



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 25 Ebrill 2013
Thursday, 25 April 2013

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Yn y golofn chwith, cofnodwyd y trafodion yn yr iaith y llefarwyd hwy ynndi. Yn y golofn dde, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

In the left-hand column, the proceedings are recorded in the language in which they were spoken. The right-hand column contains a transcription of the simultaneous interpretation.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoni	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol **Others in attendance**

Chris Blake	Ynni Cymunedol Cymru Community Energy Wales
Eifion Bowen	Pennaeth Cynllunio, Cyngor Sir Gaerfyrddin Head of Planning, Carmarthenshire County Council
Michael Butterfield	Ynni Cymunedol Cymru Community Energy Wales
David Jones	Prif Gynlluniwr—Cydsyniadau Datblygu, Hyder Consulting Principal Planner—Development Consents, Hyder Consulting
Jane Lee	Swyddog Polisi, Ewrop ac Adfywio, Cymdeithas Llywodraeth Leol Cymru Policy Officer, Europe and Regeneration, Welsh Local Government Association
Richard Rees	Ynni Dŵr Gogledd Cymru North Wales Hydro Power
Llywelyn Rhys	Dirprwy Gyfarwyddwr, RenewableUK Cymru Deputy Director, RenewableUK Cymru

Steve Salt	West Coast Energy
Michael Schuetz	Cyfarwyddiaeth Gyffredinol dros Ynni, y Comisiwn Ewropeaidd Directorate-General Energy, European Commission
Alan Southerby	Pennaeth Rheolaeth Datblygu, Cyngor Sir Powys Head of Development Management, Powys County Council
Carina Vopel	Cyfarwyddiaeth Gyffredinol dros yr Amgylchedd, y Comisiwn Ewropeaidd Directorate-General for the Environment, European Commission
Katy Woodington	RWE nPower Renewables

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Graham Winter	Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 9.36 a.m.
The meeting began at 9.36 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Yr Arglwydd Elis-Thomas:** Bore da. Croeso i gyfarfod arall o'r Pwyllgor Amgylchedd a Chynaliadwyedd. Heddiw, rydym yn edrych unwaith eto ar yr adroddiad a gyhoeddwyd gennym ar ynni a chynllunio, ar ymateb y Llywodraeth, ac ar ble yr ydym ni arni ar hyn o bryd o ran gweithredu'r adroddiad, a chraffu ar y Llywodraeth o safbwynt polisi ynni. Rydym yn ystyried ei bod yn rhan bwysig o waith y pwyllgor hwn i graffu yn barhaus—ac nid dim ond unwaith, fel petai—fel ein bod yn gweld yn union sut y mae polisi'r Llywodraeth yn datblygu, gobeithio.

Lord Elis-Thomas: Good morning. Welcome to another meeting of the Environment and Sustainability Committee. Today, we are once again looking at the report that we published on energy and planning, at the Government's response, and at where we stand at present in terms of implementing the report, and scrutinising the Government on energy policy. We see it as an important part of the committee's role to continuously scrutinise—and not just once, as it were—so that we can see exactly how the Government's policy is developing, hopefully.

[2] Rydym wedi derbyn ymddiheuriadau oddi wrth Julie James, ac mae David Rees a Keith Davies wedi darganfod porfeydd mwy gwelltog ymhlith y pwyllgorau.

We have received apologies from Julie James, and David Rees and Keith Davies have found greener pastures among the committees.

[3] **Vaughan Gething:** This is the greenest of pastures. [*Laughter.*]

[4] **Lord Elis-Thomas:** I was looking for a suitable environmental metaphor, and that is what I ended up with. [*Laughter.*]

[5] Mae David Rees a Keith Davies wedi David Rees and Keith Davies have moved
symud ymlaen, felly. Mae'n bleser gennyf on, then. It is my pleasure to welcome Joyce
groesawu Joyce Watson a Julie Morgan, sy'n Watson and Julie Morgan, who join this
ymuno â'r pwyllgor hwn. committee.

9.37 a.m.

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl
Adroddiad—Tystiolaeth gan Gwmnïau Ynni
Inquiry into Energy Policy and Planning in Wales: Report follow-up—Evidence
from Energy Companies**

[6] **Yr Arglwydd Elis-Thomas:** I welcome our
Croesawaf ein tystion. Mae'n dda gennyf witnesses. I am pleased to say that we are
ddweud bod Steve Salt gyda ni, o West Coast joined by Steve Salt from West Coast
Energy—cwmni sy'n adnabyddus i'r Energy—a company that is well known to
pwyllgor hwn—a hefyd Richard Rees o this committee—as well as Richard Rees
gwmni Ynni Dŵr Gogledd Cymru. from North Wales Hydro Power.

[7] Steve and Richard, would you like to give us a short summary, and we will then go on to questions?

[8] **Mr Rees:** A summary about the company?

[9] **Lord Elis-Thomas:** A summary of where you think we are, and what position we are at now.

[10] **Mr Rees:** The last time that I was here, I think that there were two points that we were trying to resolve. The first point was allowing planning applications to be determined at the same time as Environment Agency consent. I am pleased to say that that was solved straight away, so that was good. The second, larger point was on flow splitting, and, effectively, there has been no change on what was recommended. However, there has been a sort of movement—or there is potential for movement. The Environment Agency—Natural Resources Wales now—has not moved at all. However, in England, before the separation took place, the Environment Agency started a consultation on flows. The results of that consultation are being made available to Natural Resources Wales. So, we need to ensure that it takes this opportunity to do something with the information that is being provided to it.

[11] There are four options in the consultation. The first one was to adopt the same approach as in Scotland, which is favoured by industry. The second option is to, effectively, stay as we are in Wales. The third and fourth options are to adopt the same approach as is used for consumptive abstraction by the likes of Welsh Water, which is a total joke really, because we are not even taking the water permanently. So, the only realistic conclusions are option 1 or option 2. As you are aware, we are very against option 2 as it is, because it is not viable for hydro in Wales. Therefore, we are pushing option 1, and the industry very much supports option 1. Essentially, we would like your support to ensure that option 1 is selected because that gives hydro in Wales a realistic chance of success in the future.

[12] As a fact, since 1995, in England, 292 hydro schemes have been consented. Of those, 94.5% have been consented without a flow-spilt provision. So, if you were in England, you might ask what the reason for the consultation is in the first place, because it is clear that there is no evidence against the current regime of 100% take if it has been going along quite happily for all this time. In Wales, that gives us a very strong point to build upon, because why should we not be doing the same as them if they have clearly been doing it for so long

without any proven impact.

[13] Moving on from that, there is degeneration due in the feed-in tariff at the end of this year. So, we need to have all our consents in place and pay for grid connections by 31 December this year in order to lock in at the current rate. The British Hydropower Association has contacted all its members, and what we believe will happen is that the feed-in tariff rate for hydro will come down 20% from 31 December. That is very significant for the industry. If option 2 is proceeded with in the future, then that is basically the end of the hydro industry in Wales. We cannot cope with a 20% reduction in the feed-in tariff and the flow splits; it will end everything.

[14] So, there are two things: we need to have option 1 for the future of the industry, and the second point is on the feed-in tariff. The industry in Wales has not developed at the same rates as it has in England and Scotland because of the flow splits. Therefore, we have effectively subsidised hydro development in England and Scotland—all the money has gone out of the national pot to other parts of the UK. Wales has missed out and will miss out. Schemes take so long to consent that the industry is far behind, and because there is no confidence in the sector. My other request, therefore, is: is it possible to do something about the hydro tariff in Wales? Can it be sustained for another year to give the industry an extra year's chance? If that is not possible, then would it be possible to sustain the hydro tariff across the UK as a whole? Otherwise, we will miss out and that will be across the board—not just the large companies like those who were here previously, but lots of farmers and people in the Brecon Beacons and the national parks—everywhere where schemes are deliverable by local people and local businesses will miss out for the next generation.

[15] **Lord Elis-Thomas:** You have given me more than a summary, but that is helpful because these are issues that we addressed in our report and much of this is now part of the responsibility of Natural Resources Wales. You will know that we have been very much involved in analysing and scrutinising the establishment of that organisation and its functioning. Both the chair and the chief executive have been to this committee twice and they will come again. We have a very close relationship with them, because it is now the main public body that is accountable to us, as well as to the Welsh Ministers, or one Minister in particular, and we are able to communicate regularly with them on all aspects. When we have considered what has been said today, we will communicate with them to make sure that they are aware of these issues. Would you like to make some comments, Steve?

9.45 a.m.

[16] **Mr Salt:** Yes, if I may; I will give just a brief overview because I know that the Assembly Members will want to ask questions. I wish to record the apologies of Gerry Jewson, who has been unavoidably detained in Mold. I am planning director for West Coast Energy, and our main business is onshore wind generation in the UK. As Members will know, we submitted evidence in September 2011, as well as oral evidence. We also gave you further evidence about some of the issues that we saw. We set out some of the problems that we saw in trying to do business in Wales and in trying to develop renewable energy resources. It was therefore very pleasing to note that the committee took on some of the views that we expressed in our evidence. If these recommendations are acted upon by the Government, that will, in time, deliver substantial renewable energy resources and a sustainable low-carbon economy. That is the key point; they need to be acted upon now.

[17] When we were here previously, we said that although we are a Welsh company employing approximately 150 people across the UK, with a significant number in Mold, north Wales, we were spending a lot of our investment money in Scotland. I think that that was to do with the open-for-business attitude of the Scottish Government. We still propose to do that, going forward in future years, because there is a need for renewable energy in Scotland,

and the Scottish Government—as you see daily in the press—deals with the issues and pronounces the importance of renewable energy to the economy. A small proportion of our investment was in Wales, but, having said that, having regard to the recommendations and having a regard to the responses from the Welsh Government, we feel sufficiently confident that there are some green shoots emerging, particularly from the First Minister, in terms of the transition report, the refocusing and the commitment made in the report last March. As a board, we took the decision to increase our investment in Wales. So, we are very pleased with that, Chair. We have a number of projects going forward, but we will now have to wait and see, because I believe that there is still a strong disconnect between the aspirations of the Welsh Government and of this committee, and some of the not so aspirational demands for renewable energy from local planning authorities.

[18] **Lord Elis-Thomas:** Thank you. I very much appreciate what you said about the influence that we try to have, as a committee, on Government policy and on the public debate in this area. You specifically referred to the ‘Energy Wales: A Low Carbon Transition’ document. The First Minister did speak on this matter in a Conservative debate yesterday on various aspects of energy. I think that that was a further positive contribution. However, I would like to follow up on one question before I open the discussion to the committee. Towards the end of your opening statement, Steve, you alluded to the issue of local government, implying—and I took it from what you said—that there was not sufficient positive response from the local planning authorities generally in this area. Would you like to say a little more about that before I open the discussion?

[19] **Mr Salt:** Yes. It is unfortunate that I have to say that. I appreciate that planning authorities, and particularly local councillors, are under pressure in relation to all sorts of developments that businesses want to carry out in local areas. With onshore wind in particular, there is what I believe to be a minority group of people in each local planning authority that do not want to see any such development. I think that we all understand that people do not want to see change, but having said that, the Welsh Government has a very strong commitment now to renewable energy. It has always had that commitment on paper, but it now seems to want to put the building blocks together to actually develop renewable energy resources and specifically onshore wind.

[20] We do however see the disconnect and tension in the various committee decisions made by local authorities, and in some of the policy documents being produced. With no disrespect to the administration in Anglesey council, there has just been a long debate about the supplementary planning guidance, which resulted in a member decision, effectively, to cancel any further onshore development in Anglesey because of a buffer zone policy that was put together at the last minute and that members decided to accept. It was not what the officers wanted, but the people who were anti-wind were vociferous and wanted that brought forward. That will have to be tested, of course, but that is just an example. The response of the officers at the Welsh Government about intervening in that process was disappointing. That is one example of local planning authorities not delivering renewable energy and wanting to inhibit it.

[21] I have another example in Powys, and someone from Powys will be here today to participate in this debate. Powys is also under pressure, because there are people in that area who do not want to see any further wind energy development. The renewable energy assessment that it has undertaken, through money available from the Welsh Government, was again disappointing. It is not an enabling document; it seems to be inhibiting development. It has no aspiration. Even though there is a potential capacity in that document for 4 GW of onshore wind in the general area, the aspiration is 0% by 2026. That seems to be a strong disconnect.

[22] So, we hope that the Government, in looking at some of your recommendations, will

act upon them, particularly some of the points raised by the Hyder report, which we found important. The Welsh Government seems to be hiding behind the need for changes in legislation via the planning Bill in 2016. That is a long way off. There is a lot in that report that can be implemented now without legislation, and I hope that you will take that on board.

[23] **Lord Elis-Thomas:** We agree with that. We will be the committee that will be scrutinising the planning Bill, so the Government will have no hiding place, I can promise you that. In the meantime, as you said, it is possible for some of these matters to be pursued without needing legislation. On Anglesey, I will respond only by saying that there is an election there a week today, so we had better until we see what outcome the return of democracy produces in Anglesey, which invites me to call on a member of Powys County Council, but not to speak in that capacity, of course.

[24] **William Powell:** Good morning, both. I want to drill down a little further on the hydro side rather than the other aspects, although we will return to those. During the Easter recess, it was my pleasure to visit the farm of Glasnant Morgan in the Brecon Beacons National Park, which very much shares the concerns that you have regarding the danger to the viability of microhydro, and not just microhydro, schemes. Mr Rees, can you give us a little more context as to what the drivers are for pursuing the options that you are seeking not to go forward, so that members of the committee can gain a better understanding of the issues in terms of further restrictions on abstraction?

[25] **Mr Rees:** Thank you for the question. Effectively, in Scotland and England, you can take 100% of the water above a certain level, in broad terms. It is not quite the same in Scotland, but it is more like England than Wales. In Wales, you can take only half at the same points. That means that schemes are working for a much smaller percentage of time in the year and that our revenues, compared with those of England and Scotland, will be 20% to 30% lower for every site. That revenue on top is 20% to 30% less money that would be profit for us, because it is all top-slice and our costs are the same for construction, operation and everything else, no matter what happens to the scheme. So, we are effectively losing over double that in profit each year. If we had that extra money, our profit would go up by 60% or whatever. That then has a big impact on whether schemes are viable. How we overcome that is to effectively downsize schemes. That means that, if we are only allowed to use half of the water, and we opt to take half the total amount of water from the river that we would be allowed—half the amount that is, on average, in the river—then that amount should be in the river twice as regularly, because we are only taking half the amount. Taking half as much and being able to take half cancel each other out. That means that we can make a scheme viable by making it a lot smaller than it could be. That is a total waste of resources. If the feed-in tariff comes down 20% as well, that means that we are then at a level that makes it unsustainable even to do that, and it is just morally wrong to be wasting resources for no real reason.

[26] **William Powell:** That is helpful. Would it be possible for you to give the committee a bit more of an understanding as to what body of stakeholders might be driving the other agenda? That is not necessarily something that we would all have a good understanding of.

[27] **Mr Rees:** Who is trying to stop option 1?

[28] **William Powell:** Indeed.

[29] **Mr Rees:** I suppose in the consultation took place in England, the main lobbying body would be the anglers. Although that evidence will be taken on board by Natural Resources Wales, I would not say that it was really as relevant to Wales, because in England the rivers are much bigger and much more widely used for fishing. In Wales, the schemes that we are looking at are high-head schemes where there are not any fish anyway. That is why we

select to work in those streams. The only people who are really against it are the anglers, and, yes, all sites have to be specifically looked at, and evidence taken on those schemes, and where there are reaches of river that need protecting for fisheries reasons, they need to be protected properly, as all depleted reaches need to be. However, where there are not any fish, there is no-one really saying 'no', apart from the Environment Agency, or Natural Resources Wales.

[30] **William Powell:** So, effectively, the advent of Natural Resources Wales presents us with an opportunity to have a custom-made solution for Wales that is more appropriate to our circumstances.

[31] **Mr Rees:** Yes.

[32] **William Powell:** If possible, Chair, it would be good for us to schedule at the earliest possible time a session that could include this in our upcoming work programme.

[33] **Mr Rees:** It is a real opportunity for Wales to say that we are open to hydro. I was with Alun Davies yesterday, and he was really positive about what we should be doing. I hope that his enthusiasm and positivity is pushed through to make sure that we get the right result.

[34] **William Powell:** That is encouraging, thank you.

[35] **Lord Elis-Thomas:** Alun confirmed the good news that they are due here on 23 May, so they will have heard—I hope they are watching—and seen what you have said, and they will therefore know what we will want to ask.

[36] **Mick Antoniw:** I have two separate questions for both of you on two slightly different points. Part of the purpose of today's session is that we want to know what impact our recommendations may have had, what has actually changed, or what progress is being made. From what you seem to be saying in respect of hydro, the combination of the lack of any change in the water flow position and the tariff is effectively the death knell for small hydro investment within Wales.

[37] **Mr Rees:** Yes, if nothing changes between now and the end of the summer, that will be it.

[38] **Mick Antoniw:** When we discussed the differentiation between Wales and England and Scotland on the water flow, which you have just described very succinctly again, we did have a response. I was just wondering whether you could explain to me your understanding of the reasoning behind it, because when I read it, I have to say that I did not quite understand what it was saying, and what that reasoning was. Could you give your take on the Government's reasoning?

10.00 a.m.

[39] **Mr Rees:** There are certain elements in a water course that rightly need protecting against long, sustained periods of low flow, and Environment Agency Wales has been adopting a precautionary principle, because there is very little evidence available of the true impacts of long periods of low flow caused by hydropower.

[40] Going into more detail about what happens in Scotland, it has what is called a variable hands-off flow. In Wales, we have a constant hands-off flow and then variability above what we cannot take, which is what really damages the industry, whereas in Scotland, there is variability in the amount that you cannot take, which is done by having a v-notch. In

Wales, we have a rectangular notch, which affects the amount of water that can go through. In Scotland, it is v-shaped, and so, as the water level in the river goes up, the more water will go through the notch, which makes sense, as the river then gets more in the way of a natural proportion. If we could have that, it would eliminate the flat line—a flat line is where, immediately below the weir, you only allow the water that passes over the rectangular notch for a number of days in a row. If you have a v-notch, however, then the level of water going over the weir for the river changes, so you do not have a flat line, but a natural curve in the river that represents a proportion of the flow that would be in the river naturally. That is the same reasoning behind having a flow split in Wales: it is to change the curve. In Scotland, it is just less extreme.

[41] **Mick Antoniw:** Has there been any technical or scientific explanation for why that is not being considered as an option, bearing in mind the importance that you place on it?

[42] **Mr Rees:** The Environment Agency, or Natural Resources Wales, has produced no evidence whatsoever for why we need to keep a flow split policy in Wales.

[43] **Mick Antoniw:** I will go on to another question that is for Mr Salt in particular. The issue of local government planning is something that we discussed at some length, and a number of issues arose when we considered it originally. What I would really like to ask you is this: to what extent has there been any improvement in the backlog of applications, or in the approach to them? Issues that seemed to arise last time were to do with the resources, particularly the specialist resources, available to deal with these applications. There was an issue in respect of local democracy, in that there appeared to be reluctance to take decisions in the face of a lot of local opposition where there appeared to be conflict. Also, there appeared to be reluctance on the Welsh Government side to take the macro position by calling in applications that were part of a broader national energy policy. Has anything of any real consequence changed?

[44] **Mr Salt:** It is obviously early days for this new approach and the building blocks that are being put in place. So, if I am honest, it is probably too early to say whether anything has changed. I have already said that we are seeing barriers, in policy terms, being put up by local authorities to deal with some of the issues and concerns that local residents might have, as ill-conceived as they might be. So, it is very early days.

[45] On the natural resources agency, there is a gain and we are starting to see some improvements there, but I have to say that the consultation response timescales really do need to be monitored very closely. If this agency and the Environment Agency are not getting back to planning authorities within reasonable timescales, then planning authorities cannot and will not determine planning applications. So, that is very important.

[46] The building blocks, like the renewable energy delivery board, need to happen, and we do not know the timescale for that. If that involves—

[47] **Lord Elis-Thomas:** Well, it is alleged to be in an announcement this month, is it not? I do not know when.

[48] **Mr Salt:** Right. The First Minister is at the RenewableUK Cymru conference next week, and he may announce something there. We do not know.

[49] That is seen as crucial, from our perspective, as it is hoped that it will have politicians from all levels and people from all sides of the business to try to deliver renewable energy—and that is what the business is all about. That is what the Welsh Government has said it is going to do.

[50] We are looking at the margins, really; the 300 MW, which I am afraid the Welsh Government seems to see as a ceiling outside the SSAs and as the capacity that should not be exceeded. That is something that I would like to discuss if possible, but we may not have time to do so. With the consents that are there and operating sites, we probably have 150 MW to look at for the whole of Wales, which, if we think about turbines and the efficiency of turbines, if they were 2 MW turbines, would probably be 75 turbines. To me, that does not seem to be much of a target to go for to make investment decisions. So, we would like to ask the committee to ask the Welsh Government whether it could look at those targets once again. They run only until 2017. That is a few years away, and projects take a long time, even with the improved systems that we will hopefully have. There is not much in terms of developing relationships with communities and community investment. Not all communities will be receptive to partnerships, as we have talked about previously, and having benefits from windfarms, but there will be communities that want to do that. We are very passionate about working with communities.

[51] Just to say, Chair, that we will shortly be announcing an initiative on fuel poverty. We have already announced it for our Braint site on Anglesey. A percentage of the profits—up to 10%—from that windfarm will go to alleviate fuel poverty in the local area. That is an important initiative and we are working with National Energy Action Cymru to develop that across Wales.

[52] **Lord Elis-Thomas:** That is very positive. I now call Antoinette Sandbach, Joyce Watson, Llyr Huws Gruffydd and Russell George.

[53] **Antoinette Sandbach:** Richard, I was going to take you back to the Hyder report. There is a very useful table on pages 26 to 28. I do not know whether you have seen the report. I am very happy to pass it over to you.

