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Lord Dafydd Elis-Thomas
Environment & Sustainability Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

21st September 2011

Dear Lord Elis-Thomas

Environment & Sustainability Committee – Inquiry into Energy Policy and Planning in Wales

I refer to your letter of 2nd August 2011 with regard to the above matter and I am pleased to submit a response on behalf of West Coast Energy Ltd in connection with the issues which form part of your Committee's considerations. We would also very much welcome an opportunity to give oral evidence to the Committee if invited.

By way of background to our company, West Coast Energy is a Welsh company and one of the leading independent onshore wind developers in the UK. The company is based in Mold, Flintshire and was established in 1996. We operate throughout the UK and have recently expanded operations into Europe. West Coast Energy Ltd falls within the West Coast Group, which comprises Atmos Consulting (an environmental and renewable energy consultancy), the Low Carbon Energy Company (a micro renewable energy designer and installer), WCE Polska (onshore wind farm developer in Poland) and WCE Network Services (arboreal cutting services to the Distributed Network Operators (DNOs)).

We are presently involved in developing hundreds of megawatts of wind power generation, and to date have been involved in consenting in excess of 650MW of wind farm capacity. The company has been involved in some of the earlier wind farms to be consented in Wales at Cefn Croes in Powys, Rhyf Flats (offshore), as well as more recent proposals such as Tir Gwynt, also in Powys.

We place a significant emphasis on involving the community in proposals and have been pioneers in the approach of giving local communities shared ownership of schemes, as exemplified by the Fintry Community Turbine in Stirlingshire, Scotland.

WCE Group's headquarters is at our new purpose built £2M eco office on the Mold Business Park in Flintshire, North Wales. The office building is already multi award winning and is also one of the few privately funded buildings in Wales to receive BREEAM Excellent Rating for its environmental



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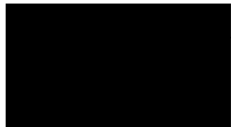
credentials. It also demonstrates WCE's commitment to investing in Wales. Over 70 skilled employees work from the office, demonstrating WCE's role as a significant green collar employer in the region.

WCE's Group Chairman, Gerry Jewson currently sits on the Welsh Government's Sector Panel on Energy & Environment.

Our response has been divided into two Sections – A and B. Section A deals with some more general issues, whilst Section B briefly provides some responses to the Terms of Reference set out for the Inquiry.

Please don't hesitate to contact me should you have any queries. However, please note that I will be on holiday for 2 weeks from tomorrow – in my absence Jonathan Cawley should be able to answer any queries. Jonathan's telephone number and email address is: [REDACTED] / [REDACTED]

Yours faithfully

A black rectangular redaction box covering the signature of Steve Salt.

Steve Salt

Planning & Development Director

SECTION A: WCE Response to Inquiry into Energy Policy & Planning:**Background to West Coast Energy Ltd**

- 1.1 Welsh company West Coast Energy Ltd (WCE Ltd) is a leading independent wind energy developer based in Mold, North Wales. The company was established in 1996 and operates throughout the UK and has recently expanded operations into Europe. WCE Ltd falls within the West Coast Group, which comprises Atmos Consulting (an environmental and renewable energy consultancy), the Low Carbon Energy Company (a micro renewable energy designer and installer), WCE Polska (onshore wind farm developer in Poland) and WCE NetworkServices (arboreal cutting services to the electrical DNOs).
- 1.2 WCE Ltd is presently involved in developing hundreds of megawatts of wind power generation, and to date has been involved in consenting in excess of 650MW of wind farm capacity. The company have been involved in some of the earlier wind farms to be consented in Wales at Cefn Croes in Powys, Rhyl Flats (offshore), as well as more recent proposals such as Tir Gwynt, also in Powys.
- 1.3 WCE Ltd place a significant emphasis on involving the community in their proposals and have been pioneers in the approach of giving local communities shared ownership of schemes, as exemplified by the Fintry Community Turbine in Stirlingshire, Scotland. Many of WCE's current portfolio of sites are now offering a percentage of community ownership and a share in the profits. West Coast Energy's is currently acting as an agent for the developers, Awel Newydd Cyf, on the Tir Gwynt site - a consortium between 15 local landowners and RDC Developments Ltd.
- 1.4 WCE Group's headquarters is at their new purpose built £2M eco office on Mold Business Park in Flintshire, North Wales. The office building is already multi award winning and is also one of the few privately funded buildings in Wales to receive BREEAM Excellent Rating for its environmental credentials. It also demonstrates WCE's commitment to investing in Wales. Over 70 skilled employees work from the office, demonstrating WCE's role as a significant green collar employer in the local area.
- 1.5 WCE's Chairman Gerry Jewson currently sits on the Welsh Government's Sector Panel on Energy & Environment.

