

# Environment and Sustainability Committee

## E&S(4)-04-11 paper 1

### Inquiry into Energy Policy and Planning in Wales / Welsh Government priorities on Energy September 2011

#### First Minister and the Minister for Environment and Sustainable Development

#### INTRODUCTION

1. This paper explains the relationship between energy policy and the land use planning system in Wales. It sets out the energy policy priorities of the Welsh Government.
2. The paper covers the following areas:
  - Welsh Energy Policy
  - The Welsh National Planning Framework
  - Wales/UK Government Energy interface
  - Welsh Government Position

#### WELSH ENERGY POLICY

##### The Energy imperative

3. Energy is increasingly considered as the most important sustainable development issue in meeting the climate change challenge. Progressively ambitious targets are being agreed to reduce our reliance on fossil fuels and to provide more secure and stable future energy generation. In responding to the causes of climate change, on 11 July 2009 the leaders of the G8 nations agreed to cut greenhouse gas emissions by 80% by 2050.
4. Energy supply accounts for approximately 37% of net greenhouse gas emissions in Wales and to achieve this ambitious reduction agenda, the UK Government recognises that by 2050 Wales will need to reduce by 80-90% its use of carbon based energy. The Committee on Climate Change has proposed that the UK's power sector needs to be largely decarbonised by 2030; and that around 30% of the UK's electricity in 2020 needs to come from renewable sources to meet our legally binding EU target for 15% renewable energy consumption by 2020.
5. The *Climate Change Strategy for Wales* sets out the Welsh Government's actions to deliver 3% annual reductions in carbon equivalent emissions

in areas of devolved competence and to achieve at least 40% reduction in greenhouse gas emissions by 2020.

## Energy Generation in Wales

6. Energy generation in Wales plays a significant role within the UK's energy market; the predominant contribution of electricity generation in Wales (approximately 35 Tera watt hours) comes from some 8GW of large pumped storage, coal, gas or nuclear fired generating plants. However, as in the rest of the UK, much of this is reaching the end of its design life. Wales' renewable energy electricity generating capacity is currently around just under 1GW producing around 10% of our electrical energy consumption.
7. Key energy priorities for the Welsh Government include providing a flexible and responsive network, powered by a diverse and indigenous (and thus secure) range of low carbon sources which are able to ensure security of supply, and deliver decarbonisation at minimum cost to the consumer.

## Decarbonisation the energy sector

8. There is both a moral and practical imperative to move rapidly to a situation where we are much less dependent on fossil fuels for energy generation. The Welsh Government's Energy Policy Statement for Wales "**A Low Carbon Revolution**" sets out the three pillars to that approach:
  - Maximising energy savings and energy efficiency,
  - Moving to resilient low carbon electricity production via indigenous (and thus secure) renewables, on both a centralised and localised basis
  - Maximising the opportunities for practical jobs and skills, research and development, promoting, personal and community engagement.
9. We believe we have the potential to annually produce up to 48 terawatt hours of electricity from a diverse mix of renewable sources by 2025, with 50% of this from marine (including a Severn tidal project), 40% from wind (both offshore and onshore) and the rest mainly from sustainable biomass power or smaller local (including micro) heat and electricity generation projects using wind, solar, hydro or indigenous biomass.
10. A Low Carbon Revolution provides a strong basis for renewables delivery from a diverse set of technologies. On shore wind is currently the most viable renewable technology but we must utilise our extensive port facilities in harnessing the significant offshore opportunities; the proposed >6GW of offshore wind development and the emergence of a strong Wave and Tidal sector, including the longer term prospects from

the Severn as one of the world's largest single renewable energy projects.

