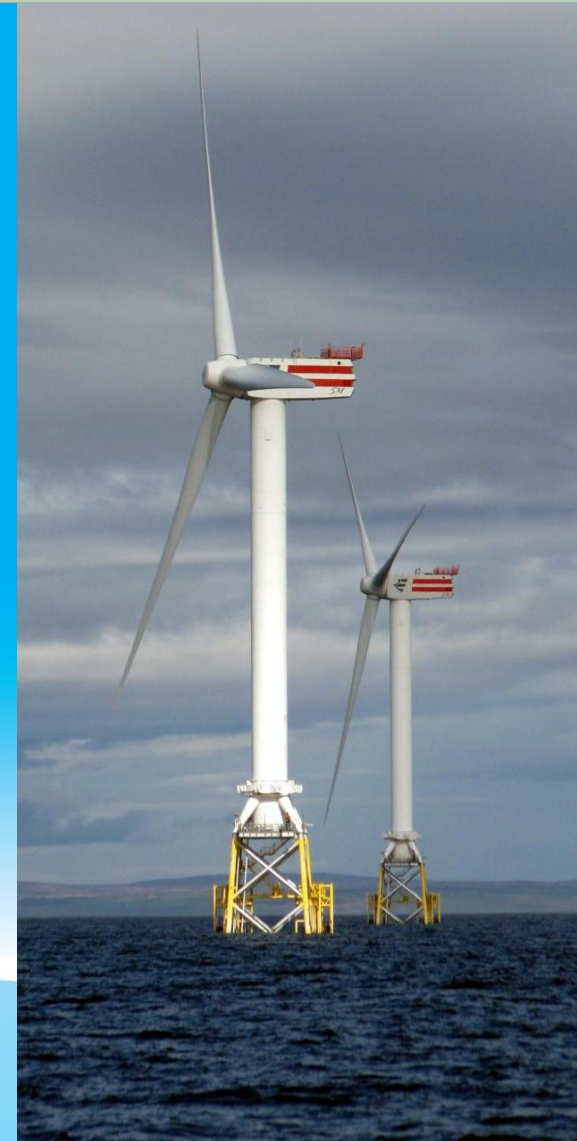


UK offshore wind: commitment and opportunity

Office for Renewable Energy Deployment



- What is DECC?
- UK Offshore Wind Policy Drivers
- UK Offshore Wind Potential
- Key Deployment Issues:
 - Financial incentives and finance;
 - Access to networks
 - Consents
 - Reducing costs
- Is the UK Delivering?
- How can we help?
- Summary

What is DECC?



The Department of Energy and Climate Change (DECC) was created in October 2008, to bring together:

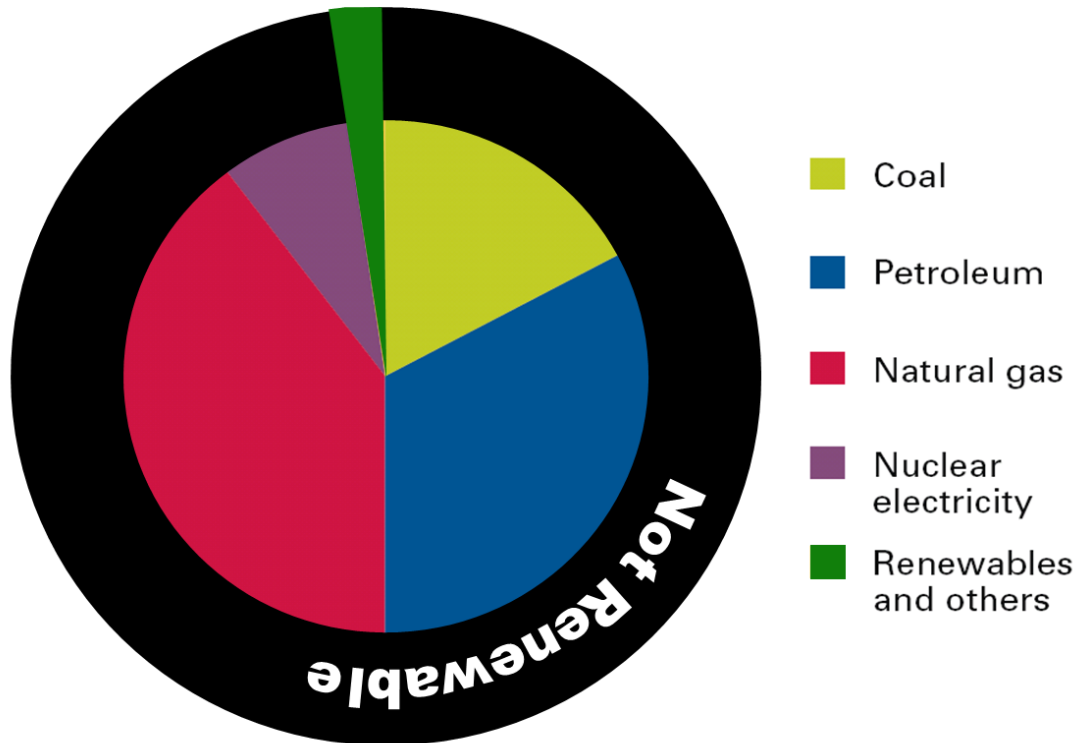
- energy policy (previously with BERR, which is now BIS);
and
- climate change mitigation policy (previously with Defra).

