Siemens Wind Power
EWEA 2012
Conference chair

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Over 35 years ago – right here in Denmark – a number of talented young students and teachers had a dream.

Spurred by the first oil crisis and skyrocketing fuel costs, they were convinced there must be an alternative to generating power with finite fossil fuels and nuclear energy.

Their answer was wind. And they teamed up to build a wind turbine. From 1975 to 1978, the group – called the Mill Team – built its “Tvindkraft” wind turbine entirely by themselves. They did everything from the excavation and foundation to the construction of the tower and the nacelle!

These young pioneers even developed and produced the blades, including the complicated calculations of the aerodynamics and statics. They couldn’t find a manufacturer who would risk doing the work.
The rest of the story is history. In 1978, the T vind turbine was connected to the power grid in Denmark and began producing power.

The team at the T vind international school center proved that the impossible was in fact possible. And they inspired hundreds of other talented people to dedicate themselves to giving wind power a future. Ultimately, these pioneers achieved nothing less than launching a new era of power generation.

Ladies and Gentlemen,

Welcome to Denmark, the home of modern wind power. And welcome to EWEA 2012!

Some thirty years after the first pioneers invented what is now called the Danish wind turbine design, wind power in Europe has come a long way.

Today, nearly 100 gigawatts of wind power capacity are installed in Europe, powering more than 50 million European households. In 2011 alone, more than 5,000 on- and offshore wind turbines with nearly 10 gigawatts of capacity were installed in the Europe.

We have proven that Europe can achieve its ambitious renewable energy targets if wind power delivers the major share. We can be proud that we have made wind power the most important renewable energy source in Europe today. And, it will stay like this in the future.
The one-time dream of the pioneers in Tvind has become an impressive reality!

Over the last three decades, EWEA has steadily promoted the development of wind power and its industry through its advocacy, communications and events activities. The association has evolved from a small group of visionary engineers to an established organization with a major annual event hosting 450 exhibiting companies, which is attended by 10,000 participants. Happy 30th birthday, and a big thank you, EWEA!

As this year’s EWEA conference chair, I am pleased to say that – like the years before – EWEA’s earnings have been successfully reinvested in the industry. This shows that EWEA is more than just a commercial event. It is an industry event. EWEA’s new report “Green growth”, launched today, shows that wind energy has become a significant factor for jobs and growth in Europe – particularly in recent years.

- From 2007 to 2010, the workforce in our industry grew by 30 percent while general employment across the European Union declined by 9 percent.

- In 2010 alone, our industry contributed more than 30 billion Euro to Europe’s GDP. Compared to 2007, this translates to an increase of over 30 percent – in the midst of the financial crisis, when the European economy was stagnating!
• Last but not least: our industry intends to keep innovating, spending more than 5 percent of its revenue on R&D. This is roughly three times the European Union average for comparable industries!

I’m sure many of you share my pride in these great achievements. Our success in bringing the industry to where it is today will also the foundation of our tomorrow.

But don’t think continued success is a given. We must act to ensure our future.

The wind industry currently faces a very difficult market environment. Price pressure is growing. And at the same time, governments are under pressure to reduce public spending on the subsidies we still depend on.

These and other factors have impacted the results of many European wind energy companies.

The answer, of course, is to bring down the cost. We must make it competitive with traditional energy sources and we must do this soon! Only then can we become independent from subsidies. And only then will we be able to grow our share in the world’s energy mix.
“Innovating today, shaping tomorrow” is this year’s conference motto. The message is clear: We need to act now and we need to act decisively to secure our future.

It won’t be easy to become cost competitive with traditional energy sources. Our industry must invest massively in two areas: innovation and industrialization.

In the past we managed to reduce the cost by 40 percent every 10 years. In the future, we need to be even quicker.

And this means that the wind industry will not only need to continue but to step up investments in
1. Innovation, and
2. Industrialization.

However, it is quite clear that our shareholders will approve these investments only if our project pipelines are stable, predictable and profitable! We can only invest money we have earned. And we can earn money only if our customers are convinced their investments in wind power are profitable and reliable.

Furthermore, our customers can only finance their investments if the banks and institutional investors have trust in their projects.

