



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Cynaliadwyedd  
The Sustainability Committee**

**Dydd Iau, 27 Tachwedd 2008  
Thursday, 27 November 2008**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Lorraine Barrett	Llafur Labour
Mick Bates	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)
Alun Davies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig Welsh Conservatives
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Lesley Griffiths	Llafur Labour
Leanne Wood	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

Claire Bennett	Pennaeth yr Is-adran Newid yn yr Hinsawdd a Dŵr, Llywodraeth Cynulliad Cymru Head of Climate Change and Water Division, Welsh Assembly Government
Jane Davidson	Aelod Cynulliad, Llafur (Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai) Assembly Member, Labour (The Minister for Environment, Sustainability and Housing)
Dr Ron Loveland	Pennaeth Ynni Cynaliadwy a Diwydiant Cymru, Llywodraeth Cynulliad Cymru Head of Sustainable Energy and Industry Wales, Welsh Assembly Government

**Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol**  
**Assembly Parliamentary Service officials in attendance**

Dr Virginia Hawkins	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 9.03 a.m.*  
*The meeting began at 9.03 a.m.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau**  
**Introduction, Apologies, Substitutions and Declarations of Interest**

- [1] **Mick Bates:** Welcome to this morning's Sustainability Committee meeting.
- [2] I have received apologies from Brynle Williams and Karen Sinclair.
- [3] I have the usual housekeeping announcements to make. In the event of a fire alarm you should leave the room by the marked fire exits and follow the instructions of the ushers and staff. There is no test forecast for today. All mobile phones, pagers and BlackBerrys

should be switched off as they interfere with the broadcasting equipment. The National Assembly for Wales operates through the media of the English and Welsh languages.

[4] Headphones are provided, through which instantaneous translation may be received. For those who are hard of hearing, the headphones may also be used to amplify the sound. Interpretation is available on channel 1 and sound amplification on channel 0. Please do not touch any of the buttons on the microphones as that can disable the system. Please ensure that the red light is on before speaking.

9.04 a.m.

**Craffu ar waith y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai o ran  
Lleihau'r Allyriadau Carbon a Ryddheir drwy Gynhyrchu Ynni  
Scrutiny of the Minister for Environment, Sustainability and Housing on Carbon  
Reduction via Energy Production**

[5] **Mick Bates:** Today we welcome the Minister, Jane Davidson, and Ron Loveland to the committee. We have undertaken scrutiny of many witnesses on energy production, and particularly in this case on green energy technologies. You will be aware that this is part of our inquiry into how we can achieve carbon reduction in Wales.

[6] I will invite the Minister to make her opening remarks and then Members will be asked to question the Minister on her paper. The Minister has also agreed to take questions on fuel poverty, after approximately an hour on the energy paper. Thank you very much; over to you, Minister.

[7] **The Minister for Environment, Sustainability and Housing (Jane Davidson):** Thank you, Chair. In my opening remarks this morning, I thought that it might be useful if I were to put the issues that you are discussing in the energy paper in context. Of course, as you are undertaking your deliberations, we will receive information about the first carbon budget proposals, which will be coming forward on 1 December. The first proper carbon budget will be set in 2009. It is expected that it will be announced at the same time as the finance budget, but it has to be set before 1 June 2009. The first budget period will be slightly retrospective because it will cover 2008-12. There will be three budget periods: 2008-12, 2013-17 and 2018-22. After receiving the UK Committee on Climate Change's advice on 1 December, the devolved administrations will have three months to comment on that advice and the level of the carbon budgets. We will be doing a separate Welsh launch of the committee's advice on 12 December.

[8] The Climate Change Bill, which we understand will achieve Royal Assent by the end of this week, requires the Secretary of State to have regard to these comments in setting the budgets and to set out how those comments have been taken into consideration. Broadly, what that means is that increases in emissions in one sector will require reductions elsewhere in order to deliver the emission cuts required to stay within the budget. The UK Committee on Climate Change's advice will specify the balance of effort between traded and non-traded sectors and the level of the overall European Union emissions trading scheme cap for which we should be aiming.

[9] I wrote to all Assembly Members earlier this month, indicating the point we had reached in our deliberations about setting the targets in Wales. We will be publishing the high level document—the first stage of our climate change strategy—on 12 December in order to take this agenda forward. When Members look at these issues, it is important that they are mindful of both the European Union targets of a 20 per cent reduction in greenhouse gas emissions by 2020—which actually leads to a reduction of about 30 per cent in developed

countries and which fits with our 3 per cent reduction target from 2011—and of course of the UK target that we now have of an 80 per cent reduction by 2050. Therefore, we now have three sets of targets, two of which have a statutory basis; our own does not, but it fits in with the timescale and the statutory projections and is similarly ambitious. Committee members may need to call for further information on the carbon budget issues as they debate energy generation, when that information is available. I hope that that is helpful to you.

