

50% UK Content

Is that all?

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Market analysis & business development

- **Supply chain development**
- **Economic impact assessment**
- **Support to industrialisation**

Technical innovation & engineering analysis

- **Support to investment in technology**
- **R&D programme management**
- **Design and engineering services**

Project implementation

- **SCADA & condition monitoring**
- **O&M technical support**
- **Small project development**

Our starting point is a joint industry-government statement

- **“the UK [is] to be the centre for offshore wind technology and deployment, with a competitive supply chain in the UK, providing over 50% of the content of offshore wind farm projects”.**
Offshore Wind Developers Forum, February 2012
- **Greater emphasis (belatedly) being placed on the economic benefits to the of offshore wind in the UK**

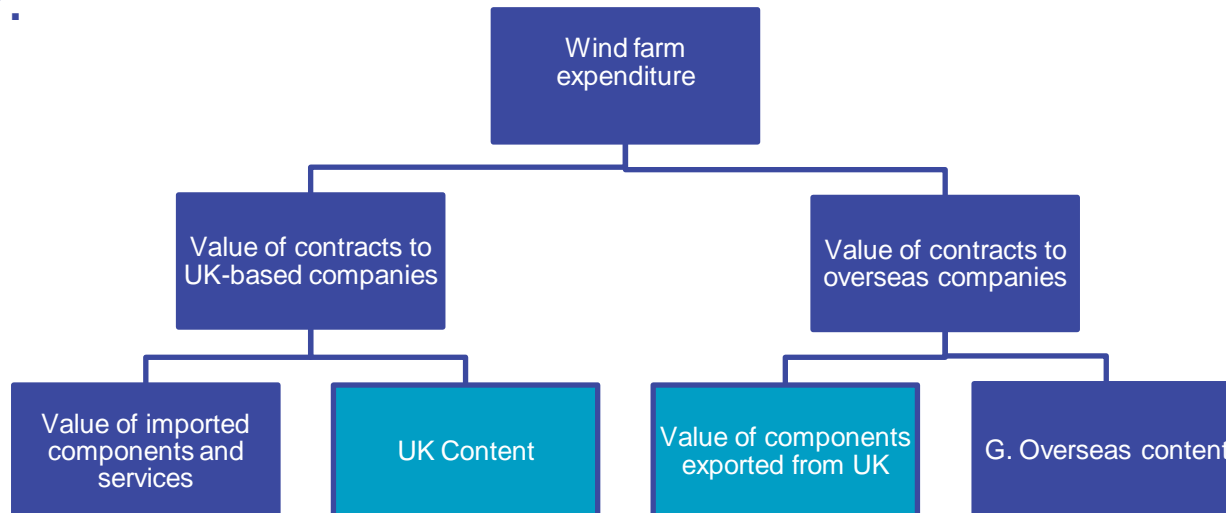
More questions than answers

1. What is meant by UK content?
2. What will be measured?
3. Who will measure it?
4. How will it be measured?
5. Is the level of the ambition appropriate? (Is that all?)



UK content is not term clearly defined by economists

- **Market share? Jobs? Need to understand how successful UK companies have been in winning business**
- **Need to really pin down how much actually goes to UK companies.**
- **“The percentage of expenditure on wind farm infrastructure that is ultimately spent through contracts awarded to companies operating in the UK.”.**



