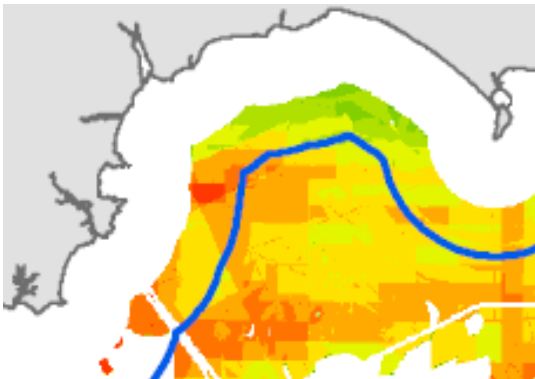


Renewable UK Offshore Wind Energy Conference

Key Note Speech Offshore Wind

Rob Hastings
Director of The Marine Estate
28th June 2010



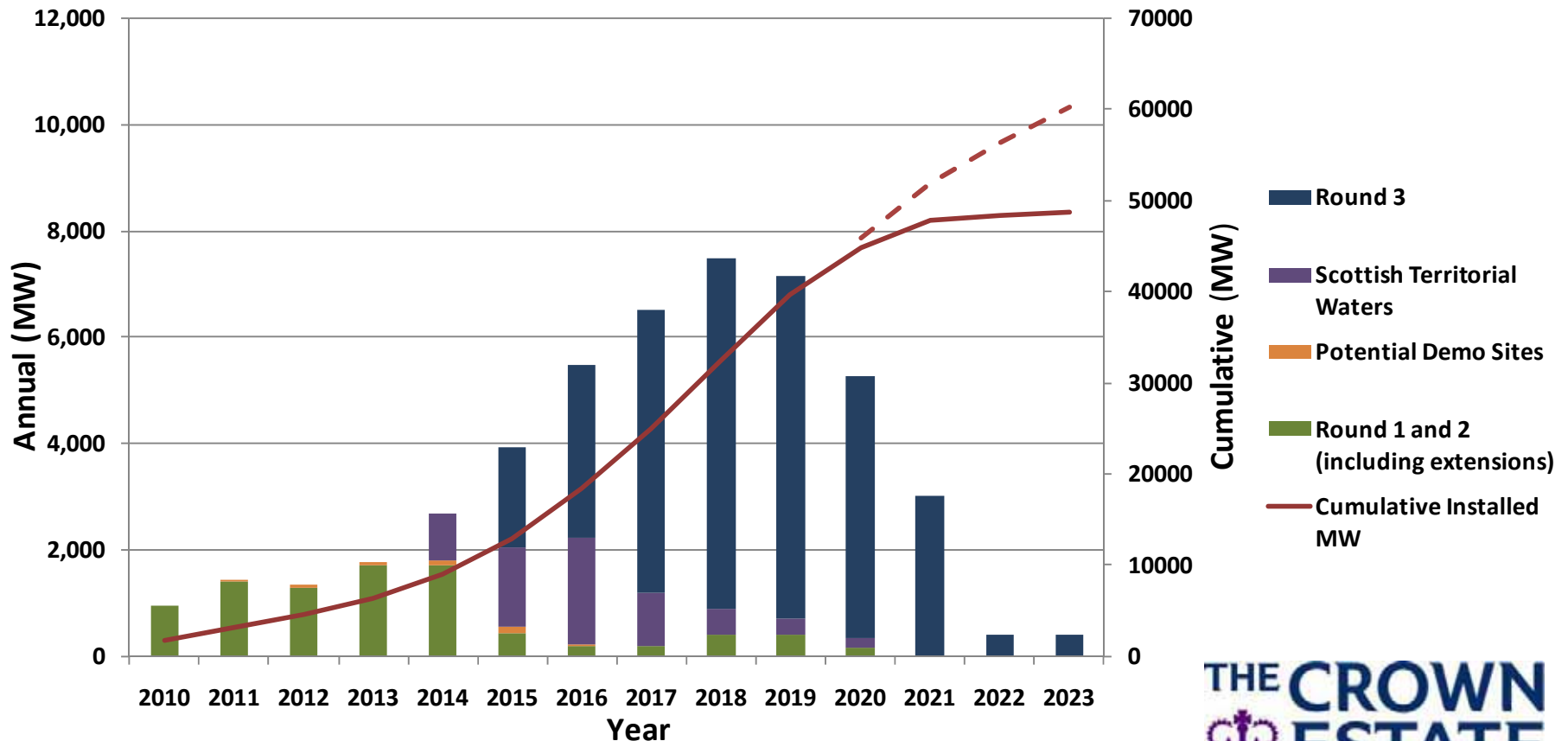
Current Status of the UK's Offshore Wind Industry