[54] **Mr Rees:** That would be useful.

[55] **Antoinette Sandbach:** There seems to be a complete absence of hydro considerations in that report. Is that because of the phenomenon that you explained to us, that your hydro projects have to be pitched at a smaller size than you could otherwise install? In other words, in order to meet the flow-splitting requirements, you are putting in smaller projects that take a long time to pay back. When you talk about profit, what you are talking about is the payback period, because there is an upfront investment in the form of the cost of installing it. Therefore, if your returns are 20-30% lower, it will take 20-30% longer for anyone who is looking at that technology to get their money back. Have you had a chance to look at the Hyder report?

[56] **Mr Rees:** No, I had not seen it, but thank you for bringing it to my attention. My initial comment would be that, going back to what I said, it works most effectively—or works—in Snowdonia, because it is so wet and because the change of gradient happens so quickly. That means that we can keep our costs down. However, because there is so much rain, we are not affected as much by the flow split as many of the councils listed in the report would be. So, Conwy, which adjoins the national park, is a lot drier than Snowdonia. Even though they might be only 20 miles apart, there might be significantly less rain, but also the mountains are a lot smaller. That means that what we would do in Snowdonia would not work as well in the rest of Wales. That is why, in Conwy or many of the councils listed here, there is no hydro.

[57] **Antoinette Sandbach:** Is that because of the flow-splitting requirement?

[58] **Mr Rees:** Yes, it is purely because of flow splitting.

[59] **Antoinette Sandbach:** So, if the flow-splitting requirement was taken away, there would be opportunities across a far broader range of Wales and it would not just be limited to Snowdonia.

[60] **Mr Rees:** Yes. The worst schemes would be affected the most by a change in policy, because the worse the scheme is, the greater the percentage increase in income with option 1. In some places, if it is drier, the income could actually double by having option 1 rather than option 2.

[61] **Antoinette Sandbach:** I wondered whether I could perhaps go to Steve Salt. I know that Dafydd mentioned this—there was supposed to be a renewable energy delivery board, and you said that you are not aware of any progress being made to date. What difference do you think that would make, not just to onshore wind, but to other technologies?

[62] **Mr Salt:** I think that it will make a big difference, and I think that the Welsh Government is going to deliver on this, so I am not being too critical of timescales. A lot is probably happening behind the scenes. What it does is bring together all the participants in delivering renewable energy: industry, which has its own perspective on the problems; the Welsh Government; and local authority senior members. It will not just be a talking shop; it will be the industry, across all facets, talking about the problems that we have in a respectful manner, and being quite open about how we do this, and trying to get around that particular problem. It would be a way of just getting on with trying to find solutions to problems. We see it as an important building block.

[63] **Antoinette Sandbach:** I noticed another thing in the Hyder report—I appreciate that West Coast Energy's focus is on onshore wind—in terms of anaerobic digestion, there was only one application that was listed among the whole series. Anaerobic digestion is the technology that has been adopted across Europe as being safe, relatively unobtrusive in the countryside, and with huge potential in rural areas. I wondered whether West Coast Energy is looking at the potential for anaerobic digestion as part of its renewable energy approach.

[64] **Mr Salt:** If I am honest, the answer is maybe 'no' just at this present time. I will take that on board and have a chat with the board when I get back. We are looking at other renewable energy technologies—we are not just a windfarm company. That is where we have been, and that is where we have managed to develop from three people in 1996 to 150 people now. John Griffiths was at our offices; we would welcome you all to come along. You have been there.

[65] **Antoinette Sandbach:** I have, yes.

[66] **Mr Salt:** We are probably seen as a wind energy developer, but we have investment strategies to look at all sorts of renewable technologies—biomass and solar as well. With solar, the price differentials keep changing, so it is quite difficult when we invest into that. We will, going forward, look at other technologies. We have a commitment to that.

[67] **Mr Rees:** If I could add to that, from our point of view, although we are a hydro company, and it is in the name, we are actually quite heavily invested for our scale in wind, and we are also looking at AD. Hydro is what I like, and what I enjoy doing, but we cannot take the risk of staying in hydro purely, whereas for Steve it is probably easier to stay in wind, because of the scale and everything else. For us the risk is so high that we are invested in wind. I had my fingers burned once in Wales, so our investments in wind are now in Cornwall, and that speaks volumes. It is not just hydro. I was born on a farm in north Wales, and I still live there, I do not really want to travel around the rest of the country to invest the money that we have—and for the size of the company, we have a lot of money to spend—so it is really quite frustrating that we are not spending it 20 minutes away. On Friday nights, I

go down to Cornwall, and it is six hours in the car, to go and see the sights down there. It is quite frustrating.

[68] **Antoinette Sandbach:** Could you expand on your AD side?

10.15 a.m.

[69] **Mr Rees:** We are looking at what we can do on a farm scale. I looked at anaerobic digestion before I started doing hydro. It is a specialist area, in itself. The problem is that hydro specialists only have so much time, and the pace at which we can move and look at new things makes it difficult. However, AD is a good way forward for farms—probably more so on lowland farms. If it could grow to the scale of 100 kW to 200 kW that we are looking at in hydro, there would be many farmers who could roll out AD. I have been looking at it, and there are companies in Yorkshire doing similar things on AD to what we are doing with hydro in Wales. It is something that will grow and it should be supported as well.

[70] **Joyce Watson:** I am a representative of mid and west Wales who is not a Powys County Councillor. I put that on the table to save you from looking it up. I have questions for both of you; the first is for Steve. You talk about Wales being closed for business to wind, as opposed to Scotland, which is open for business. Can you expand on why you say that, and what the differences are? I am a frequent visitor to Scotland, because I have a lot of family there. My first thought is that it is scale and space that make the difference. I would like your comments on that.

[71] **Mr Salt:** If I said that Wales was closed for business, I did not mean that. Over the years, our perception is that there have been issues with trying to develop renewable energy for us as a business. We have had long lead times with our projects and we have had difficulties with planning authorities, but we have also been successful. We are developing a project in Powys called Tirgwynt. Powys County Council granted consent for that project and we are working closely with Powys to develop it. Cefn Croes was the first windfarm that we developed in mid Wales. It took a long time, but we developed it.

[72] However, our perception a few years ago was that the policy approach of the strategic search areas was something that was potentially going to cause us problems in terms of the cumulative effects issues and so on. I appreciate that Scotland is a bigger country, but it seemed that the First Minister in Scotland was always making pronouncements about the importance to the economy of diversifying to renewable energy. Many reports showed the benefits of renewable energy across the spectrum, not only onshore wind, but offshore wind and other technologies. So, we took decisions to try to develop projects up there and work with communities; working with communities is what we felt we were good at. Some of those projects have turned out good, but others have not been successful. That is the nature of our business. More recently, we have found that there seems to be an aspiration by the Welsh Government, which is—with greatest respect—saying the right things to enable us to invest in Wales over the next few years. We will have to wait and see. I do not know whether I have answered your question properly.

[73] **Joyce Watson:** I will not probe any further at this stage. My next question is to Richard, who said earlier—I wrote this down—that there was no evidence about the effect of the flows. This is where you talked about flows and the fact that you are held to account here. It is an important policy issue for you to invest in Wales. You have also talked about only being allowed 50% abstraction from rivers but being allowed maybe 90% plus in Scotland and England. I took that figure of ‘almost 100%’ as being ‘90% plus’.

[74] Moving on to talk about relying on rainfall, I would not do that if I were you. You said that there was no evidence being provided to you by the environment agencies that a high

level of abstraction might have an impact on what you would aspire to to get your investment back. I would like you to expand on that statement.

[75] **Mr Rees:** Could you repeat the last bit, please?

[76] **Joyce Watson:** You said that Environment Agency Wales— You have this limited abstraction—

[77] **Mr Rees:** I understand. If there was evidence why we could not take 90%, then in Scotland, they would not have their current approach, because that evidence would be available to them and, therefore, to the Environment Agency in England and Natural Resources Wales. So, the Scottish policy was adopted in 2010 and the Sniffer report, which looked at all the available evidence and different abstraction regimes in the whole of the UK, said that the approach that was started in Scotland in 2010 was based upon the best available evidence at the time. That was deemed acceptable in being fair to the environment and to hydro development. So, that was based on the best available evidence then, and there is no evidence available that says that that is not a suitable practice. If there was evidence available, they would not be doing it in Scotland.

[78] **Lord Elis-Thomas:** I do not think that we have that report among our papers in the committee, but we would certainly want to pursue it. If that is the only scientific evidence in the UK, presumably, the geology of some places in Scotland is not dissimilar to that of Snowdonia, or lowland Wales.

[79] **Mr Rees:** No. There is a lack of evidence. In 2001, there was an appeal against the flow split in Wales, which was on a very sensitive site. One of the conclusions of the inspector was that the Environment Agency should gather evidence on the impact of hydro schemes on bryophytes, which is one of the most sensitive factors to abstraction. The Environment Agency has not gathered the evidence, and that was 10-plus years ago. If it was that concerned about the impact, it should have got the evidence; if it had done that, it would not now be relying on the precautionary principle because there is no evidence. It should have gathered it and it has not. I think that that says quite a lot.

[80] **Llyr Huws Gruffydd:** Os cofiaf yn iawn, yn y ddogfen ymgynghorol ar y pedwar opsiwn, mae datganiad bod y pedwar opsiwn yn cynnig lefelau derbyniol o amddiffyniad amgylcheddol. Ni fyddent yn cynnwys yr opsiynau hynny oni bai eu bod yn hyderus eu bod yn hyfyw. I ddychwelyd at y pwynt ynglŷn â'r gymhariaeth rhwng nifer y datblygiadau yng Nghymru ac yn yr Alban, mewn trafodaeth gynharach ar hydro dywedoch wrthyf fod rhyw 24 o gynlluniau wedi cael caniatâd yn yr Alban o rhyw faint penodol yn y blynyddoedd diwethaf a dim ond dau yng Nghymru. I mi, mae hynny'n dweud y cyfan sydd angen ei ddweud, mewn gwirionedd, ynglŷn ag a yw Cymru ar agor i fusnes neu beidio. Rwyf am ofyn am farn y ddau ohonoch ynglŷn â'r cynigion sydd wedi'u rhoi gerbron gan y grŵp cynghori annibynol ar gynllunio a chan adroddiad Hyder, ynglŷn â Gweinidogion Cymru a'r arolygiaeth gynllunio yn gwneud

Llyr Huws Gruffydd: If I remember rightly, in the consultation document on the four options, there is a statement that the four options offer acceptable levels of environmental protection. They would not offer those four options unless they were confident that they were viable. Coming back to the point about the comparison between the number of developments in Wales and Scotland, I know that in an earlier discussion on hydro you told me that some 24 plans of a particular size have been permitted in Scotland during recent years and only two in Wales. To me, that says all that needs to be said, to be honest, about whether Wales is open for business or not. I want to ask both your opinions about the proposals that have been put forward by the independent advisory group on planning and by the Hyder report, regarding Welsh Ministers and the planning inspectorate making decisions on significant national infrastructure developments of up to

penderfyniadau ar ddatblygiadau seilwaith arwyddocaol cenedlaethol yng Nghymru hyd at 50 MW, ar dir ac ar ddatblygiadau cysylltiedig. Rwy'n tybio y byddech chi'n croesawu hynny.

50 MW in Wales on land, and in associated developments. I presume that you would welcome that.

[81] **Mr Salt:** I am hesitant here because, I think that I previously said that we feel confident enough to invest in Wales, and if we feel confident enough to invest in Wales, we should allow the Welsh Government to make a decision on those projects. So, we would support that approach. If the planning authorities decide that they do not support the section 36 projects—we would hope that the first stage would be that the projects would not have to go to the Planning Inspectorate and that the planning authorities would support them—it seems sensible that the Welsh Government should make the final decision, having had an independent review by the Planning Inspectorate. So, we would support it, most definitely.

[82] **Mr Rees:** I agree. We are on a small scale, so it is less applicable to us, but I agree with what Steve said.

[83] **Llyr Huws Gruffydd:** Ochr arall y ddadl honno yw bod perygl bod cymunedau a thirgolion lleol yn teimlo eu bod yn cael eu pellhau o'r penderfyniad ac nac ydynt yn fudd-ddeiliaid digon ystyrlon yn y broses. Felly, byddai posibilrwydd y byddai mwy o wrthwynebiad lleol achos nad oedd pobl leol yn teimlo eu bod wedi bod yn ddigon agos at y broses. A yw hynny'n ofid rydych yn ymwybodol ohono neu a ydych yn teimlo bod modd i ddod o gwmpas hynny, mewn rhyw ffordd neu'i gilydd?

Llyr Huws Gruffydd: The other side of that argument is that there is a risk that communities and local residents feel that they are being distanced from the decision and that they are not meaningful enough stakeholders in the process. Therefore, there would be a possibility that there would be more local opposition because local people did not feel that they had been close enough to the process. Is that a concern that you are aware of or do you feel that there is a way of getting around that, in some way or another?

[84] **Mr Salt:** No, local people and local councils are very well engaged in the section 36 process, because of the consultation arrangements—it is consultation with a large 'C'. We do not develop section 36 projects at the moment, so it may be that you will ask other people about that today, but planning authorities and local people are asked for their views on these projects. There is a detailed approach and it has to go to committee. So, they are engaged in the process and, even at the inquiry level, they can be engaged again by the Planning Inspectorate. I do not think that they are disenfranchised whatsoever. The independence of the Planning Inspectorate is beyond dispute, so we are satisfied that if it has prepared the report, it will have looked at the balance between need and the views of local concerns. The only risk is the Government itself, but it has to stand by its principles and start to consent to these projects or give its view finally, and if that view has to go to somewhere else, that is what we are probably going to get over the next few years. However, the Government needs to give its view on these projects.

[85] It is starting to do that in mid Wales, but I note that, in that context, the Government is saying that it is concerned about the megawatt ceilings. One of the SSAs has two projects that might slightly exceed the megawatts capacity that was put forward five or six years ago by Garrad Hassan and Partners, and that is totally different from what TAN 8 says. We should not be looking at just megawatts in the SSAs. Turbines have now changed in efficiency and scale, and I do not just mean height all the time. What I mean is that we were looking before at 1.5 MW turbines—Cefn Croes is 39 turbines of 1.5 MW. You can get a lot more output from turbines now, so what should be considered is the cumulative effects in terms of the appropriateness of relationships between projects, not the proliferation of megawatts. That is important, and we need to be aware of that.

[86] **Llyr Huws Gruffydd:** Mae gennyf un cwestiwn olaf. Soniodd Richard yn gynharach ynglŷn â'r pwysau amser o safbwynt mynd ar ôl y *tariffs* erbyn diwedd y flwyddyn ac awgrymoch efallai y byddai Llywodraeth Cymru eisiau ystyried cynnig estyniad neu rywbeth, os wnes i ddeall yn iawn. Pa mor ymarferol a ydych yn meddwl yw ystyried gwneud rhywbeth fel hynny yn yr hinsawdd economaidd sydd ohoni? A yw hynny'n rhywbeth y gallai'r Llywodraeth ei ystyried o ddifrif?

Llyr Huws Gruffydd: I have one final question. Richard mentioned earlier the time pressure in terms of going after the tariffs by the end of the year, and you suggested that perhaps the Welsh Government might want to consider offering some sort of extension or something, if I understood you correctly. How practical do you think that considering doing something like that is in the current economic climate? Is that something that the Government could consider seriously?

[87] **Mr Rees:** It depends what value the Government puts on hydropower. The background to your previous question was about local community support for projects. On hydro, of all the schemes that we have in planning or being consented, the maximum number of objections that we have had per scheme is one, and that will have been on something site specific that we have always been able to resolve. It might be someone's concern about noise or about whether a water supply is being interfered with and we can say 100% that it will not be affected.

10.30 a.m.

[88] When you speak to people about hydro, no matter who they are, and say what you are doing, they always say that they like it because you cannot see it or because all towns across the UK are based on rivers from where they had their power in the past. I think that everyone likes hydropower and it is a good way for communities to become involved with the Forestry Commission and everything else. It brings communities together because you do not have the same divide as you have with wind. You can do anything if you want to do it; it is just up to them whether they want to do it. If you want to do something, you can justify why you are doing it and why you want to do it. Therefore, they could do it if they wanted to.

[89] **Julie Morgan:** Following the theme of working with communities, which is essential, particularly with the wind issue, Mr Salt, you said that you were very good at working with communities. You told us about the 10% fuel poverty initiative. Could you expand on being 'good' at working with communities, because that seems essential?

[90] **Mr Salt:** It probably seems quite presumptuous and a bit boasting to say that we are good with communities, but we won a national award for community engagement from RenewableUK, so we were pleased with that. It is very important to consult and engage with local people and not just tell them what we would like to do in their area, but engage with them and try to plan with them. We want to develop renewable energy resources—wind power—to create renewable electricity and we are going to various areas.

[91] Our approach is to try to share the benefits with communities, to try to partner with communities, to have legal partnerships whereby communities can have a share in the operating profits of our windfarms. That is not to say that they need to invest, so it is a slightly different model to that used by some other companies. They do not have to invest in a community turbine or go to the bank to get some of their money. We have decided that we would take on that burden and obtain the consents, but then genuinely share more than just so-much-per-megawatt, which is what some other companies do. It is important that we declare as an industry that we are going to share the benefits with communities, and we have. We are making very good progress with the community investment and community benefits declaration, which the First Minister will refer to next week at our conference. It is important

to say that.

[92] We want to share the benefits, but we also want to try to find a way to put the sharing of the benefits on the planning scales. I appreciate that that would probably have to be right in planning terms, but surely the social and economic benefits of renewable energy projects—and we have seen the recent report that shows that the benefits are significant for onshore wind and can be for the future—have to have some place in the planning balance on the planning scales. I am not saying that just because we give community benefits it should have some weight, but social and economic benefits are very important. Therefore, we have decided to enter into a partnership with National Energy Action Cymru and Energy Action Scotland to divert some of our profits from the community benefit fund to specifically deal with fuel poverty. I am hopeful that that will go down quite well with local communities and councils, because there are lots of vulnerable people who are having trouble warming their homes and paying electricity bills. We want to see that going forward and that may be something that the Government will pick up. So, that is our aspiration: to work with communities and try to develop projects.

[93] **Joyce Watson:** May I ask a small question?

[94] **Lord Elis-Thomas:** No, we proceed in an orderly fashion in this committee. I will call Russell George, William Powell and then Antoinette Sandbach.

[95] **Russell George:** My question is to Richard Rees. You mentioned earlier in your evidence the negative attitude of the Environment Agency, or Natural Resources Wales as it is now. In my experience, when dealing with planning issues, developers come to me and say, 'It is certain planning officers; that is where the negative attitudes are coming from'. So, it is not necessarily the guidelines, which we were talking about earlier. I wanted to ask you about that issue. Are you getting inconsistent advice from officers of what was the Environment Agency, or does that differ; and can you just expand on that?

[96] **Mr Rees:** The flow split is not actually put in place across the whole of Wales. It actually only started in north Wales by certain individuals who think that it is a good policy or a good guidance to have. We mainly work in north Wales and when they tried to roll out the flow split to the whole of Wales, we stopped it. We found out just before they did it and asked whether they had evidence for changing the policy or guidance in certain parts of Wales. It sounds good, but in north Wales the response is consistent because the system that is in place is fairly straightforward and there are three tables where, if certain things are in the river, the river gets a score of the number next to whether that thing is there or not. So, it is pretty difficult to argue whether or not there is a certain plant in the river. If it is there, you get your score and the three numbers are added up at the end. That is what you get. It is very consistent, but it is consistently wrong. They honestly say to us, 'We cannot vary away from this system, because then it is unfair on everyone else who has been judged by the system'. In my view, it is every man for himself. If we can spend money on surveys and get ourselves into a position where we are saying that your system is wrong, it is wrong for us to be told that we cannot have something because it is not fair on someone else who has not put the same amount of time and money into proving that it is wrong in the first place. I think that that is fundamentally wrong and it prevents innovation and questioning.

[97] **Russell George:** You mentioned certain individuals; would that be the officers of what was the Environment Agency?

[98] **Mr Rees:** Yes.

[99] **Russell George:** So, you are saying that the officers of Natural Resources Wales have a large degree of discretion about what policy is.

[100] **Mr Rees:** Yes. There is no fundamental policy. There is guidance, which has never formally been adopted.

[101] **Russell George:** So, you are saying that the issues with your developers are down to the interpretation of officers of guidance.

[102] **Mr Rees:** Yes. That guidance is possibly drawn up by those officers in their area and is specific to their office. So, the Cardiff office will have a different set of guidance to the Bangor office.

[103] **Russell George:** So, if guidance is changed, nothing will change necessarily. It is not just about guidance. Are you saying that it is about attitudes and culture?

[104] **Mr Rees:** Yes.

[105] **Russell George:** So, that is something that we, as a committee, could address.

[106] **Mr Rees:** Yes.

[107] **Russell George:** You also mentioned the angling lobby perhaps being stronger in England than in Wales, and whereas perhaps in England you would get a negative response to developments from the angling lobby, in Wales you get that from what was the Environment Agency.

[108] **Mr Rees:** Yes.

[109] **Russell George:** So, we have made a note to ask Natural Resources Wales this question when they come to give evidence to us. You mentioned a negative attitude where there are streams with little fish or no fish at all, and that they say 'no'. When I ask that question they may well say, 'That is the main reason why we are taking that attitude because there are no fish there and we want fish there', or, 'We've got directives to do that'. I am predicting their answers. I am just asking you to comment on that.

