

Date:  
10/11/2020

Dear Mr George,

Vattenfall has been following closely the consultation that your Committee has been undertaking into the effects of the Covid-19 pandemic. Its terms of reference include “measures taken to slow the spread; and support being offered to the people, companies and organisations through the pandemic”.

Our flagship onshore wind farm at Pen-y-Cymoedd includes the communities of northern Rhondda Cynon Taf and Neath Port Talbot County Borough Council. I have attached evidence of the way that our CIC has been distributing Vattenfall’s Community Benefit Funds during Covid-19. The details are displayed by local authority Wards within RCT and NPT Councils, and distinguish between the funding for businesses and community activities, to aid your analyses.

Vattenfall wishes to draw your Committee’s attention to the funding that has been distributed in response to the impacts of the Covid-19 virus, and its attendant lockdowns. Indeed, it is continuing to distribute this vital funding to these vibrant but deprived communities.

The social and economic impact of supporting businesses and organisations to deliver services and keep organisations afloat during such a challenging time will, in time, need to be measured. For now we are proud that our Pen-y-Cymoedd fund has been able to inject cash funding into the heart of the Valleys economy. Vattenfall are pleased to note that in the 17<sup>th</sup> July Written Response by the Welsh Government to your Report: “The Impact of Covid-19: Summary of initial findings”, the Welsh Government, in accepting the first recommendation, stressed that Covid is accelerating many of the long-term challenges that we already knew existed prior to the virus, including the climate crisis and the need for urgent decarbonisation of industry”.

Vattenfall is also pleased with the Welsh Government’s response to your Committee’s Report on the Decarbonisation of Transport regarding running fully electric vehicle fleets in Wales (Recommendation 1) stated that “we will also investigate how renewable generation and storage can assist with grid resilience”.

The RTPI submission of evidence to your Committee on the Impacts of Covid-19 addressed the role of planning in a resilient and inclusive recovery in Wales. Vattenfall endorses that evidence, and reiterates the importance for our economic

future in responding to the environmental challenges represented by the Climate Emergency. In our view, there is an urgent need now for the Welsh Government need to boost the renewable energy industry in Wales, thus enabling a transparent and credible connection to be made between the targets it sets to respond to the Climate Emergency, and their delivery.

The Welsh Government through its “Prosperity for All: economic Action plan” seeks to re-orientate economic policy towards long-term challenges, such as the climate crisis, the need for urgent decarbonisation of industry, and the exit from the European Union.

Vattenfall welcomes the statement on Page 33 of the plan, that the Welsh Government will “work with developers, regulators and energy infrastructure providers to accelerate the development of low carbon energy generation”. Likewise it is very supportive of the Plan’s commitment to the “government stepping up to the plate and taking a lead in areas like decarbonisation and demonstrating its intent to create new sustainable infrastructure”. (Page 2)

In this context, we are mindful of the statement made by the Future Generations Commissioner in her May 2020 Report (Page 594): “With technological advances, low carbon solutions and increased leadership, we can transition to an energy system based on renewables, providing economic, social and environmental benefits to Wales. However, despite the science and technology, progress to implement low-carbon solutions at the scale and pace that is needed has been too slow”.

As well as the Climate Emergency, and the Covid-19 Pandemic, Wales is also facing the travails surrounding the exit of the UK from the European Union. Vattenfall is very conscious of these three major challenges that are simultaneously facing the Welsh Government.

While Vattenfall accepts that the Minister for the Economy and Transport “works closely with partners, including Natural Resources Wales, to realise the economic and wider benefit of Wales’ built and natural environments”, the Welsh Government now needs to “step up to the plate”.

In doing so, Vattenfall can play an important part to ensure that an overall level of sustainable natural capital is maintained for future generations.

As an inward investor, we are very supportive of the first publication in January 2020 of the Welsh Government’s “International Strategy”, drawing attention to the 21 offices that it has established- from Tokyo to San Francisco. We are pleased that there is the explicit acceptance of the way in which “our prosperity has long depended on trade and inward investment with existing opportunities opening up around the world and here at home” (Page 3), together with the “clear commitment to “continue to welcome investment in, and from all sectors of the economy”, (Page 19); “growing our economy by increasing exports and increasing investment and creating new jobs and opportunities for people in Wales”. (Page 25)

These statements align well with ones on inward investment included within: “Prosperity for All”; such as this one on Page 5: “Our exports and levels of Foreign Direct Investment (FDI) continue to impress-even set against the damaging backdrop of the threat of a “no deal” European Union exit. Our export performance and levels of FDI demonstrate how much confidence the world has in the quality of Welsh business, products and services, and how much they value our people and places an ideal destination for business investment”.

Vattenfall stands ready to bring its investment level in Wales up to the much higher level to which it is committing in Scotland. This will enable it to develop new wind farms such as Pen-y-Cymoedd, on Welsh Government owned land. However, continuing delay by the Welsh Government and Natural Resources Wales in inviting bids for leases also prevents the opportunity for Vattenfall to help build the Wealth of the Communities in the way that it has clearly demonstrated in Pen-y-Cymoedd.

The contrast between our investments in Scotland as compared to that in Wales is stark. In April of this year, Vattenfall made the £320m investment decision to construct the 240MW South Kyle wind farm in South West Scotland. A significant proportion of this investment will directly benefit the locality, the region and the country. This would be a very important investment decision at any time, but the monumental impacts of covid-19 make this type of investment even more crucial. Scotland is able to benefit directly from this project because they have had clear ambitions, they have welcomed investment and they have created the opportunity, which in this case is on publicly owned forestry land.

Scotland has created an environment where they are very well placed to make the energy transition to a low carbon economy and harvest all the positive outcomes. The investment in the supply chains, communities, skills and training that has happened there in the past, that is happening today and will happen in the future has been the product of their actions.

Vattenfall’s onshore development budget, the money used to explore, develop and secure opportunities , is currently heavily weighted towards Scotland and is a reflection of positives outlined above. Successful outcomes can be positively reinforcing. In the onshore wind industry to date, most success has been realised in Scotland. Therefore, more success is expected in Scotland so resource is directed accordingly. This is important because, despite the potential of Wales, a lower than expected investment is being made in Wales. The outcome is that it is not clear where, when and how Wales will be able to harvest successes from the transition to a low-carbon economy. The situation is actually much worse: by the time an opportunity for investment and development comes forward, there may not be a supply chain remaining within Wales to supply and service the necessary inputs which enables these complex infrastructure projects to be constructed and delivered.

In the meantime, Vattenfall will continue to support local communities and businesses within the Pen-y-Cymoedd Area of Benefit, since it is part and parcel of the way in which the Company is guided in its operations by the principles and ways of working captured through the adoption of the six of the UNs Sustainability

Goals that echo the well placed endeavor laid down by the Future Generations Commissioner in the “Future Generations Framework”.

If your Committee would wish to know further details of our funding process for Pen-y-Cymoedd, then you are welcome to contact Kate Breeze at the CIC:

[enquiries@penycymoeddcic.cymru](mailto:enquiries@penycymoeddcic.cymru).

Vattenfall would be pleased to appear before your Committee to give oral evidence if that would assist your consultation.

Sincerely yours,



Frank Elsworth,  
Head of Market Development UK - Onshore