

BRITAIN**Renewable energy****The green pound**

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Greenery may create jobs—but not the ones its boosters think

IT HAS been a confusing time for Britain's environmentalists. Dismay greeted reports on November 6th that BP, an oil firm, was ditching plans to build a wind farm at the Isle of Grain, a blowy expanse of industrialised desolation in Kent. In fact, said BP, it was pulling out of wind energy in Britain altogether in favour of an American market brimming with \$15 billion (£10 billion) a year in green-power subsidies. Four days later moods lifted when Vattenfall, a Swedish company, said it was joining forces with Scottish Power to build a 300MW, £780m wind farm off Kent.

Britain is keen on windmills for two reasons. First, it has promised big reductions in carbon emissions (an 80% drop by 2050 compared with 1990) and a barely credible boost in the amount of energy it gets from renewable sources (15% by 2020). And second, ministers see green power as a growth industry. Gordon Brown said in June, for example, that renewable energy could provide 160,000 new jobs. The prime minister compared its potential with the explosive growth in the 1970s and 1980s of the offshore oil industry.

In many ways, Britain seems an attractive destination for green investors. The country is one of the windiest and most wave-battered in Europe. Liberalised markets mean few barriers to entry. After 15 years of dithering, says Mark Woodall, the boss of Climate Change Capital, an investment bank that advises Vattenfall, the government's green targets suggest that it is at last taking renewable energy—particularly offshore wind power—seriously. And with an electricity-generation crunch looming as old nuclear power stations and dirty coal plants close, there is a great appetite for new power stations of all kinds.

Despite these advantages, a clunky subsidy regime and planning delays have conspired to slow investment and keep Britain near the bottom of the European renewables league (see chart). Both are being reformed, with extra cash for expensive technologies and

powers to overrule local planning objections. Even so, Mr Brown's comparison with North Sea oil highlights risks as well as rewards. In the 1960s it was hoped that the development of oil and gas would revive British manufacturing with orders for drilling rigs, production platforms and survey vessels. In the event, much of the equipment was brought in from America or Norway.

Something similar is happening with windmills. A report published by the British Wind Energy Association (BWEA) concludes that the manufacture of wind turbines—one of Europe's fastest-growing industries—has already been cornered by Germany, Spain and Denmark, which have created 133,000 jobs among them. "We've missed a trick with onshore wind," admits Gordon Edge, the BWEA's chief economist. There is more hope for offshore wind, which is technically trickier, since North Sea oil has left a legacy of marine-engineering expertise in Britain. But the Danes—who built a big offshore wind farm in 2002—have a head start.

Tidal and wave energy could offer a second chance. The European marine-energy research centre is located in the Orkney Islands, and plenty of research and development work is being done around the country. But marine energy will not be competitive with wind for many years, and it is hard to see why, having missed the opportunity to build wind turbines, Britain's factory-owners will be more adroit when it comes to ocean power. "Sometimes you do despair a bit of British manufacturing," says Mr Edge.

Happily, the service sector is more adventurous. Even as the Danes, Spanish and Germans were cornering the market in turbines, the City of London was developing green-energy services. It now hosts the world's biggest carbon-trading exchange and has a profitable line in renewable-energy finance. Greenery may indeed create new jobs, but chances are that they will not be the ones Mr Brown has in mind.

