

**Embargoed: 6<sup>th</sup> March 2009, 00.01**

## **Renewables Industry; £625m stimulus essential to ensure to ensure the UK keeps pace with the global Green New Deal**

The Renewable Energy Association, representing the renewables industry, has called for an immediate spend of £625m in green stimulus money ahead of the Low Carbon Industrial Summit with Peter Mandelson and Ed Miliband. The Association has set out the early investment needs for renewable energy in the UK economic stimulus package [1].

The UK lags behind the rest of Europe on renewable energy and concern is growing that other countries like Germany, France, America and China have already committed far larger sums of green stimulus money and proportionately more to renewables, a recent study by HSBC shows [2]. The industry hopes the UK government will seek to address that imbalance as soon as possible and is proposing an immediate spend of £625m at the Low Carbon Industrial Summit today.

The money is considered vital to safeguard the UK's existing renewables industry; to ensure the UK benefits directly from future jobs and manufacturing; and to ensure the 2020 renewables targets can still be met. A total green energy stimulus package of around £10bn is needed to match the aspirations of other countries and meet investment levels recommended by Stern.

The REA proposals identify short, medium and long term action and calculates a total of £625m needs to be spent short term to lay the groundwork for renewables expansion in 4 key areas;

**1/ Preparing for Decentralised Energy. Key proposals include £230m** to deliver 70,000 installations over the next two years and 10,000 jobs [3]. With the Low Carbon Building Programme coming to an end in June this year and German-style Tariffs not due in the UK next year (a Renewable Heat Incentive could be as late as 2011), the industry fears contraction over coming months leaving it in poor condition for the arrival of Tariffs. An unprepared UK industry would mean Tariffs [4] could suck in imports and skills from EU countries, bypassing UK jobs and enterprise.

**2/ Freeing Bulk Renewable Energy and Transport.** Key proposals include streamlined consent for renewable projects and related infrastructure, government guarantees for project finance and a £55m package for demonstration heat networks, bioenergy vehicles and 'green gas' injection to the gas grid.

**3/ Start Vital Changes to Energy Infrastructure.** Key proposals include smart metering trials, initial development of 'smart' grids and revisions to transmission and distribution network regulations to enable the essential strategic planning needed to adapt networks for renewables at all scales. Early action-oriented measures total a cost of £165m.

**4/ Skills, training and awareness.** A total of £45million to provide skills training for 10,000 new and reskilled workers in the energy and building services sector.

In addition the industry will be looking to government to address the industry's problems with access to finance [5]. Countries like Sweden, Germany and Ireland have acted quickly to ensure their renewables sectors have clear access to finance.

Philip Wolfe, REA's Director General will attend the Summit and has written to the Prime Minister, Ed Milliband and Lord Mandelson said,

"Other countries have already committed huge sums to renewables as part of their stimulus packages, not just because renewables tackle the twin threats of climate change and energy security, but because they also offer the technological stimulus needed in a recession to create high-value jobs and enterprise. It is vital for the UK to stage a sustainable economic recovery and our investment package is an essential first step towards that."

**ENDS**

**For further information or to request an interview, please contact:**

**REA switchboard: 020 7925 3570, or**

<b>Philip Wolfe</b>	<b>Leonie Greene</b>
<b>Director General</b>	<b>Head of External Affairs</b>
<b>Mob: 07971 786 417</b>	<b>Mob: 07932 720 091</b>
<b>E: pwolfe@r-e-a.net</b>	<b>E: lgreene@r-e-a.net</b>

**Notes for Editors:**

1. REA's proposals for 4 key sectors can be seen in full at <http://www.r-e-a.net/document-library/press-releases/0903GreenNewEnergyDeal.pdf>
2. A Climate for Recovery published by the HSBC Bank shows Britain has committed £1.5bn to green stimulus, less than a third of France, and less than a sixth of Germany. China is spending more than 110 times that of the UK. In addition, only 6% of Britain's stimulus package is for green measures such as energy efficiency, renewable sources and public transport. This compares to 13 % Germany, 21 % France, and 38% China. Britain's is one of only three out of 16 green financial initiatives in the study to be classed as "pending".
3. The Low Carbon Building Programme currently provides modest support for decentralised technologies. It is proposed that rather than The Low Carbon Building Programme coming to an end in the next month, the Programme is ratcheted up and used as a springboard to prepare the UK industry for the introduction of Tariffs in 2010/2011
4. The government have committed to Tariffs for renewable heat, renewable power and renewable gas under the Energy Act 2008. The Tariff system has been used successfully around the world to massively increase renewable energy. Tariffs offer a simple fixed payment for every unit of renewable energy generated.
5. REA will be highlighting access to finance as a problem for the industry. Medium term the REA supports proposals for a public bond issue for green energy investments, however the immediacy of the problem means early action is needed by government.
6. The Renewable Energy Association is the UK's largest renewables industry association with nearly 600 members, including major UK energy companies and many independent renewables producers. The Association is active across the full range of renewable energy technologies and applications.