

# THE ENERGY DEBATE 2014

A FOUR-PAGE COMMERCIAL SUPPLEMENT

Wednesday, April 30, 2014

## Balancing the North East's future

How will the region utilise the opportunities available to secure a more balanced energy future?

**T**HE North East as a region has a wealth of energy sources, a strong supply chain network and the expertise to be able to harness and export these resources. The question is, how will the region secure a more balanced energy future?

Square One Law and Brewin Dolphin are organising a panel discussion on May 7 at The Stadium of Light, in association with NECC, NOF Energy and The Journal to discuss these issues. They have brought together a panel of experts from the energy sector, including guest speaker Chris Huhne, formerly Secretary of State for Energy and Climate Change.

The North East is the most energy intensive region in the UK when measured on a per capita basis and we should be proud of this because we make goods and export them more than any other region. At a time when the country is trying to diversify away from exports to Europe, the North East is doing it and the region's non-EU exports are up more than 90% in the past three years.

However, because of this we are exposed to the cost of energy, whether that is for transport, electricity or heating and, added to this, thirty years of policy failure in this sphere has led to a problem which is looming large over generators and industry alike.

UK generation capacity is decreasing rapidly even as our economy is growing and the margin of spare capacity has not been this low for decades. Regulation, whether EU or UK derived is hitting energy intensive industries putting them at a competitive disadvantage while price and security of supply issues continue to intertwine, ultimately hitting the bottom line of some of the North East's biggest employers.

The North East enjoys an embarrassment of riches in the energy sector from offshore wind to coal, electric vehicles, energy from waste, carbon capture and storage, coal gasification, biomass, biofuels, solar: the list goes on and on.

Our research capability is also hugely impressive as is the close-knit network of professional services with a heritage of expertise within this sector. Added to our location, port infrastructure and availability of brownfield sites we have all of the ingredients to cater for growth in this sector and all the high-skilled jobs it will bring with it.

NECC has communicated this to decision makers many times, this and

the fact it mustn't be taken for granted. Investment will not happen in a policy environment of shifting sands that unnerves investors and their financiers in equal measure.

As our economy continues to recover it is as important as ever that we have the energy to move, heat and power the activity that makes our economy tick.

The real danger is that years of inaction and uncertainty is not only putting off investors and limiting job creation but also risking shortage of supply in the very near future - something that would be damaging at any time let alone in advance of a general election.

Guest panellist Chris Huhne said: "The North East has become a key player in the energy sector with its well-developed industrial supply chain and its exemplary track record working with the major players in the international oil and gas market. The region is also a key player in renewables.

"Green investment has been booming in the UK, with renewable electricity generation doubling and £31bn of renewable energy investment announced since 2010 and it is vitally important that the region's businesses understand the exciting opportunities that will become available as the UK secures its energy future."

George Rafferty, NOF Energy chief executive, said: "For decades, the oil & gas industry has dominated the North East economy with contracts from the global energy industry being secured thanks to the region's innovation, expertise and the availability of a skilled workforce.

"NOF Energy is determined to help the North East remain at the heart of the energy sector by helping its members to develop and enhance their products and services so they continue to be in demand across the world, not only in offshore oil & gas, but across the energy industry in offshore renewables, nuclear and the emerging onshore gas market.

"Our business support will continue to evolve to meet the changing needs and challenges being experienced by our members and to keep abreast of the advancement and progression of the industry."

NOF Energy's focus is promoting suppliers to global energy markets through its range of comprehensive business support services and is delighted to offer its support to the panel discussion.



### THE ENERGY DEBATE

Balancing the energy mix



SQUAREONELAW

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In association with  
NECC  
The Journal

Join a panel of recognised industry experts including:

Chris Huhne, former Secretary of State for Energy and Climate Change; Neil Etherington, Able UK; Jim Cardwell, Northern Powergrid; Dermot Roddy, Five Quarter; James Ramsbotham, North East Chamber of Commerce; George Rafferty, NOF Energy; James Bryce, Square One Law and Elaine Coverley, Brewin Dolphin to discuss the key issues facing the North East.

**Wednesday 7 May 2014, 12 - 2.30pm**

**The Stadium of Light, Sunderland, SR5 1SU**

**Cost: £40 + VAT**

Registration, lunch, panel discussion, networking

(An invoice will be sent for payment)

To book contact **Stacey Toth** on 0843 224 7931 or email [stacey.toth@squareonelaw.com](mailto:stacey.toth@squareonelaw.com)

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# Introducing the Energy Debate speakers

## Key speaker Chris Huhne, former Secretary of State for Energy and Climate Change

CHRIS Huhne was formerly Liberal Democrat MP for Eastleigh and Secretary of State for Energy and Climate Change.

