# NEW PLAN: A WIN-WIN FOR ICELAND, THE UK, AND THE NETHERLANDS

*Dr. Hazel Henderson, President, Ethical Markets Media, and Vice Chair, Climate Prosperity Alliance*

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Icelanders, on March 6, 2010, rejected by 90% the referendum on paying $5.3 billion (45% of national output in 2009) of odious debt incurred by their privatized bank Icesave. This opens the way for a plan proposed by Dutch businessman/philanthropist Gijs Graafland's Planck Foundation. This ingenious, well-researched Energy for Debt plan invites private and public investors to develop Iceland's boundless geothermal energy and send its electricity to Britain and the Netherlands via a high-voltage DC transmission line.

Dr. Graafland, an IT entrepreneur, energy and financial expert, points out that Iceland, situated between two of Earth's tectonic plates, has unlimited geothermal energy from the planet's core near the surface – rather than miles deeper as elsewhere. "Iceland can become the Saudi Arabia of the North in geothermal energy", says Graafland. Few technical barriers exist to developing Iceland's geothermal resources, and many similar high-voltage transmission lines are already operating in Europe, China, Brazil, Japan, and many more are under construction. The main suppliers are ABB and Siemens, and more are due to come on line this year and in 2011 through 2013. The newer lines carry renewable energy: wind in Europe, new lines for solar in the USA. Such super-grids are planned by the DESERTEC-DII consortium of 12 European companies, including ABB, ABENGOA Solar, Munich Re and Deutsche Bank, to construct solar electricity facilities in North African countries and transmission lines under the Mediterranean to meet some 15% of EU consumption. Another group of ten European companies, including Areva, Siemens, Hochtief and Prysinian, announced on March 7 their plan to invest £30.5 billion for a super-grid across the North Sea for distributing wind-powered electricity.

The most innovative factor in the Planck Foundation geothermal Energy for Debt plan is that it would repay investors in assured supplies of electricity rather than in volatile or inflating currencies. This new KWH (kilowatt hour) currency will be sounder than any government issued fiat currency. Indeed, we now witness central banks bailing out their bloated, corrupt financial sectors, with zero interest funds, purchasing toxic assets and, lately, by "quantitative easing" – a polite term for printing money.

Icelanders rejected the unfairness of bailing out private banks and foolish British and Dutch savers tempted by unrealistically high interest rates. The punitive repayment deal offered by their governments would have forced Iceland's 350,000 citizens to each pay $135 per month for the next 8 years. The collapse brought on by Iceland's foolish private banks has caused a deep recession and 9% unemployment. With the Planck Foundation's Energy for Debt program, Iceland could not only restore its economy, but repay the British and Dutch in full, possibly over a shorter timeframe and in the new inflation-proof electricity "currency" that would be better and more useful than gold.

As I researched this innovative plan and corresponded with Gijs Graafland and John Laporte, I was amazed at how many high-level government and business officials are interested. They include British members of Parliament from Conservative, Labor and Liberal-Democrat parties and the House of Lords; central bankers from several EU and other major countries; business leaders in the USA and China; philanthropists, investors and members of the Club of Rome who fostered the DESERTEC-DII solar energy consortium.

Now that the defeated referendum has given a clear signal, it seems likely that Iceland's President Olafur Ragnar Grimsson and Prime Minister Johanna Sigurdardottir, both of whom are familiar with the Energy for Debt plan, might be ready to endorse it. This would set the stage for companies such as ABB, Siemens and other big players to adopt the feasibility studies already performed. Such a plan could also provide a significant source of clean, renewable electricity for all EU countries and reduce their dependence on coal, oil and gas.

Thus, EU governments can provide the guarantees that would enable pension funds to invest, since such long-term investments are ideal for their beneficiaries. Pension funds of the Institutional Investors Group on Climate Change, representing some $17 trillion of assets, has committed to increasing their "green" investments and supports a strong post-Kyoto climate agreement. The Climate Bonds Initiative has designed many kinds of bonds for renewable energy and water projects.

Major financial media are also aware of the Energy for Debt plan but are waiting for the various players to coalesce and get the go-ahead from Iceland's leaders. This plan may well trigger a new "energy rush" since many energy investors are interested in green, renewable energy investments, but are leery of speculators and corrupt financial markets.

There are very few "plays" left within the old money circuits as the search for new profits and "asset classes" extends to buying up oil and commodities and the Earth's renewable resources: forests and land in Africa. We see how even sovereign bonds of many countries are now attacked by speculators who also account for most of the $3 trillion of currencies traded every day. Over-leveraged hedge funds, dark pools, flash trading, naked short-selling, credit default swaps and derivatives are still un-regulated and leave most investors appalled. Many investors are bypassing Wall Street and other "too big" banks and financial firms – moving their money to local banks, non-profit credit unions and money-free electronic trading platforms.

The influential US market newsletter Energy and Capital March 5th headline "Why Energy is the Only Real Currency" advised investors of all the hazards in unreformed, still-unregulated markets. The right engineering companies, pension funds and other green institutional investors such as the UN Principles of Responsible Investing's member funds totaling $19 trillion can take lead positions in the Energy for Debt investment. Together with British and Dutch government guarantees and a go-ahead from Iceland's leaders, the Planck Energy for Debt plan can provide a creative model and a beacon for the UN's Global Green New Deal. Iceland and Europe can now look forward to a clean, homegrown energy future.