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Investing in Europe's future

Europe is in crisis. The economy has entered the slow lane. Jobs are vanishing. And Europeans are paying €700 per person per year to countries such as Russia and Algeria. Why? Because the EU depends on them both for gas, and on Russia for oil and coal. Like addicts, we eagerly hand over our money to potentially unreliable suppliers of polluting – and ever more expensive – fossil fuels.

Yet we have our own clean and inexhaustible source of energy. A source of energy that creates exports and jobs, that doesn't pollute or have to be imported; a source that Europe has in abundance: the wind. Wind energy has now become a major European industry. As industries stagnate across the economy, wind energy continues to grow.

A new report, *Green Growth – the impact of wind energy on jobs and the economy*, published by EWEA, shows that in 2010, wind energy's growth rate was twice that of the EU GDP. In the four years from 2007 to 2010, its contribution to EU GDP went up by 33 per cent to reach €32.43 billion. And it is still climbing.

That growth also means more jobs are being created by wind energy – nearly 240,000 so far, including those created indirectly in other sectors. EU unemployment is rising, but wind energy jobs in Europe went up by 30 per cent from 2007 to 2010.

Wind energy has an impact on other

sectors, both in terms of job creation and in giving them business. Every euro spent in the wind industry generates €0.28 in the metal sector and €0.13 in the electric and electronic product manufacturing sector, for example, states Green Growth. Wind energy is also a net exporter: in 2010, the products and services from the European sector which were used outside Europe brought in €5.7 billion.

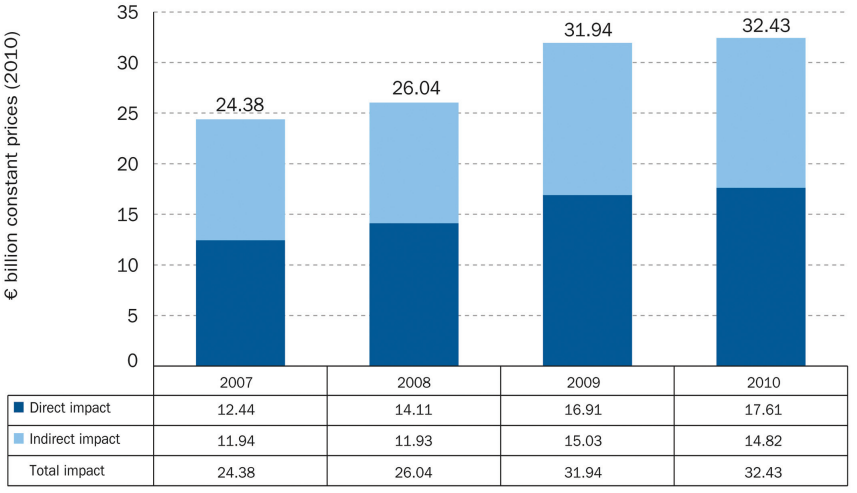
And when you use wind energy, you need less fuel from other countries: wind saved the EU €5.71 billion on fuel in 2010. In the future, the economic benefits of wind energy will

> *Wind energy has an impact on other sectors, both in terms of job creation and in giving them business*

become ever more marked. The report suggests that the wind industry's GDP will increase almost three-fold over the decade to reach nearly €94.5 billion by 2020. During the following decade, it will almost double to reach €173 billion by 2030. This means, relatively speaking, that the sector's percentage of EU GDP will continue to increase, reaching one per cent by 2030. This would make the wind industry the size of the '18th EU Member State' – just below Romania, and just above Hungary – in terms of its contribution to GDP, in 2030. In terms of employment, by 2030 there will be 794,000 jobs in the sector – direct and indirect.

