

Case Study

Renewable energy Somerset

Client: Somerset County Council



Outcomes and value

Somerset County Council identified the renewable energy sector as an area of potential growth, rather than merely a mechanism to reduce carbon emissions. However, they needed to understand it better and provide targeted support if the potential in jobs and wealth creation were to be realised.



TBR, working with PHS, delivered a detailed report that: profiled the sector in the County, evaluated the current support for the sector and put forward recommendations to promote growth and competitiveness.

The total global investment in renewable energy in 2008 was estimated to be \$120bn with wind and photovoltaics (PV) being the fastest growing segments. The UK market for renewable energy was estimated at £290m in 2005 and following rapid growth is expected to be worth £3.7bn in 2010 and £7.5bn by 2015. More recent estimates suggest that half a million more jobs could be created in renewable energy in the UK following £100bn of new investment. Employment in the South West renewable energy sector grew from 1,140 FTE jobs in 2005 to 2,900 FTE jobs in 2008. Over the same period GVA contributed to the regional economy grew from £34m to £215m whilst productivity (GVA per employee) also increased significantly to £51,000 per employee from £30,000.

The report is enabling our client to:

1. Take action to stimulate the demand for renewable energy and the related equipment and services. Examples include biomass and encouraging the inclusion of renewable technologies into new developments.
2. Enabling and encouraging businesses to make better use of the existing support including grants and attractive feed-in tariffs for generators.
3. Develop relevant skills through links between businesses, schools and colleges.
4. Generating traction and strategic added value by co-ordinating activities and promoting knowledge about the sector across the county.
5. Develop a low carbon cluster that incorporates biomass, thermal, marine, hydro and nuclear sources.

Paul Hickson at Somerset County Council said;

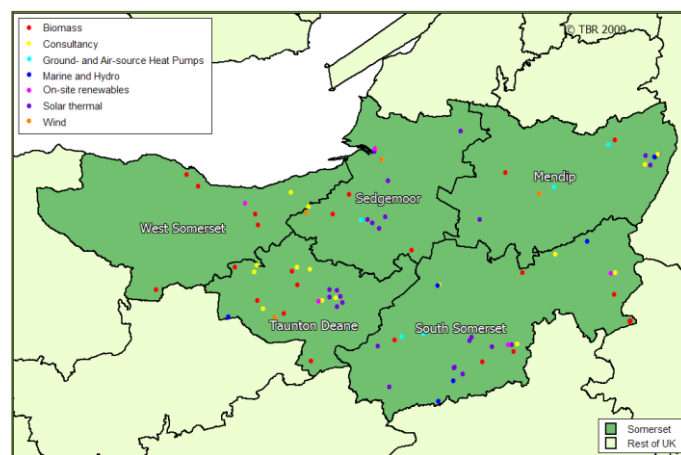
"This was a good piece of work that will prove very helpful in establishing the base for our low carbon cluster."

Our solution

While there has been clear guidance, policy and targets on generating electricity from renewable sources, there has been less focus on how to harness the potential of the sector to generate jobs and wealth. In part this is due to the rapid change taking place that includes both technologies and commitments to obligations to generate electricity from renewable sources. Thus getting reliable and recent data is challenging. In addition, while energy prices have risen rapidly over the last few years, there has been considerable volatility which has undermined businesses' ability to invest in new markets, technologies or equipment with any certainty.

Using a mix of information from its database of 3m companies, desk research and by talking to a broad range of businesses and stakeholders, TBR were able to identify biomass as the largest subsector accounting for 40% of employment and half of sales turnover. Solar thermal, marine and hydro are important others.

The firms in the sector are small (three quarters employ 5 or less) and relatively new (average of 5.5 years). Geographically businesses are spread across the county. See the map below.



Regulation and legislation were identified as key drivers for the sector in Somerset; businesses anticipate that this will involve incentives and grants to customers as well as some form of accreditation or quality standard. However, cuts to public spending place limits on the extent of the support that will be available.

Businesses highlighted a number of positive factors for being located in the county including its rural nature and relative isolation meaning that there is significant demand for small scale energy generation. The county is also rated highly for its quality of life.

Looking forward the County is seeking to focus energies on developing a low carbon cluster.

tbr knows... **economics, creative, skills, environment**