[10] **Mick Bates:** That is very helpful. Thank you, Minister. Before we move on to the scrutiny of the evidence that we gathered, I invite Members to comment on or ask questions about the announcement that the Minister has just made. Obviously, data collection, baseline data and all the issues surrounding that—so that we can actually measure the reduction of carbon in Wales—are critical to that. First, I wonder whether the Minister would like to comment on how advanced the data are that will be used to establish carbon budgets. Will there be robust data and measurements regarding our devolved competencies so that people can see, quite transparently, the reduction in different areas? The other point is that I would assume that there would have to be different rates of reduction in different areas.

[11] **Jane Davidson:** I will give you the broad answer, which is that the ‘known-knowns’, as it were, in the system have led us to the decisions that we have taken so far.

9.10 a.m.

[12] We informed Members about them earlier this month, following the climate change commission, about which I made an oral statement in Plenary to fully brief Members. Our baseline for the 3 per cent reductions will come from the non-traded elements of the greenhouse gas inventory, measured over the previous five years, to become a fixed baseline from which the annual additional 3 per cent, year-on-year reductions can be calculated. Also, the contribution of what we consume in electricity will be factored into that process. That was strongly supported by the climate change commission and it came before Members for their agreement, so it will now form the substance of the high level statement. That statement will contain more information, which we will publish before the end of this term for consultation. This committee will, I am sure, want to have a look at that.

[13] **Mick Bates:** We will indeed. One of the issues that we as a committee have identified as crucial in our carbon reduction investigations is that we should attach the potential reduction figures to our recommendations so that the data provided for this baseline evidence will be monitored and become available quickly. One of the problems with data collection is that it is retrospective; at the moment we are dealing with figures that could be five years old.

[14] **Jane Davidson:** The greenhouse gas inventory information comes out about 18 months after collection so that, in a sense, we will always be looking at that as hard data when looking to make reductions. We will also be able to look at the trend analyses. Substantial Welsh data are being commissioned in this process, as well as a substantial up-rating of UK data, within which one can look at area-based analyses.

[15] **Mick Bates:** Thank you for that statement. I await the announcements with interest.

[16] Do Members have any other comments or questions in relation to the Minister’s announcement of the times and the data?

[17] **Leanne Wood:** You mentioned, Minister, the new targets that will mean that any additional carbon emissions will have to be offset in other areas. Will that cover new carbon-emitting projects that do not come under the Assembly’s jurisdiction?

[18] **Jane Davidson:** The carbon budgets will be set at the UK level, but all the devolved administrations will be invited to comment on the carbon budgets. As I said in my introduction, the Secretary of State has to demonstrate that that evidence has been taken into account. All I am doing today, in a sense, is reminding Members of the process. I am not making an announcement today. We need to wait for the announcement of the carbon budgets themselves, which will come forward in terms of the UK Committee on Climate Change's recommendations on 1 December, after which we will have our Welsh launch on 12 December. We will take account of those in terms of our high level statement, which we will publish before Christmas, and then we will move into the sectoral target proposals, which are the second stage of the climate change strategy, in the new year.

[19] **Alun Davies:** We all, across the political spectrum, welcome what you have said this morning, Minister, and the fact that this process is moving ahead so quickly. We have as a committee reported on several aspects of different sectors in terms of the carbon reduction inquiry that we have been holding for the past year or so. Consequently, it might be useful to have another session with the Minister, once all these issues are clear and when we have the budgets and the calculations for Wales, so that we can look at how this goes forward. That would be useful. For today, however, this is a statement to be welcomed.

[20] **Mick Bates:** I see that there are no further comments to be made. In that case, Minister, do you want to introduce the paper or go straight to questions?

[21] **Jane Davidson:** Let us go straight to questions.

[22] **Mick Bates:** In that case, I will kick off with the general issue of the development of green energy in Wales. One of the best statements I heard during our scrutiny of various bodies came from Paul Allen from the Centre for Alternative Technology, who said that Wales is the Saudi Arabia of green electricity, as we are well-endowed with it. Tim Rotheray of the Micropower Council stated that Wales has a real opportunity to be a leading light in the microgeneration sector.

[23] However, that was somewhat tempered by the evidence that we received from the Welsh Energy Research Centre, which said that it had found it frustrating that energy policy is often based on short-termism, and does not help to build a secure long-term future. Many people have said that we could be a leader in delivering low-carbon technologies, as shown by those statements, but that there is insufficient support from the Welsh Assembly Government to make that happen. What are you doing to stimulate the growth of renewable energy technologies as a Government, and how will you ensure that policy integration develops internally so that we end up with a low-carbon economy in Wales?

