

Mike Hedges AM
Chair of the Climate Change,
Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

28 November 2017

Dear Chair,

FOLLOW UP TO COMMITTEE SCRUTINY SESSION 16 NOVEMBER

We were pleased to update your Committee on our work at the scrutiny session on 16 November. During the meeting you asked for some further information which is detailed below.

As we explained, our key achievements are all set against a backdrop of diminishing grant-in aid budget. Notwithstanding this we are on track to deliver £171 million in savings by 2022-23, against the business case for establishing NRW's target of £158 million.

The work to embed our new purpose in everything we do is well underway, as is the task of redesigning our organisation to implement the new legislation and deal with reductions in funding. We are contributing fully to the implementation of the Environment and Well-being of Future Generations Acts through, for example, the State of Natural Resources Report (SoNaRR) and through our role in all 19 Public Service Boards across Wales.

We look forward to working closely with Welsh Government, particularly on how it can help us on the next steps of our journey, such as:

- reviewing our ability and flexibility to raise commercial and charge income in different ways, and give us more flexibility in how we spend our WG funding;
- providing statutory guidance around the Well-being of Future Generation Act and delivering our purpose and duties specifically where they are the subject of EU or national legislation.

- providing funding for new duties, give longer-term funding clarity and introduce more participatory budgeting processes;

Answers to the Committee's questions raised in the email of 17 November, after the meeting, are detailed below.

- **A note on the profit from the sale of timber felled as a result of tackling the Phytophthora Ramorum outbreak. Can you also let us know how much of that income was reinvested in replanting?**

Since NRW was created in April 2013, we have spent £13.6m on restocking (projected to 31 March 2018) through our normal programme and an additional £3.2m from the P ramorum programme. A total of 6,700 hectares have been replanted, including 2,500 hectares following the felling of infected trees.

In 2016-17, we received £3.2m of additional funding from Welsh Government to deal with Phytophthora ramorum (P ramorum). This was spent on felling (£920k), staff costs (£140k), civil engineering (£700k), forest planning (£232k) and replanting (£1.2m), representing the additional costs of working areas infected with P ramorum.

We received £2.4m income from selling infected larch in 2016-17. This income contributed towards the costs of harvesting, restocking, civil engineering and overhead costs for dealing with the infected larch.

- **The ways in which NRW is developing renewable energy on NRW owned land, through the [Carbon Positive Project](#). You mentioned that the aim of the project is to become carbon positive, and that you had achieved a 5% reduction year on year in carbon use. Could you set out any other targets you have related to reducing energy usage and generating and selling renewable energy to the grid?**

Carbon Positive Project

The Carbon Positive Project investigated how we can reduce the net carbon footprint from our buildings, transport, land management, operational assets, and our procurement of goods and services. Welsh Government funded the project to act as an exemplar in decarbonisation for the Welsh public sector. Through sharing our approach and experience over the coming months, we aim to catalyse decarbonisation action by others in the Welsh public sector and assist the delivery of the Welsh Government ambition for a carbon neutral Welsh public sector by 2030.

We have recently published an [infographic](#) summarising our approach to carbon management providing headline results from our net carbon status calculation and some of the options being evaluated to address our carbon impact.

Further project outputs will be published in January 2018, including:

- a Strategic Report providing an overview of the project;
- a Technical Report setting out our approach to the calculation of our Net Carbon Status;
- a Technical Report setting out our approach to the evaluation of the organisations Mitigation Options;
- a series of short mitigation case studies.

The publication of these outputs will coincide with launch events in Bangor and Cardiff to share the approach and experience of the Carbon Positive Project. This will provide an opportunity for practitioners from across the Welsh public sector and beyond to learn from our approach and collectively consider the challenges and opportunities that the 2030 ambition presents.

All publications and details on the launch events in late January 2018 are available on our website.

<https://naturalresources.wales/about-us/corporate-information/carbon-positive-project/sharing-our-approach/?lang=en>

NRW's decarbonisation-related Environmental Objectives and Targets

We publish a set of Environmental Objectives annually with associated targets for the year that always contain targets related to emission reduction. In 2017-18, these included to:

- Reduce the carbon dioxide emissions from occupied buildings and business travel by 5% based on 2016-17 data;
- Reduce the average emissions of cars in our fleet – with all new cars purchased to be < 100 g/km and increase the number of electric cars in the fleet.