Office for Renewable Energy Deployment (ORED)

- The Office for Renewable Energy Deployment (ORED) has the job within Government of ensuring that we meet our targets for renewable energy.
- ORED works closely with delivery partners and stakeholders to help accelerate deployment.

UK Offshore Wind Policy Drivers

We have **2.5%** of renewable energy now
This must increase to **15%** by 2020



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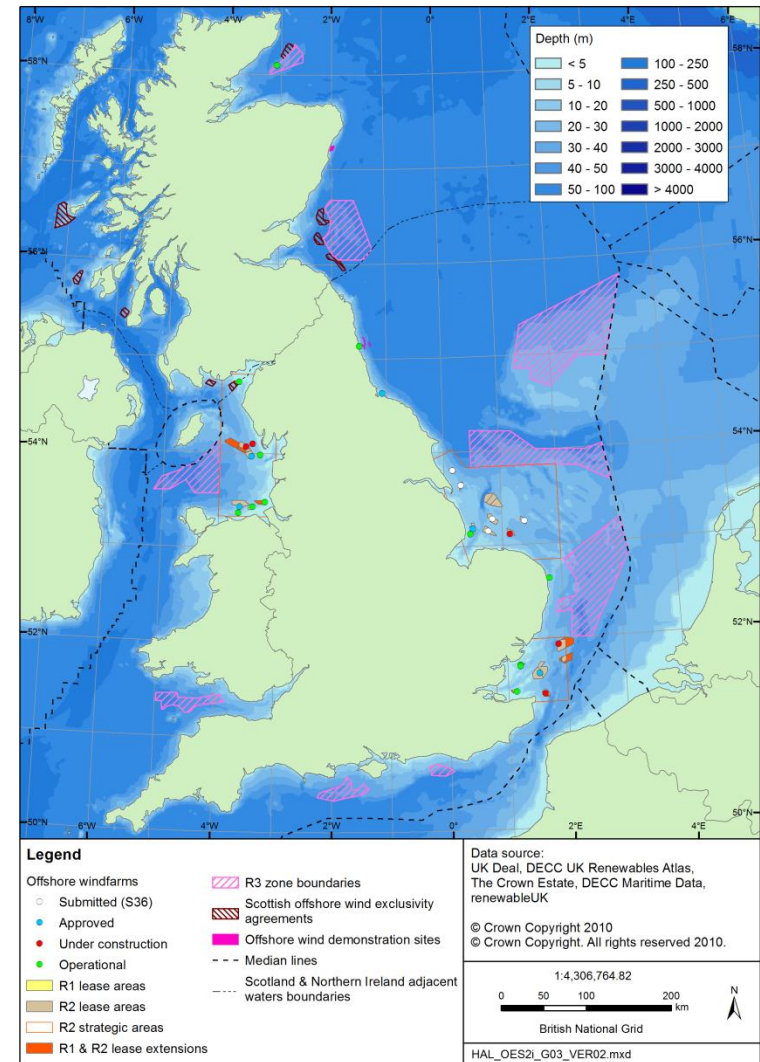
~ $\frac{2}{3}$ of UK energy use is for transport & heating – which is hard to make ‘renewable’...