[110] **Mr Rees:** Of all the streams that we are working on, we have only ever found one stream that had no fish whatsoever. That was because of an extreme flood event that had happened in that valley. Basically, it had been washed out. There are brown trout in 99% of rivers in Wales, which are tiny resident fish that live in places above really big waterfalls and in places where you would think, 'How on earth has that fish got there?' However, they have been there for thousands of years and they modify themselves to such a degree that they can hide under stones and deal with really low flow conditions. So, they can survive everything, unless there is a huge incident or pollution or something that wipes them out. So, these little fish are everywhere, and they are tenacious little fish that can deal with everything. On the one site where we found no fish, we submitted a report saying that there were no fish, and the response that we got was, 'We believe that there are fish there and that you've missed them'. We have done a survey that showed that there were no fish, and the guys who did the survey said that it was one of the first times they had found no fish, and yet we are told, without these people having gone there and found any fish, that we are wrong.

[111] **Russell George:** I understand all that. What I am saying, I suppose, is that surely the Environment Agency would have said in its response, 'Well, there are no fish there, but there should be, and that is therefore an issue'. Is that an issue as well?

[112] **Mr Rees:** Yes, it is an issue. Within the water framework directive, which is probably what you are referring to—

[113] **Russell George:** Yes, that is right.

[114] **Mr Rees:** We have one site above a waterfall where there are fewer fish than are expected to be there, and that is one of the reasons why the watercourse comes under ‘moderate’ in the water framework directive. The obligation is to get it to the status of ‘good’, which means that the numbers of fish need to come up. Theoretically, there should be 20 fish there, and only 15 were found. Therefore, this river is underperforming. There is a massive forestry area above it, which is another possible reason for it—there could be an impact there. However, from my point of view, what is there is there, and what we need to look at is those things that are there, and we need to protect those species by doing this, and, as long as we produce evidence prepared by professionals in their fields saying, ‘This is what is there, and this is what we feel is appropriate to protect what is there’, then we should be allowed to move forward. So, yes, it is a problem, partly because, at a local level, I think that people are scared to make decisions and say, ‘Actually, this is what’s there, and we feel that it is sufficiently protected’. I think that, because this policy has been going on for so long in Wales, they feel that if they change on a local level, it means that what they have been doing for the last 18 years has been wrong, and I think that people would be scared to do that.

[115] **Russell George:** This is my last question. You started at the beginning by talking about the drop in the feed-in tariff at the end of this year, and went on to talk about the need to change guidance before that time, but is it not too late?

[116] **Mr Rees:** I am an optimist. [*Laughter.*] So, we are planning for the fact, and hoping that we will win in the end. If we get option 1, it will cancel out the drop in the feed-in tariff, in rough terms. That means that, next year, we could carry on in, effectively, the same financial climate as we have this year, because the two things cancel each other out. So, we could deal with that, and we are building our business based on the fact that that will happen. It is a high-risk strategy, because, if it does not happen, we will lose money, based on the fact that we will not be able financially to justify building the schemes that we have consents for next year. For us, it is different, because we are a company that is doing a lot of these schemes, so we can justify it. For a local farmer, however, doing their own scheme, it is a totally different question, because they do not know as much about it as we do, and they cannot spread their risk across different schemes. Therefore, for them, maybe it is too late, which is really bad.

[117] **Lord Elis-Thomas:** William Powell is next, then Antoinette Sandbach, and that is it, I think.

[118] **Mr Salt:** I apologise, as I have to leave to go up north.

[119] **Lord Elis-Thomas:** You have been here for over an hour.

[120] **Mr Salt:** I really should be staying all morning, but—

[121] **Lord Elis-Thomas:** No, that is all right.

[122] **Mr Salt:** I hope that I can be allowed to leave any time now, if I may.

[123] **William Powell:** My question was for you, Steve, but if it impinges on your travel arrangements for your next appointment, perhaps I should forego it and get in touch separately.

[124] **Mr Salt:** If you could do that, it would be great, because I am very pressed for time. I am sorry about that. I do apologise to the committee for that.

[125] 10.45 a.m.

[126] **Lord Elis-Thomas:** I am very grateful to you for being here in the circumstances.

[127] **Mr Salt:** Would you like a note, Chair?

[128] **Lord Elis-Thomas:** Thank you.

[129] **William Powell:** Chair, I would like to say that I really appreciated the balance of Steve Salt's comments earlier with regards to his appreciation of the fact that there has been progress on renewable energy in mid Wales. All too often, the communities of mid Wales are caricatured as some sort of flat-earthers or refuseniks. It was very important that there was a balance to those comments, and I wanted to explore some issues around that, but I will find another opportunity to do so.

[130] **Lord Elis-Thomas:** In which case, do you have anything further to add, Antoinette?

[131] **Antoinette Sandbach:** I wanted to ask whether your note could address whether there needs to be a central team of expertise on renewable energy technologies to advise local planning authorities, and whether this function could be served by a planning adviser and improvement board or a list of experts that planning authorities can instruct. Could your note also address whether or not there needs to be a dedicated team within Natural Resources Wales to deal with renewable energy consenting and environmental—

[132] **Lord Elis-Thomas:** I think that there will be. By the time that we have finished with them, there will be. *[Laughter.]*

[133] **Antoinette Sandbach:** Yes, but it would be helpful to have the evidence on that.

[134] **Mr Salt:** I will present that evidence. Again, I apologise for having to leave.

[135] **Lord Elis-Thomas:** Give our regards to Mr Cawley.

*Gohiriwyd y cyfarfod rhwng 10.46 a.m. a 10.53 a.m.
The meeting adjourned between 10.46 a.m. and 10.53 a.m.*

Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl Adroddiad—Cynnydd o ran Materion Cynllunio a Chaniatáu—Tystiolaeth gan Awdurdodau Lleol

Inquiry into Energy Policy and Planning in Wales: Report Follow-up—Progress on Planning and Permitting issues—Evidence from Local Authorities

[136] **Yr Arglwydd Elis-Thomas:** Croeso i Eifion Bowen o Gyngor Sir Gâr, Alan Southerby o Gyngor Sir Powys, a Jane Lee o Gymdeithas Llywodraeth Leol Cymru. Diben y sesiwn hon yw inni gael cyfle i edrych ar yr hyn sydd wedi digwydd ers i ni gyhoeddi ein hadroddiad, ac ers ymateb Llywodraeth Cymru, yn y maes ynni a chynllunio. Carwn ddechrau drwy ofyn i chi i gyd os ydych yn teimlo bod llywodraeth leol, fel awdurdodau cynllunio yng Nghymru, wedi gallu ymateb

Lord Elis-Thomas: Welcome to Eifion Bowen from Carmarthenshire County Council, Alan Southerby from Powys County Council and Jane Lee from the Welsh Local Government Association. The purpose of this session is to give us an opportunity to look at what has happened since we published our report, and since the Welsh Government's response, in the area of energy and planning. I would like to begin by asking you all whether you feel that local government, as

yn bositif i'r hyn oedd yn ein hadroddiad ac yn ymateb y Llywodraeth hyd yn hyn. Pwy sydd am gychwyn? Rwy'n edrych at y gynrychiolydd o sir Gaerfyrddin am fod gen i gysylltiad â'r lle pan oeddwn lot yn llai. [Chwerthin.]

[137] **Mr Bowen:** Iawn; rwy'n barod i ddechrau. Mae'n anodd a dweud y gwir, oherwydd bod gymaint o ddryswch ar hyn o bryd, yn enwedig yn llygaid y cyhoedd, o ran pwy sy'n gwneud y penderfyniadau a beth yw'r camau nesaf. Gallaf roi cwpwl o enghreifftiau i chi. Yn sir Gaerfyrddin ar hyn o bryd, rydym wedi cael canlyniad yr ymchwiliad i fferm wynt Gorllewin Brechfa, a oedd yn benderfyniad a wnaed yn Llundain. Rydym wedi cael dau gais arall. Fel awdurdod cynllunio lleol, rydym wedi gwrthod un ohonynt a bydd hwnnw yn awr yn mynd i apêl. Rydym hefyd wedi derbyn cais arall, ond ni allaf ddweud wrthy ch ar hyn o bryd beth fydd y penderfyniad arno.

[138] Yn ogystal â'r tri chais mawr hynny, rydym yn siarad am greu ynni, yn ogystal â defnyddio tyrbinau gwynt, yn sgîl y datblygiadau ym maes *photovoltaics* hefyd. Mae'r datblygiadau hynny wedi digwydd yn uniongyrchol am fod y ffordd y caiff y system ei ariannu—y ffordd mae Llywodraeth San Steffan yn darparu arian i annog y math hwn o greu ynni—wedi newid.

[139] **Yr Arglwydd Elis-Thomas:** Ai effaith y *feed-in tariff* yw hyn?

[140] **Mr Bowen:** Mae'r *feed-in tariffs* yn sicr wedi newid; roeddent i fyny i 5 MW. Fodd bynnag, mae'r *renewable obligation contributions* yn awr yn cael eu defnyddio i ddatblygu maes *photovoltaics*. Rydym newydd roi caniatâd i gais am 15 MW, ac mae tri cais arall yn aros am benderfyniad. Rydym yn siarad am geisiadau ar diroedd dros 100 erw. Felly, mae symudiad wedi bod o ran hynny hefyd.

[141] Mae'n anodd iawn i awdurdod cynllunio lleol gadw lan â'r newidiadau hyn, oherwydd yn ogystal â ffeindio'r adnoddau i ymateb i'r newidiadau hyn, rydym hefyd yn gorfod ailddysgu beth yw'r broses. Er

planning authorities in Wales, has been able to respond positively to what was in our report and the Government's response so far. Who would like to start? I am looking at the representative from Carmarthenshire, because I had a connection with the area when I was much younger. [Laughter.]

Mr Bowen: Okay; I am happy to kick off. It is difficult, to be honest, because there is currently so much confusion, particularly in the public's mind, as to who makes the decisions and what the next steps are. I can give you a couple of examples. In Carmarthenshire at present, we have received the outcome of the inquiry into Brechfa Forest West windfarm, which was a decision taken in London. We have two other applications. As a local planning authority, we have rejected one of them and that will now go to appeal. We have also received another application, but I cannot tell you at the moment what the decision on that will be.

In addition to those three major applications, we were talking about generating energy from photovoltaics as a result of developments in that field, in addition to using wind turbines. Those developments have emerged directly because of the way that the system is funded—the way in which the Westminster Government provides funding to encourage this type of energy generation—has changed.

Lord Elis-Thomas: Is this because of the impact of the feed-in tariff?

Mr Bowen: The feed-in tariffs have certainly changed; they were up to 5 MW. However, the renewable obligation contributions are now used for photovoltaics development. We have just consented to an application for 15 MW, and there are another three applications in the pipeline. We are talking of applications on lands of over 100 acres. So, there has also been some movement in that regard.

It is very difficult for local planning authorities to keep up with these changes, because in addition to finding the resources to respond to these changes, we also have to relearn the process. For example, in the case

enghraifft, yn achos fferm wynt Gorllewin Brechfa, hwnnw oedd y cynllun cyntaf i fynd drwy'r broses ym Mhrydain, ac roedd yn golygu llawer o waith dysgu, a newidiwyd y broses ar ôl inni ddechrau. Felly, mae'n anodd i lywodraeth leol ymateb achos yr ansicrwydd nid yn unig am y broses, ond am y ffordd o ariannu'r broses. Nid yw'r adnoddau gennym fel llywodraeth leol i ymateb i'r newidiadau. Rydym wedi dysgu llawer, ac rydym yn rhannu hynny. Er enghraifft, mae tîm yn dod lawr o Ynys Môn i ddod i weld beth yw ein profiadau ni o'r broses. Rydym wedi cwrdd â'r hen *Infrastructure Planning Commission* i roi adborth ar y broses. Felly, rydym yn dysgu ac rydym yn ddigon parod i rannu'r hyn rydym wedi ei ddysgu.

[142] **Yr Arglwydd Elis-Thomas:** Mae'r hyn yr ydych newydd ei ddweud yn ddi-ddorol iawn, oherwydd un o'n hargymhellion oedd yr angen i rannu arbenigedd ar draws awdurdodau lleol fel ein bod yn gallu manteisio arno. Yn amlwg, rydych yn gwneud hynny yn barod.

[143] **Mr Bowen:** Yn sicr. Mae Alan a fi wedi bod yn siarad am ddatblygu rhyw fath o lawlyfr ar sut i edrych ar y prosiectau hyn, ond mae dwylo Alan a'i dîm yn eithaf llawn ar hyn o bryd. Felly, yn ogystal â gwneud y *day job* o ran edrych ar y ceisiadau, nid yw'r amser gennym i edrych arnynt mewn ffordd fwy strategol. Fodd bynnag, a oes unrhyw bwynt gwneud hynny, achos erbyn ichi ddatblygu ac ymateb i'r broses, mae hynny'n newid eto, ac mae'r arian sy'n dod i mewn i'r broses yn newid ac yn cael ei adlewyrchu yn y math o brosiectau rydym yn gorfod ymateb iddynt?

[144] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr.

[145] Alan or Jane, would you like to take up some of those points?

[146] **Mr Southerby:** Good morning. I am Alan Southerby from Powys County Council, as you know. I listened to what Eifion said and I would echo an awful lot of it. I have looked at the Welsh Government's response to the points that have been made. A lot of the issues are down to the Welsh Government, and we can talk about how that has affected our experience in local government.

[147] The situation at the moment is very similar to how it was the last time we spoke to you, the difference being is that we have done our bit in bringing all of the Department for

of Brechfa Forest West windfarm, this was the first scheme to go through this process in Britain, which entailed a great deal of learning, and the process changed once we had commenced. So, it is difficult for local government to respond because of the uncertainty not only because of the process itself, but also because of the way in which the process is funded. We do not have the resources as local government to respond to those changes. We have learnt a lot, and we are sharing that. For example, a team is coming down from Anglesey to see what our experience has been of the process. We met with the former IPC to give feedback on the process. So, we are learning lessons and we are more than willing to share our experiences.

Lord Elis-Thomas: Your comments at the end were very interesting, because one of our recommendations was on the need to share expertise across local authorities so that we can take advantage of it. You are obviously doing so already.

Mr Bowen: Certainly. Alan and I talked about developing some kind of manual on how to consider these projects, but Alan and his team's hands are fairly full at the moment. Therefore, as well as doing the day job of looking at these applications, we do not have the time to look at them in a more strategic way. However, is there any point in doing that, because by the time you have developed and responded to the process, it changes again, and the funding coming into the process changes, and this is then reflected in the type of projects that we have to respond to?

Lord Elis-Thomas: Thank you.

Energy and Climate Change applications to a public inquiry, as the council objected to those schemes. Therefore, a very large co-joined public inquiry starts in June. Resources are a huge issue for us, and we have to look at that. The council has identified significant sums of money to resource that process, but, on top of that, we still have a significant number of planning applications made under the Town and Country Planning Act 1990 to determine; I think that we have eight or so such applications.

11.00 a.m.

[148] We made a decision last December on one of them. There were eight reasons for refusal and they were all prefaced with ‘Insufficient information to demonstrate this, that or the other’, so there was a significant lack of information on that application. In order to draw a line under it, that will be going to a public inquiry at some point in the future, presumably once the large conjoined inquiry has finished. We will have to look at resourcing that. We are also engaging with scheme under national infrastructure planning—formerly the IPC—elsewhere in the county, such as Dyfnant Forest and Nant-y-moch, which is an SSAD. These all come under different consenting regimes, so I support Eifion’s view that we have to put on different thinking caps for every scheme that we look at. How we will resource it? What will the process be? How can we learn from what we have done before? I am encouraged by what Eifion has said about learning from his experience and that of his team, but when do we do that, particularly as we have a public inquiry to resource? From my perspective in Powys, the picture is not so much confusing as an enormous one to grapple with.

[149] **Lord Elis-Thomas:** That is very helpful to us, not only in terms of what we are doing today, but of what we will have to do during this Assembly, which is to scrutinise the new Welsh planning Bill. Not a lot keeps me awake at night, but if there were one thing, it would be that. Jane, do you have anything to add?

[150] **Ms Lee:** Obviously, the local planning authorities have renewable energy schemes to take through. As to some of the recommendations in your report and the responses from the Welsh Government, many of these responses highlight that some of the issues that will be dealt with in the planning Bill. We are trying to engage as much as possible with the Welsh Government in order to discuss what it will be taking forward into the planning Bill. We are probably as interested as you are in what that might look like.

[151] **Russell George:** Good morning, all. I would like to seek your views on proposals put forward by the independent advisory group and Hyder research that the planning inspectorate or the Welsh Ministers should determine national significant infrastructure developments of up to 50 MW onshore, rather than local planning authorities. I would appreciate hearing your views on that.

[152] **Mr Bowen:** Well, very little keeps me from sleeping at night, but this is one recommendation that does. [*Laughter.*] We have talked about how confusing the situation is, but introducing a strategic energy consents unit would add further confusion. I accept that some of the ancillary developments associated with the national infrastructure projects, unlike in England, have to be consented by the local planning authority. So, there is an element of confusion there. However, as regards creating a new body that would be accepting these applications instead of the local planning authority, the local planning authorities at least at the moment receive a fee for those schemes.

[153] The scheme proposed in the Hyder report, which puts flesh on the bones of the IAG report, reflects the same process—the need to prepare a statement of community consultation and the local authority has to prepare a local impact report—and that work has to be done without any income coming in from a future planning application. That has serious consequences for a local planning authority such as Carmarthenshire, which is probably

dealing with about eight national projects. Not only that, in terms of Brechfa West where there were about 38 requirements, or conditions, which required discharging, over half of those require local planning approval prior to commencement of development. We have to respond to that, but there is no fee linked to that work. The resource element does concern me in terms of taking that element of work centrally, because the income derived from those applications will no longer be there, but the work associated with them will be. It will add confusion, and it is in my view totally unnecessary because Welsh Ministers currently have powers under section 77 of the Planning Act to call these applications in. I really do not know what benefits there would be to such a scheme.

[154] **Russell George:** Could you add what your views are? The Welsh Government has not commented on this, as far as I am aware. From your experience, does it want this this ability? Perhaps you could comment on that as well.

[155] **Mr Southerby:** There are probably a few things to say on that. Eifion talked about the confusion, and this adds another element of confusion. We have not talked about the perspective of the community in all of this. At the moment, we have a system where the applications that come in under 50 MW are for us to determine, and those over 50 MW are for others to determine. We have schemes where the Department of Energy and Climate Change is going to a public inquiry. We have future schemes under the Planning Act 2008, which will be determined by the national infrastructure planning unit under very strict processes. With regard to someone in the community seeking to engage in this controversial subject, and there will be lots of people who want to, if it is confusing enough for the professionals involved, just imagine how confusing it is for those involved in the community. There is a deficit that needs to be understood and grappled with.

[156] To address the last point that was made, as Eifion said, the issue is that the Welsh Government already has the ability to call in these applications. I can only speak from my experience, and, in my experience, the Welsh Government has not wanted to call these applications in. They have been on our books for a number of years now, and there has been the opportunity to do so. My personal view is that the Welsh Government has never wanted to call these matters in. It has been quite happy for the local authority to undertake the necessary assessments. Of course, the local authority is best placed to undertake that assessment. It has the professionals involved, it has the skills, it knows the communities and it knows its members. There are democratic processes that can be followed. Therefore, my view is that local authorities are best placed to undertake this process and to introduce another layer. I am not convinced that it is necessary or required. The expertise, knowledge and know-how already exist in the local authority. It is more of a question of resourcing that process adequately and appropriately, so that it can be taken forward.

[157] **Russell George:** You mention that the Welsh Government has not called in applications when it could have. Why is that?

[158] **Mr Southerby:** Part of the reason might be that this is done in recognition of the fact that local authorities have the expertise to deal with all of the complex issues around this. We do have that expertise. The reason why there has been a long delay in lots of cases is not down to expertise or capability within local authorities; it is down to the nature of applications, the sheer volume of them, and the nature of the information that has been submitted. If you look at the inquiry programme for the upcoming conjoined public inquiry, you will see that it is divided into a number of very specific sessions. There are specific deadlines in respect of each of the sessions for the submission of supplementary environmental information. That is indicative of the fact that these schemes are not yet in their complete form, but that they are still in the process of being formulated and finalised, even now. That is not our fault, as local authorities. We react to what is being put to us. Maybe the Welsh Government thinks that there is an iterative process going on, that there is

lots of to-ing and fro-ing and negotiation, and that local authorities are best placed to see it through. The Government has helped us out. It would be wrong if I did not say that we have had grant assistance to support the process in certain circumstances. However, my view is that this situation is a recognition of the fact that we are probably best placed to do this. That is why I struggle slightly with recommendations to take that away.

[159] I know that everyone wants to come in here. However, before I forget about it, I want to say something else. I do not want us to appear critical, because these reports, such as Hyder's, are well meaning. However, the establishment of such a unit might be too little too late for Powys. We have been through this over the last five years, and some. We are now in the process of making decisions. We have a public inquiry, we have another in the offing, and there will be other applications. So, it might be that the time has passed, from our perspective.

[160] **Ms Lee:** I wish to come in on the question of whether the Welsh Government is supportive of the recommendations about the unit. The answer is that we do not know. The Hyder reports have been published and shared with us. In relation to the recommendations in the report, we have asked the Government about what it finds favour with and what it does not, and we have not been given an answer to that.

[161] **Russell George:** I have asked that question as well, and I have not had an answer either.

[162] **Ms Lee:** As Eifion has said, we would need to be convinced that setting up a new unit would have the benefits that Hyder feels that it would have. This is about some of the same issues around statutory consultees and so forth. In setting up a new unit, we would want to be convinced that that would actually make a difference.

[163] **Llyr Huws Gruffydd:** I bigo lan ar eich atebion ac i fod yn glir, beth rydych yn dweud yw hyn: o safbwynt pwy sy'n gyfrifol am wneud penderfyniadau—nid y broses a'r drefn ac yn y blaen—ni fydddech eisiau gweld unrhyw newid yn y drefn bresennol, neu a ydych yn gweld bod cyfle i newid ychydig ar y cyfrifoldebau?

