

**Senedd Cymru**  
**Pwyllgor yr Economi, Masnach a Materion Gwledig**  
**Economi Gwyrdd**  
**GE37**  
**Ymateb gan: Statkraft UK**

**Welsh Parliament**  
**Economy, Trade, and Rural Affairs Committee**  
**Green Economy**  
**GE37**  
**Evidence from: Statkraft UK**



## Statkraft response to consultation

### Senedd Economy, Trade and Rural Affairs Committee: Green Economy inquiry

07 March 2024

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#### About Statkraft: Working to renew the way Wales is powered

We are Europe's largest renewable power generator and proud to have a growing footprint in Wales. Today, we employ approximately 500 highly skilled people across the country and to date we have invested more than £1.3 billion in the UK's renewable energy infrastructure, generating enough electricity to power 400,000 homes. Our team of nearly 50 permanent staff in Wales, working from Rheidol and Cardiff, are dedicated to supporting the country's just energy transition.

Statkraft is one of the world's original renewable energy companies. Established more than 125 years ago, we develop innovative products and services and provide a crucial route to market for other renewable developers. The breadth of our multi-technology offer enables us to support the modernisation of the energy system and decarbonise the hardest to reach parts of the UK economy. Our projects strengthen energy security, support jobs, and are delivered sustainably in partnership with our local communities.

We are keen to work with Welsh Government and wider Parliamentarians on routes to overcome existing development barriers to help Wales meet its proposed target of producing 100% of its electricity from renewable sources by 2035. We are developing the full range of our technology offerings in Wales – wind, solar, hydropower, green hydrogen, energy trading and grid stability – the only place out of the 21 different countries where Statkraft has a presence.

In addition to owning and operating Rheidol Hydro Power Station and Altwalis Wind Farm, both in Ceredigion, we have facilitated a further 30-plus renewable projects in Wales through power purchase agreements. Collectively this totals 750GWh of renewable electricity every year – equivalent to the needs of nearly 200,000 or 15% of Welsh homes. We are also developing Alleston solar farm in Pembrokeshire, a 49MW site that will dovetail carefully into the local environment.

Our pipeline also includes our latest National Grid ESO-commissioned [Greener Grid Park](#) near Swansea (due to begin construction in 2024) which will mimic traditional fossil inertia using a rotating 200-tonne 'synchronous compensator' to provide clean inertia to enable Wales to connect more renewables to the GB grid. We are focused on devising energy services that not only generate power for Wales homes and businesses, but also seek opportunities to balance grid through inertia, as well as co-locate generation to minimise impact on the Welsh countryside.

Located across Wales, these projects, which represent existing and planned investment of up to £400 million, will support the drive towards net zero and energy independence, create local jobs, provide community benefits and encourage biodiversity on the land where we operate.

We welcome the commissioning of this inquiry and we are pleased to have the opportunity to submit evidence to the Economy, Trade and Rural Affairs Committee.

### **Overall drivers to realise a Green Economy in Wales**

As RenewableUK Cymru have set out, a diverse, flexible, renewable based energy system is fundamental to support the net zero ambition and energy transition in Wales. Deploying a mix of technologies across Wales in a sequenced manner will bring a range of benefits; reducing our reliance on fossil fuels and international gas prices resulting in increased energy security, lowering electricity bills, unlocking productivity, and reducing carbon emissions to tackle the climate emergency.

It is also vital that the correct policy and market signals are in place to provide certainty and confidence so that we can elevate Welsh development opportunities up Statkraft's global roster of development projects vying for investment.

At the core of this challenge is providing the support for the power generation opportunities – specifically onshore wind and solar – which can help advance toward net zero targets, build Welsh supply chains and economic activity now, enabling Wales to effectively seize the longer-term offshore wind opportunities. In short, Statkraft would welcome greater support from the Welsh Government in its treatment of solar projects that are focused on minimising and mitigating impact on Best and Most Valuable Agricultural Land (BMVAL) and onshore wind farms that feature world-class peat and habitat management plans. If this policy support and consistency is in place, and alongside progress in expanding grid infrastructure and investment in national and Local Planning Authority (LPA) capacity, the green economy opportunity for Wales associated with the development and delivery of energy projects is significant.

