

Committee Clerk
Environment and Sustainability Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

23 September 2011

Energy Policy and Planning in Wales

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, renewables, coal and gas-fired electricity generation, combined heat and power, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including both residential and business users.

EDF Energy recognises the fundamental importance of a robust and predictable planning system to delivering sustainable development. We believe that large scale investment in electricity infrastructure is urgently required to replace existing plants and ensure security of supply. It will also help meet our climate change targets, in particular the UK's legally binding target to deliver an 80% reduction in greenhouse gas emissions by 2050, as established in the Climate Change Act 2008. It is important that the transition to a low carbon economy is progressed efficiently to ensure that the competitiveness of UK energy supplies is maintained, while also ensuring the stability and affordability of energy prices. It is essential that the right decisions are made now to secure investment in large-scale low-carbon electricity generation and promote the transition to a low carbon economy incorporating a diverse energy mix. We believe that Wales is well placed to help deliver this objective with the nation's industrial expertise, and its potential to host different forms of low carbon energy infrastructure.

The necessity of stable long-term policy framework is one of a number of reasons that we welcome the Government's recent designation of the National Policy Statements for Energy Infrastructure (NPS) that cover England and Wales. We believe that the NPSs establish a clear policy framework for nationally significant infrastructure projects (NSIPs), and will help ensure more timely and transparent decision making. We support the principle that consenting decisions will be taken on the basis of whether the overall benefits outweigh adverse impacts, after having taken account of mitigating actions.

A unified strategic planning system for NSIPs in England and Wales has considerable advantages. We believe that the consistency in the planning system will provide investors with greater confidence to proceed with NSIPs, and will also help avoid any potential delays to vital sustainable energy infrastructure. For example, we note that the Infrastructure Planning Commission (IPC) is able to consent associated development in England but not in Wales (the exception being certain development associated with underground gas storage facilities), and instead associated development in Wales is determined by local planning authorities. We believe that, due to their strategic importance, the IPC should be able to consider associated development in Wales as part of its assessment of NSIPs. If this is not the case then such differences between regimes are likely to lead to an increase in the costs of

renewing the UK's electricity infrastructure, and this will be to the detriment of all energy consumers. As part of the IPC/NSIP consent process, developers are required to carry out extensive stakeholder engagement with the local community, and members of the public are also able to submit evidence to the IPC during the examination phase. This process ensures that local concerns are fully considered, and addresses the issue that associated development needs a local planning decision to ensure that local concerns are taken in to account.

We believe that the NPSs fully inform the IPC, and its proposed successor, the Major Infrastructure Planning Unit, of the Government's climate change objectives and the role that low carbon generation has to play in achieving these objectives. The explicit reference to the UK's legally binding target to deliver an 80% reduction in greenhouse gas emissions by 2050, and the cross-reference to DECC's 2050 Pathways Analysis¹ is helpful. We note that the Welsh Assembly Government has set out to achieve annual carbon-equivalent emission reductions of 3% from 2011, and is committed to achieving at least a 40% reduction in all greenhouse gas emissions by 2020 against a 1990 baseline. While we support this ambition and agree that this will help make a significant contribution to the UK carbon budgets, we do not believe that this should constitute an arbitrary upper limit to Wales' ambition. The target should instead reflect Wales' potential to host and deploy low carbon infrastructure, and should be consistent with the overall levels set in the carbon budgets so that a holistic approach to UK energy policy is taken.

The First Minister of Wales has recently called for the capacities for renewable energy stated in Technical Advice Note 8 (TAN8) to be regarded as upper limits². This is not necessary and indeed contradicts what is written in the document itself, which states that "the installed capacity targets are intended to assist the planning process and are not to be seen as the definite capacity for the areas"³. It is also important to point out that TAN8 also gives the option for local planning authorities to consider land outside, but close to, Strategic Search Areas (SSA) for the development of wind farms. Given the urgency for new low carbon energy infrastructure in the UK, we believe that such assets should always be deployed in those areas judged to be the most technically, economically and environmentally suitable - wherever this may be in the UK. We believe that, with certain exceptions, planning policy should take a criteria-based approach, as opposed to an area/location-based one.

We endorse the UK Government's conclusion, as articulated in the NPSs, that the UK's need for additional supplies of low carbon electricity should be based on a diverse mix, including nuclear, renewables and other low carbon thermal generation (i.e. fossil generation with Carbon Capture and Storage (CCS)). This is supported by a number of other bodies, including the Committee on Climate Change (CCC). For example, in its recent Renewable Energy Review⁴, the CCC's illustrative 2030 scenario consists of a renewable generation share of around 40%, a nuclear share of around 40% and a CCS share of 15%.

¹ DECC, 2050 Pathways Analysis, July 2010

² First Minister's Statement on Planning for Renewable Energy in Wales, 17 June 2011

³ Technical Advice Note 8: Planning for Renewable Energy, Welsh Assembly Government, July 2005, p5

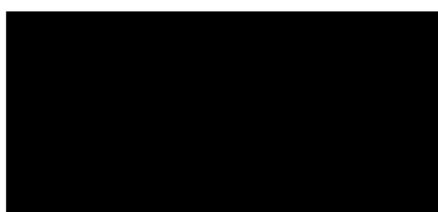
⁴ Committee on Climate Change, The Renewable Energy Review, May 2011

We strongly disagree with the Welsh Assembly Government's assertion that "the high level of interest in exploiting the huge potential for renewable energy reduces the need for other, more hazardous, forms of low carbon energy and obviates the need for new nuclear power stations"⁵. We believe that all forms of low carbon technologies available for deployment will be required for the country to meet both climate change and security of supply objectives. The NPS also clearly states that it is Government policy that new nuclear power should be able to contribute as much as possible to the UK's need for new capacity.

We believe that new nuclear will be a vital component of any pathway compatible with the 2050 objective, since it is the most internationally competitive and lowest cost option for firm low carbon electricity supplies, and can make a significant contribution to providing safe, secure and affordable low carbon energy in the UK. Nuclear power is a relatively mature technology and provides a cost effective means of decarbonising electricity. We believe there is a role for the Welsh Assembly Government in assisting the UK Government to carry out the facilitative actions required in line with its indicative timeline for new nuclear build by helping address other key constraints such as skills scarcity and supply chain bottlenecks, whether or not a specific project for nuclear power station development in Wales comes forward. Nuclear power has made a significant contribution to the generation of electricity in Wales for over 40 years, providing secure low carbon supplies to the benefit of consumers, and providing valuable and much needed employment.

Should you wish to discuss any of the issues raised in this letter or have any queries please contact my colleague Ravi Baga on 020 7752 2143, or myself.

Yours faithfully,



Denis Linford
Corporate Policy and Regulation Director

⁵ A Low Carbon Revolution – The Welsh Assembly Government Energy Policy Statement, p16, March 2010