Llyr Huws Gruffydd: To pick up on your responses and to be clear, what you are saying is this: in terms of who is responsible for making decisions—not the process and procedure and so on—you would not want to see any change in the current system, or do you see an opportunity to change the responsibilities?

[164] **Mr Bowen:** O safbwynt llywodraeth leol, y rheswm pam na hoffem weld newid eto yw achos ein bod newydd ddod yn gyfarwydd â'r broses fel y mae. Byddai cael yr uned arbennig hon yn cymhlethu'r system. Gwn fod Llywodraeth Cymru wedi gofyn i'r cyfrifoldeb am brosiectau dros 50 MW ddod i Gymru. Petai hynny'n dod yn gyflawn fel y mae, ni fyddai'n broblem i lywodraeth leol achos rydym yn gyfarwydd â'r broses. Fodd bynnag, os byddai hynny yn digwydd, rwy'n gobeithio y byddai cyfle i lywodraeth leol ddweud, 'Os ydych yn cymryd y cyfrifoldeb, plis ystyriwch y cyfrifoldeb sy'n cwmpo ar lywodraeth leol hefyd, a'r ffordd y caiff hynny ei ariannu a sut y gallwch sicrhau bod adnoddau ar gael i sicrhau ein bod yn gallu ymateb o fewn amser penodol.'

Mr Bowen: From a local government perspective, the reason why we would not want to see greater change is that we have only just got used to the process as it is. Having this special unit would only complicate the situation. I understand that the Welsh Government has requested that responsibility for projects over 50 MW should be devolved to Wales. If that were to be devolved, I would not see that as a problem for local government because we are used to the process. However, if that were to happen, I would like an opportunity for local government to say, 'If you do take on that responsibility, please take into account the responsibility that falls on local government too and how that would be funded and how you could ensure that there are resources in place to ensure that we can respond in an

appropriate timescale.’

[165] Y gwahaniaeth arall gyda’r prosiectau dros 50 MW yw bod y cyfrifoldeb yn cwmpo, nid ar yr awdurdod cynllunio, ond ar yr awdurdod lleol. Rhaid ystyried y gwahaniaeth hwnnw o ran y manylder pan fyddwch yn mynd i mewn a sut byddwch yn ymateb. Mae hwnnw’n bwynt pwysig.

The other difference with projects over 50 MW is that the responsibility falls, not on the planning authority, but on the local authority. That slight distinction needs to be taken into account in terms of the detail when you go in and how you will respond. That is an important point.

[166] **Llyr Huws Gruffydd:** Hoffwn bigo lan ar y drefn a beth yw eich barn ar y cynnydd sydd wedi bod, os oes cynnydd wedi bod, o ran integreiddio’r caniatadau cynllunio a’r caniatadau amgylcheddol? Yn amlwg, mae teimlad bod lle i wella ar hynny. A oes unrhyw gynnydd wedi bod yn y chwe mis diwethaf, yn enwedig gyda’r trafodaethau o gwmpas sefydlu Cyfoeth Naturiol Cymru? Ydych yn teimlo bod symudiad wedi bod i’r cyfeiriad hwnnw?

Llyr Huws Gruffydd: I want to pick up on the process and what your views are on the progress, if progress has been made, in terms of integrating the planning consents and the environmental permits? Clearly, there is a feeling that there is room for improvement on that. Has there been progress in the last six months, especially in relation to the discussions regarding the setting up of Natural Resources Wales? Do you feel that there has been a move in that direction?

[167] **Mr Bowen:** Na.

Mr Bowen: No.

[168] **Llyr Huws Gruffydd:** Efallai ei bod yn rhy gynnar, er tegwch, ond a oes trafodaethau wedi bod ynglŷn â sut y gellir gwneud hynny?

Llyr Huws Gruffydd: Perhaps it is too early, in fairness, but have there been discussions on how that could be done?

[169] **Mr Bowen:** Roedd y Cyngor Cefn Gwlad, cyn y newidiadau, yn siarad am greu tîm arbennig i ymateb i effeithiau datblygiadau mawr ar y tir. Gwn fod hynny wedi digwydd yn ne-orllewin Cymru. Felly, mae hynny’n dechrau dod. Yn sicr, roeddem wedi datblygu perthynas gydag aelodau’r tîm a hefyd gydag Asiantaeth yr Amgylchedd. Bydd rhaid aros i weld beth fydd yn digwydd gyda’r corff newydd. Yn sicr, mae’r swyddogion yn ddigon parod i weithio gyda ni ac mae hynny’n datblygu.

Mr Bowen: The Countryside Council for Wales, prior to the changes, was discussing creating a special team to respond to the impact of large-scale developments on the landscape. I know that that has happened in south-west Wales. So, that is developing. Certainly, we had developed relationships with members of that team and with the Environment Agency. We will have to wait and see what will happen with the new body. Certainly, the officers were perfectly willing to work with us and that is developing.

[170] **Mr Southerby:** I would echo that point. It probably is a little bit early to comment on that, as it is only a few weeks into being. From our perspective, the key individuals and professionals involved in the CCW, as it was, are again heavily involved in the looming public inquiry. I cannot speak for them, but my perspective is that their focus is on the inquiry at this stage, as opposed to seeking to develop another unit. However, again, I cannot speak for them.

[171] **Mr Bowen:** Mae cyfeiriad hefyd at dynnu’r broses gynllunio—y *planning permissions*—a’r *environment permits* at ei gilydd. Mae gennym brofiad yng Nghaerfyrddin gyda chais cynllunio biomas hyd at 50 MW, ac mae un yn Abertawe

Mr Bowen: There is also a reference in terms of looking at the planning process in relation to the environmental permits. We have experience in Carmarthen of a biomass planning application up to 50 MW, and there was a similar case in Swansea. The details

hefyd. Nid oedd y wybodaeth roeddem ei eisïau, fel awdurdod cynllunio, ar gael, ac felly nid oedd y sicrwydd yno. Ar yr un pryd, roedd cais yn cael ei baratoi ar gyfer *environmental permit*, ond er mai'r ateb i hynny oedd cael stac simnai uwch, nid oedd y wybodaeth honno ar gael er mwyn inni allu asesu effaith hynny ar y dirwedd o safbwynt polisi cynllunio. Nid oedd hynny ar gael. Felly, mae darn o waith i'w wneud ar sut y gellir uno'r ddwy broses o roi caniatâd cynllunio a'r *permits* roedd Asiantaeth yr Amgylchedd yn eu rhoi yn y gorffennol.

that we required, as a planning authority, were not available, and so the assurances were not in place. Simultaneously, an application was being prepared for an environmental permit, but although the solution to that was to have a higher chimney stack, that information was not available to us so that we could assess the impact on the landscape in terms of a planning policy point of view. That information was not available. So, there is a piece of work to be done on how the two processes of providing planning permission and the environmental permits, provided by the Environment Agency in the past, could be brought together.

11.15 a.m.

[172] Enghraifft arall yw cynlluniau bach hydro. O ran y cais cynllunio, fel y mae'n sefyll, bydd rhaid cael caniatâd cynllunio, ac rydym yn sôn am brosiectau bach. Yn ogystal â hynny, bydd rhaid cael *abstraction licence* gan Gyfoeth Naturiol Cymru. Felly, efallai y bydd cyfle yn y fan honno i dynnu'r ddau beth at ei gilydd, achos dyna fydd yn cymryd amser. Mae gan awdurdod cynllunio gyfle hyd yn oed i ddefnyddio'i bŵer newydd o dan y *local development order*—yn yr un modd y byddech yn ei wneud gyda ffermio yn awr—i ddweud, os yw'r adeilad yn hyn a hyn o faint, nad oes angen caniatâd cynllunio. Bydd gorfod mynd trwy'r broses gynllunio'n gyntaf ac wedyn y broses o dynnu'r dŵr yn sicr yn mynd i ehangu'r broses, ac felly efallai fod modd tynnu'r ddwy broses at ei gilydd. Yn sicr, rydym ni yng Nghaerfyrddin wedi bod yn trafod paratoi *local development orders*, achos mae tipyn o ddiddordeb yn hynny o beth—rwyf yn sôn am gynlluniau bach iawn; nid y prosiectau mawr.

Another example is the small-scale hydro schemes. In terms of the planning application, as it stands, you would need planning permission, and we are talking about quite small buildings and projects. In addition to that, they would have to have an abstraction licence from the Natural Resources Wales. So, perhaps there is an opportunity to dovetail those two things, because that process takes time. There is even an opportunity for a planning authority to use the new powers it has under the local development order—as you would do in terms of farm development now—to say that if the building is such and such a size, there is no need to obtain planning permission. Having to go through the planning process first and then the abstraction process will certainly extend the process, and perhaps there is an opportunity to bring the two aspects together. Certainly, in Carmarthenshire, we have been discussing the preparation of local development orders, because there is a fair bit of interest in this—I am talking about the very small schemes; not the major projects.

[173] **William Powell:** I would like to thank Alan Southerby for his earlier comments regarding the pressure that the whole range of applications that have come forward have put on town and community councils. We need to recognise in this process that town and community councils are populated by lay people who do so to serve their communities with no pay or recompense. Often, they are in a situation that is extremely under-resourced and highly pressured. My initial question is whether there is a view that it would be helpful for there to be some sort of central source of support to assist town and community councils, possibly administered by One Voice Wales, or some other relevant body. That would provide a central point of advice and guidance in the important work that those councils do, as statutory consultees. Otherwise, a situation of real powerlessness could arise and perhaps a

sense of being disempowered, which can be negative in the wider process.

[174] **Mr Southerby:** To illustrate that point, you do not have to look further than the joint public inquiry that is due. The local voice is an extremely important voice, and town and community councils and other community players need to understand what their role will be in the process. To our knowledge, they do not have the resources to undertake all of this. Much of it is on a voluntary basis and they have to take a view on how best to engage in the overall process. It might well be that they say, ‘We really want to make this point, but if somebody else is making that point, we have to leave it be and trust those people to make that point. So, what points can we reasonably make in this process?’ Undoubtedly, any level of support for those players in the process would be a good thing.

[175] **Ms Lee:** More generally, local planning authorities—and obviously Alan and Eifion can speak of this—have regular meetings and they will offer training to town and community councils; they have regular fora.

[176] **Mr Bowen:** We have an annual training session to which we invite representatives of the 74 community councils and we ask them what subjects that they want to look at, and renewable energy and an explanation of the different processes has featured in that. I know that One Voice Wales is offering training at the moment, because we have been approached by community councils to get involved in that.

[177] However, it is a good point. Picking up on the processes, having been involved in a Department of Energy and Climate Change application, a call-in application and a formal IPC scheme, the different processes are interesting. The IPC process was meant to be informal, but, believe you me, the gloves came off at the examination. It was supposed to be inquisitorial, but it was adversarial, to be honest, and we provided that feedback to the IPC. We met with the developers—we are still talking to them—and the IPC last month and we explained the process. People were disappointed and asked us to reflect that their opportunity to engage in the process had been, perhaps not misunderstood—and I do not mean to criticise that particular inquiry—but the clarity and expectations of that new process did not materialise in that event.

[178] **Lord Elis-Thomas:** So, there were no tears shed for the IPC in Carmarthenshire.

[179] **Mr Bowen:** No comment. [*Laughter.*]

[180] **William Powell:** That is helpful. In your initial remarks, Eifion, you also referred to the importance of fee income in terms of resourcing this wider thing. To what extent are pre-application advice and chargeable pre-application advice relevant in the Carmarthenshire experience? I believe that Powys County Council has engaged with that principle. I am not quite clear how it is currently being delivered with regard to renewable energy, but could you share your thoughts on the relevance of chargeable pre-application advice to resource the process?

[181] **Mr Bowen:** It is fairly relevant in terms of commissioning specialist advice and specialist knowledge, for example. To be fair, the Welsh Government has a fund available for that, which I will come back to in a minute. The key element for us is that we did have a charging schedule for those schemes over 50 MW because we knew that an income was not forthcoming. There has not been a resistance to that from that perspective. In fact, we are developing a planning performance agreement now with the company that is delivering the project in Brechfa Forest West windfarm. There is a slight legal complication because, under the Local Government Act, you can only charge for services that you do not have to provide by statute. For example, once the application comes in, there is an application fee. We do not have to provide a pre-application service, or a pre-submission service; we can charge. A range

of authorities currently do that. Carmarthenshire County Council only applies that charge through the schemes that I stated. The situation becomes slightly more complicated. Once the development consent order is issued—and as I indicated, there are a large number of requirements or conditions that local planning authority or the local authority are required to discharge—we are legally obliged to do that. So, we are then entitled to have the right to charge for that service; under the 2008 Act, it falls on the local authority to discharge that duty. It is a legal point that we are currently looking at, but we need some clarity on that, which should happen once we have passed it through lawyers. However, it is a critical factor that the developer contributes not only to the scheme itself, and the screening and scoping of the environmental impact assessment, but also to the discharge of conditions.

[182] **Lord Elis-Thomas:** Antoinette Sandbach is next—

[183] **Mr Southerby:** To add to that—

[184] **William Powell:** Chair, I have one more question—

[185] **Lord Elis-Thomas:** I am sorry. I hate to come between a Powys county councillor and a Powys official. [*Laughter.*]

[186] **Mr Southerby:** Just to give a quick update, from Powys County Council's point of view, there is authority to enter into planning performance agreements. I will need to discuss and liaise closely with Eifion and understand the legal implications so that we can move forward on a similar basis.

[187] **William Powell:** I will ask the final question in a group of three. Our earlier evidence session included some comments by Mr Steve Salt of West Coast Energy. He referred to concerns that he had had over time with the spatial approach and the TAN 8 principles. He also referred to more recent concerns in terms of the Welsh Government's capping of aspirations for development outside the strategic search areas. My sense, from my involvement in Carmarthenshire and Powys communities, is that the spatial approach and the search area approach has almost fed a kind of theological approach to wind—a very black and white approach in terms of onshore wind—and, on occasions, contributes to a thinking that even extends to almost a default position in some communities with regard to small-scale single turbine developments and community developments. To what extent do you think that there is any validity in that concern, and that there is almost a black and white approach that arises in part, at least, out of the lack of balance that there is, arguably, in current Welsh Government policy with regard to the overall approach to the development of onshore wind?

[188] **Mr Bowen:** Once those black lines were drawn in TAN 8, inevitably there were going to be huge issues in terms of cumulative impact, in terms of both visibility and noise. They were going to be ongoing issues and during the construction period as well. The Arup study that supported TAN 8 looked primarily at the visual and landscape issues, which is probably why not many have been called in. The Betws scheme in an SSSI, which the authority recommended for approval, was called in, but subsequently was granted. There was a conflict in that there was a national issue there of archaeology as well. However, whereas renewable energy had been a concept that everybody could sign up to, it immediately gave the general public a focus for objecting to wind turbines. I have a long list of individual turbines that Carmarthenshire has considered. Almost every one has attracted an objection on the basis of noise and visual impact. That stems from this condensed approach that TAN 8 fostered.

[189] Having said that, we are getting interest for big schemes—I mean big; in excess of 50 MW—outside the SSAs as those areas are reaching their capacity. That is another reason why the recommendation in the Hyder report cannot be delivered, in as much as it is a bit late,

which is the point that Alan made: these schemes are in the pipeline, at inquiry or have been granted. So, the issues with SSAs and developments over 50 MW in relation to who decides are now academic.

[190] **Mr Southerby:** What you should bear in mind, which is related to that point, is that there is a tension between TAN 8 and the spatial approach, as you mentioned, or the drawing of lines, and the UK Government's national planning statements EN-1 and EN-3, which do not have a spatial approach, but have a criteria-based approach. Although they refer to Welsh guidance in TAN 8, they also say that that will not necessarily be a determining factor. So, the position has now become one where, as Eifion said, schemes outside SSAs and over 50 MW are conceivable and, as a matter of principle, potentially supportable in UK policy terms. So, that is something that you should have in mind when considering this issue.

[191] **William Powell:** That is helpful, thank you.

[192] **Yr Arglwydd Elis-Thomas:** A gaf holi ynglŷn ag un peth a ddywedodd Eifion? Mae'r cwestiwn hwn o beth oedd effaith TAN 8 ar ganfyddiad y cyhoedd ac ar bolisi ynni adnewyddadwy drwy'r wlad yn gyffredinol wedi bod o gonsŷrn i mi ar hyd yr amser. Rwyf wedi gweld rhywbeth tebyg yn y gogledd a'r gorllewin, lle mae ceisiadau unigol gan dirfeddianwyr, ffermwyr ac yn y blaen am un tyrbîn ar eu tiroedd wedi dod yn faterion dadleuol oherwydd adwaith pobl i ffermydd gwynt. Rwy'n gwybod ei bod yn rhy ddiweddar a bod y ceffyl wedi dianc ac yn y blaen, ond, wrth i ni edrych ar Fil cynllunio Cymru, bydd yn bryd i ni feddwl sut y gallwn symud tu fas i faes y nodiadau technegol hyn fel ffordd o ddelio â pholisi. Efallai bod y TAN, ynddo'i hun, yn syniad hen ffasiwn am ffordd o osod gofynion cynllunio ac efallai bod yn rhaid i ni feddwl am safonau cyffredinol o gynaliadwyedd yn hytrach. A yw hynny'n mynd yn rhy bell?

Lord Elis-Thomas: May I follow up on one thing that Eifion said? This question of the impact of TAN 8 on public perception and on renewable energy policy throughout the country generally has been an issue of concern for me, throughout. I have seen something similar in north Wales and west Wales, where individual applications from landowners, farmers and so on for a single turbine on their lands have become contentious issues, because of people's adverse reaction to windfarms. I know that it is too late, the horse has bolted and so on, but, as we look at the Wales planning Bill, it may be time for us to think about how we can move beyond this area of technical notes as a means of dealing with policy. Perhaps the TAN, in and of itself, is an old-fashioned concept about how to place planning requirement and perhaps we need to think about general standards of sustainability instead. Is that going too far?

11.30 a.m.

[193] **Mr Bowen:** Yr hyn nad wyf byth wedi ei ddeall ynglŷn â TAN 8 ac, i ryw raddau, TAN 15, yw mai nodiadau technegol ydynt, ond eto mae pobl yn cyfeirio atynt fel polisi. Mae polisi yn glir—yn y dogfennau a'r polisiau mae Llywodraeth Cymru yn eu cyhoeddi. Gwaith awdurdod cynllunio yw gweithredu hynny a sicrhau nad yw'r effaith ar yr amgylchedd a'r cyhoedd yn gyffredinol yn ormodol, fel ein bod yn gorfod mynd yn erbyn y polisi, efallai. Os ydych yn edrych ar ddogfen TAN 8 fel ag y mae ar hyn o bryd, ychydig sydd yno i roi cymorth i'r awdurdod cynllunio. Mae gennych restr a map, ond dim byd i ddweud sut i wneud asesiad o'r effaith

Mr Bowen: What I have never understood about TAN 8 and, to a certain extent, TAN 15, is that they are technical notes, yet people refer to them as policy. Policy is clear—it is in the documents and the policies that the Welsh Government publishes. The job of the planning authority is to implement those and to ensure that the effect on the environment and the public in general is not too extensive, so that we have to go against the policy, perhaps. If you look at the TAN 8 document as it currently stands, there is very little there to assist the planning authority. You have a list and a map, but you have nothing to tell you how you carry out an impact assessment

ar y tirlun, neu sut i edrych ar effaith un neu fwy—dyna lle mae'r problemau yn dod—o ddatblygiadau. Efallai y dylai'r pwyslais fynd ar y materion hynny, a dweud y gwir, neu galledm fynd i un pwynt a dweud, 'Rydym yn gallu ystyried hwnnw'. Nid yw hynny'n ymwneud â TAN 8 a TAN 15 yn unig—mae TAN 20 gennym ar hyn o bryd. Mae'n cyfeirio at y ffaith ein bod yn gorfod asesu'r effaith, ac mae'r nodiadau hyn yn gorfod rhoi cymorth a fframwaith i ni i sicrhau ein bod yn gwneud hynny'n iawn.

on the landscape, or how you assess the impact of one or more—this is where problems arise—developments. The emphasis should, perhaps, go on those issues, to be honest, or we could go to one point and say, 'We can consider that'. It is not just in the case of TAN 8 and TAN 15—we currently have TAN 20. It refers to the fact that we have to assess the impact, and these notes have to give us a framework in order to ensure that we are doing that properly.

[194] **Antoinette Sandbach:** Eifion, I wanted to pick up on something that you said earlier. I appreciate that much of the focus of this morning has been on the bigger-scale projects, but I want to look at the smaller-scale projects. You mentioned the opportunity to take some of the smaller-scale projects out of the planning process altogether, and put them into the environmental consenting process. I would be quite keen to explore that, because there are clearly opportunities to put solar panels on farm buildings, or photovoltaics. How would you see that process? Do you agree that permitted development is a good way of encouraging more renewables and allowing local councils to concentrate their resources on the bigger developments that need more attention, rather than having to have endless small planning applications? Perhaps you could address that, in terms of solar, anaerobic digestion and hydro.

[195] **Mr Bowen:** There are certainly opportunities. Just to clarify one position, in terms of the permitted development rights for microgeneration, the residential element is already there, and the non-domestic, I think, is yet to come in. So, going to your farmhouse scenario, the farmer can put it on his house, but on his outbuildings he has to have permission. There is a little bit of catch-up work to do there, but the comment that I made was specifically in relation to small hydro schemes, and local authorities have quite recently acquired the power to produce local development orders. For example, we could produce a local development order, providing that the building housing your generator is not in a national park or a SSSI, in the same way that you have a list of criteria for agricultural buildings for which you do not need planning permission. We then pass that on to Natural Resources Wales.