- Coal
- Petroleum
- Natural gas
- Nuclear electricity
- Renewables and others

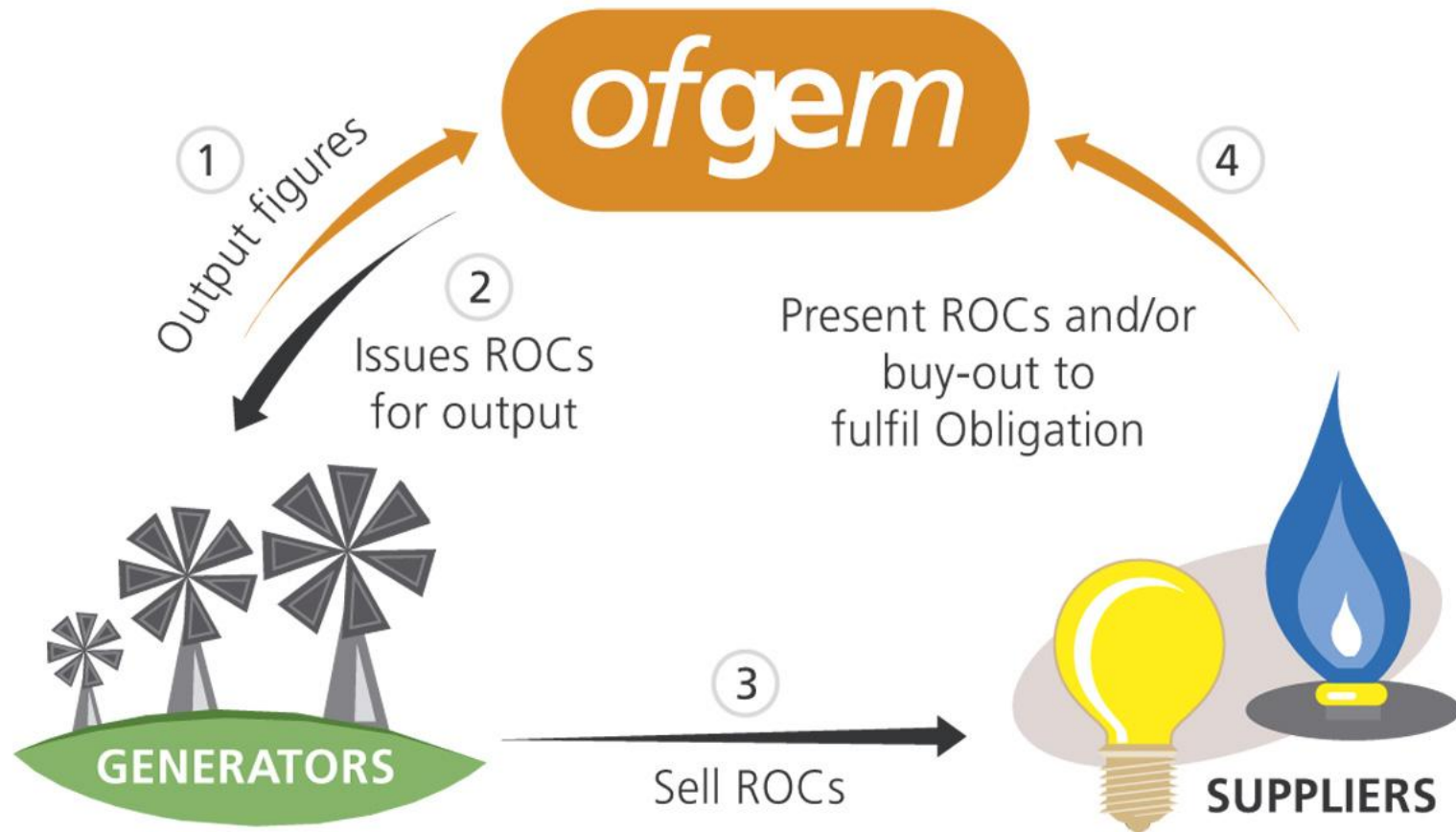
which means UK electricity needs to be ~30% renewable in ten years’ time