2. Introduction: The Need for Positive, Consistent and Timely Decision Making

- 2.1 West Coast Energy believe that the key driver to achieving Wales' renewable energy targets and securing inward investment is to provide a positive and consistent national planning and energy policy framework for the medium and long term. This provides investor confidence which is integral to the success of any Welsh or UK Energy Strategy. Whilst an issue for debate, it is considered that the decision making tier (whether decisions are taken by the IPC in London or by the Welsh Government in Cardiff) is possibly secondary to the issue of positive and consistent policy making. Close scrutiny of progress towards targets is also a key factor.

2.2 The urgency of the renewable energy issue cannot be underestimated if the 2020 targets are to be achieved. For example, wind farm sites typically take about 7 years from site identifications to being energised. Therefore decisions taken now will be absolutely critical if Wales is to hit its target.

3. **Barriers to a positive, consistent and timely decision making framework:**

3.1 Whilst there have been some great successes in the development of renewable energy and onshore wind development in Wales, there have also been some shortcomings. The 2010 renewable energy targets were missed and there continues to be a backlog of deployment on the road to the 2020 targets. The current policy framework is broadly positive with ambitious targets, but there remains some uncertainty amongst onshore wind developers, particularly in Mid Wales, with regard to energy policy, the capacity of SSAs, the potential role of sites outside SSAs and in relation to having a robust grid network to support developments.

3.2 The reasons for this are many and complex but are underpinned by inconsistency in the policy framework. The list below highlights some of the key issues underpinning this lack of consistency and direction:

- a) The need for UK Government, Welsh Government, local authorities, statutory consultees and developers to have a 'joined-up' approach to meeting targets;
- b) Capacity and targets for onshore wind farms both within and outside TAN 8 Strategic Search Areas (SSAs) is not always clear. This is compounded both by the conflict in the relationship between the recently published National Policy Statement (NPS) for England & Wales and well-established Wales specific policy (PPW and TAN 8). The actual targets set within documents such as TAN 8 and PPW are also slightly ambiguous, with apparent conflicting targets for the SSAs e.g. do SSAs have a 1.2GW, 1.8GW or an uncapped target? The NPS does not provide further clarity or guidance on this issue. There are also different targets within TAN8 (2005), PPW (2011) and The Renewable Energy Routemap (2008);
- c) The uncertainty surrounding the key strategic issue regarding grid development in Wales, with some conflicting statements being issued by the Welsh Government regarding the preferred approach on this issue. The timely development of an adequate and future proof grid network will be key to meeting the targets for 2020 and beyond. As a matter of urgency, a positive and consistent policy framework is required to deliver this;
- d) Sites outside SSAs can play a vital role in assisting the delivery of renewable targets. It is considered that greater flexibility in policy at UK, Wales and local levels should be developed to allow potential development sites to come forward. Targets from schemes outside SSAs are currently unclear to the industry. Does the 300MW target (derived from the overall Wales target of 2GW from onshore wind minus the expected upper target of 1.7GW proposed from SSA's) include already consented projects from a certain date? Does the target intend to include schemes within 5km of SSAs or are these schemes classified as within SSA's for target purposes?