[196] On the larger projects with a requirement for an environmental permit, in terms of the emissions from a stack associated with a biomass scheme, for example, what I said was that, with the scheme that we were involved in, we were unable to arrive at a conclusive view on the visual impact because the height of the stack was unknown. That would not have been finalised until the environmental permit aspect was given. Perhaps that should be fused into the planning side. The cost of applying for an environmental permit on a scheme of that size is quite significant, and they were reluctant to do it without the certainty of planning. The processes could be brought together. It happens in other regimes. The windfarm inquiry that we are involved in now is a joint inquiry for a common land application. So, there is an opportunity to simplify that process, rather than having to jump through the hoops.

[197] One of the main advantages, supposedly, of the IPC regime set up by the 2008 Act was that it was meant to be a one-stop shop for consenting. That has not happened in Wales because, in addition to the associated developments, there are common land issues, issues around section 278 of the Highways Act 1980, and drainage issues. Wales does not have that advantage at the moment. So, yes, there is scope.

[198] **Antoinette Sandbach:** I am very grateful for that answer from Eifion. It is effectively taking the smaller-scale applications out, to allow the councils to concentrate on

the bigger, more controversial applications, through a permitted consent process.

[199] **Mr Southerby:** As a starting point and from a personal perspective—I am not necessarily commenting on behalf of Powys County Council or anyone else—as a planning professional, I have a lot of sympathy with certain elements of deregulation, to allow us to concentrate on more significant and potentially controversial aspects. However, over the last six months, I have found that sympathy waning slightly, because of the experience over the border in England, where the Government is looking to reduce householder permitted development rights to allow this snapshot period to build, and the fury that has gathered momentum regarding that and the changes that have now been made to it. The changes appear to allow neighbours to have an opportunity to object to those plans. I wonder whether it is a case of jumping out of the frying pan into the fire, and there is no real significant change. So, I think that we have to be slightly careful about that.

[200] The smaller schemes can sometimes cause as much angst and concern to communities as larger ones. That has been our experience with single wind turbines in Powys as well. However, as a fundamental starting point, I believe that there is a case for deregulation. Eifion has mentioned local development orders and we have the wherewithal to think about progressing this, as a local authority. It does not need any further change from the Welsh Government.

[201] **Antoinette Sandbach:** I wonder whether it should be done on a national basis, rather than a local basis. One other thing that we have not addressed yet is the roll-out of the Green Deal locally, which is a completely different subject, but it is something that we looked at in our report. Perhaps, Jane, you are the person who needs to answer this question: how well prepared do you think local councils are to roll out the Green Deal? I have certainly had complaints in my local area that it is very difficult for local suppliers to qualify as Green Deal fitters or to get the qualifications. That is discriminating against the smaller businesses, as opposed to the bigger organisations and the bigger energy companies. Could you comment on those two things?

[202] **Ms Lee:** I am aware that a couple of consultation events have already been held between the Welsh Government, the WLGA and local authorities on the Green Deal. Another event is being planned for May, when, once again, local authorities and public and private sector housing organisations will be brought together to explain what the Green Deal is all about and how they can benefit from it. Work is also being done on the energy company obligation, which is UK-based, to see how we can maximise investment into Wales. So, there is a lot of work going on at a strategic level in terms of the issues that you raised. With regard to suppliers and how they access that, I cannot answer that question at the moment, but I am more than happy to go away and come back with an answer on that.

[203] **Antoinette Sandbach:** Thank you. I do not know whether either of the other witnesses has a comment on that.

[204] **Mr Bowen:** In terms of registered social landlords, Carmarthenshire has retained its housing stock and is working very closely to develop initiatives, and not only to bring the housing stock up to standard—it is going beyond that in terms of insulation and thermal values in relation to walls in particular, and has established fuel clubs. We have established a Carmarthenshire energy trust. It is funded in part by the Ynni'r Fro project, which is working closely with it. It has raised some interesting problems, particularly in terms of enhancing u-values by putting in place external insulation. There are questions as to whether that needs planning, or not. However, it is active, primarily in the public sector. There are some private initiatives as well through the environment partnership that we are involved in, which is linked to the local service board. So, there are green shoots from the Green Deal, but whether or not it has delivered what was expected, I do not know. I doubt that it has.

[205] **Mick Antoniw:** I have a very short question. Your evidence is, as always, very interesting. To some extent, we are rehearsing a bit of the evidence that we took last time. In terms of where we are now, particularly with regard to some of the major projects, what is improving, what is not improving, what two or three key things do you think have to be done? To what extent has there been any change or progress since we last took evidence from you?

[206] **Mr Southerby:** On one level, there has probably not been a lot of change in the context around all this since I was last here speaking to you; however, some key things have changed. As an authority, we have made recommendations on the Department of Energy and Climate Change applications, which have prompted the joint public inquiry that starts in June. It has brought that matter to a conclusion, and we now have to go through the next part of the process. A number of the schemes that are still on our books require further information and we need to take a view on them. We took one such scheme to our planning committee in December and we plan to take more during this year. However, fundamentally, the context remains very similar to the way that it was last time.

[207] **Ms Lee:** In terms of the day-to-day work, probably not a great deal has changed, but we are now working in a different policy framework. We now have Natural Resources Wales, but it is too early for us to say what impact that will have on applications. We have had the Hyder report. The Welsh Government is very busy at the moment with the planning Bill. In a year or so, we may say that things are quite different, but at the moment we are in a period of limbo where we are waiting to see how things pan out over the next few months.

[208] **Mr Bowen:** I was not here giving evidence last time, but I think that an area where there is a little more certainty, which has come from experience of getting involved in the process, is with the over 50 MW post-DECC schemes, that is, the national infrastructure ones. There is a bit more clarity in that regard, and there will hopefully be amendments to processes that might explain the differences between the two. This is why I am a bit concerned about the introduction of a further consenting procedure that may add further confusion.

[209] The key players in terms of the schemes are the Environment Agency, the Countryside Council for Wales, and, to a greater extent in terms of land ownership, the Forestry Commission as managers of the land for the Welsh Government. They are now in one organisation: Natural Resources Wales. It raises a question about transparency, where one part of that organisation will manage and receive income for schemes on which another part will be commenting, and another part permitting. It is complex. I am aware of internal procedures where the permitting regime is put in one corner, but speaking as a member of the public looking from the outside in, I could say, 'Hang about, 80% to 85% of the land in TAN 8 is owned by the Welsh Government, and part of the key elements of commenting on these schemes is coming from that organisation that has responsibility for managing the land'. There is an issue of transparency there, which I am sure will emerge as we consider new schemes that come on the table.

[210] **Lord Elis-Thomas:** I am glad that you said that. We have discussed this with Natural Resources Wales, and we will discuss it again on 23 May. I am sure that it will have heard what you said, because I am sure that some part of it is watching in.

[211] **Mr Bowen:** I am sure that it will not happen, but there could be a scenario where a local authority may have to enforce against the Welsh Government as the owner of the land, if it is not in compliance with a condition. That is a scenario. I cannot possibly see it happening, but there is a possibility, because common land is no longer exempt from enforcement.

[212] **Russell George:** What is the local authorities' view on TAN 8 as a guidance note that is particularly relevant to you? Do you think that it should remain as it is, or should it be

replaced or refreshed? I do not expect a lengthy answer, just a brief answer.

11.45 a.m.

[213] **Mr Southerby:** On one level, it has been successful—you have only to look at the interest that we have had from developers in Powys to see that it has been successful in that respect. Speaking again as a planning professional, rather than as a Powys employee necessarily, it is part of a hierarchy of policy now, in that new things have come on stream, particularly the national planning statements on a UK basis. Where it is in the pecking order and the hierarchies is a debatable point, but the view that comes out of the public inquiry that Powys is now going to go through in terms of the DECC applications will be very interesting in terms of the weight that is given to TAN 8 in that process. I think that it is going to be a very interesting point that will be debated and ruled on in some capacity or other. Whether it should be refreshed, I do not know, really. All that I could really say is that I would reserve judgment, but I think that we will all be better placed to take a view on it after we have seen some of the views taken on the weight that has been given to it. Eifion may have a view on it, having gone through the Brechfa forest experience.

[214] **Russell George:** My question was: what is the planning authorities' view? That was my question.

[215] **Mr Southerby:** The planning authorities' view at the moment is that it is part of the policy considerations. It is in the basket of policies—the term that is often used—and we need to take a view on an individual basis of the weight that we give it. However, there are other things to weigh in the balance, more so than back in 2005. It is part of a bigger picture now.

[216] **Mr Bowen:** As a policy document, it has served its purpose. It identifies strategic search areas. That work has been done by the private sector. There was some initial scoping refinement by local authorities as well, and those schemes, if they are not being approved, have been built, are in the pipeline or are pending. Those lines have served their purpose in terms of policy, and the document should revert to what it says in its title: it should be a technical advice note. If a revisit of the policy element of it is going to be undertaken, it would have to be subject to a strategic environmental appraisal, and we all know that this was just approved before that requirement came in back in 2005-06.

[217] **Joyce Watson:** I have two quick things that I just want to explore with Eifion Bowen from Carmarthenshire. In your comments about owning land and granting permission on it, you were clearly talking about the Forestry Commission in its previous form, but is it not the case that local authorities do the same thing? How do you get around the transparency issues that you are concerned about with the new body?

[218] **Mr Bowen:** In terms of wind turbines, I am not aware of a great deal of experience—

[219] **Joyce Watson:** No, I am talking about planning. We are talking about planning, not turbines.

[220] **Mr Bowen:** In terms of granting planning permission on our own land where there is a commercial interest, clearly, that process is open. It is open to scrutiny by the Wales Audit Office and by the public, who can call the application in. Members of the public cannot go anywhere to have a wind turbine application called in—well, they can, but the Welsh Government will be calling that application in. We are talking about a different level, are we not? Local authority development on local authority land is quite heavily regulated at the moment, and has been for a number of years, but the ultimate sanction is for the Welsh Government to call those applications in.

[221] **Joyce Watson:** Okay, we have cleared that up. I want to move on very quickly, because we are way beyond time, to the renewable energy assessment. The Hyder research report recommended that those assessments be carried out and be fully incorporated into local development plans, and money was put forward from the Welsh Government for 11 local planning authorities. I suppose that the first question is: do both of your authorities have local development plans? Assuming that you do, do you consider local renewable energy assessments an appropriate way forward, in having those and in incorporating those into LDPs? Do you agree with what Hyder is saying, in other words?

[222] **Mr Bowen:** I agree that the renewable and low-carbon energy assessment is a very useful piece of evidence to support local development plan policies, but I think that it should be considered more than that. I brought a copy of ours along in case you wanted to see it. This is evidence for our policies in the LDP, but we see it as being more than that. In fact, today, we have dissemination seminars getting involved in how we can use this information, separately to the timeline of the local development plan. We hope to present ours for examination by October, and that will go through the due process. However, this information is useful as more than just an evidence base for the local plan, and we are using it. It was funded by the planning improvement fund; in fact, we had two tranches. It is done externally, but we got our team members involved in that process, so it has been a useful piece of work. I agree with the recommendation, but I would go further and say that it is not just a link with the LDP, it also has to be a useful piece of information to act on, and we are doing that.

[223] **Mr Southerby:** I would echo everything that Eifion has said. We are part way through our LDP and, similarly to Eifion, we have had a renewable energy assessment undertaken, again with grant assistance from the Welsh Government. I fully endorse what he said about the support that it gives us in the planning process and more widely.

[224] **Yr Arglwydd Elis-Thomas:** Mae'n **Lord Elis-Thomas:** I apologise for having ddrwg gennyf ein bod wedi eich cadw yn kept you waiting and for having gone quite a aros a'n bod wedi mynd tipyn dros amser. bit over time. Thank you very much indeed. Diolch yn fawr iawn i chi.

*Gohiriwyd y cyfarfod rhwng 11.51 a.m. a 11.56 a.m.
The meeting adjourned between 11.51 a.m. and 11.56 a.m.*

Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl Adroddiad—Cynnydd o ran Materion Cynllunio a Chaniatáu—Tystiolaeth gan Hyder Consulting
Inquiry into Energy Policy and Planning in Wales: Report Follow-up—Progress on Planning and Permitting issues—Evidence from Hyder Consulting

[225] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr iawn am ddod i roi tystiolaeth i'r pwyllgor. Dechreuaf drwy ofyn, yn eich gwaith arbennig o drwyadl ar gyfer Llywodraeth Cymru, beth yw'r argymhelliad pwysicaf yn eich barn chi? Beth, yn arbennig, yr hoffech chi i ni fel pwyllgor gymryd sylw pellach ohono wrth i ni edrych ar yr ymateb i'n hadroddiad ni ar ynni a chynllunio?

Lord Elis-Thomas: Thank you very much for coming to give evidence to the committee. I will start by asking, in your especially thorough piece of work for the Welsh Government, what is the key recommendation in your opinion? What, in particular, would you like us as a committee to pay further attention to as we look at the response to our report on energy and planning?

[226] **Mr Jones:** There are a number of recommendations within the report, as you might have noted. The key recommendations are those concerning the suggested changes to the

planning consent system in Wales. That is predominantly recommendation 1, which suggests a transfer of planning powers from local planning authorities to a special unit of the Welsh Government to determine what are described as strategic renewable energy schemes. Aligned to that is recommendation 3, which suggests changes to the project management procedures in local planning authorities in terms of how local authority renewable energy schemes are progressed at a local planning authority level. So, there are two changes there at different levels, in terms of how the planning consent process works.

[227] **Lord Elis-Thomas:** You may have heard some of the earlier evidence. One suggestion from one local authority was that this proposal was probably too late for it anyway. Another suggestion was that, although it might lead to concentrating on the strategic, as opposed to the more regular development control aspects, they were not sure that that was a way forward. What is your response to that?

[228] **Mr Jones:** We certainly understand the situation regarding strategic search areas. Probably, the view that was taken there is that, in essence, a lot has already been built out, therefore, what is the value of now setting up a strategic renewable consents unit to deal with applications within strategic search areas? To an extent, that is a valid point. Clearly, the strategic consents unit would not deal solely with applications within strategic search areas. Also, as far as those areas themselves are concerned, there is still outstanding capacity within some of them, so there is still a value in that. It is also worth remembering that there is a large volume of applications that are still to be determined within strategic search areas. The possibility exists, of course, that they could be refused, so we could be seeing those again in the future. Further down the line, there is always the prospect of currently constructed schemes being subject to repowering applications in due course. In essence, the strategic search areas in many ways remain alive in terms of future planning consents.

12.00 p.m.

[229] **Lord Elis-Thomas:** Thank you; that is very helpful.

[230] **Russell George:** You mentioned that there are already a number of applications in the pipeline in the strategic search areas, but some of those applications that are with the local planning authority could be called in by the Welsh Government. That was the evidence provided to us earlier. What would your comment be on that?

[231] **Mr Jones:** In relation to calling in?

[232] **Russell George:** In relation to calling in, in earlier evidence to us, it was stated that the Welsh Government has the ability to call-in those applications, but has not called them in. So, how would any change affect that? What would your comment be on that?

[233] **Mr Jones:** Call-in procedures still have an important role to play. Earlier evidence, and the evidence that we have established, is that the Welsh Government has, effectively, called in very few—I think it is only one application at the moment. The call-in procedures still have a role to play, but, essentially, they are a reactive process, not a proactive one in the way that we feel the consents process should move forward. One change we would like to see in relation to call-in procedures, which ties in with the other recommendations, is that, where recommendations and decisions at a local planning authority level—we are talking now about applications below 25 MW—are taken against officers' advice, the Welsh Government has an opportunity to scrutinise those decisions before the consent is issued by the local planning authority.

[234] **Russell George:** There is also the issue of democratic decision-making being taken away. I do not need to go into the detail of it, as you can imagine what I am going to say, but

how would you respond to that?

[235] **Mr Jones:** It is a valid point, but it is one that has been given a lot of thought. The starting point for all of this goes back to where we are at the moment in relation to the amount of renewable energy that has been generated since the issue of TAN 8 in 2005. Over that seven-year period, very little renewable energy capacity has been generated. As a nation, we are falling well behind our targets; we have missed our 2010 targets and the likelihood is that we will miss our 2020 targets. Our view is that there has to be change. The current system, in terms of planning consents, is simply not working, so there need to be radical changes.

[236] In relation to the political dimension, it is important to draw a distinction between the strategic renewable energy schemes and those that fall below that. The focus here in terms of the change to the system is those strategic renewable energy schemes above 25 MW, or, rather, between 25 MW and 50 MW. The view is that they are strategic in nature and therefore they should be determined by a strategic body. The model for that is very much more along the lines of the originally-established Infrastructure Planning Commission in 2008, where there was purely a technical solution, if you like, or a decision-making process. We felt that that model was appropriate here. Clearly, the national infrastructure directorate has changed that now, because that becomes a political decision-making process, but we feel that the model of the IPC taking these strategic decisions purely on a technical level is warranted, as I say, because of the contribution they make to attempting to meet our renewable energy targets, on which, at the moment, we are falling considerably behind.

[237] **Russell George:** What I pick up from what you are saying on that is that you think there should be a change because local decision-making is going against applications, and therefore, that the decision should be taken out of the hands of the local community. Have I analysed that right?

[238] **Mr Jones:** I think, when we talk about local decision-making, we are talking political decision-making. Certainly, we have seen instances of planning applications that have been refused against officers' advice, and I think it is fair to say that the soundness of some of those decisions is possibly to be questioned. Certainly, those applications that have subsequently been taken to appeal and upheld with costs awarded against local planning authorities suggest that intervention at a local level on occasion has not assisted in the process in terms of consenting what would otherwise be seen as acceptable renewable energy schemes at a strategic level.

[239] **Lord Elis-Thomas:** Would it be fair to say that, really, what you are talking about is that, rather than a failure to come to decision, it is to do with the delay in the process? Is that not what has happened?

[240] **Mr Jones:** Fundamentally, that is the case, and that was the remit in our brief: the concerns around the delays in the consenting process. If you have had a chance to look at the figures around the timescales, you will see that they are quite significant. Clearly, some of the decisions that have been made have also impacted on the timelines, so we cannot ignore some of the decisions themselves, although we are, essentially, concerned with the consenting process.

[241] **Mick Antoniw:** I want to ask about the concept of a national planning consent unit. It seems to me that it is a formalised call-in process that does not require any form of legislation—that is, the Government can set it up and do it as things stand. However, in terms of a future planning Bill, have you given consideration to whether there should be a statutory duty or obligations on the Government? The problem with the Government at the moment is that it can always exercise its discretion as to whether to dip its finger in or not, so to speak. It seems to me that the key issue for a lot of the major players in this industry is that they want a

degree of certainty and consistency, and efficiency to go along with that. Do you think that this issue should be considered in any future planning Bill, therefore?

[242] **Mr Jones:** I would not dismiss that. We have not considered that specifically. Our main issue has been the lack of clarification as to on what grounds the Welsh Government might consider calling in applications. The evidence suggests that there are—or have been—applications that have clearly been shown to raise cross-boundary issues and are, therefore, by definition of more than local importance, which is the trigger for call-in, but those requests have not been adhered to in terms of a call-in that is subsequently made the Welsh Government. The lack of clarification is the main issue that we feel needs to be addressed—that is, as to when the trigger might operate for the Welsh Government to call in those types of applications.

[243] **Mick Antoniw:** What you want to achieve out of that, and what industry wants, presumably, is consistency.

[244] **Mr Jones:** That is absolutely right—it is about consistency. In the comments that we received in the consultations that we undertook among developers, in particular, and objectors, they simply could not understand why they spent a lot of time and effort requesting applications to be called in that they were convinced were of more than local importance and their requests were simply returned with the decision that they were not to be called in.

[245] **Mick Antoniw:** In terms of the ongoing backlog of applications, as well as changing the current system you also have to resolve the legacy that you have. The considerations that you have had have only really been in respect of those applications where the appeals and so on have been determined. What is your view of the overall picture, and the fact that there is a large number of outstanding applications there? What is your recommendation in respect of those outstanding applications that seem to be dying a slow death somewhere or other?

[246] **Mr Jones:** That is a fair point. There are two aspects to that issue. One is what we would describe as the Powys situation, which is almost a Gordian knot in terms of how that is to be resolved. That is a matter for the Department of Energy and Climate Change at the moment, and, clearly, that has to run its course. We are particularly concerned that it is now a year since we presented our evidence, or our baseline analysis was undertaken, which showed clearly that there was a lot in the system. We are a year on from that, and, given the pace at which things had progressed up to that point, I doubt that very much has moved further forward in the majority of cases. One key recommendation that we felt should be actioned fairly swiftly was that each authority should be required to prepare a planning status report—effectively, to provide an update on where we were a year ago, not only to provide an update on where each application is at present, but to highlight issues that remain outstanding. It would also advise us of any assistance that may be required if there are blockages that could, potentially, be unblocked through assistance from the Welsh Government, advisors or technical experts. We are keen not to ignore those that are still in the system, though, clearly, as you suggest, the majority of the recommendations are concerned with working to the future. We cannot ignore where we are at the moment.

[247] **Vaughan Gething:** Building on Mick Antoniw's questions, I would like to explore the question of speed versus capacity and consistency. I understand that, if you were to have the process that you advocate in your report, you would expect greater consistency in decision making. It would also take out of the hands of local authorities a number of the processes that are already in place. In your report, you also set out the timescales for current consents. There are significant timescales, whether at a local authority level or if they went to the IPC under the current process—they are significant and lengthy processes. Do you see the time currently taken by local authorities as a question of a lack of will to determine matters or a lack of capacity to determine matters more speedily? Secondly, using Russell George's language, if

you centralised that planning function in a much wider variety of planning applications, say between 5 MW and 50 MW, and took all those in to the Welsh Government, what would be the timescale for dealing with those developments? Of course, the Welsh Government is not suddenly going to discover that it has lots more money, so is there the resource in human terms as well as financial terms to take on board that scale of task? Or, would we be saying that we would have a more consistent process, but that it would be even slower for developers and communities to get a decision on any potential development?