[24] **Jane Davidson:** On the challenge about short-termism, when we published the renewable energy route-map, we talked about a 20-year proposition. We are confident that we can fulfil Paul Allen's ambition that Wales could be the Saudi Arabia of green energy, because we have the natural resources available to us to harness. By laying out the renewable energy route-map, we were strongly putting out a message that Wales was open for renewables business. However, just simply putting out that message is insufficient. We must also demonstrate that we have done the work to analyse appropriate locations, that we have done the work in looking at what type of incentives can be provided to encourage companies to come here, that we have done the work in integrating policy, particularly with economic development—as we did specifically last week with the publication of the green jobs strategy—and that we have also looked at where grant opportunities are available, which we are specifically doing in the context of the convergence programme.

[25] We see the marine area as being specifically important in this context, therefore substantial work is going on there. A strategic framework was commissioned from RPS in

2007, and it has already done the first stage of its work in data collection and is now moving forward in terms of filling gaps. As we say in the paper, we see marine energy fulfilling 50 per cent of our opportunities in Wales, and therefore it is the major player. We feel that marine energy can be catalytically taken forward in a very positive way over the next few years, and the paper lays out a number of examples of delivery that will come on-stream over the next few years.

[26] However, there are also big issues such as having an overarching strategic environmental assessment and, because we are moving towards targets in the marine energy sector, we will produce our marine energy strategic plan in the new year. Similarly, another area where we want to stimulate market response is that of bio-energy, and that is why we are also putting forward an action plan for bio-energy.

[27] Therefore, the strategies lay out Government thinking, but the action plans and the delivery through grant and other mechanisms will drive investment. The two other elements from my perspective—before I bring in the expert—are the rebanding of the renewables obligation certificates, which focuses on higher funding for the renewable technologies in the marine environment, which is extremely important, and, at the other end, the introduction into the Energy Bill of the feed-in tariff of up to 5 MW. In that way, we can look at encouraging major investment and can also catalyse community investment, which we are very keen to see. I intend to say something about that before Christmas as well.

9.20 a.m.

[28] **Mick Bates:** Members have detailed lines of questioning on many of the areas that you have mentioned. Ron, I invite you to make a brief statement on these issues.

[29] **Dr Loveland:** The Minister has laid out the general position. Behind the scenes, we are active on wind energy and you are fully aware of what has been happening with the Forestry Commission. On marine energy, the paper lists many of the projects that we are chasing at the moment. EnergyNet Wales is looking at the supply-chain aspects of that, and there will be an inquiry by the Deputy First Minister and Minister for the Economy and Transport's ministerial advisory group looking at all that we can do under the banner of our climate change, green jobs and energy strategies to drive forward to many more jobs in the renewable energy sector. There is also the research world. The Welsh Energy Research Centre has been mentioned, and you will, hopefully, be aware that we have helped to transform that into the Wales Low Carbon Research Institute, with £5 million from the Higher Education Funding Council for Wales. I know that the centre is working up a major bid to the convergence fund to help push that forward even further.

[30] **Mick Bates:** I would like to move forward to targets on the energy mix. Rhodri Glyn Thomas has questions on that.

[31] **Rhodri Glyn Thomas:** Diolch am y papur, Weinidog, ac am y sylwadau cychwynnol. Soniasoch am dair set o dargedau, ac mae nifer o'r tystion sydd wedi bod ger ein bron wedi awgrymu bod rhywfaint o amwysedd am y targedau hyn ac nad ydynt yn gwbl sicr am yr union dargedau. Beth yw'r targedau hynny a sut mae'r targedau ar gyfer Cymru'n cyfrannu at dargedau'r Deyrnas Unedig ac wedyn targedau'r Undeb Ewropeaidd?

**Rhodri Glyn Thomas:** Thank you for the paper, Minister, and for those introductory remarks. You mentioned three sets of targets. A number of witnesses who have come before us have suggested that there is some ambiguity regarding these targets and that they are not entirely certain about the exact targets. What are those targets and how do the targets for Wales contribute towards the targets for the United Kingdom and, subsequently, the targets for the European Union?

[32] **Jane Davidson:** The targets have changed, so I can understand that there has been some ambiguity. Prior to the UK climate change legislation, the target was 60 per cent by 2050, which has now moved to 80 per cent in the legislation. Our targets are political targets, and have always been accepted as such. We did not have an evidence base for saying that the appropriate target reduction in Wales was 3 per cent per year from 2011, but it was a major political commitment to take the appropriate actions in Wales to contribute towards the overall agenda. We have also said in the context of developing our high-level statement on climate change that there will need to be points where the Assembly Government of the day looks at whether those targets are fit for purpose and whether they need to be increased. It is utterly appropriate to do that. However, the carbon budgets will set targets following the passage of climate change legislation, so that we can be confident that, when we publish our high-level statement, we will be able to bring all these targets together.