We have made significant progress over the year 2016-17 (the last full reporting year) in reducing carbon emissions and our environmental footprint with the key achievements being:

- overall carbon emissions in 2016-17 were reduced by 15.0% compared with the previous year;
- energy use decreased in 2016-17 by 7.7% compared with 2015-16 data;
- water consumption decreased in 2016-17 by 2.7% compared with 2015-16 data.

A full list of our Environmental Objectives and targets along with the Corporate Environmental Report that provides more detail on the 2016-17 achievements set out above can be found at: <https://naturalresources.wales/about-us/corporate-information/managing-our-environmental-impact/?lang=en>

Developing Renewable Energy on the NRW Estate

We have as part of the Carbon Positive Project undertaken a study to assess the potential for wind, hydro and solar renewable energy generation on the Estate. However, this work has focussed on spatially assessing the potential of the whole Estate. Follow up work is

required to look at the feasibility of renewable installations at the site-scale before we can consider the setting of renewable energy generation targets for the Estate.

It is also important to reiterate, as mentioned in the scrutiny session, that at present we're unable to sell renewable energy to the grid for legal reasons but we are currently in discussions with Welsh Government to enable us to do so. To date, our Energy Delivery Team has been focussed on facilitating onshore wind projects by other developers at Pen y Cymoedd (228 MW), Brechfa Forest (57 MW) and Clocaenog Forest (96 MW) and providing third party access across the NRW Managed Estate to wind energy projects on adjoining land.

However, business cases have been prepared for 10 self-build micro-hydro projects and the outputs of the Carbon Positive project highlights further potential for renewable generation on the Estate, where it is possible to do so without undermining the current management objectives of sites, e.g. avoiding development on ancient woodland sites or protected areas notified for their habitat or species interest.

Renewable energy generation is one the strategic priorities set out in our Enterprise Plan 2017-2022, developing targets for each Enterprise theme including renewable energy. Further details on this process are set out in the Enterprise Plan:

<https://naturalresources.wales/about-us/strategies-and-plans/enterprise-plan/?lang=en>

- **Whether or not NRW are considering any applications to carry out exploratory drilling related to fracking in Wales?**

We issued a permit to UK Methane Ltd in January 2016 for a mining waste operation (without a mining waste facility) associated with shale gas exploration in Pontrhydyfen.

The permit does not allow hydraulic fracturing. It allows the operator to manage wastes extracted from the exploration of unconventional oil and gas resources. The wastes generated will be non-inert/non-hazardous only.

The proposed development is for the drilling of an exploratory borehole for hydrocarbons and permitted activities include management of extractive waste arising from the exploration of hydrocarbons (unconventional oil and gas) activities.

Drilling at Pontrhydyfen has not yet commenced. The development is temporary; and from the initial ground preparation works, drilling and testing operations should not last longer than 54 weeks. The actual drilling operations and associated operations including establishment and site clearance will last about 14 weeks with a further period of up to 36 weeks for testing purposes.

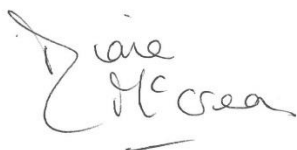
Planning permission for the Pontrhydyfen development was consented by Neath Port

Talbot County Borough Council in March 2016 (reference - P2015/0031).

Further to this, we have not received any permit applications for high-volume hydraulic fracturing (as defined within the Infrastructure Act 2015), or other hydraulic fracturing well stimulation techniques for shale or any other hydrocarbon bearing formations.

Should you have any additional questions or need clarification, please do not hesitate to contact us. I also wish to reiterate the invitation to the Committee to visit any of our sites to see first-hand the range of our work and how it contributes to the sustainable management of natural resources throughout Wales.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Diane McCrea', with a stylized flourish at the end.

Diane McCrea MBE

**Cadeirydd, Cyfoeth Naturiol Cymru
Chair, Natural Resources Wales**