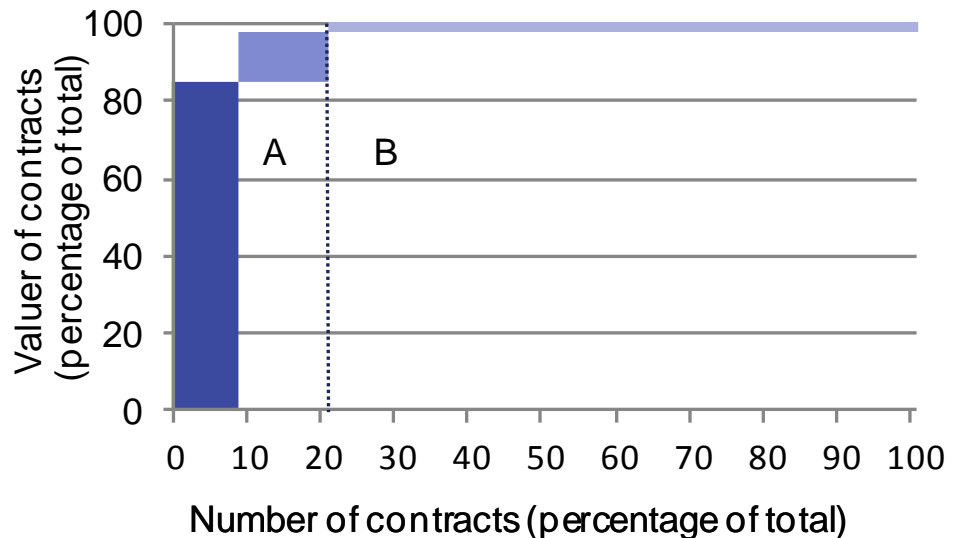
Need to define the scope of what you are measuring

- The cost of owners, to electricity consumers?
- It is the developers (owners of the asset) asking the question.
- Two parts to the asset – transmission and generation – ultimately two owners (including JVs)
- What is a wind farm – a phase, a zone, a transmission link?



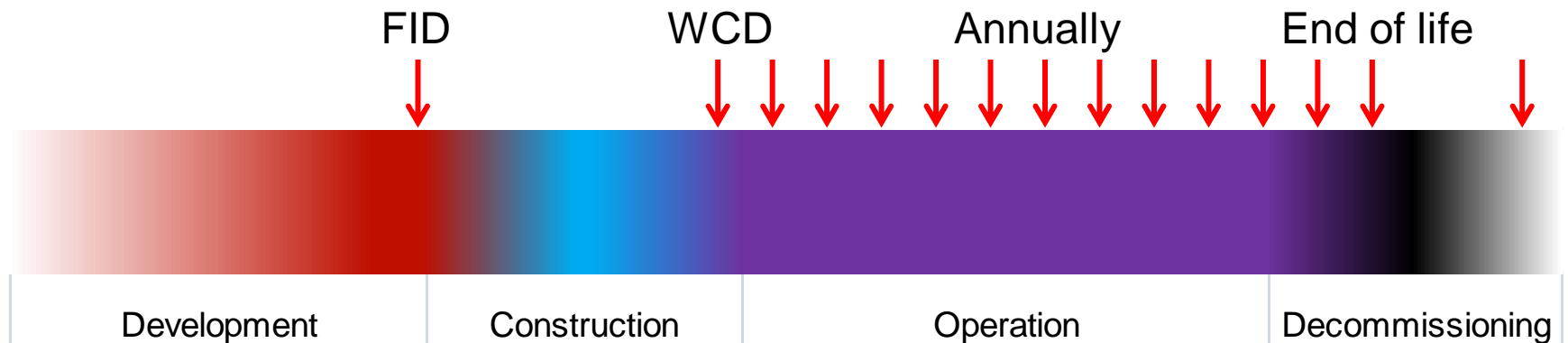
Must be compromises in the quest for accuracy

- 1000s of companies who have added value to the wind farm, directly or indirectly
- Potentially high costs for the supply chain
- Most contracts are small and added value UK content can be easily estimated.
- Unjustifiable burden on small contractors



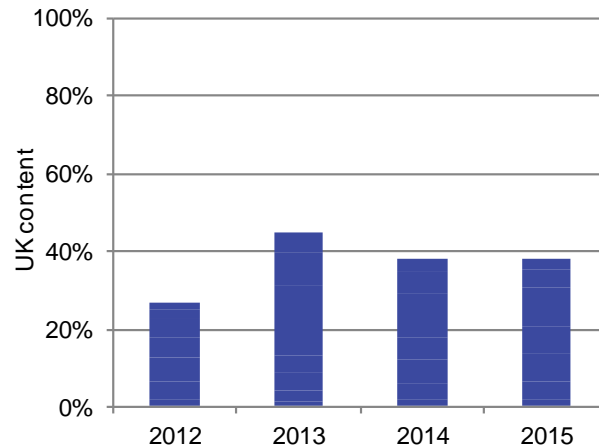
There's not much to be gained by regular analyses

- The expenditure of a wind farm made over 30 years (six years development, two years construction)
- Can't wait until the end before we get the answer
- Will the number change of the wind farm's life by a significant amount?