## **The energy future**

11. Even as we improve energy efficiency and energy savings through Welsh Government programmes such as Arbed, demand for electricity may need to double by 2050 due to an increased demand for electricity to provide low carbon energy to meet our heating and transport needs.
12. Alongside maturing renewables technologies, our fossil fuel power stations will need investment in higher efficiency, higher temperature, coal combustion technologies, and Carbon Capture and Storage (CCS) systems to dramatically reduce their carbon emissions.
13. Wales has a number of coal and natural gas fired power stations, all of which contribute significantly to the resilience of the current UK electricity network and provide vital flexibility to support an increasing amount of low-carbon generation, and to maintain security of supply. As older coal-fuel and ageing nuclear power stations retire from the UK network, and as the emerging technologies become more commercially viable, our fossil fuel stations, alongside the major LNG import terminals and Europe's biggest pumped storage station at Dinorwig, will play an increasingly important role in maintaining electricity and gas-heating supplies in the UK. Large scale sustainable biomass if fitted with CCS, may also represent a very attractive secure negative-carbon option.
14. The existing Wylfa Nuclear Power Station employs 500-600 staff, which increases by up to one third during planned maintenance. It is proposed that the life of the current Wylfa power station be extended by decommissioning one of its two reactors and transferring its unspent fuel to the remaining reactor for a period of 18 months, after which Wylfa A will cease generating power ahead of full decommissioning.
15. Now that the UK Government has decided that Anglesey is a preferred location for a new nuclear power station, and Horizon Nuclear Power has announced it intends to proceed with an application for new nuclear build at Wylfa, we wish to ensure maximum benefit for Wales.
16. Wales already benefits from a number of world class energy-based industries and research institutes including the Wales Low Carbon Research Institute, and the Sustainable Building Envelope Centre. Building on this collaborative working will be important for our future research development and deployment capability. Focussing skills development to support new and emerging energy technologies will be key to ensuring Wales realises the estimated £50+ billion of total investment in large renewables and other low-carbon electricity projects over the next 10 to 15 years.

17. Ensuring the UK Government's market reforms deliver our low carbon agenda while ensuring the competitiveness of our energy intensive industries, will be key to developing the sustainable energy sector in Wales. This is an unprecedented challenge but can bring huge benefits helping to drive investment in new jobs and businesses and delivering our key energy priorities; energy security, protecting consumers from fossil fuel price fluctuations, eradicating fuel poverty and meeting our carbon reduction objectives for the coming decades.

## **THE WELSH NATIONAL PLANNING FRAMEWORK**

### **National planning policy framework**

18. The national planning policy framework comprises Planning Policy Wales (PPW) and Technical Advice Notes (TANs). These are framed to deliver Welsh Ministers' policies including A Low Carbon Revolution. The TANs explain how the policy statements in PPW should be applied through development plans and in taking decisions on planning applications. Regard must be had to national planning policy in the preparation of development plans and they may be material to decisions on planning applications, whether taken by local planning authorities, the Planning Inspectorate or Welsh Ministers.
19. Delivering sustainable development is a central theme running through PPW and TANs. The 'Planning for Sustainability' chapter in PPW sets out the role of the planning system in creating a more sustainable Wales. It identifies the key principles and policy objectives that underpin our approach to planning for sustainable development, including the need to tackle climate change and provide for renewable and low carbon energy sources at all scales.

### **Planning for renewable and low carbon energy**

20. We seek to ensure that national planning policy and guidance at all levels facilitates the delivery of our energy and climate change aspirations, including UK and European targets on renewable energy. One of our key planning policy objectives as set out in PPW is to *provide for renewable and low carbon energy sources at all scales*. Our national policy and guidance is outlined Section 12.8-10 of PPW. This was updated in February 2011 following publication of A Low Carbon Revolution. Our revised policy seeks to further establish a framework in which local planning authorities should plan positively for all forms of renewable energy development.
21. Our planning policy encourages community energy projects. In addition, the planning regulations for micro-generation equipment have been relaxed in recent years, with further amendments in the pipeline, subject to European Commission approval.

## **Technical Advice Note 8**

22. TAN 8 was published in 2005 following extensive consultation and input from a wide variety of stakeholders. It is underpinned by independent empirical research and provides advice on the planning implications of a wide range of renewable energy technologies including onshore wind, anaerobic digestion, bio-fuels for vehicles, combined heat and power, energy from waste, fuel crops (including wood fuel), hydro-power, methane, and solar thermal and solar voltaic systems.
23. TAN 8 identifies the land use planning implications of meeting our energy aspirations. An important function of TAN 8 is to restrict the proliferation of large scale wind farms in other parts of Wales. To achieve this, seven Strategic Search Areas (SSAs) suitable for large scale (over 25 MW) onshore wind energy development were identified.

## **Offshore Planning**

24. Under the Marine & Coastal Access Act 2009, the Welsh Ministers are the planning authority for the Welsh marine area. The purpose of marine planning under the Act is to help achieve sustainable development in the marine area; a key measure of success will be giving greater certainty for developers at the outset in relation to consenting/licensing decisions when pursuing consents.
25. Following consultation on our approach to marine planning, we are aiming to develop and adopt a national plan by 2013/14. Once adopted, decisions relating to the Welsh marine area will generally need to be made in accordance with the marine plan. The plan will need to be agreed by UK Government Ministers if it covers non-devolved matters.
26. Together with the UK Government and the other Devolved Administrations, we have adopted the UK-wide Marine Policy Statement. The statement sets the strategic policy priority framework for marine plans throughout the UK, highlighting the importance of energy.