A map of the United Kingdom and surrounding waters, showing the locations of offshore wind farms. The landmass is colored in shades of green and brown, while the surrounding waters are light blue. Numerous small pink and orange shapes are scattered across the North Sea, the Irish Sea, and the English Channel, representing the locations of offshore wind farms. The map is overlaid with a semi-transparent yellow rectangle containing text.

- Over 50GW under Development
- £750m Currently being spent on development
- £7bn already invested in offshore Wind assets
- Potential to deliver 37GW by 2020
- The most attractive location for investment in the world – Ernst & Young

The Green Energy Decade

Opportunity for generating capacity from all current leasing rounds



Information from Developers forward plans and projected capacity

How has UK Offshore Wind Captured Global Investor Attention?

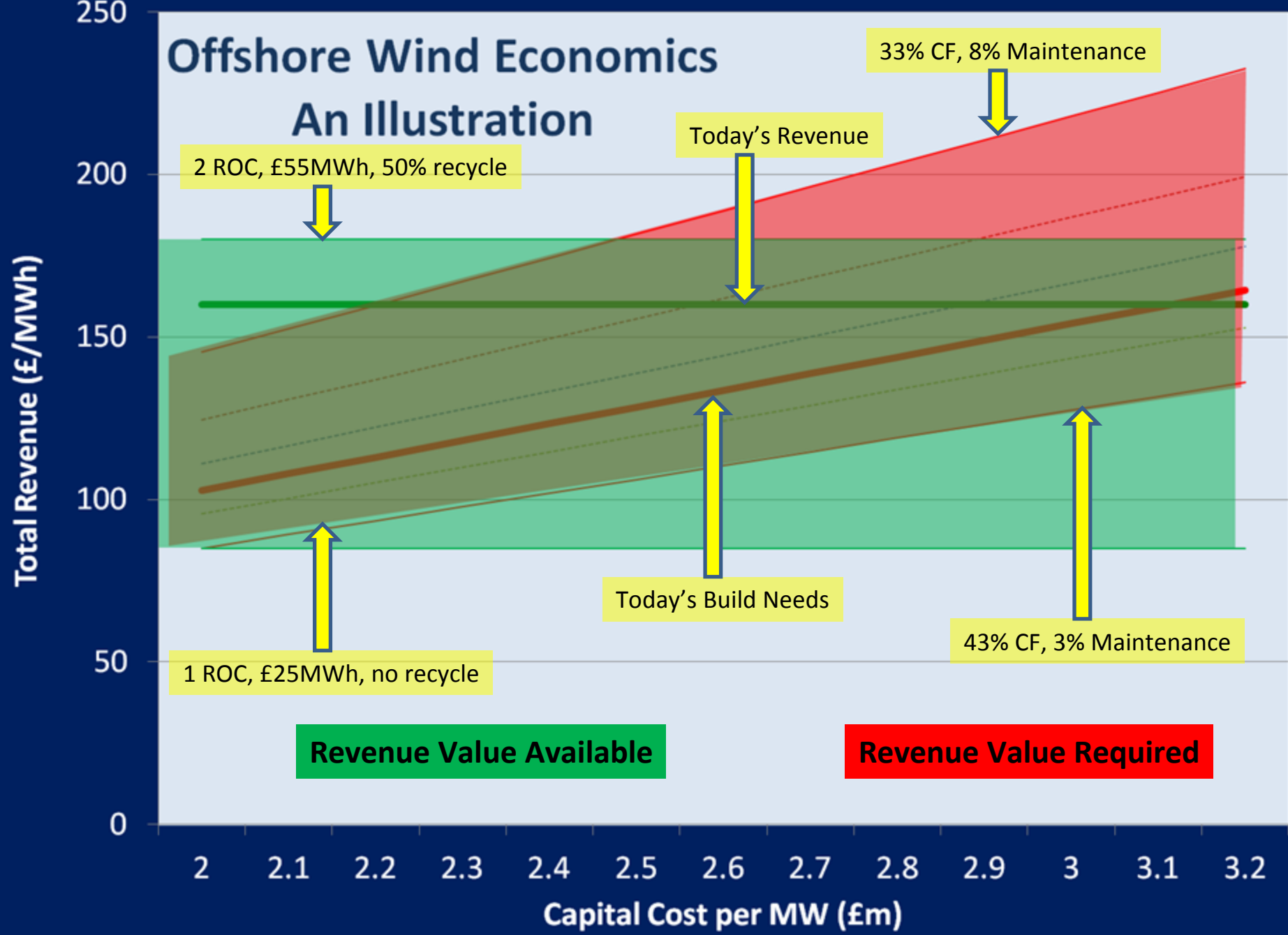
- Abundant resource
- Attractive Support Policy
- Planning decisions are made
- A clearly targeted program which is hitting milestones
- There is a market