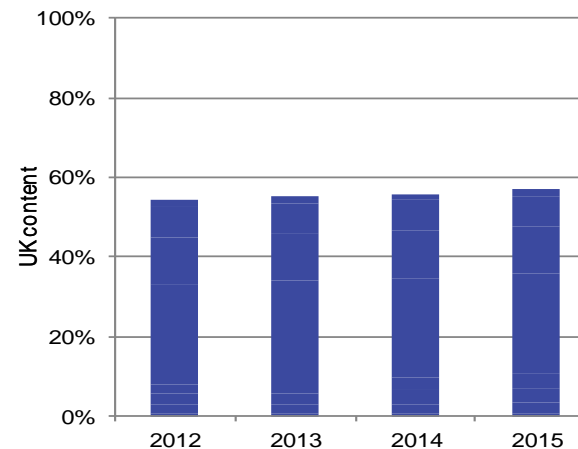


Combining data from different wind farms is hard

- Is a target for the industry as a whole?
- Can you combine data from different wind farms without knowing how much they cost
- Are we interested in finding out how much in a given year was spent in the UK? Or the trends for newly completed wind farms?



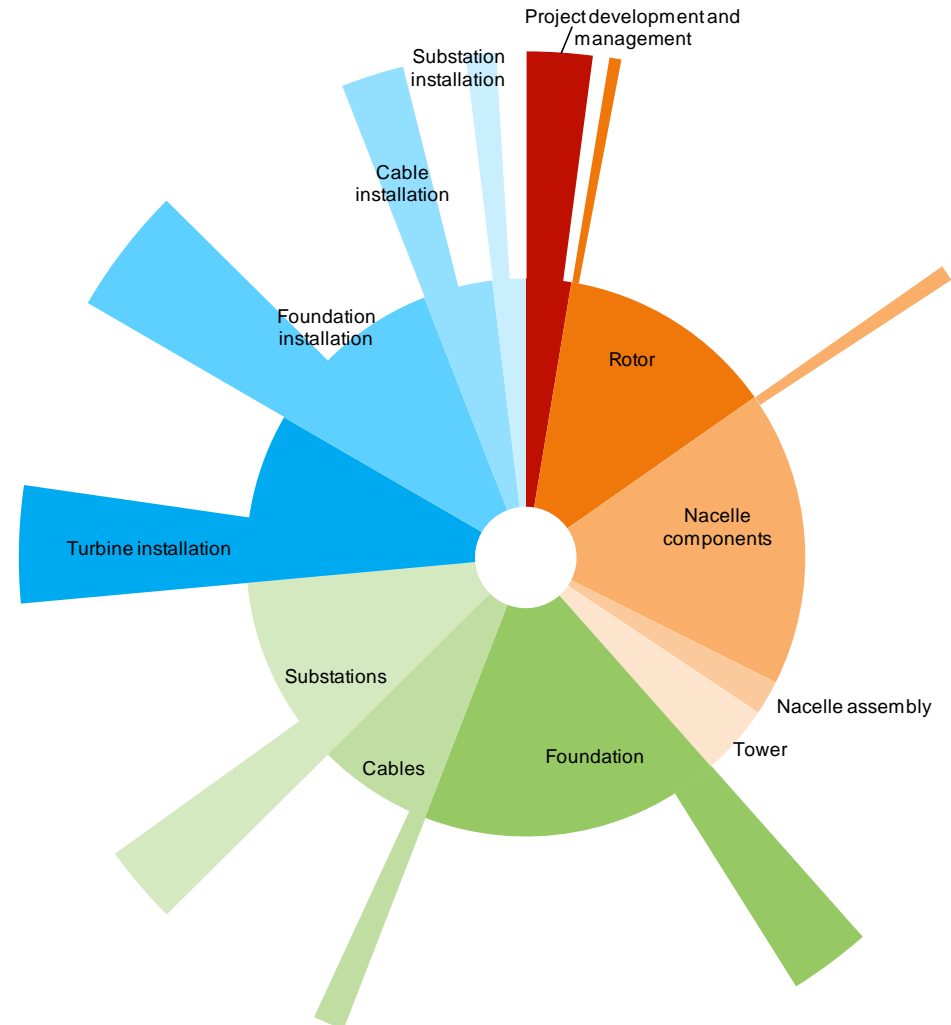
Snapshot



Lifetime

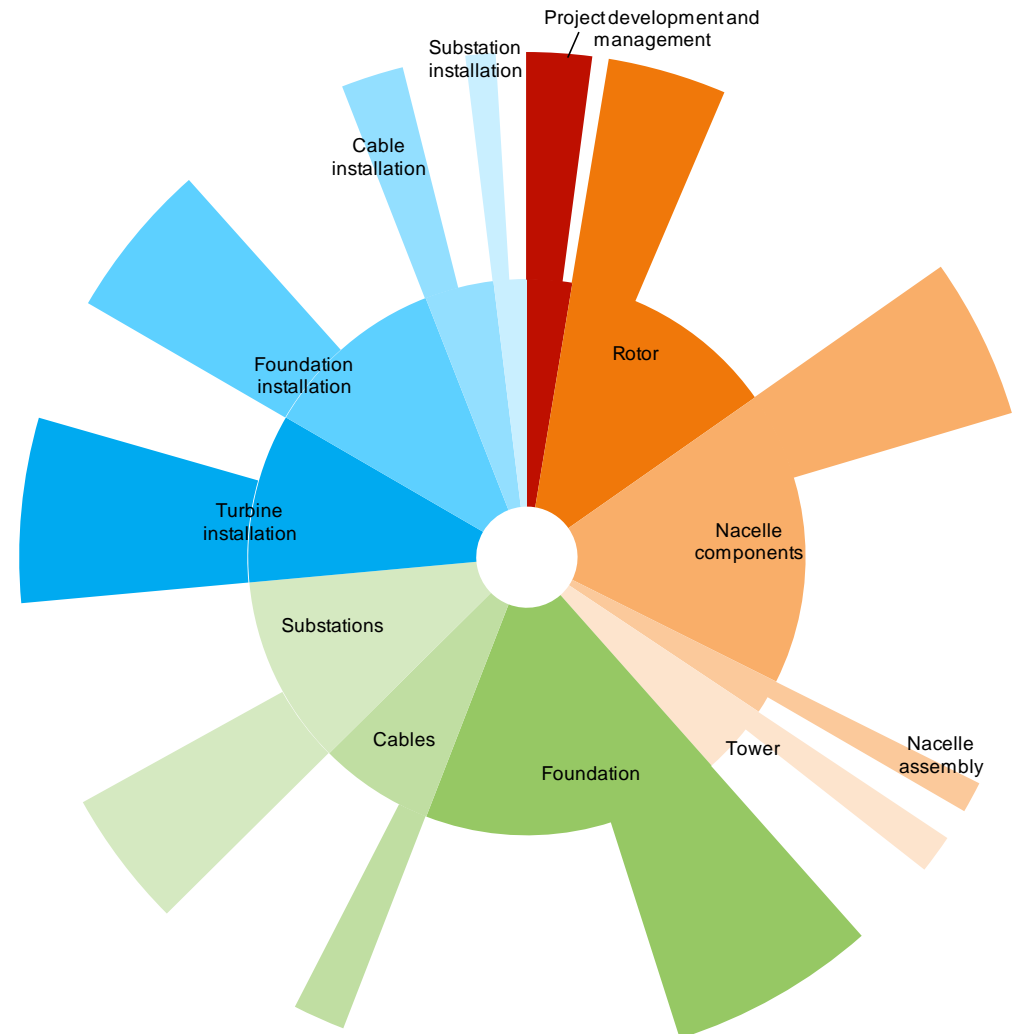
Is that all?

