

News story: Energy Minister Claire Perry hails success story of offshore wind in Newcastle today

Meeting staff from the Offshore Renewable Energy Catapult today in Newcastle ahead of the meeting of Regional Cabinet, Energy and Clean Growth Minister Claire Perry said:

We are witnessing an unprecedented global transformation to a low carbon economy.

This change creates enormous economic opportunities. Bloomberg New Energy Finance predict that of the \$11.5 trillion of investment they expect to be invested in new power generation assets globally out to 2050, 86% is expected to be in low carbon, and 73% to wind and solar.

We want the UK to continue to be a leader in this global transition, and a leading destination for clean investment. Since 1990 the UK has cut emissions by more than 40%, while growing our economy by more than two-thirds, the best performance in the G7.

But cutting carbon and capturing clean growth is an ongoing challenge. Government policies have already led to rapid growth in the deployment of renewables. This has led to substantial investment by offshore wind suppliers into UK-based services and manufacturing, creating thousands of skilled jobs and delivering hundreds of millions of pounds worth of investment.

Offshore wind is a success story for the UK – and we're the world leader with over 7 gigawatts installed and operational. The scale and breadth of our ambition has driven innovation and evolution through initiatives like this catapult; in partnership with industry.

This in turn has in turn sharply decreased costs. A strike price of £57.50 per megawatt hour for offshore wind was unimaginable a few years ago, rapidly driving down subsidy costs for new projects.

The UK has helped to realise this extraordinary coming of age for the global sector, and are poised to reap the reward in new export markets. And we want to continue to build on our successes at home.

Today we're announcing that the next auction for Contract for Differences Auction will open by May next year. And we plan to set out the parameters of the next auction later this year.

But we understand that to make meaningful long-term investments, industry needs clarity over years, not months. That is why we are also announcing the intention to run subsequent auctions around every 2 years after that, using the £557 million that we have already announced.

Depending on the auction prices, this could see 1-2 gigawatts of new offshore wind every year in the 2020s – powering millions more homes a year and we will look at ways to manage the auctions to ensure smooth delivery of low carbon generation. In return we expect the offshore wind sector to continue cutting costs and reducing household bills whilst growing UK manufacturing.

In giving companies long-term visibility, we should rightly expect long term commitments from them, and I look forward to working with the sector in the coming months to explore their ambitious plans to invest in the UK supply chain.

In recent years total UK content in the offshore wind sector has increased to 48%. And I am committed to upping the scrutiny of developers and their supply chains and ensure this number keeps growing.

For the last decade the Offshore wind industry has been a great British success story: increasing productivity, raising earnings and improving lives in communities across the UK. Today, the sector gets the certainty it needs to build on this success through the next decade.