- e) There is unclear and inconsistent development plan policy produced by some local authorities, along with slow plan preparation in some instances. Local Development Plans should be more accountable in how they can positively contribute towards 2020 renewable energy targets. One such example of how unclear policy direction, coupled with strong political views, can impact upon the delivery of onshore wind can be seen in Carmarthenshire County Councils' Draft LDP. Its draft onshore wind policy includes criteria where any turbine should be at least 1.5km from any residential property. Whilst this policy requirement clearly does not accord with national policy it can add to the planning balance when an onshore wind scheme is being considered by the LPA which will ultimately increase the risk of a scheme which accords with national policy but not draft local policy and could lead to a refusal due to an erroneous local policy.
- f) In some instances, significant delays result from protracted and delayed responses during the consultation of a planning application e.g. between an applicant and various statutory and non-statutory consultees e.g. Local Highways Authority, CCW. For instance the Tirgwynt project in Powys was submitted in September 2007 but was not determined until August 2010. The slow speed of determination by Powys Council as Planning Authority was not the fault of the Council but due to delays associated with obtaining the withdrawal of holding objections from CCW and the Highway Authority's at both the local and national level. These delays might not have been experienced if sufficient manpower resources had been available to resolve what are admittedly, complex issues.
- g) There is the potential confusion and inconsistency through publishing planning guidance at 2 tiers i.e. UK Level through the National Policy Statements (NPSs) and at Wales level through Planning Policy Wales (PPW) and Technical Advice Note 8 (TAN 8)
- h) Critically it is considered that there needs to be greater emphasis placed on achieving targets and monitoring progress towards targets.

3.3 Many of the above barriers are not necessarily directly related to whether consenting is reserved with UK or Welsh Government – they predominantly relate to the need for clear, consistent and positive policy advice irrespective of who has the decision making or policy making authority. However, the current role of the IPC and Welsh Government does potentially make things more complicated and unclear – this is an area that requires further debate and consideration in forming a revised decision making framework;

4. **Removing Barriers and Speeding up Delivery and Improving Business Confidence**

4.1 In order to address some of the above barriers to successful renewable energy deployment several actions could be taken:

a) **Provide Flexibility on SSA Boundaries / Consider Updating TAN 8**

- TAN 8 “puts all its eggs in one basket” with regard to onshore wind. The success of Welsh onshore wind targets has become very much dependent on the successful delivery of the Strategic Search Areas (SSAs). If any of these strategic sites hit problems in their delivery, the success of the renewables targets within Wales will be affected. It is therefore critical that some degree of flexibility is provided on the deployment of renewable energy in Wales. Whilst policy does allow small and medium size sites (<25MW) outside SSAs, the

policy framework on such proposals is not always particularly clear or positive (perhaps this is most acute amongst local authorities in particular).

- Despite the support towards retaining the TAN 8 SSA approach in Planning Policy Wales (PPW) that was published this year, it is considered that TAN 8 precludes perfectly adequate potential sites simply because the initial 'high level' exercise in developing the spatial approach in TAN 8 may not have selected these sites. Greater flexibility in this spatial approach may therefore 'free up' more renewable energy potential;

b) Following the Lead Set by the Scottish Government

- Scotland has moved towards a quicker and more successful deployment of renewables, in particular onshore wind, than any other part of the UK. It is a significant success story in terms of increasing its share of renewable energy and generating significant inward investment;
- Much of this success has been based upon:
 - Positive political, planning and business environment;
 - Ambitious targets for renewables deployment have been increased each time the preceding milestone was approached e.g. 50% electricity from renewables by 2020 was increased to 80% (in November 2010) and further increased this year to 100% electricity from renewables.
 - More geographic flexibility – not constrained by SSAs as in Wales
 - Local authorities have in general adopted a relatively more positive approach to renewables than Welsh Local Planning Authorities
- Despite WCE's commitment to maintaining its Welsh base and the significant investment it has made in the local economy through both investment in its workforce and its new office, the company's Welsh land interests makes up a significantly smaller proportion of its onshore wind portfolio. The company has over 700MW of projects which have either been permitted or are currently in the planning system awaiting determination. Of these, over 450MW (64%) are in Scotland, with just over 100MW (about 14%) in Wales. Furthermore, the company currently has a significantly higher proportion of sites at the 'pre-planning' stage in Scotland and England than it has in Wales. These figures do not reflect any deliberate decision by WCE to avoid doing business in Wales (in fact, quite the contrary), rather it is considered that they reflect a more positive and flexible planning environment that exists in Scotland for onshore wind development.

c) Provide clear and unequivocal responsibility for delivering renewable energy targets

