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Iceland demands fixed price to give UK volcano power



Jack Torrance 23 June 2018 • 6:06pm

Iceland's finance minister has called on the UK Government to offer a fixed energy price to enable plans for an undersea electricity cable between the two countries to move ahead.

Talks over a 1,000km (620 mile) long, 1,000mw cable have been on the cards for decades but Bjarni Benediktsson said the project would need to “pass a lot of hurdles”, including environmental and planning concerns, before being approved. The project would use the power generated by Icelandic volcanoes to fuel British households. He added: “When you look at a project like the cable you will always have to look very long-term.

“If the UK Government could give a firm answer on a fixed price for the lifetime of the cable, that would certainly make things easier to find out for Iceland if it would be worthwhile.”

The cable would give Iceland the opportunity to export its abundance of 100pc renewable energy and allow Britain and the rest of Europe to reduce their dependence on fossil fuels. But there are concerns it could also push up prices for Iceland’s residents.

Atlantic SuperConnection, which is backed by Edmund Truell, the City financier, has already spent £10m looking at the feasibility of the project and plans to open a cable-producing factory in the north east with 500 jobs if it gets the green light. In 2016 Hordur Arnarson, who runs Iceland’s national energy company Landsvirkjun, warned that the cable was likely to be delayed by Brexit negotiations.

Iceland is one of the few countries in the world to derive all of its electricity from renewables. Landsvirkjun’s Auður Nanna Baldvinsdottir said: “Every once in a while, talk of the cable comes up again and again.

“We keep the conversation alive but we need that price differential between the UK and Iceland and right now it’s not quite there.”