

Mike O'Brien QC MP

Minister of State
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London SW1A 2HH

Our ref: AU/102274

Your ref:

Teruhiko Tsumura
Managing Director
London Research International Ltd
Elizabeth House
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39 York Road
London SE1 7NQ

27 January 2009

Dear Teruhiko

Thank you for your letter of 16 October 2008 to Hilary Benn, about the findings of your research publication. I am replying as this matter falls within my portfolio and apologise for the delay in doing so.

The UK has set out its path to achieving the proposed EU Renewable Energy target of 20% by 2020. The Government's recent consultation, the *UK Renewable Energy Strategy*, outlines a number of proposals to achieve this target, including options to expedite the planning process and to ensure that the UK grid network has the capacity required for future renewables generation.

With the Planning Bill reforms we are speeding up planning decisions through the establishment of the Infrastructure Planning Commission, backed up by National Policy Statements. As you will be aware, on 24 November 2008 we announced to extend the Renewables Obligation to at least 2037. Furthermore, with the Energy Bill bringing in measures to increase the financial support to emerging technologies such as offshore wind and marine, this will make renewable electricity investment more viable and help us to achieve our renewable energy targets. The Planning and Energy Bills both received Royal Assent on 26 November 2008.

The Renewables Obligation is often compared with Feed-In-Tariffs (FIT) in other European countries, particularly in Germany. However, the higher levels of deployment cannot be attributed simply to the FIT.

Different grid and planning systems as well as consistency of policy in providing financial support are more important than the precise mechanism used to provide the support. The Renewables Obligation is an effective financial support mechanism for the UK's liberalised energy markets, and has succeeded in almost tripling the level of renewable electricity generation since its introduction in 2002 (from 1.8% in 2001 to 4.9% in 2007) and our recent announcements have strengthened it to support the increases in renewables generation required to meet our EU targets.

It would be useful for you to meet with officials. In the first instance, would you please contact Duarte Figueira, Director of the Office for Renewables Deployment, on 020 7215 2653 or email Duarte.figueira@berr.gsi.gov.uk, to arrange a meeting with his team.

Yours ever

A handwritten signature in black ink, appearing to read 'Mike O'Brien', written in a cursive style.

MIKE O'BRIEN