As Renewable UK Cymru have set out, Welsh renewable power generation has the potential to deliver 9GW from wind power alone by 2035. However, this will still be below the target to reach the required 29TWh. This 9GW is made up of current capacity and the pipeline of projects under construction, consented, in planning or under development. In seven years since the Developments of National Significance (DNS) regime was introduced, only one onshore wind farm at Upper Ogmere in South East Wales has been approved. Results show that 41% of applications through the DNS regime have been refused, with no onshore projects above 50MW granted planning permission. In addition, the recently published Energy Generation in Wales 2022 report shows that Wales only added 43 MW of additional installed renewable electricity capacity in 2022, with the proportion of electricity generated in Wales from renewables falling from 33% in 2020 to 27% in 2022.

To match the projected rise in demand, this will require more than quadrupling the renewable electricity generation in just over 10 years. If delivered in a fair and inclusive way that prioritises Welsh supply chains, the energy transition can be an exceptionally powerful driver of long-term, sustainable, green economic growth – but the sector requires policy support.

### **Questions**

- 1. Within its devolved powers, what should be the Welsh Government's key priorities to maximise the potential economic opportunities from green economy sectors? To what extent does its current approach reflect these?**
- 2. What are the key barriers to Wales making the most of opportunities in the green economy, and what steps should be taken to overcome these?**

### ***Detailed Net Zero Delivery Plan to generate confidence***

Statkraft endorses Renewable UK Cymru's call for the Welsh Government to publish a detailed action plan for reaching the 100% renewable energy target by 2035 and net zero by 2050 to provide certainty for investment.

Alongside the setting of clearly staged delivery timescales and mechanisms, this should include alignment provisions to structure constructive engagement with UK Government, NGESO and Ofgem on routes to expediting grid capacity upgrades. Within devolved powers, the Welsh Government's focus should be on unlocking further consenting and planning resource, providing defined timescales for delivery and coordinating strategic anticipatory skills investment for critical occupations.

These activities will enable accelerated delivery, sufficient engagement within the planning process, a consistent deployment of projects to better encourage supply chain investment and ensure that we have a skilled workforce ready in Wales to deliver these projects. Taking a strategic view, immediate onshore gains can provide a platform to seize the longer-term offshore prize.

In tandem, greater clarity on statutory consenting timescales and guidance on a measured approach to land use, is critical for maintaining momentum and confidence. For example, the Welsh Government's Deep Dive recommendation 10 identified the opportunity for an Onshore Wind Sector Deal and once the sector is confident of Welsh Government's commitment to support the deployment of onshore wind, we can work in partnership and begin to align the details of a Deal to the benefit of the people, economy and net zero ambitions of Wales.

We also endorse RenewableUK Cymru's plan for the creation of a Workforce Strategy and Action Plan in collaboration with the renewable energy industry, training providers and education institutions to bring together and strategically coalesce the number of separate activities that are already taking place and identify gaps for future programmes. This should be delivered by cross-governmental working groups with dedicated skills resource for government, local authorities and statutory bodies.

Interlinked with strong Welsh Government policy signals to investors, Wales can be elevated amidst stiff international competition as a global renewable energy hub that can generate economic activity with local and rural impact, supporting Welsh companies and supply chain investments.

### **Creation of Onshore Generation National Policy Statements to boost onshore deployment**

Whilst it might not have been the Welsh Government's intention, recent actions and planning decisions can be read as deprioritising onshore wind and solar which, if left unchecked, could have consequences for deployment levels and achieving the overarching target. We appreciate from conversations with officials that the message to developers is that the Welsh Government wants technologies of all types and scale, and it is a case of 'all hands to the pump'. This verbal reassurance is welcome, but it is limited to only go so far.

Without formal National Policy Statements acknowledging the important contribution onshore technologies are expected to make in meeting the targets and public endorsement of that contribution, there is a real risk that deployment levels stall under the misguided assumption that everything can be offshored. This could result in onshore investors focusing on other markets when Wales has considerable potential.

To be clear, we are a technology agnostic developer with a pipeline spanning offshore wind to green hydrogen. We are market-led in that we develop projects according to what individual markets want rather than being tied a particular technology that we try to find a market for. However, we rely on governments sending clear signals to stakeholders, including local authorities, on the direction of travel that they expect them to go in. Our experience is that ambiguity leads to confusion and delays, and it is for this reason that we recommend that the Welsh Government addresses this concern that is held across industry.

### ***Defining generation targets to spur investment***

In addition to Renewable UK Cymru's calls, we would also strongly recommend the publication of specific generation targets across technologies to stimulate an effective green economy in Wales.