UK Offshore Wind Potential

Round	Size (GW)	Status
Round 1	1	Majority generating (962MW) (Autumn 2010)
Round 2	7	365MW generating, almost 1.7GW under construction (Autumn 2010)
Round 3	Up to 32GW	Scoping stage Construction from 2015
R1 & R2 Extensions	Up to 2GW	
Demo sites	14MW	
Scottish Territorial Waters	6.4GW	Subject to Scottish SEA



Key Deployment Issues: (i) Financial Incentives



Key Deployment Issues:

(i) Financial Incentives

- 2 ROCs for capacity accrediting by March 2014
- We have consulted on the introduction of a phased RO for offshore wind
- Government published a consultation document on electricity market reform (EMR)
- EMR will look at the reforms needed to electricity market structure to decarbonise the power sector
- The Green Investment Bank will go-ahead with initial funding of £3bn to invest in green infrastructure

Key Deployment Issues:

(ii) Access to Networks



- Government has put in place an innovative regulatory regime so that the connections can be delivered in a cost effective, timely and co-ordinated manner in consultation with developers
- We have included the flexibility of an option of generator build option in the enduring regime.
- We will be consulting on what measures will be required for network to be developed strategically
- 3 December an MoU agreed by UK and 9 other countries inc. Denmark, committing signatories to tackle barriers to a more co-ordinated offshore grid development

Key Deployment Issues:

