

ONSHORE MID-YEAR PLANNING UPDATE: WHERE ARE WE NOW?

CURRENTLY, RENEWABLES GENERATE JUST OVER 4.5% OF ELECTRICITY IN THE UK. OF THIS FIGURE, NON-WIND RENEWABLES CONTRIBUTE AROUND 3%, WITH ONSHORE AND OFFSHORE WIND GENERATING AROUND 1.5% OF TODAY'S UK ELECTRICITY SUPPLY. ONSHORE WIND ENERGY MUST CONTRIBUTE 4.5% OF OUR ELECTRICITY SUPPLY BY 2010. THIS EQUATES TO AROUND 6,000 MW OF INSTALLED CAPACITY GENERATED FROM THE INSTALLATION OF APPROXIMATELY 3,600 TURBINES, AROUND TWICE AS MANY AS ARE CURRENTLY OPERATING IN THE UK.

In terms of consented capacity, we are less than 400MW short of our 6,000MW target for onshore wind. Just one or two key consents at Section 36 – most likely to come from the Scottish Government – are needed to achieve the onshore target of 6,000MW.

The pattern of consents has been somewhat sporadic over the last 18 months, with a fairly steady rate of consents tailing off in the last three months of the year. A few larger projects at the beginning of 2008 got things moving again, with 769MW (23 projects) consented in the first five months of 2008, up from 528MW (29 projects) consented onshore over the same period last year. This recent increase is largely due to a number of Scottish Section 36 consents – including Griffin Forest (204MW) and Gordon Bush (87.5MW).

DELIVERING 2010 AND BEYOND

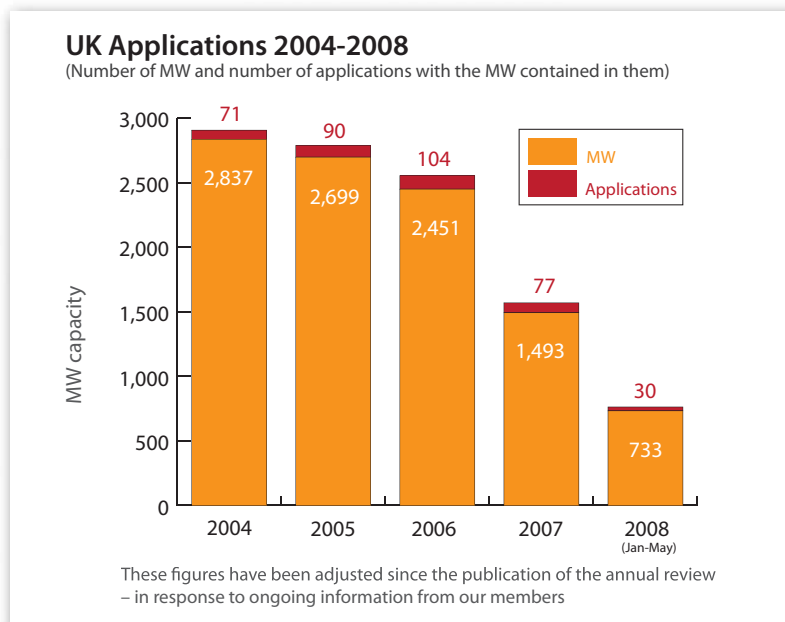
However, we are now just 18 months away from the beginning of 2010, and a huge amount remains to be achieved in terms of construction. With 836MW currently under construction and due to be fully operational by 2010, we still require a further 3,000MW to be built out over the next 18-30 months in order to meet an operational target of 6,000MW – over 330MW of which have yet to be consented. We therefore need an average of 100MW to be constructed every month to the end of 2010, if onshore wind is to achieve its share of the UK's 2010 renewable energy target. Current progress to 6,000MW from onshore wind

- Operational: 2,141.68MW (168 projects).
- Under construction: 835.65MW (29 projects).
- Approved & awaiting construction: 2,684.76MW (128 projects).

A total of 5,662MW is able to be constructed and in operation by 2010.

WHERE DO THE BLOCKAGES LIE?

Planning – Almost all consented projects below 50MW will be subject to satisfying a number of planning obligations (under Section 106 of the Town



and Country Planning Act). It may take some time to negotiate the terms of these legal agreements.

Grid – Grid constraints exist throughout the UK, and particularly affect South Wales and the North West

Turbines – Due to the growing demand for onshore turbines in places like the United States of America and China, many UK developers are already reporting a shortage of turbines in the 2-3MW range. Due to the fact that UK projects tend to contain a smaller number of turbines than many projects in North America and Asia, turbine manufacturers may be likely to favour larger contracts over smaller UK projects. The gap to meeting the target is now less than 400MW.

Given that the period required from planning consent to operation of a wind farm is up to three years, we are quickly running out of time.

The planning system is able to deliver the consents in time, but it is worth bearing in mind that the UK planning system is now a complex set of different legislations across the four devolved UK jurisdictions – with a range of decision making authorities involved. This system has resulted in slow and often inconsistent approaches to the determination of onshore wind projects, and it is not yet clear whether the new Infrastructure Planning Commission, as proposed under the Planning Bill, will deliver greater speed and certainty, or ever more complexity to the planning process.