[248] **Mr Jones:** At a local authority planning level, among the concerns that we have at the moment is that there is good and bad practice across Wales. There are examples of authorities that are working very well with the processing of renewable energy applications. The larger authorities tend to be those with experience of dealing with renewable energy applications. The issues at local authority level are mostly ones of resources, expertise and specialist areas. I think that it is fair to say that there are different corporate approaches in different authorities in terms of working culture. There are authorities that work far better than others in terms of inter-departmental working. There is complete disparity between authorities—there is no consistency. While that remains, we cannot see how the situation can improve in terms of the consenting process and the timelines, with those variable elements.

[249] In relation to the suggestion of a renewable energy consents unit as a centrally based unit within the Welsh Government, it provides the opportunity—as was the case with IPC and now with NIP—to bring together a team of experts with the capability to focus purely on these types of applications. That, we feel, gives a greater opportunity not only for a more consistent outcome and a more predictable outcome, in terms of the decision-making process, but a more efficient one as well. You mentioned the question of resources; it is not one that we have looked at particularly, but it could logically follow that, if the more strategic renewable energy schemes are transferred from local planning authority decision-making to a unit within the Welsh Government, ostensibly it could be a transfer of resources as well.

[250] **Vaughan Gething;** I am sure that Powys colleagues will be interested in that answer, because, of course, the Welsh Government has provided extra resource to planning authorities to help them gear-up with capacity. So, are you talking about that capacity, which the Welsh Government is providing in addition, or are you suggesting that staff would transfer? I want to be clear about what you mean by a transfer of resources. If you are talking about money that the Welsh Government already gives, that is one thing, but there is a different way of interpreting what you just said. Perhaps you could also deal with why you think that the associated development issues, around the products that you recommend come into this new consents unit, should come out of local planning authority determinations as well. Of course, I know that some people refer to that as ‘assassinating local democracy’. I have seen a couple of blogs that have referred to it in those fairly spicy terms. There would, obviously, be a significant reaction if you took all of that activity out of the hands of a local planning authority and put it all in the hands of the Welsh Government.

12.15 p.m.

[251] **Mr Jones:** I will take those one at a time. In terms of resources, I was focused primarily on financial resources, though I did not ignore professional resources. As has been highlighted in the report, the Welsh Government, during the period of the study, has awarded over £0.5 million to local planning authorities in support of their planning function. In terms of the outcome, you could argue that that has not necessarily represented value for money, though that is based purely on pulling figures together. Potentially, it would be a cost saving, in terms of the grant that is currently awarded to local planning authorities, if that money was to be directed into a renewable energy consents unit. On the question of professional resources, I was surmising that, if the workload of local planning authorities is to be reduced, the opportunity is potentially there for those resources to work within a new renewable energy

consents unit.

[252] In relation to associated and ancillary consents, which are the outputs of the nationally significant infrastructure process in Wales, I must admit that we do not have any evidence to suggest that the workings of local government at the moment have caused any particular issue. However, it seems to us that decisions that are taken through the NSIP process are then split at the end for local planning authorities to effectively have the final say on whether those major infrastructure projects can proceed. That seems to present a slightly vulnerable position for those schemes that local planning authorities, at the end of the day, could essentially hold to ransom for relatively minor development works. Many of these associated developments are concerned with access improvements and other ancillary consents, which are disproportionately minor elements of an overall scheme.

[253] **William Powell:** I have a couple of questions that arise from earlier sessions, Mr Jones. You said earlier that there could well be merit—and this is reflected in the report—in the Welsh Government having an additional opportunity to call in certain categories of applications, particularly where an application has been voted down against the advice of professional planning officers. Is there any merit in what Friends of the Earth Cymru has consistently recommended, which would potentially balance the whole process, in terms of a form of third-party right of appeal, as has been the case for some time in the Republic of Ireland? This could mean that the whole process could be seen as more equitable, if not necessarily facilitating the outcome that the Government would desire.

[254] **Mr Jones:** I just wish to clarify a point about third-party right of appeal. Were you referring to the planning application process or to appeals?

[255] **William Powell:** I was referring to appeals.

[256] **Mr Jones:** I do not have a particular view on that, other than to say that, as far as the appeals process is concerned, those who have a right to appear at appeal, in terms of rule 6 status, appear to be growing in number. Many of those organisations are very well organised and will turn up in numbers. That is not to deny the right to appear at appeal. However, they have collectively resulted in delays to the inquiry process. Our response to that has been to ask, ‘How do you best manage that, in terms of continuing an efficient appeal process?’ One recommendation that we have made is that consideration should be given to following the Scottish inquiry system. For those interested parties that are granted rule 6 status and have issues of a similar nature, a process of hearings could run in parallel with the main inquiry.

[257] **William Powell:** To be more time-efficient, I suppose.

[258] **Mr Jones:** To be more time-efficient, but also to allow those individuals the right to appear. They can represent a whole range of interest groups, some of which, I suppose, in essence, could be described as third party. That is how we have addressed that particular point in terms of overcoming the delays to the consenting process.

[259] **William Powell:** On a further point, namely the right to trigger an appeal—not just to appear at an appeal that is already taking place, but to trigger an appeal in certain situations—I think that that is what Friends of the Earth was advocating previously.

[260] **Mr Jones:** Is that on a local planning authority’s decision?

[261] **William Powell:** Yes.

[262] **Mr Jones:** We have not actually commented on that. I do not quite see the line of argument at the moment. Are you suggesting that a third party could trigger an appeal?

[263] **William Powell:** Yes. That was the view that Friends of the Earth have consistently brought to the table. I do not know whether it contributed that view to any consultation that you have undertaken ahead of your report.

[264] **Mr Jones:** That is an interesting point. It is not one that we have considered. I think that a lot would depend on the merit of its objection. I do not really have a comment on that, otherwise.

[265] **William Powell:** I have one other question. A number of individuals who have contributed already this morning have spoken about the effects that the spatially based approach, in terms of TAN 8, has had in terms of setting the frame of the renewable energy debate in Wales. Do you have a sense that it might be time for the Welsh Government to rebalance its approach by giving some additional consideration to a criteria-based approach so as to reduce the extremity of pressure that certain communities and areas of Wales find themselves under at present? At the very same time, we have other areas of Wales that find themselves outside the SSAs where companies and individuals might well wish to take forward projects that are not favoured because of the static nature of the technical advice, which is so often seen as policy rather than technical advice.

[266] **Mr Jones:** I think that most people accepted the value, in principle, of establishing strategic search areas for predominantly strategic renewable energy schemes. Clearly, it has had its failings; we only have to look at the evidence to date in terms of the timelines for determining those renewable energy schemes. A lot of that is set out in our report. I hope that I am addressing your question by referring to recommendation 2 of our study, which is concerned with renewable energy assessments, which is a requirement in Planning Policy Wales. Effectively, that requires each planning authority, in support of the preparation of its local development plan, to undertake an assessment of the renewable energy needs within its authority, albeit that no targets are set for that, but then to consider how, through the local development plans, it can meet those needs. In essence, that is a spatial approach, because authorities are effectively either required to identify areas that might be suitable for different types of renewable energy schemes or, conversely, as is the case with Monmouthshire, to designate areas where renewable energy schemes are not being permitted in principle. That approach, we feel, has some merit in informing local development plans, because it will permit individuals, at the outset, to contribute to that debate. Where local development plans end up in an examination, that can be debated openly and independently assessed. We therefore feel that that spatial approach across Wales does have merit. It would also mean that planning application decisions would be based on a firm evidence base as to where those renewable energy schemes are best suited.

[267] To answer your question particularly around a criteria-based approach, it is interesting that some planning authorities have been telling us that, without the real best baseline evidence that would come about through renewable energy assessment, they are faced with dealing with planning applications on their merit. That is to say, they can approve a scheme that is potentially just acceptable in planning terms, which means that they are not necessarily approving the best renewable energy schemes in the best locations in each local authority area, simply because there is no spatial approach. When you have a policy criteria-based approach, it just means that you treat that application on its merits, and you are not weighing one against another, or a particular location against another in terms of the most suitable.

[268] **William Powell:** That is very helpful, thank you.

[269] **Julie Morgan:** I was also interested in your comment about when a political decision overrides the officer's decision, which is a situation that could be called in. How widely does

that happen?

[270] **Mr Jones:** Of the applications that we looked at, I believe seven of the 73 were recommendations against officers' advice. It is not a significant number, although those applications were large applications ostensibly falling into the strategic renewable energy bracket. However, what is more important is the uncertainty and unpredictability that that provides to developers and applicants in terms of an understanding as to whether they have a certain confidence that applications that would otherwise be acceptable in planning terms would be supported.

[271] **Julie Morgan:** So, although there were only seven, there are wider repercussions from those decisions, basically, in terms of creating a climate of uncertainty.

[272] **Mr Jones:** Absolutely, yes.

[273] **Julie Morgan:** On the issue of local democracy, what comments do you have about that?

[274] **Mr Jones:** I acknowledge the point, but I come back to my starting point, which is the failure to meet our renewable energy targets, which is significant. We feel that there needs to be change to give us the opportunity to meet those going forward, but also to emphasise that the suggested change that you describe is dealing only with those strategic renewable energy consents. Those are applications for between 25 MW and 50 MW. The remainder remain the same in terms of the local decision-making process, but it is focused very much on that specific group of renewable energy schemes.

[275] **Julie Morgan:** Would such a change be acceptable for the local authorities who take these decisions?

[276] **Mr Jones:** I am sure that they would take a very different view. As I say, the model for the recommendation is very much the infrastructure planning commission, which was set up initially for decisions to be taken by inspectors without any referral to a political decision thereafter. I seem to recall that, with the introduction of the IPC, there were many supporters of an approach to dealing with nationally significant infrastructure projects, and it is accepted that this is a Wales-only approach, so it would need to be different and tailored to suit Wales's needs. The basic principle around technical decisions on those is the same, but I am sure that there would be different views from different quarters as to how acceptable that might be.

[277] **Joyce Watson:** As regards the seven call-ins that you had, I am assuming that they were the very big ones, or the ones of strategic importance. Is there any difference between seven of them being sent up here for determination, if I am right in my assumption, and the strategic energy consents unit making those decisions? Are they not the very ones that have been sent up here?

[278] **Mr Jones:** It is quite possible that they are the same. I cannot recall definitively whether the seven were all strategic in nature. I seem to recall that they were large schemes, above 25 MW.

[279] **Joyce Watson:** Could you let us know?

[280] **Mr Jones:** Yes, I can make a note of that and come back to you.

[281] **Russell George:** Following on from Julie Morgan's questioning, from what I understand, the suggestion is that this is moving away from political decision making to

strategic decision making. Would that decision ultimately be made by a political figure, after a recommendation to a Government Minister, or would the decision be made by professionals who are not democratically elected? I would just like clarification on that point.

12.30 p.m.

[282] **Mr Jones:** The recommendation is clear that the decision is to be taken away from other political fora and it is a decision to be made by professional officers. We have made it clear in the recommendation that the arrangements and organisational remit would need further consideration. However, in essence, it is a professional officer's decision.

[283] **Russell George:** So, it would not even be made by a Welsh Government Minister; the decision would be completely made by non-elected bodies.

[284] **Mr Jones:** That is correct, yes.

[285] **Lord Elis-Thomas:** Diolch yn fawr. Thank you very much for that evidence.

12.33 p.m.

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl
Adroddiad—Cynnydd o ran Ynni Cymunedol a Manteision Cymunedol
Inquiry into Energy Policy and Planning in Wales: Report Follow-Up—Progress
on Community Energy and Community Benefits**

[286] **Yr Arglwydd Elis-Thomas:** Mae'n ddrwg gennyf am yr oedi cyn symud ymlaen gyda'n tystiolaeth. Diolch yn fawr iawn i chi am eich presenoldeb. Diben y sesiwn hon yw i ni edrych eto ar y sefyllfa ers i ni gyhoeddi ein hadroddiad ac ymateb y Llywodraeth. Carwn ddechrau drwy ofyn i chi i gyd ymateb gan nodi beth yw'r cynnydd mwyaf sydd wedi ei wneud yn ystod y cyfnod ers cyhoeddi'r adroddiad ac ymateb y Llywodraeth ac, ochr yn ochr â hynny, beth yw'r diffyg cynnydd mwyaf y dylem gyfeirio ato. Llywelyn, a hoffet ti gychwyn?

Lord Elis-Thomas: I am sorry for the delay in moving forward with our evidence. Thank you very much for your attendance. The purpose of this session is for us to look again at the situation since we published our report and the Government's response. I would like to start by asking you all to respond by identifying the most significant progress that has been made during the period since the publication of the report and the Government's response and, alongside that, the area that you think has seen the most significant lack of progress that we should refer to. Llywelyn, would you like to start?

[287] **Mr Rhys:** Diolch, Gadeirydd, a diolch yn fawr am y gwahoddiad i fod yma heddiw. Hoffwn gyflwyno Katy Woodington i chi. Ei theitl, yn Saesneg, yw *UK community investment manager*. Felly, mae'n gyfrifol am y budd cymunedol drwy'r Deyrnas Gyfunol. Rydym yma i bwysleisio'r datblygiadau ynglŷn â budd cymunedol ers cyhoeddi'r adroddiad. Mae'r adroddiad yn cynnwys argymhellion ynglŷn â budd cymunedol, ac mae gwaith wedi cael ei wneud yn y maes hwn. Comisiynodd RenewableUK Cymru astudiaeth o'r cynlluniau cymunedol sy'n bodoli eisoes yng

Mr Rhys: Thank you, Chair, and thank you for the invitation to be here today. I would like to introduce Katy Woodington to you. She is the UK community investment manager. Therefore, she is responsible for the community benefit throughout the United Kingdom. We are here to emphasise developments in relation to community benefit since the report's publication. The report includes recommendations regarding community benefit, and work has been done in this area. RenewableUK Cymru commissioned a study of existing community schemes in Wales. From that study, we found

Nghymru. O'r astudiaeth honno, fe wnaethom ni ganfod bod 21 o'r 37 fferm wynt a wnaeth ymateb i'r arolwg wedi cyfrannu £620,000 yn 2011. Mae'n ganlyniad positif efallai, ond dylid pwysleisio nad yw'r astudiaeth hon yn ystyried y cynlluniau a gafodd eu caniatáu neu sydd yn y system gynllunio ar hyn o bryd yn aros am benderfyniad. Bwriad yr astudiaeth oedd casglu data ynglŷn â beth sy'n bodoli eisoes a'r modelau a ddefnyddir ar gyfer rheoli budd cymunedol. Y bwriad arall oedd codi hyder ymysg datblygwyr i rannu gwybodaeth ymysg ei gilydd fel ffordd o symud ymlaen.

[288] Astudiaeth fawr a phwysig arall a gyhoeddwyd yn y cyfnod ers cyhoeddi eich adroddiad oedd astudiaeth o'r cyfleoedd economaidd yn sgîl cyrraedd targed Llywodraeth Cymru o 2,000 MW o ffermydd gwynt ar y tir yn y blynyddoedd nesaf. Cynhaliwyd yr astudiaeth hon gan Regeneris ac Ysgol Fusnes Caerdydd. Lanswyd y canfyddiadau a'r argymhellion ym mis Ionawr eleni. Roedd rhai o'r canfyddiadau yn awgrymu os cyflawnir y targed ynni gwynt ar y tir, byddai cyfraniad o £2.3 biliwn o werth ychwanegol crynswth yn flynyddol i'r economi yng Nghymru, ac y byddai'n creu oddeutu 2,000 o swyddi.

[289] Ar ôl cwblhau'r astudiaethau hyn, gwelsof fod yr astudiaeth ar y cyfleoedd economaidd yn rhoi budd cymunedol yn ei gyd-destun. Un o'r buddion economaidd ehangach yw'r taliadau budd economaidd, ond, ers hynny, rydym wedi mynd ati i weithio'n agos iawn gyda swyddogion y Llywodraeth er mwyn datblygu datganiad o addewid gan ddatblygwyr eu bod yn barod i weithio'n agos ac i ymgynghori gyda chymunedau. Mae'r addewid yn dweud hefyd eu bod yn barod i ystyried gweithio gyda'r Llywodraeth a rhanddeiliaid eraill i greu cofrestr swyddogol ar gyfer budd cymunedol, a'r cyfleoedd a fydd efallai ar gael i weithio'n strategol yn deillio o'r buddion hyn.

[290] **Yr Arglwydd Elis-Thomas:** Cyn i mi alw ar Aelodau eraill, ble rydym arni efo'r protocol ar y buddion cymunedol? Rydym wedi bod yn trafod hyn ers peth amser.

[291] **Mr Rhys:** Os cofiwch, mae'r teitl 'protocol' wedi dod o'r protocol yn Lloegr a

that 21 of the 37 windfarms that responded to the survey had contributed £620,000 in 2011. This is a positive outcome perhaps, but it should be emphasised that this study did not consider the schemes that were given consent or those that are currently in the planning system awaiting decision. The intention of the study was to collate data on what already exists and the models used for managing community benefit. The other intention was to raise confidence among developers to share information with each other as a way of moving forward.

Another large and important study that has been published since your report was a study of the economic opportunities as a result of reaching the Welsh Government's target of 2,000 MW from onshore windfarms in the next few years. This study was undertaken by Regeneris and Cardiff Business School. Its findings and recommendations were launched in January of this year. Some of the findings suggested that if the onshore wind energy target is reached, it could contribute £2.3 billion annually to the Welsh economy's gross value added and create around 2,000 jobs.

After the completion of these studies, we saw that the study on the economic benefits put community benefit in its context. One of the wider economic benefits is the economic benefit payments, but since then we have actively sought to work very closely with Government officials to develop a statement of promise by developers that they are willing to work closely and consult with communities. The promise also says that they would be willing to consider working with Government and other stakeholders to create an official register for community benefit, and the opportunities that may arise to work strategically as a result of these benefits.

Lord Elis-Thomas: Before I call other Members, where are we on the protocol for the community benefits? We have been discussing this for some time.

Mr Rhys: If you remember, the 'protocol' title stems from the protocol established in

sefydlwyd yn 2011. Cafwyd trafodaeth yng Nghymru ynghylch a oedd y fath brotocol yn addas i adlewyrchu'r polisi cynllunio, yr ardaloedd chwilio strategol a thargedau yng Nghymru, neu a oedd angen rhywbeth â mwy o nawws Cymreig iddo. Yn draddodiadol, mae'r cyfraniadau a wnaeth cwmnïau datblygu i'r buddion cymunedol yn wahanol ac ychydig yn uwch yng Nghymru nag yn Lloegr. Felly, er bod protocol drafft sy'n dilyn cynnwys a ffurf y protocol yn Lloegr, daethom i benderfyniad yn y diwydiant yng Nghymru nad protocol oedd ei angen ond rhywbeth ehangach a dyfnach, a dyna pam rydym wedi penderfynu datblygu datganiad ar gyfer budd cymunedol. Byddwn hefyd yn datblygu cofrestr gyda'r Llywodraeth i nodi gwerth a math y cyfraniadau sy'n cael eu gwneud, boed hynny drwy gyfraniadau ariannol uniongyrchol neu drwy ffyrdd eraill. Bydd hefyd yn nodi'r buddiannau o'r *supply chain* a phethau eraill.

[292] **Yr Arglwydd Elis-Thomas:** A fydd newyddion pellach ynglŷn â hyn yn fuan?

[293] **Mr Rhys:** Mae datblygiadau yn digwydd yn ddyddiol ar hyn o bryd. Rwy'n falch o ddweud ein bod yn gweithio ar ddrafft ar hyn o bryd, a bu'r ymateb cyntaf gan grŵp eang o ddatblygwyr i'r drafft hwnnw yn bositif iawn. Efallai y gallwn ddweud mwy am hyn yn y dyddiau nesaf.

[294] **Yr Arglwydd Elis-Thomas:** Rwy'n meddwl fy mod yn deall beth mae hynny'n feddwl. Gofynnaf i Chris Blake a Michael Butterfield o Ynni Cymunedol Cymru roi adroddiad i ni ar y sefyllfa ers cyfnod cyhoeddi ein adroddiad ni ac ymateb y Llywodraeth iddo.

[295] **Mr Blake:** I must say that progress has been poor and we are wasting time. The feed-in tariff is beginning to digress the income and there are threats to a rapid digression of it. The opportunity for Welsh communities, such as upland hill farms and poorer communities in the Valleys, to get income from the feed-in tariffs and from other renewable schemes is beginning to diminish. The progress that we have seen has been really slow. The Ynni'r Fro programme, which was set up, has been held up by some of the problems that we all experience—the planning delays, the consultation delays, the funding delays and the uncertainty about state aid. That has not delivered. It is only ever exemplar projects; we must not get too hung up about Ynni'r Fro. It was a fantastic idea and it was set up for exemplars: 22 projects are not going to deliver either community benefit in terms of income, or significant carbon reductions. We have to get well beyond that, and our progress with regard to moving beyond exemplar projects is pretty pitiful.

England in 2011. We had a discussion in Wales as to whether such a protocol was appropriate to reflect the planning policy, the strategic search areas and the targets in Wales, or whether something with more of a Welsh flavour was needed. Traditionally, development companies have made different contributions to the community benefits and they are a little higher in Wales than in England. Therefore, although there is a draft protocol that follows the content and form of the English model, we in the industry in Wales concluded that something wider and deeper was needed, rather than a protocol, which is why we decided to develop a declaration for community benefit. We will also develop a register with the Government to identify the value and type of contribution made, be it through direct financial contributions or in other ways. It will also identify the benefits from the supply chain and other aspects.

Lord Elis-Thomas: Will there be a further update on this quite soon?

Mr Rhys: Developments are happening on a daily basis at the moment. I am pleased to say that we are currently working on a draft, and the initial response to that draft from a wide range of developers was very positive. Perhaps we will be able to say more about this in the next few days.

Lord Elis-Thomas: I think I understand what that means. I ask Chris Blake and Michael Butterfield from Community Energy Wales to give us a report on the situation since our report was published and the Government responded to it.

