

Aviation Investment Fund Company

Supporting the development of solutions to
aviation stakeholder objections
on renewable energy projects

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Vice Chair, Fund Management Board

Aviation Investment Fund Company Ltd

- The background to the establishment of the fund
- How the fund relates to the Aviation Plan and the Aviation Management Board
- Current activities and aspirations of the fund for the future

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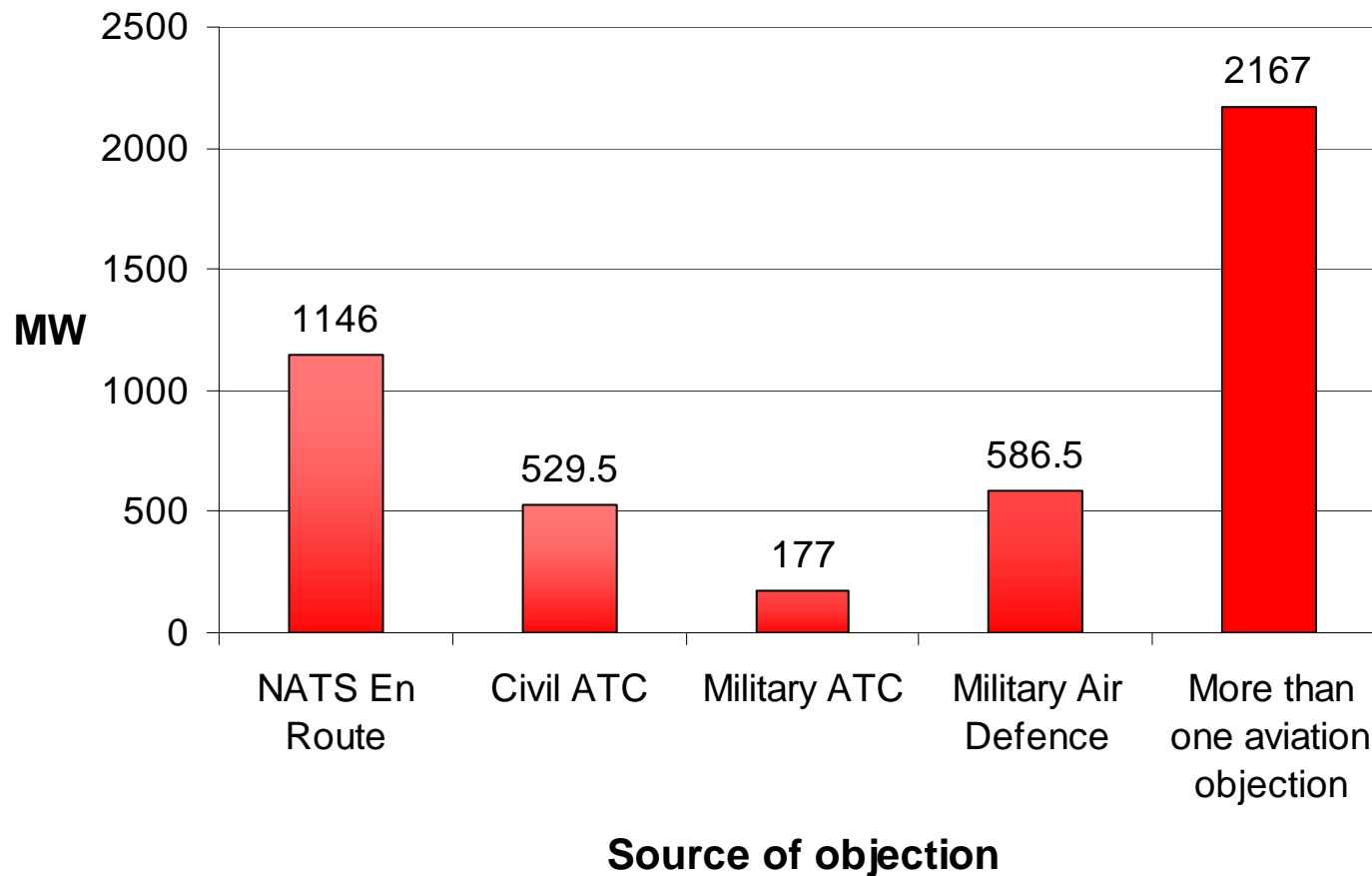
1. The background to the establishment of the Fund

THREE GOVERNMENT POLICIES WITH POTENTIAL FOR CONFLICT

- Renewable energy strategy (DECC)
- National security policy (MoD)
- Aviation white paper (DfT)

Why the concern?