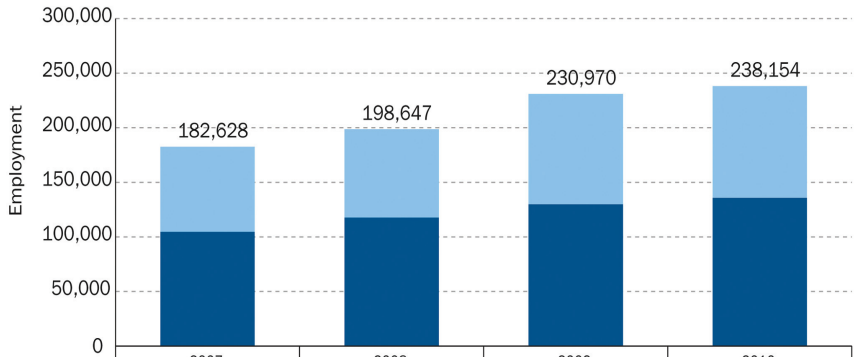
However, aren't these benefits countered by the subsidies EU governments put into renewable energy? The International Energy Agency says that for every dollar of government support given to renewables – not just wind – at least five are given to fossil fuels. The European Environment Agency says that 80 per cent of EU energy subsidies go to fossil fuels and nuclear. Figures from Deloitte show that in Spain from 2005 to 2010 for example, the sector put €2 billion more back into the economy than it received in government support.

After 50 years, nuclear power is more dependent on Government support than ever before. The UK has now set aside £54 billion for de-commissioning its nuclear power stations – enough to pay for wind turbines to produce 40 per cent of the UK's power demand.



	2007	2008	2009	2010
Direct impact	12.44	14.11	16.91	17.61
Indirect impact	11.94	11.93	15.03	14.82
Total impact	24.38	26.04	31.94	32.43

Direct and indirect impact of wind energy on the EU economy ©EWEA



	2007	2008	2009	2010
Direct	104,666	117,773	129,874	135,863
Indirect	77,961	80,874	101,097	102,292
Total	182,628	198,647	230,970	238,154

Evolution of direct, indirect and total employment of the wind energy sector in numbers of FTE jobs ©EWEA

> *And when you use wind energy, you need less fuel from other countries: wind saved the EU €5.71 billion on fuel in 2010*

Onshore wind is already competitive with new gas and new coal – and considerably cheaper than new nuclear. The price of fossil fuels is highly unpredictable: it depends on Russia, North Africa and the Middle East. With no fuel costs, the cost of wind energy is very predictable.

In some places, electricity price increases have been falsely blamed on renewables. At the EWEA 2012 Annual Event in Copenhagen, EU Energy Commissioner Oettinger stated: "In some cases it seems that renewables support has been used as a scapegoat by governments in economic or financial difficulties. However, public deficits are not caused by support for renewables."

Indeed, out of the 75 per cent increase in annual energy bills in the UK from 2004 to 2010, just six per cent of the price rise was caused by renewables. Wind energy drives down the cost of electricity because it needs no fuel, so its marginal costs are very low. Today, fuel price increases are passed onto the consumer at almost no risk to the power producer. A single electricity market across the European Union will allow our industry to drive down electricity prices across Europe. And none of this takes into account the environmental and human health costs of extracting, transporting and burning fossil fuels.

While Greenpeace says that "coal energy is the single greatest threat facing our climate", wind turbines, which emit no greenhouse gases, avoided the emission of 126 million tonnes of CO_2 in 2010. The European Wind Energy Association predicts that as the share of wind power in the overall energy mix grows, the

annual CO_2 avoided by wind energy will rise to 342 Mt in 2020 and 646 Mt in 2030.