[296] What are the things that back that? We will put our hands up and say that Community Energy Wales exists and it is a company limited by guarantee. It has volunteer directors, two of which are in front of you here. Despite being announced and referred to many times in proceedings, it has no funding, no remit and no support whatsoever from the Welsh Government or from anybody else. Although it is an intention and we would like to deliver it, nothing is happening and nothing has happened. It has been 12 months of absolutely wasted time, during which we have not been able to promote that opportunity. I think that there are real benefits to be had. I am not going to pretend that community schemes, which may be single wind turbines or small hydro schemes, are going to deliver 50% of renewable energy commitments. They are not going to do that, but they are important in terms of ownership and they are very important in terms of attitudes to development and the long-term income and regeneration of some of the poorest areas, such as the Valleys and hill farms. There are lots of reasons why we should be doing it, even if it cannot deliver the majority of the renewable energy commitment that we want.

[297] There are other problems, which I will just mention. We have got an increasingly difficult regulatory environment. There have been fine words about easing it and smoothing it, but my own experience is in high-head hydro development, and the previous Environment Agency consultation on the lack of a high-head river protocol and guidelines for schemes has been very difficult for us. Natural Resources Wales is now making it very clear that it wants to tighten the regulations and make it more difficult. We have done our own analysis, which estimates that, potentially, up to 60% of schemes will get written out by that, even though what we are looking for is completely within the water framework directive. We are not talking about anything that is outside EU legislation.

[298] One other barrier that I will point to is that it is very difficult for communities to get the funding for the permission stage. With the feed-in tariffs and the renewables obligation certificates, it is not difficult to get the construction finance because the returns are there. What are very difficult are the high-risk funds, which are needed to get permissions and landowner consents. Getting environmental analysis done is expensive and difficult. It is very difficult for communities to get that funding and there are very few sources of it at the moment.

[299] We need a bit of leadership from the Welsh Government. We welcome Alun Davies's new role, but the roles have been fragmented across so many departments and we are a little bit concerned about that.

[300] **Lord Elis-Thomas:** We had earlier evidence this morning on the question of abstraction and flows, which is obviously the issue that you are concerned about. Is there any specific thing that we should recommend, especially to Cyfoeth Naturiol Cymru, Natural Resources Wales—the new body—in this context?

12.45 p.m.

[301] **Mr Blake:** Yes. Without getting too technical—and this is probably not the right environment to get too technical—I would say that it needs to develop specific guidance for high-head schemes. The schemes at the moment are being adapted from low-head schemes. There are rules for low-head schemes that are being adapted for high-head schemes, but they would not be appropriate if you implemented them.

[302] I would also make a recommendation based on my understanding that Natural Resources Wales is going to have a broader remit than environmental protection. It is going to have a remit containing sustainable development and jobs—it has the impossible job of balancing those criteria. I would urge Natural Resources Wales not to implement a recommendation until it has fully established and considered that wider remit. Doing so with

just a protection hat on is going to need unwinding when it takes on that broader remit that considers economic development and sustainable development.

[303] **Lord Elis-Thomas:** We are seeing representatives of Natural Resources Wales in this committee on 23 May, and I am sure that they will have heard what you have said. We will certainly prepare questions in that direction.

[304] **Llyr Huws Gruffydd:** Hoffwn ddod yn ôl at y sylwadau ar y cychwyn ynglŷn â'r protocol neu'r datganiad buddion cymunedol. Rydych yn sôn bod copi drafft ar gael ar hyn o bryd, ac un cwestiwn sydd wedi codi yw i ba raddau y mae'r datganiad hwn yn ymwneud â buddion i gymunedau sy'n cael eu heffeithio'n anuniongyrchol gan ddatblygiadau, yn nhermau'r impact o safbwynt trafndiaeth neu o safbwynt y grid cenedlaethol ac yn y blaen. Pa mor eang y mae'r buddion hynny yn estyn?

Llyr Huws Gruffydd: I would like to come back to the comments made at the beginning regarding the protocol or the community benefits declaration. You mention that a draft copy is available at the moment, and one question that has arisen is to what extent that declaration involves benefits for communities that are directly or indirectly affected by developments, in terms of the impacts of transport or the national grid and so on. How wide do those benefits extend?

[305] **Mr Rhys:** Rwy'n meddwl ei bod yn debygol y bydd y datganiad yn rhoi pwyslais ar bwysigrwydd datblygwyr yn ymgynghori'n helaeth gyda'r cymunedau. Bydd maint yr impact yn dibynnu, wrth gwrs, ar y prosiect arbennig. Mae hynny i'w benderfynu yn yr ymgynghoriad hwnnw, wrth i'r datblygwr fynd ymlaen i chwilio am ffeithiau.

Mr Rhys: I would imagine that it is likely that the declaration will emphasise the importance of a developer consulting extensively with the communities. Naturally, the extent of the impact will depend on the particular project. That is to be determined in that consultation, as the developer proceeds to seek out the facts.

[306] Katy, do you want to give some practical examples of how you engage in determining the impact on communities?

[307] **Ms Woodington:** An example would be our Carnedd Wen site, where we do not have consent for the project at the moment. We have offered two levels of community benefit, but in relation to a more immediate local community benefit, we have already discussed that we will be considering the transport route and that we want to consider that as part of the process. That is a particular issue given the mid Wales location.

[308] With regard to the grid side of the matter, from our perspective as a developer that is not an area that we are going to be very comfortable discussing, because we feel that it sits outside our area of responsibility. The draft declaration does not require developers to include the grid side of the matter, because it is separate from us as an industry. However, from a transport route perspective, we are already starting to deliver or to talk about community benefits, and we are including that transport route in our discussions.

[309] **Llyr Huws Gruffydd:** A ydych yn hyderus y bydd y cwmnïau, ar y cyfan, yn hapus i fod yn gweithredu ar sail y datganiad hwn?

Llyr Huws Gruffydd: Are you confident that the companies, on the whole, will be content to operate on the basis of that declaration?

[310] **Mr Rhys:** Ydyn; fel yr wyf yn ei ddweud, mae'r ymateb cyntaf wedi bod yn bositif. Wrth gwrs, mae'n rhaid i'r mater hwn gael ei ystyried o fewn y cwmnïau eu hunain,

Mr Rhys: Yes; as I say, the initial response has been positive. Of course, this matter has to be considered within the companies themselves, and within RenewableUK.

ac o fewn RenewableUK. Fodd bynnag, mae pethau'n edrych yn bositif ar hyn o bryd, ac mae'n ymddangos bod y cwmnïau'n barod i roi eu henwau i'r addewid hwn i weithredu'n dda.

However, at present, things look positive, and it looks as if the companies are ready to sign up to this pledge of good practice.

[311] **Mick Antoniw:** On that matter, is it not fair to say that a declaration is really just a substitute for doing something, and that it is, effectively, cosmetic? When we took evidence on this in the past, I think that we had a certain degree of concern that there was a policy in England and we had nothing here; then, suddenly, the paper appeared and we are now moving toward a declaration. In practical terms, does it not mean that nothing of real consequence is going to happen that would not happen anyway?

[312] **Ms Woodington:** I will explain how the situation developed, particularly in reference to the protocol in England. The protocol has, essentially, ended up being the lowest common denominator of what would be applied. In England, we have a protocol that talks about a minimum of £1,000 per megawatt in terms of an amount, which, as most of you will be aware, is really small now. We, as a company, and the majority of companies, are delivering way over and above that. However, to get the whole industry to commit to something, we ended up with the lowest common denominator. That was why, from a Wales perspective, we certainly fed into this. There was an overarching feeling that we were keen that we did not end up with a lowest common denominator that did not mean anything. If we had come out with a figure like that in Wales, it would not have meant anything. Companies are delivering a lot more and should be delivering a lot more. You could almost end up taking the situation backwards if you had a specific figure in there.

[313] What was strong in the declaration was the potential to look towards a more strategic approach. We have strategic search areas where there is a high volume of wind development at the moment. There could be communities that could potentially be talking to one developer and another. This is about the idea that there could be some consideration of companies working together, so that there would be a more strategic approach to how this funding could be delivered. There is also a strong focus on the transparency side, with regard to the register and making sure that there is openness about what is being delivered.

[314] **Mr Rhys:** I would like to come in on the declaration and the protocol. I would like to explain that the protocol is voluntary; it is not a binding policy. It is a declaration itself, in a sense, but with an explanation of how to measure what is happening. It has not been widely used up until now, and the debate, even in England, has moved on a bit with the DECC call for evidence, which includes community engagement and benefits. As I said, we drafted a protocol, but there was a feeling in Wales that we were already more advanced with community benefits than was the case in England, and that that needed to be reflected in the work. That was the basis on which to have a declaration, which is a promise of good practice, backed up with developing a comprehensive register and furthering discussions about the possibilities of working strategically, locally and regionally.

[315] **Mick Antoniw:** When the declaration is announced, and we have an opportunity to consider the content and the background to it, the proof of the pudding will be in the eating and what we see delivered in practical terms, will it not?

[316] **Mr Rhys:** Yes. The declaration will be a commitment by the developers and the industry to use good practice in their work, to have a register and to think about working strategically.

[317] **Mick Antoniw:** Do you not think that it is disappointing that we have not been able to come up with anything more substantive than that?

[318] **Mr Rhys:** Given that we have the declaration, together with the register and the possibility of thinking more strategically with regard to community benefit funds in the future, this is substantive and is much wider and deeper than what they have in England.

[319] **Russell George:** Good afternoon, all. What are your views on the proposals put forward by the independent advisory group and Hyder research that the planning inspectorate should determine nationally significant infrastructure developments—so, onshore projects of up to 50 MW—rather than local planning authorities?

[320] **Ms Woodington:** I am not going to answer that question because it is not my role to do so.

[321] **Mr Rhys:** I would say that there are some interesting recommendations. RenewableUK has not formed an official position on the Hyder recommendations, but has only repeated what its policies and suggestions have been, as expressed in the past. One idea was to have a planning resource that could assist local planning authorities that have a high caseload of applications. Also, if the Welsh Government succeeded in getting more powers in relation to projects of over 50 MW, those powers could be invested in Welsh Ministers, and that resource could be there to assist with that. If it were the case that associated developments were linked to those strategic projects, rationally, it would make sense if Welsh Ministers took care of them.

[322] **Russell George:** You mentioned the possibility of the Welsh Government being successful in obtaining powers for projects of over 50 MW and the power residing with Ministers. The evidence that we received from the previous witness, David Jones from Hyder Consulting, was that decision making should be taken away from political figures and local elected representatives, and that decisions should be made by the planning inspectorate. His view was that decisions on all projects under 50 MW should be taken by non-political figures—there should be no decision making at a political level. There is clearly a democratic deficit there and an issue and an argument. I would appreciate your views on that.

[323] **Mr Rhys:** Any system that you set up needs to have political and democratic accountability. It is a case of what is more appropriate. Political accountability needs to be there for our communities as well as for our aims, objectives and targets. You have to have a balance. At the end of the day, somebody has to take responsibility.

[324] **Lord Elis-Thomas:** Do you have a view on this community aspect?

[325] **Mr Blake:** Not particularly. It is a scale that is well beyond what we operate on.

[326] **Ms Woodington:** We will certainly have a view as a business; I just do not have it on me.

[327] **Russell George:** I am asking for the panel's view on the issue of democratic accountability and whether decision making should be taken at a local level or a national level and whether there should be any political involvement in the decision making at all. That is the wider issue that I am asking a question on.

[328] **Mr Butterfield:** I do not have an answer for that.

[329] **Ms Woodington:** I do not have our company line on that, I am afraid. We will have it.

[330] **Mr Blake:** There is an obvious point. There is a danger that if you ask someone else

to make a decision and impose something against the wishes of local politics and the local community, you will have a big problem in the future. I think that that is bad. I will put in a shout here for proper economic interest and involvement from the local community. For onshore wind in Wales, it may be getting to the stage where it is too late. We have not properly engaged with communities. We have put paying £1,000 per megawatt in the protocol. Many times, when it has been appropriate to do that, we have actually alienated people. It will be very difficult to row back from that. Positions have been taken. I am not optimistic about it. Alienating the decision making will only make that antagonism worse. You are going to have to re-engage with communities in quite a profound way. The economic benefits and, perhaps, the ownership will need to be with the communities.

[331] **Ms Woodington:** I think that businesses are moving in that direction. On that level of very early engagement, we have, as a company, now moved to a position where, with new sites, we are engaging on more than just the planning process right from the beginning. We are starting to talk to people about community investment, how we might invest in that community, how they could become part of that and whether there are opportunities to link that with Community Energy Wales and other projects right from the beginning. We are not just talking to community councils, but a whole raft of stakeholders from the community to try to develop that relationship with a number of panels right from the beginning of the project. It is starting to show benefits, but it will always be difficult because, with certain people, it does not matter how carefully you engage with them, you are not going to change their opinion.

[332] **Mr Butterfield:** From my point of view, there is a sense of frustration and a sense that Community Energy Wales should not just be about dialogue with the big developers. Have we, in Wales, not learned the lesson, with industrialisation, that big is beautiful, because it is certainly not? Going forward, the Welsh Government needs to look at what work has been done at DECC. I chaired the community energy contact group with DECC. At that time, back in December 2011, there was talk of two parties within DECC to re-involve with the community energy strategy. Now, there are eight. DECC has taken a far greater lead in terms of community energy compared with the Welsh Government. Chris talks of leadership in terms of the Welsh Government. What tends to come up in conversation during dialogues with the Welsh Government is that the Welsh Government is doing its part through Ynni'r Fro. What Ynni'r Fro provides is a specific input into a small suite of projects. Our point of view, something we are frustrated about, is that we need to understand the power and empowerment that community energy can bring to communities that is not just about renewable technology. It is about providing inward investment and revenue into communities so that they can make decisions for themselves and reinvest the profits themselves.

1.00 p.m.

[333] No disrespect, but, sitting here, we have been pigeonholed with the big developers. It would be lovely to be invited here in future purely to discuss community energy, because from our point of view, if we are to build resilient communities, community energy must be a fundamental part of that going forward. So, it would be good to not be pigeonholed with the big developers. There is a plethora of things that we can deliver into communities by creating our own asset base. It is very interesting. It is not just about environment or sustainability; it is about regeneration, upskilling, education and I could go on and on. The Welsh Government needs to start to realise the benefits of community energy over and above just renewable targets.

[334] **Ms Woodington:** To be fair, some of those benefits can link to commercial generation, because there are ways in which we could potentially work alongside community energy with commercial projects. Perhaps the content of this declaration will almost mean that there is more potential for commercial companies to consider working and supporting

communities to develop their own community-based renewables, as well. So, those links are potentially closer than you might think in the first instance. Equally, that can mean that the community funding that comes from a commercial site could be used to invest and therefore generate into the longer term.

[335] **Joyce Watson:** That is exactly my point and it was going to be my question. We heard evidence earlier that, at the planning stage, it should be said, ‘And here is the benefit to your community’. We are all aware that if you get a planning application for a supermarket, they immediately say, ‘250 jobs’—it is usually 250 jobs in my experience, whatever the size of the development. It struck me then; why do we not say, ‘If you are going to have the benefit of this large-scale development, here it is—that is what it is—and, lo and behold, we won’t just give those people who live close by 10% off their bills, we might invest long term in ensuring that all these people get a reduction in their bills forever and a day’? That was my thinking at that time. I cannot see any evidence in front of me where you have had movement, but you tell us that you have. I tend to get impatient sometimes in my rush to deliver to the community, perhaps that is what it is, but I cannot see any evidence of anything in this at all—I know that I am brand new to the committee—so, you will have to convince me.

[336] **Ms Woodington:** One of our issues as a developer is that before we can actually deliver anything, we have to have consent—

[337] **Joyce Watson:** Yes, you have to have planning permission.

[338] **Ms Woodington:** Yes, we need planning permission to build on sites. The plus point, on the progress of that, RWE now has some planning consents. We are in the process of building Gwynt y Môr, which is the offshore site in north Wales; that will deliver £19 million-worth of funding. So, that is happening. We have run a big consultation exercise around that and we have been working closely with the north Wales regeneration area and the Welsh Government on that. So, we are progressing there and will be moving towards building structures. We have consent for Mynydd y Gwair, Brechfa Forest West and Taff Ely windfarms. That means that we will now be in a position to start doing some of the things that we have been talking about. So, from an actual delivery on the ground perspective in Wales—I will be really honest—even in the time that I have been in the company, there has not been much progress, because if we have no windfarms to build, we cannot do anything.

[339] However, one further example is in Brechfa Forest West, which is consented, but Brechfa Forest East is not yet consented, where we are running an ongoing wide engagement programme of talking to the immediate local community and wider regional stakeholders. We have engaged cafe events and focus groups and have been out and spoken to a vast number of people. It is not concluded yet, but, interestingly, the very early results that are coming through are definitely starting to show a preference for a slightly more regional approach and something that is more strategic and more joined up. So, I would like to think that, in the not-too-distant future, we will be in a position where we have more concrete evidence and progress that we can talk about.

[340] **Mr Blake:** May I come in there? One of the things that Community Energy Scotland has been doing very well in Scotland is representing communities in negotiations with developers. I feel that it is an unequal interface at the moment between a developer with enormous experience and resources and a community group that thinks that £1,000 per megawatt is a fantastic deal and says, ‘We are going to be able to re-roof the community hall; is that not fantastic?’ Actually, that is not the case. You do need a body that is not Government, that is independent, that is not developer-funded, that will say, ‘Actually that is not such a great deal; you should do this. If you do that, have you thought about this? This is how it can be structured, and I would advise you to do that’. Community Energy Scotland has made a lot of progress and done some very good work on that. If we were to get Community

Energy Wales up and running, that is one of the functions that I think it could usefully fulfil.

[341] **Lord Elis-Thomas:** We last took evidence on these issues in Machynlleth. You are not here in any pigeonhole, as we do not have pigeonhole witnesses in this committee. We are prepared to go and look again at the Community Energy Scotland model, if you think that we should strongly look at that and recommend it to the Welsh Government. We are able to do that. Perhaps we need to take this conversation further. I am well aware that Ynni'r Fro does not cut the mustard—to use a mixed metaphor—and we need to take all of this further. I am also aware and positive in my attitude, having supported Gwynt y Môr when it was less popular in Llandudno than it is now. I am delighted with how that is taking off and clearly with the interface that you are building up, as a company, with the potential for my county of Conwy and everywhere else. So, as a committee, we will take this forward. We are very grateful to you. I see that William Powell has a question. I am sorry, William. I would not want to marginalise Powys.

[342] **William Powell:** Prynawn da, **William Powell:** Good afternoon, everyone. bawb.

[343] I would like to explore the experience that community energy projects have had vis-à-vis the planning process and the experience of larger scale projects, particularly onshore wind, which are fairly well documented and almost a cause célèbre. I am interested in hearing from Mike and from Chris about any experience that they have had with regard to the planning authorities. I have heard of one or two examples where there has been a failure to grasp the nature of community projects. On certain occasions, I think that there has been an over-layering of a schedule of community benefits imposed upon schemes that are, by their nature, of community benefit. Could you elaborate on that if you have had experience of such a situation?

[344] **Mr Blake:** We had a problem with that, where it was a very small 15 kW hydroelectric scheme in a community-owned location. Due to the fact that it was community owned, the planning authority treated it in a completely different way from how it would have done if it was a private one. I do not know why and this is probably not the place to go into it. It held us up for a year. So, we were delayed for a year because of the complications about what it was, who it was, and how we would control the benefit. It got really absurd. In the end, we had to withdraw the application and reapply a year later. In my own experience with the Brecon Beacons National Park—and to some extent with Powys County Council—the planning authorities have been fine. It was for small-scale hydro developments. They are unfamiliar with them; they put in inappropriate requests—they want to park them. So, we get requests for a whole habitat survey. One of my favourite ones is bat surveys. These are small hydro schemes taking a small amount of water out of a stream. The Welsh underwater bat is a species that is unfamiliar to me. [*Laughter.*]

[345] **Lord Elis-Thomas:** Especially the horseshoe variety.

[346] **Mr Blake:** They are fairly low-impact schemes and we now have no problem with the Brecon Beacons National Park. It works effectively and promptly. However, the planning difficulty, and the thing that has been grinding more and more slowly, and almost grinding to a halt, has been the old Environment Agency. There is a pre-application process. It is taking us five and six months to get a response to the pre-application. When we then put in the full application, the advice that was given at the pre-application stage was overturned. So, we are taking 15 months without any clarity about what we can and cannot deliver. We do not want to develop schemes where they would be inappropriate. We do want to develop schemes where they are appropriate; we just need quick guidance about where that is. We do not want to spend 15 months finding out that they have changed their minds and now it is not appropriate. That is the nightmare.

[347] **Mr Butterfield:** The one thing to note from Ynni'r Fro is that we have upped our game in terms of microhydro. So, by the end of 2015, we are looking to deliver 12 schemes. We have our first batch now in formal application with the Environment Agency. We have the new Minister for Natural Resources and Food coming to us shortly. From my point of view, I want to put it on everyone's radar to watch this space, because the planning side of things seems to me to be getting a lot better, in fairness to our contractors, through dialogue with them. A lot of things come down to communication.

[348] On the permitting side of things, however, this, in time, will be more about scheduling in and trying to justify to Ynni'r Fro whether we can come in on time and spend the money. The farcical situation that we have—and this is how out of kin we all are in moving these schemes forward—is that Ynni'r Fro was targeted to deliver 23 MW of installed capacity. It has given up on that, because it does not have a cat in hell's chance of delivering it. Truly, the only way you would deliver 23 MW at a community level would be through wind. Having said that, the strong emphasis is on jobs now, and on creating them by the end of March 2015.

[349] Certainly, from our point of view, it is all about reputation. You turn to a grant funder and say, 'Yes, we can spend x amount of that funding and get your x amount of jobs, et cetera', but we are in the hands of what is NRW now, so watch this space.

