the turbines?

Assess the particular platform and proposed scope. A provider may need technical records, software permissions, specialist tooling, suitable spares and trained personnel. The documented Servion service transactions show defined transfers and service arrangements. They provide no universal assurance that every platform or maintenance task can be supported independently.

How should manufacturer distress enter an asset valuation?

Translate identified effects into generation, recurring cost, component expenditure and recovery timing. Keep the scope and operating horizon consistent across scenarios. Test remaining uncertainty separately and explain any risk adjustment. The paper's deterministic model demonstrates this process with hypothetical inputs; it does not set a market discount.

Can a delayed warranty recovery support current debt service?

Cash available on a payment date depends on receipts and permitted financing arrangements at that date. A later claim recovery should retain its conditions and expected timing. The illustration excludes recoveries from recurring operating coverage and models their separate effect on cash and asset value.

Do data and repair rules give the owner all information needed for maintenance?

Applicable rights depend on the jurisdiction, equipment, parties, contract and legal scope. Product-data access, copyright exceptions and a licence to use software or technical documentation require separate assessment. The owner should obtain a specific rights analysis and test whether the proposed information is usable by its replacement provider.

How can AI support a continuity plan?

Condition monitoring can be evaluated as a way to identify operating anomalies and inform maintenance. Require a defined use case, appropriate records, independent validation and an authorised response process. Retain uncertainty and safety constraints. No prediction accuracy, downtime reduction or financial saving is established for an actual project by this paper.

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