But big Challenges remain

- Economics
- Supply Chain
- Regulation & Policy
- Grid
- Capital Markets

Offshore Wind Economics

An Illustration



Project Costs & Delivery

A Case Study - North Hoyle 60MW R1

Original Build Cost

£1.2m/MW

- Add under pricing of 30% £1.6m/MW
- Add inflation 35% £2.1m/MW
- Add location margin 25% £2.6m/MW

But 2010 Build Costs

>£3m/MW

.....20% higher than 2005

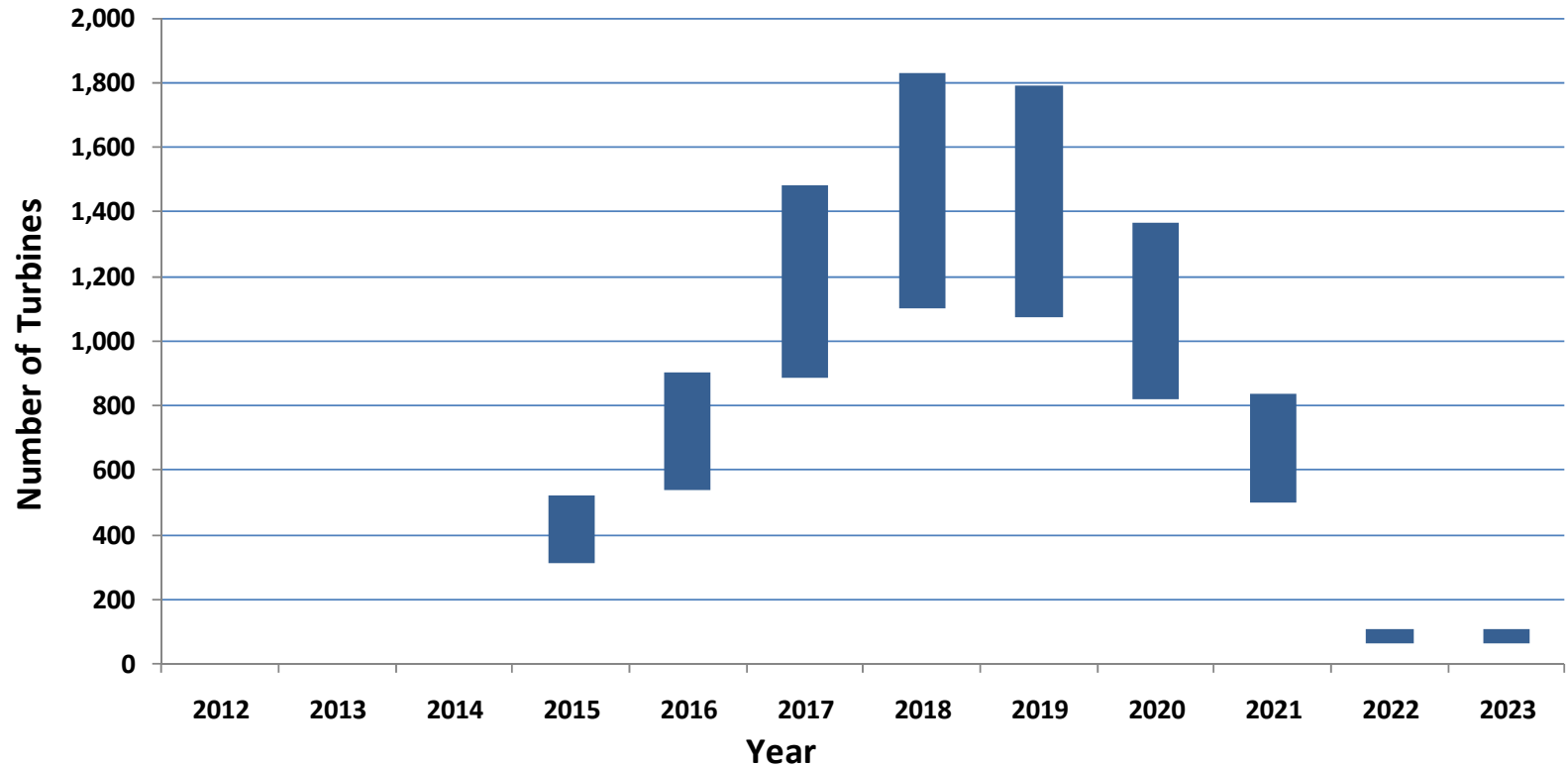
Industry's Challenge

So we are currently 20% more expensive after 5 years of experience

- No apparent benefit from learning, scale or technological improvements
