

A showpiece for renewable energy business



Governments still lacking a comprehensive federal policy on renewable energy and carbon management could learn a lot from Scotland.

Due to strong government support Scotland now has the world's largest offshore wind energy market in spite of the country's small size.

Photos (2): Areva

Scotland's government has made a strong commitment to renewable energy. The small country is now the largest offshore wind market in the world, thanks to its government, which provides a favorable market through a plan that calls for meeting 100 % of electricity demand with renewable resources by 2020. As a result of that plan and abundant offshore wind energy resources, offshore wind energy may provide half of the country's total energy demand by 2020.

With a favorable renewable energy business market and strong government support, and possessing abundant offshore wind energy, Scotland is attracting major renewable energy companies. Other countries could learn from the Scottish government, says Andy McDonald, Director of Renewables and Low Carbon Technology at Scottish Enterprise. For example, governments need to define what their renewable energy markets will look like over the long term. That's what the government has done in Scotland. "We have a clear view until 2020 about what kind of support will be available from the government," says McDonald. The country is even working on defining its renewable energy goals through 2030, he adds. Likewise, states that want to promote renewable energy need to provide policies and support that will give businesses and investors confidence, given the scale of the investments required, he says. "Scotland was clear about defining what its ambitions were, and what the energy mix would look like in the future."

Scotland is in a good position to make aggressive renewable energy targets because the country has abundant renewable resources. The UK has a quarter of Europe's potential offshore wind energy, reports McDonald. "Some 60 % of wind installations in the North Sea have been from the UK alone, and we are part of that market. Due to such abundant offshore resources, half of the nation's electricity will likely come from offshore wind by 2020, explains McDonald. Total energy demand in 2020 for Scotland will be about 10 GW and approximately 4 GW of offshore wind projects are now in the consenting, planning and approval, process. "Ultimately, we could have about 9.8 GW of offshore wind by 2020 if the market develops well, but we have to be realistic about how much of that capacity will actually get installed," says McDonald. But even if half of that 9.8 GW gets installed, offshore wind will make up a significant portion of the nation's energy mix.

Companies attracted to favorable market

With abundant resources and a positive long-term outlook, companies are looking to Scotland as a promising location for establishing manufacturing facilities and further expansion. "This is a very receptive environment to bring business," says McDonald. "Everything is geared up to support renewable energy companies," McDonald's company, Scottish

Enterprise, is trying to make Scotland even more attractive to prospective businesses by helping to familiarize international companies with the Scottish market. "What we do at Scottish Enterprise is assist companies in developing infrastructure, a supply chain, and connecting them to potential customers," reports McDonald. The company also works in research and development and in the investment space to try and bring more capital to the marketplace.

One business recently attracted to Scotland is Areva, the major wind turbine manufacturer from France. On November 19, Areva and Scottish Enterprise signed a Memorandum of Understanding for the development of a wind turbine manufacturing facility in East Scotland on an industrial site. Areva will manufacture its 5 MW turbines for offshore projects in the UK and establish a manufacturing base that will cover the European market. "It's exciting to see so much interest and development in Scotland," states McDonald.

Other international renewable energy companies have also made significant (offshore) wind energy investments in Scotland, including Mitsubishi Power Systems Europe, Gamesa, Nordex, and Moray Offshore Renewables. "Areva is just one of a number of companies for manufacturing we want in Scotland," says McDonald. The supportive government, abundant natural resources and established industry infrastructure have already made Scotland an ideal location for offshore wind companies, he adds. "Everything is geared up to support these companies."



A lesson for others to learn from?

It's clear that government support for renewable energy has been a critical factor for the success of Scotland's offshore wind market. For instance, the US market could benefit from similar long-term support from the US government – but the US market does pose additional challenges to renewable energy development.

In Scotland "everything is geared up to support renewable energy companies", says Andy McDonald, Director of Renewables and Low Carbon Technology at Scottish Enterprise.

Photo: Scottish Enterprise

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