## **WALES/UK GOVERNMENT ENERGY INTERFACE**

### **Legislative and consenting framework**

27. The consenting process for energy development projects in Wales depends on the size of the proposed development. Responsibility for determining major energy infrastructure over 50 MW onshore, (referred to as Nationally Significant Infrastructure Projects or NSIPS in the legislation) is the responsibility of the UK Government under powers contained within the Electricity Act 1989 and by the IPC established in the Planning Act of 2008.
28. Responsibility for determining major energy infrastructure offshore, up to 100MW is a matter for the Marine Management Organisation (MMO);

offshore consents greater than 100MW rest with the IPC and UK Government Ministers.

29. The UK Government intends to abolish the IPC and replace it with a National Infrastructure Directorate within the Planning Inspectorate in the Localism Bill currently before Parliament. This Directorate will assume responsibility for considering proposals over 50MW onshore in 2012.
30. Projects onshore under 50MW in Wales fall to local planning authorities to determine under their town and country planning powers, informed by the Welsh Government's policies.

### **National Policy Statements**

31. The IPC (and its successor) and the MMO must consider energy projects in accordance with the National Policy Statements and the Marine Policy Statement. In July, the UK Government designated a suite of National Policy Statements for Energy Infrastructure. The National Policy Statements recognise that the Welsh Government has its own policies for renewable energy but these have less weight in decision making on major projects than the National Policy Statements. The IPC is legally obliged to use NPS' for making decisions except if the adverse impact would outweigh its benefits, so they can ignore the policy of the Welsh Government, including TAN 8. The UK Government propose to issue a Marine NPS at an undetermined future point.
32. In Wales responsibility for approving associated and ancillary consents, such as highway improvements, relating to proposals over 50MW is generally devolved to responsible bodies and organisations such as local authorities, and not considered by the IPC. In the meantime the Welsh Government and the IPC have entered into a Memorandum of Understanding which sets out how both bodies will work together in order to facilitate the consideration of major energy projects in Wales.
33. For offshore energy consents, the Welsh Ministers are in the main responsible for associated and ancillary consents out to 12 nautical miles by means of marine licences under the Marine and Coastal Access Act 2009 and species licences under the Conservation of Habitats and Species Regulations 2010. We are working with the UK Government, the Marine Management Organisation and the IPC to facilitate the consideration of major offshore energy projects in Wales.
34. For nuclear energy, the IPC's successor will consider Horizon's Development Consent Order (DCO) for nuclear new build. Prior to submission of the DCO applicants are required to engage in significant public consultation, feedback from which informs both the IPC and local authorities on the impacts and proposed mitigation measures. There is an increasing acknowledgment by developers to provide community benefits as a result of major developments.

35. The IPC will consider applications from National Grid for new and/or reinforcement of the grid infrastructure relating to new energy generating capacity. Any associated sub-stations would be determined under the devolved town and country planning legislation.

## **WELSH GOVERNMENT POSITION**

36. Our Energy Policy Statement “ A Low Carbon Revolution” sets out within the context of our Sustainable Development Scheme One Wales One Planet and the Government’s overarching climate change strategy, the actions that will be taken to accelerate the transition to an efficient, low-carbon-energy based economy in Wales.
37. We consider that executive powers to grant consent for large power stations under the Electricity Act, should be a matter for the Welsh Ministers. We believe that it is anomalous that Wales is the only devolved administration in the UK not to have these powers, and under current arrangements we do not have the necessary tools to deliver our policy aspirations in an integrated and streamlined way.
38. We regard the integration of major energy developments and planning processes in Wales in order to provide a framework for local economic, social and environmental progress, to be critical to delivering the opportunities for the people of Wales. Locally based projects particularly those with community part-ownership and profit sharing are all best achieved in the context of a consenting regime that is both attuned to the issues of the region it serves and developed in response to locally sensitive and specific planning guidance.
39. There is cross-party support for further devolution of energy powers. All four political parties within the National Assembly are in favour of devolving the powers to Wales and we have the “in principle” support of many energy practitioners in Wales who see it as being consistent with local democracy, and are keen to see a faster, more streamlined planning system, in line with our aspirations for a national infrastructure plan for Wales
40. We will continue to press for the devolution to Wales of large power station and associated consents for renewable energy projects upto 100 Megawatts in capacity on land and sea.