

## Ukraine stand-off aids renewables' case

By Pilita Clark in London

The [stand-off with Moscow over Ukraine](#) could hardly have come at a better time for Europe's troubled renewable energy industry.

Energy security has always been a big selling point for wind farms and solar plants, along with a desire to tackle climate change.

An EU-wide target to gain 20 per cent of the bloc's energy from such sources prompted a splurge of green subsidies that meant renewable generators made up 40 per cent of the region's power capacity in 2013, up from 24 per cent in 2000.

Just over 70 per cent of all the new generating capacity installed in the bloc last year was renewable, the sixth year running that more than 55 per cent of new EU power capacity has come from such schemes.

However, the eurozone crisis and the manufacturing renaissance led by the [US shale revolution](#)'s effect on energy prices has sparked a rethink about the cost of renewable subsidies over the past three years.

Several EU countries have pared back their support and others face pressure to do so as household energy bills rise and factory owners threaten to shift abroad.

But the idea that Russia could threaten to turn off Europe's gas is likely to change the way people think about the [cost of renewable energy](#), some analysts say.

"It creates a different mindset about renewables," says offshore wind analyst, Sophia von Waldow, of the Bloomberg New Energy Finance research group. "People no longer think, 'This is very expensive and it's affecting our energy bills.'" Instead, they start to see the benefits of having an independent source of electricity, she adds

Offshore wind power companies are among the most likely beneficiaries of such a shift in opinion, if it lasts.

Offshore wind is newer and more expensive than the two leading renewable technologies, onshore wind or solar power, meaning it will rely on subsidies for longer than its older counterparts.

Green power pioneer, Germany, is already looking at scaling back its support for offshore wind. The market leader, Britain, which has more offshore wind power than the rest of the world combined, wants to retain its dominance but is nervous about the costs.

That may be one reason offshore wind proponents such as UK energy secretary, Ed Davey, has seized on tensions with Russia.

Wind farms are not just a way of getting the green energy needed for a low carbon future, he told reporters as he welcomed the news in late March that German industrial group [Siemens will build an offshore wind turbine blade factory in Yorkshire](#).

They also "play an important role at a time of international uncertainty that we see with now Russia and Crimea", Mr Davey said.

Siemens has installed most of the 1,000-odd turbines in the 22 wind farms off the UK coastline and would clearly benefit from a Russian-inspired resurgence of support for the sector. Denmark's [Vestas](#), and France's [Areva](#) would also be beneficiaries.

A plethora of other companies in the offshore wind supply chain would also welcome such a move.

They include [Seajacks](#), which owns purpose-built turbine installation vessels, and Scottish turbine foundation manufacturer, [Burntisland Fabrications](#).

The groups that make the heavy power cables that transport electricity from the turbines back to shore would also benefit. These include Italy's [Prysmian](#) and France's [Nexans](#).

But it may be premature for any of these groups to celebrate.

The capital expenditure costs of the average offshore wind farm are still more than double those for onshore projects, which are about €1m per megawatt.

The industry expects its costs to fall in coming years, but it may not happen fast in many countries. That is likely to make subsidies a sore point for some time, especially if tensions with Russia subside.

This was underlined when EU leaders met in Brussels in March. They agreed the

Ukrainian situation meant they would refocus attention urgently on boosting the bloc's energy independence.

This would be done in part by "expanding energy sources, [in particular renewables](#)", said European Council president, Herman Van Rompuy.

However, many countries had been hoping the same meeting would approve plans unveiled in January to extend the EU's climate change targets from 2020 to 2030, a move that might have bolstered the push to expand renewable energy.