- The **renewables target** is one of the key drivers to achieving deployment on the ground. To ensure the overall 2020 target is achieved, it is considered that greater emphasis should also be placed on annual interim targets. The emphasis on this should be increased by having Ministerial responsibility for achieving targets and monitoring progress. It is also considered that greater weight should be given towards target delivery in the planning process and any shortfall in interim target should be a significant material consideration in considering a planning proposal.
- To support this role, greater emphasis should be placed on targets and delivery, including milestones along the way.

d) Recognise the Economic Significance of the Renewables Sector for Wales

- The renewables sector is an important and growing sector of the economy. The Low Carbon Goods and Services (LCEGS) sector in the UK was worth £106.5 Billion in 2008 – with forecast growth of 5% per annum.¹ In Wales alone, it is estimated that there could be £50 billion of investments in low carbon electricity production alone over the next 10 – 15 years.²
- About 800 people were directly employed in the wind industry alone in Wales in 2010, with this forecast to grow rapidly to 1190 by 2012³
- The employment provided by this sector provides skilled and well paid jobs. For example, West Coast Energy employs 70 staff at its Mold base and is an important employer in NE Wales. The West Coast Group has invested over £270,000 in staff training and development over the last 5 years;
- The employment benefits to Wales are also demonstrated by the turbine manufacturing facility at Welsh based Bevil Mabey Structural Steelworks which was formally opened by Charles Hendry, Minister of State for the Department of Energy and Climate Change, on 12th May 2011 as part of the a £38 million investment by Mabey Bridge in the renewable energy sector. This makes Mabey Bridge the UK's only indigenous manufacturer of wind turbine towers and monopoles. The 25,000 square metre highly automated facility will make up to 300 wind turbine towers per annum, each up to 120m long. The factory provided a welcome boost to the local economy, with the creation of 240 new skilled jobs.
- These economic benefits are significant to Wales and will continue to be significant in this major economic growth sector. Such economic benefits should be given greater weight as a material planning consideration in the decision making process;

5. West Coast Energy: Aspirations and Opportunities in Wales

- 5.1 In order to continue to grow and prosper, West Coast Energy has objectives to further develop and invest in Wales and the company believes many opportunities exist for further investment.
- 5.2 West Coast Energy only has a limited land interest in the SSAs and the company therefore propose to focus on small and medium scale schemes outside SSAs. Many of these schemes would be delivered with a strong community element to them.
- 5.3 Such proposals could make a valuable contribution to Welsh renewables targets, the Welsh economy as well as providing significant community investments. However, it is considered that greater certainty is required in the policy and regulatory framework in developing in such areas. This relates to the earlier point regarding the need for geographic flexibility and not having complete dependence on SSAs.

6. Conclusion

¹ Welsh Assembly Government (July 2009) 'A Green Jobs Strategy for Wales'

² Welsh Assembly Government (2009) 'Capturing the Potential'

³ Arad Consulting / Renewable-UK (2010) 'The Economic Value of Wind to Wales'

- 6.1 The UK and Welsh Governments rightly has ambitious renewable energy targets. Wales is well located to be in a strong position to harness a wealth of renewable resources and make a contribution to international and national targets.
- 6.2 This response highlights West Coast Energy's role as a Welsh company in the onshore wind sector in helping contribute towards these targets. It also highlights the significant economic benefits that onshore wind farms can provide to Wales. There is also significant community investment resulting from this sector.
- 6.3 This response sets out that one of the key issues in delivering renewable energy such as onshore wind farms is to have a policy and regulatory framework that is **positive, consistent and timely**. Whilst attempts have been made by the Welsh Government to move towards this and there have been some successes along the way, there are still some barriers to development that should be removed. These include unclear targets and both insufficient monitoring of targets and lack of emphasis on targets when taking land use planning decisions. There is also a lack of clarity on the role that wind farm sites outside SSAs can make to hitting targets as well as key strategic issues such as establishing an effectively planned grid infrastructure. Compounding these issues is a sometimes inconsistent approach taken by local planning authorities and statutory consultees in the planning process, which do not always reflect the national need for renewable energy.
- 6.4 The current anomalous relationship between IPC and Welsh Government in developing a policy framework for renewable energy deployment may also lead to some confusion and may compound these problems. Finally, there is considered to be a lack of emphasis on targets and monitoring progress towards targets.
- 6.5 To address these problems, West Coast Energy makes a few suggestions in this response. These include matters such as: providing more flexibility in the SSA approach of TAN 8; following the lead taken by the Scottish Government's leadership and drive towards renewable energy deployment; providing greater emphasis on targets and interim monitoring towards such targets – including greater weight in land use planning decisions and greater Ministerial responsibility towards achieving targets; and emphasising the economic benefits that renewable energy / onshore wind can bring to Wales. Perhaps critically, is the need for the various decision making tiers to be pulling in the same direction – this includes the UK Government, the Welsh Government, local authorities and the various statutory consultees.

