

**Opening Address by Brian Britton, Secretary, NOW Ireland, to the
3rd Annual NOW Ireland Conference, “Offshore Wind Energy in Ireland. From
Policy to Reality”**

I would like to welcome you all to the NOW Ireland third annual conference. I would particularly like to take the time to welcome delegates from overseas, and from overseas companies. Your attendance is appreciated as is your continuing interest in Ireland’s offshore industry.

Lest there be any doubt in the room, I would like to begin my address and to begin this conference by stating clearly **That Ireland is open for Business**. Ireland is especially open for business in offshore wind.

In the midst of all the problems with banks, with budgets and with public sector commitments, Ireland’s entrepreneurs and businesses are for the most part continuing to trade and are looking for the opportunities that will bring this country out of recession. Business leaders want to get on with it, there is a desire to put an end to the blame game and begin to rebuild our economy.

Government has a role to play in this. This morning’s Conference theme is Offshore Wind Policy and Action. Government creates an atmosphere, an environment in which business is transacted. They do this through policy and legislation. If the right environment is created, the entrepreneurs of Ireland will build businesses that will create jobs and create growth in the economy. If Government can provide the policy - we will take action.

If we learned anything from our escape from the recession of the 1980s, a Budget Deficit of 26% compared to 16% today, it is that Government must encourage our entrepreneurs. They must be pro business and pro growth. We will escape today's position by creating jobs, by fostering economic development and by identifying, supporting and encouraging the sectors where Ireland can excel.

All entrepreneurship is based on seeing an opportunity and taking advantage of that opportunity to build a business. Offshore wind projects are a classic example of a solution to a problem, an opportunity in the making. **And** an opportunity that can create jobs and play a role in kick starting this economy.

There has been questioning about whether offshore wind is the right option compared to onshore wind. Let me be frank. Both onshore and offshore wind must be in the mix to meet Ireland's 2020 renewable targets. I agree with the comments made by Michael Walsh at the recent IWEA Conference in which he highlighted the challenges facing onshore wind. Challenges noted included planning difficulties, landowner agreement issues, obtaining finance in today's climate and more recently the impact of Natura 2000 designations. It is imperative that these issues be dealt with sooner rather than later and urgently, involving immediate inter-departmental and industry joint action. But even allowing for a concerted effort and a successful outcome, if we are to meet our 2020 targets, offshore wind will be critical. The cost of failing to meet 2020 targets, in terms of penalties, is not something Ireland Inc. wishes to countenance.

Could I remind you all of some facts which are being forgotten about in the short-term actions trying to work Ireland out of recession:

Climate Change hasn't gone away

Security of Supply hasn't gone away

The inexorable increase in fossil fuel price increases hasn't gone away

The recession has not changed the fact that we have to reach our **Climate Change** targets. **And** it also does not change the fact that **after** those targets are achieved, we need to change our behavior and we need to move to a low carbon economy. Offshore is the key to achieving this.

But this is not merely an issue of targets. Ireland has an opportunity. We can build a new industry. While in the short run, the benefit of offshore wind is in reaching the 2020 target, long term the aim is to build a successful export industry, similar to our agriculture industry, taking advantage of our natural resources.

Security of Supply is also an issue for Ireland. Last winter Ofgem the UK regulator warned that the UK power supply was heading off a cliff. Ireland has lower reserves of gas in a system which is still far too dependent at 90% on imported fossil fuels. This is another issue which will not go away on its own; we will only reduce our dependence on exported oil and gas by finding sustainable alternatives. Offshore wind must be one those chosen.

In a report compiled jointly this year by Siemens and the ESRI, the stark reality of a spike in **fossil fuel prices** was laid bare. Not only would a price rise hit Ireland

disproportionately in comparison to our EU neighbours, worse still, Ireland would not recover competitiveness following such a shock. Security of Supply isn't just about the lights going off, it's equally about price stability. The rationale for developing offshore is clear. Ireland needs alternatives to fossil fuels.

At each of our conferences to date, we have outlined the challenges we face to make this opportunity real. We have described the barriers to the development of this industry. We have talked about grid, about pricing mechanisms and the planning process. There has been a fair degree of frustration. Frustration that I can assure you developers have felt more than anyone else.

I would like to take this opportunity to say, it is my belief that we are nearly there. We have achieved more for this industry in the last six months than we have in the last six years. We are so close now to having a system which can allow this industry to flourish and let the world know that indeed Ireland is open for business.

1. The movement of the Consenting process to the Department of Environment has given a new energy to projects. While we are not fully sure what the next generation consenting system will look like, we do know that the system will be more fit for purpose than the uncertain process which projects currently in the system have had to contend with over the last 6 years. The Industry and the DOE have been working closely together to achieve this objective.
2. The Grid position is also moving along. The answer to this is to be found in the work being done by Eirgrid in building the Grid 25 project. It is also found in the work that is being done at European level to create a pan -

European connected electricity market. More and more we see our solutions coming from the EU as it inevitably moves towards a Single Energy Market.

EU Energy Commissioner Oettinger is shortly to announce a €21 billion European Energy Package, part of which will help to start creating a more connected EU grid. This investment can help Ireland to connect to Europe, resulting in Irish renewable energy helping the EU reach the climate change objectives it has set itself. Irish offshore wind will be a big part of the solution to the EU's energy problems and the EU will, we believe, help to bring it online.

3. Finally we are seeing movement on the pricing mechanism. An application for State Aids Clearance has been made to the EU by DCENR for a 14 cent REFIT. This will give developers the certainty they need to invest in projects. While there are those who would have sought more in terms of REFIT, this figure allows developers move forward and to begin to plan projects.

While these developments not only allow us to plan our offshore windfarms with greater certainty, they allow the Government to begin to get the benefit of this resource. Offshore leases will bring in much needed revenue into state coffers. The existing projects in the pipeline will contribute nearly €1bn to the state in license fees over their lifetime. This is €1bn of new revenue to the state before one even considers export and supply chain opportunities.

This morning you will see both sides of the policy and action debate. We have assembled policy makers from Ireland, Great Britain and Northern Ireland. They will outline what is driving forward the development of this billion Euro industry.

We will also have speakers from companies who are at the coalface of the business world, building the turbines, building the foundations and getting their feet wet installing wind farms around Europe. They will I know confirm the opportunity that this industry provides for Ireland.

We in NOW Ireland see a major opportunity for our members to forge partnerships with international companies. With that in mind we are delighted to be working so closely with the British Embassy in Dublin in helping to design this event.

Make no mistake Ireland's opportunity is not just in the domestic market. The recent announcement by the UK of 32 GW of energy in their waters gives Ireland an opportunity to establish itself as a supply chain hub on the doorstep of the largest offshore wind development in the world. The supply chain to build the offshore projects in the UK and Ireland is only coming together now. We have a chance to be part of that chain, with an estimated spend of €60 billion on Irish Sea projects alone over the next two decades.

We want Ireland to get its share of this. We want to show that, through the policy of Government and through the actions of business leaders that Ireland is open for business. If we succeed in this the opportunity we have is substantial.

- An opportunity to be part of a global supply chain.
- An opportunity to be energy independent and indeed an energy exporter.
- An opportunity to address our climate change agenda.
- And most of all an opportunity to once more use our indigenous resources as a platform for economic growth.

I hope that today's conference represents another step forward in realizing that opportunity for Ireland.

It is now my great pleasure to welcome Julian King, the British Ambassador to Ireland, to the podium, to give a short Welcoming Address on behalf of UK Trade and Investment together with The British Embassy. Ambassador.

Brian Britton, NOW Ireland
14th October, 2010