WEF – Renewables in the UK

Solar and wind trends and challenges in support of long term Net Zero targets

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Renewables in the UK – Recent policy highlights

> Energy White Paper 2020 – targeted 40GW of offshore wind by 2030, including 1GW floating wind

> Contracts for Difference

- Allocation rounds to be held annually from March 2023
- AR4 – offshore wind auctioned capacity doubled (12GW) compared with AR3 (5.8GW)
- AR4 – onshore wind and solar participating for the first time since 2015 (5GW)

> Energy Security Strategy 2022

- Offshore wind – target increased to 50GW by 2030, aim for up to 5GW of floating wind
- Onshore wind and solar – limited firm targets: "looking to increase" solar – potential for five-fold growth by 2035 (70GW)
- Earlier draft – 50GW solar by 2030 and 70GW by 2035 (compared with 14GW today), and for onshore wind, 30GW by 2030 and 45GW by 2035 (compared with 15GW today)

Renewables in the UK – Challenges

> Removing the barriers to deployment

- Scale of deployment creates delays in connecting to the grid, with applications increasing by over 10x
- Fast-track consenting route (amending the Planning Act 2008), streamlining consent times, Crown Estate process
- Onshore wind development
- EU comparison

> Removing the barriers to new entrants

- Development timetable contributes to high development costs – stifles new entrants
- CfD eligibility requirements – impact on small scale solar and onshore wind
- Connection charges

Renewables in the UK – Trends

> Role of interconnectors

- UK-EU recognition of a need to work closely together. EU renewable energy generation targeted to double by 2030, combined with growth in UK renewable energy generation – interconnectors set to play a key role in energy transition and security of supply
- Ofgem third window in 2022
- Recent consultation on multi-purpose interconnectors – connecting large volumes of offshore wind and creating clean energy hubs
- Combining with battery storage

> Greater emphasis on supply chain

- Energy security relies on more than just security of generation – push for UK content and supply chain investment
- Potential risks – WTO rules and supply chain shortages

Renewables in the UK – Trends

> Future role of subsidies

- CfD allocation rounds set to continue annually
- Strike price trajectory – where next?
- Role of renewable technology supporting new energy vectors – green hydrogen

> Investment trends

- Offshore wind projects are increasingly bigger – greater capital needs
- Portfolio investment structures for wind and solar

Questions?