- The objective for Industry must be to achieve £2.5m/MW by 2013 and £2.0m/MW by 2017 (in today's money).

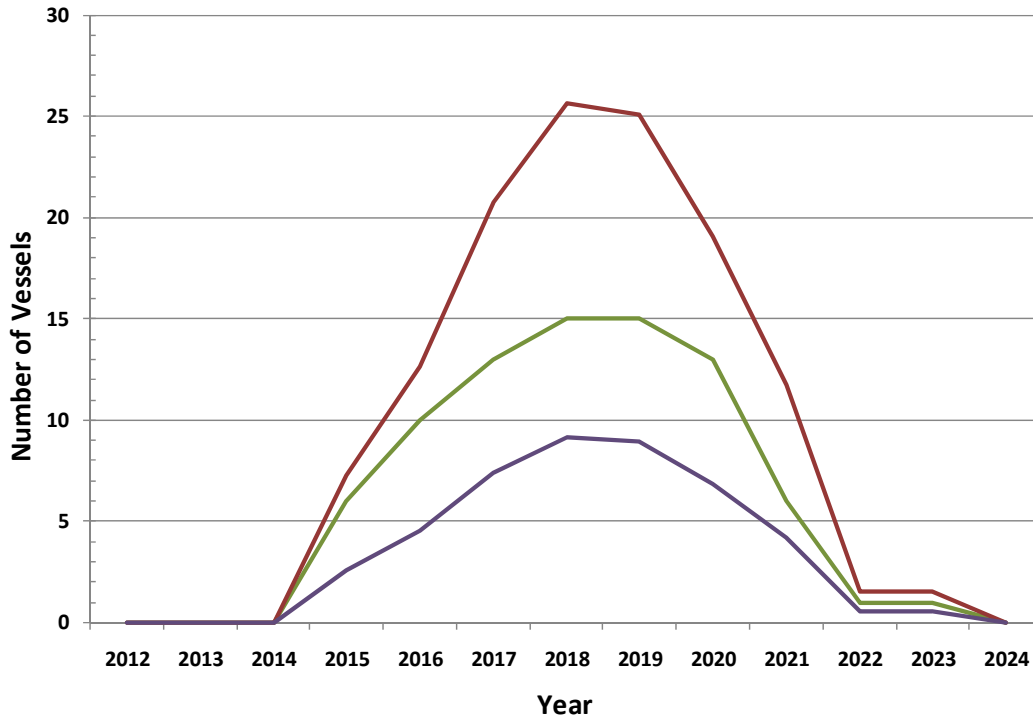
Turbines

Potential Number of turbines required annually (3.6MW vs 6MW)



Installation Vessels

Number of turbine installation vessels required annually



Scenarios

- Projected number of projects installing (adjusted to account for vessel use across projects within a zone)
- Projected number of vessels required assuming 150 days pa for 6mw @3.5 days per turbine
- Projected number of vessels required assuming 200 days pa for 6mw @2.5 days per turbine



