

Macroeconomic impact study for the wind sector in Spain in 2010

**Deloitte warns of the risk of the “dismantling”
of the wind industry without rules and regulations
ensuring a return on the projects**

- Warning that investments have been brought to a standstill owing the lack of a regulatory framework and that demand has fallen to “almost irrelevant” level
- “Reversing the negative growth trend will not only entail the sector’s recovery, but also strongly drive the Spanish economy”, according to the consulting firm.
- In the last five years the saving on imports of fossil fuels and CO2 emissions accumulated by wind energy has exceeded the premiums received by the sector by over 2 billion Euros.

Madrid: October 20th 2011 – Whilst 2009 was complicated, entailing a turning point in the development of the wind sector in Spain, 2010 saw the continuation of the negative growth trend. “The absence of any rules of the game as from 2013 is causing a great reduction in activity in the sector which, should it continue in the coming months, could mean the dismantling in Spain of a very powerful industrial sector with great international relevance”. This is one of the conclusions of the macroeconomic impact study for the wind sector in Spain in 2010, drawn up by the consulting firm Deloitte and presented today in Madrid. The report, completed before the Ministry of Industry started putting into effect the Royal Decree on wind remuneration which has been rejected by the sector, states that in this context “it is necessary to urgently define a stable, foreseeable remuneration framework which ensures an appropriate return on the investments made by those companies who are committed to wind energy”.

One of the main complaints of the sector as regards the standard proposed by the Ministry of Industry is precisely that it does not ensure this reasonable return which, moreover, is a requirement of the Law for the Electrical Sector.

Owing to the regulatory uncertainty “the promoters have stopped developing any new investments until the new remuneration model has been established. This has entailed a fall in the demand for equipment and components to almost irrelevant

demand levels”, indicates the study. It adds that “in this regard, reversing the negative growth trend would not only entail a recovery in the wind sector, but also strongly drive the Spanish economy as a whole”.

In 2010 wind energy contributed 2.984 billion Euros to Spanish GDP, 6.9% down on the 2009 figure. According to data provided by Deloitte, the sector employed (directly and indirectly) 30,747 people in late 2010, entailing a year-on-year reduction of almost 5,000 jobs. The Spanish Wind Energy Association (AEE) has warned that if the Royal Decree on wind goes ahead in its current wording, over 15,000 jobs will be destroyed by 2020 as a consequence of the paralysis of the sector. On the contrary, if the aims of the Renewable Energies Plan (PER) 2011-20 are achieved, up to 51,000 jobs would be attained by the end of the decade according to AEE calculations.

Despite the difficulties, in 2010 the wind sector continued saving the Spanish economy money according to the study. The saving achieved by the substitution of fossil fuel imports stood at 1.616 billion Euros. 329 million Euros was also saved by dint of the green house gas emissions avoided. “The accumulated saving by these two aspects during the 2005-2010 period exceeds the bonuses received by wind energy by over 2,000 million Euros”, stated Deloitte. Furthermore, the sector exported the sum of 1,105 million Euros last year, contributing 156 million to the fiscal balance and invested 145 million in R&D&i.

According to the study, “it could prove paradoxical that, to meet the important aims of increasing wind generation power foreseen for this decade in Spain and in the rest of the European Union, the Spanish wind sector could have lost its international leadership: it’s a wasted chance to consolidate a state-of-the-art industrial sector in which Spanish companies have always been the reference”.

After presenting the figures for 2010, José Donoso, the chairman of the AEE, explained why the sector does not agree with the wind standard proposed by the Ministry of Industry. He indicated that there are two basic reasons: a variable premium model which does not allow the future income of a wind farm to be established from one year to the next, preventing its financing and, hence, preventing new projects from being undertaken. And economic conditions which do not ensure the return on the projects and which involve an actual 40% cut. “Under these conditions we are facing a wind blackout”, indicated Donoso. He added that “the development of a source of energy like wind which is endogenous, clean and competitive, is vital for a country which is energetically dependent like Spain. If we now dismantle our technological commitment, in the future we will be obliged to resort to foreign technologies”.

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