We understand that the Welsh Government has reservations about the effectiveness of technology specific targets and is concerned that they could even prove to be counterproductive. We agree that targets on their own are not enough and that there are risks when done crudely. However, as a company that operates across the UK and across Europe, we remain convinced that well designed technology specific targets help to focus minds and to support deployment levels.

Our experience as Europe's largest renewable generator tells us that where governments set such targets, policy design becomes more aligned with enabling delivery; local authorities become more attuned to overarching ambition levels; and investor confidence increases.

This can be seen in Spain and Germany but also closer to home in Scotland. Scotland is also an example of where the Government has taken targets and aligned its planning policy with them in a positive approach to the development of a national spatial strategy. We encourage the Welsh Government to signal its willingness to explore this issue when it publishes its final overarching target. Moreover, we urge the Welsh Government to align Planning Policy Wales with its revised targets.

### **Coordinating on enhanced grid capacity**

As RenewableUK Cymru set out, current insufficient grid network in Wales is a significant barrier to maximising the benefits of the green economy. With electricity demand set to more than double<sup>1</sup>, there is real urgency to develop the infrastructure and capitalise on the potential renewable energy opportunities across Wales and the Irish and Celtic Seas.

Grid buildout needs to happen at pace in parallel with generation. We welcomed the work on Future Energy Grids for Wales and the Local Area Energy Plans however these should now align with the generation pipeline to maximise opportunities for Wales beyond meeting demand.

Supporting the need for a North-South transmission route and futureproofing the Holistic Network Design Follow Up Exercise beyond the initial 4.5GW is essential to make sure Wales' grid needs are championed with key stakeholders such as Ofgem and National Grid. By working in collaboration with UK stakeholders, we need to ensure that the Electricity Networks Commissioner's recommendations are also delivered effectively in Wales through the Transmission Acceleration Action Plan.

### ***Investing in planning capacity at all levels***

Innovative ways to increase planning resource to cut timeframes should be explored such as a central resource pot to support specialist topics and a re-allocation of roles to provide clear career pathways in the profession. At present, we have a number of policies and guidance that have different and often conflicting aims and objectives which can impact the delivery of renewable energy projects, for example, Future Wales and Planning Policy Wales Chapter 6 in the case of onshore wind and visual impact guidance in the case of offshore wind. Clear policy alignment across government would support more efficient and clearer decision making.

As Renewable UK Cymru set out, in 2023, less than 50% of Developments of National Significance (DNS) applications were determined on time. Welsh Government, National Resources Wales (NRW), Planning and Environment Decisions Wales (PEDW) and LPA planning teams are under-resourced. Focus is needed on pace as well as scale – to reach the 2035 targets, we need to see quicker, consistent and efficient decision-making to move projects through planning and into construction so we can help deliver the economic green economy wins for local Welsh businesses.

Secondly, and in the context of the Infrastructure (Wales) Bill we would welcome secondary legislation which provides much clearer statutory timelines, so that developers can manage

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<sup>1</sup> [Future Energy Scenarios \(FES\) | ESO \(nationalgrideso.com\)](#)

projects to construction. Crucial to this aspect is the need for investment in the Welsh planning system to enable projects to meet financial deadlines.

### ***Securing a balanced approach to land management and net zero deployment***

At Statkraft, we believe that removing our reliance on fossil fuels is imperative, but the transition to renewables and a green economy is also an opportunity to promote the restoration of our natural landscapes, working hand in hand to cut emissions while safeguarding and enhancing our environment.

**Solar:** The Climate Change Committee estimates that 75 to 90% of the UK's electricity will need to come from solar and wind by 2050. This means the UK must install a minimum of 40GW of solar by 2030 to keep net zero on track – a tripling of current capacity over the next decade, with an average annual installation rate of 2.6GW.

Solar can help cut costs for farmers, by directly reducing energy bills, or by providing extra income from land leased for a solar farm, and this is especially important recently with crop failures due to climate change. Farmers have said that the rental income from a solar farm can provide welcome stability, given the very challenging economic environment. The solar industry is committed to working together with farmers to bring the many benefits of renewables to the UK; multi-functional land use, jobs, increasing biodiversity, reducing bills and addressing climate change.

Notably, solar farms currently take up less than 0.1% of the UK's land, and to meet the UK Government's net zero target, it is estimated that solar farms would need to occupy between 0.4% and 0.6% of UK land, which is less than the amount currently used for golf courses.