He is chairman (Europe) of Zilkha Biomass Energy and a consultant for Nationwide Energy Services. He currently writes a weekly column for the Guardian.

As secretary of state for energy and climate change in the coalition government from 2010 to 2012, Chris was responsible for the policy behind two key bills: the energy bill of 2011, setting up a new energy-saving framework for the UK, and the electricity market reform to spur

low carbon investment replacing Britain's ageing energy assets.

Chris was the shadow Environment secretary responsible for the first comprehensive plan for decarbonisation – Zero Carbon Britain.

He was also one of the pioneers in calling for political action to deal with global warming.

Prior to elected office, Chris was group managing director of Fitch, the ratings agency, and an award-winning journalist on The Economist, Guardian and Independent.



> Chris Huhne was one of the pioneers in calling for political action to deal with global warming



**Neil Etherington, group development director, Able UK**  
A TEESSIDER born and bred, Neil has operated at a senior level in both the public and private sectors.

A graduate economist, Neil started his working career with Dunlop (subsequently BTR) then built an impressive career with high profile roles at CBI, Teesside Tomorrow, the award winning Tees Valley Development Company (TVDC) and Redcar Racecourse.

In 2007 Neil joined Able UK Limited, the market leader in the field of demolition and marine decommissioning. Neil is also a significant land developer and port operator. As group development director, Neil oversees the company's expansive land bank (5,500 acres) across the North of England.



**Jim Cardwell, head of regulation and strategy, Northern Powergrid**

JIM joined the energy industry in 1991, working for E.ON in a number of technical and managerial roles in the generation business before moving into its distribution business.

He worked on an earlier price control review prior to joining Northern Powergrid in 2004.

In addition to continuing with senior roles in the subsequent price control reviews and business planning activity at Northern Powergrid, Jim is leading on the development of low-carbon network projects that significantly include the Customer-Led Network Revolution. This is the UK's largest smart grid project centred in the North East of England.

**Dermot Roddy, chief technology officer, Five-Quarter**

DERMOT Roddy is Five-Quarter's Chief Technology Officer, leading the company's innovative technological remit.

He joined Five-Quarter directly from Newcastle University, where he was Professor of Energy.

Dermot is an internationally-respected industry professional and academic, with extensive energy and related downstream industry experience in both the traditional and renewable sectors.



**George Rafferty, chief executive, NOF Energy**

BORN and raised in Scotland, George spent the first part of his career working in the steel industry, first with British Steel in Scotland, then moved through various management roles to head of Scottish Regional Office in Glasgow.

He moved to Middlesbrough in the 1980s and in 1993 was appointed project manager at Business Link Teesside before becoming Chief Executive in 1994 where he stayed until 2000. He joined NOF as Director in 2005 and successfully rebranded the organisation as NOF Energy and changed the direction of the organisation to encompass oil, gas, nuclear and offshore renewables.



**The Hon James Ramsbotham**

JAMES Ramsbotham has been chief executive of the North East Chamber of Commerce since 2006. NECC is the champion of business in the North East and has almost 4,000 members.

It delivers a range of business support services, especially training and international trade advice.

Previously he was vice-chairman of the Esh Group. Prior to that he spent 14 years in Barclays Bank plc and, before that, had 12 years soldiering in the Royal Green Jackets.

He is a Deputy Lieutenant for County Durham; chairman of Darlington Building Society and Honorary Colonel for The Rifles (T.A.) in County Durham.



**James Bryce, partner and head of energy, Square One Law**

JAMES is a corporate partner and heads the energy team at Square One Law. He previously worked in the energy teams of two international law firms.

James's recent experience of advising developers of power assets includes: advising on the sale of a portfolio of ground based solar projects to European investors, advising on the sale of an onshore wind farm located in South Wales and on the legal structure to implement an electric vehicle charging network across key European transport routes and advised energy management and procurement company Utilitywise plc on various acquisitions.

**Elaine Coverley, head of equity research, Brewin Dolphin**

ELAINE joined the Brewin Dolphin Equity Research Team in 2000 where she took over coverage of Utilities, and has now covered for 14 years.

Elaine has in-depth knowledge of the key industry themes and drivers affecting the UK energy and utility market. In 2002, Elaine set up the quantitative research offering for the firm, which she has subsequently handed over, and in 2009 took over management of the equity research team.