SECTION B: Specific Reference to the Draft Terms of Reference of the Energy Inquiry

What are the implications for Wales if responsibility for consenting major onshore and offshore energy infrastructure projects remains a matter that is reserved by the UK Government?

How does this affect delivery of the Welsh Government's aspirations for various forms of renewable energy as set out in the Energy Policy Statement?

How does this affect delivery of the Welsh Government's target for a 3 per cent reduction in Green House Gas emissions per annum from 2011?

As described in Section A Paragraph 2, above, it is considered that one of the key issues affecting the effective deployment of renewables and the achievement of renewable energy targets in Wales is dependent on a positive and consistent policy framework. This should be the key objective whether the decisions are taken at the UK or Wales level.

The Welsh Government's targets as set out in the Energy Strategy and PPW can be delivered with strong leadership and clear policies from UK and Welsh Government, local authorities and statutory consultees. Whether decision making remains with the UK Government or is devolved, it is considered there needs to be more 'joined-up' communication on energy policy from several organisations.

How can the Welsh Government ensure that all consenting decisions on major infrastructure projects and associated development are made in accordance with Welsh planning policy?

Without further devolution of power this cannot be guaranteed under the current framework. If decision making remains with the UK Government, the role of TAN 8 and PPW should be made clearer in order to avoid conflict and confusion. This should include a clear statement in UK Government policy (i.e. in the NPS) on the exact role that TAN 8, PPW and energy policy within Wales has to play in the decision making process.

Key issues

Issues that the Committee may wish to consider as part of these terms of reference could include:

The role of the different consenting agencies, how they inter-relate and how the current system could be improved, both with and without further devolution (*Infrastructure Planning Commission, Planning Inspectorate, Local Planning Authorities, Welsh Government, Marine Management Organisation, Environment Agency*).

The relationship between the UK Government's Energy National Policy Statements and Welsh national and local planning policies (including Planning Policy Wales, Technical Advice Note 8 and Local Development Plans) and whether or not these policies can deliver the required aspirations.

The arguments for and against an upper limit of 100 Megawatts for devolved consents.

The on-going success of the renewables deployment and the renewables industry in Scotland is a compelling argument for further devolvement in Wales – refer to paragraph 4.1 (b) in Section A above. However as explained in Section A the relative greater success of renewables policy in Scotland cannot solely be attributed to greater devolved powers. It is also based upon strong leadership and a clear policy drive to achieve targets.

A comparison with the other devolved legislatures (Scotland has devolved responsibility apart from nuclear, Northern Ireland has devolved responsibility including nuclear)

The potential contribution and likelihood that different types of renewable energy (*offshore wind, tidal, onshore wind, hydro-power, nuclear, bio-energy/waste, micro-generation, community energy projects*) will be capable of delivering the Welsh Government's aspirations for energy generation as set out in *A Low Carbon Revolution – Energy Policy Statement*.

The potential contribution of these different types of renewable energy to meeting the Welsh Government's annual target for Green House Gas emission reduction.

Wind power is a mature technology that can meet and potentially exceed the targets attributed to it in the Welsh Government's Energy Policy Statement. Like all renewable energy technologies it requires the urgent investment and development in the supporting grid infrastructure to meet targets.

Tidal range and tidal stream/wave technology is a relatively more recent technology, and is still largely unproven operationally at a commercial scale. At face value it would appear that 8.5GW target for Tidal Range by 2022 and 4GW from Tidal Stream by 2025 to be ambitious. The targets for these emerging technologies should be closely monitored and should it appear that it is unlikely to be developed in time to meet targets then other technologies may be required to pick up the deficit.