Solar PV panels are set on posts, meaning there is minimal disturbance to the ground – typically around 1-2% of the total site area. Solar farms are also completely reversible and can be easily removed at the end of their lifetime and returned to food production. The majority of the land is also available for developers to take measures that actively benefit the local environment, and provide a range of ecological benefits, such as improving wildflower meadows, grasslands, hedge row, and wetland habitats.

Across all of our Statkraft solar sites – including our proposed 49MW [Alleston solar farm in Pembrokeshire](#) – we work to minimise the utilisation of land deemed as BMVAL. Our proposed 100ha development will actively enhance the quality and quantity of biodiverse habitats, and if consented, the solar farm would contribute to the delivery of the UK, Welsh Government and Pembrokeshire County Council policy objectives, diversify the energy mix, and facilitate the transition to low carbon energy, whilst decreasing dependency on fossil fuels.

The site has a viable grid connection on site avoiding the need for overhead lines and further impacts from connection infrastructure, features no negative impact on flooding preparedness, cultural heritage and ecology and utilises existing roads infrastructure for access. The Bumblebee Conservation Trust has also provided feedback on habitat, plant species and ground preparation techniques that are beneficial for bumblebees.

Recognising recent negative decisions toward similarly sized solar farms in Wales, we see it as vital to elevate this generation type as a crucial, low-cost, low-impact option that can be deployed now with a very small impact on Welsh farmland. For wider solar developments, we recommend the Welsh Government take a balanced approach to wider solar sites that provide a comprehensive mitigation solution when temporarily impacting on BMVAL. This balance and consistency is vital to ensure developers feel confident putting forward proposals.

**Onshore wind:** At present, the highly restrictive approach to renewable developments on peatland in Wales will limit deployment of wind power over the decade, and as a result, threaten the delivery of a green economy in Wales.

There is a delicate balance to be struck to ensure both priorities are achievable. From a climate perspective, onshore wind is one of the quickest and cheapest ways to cut carbon emissions. With the right enabling actions, capacity in Wales could triple over the next decade to help meet our growing need for electricity. Without this rapid increase in onshore wind Wales will not be able to meet its net zero targets.

In terms of biodiversity and land degradation, a key focus for Wales is the protection and restoration of its peatlands. Ambitious targets have been set for peatland restoration over the coming years. However, managing the process – and paying for it – is a costly, and specialised undertaking.

With no committed funding for peatland restoration beyond the 2025, wind developers offer an alternative funding stream, reducing the burden on the taxpayer. To restore peatlands, everyone – the Welsh Government, NRW and the wind industry – needs to work together. The first step is creating clear and precise advisory guidance on how to assess and manage peatlands on onshore wind sites across Wales.

At Statkraft, we endorse RUK Cymru's the four key calls to action for Welsh Government and its statutory nature conservation advisors:

1. Provide a clear definition of 'deep peat' that covers both depth and quality of peat.
2. Develop and publish detailed planning guidance on peat.
3. Develop guidance on 'Best Practice' approaches to managing and restoring peat.
4. Accelerate support and sufficient resource for NRW to assist with the delivery of consistent, and timely, technical advice on peat for developers.

Read more in RUKC's Onshore Wind and Peatlands in Wales report [here](#). Agreeing a collaborative approach on the balance between net zero deployment and the nature crisis, manifested in the issue of renewable developments on peatland, is central to the delivery of a future green economy over the decade.

**3. What actions should the Welsh Government take to support development of Wales-based supply chains in green economy sectors?**

Please see RenewableUK Cymru's answer to this question which Statkraft has informed and supports.

**4. What skills challenges exist in relation to transitioning to a green economy? What actions should be taken, and by whom, to ensure the skills are there to meet the growing demands of a green economy?**

Please see RenewableUK Cymru's answer to this question which Statkraft has informed and supports.

**5. What will workers and employers need for a just transition to a Net Zero economy to be achieved, and what actions should the Welsh Government take to deliver the elements of this that lie within its devolved powers?**

As highlighted in the Welsh Government's Net Zero Sector Skills and Just Transition consultations, and according to the Green Jobs Taskforce report produced for the UK Government<sup>2</sup>, "the potential economic opportunities of the transition to a low carbon economy are becoming clearer, with domestic and global markets in low carbon technologies estimated to be worth billions of pounds to the UK economy over the coming decades.