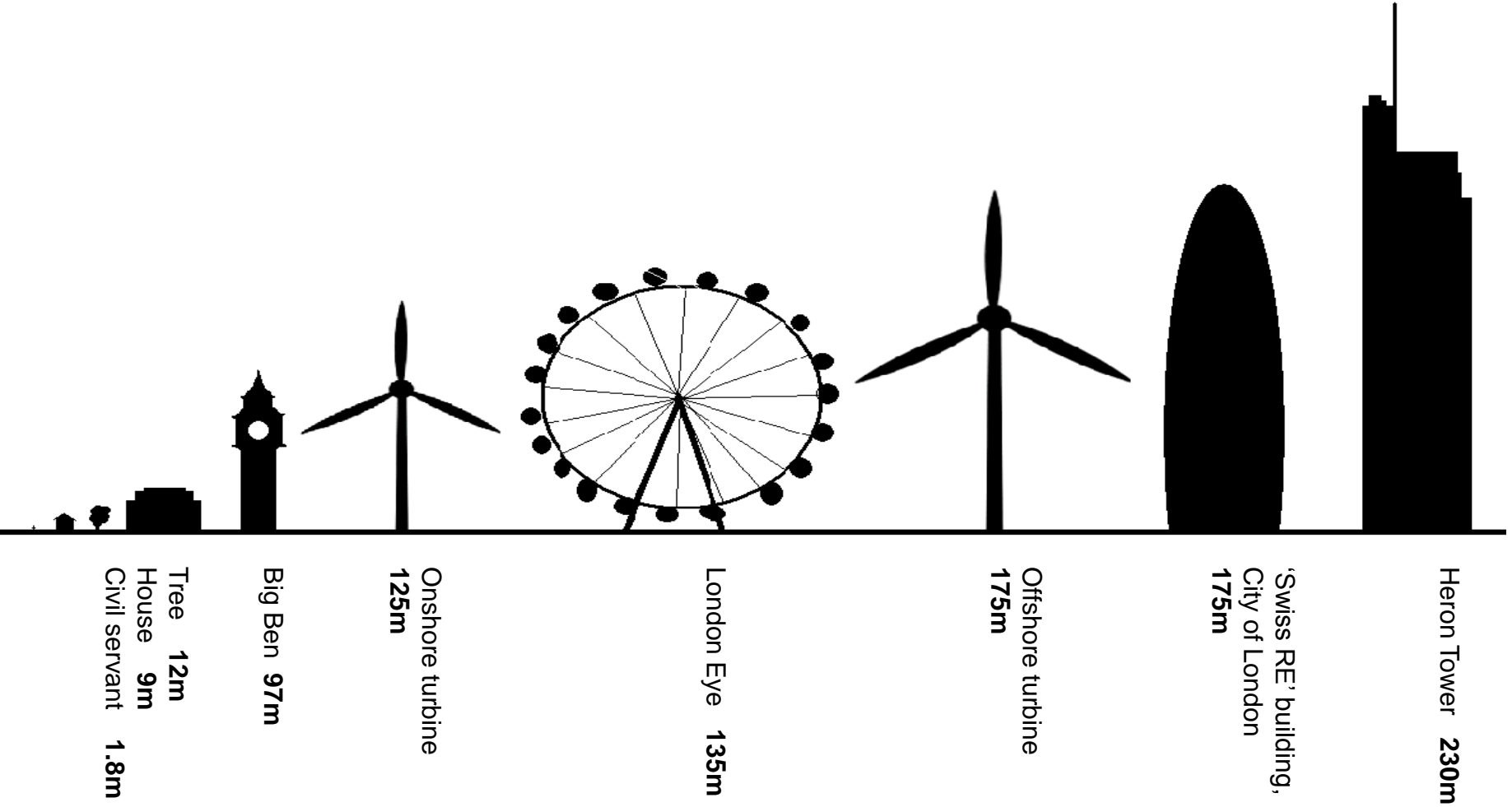
(iii) Consents



- We need a planning system which is rapid, predictable and accountable
- The consultation on the revised draft energy National Policy Statements (NPS) closed on 24 January 2011. ECC Select Committee published report on NPSs on 26 January – will respond to both in due course
- We intend to lay NPSs in Parliament for designation in Spring 2011
- Announced we will abolish the Infrastructure Planning Commission (IPC) – this will be done via Localism Bill currently going through Parliament

UK Deployment Issues:

(iv) Reducing Costs



UK Deployment Issues:

(iv) Reducing Costs

- £30m support for dedicated testing facilities (blades and offshore testing)
- Three calls of technology development (£27m) and demonstration funding and Carbon Trust activity
- Encouragement for the supply chain in partnership with The Crown Estate
- £200 million for the development of low-carbon technologies (including £60m support for establishment of offshore wind manufacturing in England)
- Announcements by turbine manufacturers of intent to invest in the UK

Is the UK Delivering?



- Is the No.1 inward investment location in Europe
- No.1 in Ernst & Young attractiveness index
- UK offshore wind operational capacity increased by over 90% in 2010 to 1.34GW
- Over 1.6GW in construction in 2011
- Over 2.3GW awaiting construction
- Over 1.9GW in planning
- Over 40GW in scoping
- £130m to support offshore wind manufacturing at coastal locations in Scotland and England

UKTI – How Can They Help



- UKTI is the Government organisation that supports overseas companies bring high-quality investment to the UK
- UKTI combines the resource of the Department for Business, Innovation and Skills (BIS) and the Foreign and Commonwealth Office (FCO) and works in partnership with the nine English Regions and the Devolved Administrations in Scotland, Wales and Northern Ireland
- To attract high value Foreign Direct Investment (FDI) into the UK
- To work with existing foreign investors to retain and grow their business in the UK and internationally

THE UK: A SPRINGBOARD FOR GLOBAL GROWTH



- The UK's offer remains highly attractive on the back of:
- Business environment: appropriate levels of regulation, strong IP protection and a flexible labour force
- Creativity and innovation: world-class talent, and R&D excellence
- Gateway of international connections: taking
- Unique combination of success, confidence, ambition, know-how and creativity

Summary



- UK increased deployment by 33% last year. It is rated No. 1 for its attractiveness for offshore wind
- Ministerial commitment to this technology reflected in CSR - and in international co-operation
- We are working with The Crown Estate to reduce costs and UKTI to encourage manufacturing companies to locate in the UK
- We are addressing the key enablers to deployment (grid, financial incentives and finance) in partnership with the industry.

Thanks for your attention.

Allan Taylor

Deputy Head, Offshore Renewables
Office for Renewable Energy Deployment

Allan.taylor@decc.gsi.gov.uk

01224 254128

