

Wind Power and tackling climate change

By Chris Huhne MP

Liberal Democrat shadow Environment secretary

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Thank you for inviting me to speak to you today. I am delighted to be able to speak the day after work began on Europe's largest wind farm in South Lanarkshire. Wind power has a crucial role in meeting our future energy needs. Wind Power and Climate change are inextricably linked, and it is in the context of climate change, wind energy and our commitment to its future, needs to be seen.

It is certainly a new world when Al Gore is making movies and Arnold Schwarzenegger is making policy. So clearly we have moved on.

There is now, a clear scientific consensus on the climate science. A recent journal article surveying all of the literature over a ten year period, looked at 928 articles appearing in peer review journals and not a single one was critical of the notion there was a manmade climate problem and although there may be a few people still holding out in odd places like the Competitive Enterprise Institute in the United States, funded I'm afraid still by Exxon Mobile, the reality is that the consensus is clearly there.

Sliding glaciers, collapsing ice shells, devastating hurricanes are with us in the here and now and the

warnings of climate science are becoming more strident as they become more unanimous and yet the UK government's response is curiously mixed. We had the summer in New York of the Prime Minister addressing a group of diplomats at the United Nations about the importance of tackling climate change, yet at the same time, back in London, his Environment secretary David Miliband was taking £200 million out of the budget for the rest of this year, and slashing the budget for flood defences, which is the only budget in place designed to manage the effects of climate change. An extraordinary example of disjointed, dysfunctional government.

Then look at taxes on fossil fuels. Green taxes have been cut by 20 per cent since 1999, and will continue to shrink as a percentage of gdp and even in real terms. Fuel duty has been tumbling since the protests of 2000. Vehicle excise duty has been restructured, but mainly for public relations purposes. The biggest gas guzzlers are paying a mere £45 a year more in Vehicle Excise Duty which is around the cost of half a tank of petrol or, on some of the most upmarket models, a mere wiper blade.

Not surprisingly, the result is that the government's domestic goal of reducing carbon dioxide emissions by 20 per cent by 2010 is likely to be for the birds. Carbon emissions are up by nearly 3 per cent since 1997. Moreover the only reason we are meeting our Kyoto targets is because of the switch from coal to gas electricity generation, which in itself cut carbon emissions by more than a quarter, but which is driven entirely by the relative price of the two.

Certainly, setting targets for carbon emissions is important and we agree with both the Government and the Conservatives on this. But it is not enough. If targets could solve problems on their own, this would be the best-governed country in the world.

We need solid plans on how to achieve those targets, not merely a commitment to targets and it is time for a real policy on climate change that will change our behaviour far more radically than the Government has yet contemplated. It is time for tax measures that help us to do so, that's been the model in the Nordic countries that have pioneered this. That is why we voted in the Liberal Democrat conference at Brighton for a green tax switch – switching taxing onto pollution and off people. With higher Vehicle Excise Duty on new cars, and with more aviation duty tied to the emissions of flights, we can help green our economy. And raise the revenue needed to lift 2 million people out of income tax, cut the basic rate by 2 pence and raise the top rate threshold from £38,000 to £50,000. The more you change your behaviour in a green direction, the more tax you save.

In the context of this strong desire to tackle climate change, wind power and other renewables play a crucial role in our thinking. And it is good news that, despite the well documented planning difficulties that onshore wind power occasionally hits, wind power will be able to make a significant contribution to reducing green house gases by 2010. Wind matters, with onshore wind farms providing about 5 per cent of Britain's electricity by

2010 and about half of the total targeted from renewable sources.

Onshore wind has grown for good reason. Wind energy is one of the cheapest of the renewable energy technologies. It is increasingly a tried and tested technology where costs are coming down in line with risks. As the cost of wind generation falls, it is right that the Government should re-examine the effectiveness of particular incentives for the future. There may be a case for more support for some of the newer and less mature technologies such as tidal power and indeed also for offshore wind generation by banding the renewables obligation. But this will be a testament to the success and maturity of wind energy, which has been such an attractive magnet for investment within the Renewables Obligation. Indeed, it is arguable that wind is so attractive within the ROCable sector that it is squeezing out the others.

So there is balance that needs to be struck and there are other areas where the Government should do more to help wind energy, and I was particularly pleased to see highlighted, for example, what needs to be done on planning, because I think that is an area where we can move much further and faster. Nicol spelled out what was happening here in Scotland and in Wales already there is a considerable commitment to dealing with identification of areas where it would be appropriate and it does seem to me that we can precede down that road in England as well.

The lessons of these successes with windfarms are often early community involvement so that local

people feel that they have a stake in what is happening, and will clearly benefit from it. That is the case, for example, with Gigha Scotland's first community-owned wind farm which had the support of local politicians.

But I don't underestimate the need to do more make the building and operation of onshore wind generation easier and to give companies more certainty about areas where their proposals are likely to be entertained sympathetically. That, again, is a model which we have seen operate very effectively in Germany and I mentioned in Wales aswell, where there is a long-term wind strategy enabling more rational and balanced judgement. Wind is this islands most powerful renewable resource and to harness it properly planning must be able to open to and engage in with communities so that every scheme that should be built, can be built. I think we should also encourage wind energy and other renewables by ensuring that ofgem takes account of the cost of carbon when it manages the grid, by bringing wind into the equation earlier, to ensure that a higher proportion of generation is from renewables

There is also a negative reason why we are enthusiasts in the Liberal Democrats for wind power and renewables as a whole, which is our settled view that nuclear power is simply too risky and too costly, to play a serious part in Britain's energy future. As an economist, I notice that nuclear power stations used to be funded by the private sector where the free market operated, as in the United States. But not a single nuclear power station has been built by the private sector anywhere in the

world without lashings of public subsidy since Three Mile Island and Chernobyl in 1986.

Even the prospective costs currently touted by the nuclear lobby should be taken with a pinch of salt as the nuclear industry makes cost over-runs in other industries look like bulls-eye budgeting. The nuclear power station built in the UK with the least cost overrun was Torness, whose costs were just 35 per cent above budget in real terms. And that did not take account of the costs of decommissioning and the safe storage or disposal of waste, now seventy billion pounds and rising for the existing generations of nuclear power in the United Kingdom.

Energy efficiency and energy saving, microgeneration, and renewables are the way forward. Your industry has the most significant part to play in that future, precisely because onshore wind is the most mature of all the renewable technologies that can play a major part in this country.

Given the favourable combination of wind resource, the Renewables Obligation, a change in ofgem's terms of reference and easier planning, there is no reason why the industry should not thrive and grow and play an ever more important part in meeting Britain's energy needs in a sustainable way. There will be challenges, but there are always are. However, you are clearly shown how to surmount them and how to grow with success. And I wish you good luck in continuing to do so.

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