Aviation objections on 4.6 GW of wind energy projects



AVIATION PLAN VISION

There is no universal solution to mitigating the effects of wind turbines on radar. Therefore,

the vision
is to establish
a suite of workable mitigation solutions
endorsed by aviation stakeholders

which offer the opportunity for constructive dialogue between wind farm developers and aviation stakeholders to identify, develop and implement mitigation measures that reduce the impacts of wind turbines on radar.

AVIATION PLAN OBJECTIVES

- Remove barriers to the deployment of renewable energy
- Reduce objections to wind farm proposals arising from civil and military aviation organisations, in particular;
 - Airports (air traffic control)
 - Ministry of Defence (air defence and air traffic control)
 - NATS (en route)
 - Civil Aviation Authority
- In order to deliver the renewable energy targets
 - For 2010
 - Onshore
 - Round 2 offshore
 - For 2020
 - Onshore
 - Round 2 offshore
 - Round 3 offshore

MoU (June 2008)

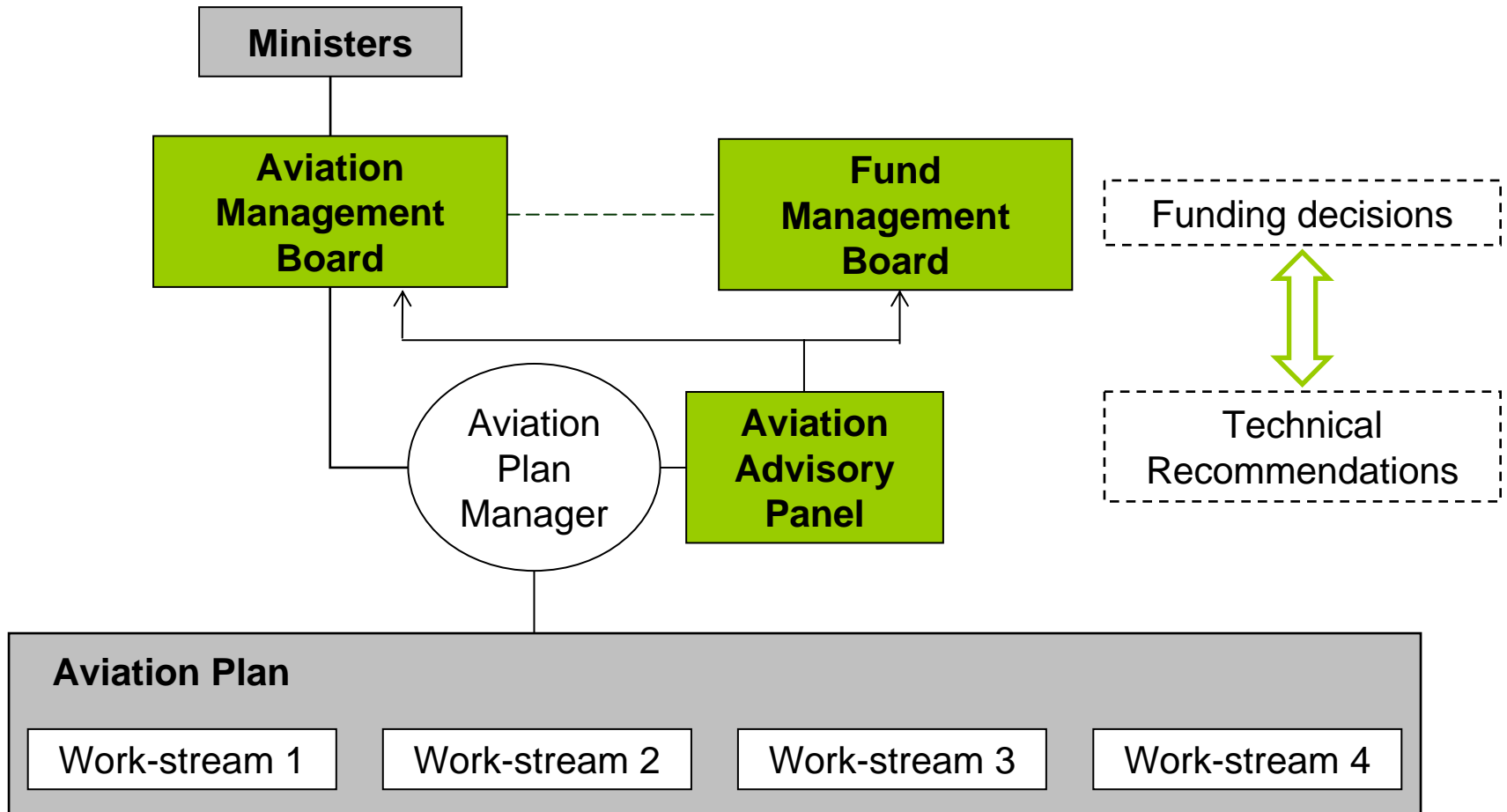
- 6 signatories - committed to fully implement the Aviation Plan
- Actions included:
 - BERR to establish a new senior-level Aviation Management Board (AMB)
 - BWEA to lead on establishment of a Fund and a FMB

