

David Kidney Speech

WATTS 2009 7th Annual Wave and Tidal Technology Symposium:

Tuesday 22 September at Leasowe Castle, Wirral

I'm delighted to be here today to open your seventh Annual Wave and Tidal Technology Symposium.

I'm sure today's conference will provide an ideal opportunity for you to renew acquaintances, meet new people and share ideas and best practices. Our hosts, the REA, play a vital role in promoting and supporting the Marine Energy Sector through events like this, and of course, putting the views of the sector across to Government. Having looked at today's conference programme, it highlights some very important issues affecting the Marine Energy sector today, such as legislative and financial incentives and protection of the environment.

Commitment to Renewables - RES

The Government is fully committed to supporting not just wave and tidal energy but renewable energy as a whole general. The Government's commitment is underpinned by a coherent comprehensive low-carbon plan:

Climate Change Act with legal obligations

Carbon budgets

UK Low Carbon Transition Plan

The Transition Plan plots how the UK will meet the 34% cut in emissions on 1990 levels by 2020, set out in the Budget. We have already reduced emissions by 21% - equivalent the emissions of four cities the size of London.

2009 is a critical year for the global effort to tackle climate change, already a reality for millions of people around the world. Avoiding further dangerous climate change is essential for global security and prosperity.

We are building towards the United Nations Framework Convention on Climate Change meeting in Copenhagen in December, which offers a genuine chance to build the next international agreement for reducing climate change.

This Government has a track record of delivering on its legal obligation under the existing Kyoto Protocol, we are committed to taking a leadership role in the forging and implementing a new agreement.

To meet our objective of keeping global temperature rises below 2 degrees C, the agreement at Copenhagen must be global and ambitious. This will mean nothing less than a 50% reduction in global emissions by 2050 (compared to 1990 levels).

To deliver this deal we will need to transform the country into a cleaner, greener place to live. We need to be at the forefront of renewable energy developments and ensure that the UK is ready to take advantage of the economic opportunities ahead.

Alongside the UK Low Carbon Transformation Plan we published our UK Renewable Energy Strategy. This strategy sets out how we all have a role to play in promoting renewable energy, from individuals to communities to businesses. No doubt some of you will have focused your attention on our announcement to invest up to an additional £60 million in UK marine energy infrastructure and technology. Officials are working with the New and Renewable Energy Centre (NaREC) in Northumbria, the European Marine Energy Centre (EMEC) in Orkney and Wave Hub off the coast of Cornwall, to ensure that the monies allocated to them to improve and enhance the testing facilities available to the sector is spent in a way that benefits the sector and makes a difference.

Marine Renewables Proving Fund

As part of the additional £60 million we also announced that the Government will launch a £22 million Marine Renewables Proving Fund, enabling us to step in and help businesses bring on business ideas that are not yet at the stage of being able to benefit from the existing £42 million Marine Renewables Deployment Fund.

I am pleased to be able to give you further details on this fund following Lord Hunt's announcement earlier today: marine energy developers can now apply for funding through the Carbon Trust who have designed and will be delivering the scheme on behalf of DECC.

A big challenge for the sector is moving marine energy technology through to a commercial stage. The Marine Renewables Proving Fund is designed to support and accelerate the demonstration of cutting edge devices. It is focused on later stage development with the aim of driving forward the development of the technology to realize its potential and de-risking private investment to bring much needed capital into the sector. The scheme is primarily targeted at technology developers with well progressed concepts looking to develop full scale prototypes for deployment in UK waters in 2010 or 2011. The timescale when the Proving Fund will operate is short, so speed of implementation is important.

You will all be very aware that significant capital funds are needed to design, construct, deploy and commission full scale prototypes. The Proving Fund is intended to help you, the developer, to meet the capital cost of these activities by providing grant funding – likely in the region of up to £6 million per successful applicant. This funding will need to be matched to comply with State Aid rules. However, by providing up to 60% of the eligible project costs the Proving Fund will help attract and unlocking private investment by de-risking that investment to secure an injection of much needed capital.

The Marine Renewables Proving Fund marks a new level of commitment to developing wave and tidal technologies. It will help the UK's most promising technologies to progress towards early stage deployment, gain access to the Marine

Renewables Deployment Fund and act as a catalyst for the first commercial projects in UK waters.

I'm sure many of you have lots of questions to ask on the Proving Fund and fortunately The Carbon Trust is here today with a conference slot at 4pm to answer any searching questions as well as explain in detail how the scheme will operate, how you can apply and how they will assess your application.

Further good news to bring to your attention is that the Technology Strategy Board, in recognition of the potential the marine energy sector offers and the need for support to be available for different stages on the path to commercialisation, will provide funding to complement the type of project supported under the Proving Fund. The Technology Strategy Board, working in conjunction with my Department and the Carbon Trust, will be providing targeted support for longer term projects through a new competition that will be launched in Spring 2010.

This competition will be specifically designed to sit along side, but not duplicate the Proving Fund and facilitate the development and application of innovative technologies which will support the marine sector's key challenges and objectives including amongst other things:

- improved performance and efficiency,
- cost reduction, and
- development of new technologies.

The Technology Strategy Board will work with the marine community and its supply chain over the coming months to develop the full details of the competition.

Marine Action Plan

We also announced in our Renewable Energy Strategy our commitment to develop a Marine Action Plan.

