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**Friends of
the Earth**

Briefing

A new future for Teesside

Building a low carbon industry to create jobs and a sustainable energy future in the Redcar area.

Friends of the Earth makes life better for people by inspiring solutions to environmental problems.

We are:

- the UK's most influential national environmental campaigning organisation
- the world's most extensive environmental network, with around 2 million supporters across five continents and 77 national organisations worldwide
- a unique network of campaigning local groups, working in more than 230 communities throughout England, Wales and Northern Ireland
- dependent on individuals for over 90 per cent of our income.

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Introduction

In December 2009, Corus announced the mothballing of the Teesside Cast Products plant at Redcar, Lackenby and South Bank. This decision was estimated to result in the loss of over 1700 jobs at the plant with further indirect effects on employment in the rest of the community.

Friends of the Earth has a long and established history of working to secure a sustainable future for the people of Teesside. The opportunities for using the skills, expertise and infrastructure to help build a low carbon economy, to be at the heart of the new Industrial Revolution, are huge.

The North East Regional Select Committee announced an urgent inquiry into the decision and the future of the plant. This coincided with the announcement from central Government of the Round 3 offshore wind developments to produce 25GW of energy from new areas and a report from the Engineering Employers Federation which showed that 90% of the components to build the London Array would be imported from overseas.

This document is Friends of the Earth's response to that inquiry.

Summary

The recent announcement by Corus to mothball its plant in Redcar is a major blow to the economic development of the area and has a major impact on the lives of those affected by the decision.

However, this announcement presents the area with an opportunity to use the site to play a major part in the development of a low carbon economy for the UK. Friends of the Earth recommends that the Corus site be transformed into an advanced manufacturing site for components for the offshore wind and marine renewables industry enabling it to make best use of the existing infrastructure serving the site, the local engineering expertise and the proximity to some of the key areas for offshore development.

This will also enable the UK to reap the economic benefits from the growth in the international market for renewable energy and ensure that components manufactured on Teesside are exported into this market rather than renewable energy developers importing materials from overseas.

Employment opportunities in the renewable energy industry

Friends of the Earth played a major role, through our Big Ask campaign, in persuading the UK Parliament to pass the Climate Change Act 2008. This world-leading legislation requires Government to set a binding target to reduce carbon emissions through a series of five year budgets.

The Government has set targets for the first three budget periods and has adopted an interim target of a 34% reduction in emissions by the 2018-22 budget period (on 1990 levels). This will increase to an intended budget of 42% upon securing an international agreement on emissions reduction.

The UK Low Carbon Transition Plan, published by DECC in July 2009, sets out how the UK Government intends to meet this interim target. This document identifies the transformation of the power sector as a key strand in making these reductions.

At the same time, the Government published its Renewable Energy Strategy which maps their intention to generate at least 30% of the UK's electricity demand from renewable energy by 2020.

Alongside this, the UK is required (under the EU Climate and Energy Package) to generate 15% of its **energy** requirements from renewable sources by 2020.

The Renewable Energy Strategy included detailed estimates for the amount of energy likely to come from different technologies. These technologies included:

- A further 25GW from offshore wind in addition to the 8GW already committed.
- A total of about 14GW from onshore wind.
- A growing contribution from other marine technologies, namely wind and tidal energy which is likely to increase rapidly post-2020 as the technology matures.

The Renewable Energy Strategy identified economic benefits of £100bn of investment opportunity and over half a million jobs created arising from this growth in renewable energy.

However, there is a significant risk that many of these economic benefits will be lost to the UK if we do not have the research, development and manufacturing capacity in this country.

In April 2006, the British Wind Energy Association (BWEA) and Renewables East published a report, "Offshore Wind: At a Crossroads", which identified a number of key UK supply chain constraints which could hamper the roll-out of offshore wind over the next decade. These included:

- Supply of wind turbines
- Availability of installation vessels
- Supply of subsea cables

The manufacturers' organisation, EEF, recently called on the UK Government to increase the level of support to the manufacturing sector citing the example of the London Array, the world's largest offshore wind development, where over 90% (in value) of the manufactured components are being imported.

The potential for Teesside

The mothballing of the Corus plant at Redcar is a significant blow to the economic development of the area and a human tragedy for the employees of Corus who will lose their jobs. As a major employer and business in the area, it could potentially have a much wider knock-on effect as local suppliers to Corus will be detrimentally affected by this closure.

Friends of the Earth has been actively involved for a number of years calling for a more economically and environmentally sustainable development on Teesside. This has been characterised through our support for the development of the Impact group, a network of disadvantaged local residents concerned about the environmental damage from industry on Teesside.

