

What will it take for the UK reach its 2020 renewable energy target?

In an introduction to this focus on renewables, Business Secretary, John Hutton MP, argues the case for making energy a key priority for business

“When we look back through the pages of history to the present day, climate change will stand out as one of the world’s most fundamental concerns. Each and every one of us has a part to play in writing those chapters. And I firmly believe the decisions we make now will impact the energy needs of future generations and that is a responsibility we all have to bear.

Over the past 20 years, energy demand has rocketed. The unprecedented increase in oil, gas and electricity costs has done nothing to lessen our consumption of fossil fuels. But this increase in demand means we must find ways to drastically cut carbon emissions- we have set ourselves the challenging target of a 60% reduction by 2050.

I am under no illusion that the road ahead is going to be easy for UK businesses. Current economic pressures coupled with rising energy prices have led many companies to change their priorities. That is perfectly understandable, but it is essential that climate change remains a central priority of every business in the UK.

Consultation on renewables strategy

At the end of June, we launched a three-month consultation on the UK’s Renewable Energy Strategy. The consultation will address how we can meet the EU’s target that 20% of energy should come from renewable sources by

2020. At this stage we do not know exactly how much of this percentage the UK will be responsible for, but the EU has indicated that it will be around 15%. That would mean we’d need to increase today’s renewable usage 10-fold, a significant increase by anyone’s measure. The only chance we have of achieving this is by moving drastically further, drastically faster.

The UK already has a comprehensive set of energy measures in place but to meet this new challenge we need a new approach. I think we would all agree that as an island with one of the best wind profiles in Europe and access to the sea, we are in a great position to harness the power of the wind and the waves.

330 wind farms in planning stages

The opening of Braes of Doune wind farm in Stirlingshire pushed the UK over the 2GW wind generation mark. It took us nearly 14 years to reach 1 GW and just another 20 months to reach 2GW, which highlights the quickening pace. We have another 330 wind farms in planning stages, which along with those already consented to will provide enough electricity to meet 15% of the nation’s electricity needs.

We shall also fund a £10 million programme of offshore wind technology demonstrations, subject to state aid clearance. And this year we will overtake Denmark as the country with the highest operating offshore wind capacity

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in the world. We are also exploring the option of harnessing the power of the tide in the Severn Estuary, which if approved could meet around 5% of the UK's energy demand.

Implications for business community

But the question is what does all this mean for UK businesses? First, it provides businesses with a brand new, exciting market in which to operate. We estimate the expansion of renewables in the UK will provide around 160,000 jobs and over £100 billion of new investment.

We already have a highly-skilled talented workforce, who we will rely on to carry us into this new renewables sector and to maximise their share of these jobs and those generated by renewables expansion across the EU.

We therefore need to make sure that we invest in that workforce, giving them the opportunity to develop innovative products and services that will keep the UK a step ahead of the competition.

One of the core issues under consultation is how we address the increased pressure on the supply chain. Delivering increased renewable generation will lead to additional pressures and we need to look at how we can resolve such constraints. I think this is where UK businesses can shine. There will be opportunities for small and medium sized businesses to focus on specialist and niche markets, to invest in training staff in new areas where skills shortages will arise.

Changing access to national grid

We also need to make sure that every business that wants to access the national grid has that opportunity to do so by making the process as simple as possible. The Transmission Access Review (TAR), which we launched at the same time as the consultation, should, in



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time, remove some of constraints on grid access for onshore generation. For offshore generation, our new Offshore Transmission Regime will ensure swift and cost-effective grid connections.

But our obligations don't end there. To reach our target of reducing foreign energy imports by 11-14% by 2020, we need not only to ensure we have a comprehensive renewable energy strategy in place but we must also address our energy consumption.

Every business has a responsibility to address energy efficiency. I think it is fair to say that saving energy is the starting point of our energy policy, and every little helps.

Heating, for example, is the UK's biggest energy demand accounting for almost half of our total energy consumption. It is responsible for 47% of carbon emissions and it is crucial that we address this figure to meet our energy

Hutton sees opportunities for the SME community to focus on specialist and niche markets within the renewables sector and to invest in training staff in new areas where skills shortages will arise.

Spectrum of renewables will create opportunities for business



Hadyard Hill Wind Farm, South Ayrshire, Scotland. More than 50 Siemens turbines give a total capacity of 120 MW for the owner/operator, SSE Generation, part of the Scottish and Southern Energy Group).

objectives. The main technologies to increase renewable heat in the UK will be biomass-based, such as heat from waste and micro-generation technologies. Installing solar panels, heat efficient boilers and heat pumps is a relatively easy process and one that all businesses should be exploring as a real option.

New financial incentives

To encourage the widespread adoption of renewable heat sources we are proposing to introduce new financial incentives, including the possibility of feed-in tariffs. I think it's also important that all the options, such as planning rules, available technologies etc, are clearly laid out and accessible to businesses - another area the consultation will address.

We all accept that the cost of moving to renewables is going to be high and that businesses and consumers will be responsible for covering that cost in the short term. It's evident that the era of cheap energy is over. But if we fail to invest in renewables now then the long term cost –both financially and environmentally- will be far greater.

If the price of fossil fuels continues to rise at today's pace then our ability to use renewable alternatives like wind and tidal power will

be invaluable. It's a case of paying now to guarantee a secure supply of renewable alternatives in the future.

I should stress here that 'alternatives' is the operative word. We have no intention of putting all our eggs into one basket by relying on one renewable energy source. Instead, we are committed to delivering a mix of energy sources and that includes renewables, nuclear and carbon capture and storage, as well as conventional fossil fuel generation.

I also believe that the bigger the spectrum of renewable technologies, the bigger the opportunity for UK businesses to get involved.

Reducing reliance on fossil fuels

Facts and figures aside, it's clear the UK still has a lot to do to reduce our reliance on fossil fuels. We cannot just stop using current energy sources and I am quite sure they will make up a large percentage of our energy contributions for many years to come.

But we can begin the process of establishing viable alternatives from small scale technologies in homes and offices across the country to major wind farms and tidal projects. I cannot stress enough how important it is that we all do our share. §

To become involved in the Renewable Energy Strategy consultation you can contact BERR at: www.berr.gov.uk/renewableconsultation

Renewables are not a cheap option in the short term, but if the UK fails to invest in renewable energy right now, the long-term cost, financially and environmentally, will be far greater, Minister argues.
