

Jane Davidson AC/AM

**Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai
Minister for Environment, Sustainability and Housing**



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Mick Bates AM
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4 January 2009

Dear Mick,

Thank you for your letter of the 5 December to which you attached a series of questions covering the issues that were not addressed at the Sustainability Committee on the 27 November. For ease of reference, I have responded to the questions on the attached paper.

Yours,

Jane Davidson AM

**Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai
Minister for Environment, Sustainability and Housing**

Sustainability Committee 27 November 2008

Supplementary Questions for the Minister for Environment, Sustainability and Housing

Question 1

What consideration have you given to providing communities with the scope to develop wind farms larger than 5MW?

We have yet to commence work on the review of TAN 8 as the One Wales agreement states that the revision will follow the production of the Renewable Energy Route Map and the Energy Strategy. We cannot comment on the future shape and direction on the revised TAN as this will be the subject of detailed consideration and consultation, and at this stage no options can be ruled in or ruled out.

Question 2

On the options for a refresh of TAN 8, Simon Power from Arup stated: *Looking forward, it is clear from our extensive work between 2002-2005 on the evidence base to TAN 8 that Wales has the technically available land areas to deliver much more onshore wind than coming forward within the current SSAs. My view is the choices in any revision of TAN 8 are therefore:-*

- a) Abandon and resort to general criteria based planning*
- b) Retain as is*
- c) Retain as is but increase stated WAG aspiration for the capacities to be delivered from the SSAs*
- d) As above, but modify to allow larger scale development outside the SSAs on the basis of criteria based planning*
- e) Create further SSAs*

Allow all of c) d) and e) above.

Which option is a political not a technical consideration.

What is your view of these options?

The One Wales agreement states that we will revise upwards the targets for energy from renewables, from a range of sources as part of the revision of TAN 8. The issue of targets for other forms of renewable energy technologies is a matter of energy rather than planning policy. Decentralised generation offers considerable opportunities for small scale renewable energy production and we are currently revising the General Permitted Development Order to simplify the planning process for small scale schemes. In addition we are currently undertaking a research project which will provide local planning authorities with a toolkit to produce local renewable energy assessments to inform their development plans. This work will help identify the potential of decentralised generation on strategic sites within the LDP.

Question 3

How are you progressing with actions to encourage decentralised energy generation?

We intend to support community-sized wind, biomass and hydroelectric schemes through the provision of grants through the Climate Change Framework of the Convergence and Competitiveness Funds Programme.

We are preparing projects – ‘Community Scale Renewable Energy Generation’ – that will enable the establishment or further development of some 20 sustainable social enterprises based on new community scale renewable energy installations.

The projects will provide a development officer service to help build capacity and the development of social enterprises and provide locally based advice on renewable energy together with grants for feasibility studies and installations.

The Wood Energy Business Scheme (WEBS) was a £6.5m capital grant scheme which drew down approximately 65% of its funding from the European Regional Development Fund (ERDF) and obtained 35% of its funding from the WAG’s Pathway to Prosperity (P2P) match funding initiative during the Objective One period.

Three types of project were eligible for grant support:

- Wood fuel heating schemes;
- Small scale electricity generation using wood [Combined Heat and Power (CHP)]; and
- Wood fuel supply businesses.

Projects supported included:

- Around thirty wood chip heating schemes ranging in size from 30kW to 5MW, sites include hospitals, schools, offices, accommodation providers and visitor attractions and other systems are industrial applications with installation sites including sawmills, joineries and manufacturing companies
- Over thirty wood pellet heating schemes ranging from 8kW to 1MW. Installation sites include schools, accommodation providers, offices and retail

Specific example of projects include:

- Ceredigion Council’s 450kW wood chip heating scheme at Aberaeron, which heats the Council offices, a school, sheltered housing and a retirement home is an exemplar. Powys County Council has a very similar scheme at the secondary school in Llandrindod Wells.

- The NHS newly built hospitals at Porthmadog and Llywnypia in the Rhondda have helped the local fuel suppliers secure large volume contracts and they have acted as excellent examples for other hospitals to follow.

The Forestry Commission Wales is currently working with the Welsh Assembly Government to develop a successor scheme to WEBS. The aim of this second phase will be to provide support to the emerging wood-fuel sector which is broader in its scope than the original scheme.

The proposal is to assess the entire wood supply chain from the selection of sites for new tree planting or the restoration and conversion of existing woodlands through to simple wood-chip processing and the production of value-added fuels such as pellets. Grant support for capital costs of wood heating and combined heat and power equipment would continue in order to further stimulate demand. A key objective of any new scheme would be to encourage the development of the wood supply chain and the active management of Wales' undermanaged woodlands.

Currently Forestry Commission Wales has submitted its draft business plan to the Welsh European Funding Office for a new grant scheme, which will last until at least 2013.

Question 4

We've seen very successful examples of projects in Austria where plants have been developed to provide CHP for communities which do not require connection to the grid. Such an approach could be adopted in Wales, and would not incur the delays and costs that may be associated with grid connection. Have you considered providing support or incentives for such schemes?

CHP can prove to be very effective in industrial high heat-load applications, where most such plants currently operate, and also for mixed-use community-scale projects that include the provision of heat, and possibly cooling, to various buildings such as leisure centres, schools, homes and offices.

Energy losses due to voltage change and grid transmission can be minimised if the electricity generated by CHP schemes is used locally, but grid connections will be necessary to provide a market for generation exceeding local needs, and to provide a guarantee of supply.

The possible application of CHP schemes is being considered for developments on land owned by the Welsh Assembly Government, for example at "the Works" development in Ebbw Vale. It is essential that such schemes are designed around heat needs to maximise the efficient use of the fuel – ideally biomass.