Our vision for Teesside is for economic growth and development which contributes to environmental sustainability and tackling climate change rather than, as has been the case in the past, has a deleterious effect on the local and global environment.

There is significant potential for the area to be at the heart of a UK-based supply chain for the renewable energy industry. Through the transformation of the Corus site into a major research and manufacturing base to supply the rapidly expanding domestic and international markets in renewable energy generation particularly in the areas of offshore wind and other marine technology.

There are several factors which make Teesside a prime candidate for investment of this kind. These are detailed below:

Transport infrastructure. The Corus site has an excellent infrastructure established for handling large volumes of steel products initially by rail and then onto the Steel Export Terminal at Tees Dock. It should be investigated as to whether this facility can accommodate offshore installation vessels in its present form or can be adapted to do so at reasonable cost.

The use of Tees Dock could enable either loading directly onto installation vessels for deployment of turbines in the North Sea or shipment of turbines further afield to supply the international market either through direct deployment or through trans-shipment.

Skills and expertise. There is a vast amount of skills and experience in steel-making and processing on Teesside developed through Corus and others. This could be used as a strong platform to develop a world-leading turbine manufacturer, supported by Government funding, on the Corus site. This would be ideally placed to create a synergy with the already existing local offshore skills base used in the development of the North Sea oil and gas fields.

This would enable Teesside to reap the economic benefits identified in the Renewable Energy Strategy. A Carbon Trust report, "Offshore Wind Power: big

challenge, big opportunity” estimated that 70000 new jobs could be created from the offshore wind industry alone.

Existing research centres and industry. There has already been substantial investment put into developing renewable energy capacity in the North East.

The New and Renewable Energy Centre at Blyth has been established as the national centre to accelerate the deployment and grid integration of renewable energy. It recently announced, amongst its initiatives, its intentions to construct an offshore wind turbine test facility to test turbine blades of up to 100m in length. It is also engaged in the research and development necessary to bring forward marine technology such as tidal stream and wave energy.

The relative geographical proximity of NAREC to the Corus site will enable the manufacturing enterprises on Teesside to integrate more closely with the research and development functions at NAREC.

There is already some activity in the development of offshore and marine technologies in the region. For instance,

- The recent investment by DECC to support the development of blades for a 10MW offshore wind turbine by Clipper Wind at a site on the Tyne.
- The Low Carbon Energy Manufacturing Technology Centre, based in Middlesbrough, which offers open access innovation and technical support to SMEs in the North East engaged in the energy sector.

Proximity to areas of offshore development. In 2003, the UK Government launched Round 2 of offshore wind generation. This was concentrated around three key strategic areas; the North West, the Greater Wash and the Thames Estuary. Developments on the East Coast (the Greater Wash and Thames Estuary areas) would be easily accessible from the Tees and a rapidly expanded offshore wind manufacturing site would be ideally placed to service these areas of development.

Of potentially greater significance is the announcement in early January 2009 of the key areas of development for Round 3. These developments include further afield sites with the largest being at Dogger Bank. It is difficult to imagine a place more ideally suited to service this development than Teesside.

Other marine technologies

Much of the debate around renewable energy has been focussed on wind energy as the main source of power. It is true that wind is likely to be the major contributor of renewable energy over the next decade but investment decisions about the Corus site should look beyond 2020 to ensure that the proportion of energy achieved from renewable sources continues to grow. The Carbon Trust estimates that beyond

2020, wave and tidal stream technologies could account for up to 20% of the UK's electricity supply.

The development of marine energy technologies are not as mature as offshore wind but significant progress has been made on the pathway to commercial large-scale deployment with the world's first wave farm being commissioned by Pelamis Wave Power in the summer of 2008.

It would be potentially beneficial to the future long-term development of the Tees and the wider region if investment is made at an early stage to develop a marine technologies manufacturing capacity on the Corus site.

Recommendations

Friends of the Earth recommends that the following actions as a matter of great urgency:

- An investment plan is drawn up directed towards using the existing infrastructure at Corus as much as possible and developing further infrastructure to kickstart manufacturing capacity for components for the offshore and onshore wind industry.
- The plan should include indications of how inward investment in maturing marine technologies can be deployed as soon as possible to ensure rapid rollout of these sources of renewable energy.
- Immediate steps are taken to secure this funding from appropriate sources.
- Discussions should begin with PD Ports to ensure that the Steel Export Terminal has the capacity to handle the large components required by the offshore wind industry.
- Discussions should begin with NAREC to ensure that the appropriate levels of support are available to inward investors on the Corus site.