Ports and Harbours

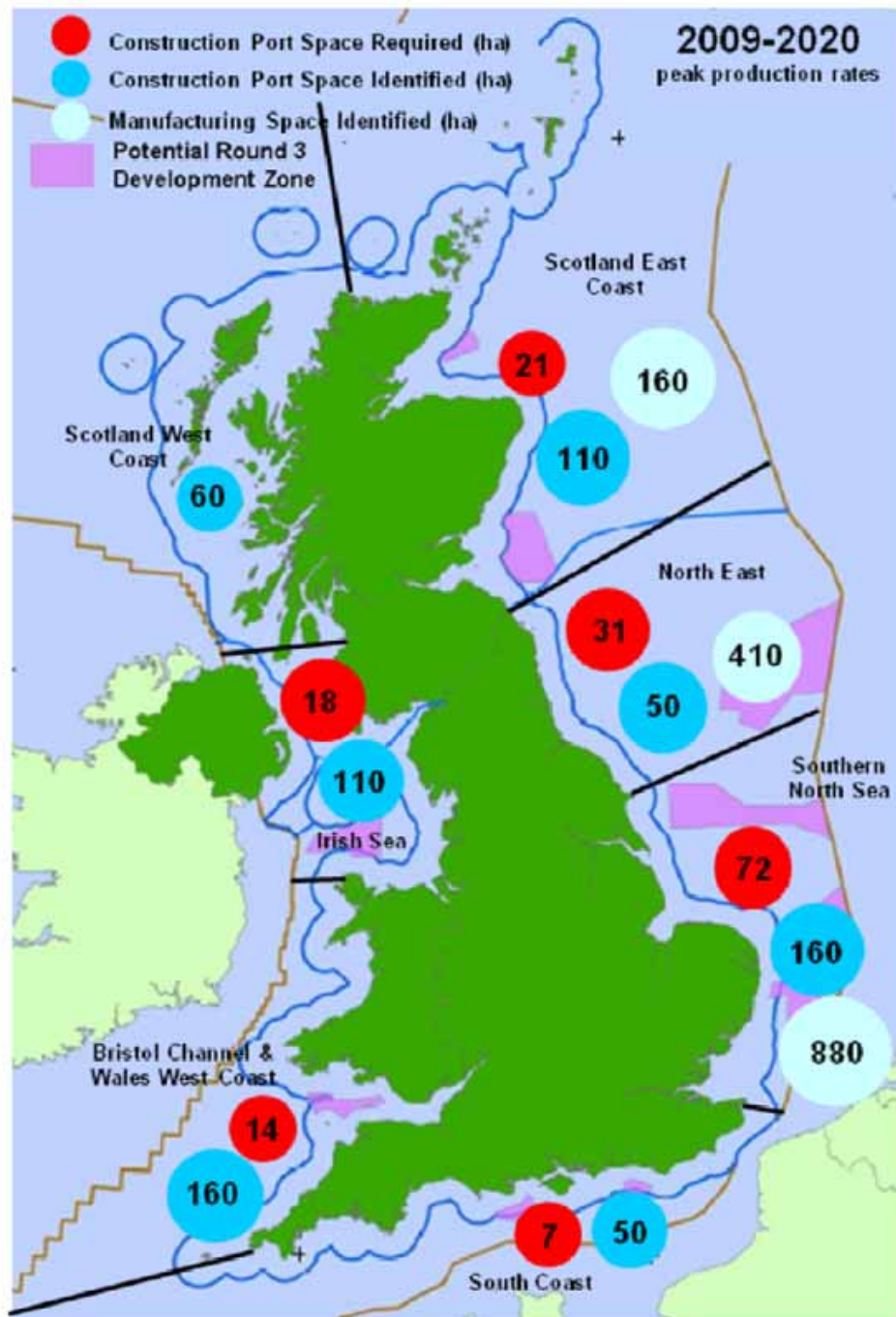


Illustration courtesy of BVG Associates

Figure 5.1 – The space identified at UK ports for offshore wind construction and manufacturing.