- A target of 50% is only meaningful when you've considered all these points ...
- ... and understand where we are today.
- Let's assume that we've solved all the problems we've discussed earlier and that this is the average for wind farms that started operation in 2012
- UK content here is about 20%



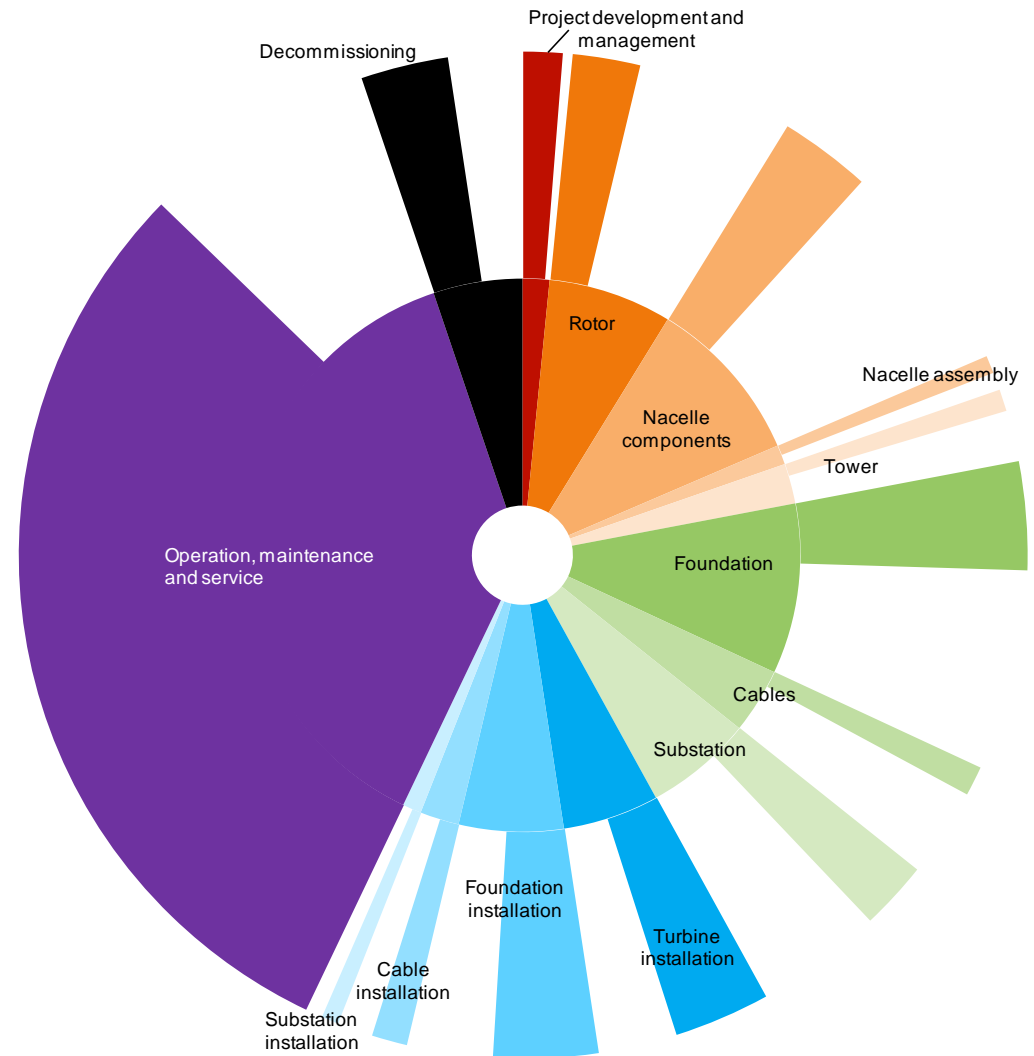
Is that really all?

- How might this change in the next seven years?
- This “projection” assumes:
 - Some turbine assembly in the UK and with it some tower and blade manufacture
 - Significant investment in foundations
 - A stronger market share for UK vessel operators
- Takes us to about 40%



Actually no

- Because we are in a growing market, it's too easy to neglect the long-term benefits
- Lifetime UK content is about 60%



In conclusion

- **In measuring UK content, the devil is in the detail**
- **Will require openness by developers and cooperation by the supply chain**
- **A key area of activity if political support is to be swung round behind offshore wind**
- **The opportunity comes from CAPEX but the message should be lifetime**
- **50% is a high target with you mean CAPEX but a low one if you mean lifetime**