Question 5

What discussions have you had with the UK Government about the application of feed in tariffs for local renewables up to 5MW?

I have discussed the potential role of feed-in tariffs with UK Government Ministers previously and look forward to discussing their detailed plans for implementation following the inclusion of provisions to allow feed-in tariffs in the Energy Act 2008.

Question 6

The Micropower Council also told us that they weren't aware that you had adopted any methodology for monitoring the take-up of microgeneration technologies, and there is therefore no way of measuring your progress against the targets in the Microgeneration action plan. Could you please comment on this and how you intend to measure performance against these targets?

The Microgeneration Action Plan was developed in the previous Assembly and we are strengthening our action in relation to microgeneration as highlighted in our consultation on a Renewables Energy Route Map. Further action will be a crucial element of our Energy Strategy and our Climate Change Strategy.

I intend to let a research contract to establish better baseline information about uptake of microgeneration in Wales.

Microgeneration will have an increasingly important role in the energy mix and we are taking a range of action to promote microgeneration. This includes removing planning barriers, expanding technical skills and supporting businesses.

Question 7

Your paper says that you “*work with stakeholders to ensure that business and the public in general have clear information on the benefits of micro-generation*”. However, throughout our inquiry we have heard that not enough is being done to raise awareness and address perceptions. Could you please explain the work you are doing with stakeholders?

The most effective way to promote the uptake of microgeneration is to ensure that the technology is being deployed in Wales in a range of public and private settings. We are doing this a number of ways:

- Following previous pilots the Home Energy Efficiency Scheme is able to provide microgeneration technology as an option
- The Heads of the Valleys programme has delivered an overall investment of £3,245,000 over three financial years that has installed 139 renewable technologies in social housing, six Solar Heating / Photovoltaic systems installed on sheltered housing and enabled 100 flats benefiting from renewable energy systems
- Our Low Carbon Building Programme pilot which we are developing with the UK Government, will install microgeneration technology in homes belonging to those in fuel poverty
- The Heads of the Valleys Low Carbon Region proposal, which has recently secured funding through the Strategic Capital Investment Fund will support additional investment in microgeneration technology across the Heads of the Valleys area

We support organisations who provide expert advice to businesses and households and who have their own major, targeted marketing campaigns:

- The Carbon Trust, which receives over £4.5 million a year funding from the Assembly Government, provides information and advice to businesses on how to become more energy efficient and this will include exploring own generation options
- The Energy Saving Trust has launched its enhanced Energy Advice Centre in Wales, which the Assembly Government has helped fund. The Advice Centres expand the current service to offer advice to a wider audience of householders, communities and small businesses on energy efficiency. The Advice Centres will also offer a greater scope of guidance, including on micro-generation

At the same time we are addressing perceptions by lifting barriers in the planning system on permitted development, but doing so on the basis of evidence from research we commissioned with the UK Government.

Question 8

We have been told that your targets for microgeneration are largely focused on new-build. How is the effect of the current economic conditions on the construction of new-build housing changing your approach to increasing the take up of microgeneration?

Our Low Carbon Building Programme pilot, which we are developing with the UK Government, will install microgeneration technology into existing homes belonging to those in fuel poverty.

The Heads of the Valleys Low Carbon Region proposal, which has recently secured funding through the Strategic Capital Investment Fund, will support additional investment in microgeneration technology across the Heads of the Valleys area.

Question 9

Phase 2 of the Low Carbon Buildings Programme is a key funding scheme for small scale renewables. We have heard of many problems associated with the scheme, including the lack of a marketing budget to promote the programme in Wales, and the fact that there is a large amount unspent even though the programme ends in June 2009. How are you engaging with the UK Government to address this issue and what are you doing to raise awareness of the programme?

The Low Carbon Building Programme is a UK Government scheme. We draw attention to the programme through our website and information sources such as our Householder Guide, which is available when people make planning applications and from DIY outlets.

Question 10

In England, applicants can apply for a grant of up to 100 per cent due to match funding for the Programme from the Big Lottery Fund. However, witnesses have told us that it has not been possible to do the same in Wales. What efforts have you taken to try and provide a similar offer in Wales or to develop packages that complement the programme?

Our priority for Assembly Government investment is in the homes of those who are not able to afford to heat their homes.

I will look to work with other funding providers including Lottery distributors to find ways to encourage funding support for microgeneration.

Question 11

What discussions have you had with the UK Government to address the fact that funds under the energy supplier obligations (CERT) cannot be spent on solid-wall housing and the impact this has on the fuel-poor in Wales?

Solid wall insulation and other measures which would be of primary interest to solid wall or hard to treat properties are eligible for credits under CERT.

With the chair of the Fuel Poverty Advisory Group for Wales I met the big six energy suppliers in Wales at the start of December and among the issues we discussed was the possibility of developing Wales specific schemes under CERT to promote investment in hard to treat properties.

My officials are also working closely with the UK Government on the development of the Community Energy Saving Programme (CESP).

Question 12

Please could you provide an outline of how the figures announced by the Finance Minister this week and the figure of £46 million bid for hard to heat private sector properties relate to each other?

The Finance Minister announced on Tuesday a £26 million investment in a low carbon building project to promote energy efficiency and the use of renewable energy in Wales.

The project will concentrate on retrofitting existing housing particularly in the private sector and will be focused on those in fuel poverty.

We will be working to secure significant additional funding to contribute to this all Wales project, including making links with existing energy supplier programmes such as the Carbon Emission Reduction Target (CERT), which is worth at least £180m to Wales over the next three years.

Further details of the project will be announced as soon as possible and it will form an key part of the delivery of the National Energy Efficiency and Saving Plan which will be published in the new year.

The project will also help stimulate new businesses and support jobs in energy efficiency and microgeneration.