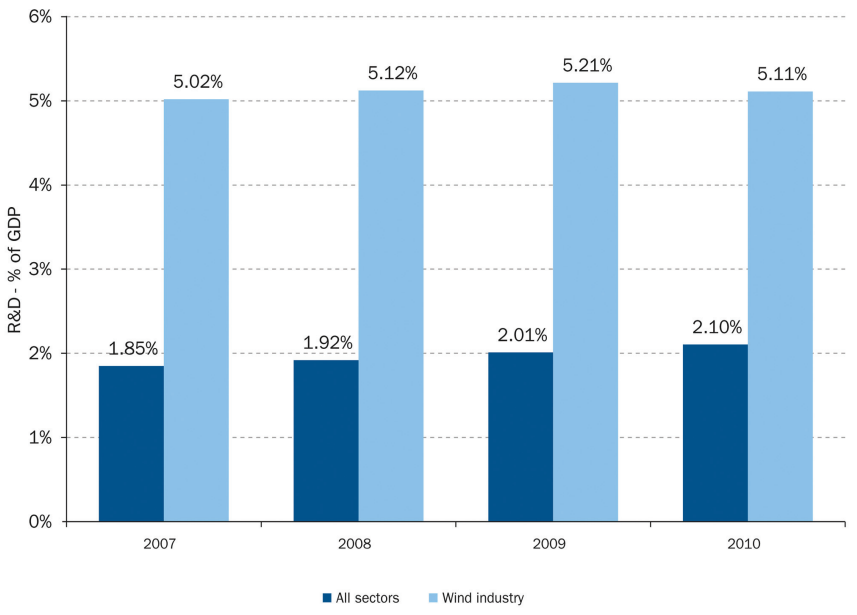
We live in times of austerity. But everyone knows that Europe needs growth. So why pay to create investment and jobs in extracting gas from Russia and Algeria when we can invest the money in our own economies, by investing in wind energy?

> *With the right support from the European Union in terms of legislation and financing of R&D, European companies will remain world leaders*

In 2009, the European Economic Recovery Plan invested in electricity and gas infrastructure projects, CCS and offshore wind. Offshore wind created or protected 4,000 jobs – 10 times more than CCS with about half the money.

Clearly wind and other domestically produced renewables are not going to end our use of imported fossil fuels overnight – but they are already avoiding a significant volume of imports, and according to the European Commission's energy roadmap, wind alone can provide 32-49 per cent of the EU's power by 2050.

EU Energy Commissioner Oettinger speaking at the EWEA 2012 Conference believes that renewables have been scapegoated by Government in economic troubles. ©EWEA



Evolution of wind energy sector and EU economy wind expenditure on R&D as a percentage of GDP

©EWEA

The industry must – and will – deliver cost reductions to remain competitive in the global economy. Increased competition – part and parcel of any expanding industry – has the benefit of forcing improved efficiency and quality on all areas. The European industry, with the in-built advantage that comes of being a first mover, can take advantage of this to increase its performance further and export its skills and knowledge to newer wind energy industries. Our new report shows that the wind industry invests over five per cent of its turnover in R&D – three times the EU average and well above the EU's three per cent target. Offshore wind must, and will, reduce costs like onshore wind has.

But for this to happen, national governments and the EU must provide long-term certainty to energy investors. Initially by ensuring that changes in support mechanisms do not destabilise the market and by avoiding abrupt, and especially retroactive, changes. Secondly, by rapidly putting in place a legal framework for renewable energy for post-2020. This must be centred on an ambitious and binding renewable energy target for 2030. Commissioner Oettinger has said he wants a decision on 2030 targets by 2014. And lastly, by delivering the necessary grid infrastructure and a functioning European market in electricity. The European Commission's infrastructure package should speed up; permitting and increase funding for electricity grid infrastructure.

As long as there is a healthy wind energy market in Europe, wind turbines will be manufactured in Europe: it does not make sense to ship them from China or India. With the right support from the European Union in terms of legislation and financing of R&D, European companies will remain world leaders.

BIOGRAPHY

Julian Scola joined the European Wind Energy Association as Communications Director in September 2009 having worked in London and Brussels. He has led campaigning, media relations and other communications activities in a variety of organisations spanning the local government, party politics and the NGO sector.