Governments Part Regulation & Policy

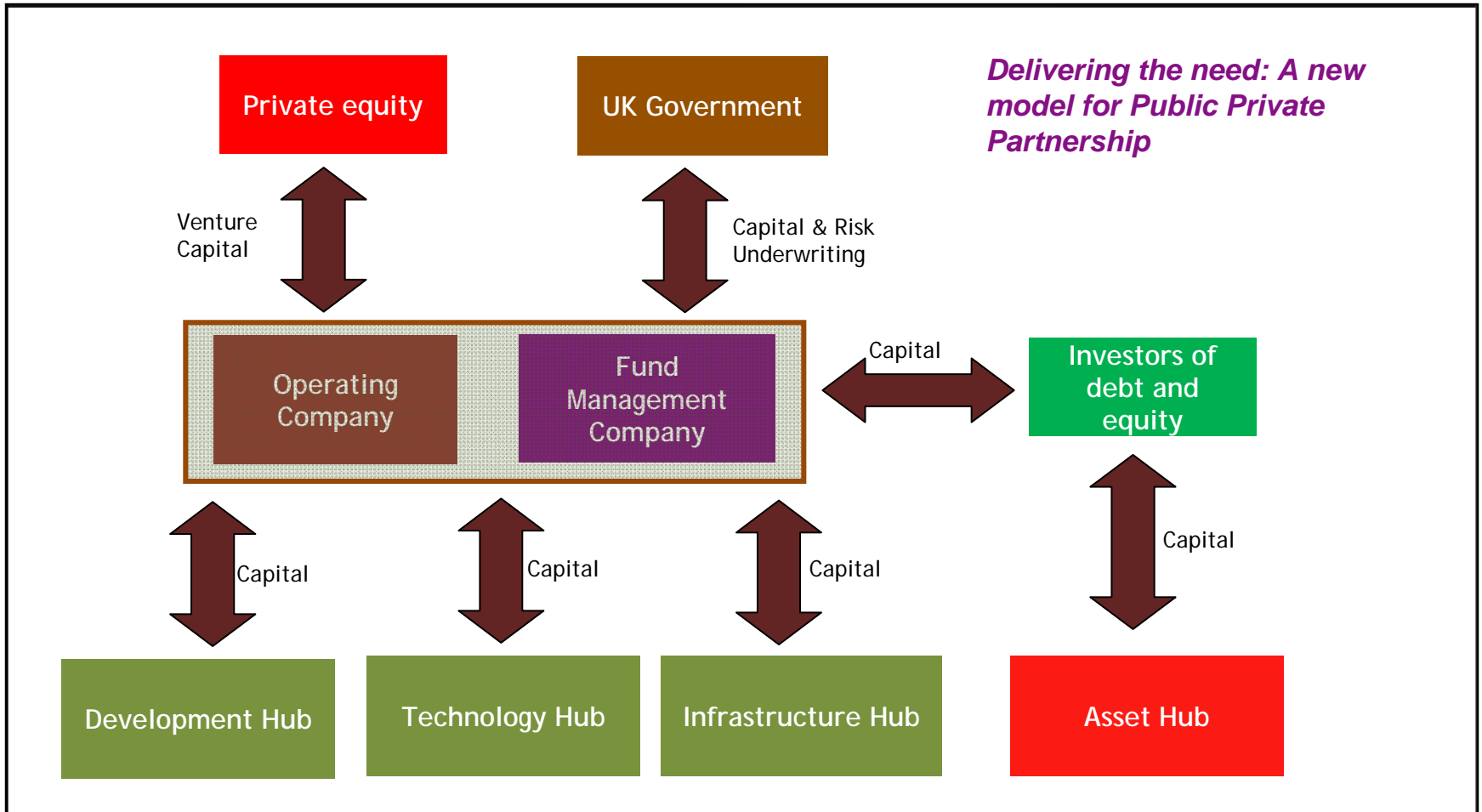
- We DO need to hit targets and walk the talk
- We DO need intervention into the markets if we are to deliver to the imperative of the nation's needs
- We DO need consistency, stability and common sense to deliver the nation's program
- We DO need a strategic plan for the nation to ensure delivery of affordable secure energy that does not damage the health of the environment

GRID

- It needs centralised planning
- It needs European collaboration

GRID

Capital Markets



Thank you