And here is the bad news! Currently, the profitability is not always given. The wind industry struggles with low margins. This is not a sustainable situation. We are under pressure to reduce costs quickly. And we have made this our highest priority.
But if we want to become cost competitive with traditional energy sources tomorrow, then we need to invest today. We need to invest massively in innovation and industrialization – across the full value chain of wind power plants.

This is why we need reliable, predictable and robust support schemes in the upcoming years.

In the past, European policy makers impressively demonstrated their commitment to wind power. They defined and enacted far-sighted policies. Their pioneering spirit was similar to that of the Danish students who built the T vind turbine. As a result, the European Union has become the leader in the renewables industry.

But this leading position has unfortunately been put at risk by the Europe’s financial crisis and enforced austerity measures.

Stop-and-go policies as well as abrupt and even retroactive changes in subsidy schemes are increasing the risk that investments in the wind industry will dry up. To make things worse, there is a risk that investments that have already been made will be lost. These uncertainties are undermining the confidence of our investors!

As a result, the wind industry, consumers and society as a whole suffer from a lack of stable, predictable and robust support schemes for wind power.
The wind industry suffers because
1. projects don’t get realized due to regulatory uncertainty,
2. due to lacking grid infrastructure and
3. due to administrative hurdles in the planning phase.

Consumers suffer by paying more for electricity from wind energy through higher risk premiums and the resulting higher costs of capital.

Ultimately, the European Union might lose its leading global position in the wind power industry. This will mean losing the great chance of creating and keeping a competitive European industry that can succeed in a global economy.

We need to take action - Now.

I suggest, that the wind industry commits itself to a clear timeline when wind power will become directly competitive with traditional energy sources.

I am confident that we can reach cost competitiveness for onshore wind power plants within this decade.

Offshore will take longer, because the scope including, foundations, grid connections and logistics is larger. But also here the aim is clear: get the costs down to become directly competitive with traditional energy sources.

This will not be easy and it will require massive efforts on our behalf.
The wind industry will need to speed up innovation cycles and invest in further industrializing the supply chain.

To reach our ambitious goal of becoming competitive with traditional energy sources, we need regulatory certainty in the EU now and in the coming years.

Thus, I suggest forming an alliance between politics and the industry.

In this alliance, wind industry leaders would assure to make wind energy directly competitive with traditional energy sources.

We would commit to making wind turbines *more efficient* and technology less complex.

Key is to consequently industrialize our industry. Here, we can learn a lot from the automotive industry where I come from.

Implementation of clear platform strategies for our products as well as modularization and standardization will bring us to the target.

And we need to introduce and manage first class supplier relationships.

All this with a clear goal:
Bring the cost of wind power down.
In order to proceed quickly this target, we need political support.

As for their part of the alliance, I would suggest that European politicians promise to enact and support three key points:

First – the establishment of a regulatory framework that encourages further investments in the wind industry. We need reliable and predictable support schemes in the upcoming years all across Europe.

The European Commission, in its 2050 Energy Roadmap, sees wind energy as the key power generation technology. The Commission expects wind to meet up to 50 percent of the European electricity demand by 2050. Is this realistic? Absolutely. But it can happen only if the right policy signals are being set. Now.

Second – I am calling on European politicians to establish a regulatory framework for expanding and modernizing our grid infrastructure. We need to build new power lines and make the grid smarter. We need a grid that can efficiently transmit and distribute wind power from future onshore and offshore sources to consumers!

The wind industry explicitly supports a common European grid infrastructure and a common European market for electricity. EWEA is excellently lobbying for this goal with its “Free movement of electricity” campaign.
And third – The wind industry encourages European politicians to proactively and quickly reduce administrative hurdles. Approval procedures have to be simpler and faster.

On behalf of the wind industry I am calling on all wind industry leaders, on all politicians, on all existing and future investors, and on society as a whole. Let’s join forces in this historic project of making wind power the preferred energy source in the energy mix!

We have the right technology at hand. And we can deliver.

EWEA 2012 is an important force for moving wind power forward. I encourage all participants to use our time together to share ideas and explore ways to support our industry and its goals.

Ladies and Gentlemen,

Now is the time to come together and drive our project of making wind power the preferred energy source – first in Europe and then around the globe.

Thank you!