**Graham Robb, senior partner, Recognition PR**

GRAHAM will be chairing the panel discussion. He is senior partner of Recognition Marketing and PR, having founded the business in 1990. Graham has been involved in top level projects featuring leading national figures in the world of sport, entertainment and politics.

Graham's career started as a radio presenter/producer on Radio Tees in 1980. He is one of the North's most "plugged-in" business figures. He is chairman of the Institute of Directors in the North East and serves on the board of the Entrepreneurs' Forum and is well connected in the world of politics.



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# Able has history of providing solutions

ABLE has a long association with a wide range of energy-related projects and in providing a variety of solutions for many of the principal players within the sector.

This engagement extends across a number of activities including the development of appropriate sites for new energy production as well as the end of life solutions for both on-shore power stations and off shore oil and gas platforms.

If there is such a thing as a typical Able business model it is perhaps best exemplified by Able Thorpe Marsh, a 100-acre site located just north of Doncaster.

Acquired in 1995 Able assumed the liabilities and opportunities offered by the then mothballed

coal-fired power station. The site is now fully remediated and planning permission has been secured for a 1,500MW gas fuelled power station with Acorn Power (in which GE are a major partner) set to commence construction of this close to £1bn project in late 2015 – very much a case of generating the new from the old.

At Able Billingham Reach (again a former coal-based power station) GAIA Power Tees Valley are close to finalizing the development of a 49MW Biomass power station and three miles to the east, at Able Clarence Port, the recently established Port Clarence Energy Limited has submitted a planning application for a similar facility. Both projects

expect to be producing electricity within the next three years or so.

Able Seaton Port, Hartlepool is now established not only as the UK's leading facility for the decommissioning of redundant marine structures (oil rig topsides and jackets) but also as the main UK centre for oil rig upgrading and maintenance.

On the Humber the Able Marine Energy Park will be a £450m development providing a bespoke facility for the emerging offshore wind sector.

The development has had its planning permission authorized by the Secretary of State for Transport and is set to create a fully integrated cluster with the potential to create around 4,000 jobs.



► Able has a long association with a wide range of energy-related projects

## Newcastle-based pioneers of clean energy



FIVE-QUARTER is a pioneering clean energy company, based in Newcastle, specialising in the extraction of unconventional gas from rocks deep below the sea, to use as manufacturing feedstocks for the chemicals industry, as well as for the creation of low-carbon electricity and advanced transport fuels.

The coal resource off the North East coast contains more energy than all the North Sea gas ever landed.

Five-Quarter currently holds licenses for areas totalling 833 km<sup>2</sup> in the North and Irish seas, where the energy resource is approximately 10.4 billion tonnes of coal (or the equivalent of more than 50 billion barrels of oil), with underlying shale assets.

In terms of unconventional gas assets in the UK, the company believes it currently holds the leading position.

Five-Quarter plans to convert that coal into synthesis gas and combine it with additional gases from other strata to serve the UK's process industries with industrial gases at the right volume and the right cost – as well as offering complete carbon capture at all stages of its proprietary Deep Gas Winning process.

This development is of critical importance at a time when the US and Asia are developing competitive, advantaged feedstocks for their own manufacturing industries.

In autumn 2013, Five-Quarter

was named by the UK government's Treasury Department as one of 40 companies to have successfully reached the pre-qualification stage of the UK Infrastructure Guarantee Scheme, meaning that the government will act as a financial guarantor for our plans to build its full-scale plant.

This year will see the construction of a major project to demonstrate Five-Quarter's technologies in a near-shore application.

At the same time and in parallel with that, work continues on the development of a contractual and financing framework for a full-scale commercial facility, based on that technology.

## Powering the lives of people in the region

NORTHERN Powergrid plays a crucial role powering people's lives in northern England, delivering electricity to 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire.

The company distributes electricity safely and reliably over 10,000 square miles of varying terrain through 58,000 miles of overhead and underground power lines.

In 2013, Northern Powergrid beat the record-breaking performance of the previous year by investing more than ever before in the power network spending £379m and is on target to close its biggest-ever investment programme in 2015, totalling £1.6bn over a five-year period.

This investment in infrastructure

and services, together with the company's commitment to new talent through a large-scale apprenticeship scheme, makes it a major contributor to the regional economy.

The company says its customers are at the heart of everything it does. The Priority Service Register and the partnership with the British Red Cross ensure that people for whom the loss of electricity has the greatest personal impact are looked after should they experience a long duration power cut.

Northern Powergrid has a strong track-record in innovation, leading the largest smart grid research partnership in the UK.

