

Strategy finds favour with companies on the front line



Renewable Energy Association calls for immediate action

The political will to bring renewable energy up the agenda grew because governments of all persuasions across Europe accepted that conventional energy production impacted upon climate adversely. Even the most diehard sceptics on the subject of climate change are prepared to admit that burning fossil fuels probably has some influence on the climate: they disagree with mainstream thought over the extent of that influence. Accepting an EU-devolved target of 15% for all renewable energy by 2020 has gone a long way towards focussing the political mind in the UK. Developing a workable strategy to achieve that goal is a high priority for the UK Government, and its UK Renewable Energy Strategy Consultation launched in June 2008 is a step in the right direction.

Away from Westminster, the Consultation Review is viewed favourably by the leading association in the renewable sector. The Renewable Energy Association (REA) represents about 550 of the country's major renewable energy producers and users. The spread of membership across power generation, heat production and bio-fuels illustrates the diversity of renewable technologies.

As a pressure group promoting the cause of renewables, the Association has an increasingly high profile in Whitehall and Westminster, and amongst agencies, regulators and NGOs. The REA's overriding objective would appear to be securing the best legislative, regulatory and infrastructure framework for the industry in the UK.

Support for breadth of Government policy

The association supported the breadth of the government's renewables strategy document. Importantly, it found that the document went beyond the usual focus on centralised electricity and recognises the enormous potential of renewables in heat, transport, buildings and local generation. REA Executive Director Philip Wolfe, saw the development as being "significant and urgently needed as the Government has produced an energy strategy, not just an electricity strategy."

While welcoming the Strategy Consultation document, both the Conservative Opposition and a key Select Committee had argued that this was a step too late. That was a view shared by the REA which warned that there is very little time to meet the 15% target which, in the case of electricity generation, translates into a 35-40% share for renewables.

As Wolfe observed, "The UK is way behind where we should be, and the Government's policy portfolio has not been broad enough. We have only twelve years left and government still wants to use two of those talking about it. It has had a gold-plated opportunity in this year's Energy Bill to start work on obvious measures such as tariffs for smaller renewables, the regulator's remit and priority grid access. It should also be aiming to complete its action plan this year, not in 2010."



The fact that the REA has grown from its original 40 members in 2001 through to more than 550 today is a measure of the potential for renewable energy. These are all businesses which, in their own way, see a commercial reason for working and investing in this sector of the market.

This powerful forum for renewables must remain convinced, however, that there will be the right kind of incentives to keep them investing in the sector. They are not seeking subsidies or back-door deals: what they require is a level playing field for investment.

To be more precise, the industry is looking for a consistent investment regime; one where it is clear how different types and scales of renewable technology will be treated when producers start to sell into the market (assuming also that the planning regime has been changed from hostile to neutral).

This is part of the business case on which the future success of the UK's renewable energy strategy has to be based.

Representing all interests

Representing a broad swathe of the renewables industry from sole traders up to multinationals, the REA has to reflect the interests of all generators planning to serve the marketplace.

Certain policy decisions when they are taken could affect producers at one or other end of the spectrum. The present administration supports the Renewables Obligation approach which favours the larger, established energy producers who decide to move into renewables.

A Conservative government could be more inclined towards the Feed-In Tariff method favoured in Germany and which appears to provide greater incentives to

REA contributes to the sector-wide 2020 Energy Action Plan which will provide input to Strategy Consultation

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the smaller operators generating with leading edge technologies.

Philip Wolfe does not see the two methods of incentivising operators as being mutually exclusive. "The Government has presented this as an either-or situation: there is no reason why both schemes could not work in parallel addressing the different parts of the market.

"We look forward to working with the many ministries involved to make this broader approach effective, to moving beyond more talk to firm action, and to joining up the policies that have hitherto been stuck in departmental silos. There is no right or wrong way to tackle the energy question. It is more important that a holistic approach to energy is adopted."

2020 Energy Action Plan

As a significant player in the UK energy scene, the REA was well placed to contribute to the 2020 Energy Action Plan; a document in the making since December 2007, and launched at the end of June this year almost simultaneously with the UK Renewable Energy Strategy Consultation document.

The Royal Society of Arts, in the role of an independent 'think tank', played host to the two dozen organisations which drew up the Plan. It was a collaborative effort, with extensive consultations looking at five different sectors of the economy.

In launching its strategy document, the Government called for input to its consultative process. The 2020 Energy Action Plan will be one of the more carefully considered contributions to that debate.

The document did not attempt to be prescriptive, trying to seek out the best route in each of a number of circumstances.

The paradox is that, with the broad experience that the Plan brings to the table, there is the real possibility that the Government will ruminate longer and push back still further the start of its action. §

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