“Financial contributions to the Fund will initially be sought from wind farm development companies. When possible and where appropriate, Government will aim to contribute to the Fund.”

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2. How the fund relates to the Aviation Plan and the Aviation Management Board

Aviation governance: Ensuring coherence and delivery of Aviation Plan activities



Setting up the Fund Company: Industry commitment under the MOU

- Aviation Investment Fund Company Ltd established in March 2009
- 14 companies initially subscribed
- Total of £3.2 million
- 3 additional companies committed to invest (May 2009)

- Fund Management Board is the elected Board of the AIFCL
- 9 Board members, plus BWEA as permanent Board member

- Potential to recover (part of) investment through IP / royalties / construction and operation of renewable generation

Setting up the Fund Company:

Contributing organisations:

- Airtricity / SSE
- Banks Developments
- E.ON Climate & Renewables
- EDF Energy Renewables
- Ecotricity
- Falck Renewables
- Novera Energy Plc
- RES UK & Ireland
- RWE Npower Renewables
- ScottishPower Renewables
- Vattenfall
- West Coast Energy
- Wind Prospect
- Your Energy

+ YOUR ORGANISATION NAME !

Robust business cases: Unlocking MW of wind development

- What is the technology?
- Who are the alternative technology providers being considered?
- What has been the applied tendering process?
- What is the total funding required, estimated implementation costs?
- How are the funding requirements profiled?
- What are the key milestones and contract break points?
- What are the deliverables of the contract?
- How many MW are anticipated to be released as a result of implementation?
- What is the draft Heads of Terms for the contract?

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3. Current activities and aspirations of the fund for the future

Fund Management Board decisions:

Limited funding available; need to prioritise investment

- Three principle categories anticipated over time:
 - NATS (En Route)
 - MoD (Air Defence)
 - Airports (Air Traffic Control)
- Business cases presented:
 - Raytheon proposal
 - Funding of CAA position
- Financial support will be available for Raytheon proposal:
 - 50% of available funds for investment into Raytheon
 - Need to reserve additional funds for addressing other aviation issues
- Crown Estate
 - Potential for parallel funding directed towards En Route

Summary

- Additional contributions from the wind industry will be necessary
- The medium term commitment for developing solutions will be a multi-million pound programme (estimate £10m); but
- The wind industry cannot fund this alone;
- If we are serious about overcoming the aviation issues, it will require significant investment from both Industry and Government.