[350] **William Powell:** What would your key message be to NRW now? Chris has talked about the need for speed and efficiency of turnaround. Are there any other key messages, bringing together not just the Environment Agency, but particularly CCW, which also has had—

[351] **Mr Butterfield:** The thing for NRW is to take a holding position until it gets its house in order, in terms of the EA consultation and abstractions. To go and make a quick decision off that does not give NRW the time to bed in and take the holistic approach that I see for NRW in determining applications. So, from that side of things, if it goes against us, that is the end of our community asset base. That is the end of Llangattock Green Valleys in terms of bringing in revenue, because, believe me, we are not going to get it from solar.

[352] **Mr Blake:** I would just put in a word of thanks to what was Forestry Commission Wales for its initiative of allowing community development of hydro on its estate. I think that it has been an exemplary project that has enormous potential. It is an example of an attitude within a public body using its asset not only to get its income, but to get a community benefit. It has been a great success. It is early days, but we are hoping to develop a number of schemes for community benefit using that estate. I would like to put on record how much we appreciate the bold step that has been taken.

[353] **Mr Butterfield:** Also, there has been an intervention by the Welsh Government on the Forestry Commission side of things.

[354] **Lord Elis-Thomas:** I can give you an undertaking that as far as this committee is concerned, when we next meet National Resources Wales—which will be in the middle of next month—we will pursue these issues. We are in regular—I was about to say that we are regularly in pursuit of them. *[Laughter.]* It is accountable to us as the largest public body that relates to this committee, and we will take that further.

[355] We are very grateful to you. Sorry about the delay. We are now going fracking with the European Commission. *[Laughter.]* Diolch yn fawr.

Gohiriwyd y cyfarfod rhwng 1.13 p.m. ac 1.16 p.m.

The meeting adjourned between 1.13 p.m. and 1.16 p.m.

**Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Ymchwiliad ar ôl Adroddiad—Nwy Anghonfensiynol—Tystiolaeth gan y Comisiwn Ewropeaidd
Inquiry into Energy Policy and Planning in Wales: Report Follow-Up—
Unconventional Gas—Evidence from the European Commission**

[356] **Lord Elis-Thomas:** [*Inaudible.*]—both from the environmental point of view and from the energy point of view, where you are pursuing policies that you think will have an impact on the framework through which this gas is developed in member states, and particularly in regions where there is a tradition of energy production, such as Wales. Who would like to start on that, please?

[357] **Ms Vopel:** I will start. My name is Carina Vopel. I represent the Directorate-General for the Environment at the European Commission. As a very quick reminder, I would like to say that the treaty on the functioning of the EU clearly states that the member states decide on the use of their energy sources, but that there is a need to ensure that activities comply with the EU legal framework. The European Commission has been asked by the other European institutions to look into the issue of shale gas. We know that a number of public concerns are being expressed. A series of studies carried out on our behalf, starting in 2011, have shown that there are some legal uncertainties or inadequacies with regard to the EU legislation and its application to shale gas exploration and exploitation as it stands now. So, our position is that there is a need for certainty in this area and that we need to look at the possibility of requiring protective measures to avoid any environmental damage that could come out of these activities. We would also like to avoid a fragmented approach in the EU in relation to shale gas, because there are some clear cross-border issues, even if, ultimately, EU member states will have to decide for themselves.

[358] We know that some of the risks that exist can be managed, but we need to have clear rules around them and possibly some specific protective measures against the known risks in all of this. Through the studies that have focused particularly on environmental risks, we have seen, for instance, the importance of site selection, monitoring and data collection in relation to shale gas; there are issues in relation to waste and water management; the disclosure of chemicals is one important area, along with well integrity and establishing baseline levels, for instance.

[359] In the work programme of the Commission for this year, we have set ourselves the objective of coming up with a risk assessment framework for shale gas. We are basing this work, which is now ongoing, on a number of studies, not only the environmental ones, but studies by our colleagues in the energy department, as well as the climate department. All of the studies that we have carried out are the knowledge base behind the ongoing work. We are still working on another study whereby we are looking into the specific legal circumstances and frameworks in a sample of eight EU member states to see what the situation is on the ground. We have carried out a public online consultation, which closed in March. This is another way of collecting views, from specialists, but also from the general public, about its perceptions. We are now preparing for a larger stakeholder meeting here in Brussels on 7 June.

[360] All of this is contributing to the so-called impact assessment, which is part of our decision-making procedure here at the Commission. We have a team of colleagues who are carrying on this work. This is being co-ordinated among all the relevant services within the European Commission, and we are hoping to have it wrapped up by the middle of this year, and then ultimately having a communication on this matter adopted by the end of the year. This communication would then set the approach of the European Commission on this. All

the policy options are open for the time being. We could suggest best practice approaches with regard to some of the risks and problems, or guidelines. We might as well look to amend some existing pieces of legislation, or we could, as an ultimate solution, look at a directive or a regulation. We will have to look at the different types of impact that one or the other approach would have. We are looking not only at the health and environmental issues, but at social impacts and economic ones. We will have to look at the costs and benefits of these approaches and see the criticality of the different risks and problems, and what would be the right kind of approach to tackling them. We will also see whether some problems need to be tackled at EU level or whether these can be handled at national level. All of these different aspects are being looked at, and we will hopefully come to conclusions by the middle of this year, and then issue a policy communication in the second half of the year.

[361] **Lord Elis-Thomas:** Thank you very much. That is very helpful because, clearly, for us as a devolved Assembly operating within a traditional area of energy production from carbon with traditional coalfields and now, increasingly, with open-cast mining and with the potential development not just of shale gas, but coal bed methane in Wales, we are following this very closely, so it means that you will have a substantial body of information which will be available to us as well as obviously to the department of energy of the United Kingdom Government, and our own Ministers in Wales. Are there any aspects which, Michael, you might wish to add specifically from the development of unconventional fossil fuel extraction methods that might be of interest to us, or any other aspects? The notion of clean coal, of course, is particularly of interest to us.

[362] **Mr Schuetz:** Sorry, could you repeat that?

[363] **Lord Elis-Thomas:** The notion of clean coal is particularly of interest to us because there is always a contradiction in these discussions between decarbonisation of the generation capacity within the grid and the continuing development of the more traditional forms of fossil fuels in a new way. It might be useful if you could take us on to that field of discussion.

[364] **Mr Schuetz:** First, we need to keep in mind that, once it is out of the ground, coal bed methane or shale gas is normal natural gas. So, any policy affecting natural gas also, indirectly, has relevance for unconventional gas like CBM or shale gas. From our point of view, the development of natural gas from unconventional sources like shale formations or coal seams needs to be a market decision. Therefore, we emphasise that it is decisive to completing the internal energy market by 2014, as agreed by the heads of state and Government, to work further on improving the internal energy market and to make unconventional gas happen in Europe. I do not want to focus more on it, because the UK is well advanced and has already fulfilled its aim to liberalise the energy market to allow new producers to get access to customers. Therefore, for the UK, this is not really an issue any more.

[365] What is important for us, and this has been repeatedly expressed by our Commissioner, is the issue of the impact of potential new sources of gas on industrial competitiveness. We currently have a spot gas price in Europe of around \$10.50 per million British thermal units in the futures price, the Henry Hub price. The main spot price in the US is stabilising at around \$4 per million British thermal units. Therefore, this price difference is creating problems, especially for energy-intensive industries in Europe, in competing with the US, and we have seen a kind of reindustrialisation in the US, also of heavy industry. From our point of view, any potential new source of natural gas can help to keep our industry competitive with external suppliers. Of course, that should not be at the expense of the environment.

[366] On the issue of how this all fits into decarbonisation, one thing is clear, which is that we need to show that utilising unconventional gas is in line with, or means no deviation from,

the objective of decarbonising our economy. The energy work on 2050 clearly said that gas can play an important role, because it is less carbon intensive than coal. Gas can play an important role in the transition to a low-carbon economy, but it can only be a destination fuel, so it will still be used to a significant extent in 2050 if we have carbon capture and storage in place. It can be a transition fuel, but without CCS, it will basically be a fuel for back-up and for balancing variable renewable energy sources.

[367] We also need to continue improving energy efficiency, to get safe energy and to increase the use of renewables. The Commission just published a Green Paper on the new climate and energy framework for 2030. The consultation is open until early July. You will find details on the website of the Directorate-General for Energy. After we had the 2020 targets, we now have the political objectives for 2050, but we need to think beyond 2020, because investment decisions now are relevant for the time beyond 2020. The purpose of the Green Paper is to start discussions about possible targets and the future framework for energy and climate policy within the EU towards 2030.

[368] **Llyr Huws Gruffydd:** I want to pursue the same point that the Chair made about the compatibility or incompatibility, perhaps, of exploiting new fossil fuels with our transition to a low-carbon economy. Does DG Environment share the view of DG Energy?

1.30 p.m.

[369] **Ms Vopel:** It may be interesting here to refer to one of the studies that were made in 2012, on which our climate colleagues were in the lead. The key conclusion of that study was that shale gas would cause more greenhouse gas emissions than gas from conventional sources, but possibly less than imported gas. So, there are some nuances already. Imported natural gas would, comparatively, cause more emissions than domestically-produced shale gas. The second conclusion was that unconventional gas could represent roughly half of the greenhouse gases compared to coal. That was roughly the estimation of the experts in that respect.

[370] **Mr Schuetz:** From the side of fugitive methane emissions and the lifecycle emissions of the fuel as such, the study shows the benefits of shale gas to reducing greenhouse gases. The other discussion is often around whether it would deviate from increasing renewable use and so on, but we have to keep in mind the challenge that renewable energy, and energy efficiency measures, face due to potentially lower gas prices because of shale gas in any case. We have already seen reduced gas prices due to the shale gas revolution in the US and, regardless of what we do in Europe, we are part of a global liquefied natural gas market. Even if we were to stop producing gas, the gas would then more or less be imported because I do not think that North America will give up shale gas production or China would not go for shale gas because of our renewable energy targets. So, the previous knowledge or thought that we will have ever-rising fossil fuel prices has been a little bit contradicted now with the shale gas revolution and the gas price reduction in recent years. However, this is more of a global issue, and can only be marginally influenced by the decisions about indigenous shale gas production. I would say that indigenous gas production would simply replace imports, which, because of the higher carbon intensity of pipeline imports and LNG imports, could actually be good for the climate. Nevertheless, exactly because we do not have ever-rising fossil fuel prices, which is good for competitiveness, and because of the increased agenda for renewables, we need the 2030 framework.

[371] **Lord Elis-Thomas:** Thank you for that. We are very interested in Wales in the whole question of LNG, being the major importing area for LNG into the United Kingdom, and, potentially, being an area for producing shale gas from our traditional coalfields and the surrounding areas. So, these arguments about which is the greener way of using gas production, in contrast to imports, is something which we have followed, as well as the

argument in the United States about whether or not shale gas production has a negative effect on the switchover to renewables. We are trying to follow that discussion as part of our work in committee.

[372] **William Powell:** I direct my question to Herr Schuetz of DG Energy. Is there any tension between the comment made by the Commissioner for energy, Herr Oettinger, in September of 2012, when he said that no decision should be made on going forward with shale gas until the environmental impact is fully understood, which could be a period of between five and 10 years? There seems to be a degree of tension there between that timescale on the one hand and concern around competitiveness. Could you address any issues around that?

[373] **Mr Schuetz:** I was a little surprised at the press report. I think that it stemmed from the visit of the commissioner in Ireland. I asked the staff accompanying him about it, and was told that the press had not given a full quotation of what he said. He was referring to potential commercial-scale shale gas production, which is, indeed, unlikely to take place in larger quantities in the next five or 10 years.

[374] We have to bear in mind that what we currently have is a lot of licences granted, and a lot of discussions and conferences, but the number of exploration wells drilled is relatively modest—it is around 43 in Poland, four in the UK, there are some past wells in Germany and Sweden, and that is it. So, it will indeed take five to 10 years until we see larger quantities, and we should use this time to look into environmental issues so that we are not, like some regulators in the United States, overruled by developments, but are ready before commercial production starts. That does not mean that we should stop exploring or stop everything for the next five to 10 years; he was simply referring to the fact that nothing big will happen, or is expected to happen, within the next five years, and so we should use the time that we have.

[375] **William Powell:** That is very helpful. I have one further question, if I may. Do you have any concerns about the different licensing regimes that may currently apply in member states and views on the importance of these licences being in the hands of reputable and appropriate developers, given the potential that there could be for a harmful impact on the environment?

[376] **Mr Schuetz:** I think that this is an issue that needs to be addressed in the current impact assessment and the current study that my colleagues have commissioned. We cannot, therefore, comment on this at the moment.

[377] **Ms Vopel:** This falls under the competence and obligation of the individual member states to ensure that the applicable EU legislation is being followed, where the competence of the EU stops, so to speak.

[378] **William Powell:** So, it is a matter of subsidiarity, if that word is still around?

[379] **Ms Vopel:** Yes, it is.

[380] **Lord Elis-Thomas:** So far, we have taken a view in this committee that we differentiate, as I believe that you were just doing, between the need to continue exploration and balancing that with trying to assess the environment risks in the broader decarbonising agenda. In doing so, I assume that our approach is fairly similar to that of the work that you are doing in the Commission, so that brings us some relief, I think. Do you have any comment on that? Have we understood that properly?

[381] **Mr Schuetz:** Yes.

[382] **Lord Elis-Thomas:** We have. Are there any other comments?

[383] **Mr Schuetz:** With all of the explorations, of course, you have to adhere to all of the environmental legislation that is currently in place, which already covers all forms of hydrocarbon production. We are currently checking whether it ensures sufficient levels of protection, but it is not that shale gas is currently unregulated. You cannot say that there is currently nothing on a European level that you need to take into account—there is a comprehensive set of legislation.

[384] **Ms Vopel:** I think that this is a very interesting period, when we start having concrete examples of the situation and what is happening on the ground with exploration. This is also, probably, where we will start seeing the possible problems and gaps that arise from the moment that the activity starts. Some discussions that we have had so far, for example, concerned the definition or different interpretations of applicable law, or the scope of the legislation. This is what then starts pointing to the areas of uncertainty and risks that might call for a review or completion of the legislative framework. All these pieces of EU legislation on mining ways that apply here were drafted at a time when shale gas exploration practices were not known. Therefore, there might be one or more elements of underground risk characterisation. Things are relatively new; practice might show and point toward certain ambiguities that need to be tackled.

[385] **Lord Elis-Thomas:** Thank you. This has already appeared as an issue in consideration of exploration applications in our coalfield areas, which is whether there was enough information about the effects, even of exploration, on the environment and of any risks involved. However, the more information that is shared within the European Union and internationally on the issue of exploration, the easier it will be for those determining our exploration planning applications to do that fully. I am grateful to you for that.

[386] **Mick Antoniw:** In terms of contact with other countries and monitoring what is already happening as part of the process of trying to get consensus on the science of all of this, major development is already taking place in countries just beyond the European Union. I am thinking of Belarus and Russia, and I think that Ukraine has signed major deals in the Don basin with multinational corporations, where the issues of the desperation for energy are bypassing some of the safety issues. Are you in contact with those countries in terms of accessing information? It seems to me that they will be up and running much more quickly because the concerns and restrictions will be far looser.

[387] **Ms Vopel:** We have a group of national experts in this matter. We have experts from all EU member states gathering regularly in Brussels, where we inform them about developments and the evolution of our work and where they report back on the state of play on best practice nationally. As background to our ongoing work, we have used extensive material and reports of best practice, but mainly those from the US. Unless my colleagues can state otherwise, we probably have less information about Russia and Belarus, but that may be something that we need to develop a bit more.

[388] **Mr Schuetz:** Ukraine has not started any projects yet according to my knowledge. Licenses have been granted and there have already been protests. Therefore, my impression is that the public in Ukraine is as vigilant as in European Union countries. The US is very active; it supported a large study on the environmental issues around shale gas in Ukraine. Ukraine is also a member of the Energy Community, which advises, for example, that it has to adopt the environmental impact assessment directive. The secretariat of the Commission and the Energy Community are addressing this issue of the implementation of certain environmental directives in Ukraine. As regards getting knowledge, as my colleague said, North America and Canada are the places to look at, and we also get all sorts of information from, and are heavily lobbied by, the US Government. We have probably had more visits

from state department officials than the actual shale gas produced in Europe yet. [*Laughter.*]

[389] **Lord Elis-Thomas:** That was very interesting. Mr Gething, do you have a particular question on this?

1.45 p.m.

[390] **Vaughan Gething:** I do not know whether a question has been asked about the chemical issues. Part of my concern about shale gas extraction relates to safety issues, and particularly the potential to contaminate the water table with the cocktail of chemicals and materials that are pumped down into the ground to lift the gas up with the material. I am interested in whether any preliminary views have been taken on the safety of that. In particular, I am concerned about the contamination of the water table. There is an issue with tremors and potential earthquakes, as we saw in Lancashire, but the British Geological Survey has said that we should not be concerned about that. It is difficult to objectively ignore that scientific evidence. It does not appear to be biased. However, I am still unresolved about the wider issue of chemicals in the water table.

[391] **Ms Vopel:** I can say a few words about that. There is the surface and ground water contamination, but there is also the depletion. They are, for the time being, from an environmental point of view, at the top of the list of sensitive areas that need to be analysed in quite some detail. We have initiated, together with the joint research centre, an examination of the chemical safety reports for a number of chemical substances that are being used in fracturing. We are expecting more information on that around June. This is being looked at. For the time being, we are unable to say if this is a technical risk or if it is more of a problem that the legislation might not be entirely clear on that. To illustrate, the water framework directive prevents the discharge of pollutants into ground water. Basically, it prohibits the disposal of waste water into geological formations. Here, we have to look at what the definition of a pollutant is. If this is a pollutant, we are clearly confronted with an issue. There are a number of other pieces of legislation where their application to shale gas depends on the types of chemicals that are being used and the composition of the waste water. Are we talking about the underground storage of hazardous waste or not? So, we need to really look into the definition of that, to look not only at the types of chemicals that are being used, but also at the definition and the possible ambiguities. If the definitions and the legal framework are clear enough on that, then we have a means of controlling what is happening and preventing any environmentally risky situations from developing.

[392] **Vaughan Gething:** I think that you are right in terms of asking how you define what a pollutant is, because what may not ordinarily be a hazardous substance, in certain volumes, may be more hazardous and the approach to take would change. Would it be about defining what the outcome of putting something into the water table would be, or would it be about having a list of banned substances? If you have a list of substances, then it is restrictive in the sense that there could be further developments that could in themselves be pollutants, but may not be on your banned list. Equally, if you have a permitted list of substances to use, you may have something like the same problem. What sort of approach would you be looking to take?

[393] My second point is this: I know you said you would have a report back, hopefully, in June, so when would you expect to be able to do something more public on what you would expect to do on the back of that, once you have considered the report?

[394] **Ms Vopel:** Those are exactly the kinds of options that we will be faced with. This is all part of the impact assessment work that I mentioned before. We are looking at the possible risks and devising different types of approaches, ranging from soft ones to more prescriptive ones. We can imagine a positive list and a negative list. One key element in all of this, first of all, is the question of disclosure. Companies are asked to make it known publicly or known to

authorities what are the exact chemicals being used. So, we are aware of these different aspects and we need to see what approach, in combination with other types of measures, gives the best and most consistent package.

[395] **Llyr Huws Gruffydd:** I am interested in your view on what impact investment in and developing unconventional gas would have on current and future investment in renewable energy solutions.

[396] **Mr Schuetz:** The evidence received from the US is that the use of both gas and renewables in electricity production is rising. In the US, gas is mainly replacing coal. There is no such thing as a definitive amount of energy investment that, if it goes to gas, cannot go to renewables anymore. So, we could see an overall higher investment in renewables. However, the issue of necessary investments in energy infrastructure is one of the issues addressed in the Green Paper on the 2030 package. It is also about giving clarity to potential investors about the 2030 framework, like renewables targets, et cetera—no decision has been taken yet—in order to trigger investments now. The issue that renewables investments might be less economic due to lower gas prices and shale gas is something that we already face with our increased LNG imports, which we get because the US needs less LNG as a result of its shale gas revolution. The issue is basically the same.

[397] **Lord Elis-Thomas:** Finally, you mentioned earlier the importance of the development of carbon capture technologies and activities. Would you like to summarise where you see that now and its relationship to what we have been discussing?

[398] **Mr Schuetz:** It needs to be made clear that we need carbon capture and storage should fossil fuels still have a significant share of the energy mix in 2050. But, it is no exaggeration to say that carbon capture and storage in Europe is at a crossroads. We planned to have 12 demonstration projects running by 2050; I think that that was in a communication in 2007-08. By now, we will be glad if we have three or four by 2020. The EU has two funding programmes: the European energy programme for recovery, which funded 60 more projects, including the Don valley demonstration project in Yorkshire, and we have the NER300. But, the problem is that European efforts are not yet matched by member state and industry efforts. The coal industry, although it will basically be its lifeline in the long run, is remarkably silent as regards investing money for demonstration. Most member states are also silent, but the UK can be clearly excluded from that. The UK, next to the Netherlands, is one of the member states that has an active CCS policy and is prepared to invest its own money.

[399] **Lord Elis-Thomas:** We sit here a few miles away from a very big coal-fired power station, so we cannot forget, in the south Wales coalfield, that there are always these issues.

[400] Thank you very much, Michael Schuetz and Carina Vopel, for contributing to our evidence as the Environment and Sustainability Committee of the National Assembly for Wales. Also, of course, thank you to Gregg Jones, our representative. Diolch, Gregg.

[401] **Mr Jones:** Diolch yn fawr iawn.

[402] **Ms Vopel:** Thank you very much. Thank you for having us.

[403] **Mr Schuetz:** Thank you.

*Daeth y cyfarfod i ben am 1.54 p.m.
The meeting ended at 1.54 p.m.*