The Customer-led Network Revolution project is already influencing network design and

the approach to embedding low carbon technologies. In 2013, it completed the recruitment of more than 12,000 electricity customers to help generate knowledge that will help reduce their energy costs and carbon emissions, as well as commissioning leading-edge network management and electricity storage equipment into live use on the Northern Powergrid network.

As one of the industry's leading safety performers, the Royal Society for the Prevention of Accidents recently honoured Northern Powergrid, together with subsidiary company Integrated Utility Services, with gold awards.

A President's Award was also presented for outstanding health and safety performance over a sustained period.



► Northern Powergrid engineers on site

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# Save energy. Pay for talent not overhead.



In the same way that companies have had to streamline their businesses to stay competitive, Square One Law has created a lower cost base, stripped out rigid corporate structure and invested in new client based technologies – the result is a leaner, more agile model.

Call James Bryce, head of our energy team on 0843 224 7900  
www.squareonelaw.com

If you need to generate returns that could make a difference, talk to us

We focus our energy on helping to grow and protect your wealth. Find out why clients throughout the North East have trusted us to help make the most of their resources for generations.

Call John Duns at our Newcastle office on 0191 230 7158 to arrange a no-obligation conversation.  
E. [newcastle.office@brewin.co.uk](mailto:newcastle.office@brewin.co.uk)

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## What the future holds

LAST week the Department of Energy and Climate Change (DECC) pledged to support two new biomass sites in the North East, saying: "These are the first wave of our reforms, designed to stimulate investment in low carbon energy."

This is part of the Government's stated policy aim of supporting the energy mix – with low carbon and renewable power operating alongside nuclear, gas and carbon capture.

The recent announcement is fantastic news for the region. We have a world-class reputation within the oil and gas industry, but need to ensure that we maximise our ability to benefit from investments into low carbon and renewable developments. Biomass is really taking hold as an onsite generation option. Investors understand it and the region's deepwater ports and logistics infrastructure are ideal for the import of fuels.

Other opportunities include wind power and it is high on investors' wish lists. Offshore, developments like the 9,000sq km Dogger Bank site present opportunities for the supply chain.

Onshore wind looks likely to be a challenging environment – future policy suggests the removal of subsidies and devolution of planning decisions to a local level.

However, it remains one of the cheapest forms of renewable energy, and with 13.8GW of onshore generation already built, under construction or in planning, it cannot be ignored. There



> Square One Law's energy team represents many energy-focused clients including Able UK, Shepherd Group, Chirton Engineering and Utilitywise, as well as numerous offshore supply chain firms, renewable businesses and energy-related technology developers

has also been growing interest in solar energy projects. This is fuelled by the attractive FIT and CfD regimes and by recent improvements in technology and cost efficiencies.

It is a good time for solar developers as the evolution of these renewable projects has brought them in line with the developer model, which makes them easier to finance and very attractive to investors looking to build a subsidy-backed portfolio of energy assets. Both ground based and roof based schemes will continue to attract investment.

James Bryce, head of the energy team at Square One Law

## Powering the energy debate

RARELY a day goes by without the energy debate making news headlines. And from a regional point of view, the North East has a lot to contribute to that debate. We are fortunate to live in a resource rich area – coals and Newcastle is a connection made across the world, but now the region is leading the way in the oil and gas sector and the development of many renewable technologies.

The North East has been widely recognised as one of the leading centres in the world for developing new energy technologies, particularly offshore wind. At Blyth, we have the National Renewable Energy Centre (Narec), one of the UK's leading technology players in the developing offshore energy sector. Here, Narec has invested more than £150m to create the UK's national research centre for accelerating the deployment of offshore renewable energy technologies – operating some of Europe's largest translational research facilities, developing and testing offshore, wind, wave, tidal and electrical network technologies.

And let's not forget the meaningful boost to national coffers that existing energy brings. The North East has long since played a leading role in the oil and gas sector. More than 40,000 skilled individuals are employed here in the supply chain for energy intensive industries, helping to generate over £10bn in sales for the UK economy.



> Gary Fawcett, of Brewin Dolphin

More than 70% of oil and gas platforms operating in the North Sea were built by skilled workers in the region.

New and renewable energy technology is an opportunity second to none for manufacturing industries in the North East. The region's universities and colleges must be applauded for embracing the need to drive education and skills development, research and innovation, to meet the needs of the development of these technologies and attract new investment to the region.

To continue to anchor investment from the energy sector, the North East has to gain advantage by talking about what it is doing well. As a wealth management firm with a large base in the North East, Brewin Dolphin is therefore proud to support the Energy Debate and help to facilitate an opportunity for the region's leaders to power that discussion.

Gary Fawcett  
Brewin Dolphin divisional director

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