Enterprise and Learning Committee

EL(3) 01-10(p3) : 14 January 2010

Eco2 Evidence to the Enterprise and Learning Committee on Generating Green Jobs in the Green Economy

Introduction

Eco2 is a renewable energy business involved in the development, construction and operation of renewable electricity generating projects throughout the UK and Europe. The company is based in Cardiff and employs 22 development staff. Eco2 was formed in 2002 and has successfully installed wind power projects, landfill gas generation and a biomass plant, located at Port Talbot in South Wales. The biomass plant has been operating for around eighteen months, it employs twenty people at the plant itself and has created and secured more than double this number of jobs in the associated fuel supply and other site services.

The directors of Eco2 have been involved in the renewables sector since the early nineties and have unequalled experience in the development and operation of successful renewable energy development businesses.

The Welsh Renewables Market Job Creation Opportunities

Wales has been targeted for the development of renewable generation projects since the early 1990s. At that time, the two main areas were windfarms and small to medium sized hydro power projects. Wind technologies were still at the early stages of commercial deployment and a number of technology developers were based in Wales. This was a prime time for the establishment of a UK based turbine technology company but unfortunately all of these turbine manufacturing businesses failed. This was mainly due to their failure to secure the necessary funding support and the very slow rate of windfarm projects successfully progressing through the planning process. This represented the first real missed opportunity to create a UK based renewable supply business infrastructure and allowed the companies based in Denmark and Germany to establish their technology to a position today where they dominate the market place that is worth billions of pounds and employs thousands of people.

A number of turbine suppliers have sought to establish some small assembly plants in the UK but these were concentrated in Scotland, where the planning regime allowed more projects through the system and therefore represented a more consistent and secure market place. Wales was (and still is) seen as the hardest place in the UK to develop renewable projects because of the slow and unpredictable planning process.

With the establishment of the EU renewable energy targets and the commitment to producing 15% of the UK's total energy usage from renewable sources by 2020, Wales is once again at a point where there is a significant opportunity to create an employment base around the renewables industry. There are three main areas of opportunity in this sector:

Manufacture and support services for the technologies used in these assets; and

Employment in the deployment and operation of renewable assets.

Service industries such as Legal and Technical

It is difficult to envisage that any manufacturing based opportunities will be created in Wales in any of the established large scale renewable technologies. If we examine wind turbine manufacture for instance, virtually all of the components and manufacturing is carried out in Scandinavia and Germany for the European turbine supply markets. A number of attempts have been made to establish turbine manufacturing in the UK but the UK market is seen as too small and too unstable by the main turbine manufacturers to establish UK based production facilities.

There are however significant opportunities for manufacturing based jobs in new technologies such as tidal and wave generation devices and in the micro renewables market place.

Tidal and wave generation is still very much at a research and development stage but other areas in the UK are already emerging as centres of excellence. In Orkney, for instance, there is a marine hub where there are undersea connections available onto which devices can be connected while they are trialled. Wales will need to quickly establish its own policy and support mechanisms for wave and tidal device development if it is going to attract this industry. The starting point for this must be to encourage a technology developer into the area and get the developer to install its trial device in Welsh waters as quickly as possible.

The micro renewables market is set to become a significant opportunity for new business development. Micro renewables include solar panels, small biomass boilers for space and water heating, small scale wind turbines and ground and air sourced heat pumps. Wales has ready made manufacturing space for new facilities to be established and the correct market environment could lead to the domestic and small commercial renewables market place offering significant employment opportunities.

As well as manufacturing opportunities the micro renewable market place could offer significant opportunities in deployment and long term servicing. For larger scale renewable projects biomass is the only real renewable technology that will offer significant employment of high quality in the longer term. Typically wind projects produce one long term job for every 100MW installed whereas biomass projects typically offer two skilled jobs for every single MW installed.

Much focus has been put onto the development of wind projects in the UK. In Wales the TAN8 document and the subsequent Wales Renewable Energy Strategy have concentrated too much on the policies and guidelines for the deployment of wind projects in Wales. This will of course help to achieve the renewable generation targets but will not lead to any significant employment in the long term. The TAN8 projects on Forestry Commission land were all awarded to larger companies or utilities based outside of Wales and therefore development company opportunities have not been created. Indeed, for the smaller Welsh based renewable companies the TAN 8 process has proved make it even more difficult to develop their existing projects. By selecting areas for large scale windfarm deployment it has given the local Planning Authorities the opportunity to stall decisions on projects that have been in the planning process for the last six or seven years, with huge amounts of development money tied up in them. Since the introduction of TAN8 (a 2010 strategy) only a handful of projects have been awarded planning permission and even fewer have been financed and built. Furthermore, any project which was adjacent to a forestry area and which relied on its access through Forestry Commission land has been scuppered by the granting of veto on such access to the winners of the Tan 8 bidding process.