All sectors of the UK will go through a transformation on the journey to net zero and this will impact the workers and communities they sustain". Governments, industry and the education sector across all stages of the green jobs life cycle need to build pathways into green careers for people

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<sup>2</sup> [Green Jobs Taskforce report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/90422/green-jobs-taskforce-report.pdf)

from all backgrounds; and to ensure that workers and communities dependent on the high carbon economy are supported with the transition. A clear pipeline of projects will provide confidence in the volume of work available locally.

There are a number of actions currently undertaken through the Scottish Onshore Sector Deal and the UK Offshore Wind Industry Council that the Welsh Government can learn from and work with industry to deliver. These include, for example, commitment from the sector to enhancing the current skills and training provision for apprenticeships, transition and vocational modules and passporting initiatives between heavy industry to the offshore renewables sector respectively.

Statkraft has also been pleased to engage in the Welsh Government's Net Zero Skills Working Group and welcome the opportunity to discuss how to link with universities, colleges and local educational providers to crucially understand how to complement and avoid duplication across skills provision. We would however recommend Welsh takes on board the Scottish approach to the renewable skills gap where a detailed analysis of industry jobs gaps is currently being conducted.

**6. How will the Welsh Government need to work in partnership with others to realise the potential of the green economy and deliver a just transition? To what extent is the partnership working that is needed being undertaken?**

Given the complexity of the renewables space, collaboration is absolutely key for delivery. Developing a partnership between the public, private and community sectors with a mechanism for regular and sustained cooperation will not only improve delivery but also build social capital to garner trust between the government and the sector.

To ensure a green economy is realized that bring multiple economic, social and environmental benefits to Wales there needs to be a recognition of the returns currently being delivered to Wales plc through employment, contracts and environmental management (as well as community benefits).

There is a need for a concerted effort to recognize that all parties' developments are needed to reach net zero – public, private and community projects - and this is not taking away from Wales in GDP or otherwise. By working together, there is an export market that is not extractive and that could bring multiple added benefits in economic terms but also in local opportunities for Welsh jobs and businesses sharing Welsh expertise and services globally.

To realise the significant potential that the diverse mix of renewable energy projects can bring to Wales, there is a need for strong collaboration between the Welsh Government and key stakeholders including the UK Government, renewable energy developers, the supply chain, ports, Ofgem, National Grid and The Crown Estate to ensure there is a streamlined, facilitating environment for development, to create a certainty in pipeline of projects and increase investor confidence.

Legislative reforms are being explored for The Crown Estate's powers to borrow capital and invest to enable the delivery of leasing round projects. The Welsh Government should continue to work closely with The Crown Estate to identify strategic areas of investment that will maximise regeneration and economic growth for the region.

While the role of government will be crucial, it will not be able to deliver net zero on its own. A societally inclusive, economy-wide effort will be needed, with coordination of activity at all levels. The four nations task force proposed by RenewableUK Cymru, including representation from governments and industry, should therefore be established to maintain momentum and coherence on key strategic issues such as support for delivering large-scale infrastructure – grids and ports – and supply chain investment.



**7. The Welsh Government says it will face considerable budgetary constraints in the short term. How should it prioritise investment to support development of the green economy over the shorter and longer-term? What innovative approaches to financing could be considered to maximise potential investment and benefits?**

Given the level of global competition for investment in renewables, there is a vital need to provide clear and unequivocal signals that makes Wales an attractive place to do renewable business will be vital to stimulate the green economy. Prioritising investment which leverages private sector funding will support the government's objectives in a range of areas.

Increasing confidence and delivery by prioritising and re-allocating funding for consenting and planning resource and skills programmes will in turn maximise investment in areas such as biodiversity restoration and enhancement programmes and job creation.

Statkraft also supports the development of Clean Growth Hubs, Growth Deals and Clusters as networks to share resources, develop infrastructure streamline resource and support local growth by coordinating and attracting investment. Recognising that for Wales to capitalise and maximise this green economic opportunity, the consideration of export prospects of this industry should go beyond providing power to the rest of the UK - and should focus on the associated potential industrial growth.

As RenewableUK have set out, the Contracts for Difference mechanism is a critical financial support framework available for renewable energy projects in the UK. Data from the Low Carbon Contracts Company (LCCC), who operate the CfD scheme, shows that historically very few Welsh projects have been awarded a CfD compared to England and Scotland. Given this backdrop and the latest AR5 result, it underscores the pressing need to facilitate the right investment environment in Wales to meet the step-change in deployment needed by 2035. This should be supported by the Welsh Government providing clear policy positions and strategic investment support decisions to attract significant inward investment to Wales.

**ENDS**