

Environment and Sustainability Committee

EPP 317 – Business, Enterprise, Technology and Science Energy & Environment Sector Team (BETS)

The Energy and Environment Sector, defined within ‘Economic Renewal: a New Direction’ as being one of six key sectors of importance to Wales, experienced the highest growth of any sector in Wales between 2005–2008. Apart from its importance to the economy in terms of creating jobs and contributing to GDP, the sector also plays a vital enabling role to other industrial sectors, and is being given increasing importance at a national and European level through concerns regarding climate change, energy supply and energy security.

Our Sector approach is built around the premise that placing Wales at the forefront of the transition to a low carbon low waste economy will present Welsh companies with the opportunity to gain competitive advantage and benefit from growing indigenous and international markets. To this end the Energy and Environment Sector team, under the direction of its private sector panel, is constructing a programme of actions to exploit the economic opportunities associated with the following sectors:

- New enterprise (this includes smart grid, micro-generation and electrification of transport);
- Renewable energy;
- Environmental goods and services;
- Energy Intensive Users;
- Large generation and decarbonisation.

The Energy & Environment Sector Panel has identified ‘Money, Grid and Consent’ as the three primary enablers for attracting and developing energy projects in Wales – therefore planning and associated regulatory frameworks are absolutely key.

To put the sector into perspective, Gwynt y Mor is one of the largest off shore wind farms under construction in the world with an installed capacity of 576 megawatts. It is a £2 billion investment that will bring £20 million directly to the local communities of the North Wales coast over the lifetime of the project in addition to £2.2million of local contracts during construction, plus sustainable employment during operation. Wylfa nuclear new build would be a bigger investment for the UK than the 2012 Olympics.

The reason that Wales is able to attract such notable renewable energy projects is that we have abundant natural resources giving the country the potential to develop a reputation for excellence in low carbon energy. However, the Panel has clearly articulated that the present

system, and particularly the way that it is administered, projects the view that Wales is a difficult place to do business resulting in the country losing out on the location of major energy investments and demonstrator projects to other regions, and in particular Scotland.

The Panel's primary concern is to create a simplified and streamlined process of regulation and consents that delivers a speedy response, be that 'yes' or 'no'. In order to attract investment into Wales which creates long term, sustainable employment and wealth generation, administration of this system must deliver consistent decisions, accountability of decision makers, be based on a long term and stable policy to provide a level of certainty for business and help mitigate risk for investors. The form that this takes, ie, whether power resides in Wales or at UK level, is of secondary importance. This attitude also extends to the question of establishing a single environmental body. But in both cases the Panel strongly advises that industry advice and consultation should be central, and that there should be business representation on the Single Environmental Body project board.

The Panel believes there is a vital need for senior and high level coordination and collaboration on large infrastructure in support of the sector. It recommends the establishment of a high level enabling group between WG and industry to deal with infrastructure and regulation issues, and has discussed the possible need for a Welsh Renewables Advisory Board, citing the success of the SRF in Scotland.

The approach that is being taken to progress 'Energy Island' has been praised by the Sector Panel because it seeks to bring together the policy issues, the consent issues, and the local issues in order to try to address them holistically and jointly with local planning authorities and central authorities, looking at the whole lifecycle of the project.

The designation of Enterprise Zones, and in particular sector specific EZ, has been identified by Panel as potentially providing a boost for priority sectors, particularly if associated with streamlined planning processes and financial interventions. Such an initiative, if it is fleshed out with tangible benefits to business, would send out a positive message that Wales is 'open for business', and could attract additional funding such as through involvement in Technology Strategy Board's Technology Innovation Centres.

Specific recommendations:

TARGETS

- Recommend to the WG that targets contained in Planning Policy Wales are adopted as firm binding targets that will form material considerations when determining planning applications for renewable energy projects.
- Capacity targets for onshore wind both within and outside the SSA's should be confirmed.
- The targets should be amended to reflect the fact that the Severn Barrage is aspirational and will not contribute towards these targets within the plan period.
- The WG should increase the targets for renewable energy for 2022 and adopt a target for 2030
- The WG should appoint an individual at Ministerial level who is responsible for delivering the binding targets. The individual should report on progress made towards achieving the binding targets on an annual basis and where there is a shortfall recommend measures to bridge the shortfall.

PRIMACY IN DECISION MAKING

- There should be a presumption in favour of community based schemes (schemes with at least 5% community ownership) with an installed capacity up to 25 MW outside TAN 8 SSA's.
- The Economic benefit accruing from all energy developments should be given more weight as a material consideration in the planning process.
- PV development on roof space above commercial properties should be given deemed consent
- Local planning authorities should produce positive policies in their Local Development Plans which have a presumption in favour of low carbon development that makes a contribution towards Welsh Government targets. Where LDPs have already been produced, the local planning authorities should produce Interim Planning Guidance to demonstrate the role that will be taken to ensure that national targets are met.

PROCESS

- Statutory and non-statutory consultees should be required to provide comprehensive, consistent and timely responses to consultations on planning applications for energy projects (2 months). This includes CCW, The Environment Agency, the relevant Highways Authority and all Highway Agencies.
- In order to bridge the gap between WG planning and energy policy and the policies of local planning authorities, it is proposed that regional planning be used to help aid delivery of low carbon development. The revision to the Wales Spatial Plan could be a useful starting point for this exercise.

INFRASTRUCTURE

- The WG should establish a firm policy in relation to the Electrical Grid infrastructure required for the development of low carbon

technologies, including offshore wind, onshore wind in mid and north Wales TAN 8 areas and Wylfa B. This policy should be derived within a 12 month period and include consultations with key stakeholders.

STAKEHOLDER ENGAGEMENT

- Channel the views of business in respect of Welsh and UK policy development including the proposed merger of CCW, EAW and FCW and discussions regarding the further devolution of power for consents >50MW.
- Facilitate availability of better information about the regulatory process and push for better public understanding (and quality of debate) of the issues.

The E&E Sector Panel Chair, Kevin McCullough would like to take the opportunity to present oral evidence to the E&S Committee.