The objective of this "Action Plan" is to set out a "Vision" for the Marine Energy sector to 2030 (with reference to 2020), outlining the actions required by both industry and the public sector to facilitate the development and deployment of marine energy technology and fulfill that "Vision".

We recognise the need to work with you the wave and tidal sector, to set out the way in which we can make the mainstream deployment of wave and tidal technologies a reality in the coming decade.

Lord Hunt is launching the Marine Action Plan tomorrow when he Chairs the Marine Action Plan Steering Group meeting. The aim of the Steering Group meeting is for

the sector and the Government to agree the “Vision” and the Action Plan’s terms of reference.

We hope that those not attending the Steering Group Meeting will also contribute towards the Action Plan. We are setting up sub groups to tackle each of the identified themes in the Terms of Reference: -

- Financing the sector,
- planning and consent,
- grid and infrastructure,
- business/commercial structure, and
- technical development,

these sub groups will seek contributions from a wider range of experts.

The Marine Action Plan will set out the key steps which need to be taken by both Government and Industry to make the mass deployment of marine energy technologies a reality. It will look at the barriers which exist to deployment of marine energy and what needs to be done to overcome these – including what levels of support are necessary for the sector, including the issue of ROCs.

Strategic Environmental Assessment

Later on you will be discussing the impacts of marine renewable technologies on the marine environment and the cost of environmental monitoring. Relevant to that is the need for a Strategic Environmental Assessment in English and Welsh waters.

The screening study for Marine Energy Devices in English and Welsh Waters is still ongoing. And I urge anyone who has yet to contribute to do so as soon as possible, as this screening study is your chance to inform us whether we should make the decision to proceed to a full Strategic Environmental Assessment for Marine Energy Devices in English and Welsh Waters.

The Screening Study will report back in mid November and we will announce the outcome of the study and what our next step will be then.

Severn Tidal Project

The work on the Marine Action Plan will of course need to consider what we are learning from the Severn Tidal Power Feasibility Study – including the Strategic Environmental Assessment. Harnessing the power of the Severn Estuary, with its phenomenal 14 metre tidal range able to provide some 5% of UK electricity from a renewable, indigenous resource is a hugely important option to consider. The

largest option in the short list could save 7 MegaTonnes of carbon dioxide a year and have an operational life of well over a century.

But of course, before we take a decision on whether we want to support a Severn tidal power scheme – after a second public consultation probably in 2010 – we must understand all the pros and cons. We must understand the, potentially considerable, effects on the Estuary's unique and internationally important environment; the possible impacts on flooding; the impacts on people and the economies of the South West and Wales; and how a scheme could be financed and owned. Only when we have this information will we decide whether we want to support a scheme – and this decision will be a question of which of all our alternative low carbon options offer the best, fairest and most sustainable way to meet our climate change goals.

The feasibility study

We published the Government response to the consultation on the Severn in July alongside the RES and the Low Carbon Transition Plan. It confirmed the short-list of five tidal power schemes – comprising two lagoons, one proposed for Bridgwater Bay and one on the Welsh shore of the Estuary; a larger tidal barrage between Lavernock Point and Brean Down (commonly known as the Cardiff-Weston barrage), and two smaller barrage proposals – at Beachley and Shoots. These schemes vary in cost from two to twenty-one billion pounds, and also potential environmental and regional impacts and the way they could be financed and owned.

Tidal Reef and Tidal Fence

I also want to say a quick word about the technologies not on the short-list and specifically the tidal reef and tidal fence. We are keen to consider these innovative new schemes, but they're not sufficiently developed technically yet for more detailed evaluation. We are committed to considering their progress before taking a decision in 2010, after a second public consultation, on whether or not to support a Severn tidal power scheme and we have made an additional £0.5m of public funding available (alongside existing available Government funding) to help their development alongside the feasibility study.

We know there is a lot more work to be done on understanding the environmental, social and economic implications of a Severn tidal power scheme – and these are issues we take seriously and that is why we are taking the time to assess them in detail.

Achievements in the sector

The Marine Energy sector can be proud of its achievements over the last 18 months: we have seen successful tests of the first full scale wave and tidal devices. There are healthy plans for deployment at E-MEC in the Orkneys, with both Tidal Generation Limited and Aquamarine working there at the moment. However, there are clearly still challenges to overcome – as the unfortunate news, this weekend, about Trident Energy's test rig illustrates.

Challenge facing the Sector

However, I hope that incidents like this will only be temporary setbacks. I know the marine sector is working very hard, under difficult economic circumstances to make the commercial deployment of marine energy a reality. It is very encouraging that you are making plans to develop and deploy Mega Watt scale devices – at E-MEC and elsewhere in the coming months. It's particularly encouraging in the context of my desire to see successful applications to the MRDF and ultimately to large scale deployment in the coming years.

Conclusion

The sector has reached a pivotal stage; more and more devices are going into the water, more and more challenges are being overcome. The vision of a strong, commercial marine energy sector, with the UK leading the World in this important new technology is clearer than ever. And, one that is within our grasp. As Government we are looking to help you take that step and make the vision a reality. Let's work together - Government, Industry, Utilities and everyone - to make wave and tidal energy take its place in the UK's energy mix.

Enjoy the Conference! And I wish you all a very productive day. Thank you.