

Economic Development Committee EDC-04-01(p4)

Date: 7 March 2001

Venue: Committee Room 1, Cardiff Bay

Title: Draft Terms of Reference for EDC policy review

Purpose

1. To provide draft terms of reference for a review of energy policy in Wales and an outline of how the Committee might start work on this study.

Background

2. The Committee's previous Forward Work Programme indicated that its priorities for the next review were: Energy Policy, Information and Communication Technology and a Tourism Strategy. In the various discussions of recent months members have given strong indications that they would see greatest importance attached to the first of these and the Chair now recommends that we proceed on that basis.

3. The nature of the issue under consideration calls for a different method of working than for the Committee's previous review. The approach below has emerged from discussion with the Assembly's Competitiveness and Infrastructure Division.

Proposed Review Objectives

4. To explore possible long term scenarios for (non-transport) energy production and use in Wales and make recommendations to the Assembly Cabinet on a strategic framework most appropriate to achieving the optimum use and generation of energy in Wales by 2010.

Proposed Process

5. It is suggested that adverts be placed in early March for an expert advisor to assist the committee in the review. The advisor would be expected to have a broad knowledge and understanding of the range of energy options, current issues affecting energy use and the ability to undertake research and information gathering. S/he would work with a steering group (see below). The complex nature of the work to be undertaken may also necessitate the

recruitment of other specialist advisors from time to time.

1. It is anticipated that the review could begin in May. Economic Development Minister, Mike German, and Environment Minister, Sue Essex, are proposing to hold a major conference with organisations involved in the renewable energy field at around that time. It is suggested that this occasion could serve as the launch of the investigation and provide an early opportunity for mapping the territory.

1. It is proposed in this Review to work closely with Assembly officials and in close consultation with representatives of the WDA. This will allow the committee to draw on Assembly resources and expertise during the course of the Review. One suggestion for structuring the work is that officials could open the process by offering one possible outline vision of energy in Wales in 2010. The Committee could then call a wide range of expert witnesses to respond to this and to gather views on the range of potential energy scenarios Wales might be face by 2010. The Assembly's responsibility to promote sustainable development, whilst facilitating economic growth and development will underpin all the work of the Review.

6 Key Questions

It is suggested that the Review will examine issues such as:

- a. The energy opportunities and needs of Wales in the future bearing in mind Wales' current distribution of energy sources and associated infrastructures;
- b. The desirability of self sufficiency in energy production with greater emphasis on small, local generating units. How much electricity production should move from being dependent on large grid-linked power plants to distributed, especially combined heat and power, systems at the domestic, company, and business park/public buildings levels;
- c. The potential to increase energy production from renewable sources;
- d. The potential to develop strong renewable energy service and manufacturing sectors and associated research and development activities;
- e. The economic potential of underground (onshore and offshore) fuel reserves in Wales and the environmental impact of exploiting them;
- f. Whether, despite the designation of the Severn Estuary as a Special Area of Conservation, we should be pursuing the development of the 8GW Severn Barrage project;
- g. The current and future potential contribution of nuclear power;
- h. The kind of energy, especially gas and electricity infrastructures, (including storage

- systems) needed in the future in Wales;
- i. How electricity demand patterns will change with changing demographics, industrial and business patterns, transport fuels and greater dependence on ICT systems;
 - j. Measures to reduce the overall consumption of energy and minimise fuel poverty in Wales;
 - k. The implications for the planning system to enable the desired outcomes
1. The implications of the recommendations for structural fund programmes, development and other business support agencies, for central Government Departments and regulators and for the Assembly;
- m. The further powers which might need to be devolved from Whitehall Departments to enable the National Assembly to pursue its energy objectives effectively;

This represents a substantial amount of work and Members might wish to consider the coverage of the study in the context of the time available. It is anticipated that the study will take at least one year. It may be feasible to undertake the work in stages and submit interim reports.

7. Some of these issues will need to be explored jointly with other Assembly Committees, in particular the Environment and Transport Committee and the possibility of one or more consultation exercises might need consideration.

Method of Working

8. It is proposed that the Committee should establish a Steering Group to oversee the Review and the preparation of its final report. In conjunction with the Clerks, the Group will:
- a. draw up a detailed work programme, targets and time frame for the Review;
 - b. consider the expert advice needed for the study;
 - c. in conjunction with the adviser(s), consider the individuals, companies and organisations which should be invited to give evidence to the Committee and the way in which this should be approached.
 - d. consider the liaison arrangements with other Committees and officials within the National Assembly
 - e. consider a programme of visits to provide members with an initial overview of the main issues.

Membership Of Steering Committee

9. It is proposed that this should comprise the Chair, the Economic Development Minister and representatives of the Plaid Cymru and Conservative party groups. It could be assisted by

external inputs to its discussions from:

Dr Ron Loveland – CID Division, NAFW;

Representatives from the WDA;

Carbon Trust Wales;

the Environment Agency or CCW;

the Energy Saving Trust.

10. The committee is asked to comment on the outline proposals for the review and agree the proposed timescale and method of working.

2 March 2001 Committee Secretariat