[33] **Rhodri Glyn Thomas:** O ran y targedau ar gyfer allyriadau carbon, dywedodd Alex Lambie o Welsh Power Group Cyf wrthym fod y sector cynhyrchu ynni yn cael ei dargedu fel y sector sydd yn gorfod gwneud yr arbedion mwyaf. Fodd bynnag, dywedodd hefyd mai dyma'r sector oedd yn lleiaf abl i gyrraedd y targedau hynny. A ydych yn gwbl hyderus felly bod y targedau gwleidyddol yr ydych wedi eu gosod yng Nghymru yn realistig a bod modd eu cyrraedd, yn ogystal â cheisio cadw at y targedau a osodwyd ar gyfer y Deyrnas Unedig?

**Rhodri Glyn Thomas:** On the carbon emissions targets, Alex Lambie from Welsh Power Group Ltd told us that the energy production sector is being targeted as the sector that has to make the greatest savings. However, he also told us that it is the sector that is least able to meet those targets. Are you, therefore, completely confident that the political targets that you have set for Wales are realistic and that it will be possible to meet them, as well as trying to meet the UK targets?

[34] **Jane Davidson:** The political targets in Wales are related to our responsibilities, and we are bringing forward a strategy to meet those political targets related to our responsibilities. We will need to look at issues around the setting of the carbon budgets in the context of the UK's delivery of its obligations, in which our contributions will play a part, in terms of sectors for which we do not have responsibility.

[35] **Dr Loveland:** One has to be careful to differentiate between the targets and how one is achieving those targets. For example, in the world of heavy industry and power, there is the European Union target of reducing carbon emissions by so many billions of tonnes by 2020, which all industries will have to abide by. How you get there is still a matter of debate.

[36] I would take slight issue with Alex Lambie, because all of the major carbon emitters are being pressed, and will be pressed, very hard to reduce their carbon emissions. There is a differentiation with regard to the energy power sector. As it is not internationally competitive, it will be asked to pay for its carbon allocations rather than be given them as a free allocation, as is the case at present. We may see that process of giving free allocations for producers of such things as steel and aluminium continuing for some considerable time in order to ensure that their international competitiveness is not affected.

[37] **Rhodri Glyn Thomas:** Symudaf ymlaen at ynni adnewyddadwy a'r cymysgedd o ynni y byddwch yn edrych i'w gael yng Nghymru. Gofynnais gwestiwn ichi am hyn ddoe yn y Siambr, ac yr oeddwn yn falch o gael y cadarnhad nad yw Llywodraeth Cymru yn ystyried ynni niwclear yn opsiwn.

**Rhodri Glyn Thomas:** I will move on to renewable energy and the energy mix that you will be looking to have in Wales. I asked you a question on this yesterday in the Chamber, and I was pleased to get confirmation that the Government of Wales does not consider nuclear energy to be an



Mae'n eithriadol o bwysig ein bod yn cadw at yr ymrwymiad gwleidyddol hwnnw. O ystyried yr holl fathau o ynni adnewyddadwy, a allwch roi amlinelliad inni o'ch bwriadau o ran datblygu'r dulliau hynny o greu ynni adnewyddadwy? Cawsom sesiwn bythefnos yn ôl oedd yn canolbwyntio ar ddatblygiadau ar Afon Hafren, a bu'r holl drafodaeth gyhoeddus am hynny am y morglawdd, ond mae opsiynau eraill. Ni wn i ba raddau yr ydych wedi cael cyfle i ystyried yr opsiynau hynny, Weinidog. Pa brosiectau y byddwch chi'n eu ffafrio ar Afon Hafren?

option. It is exceptionally important that we adhere to that political commitment. Considering all of the types of renewable energy, can you give us an outline of your intentions with regards to developing those means of creating renewable energy? We had a session a fortnight ago that focused on developments on the River Severn, and the whole public debate has been about the barrage, but there are other options. I do not know to what extent you have had an opportunity to consider those options, Minister. Which projects would you favour on the River Severn?

[38] **Jane Davidson:** We lay out the Government's position on nuclear power in paragraphs 39 to 42 of this paper. We laid out our aspirations for renewable energy in general in the renewable energy route-map, and the response to the consultation, which was substantial, is being evaluated. Once our national energy efficiency savings plan has been published in the new year and consulted upon, once our marine energy strategic plan has been consulted upon in the new year, and once our bio-energy action plan has been consulted upon, we can create our energy strategy, which will look at laying out our policies, not just for renewable energy but for other energy production. That will probably happen in late 2009. So, it is all part of a process.

[39] On the River Severn and tidal power, we have always said very clearly that the Assembly Government would like to see whether we can harness power from the Severn, and that we would like to harness as much as possible. However, we have not expressed a view in support of any particular type of technology. We have been very active in supporting the £9 million feasibility study, and the next parliamentary forum on that is next Monday. We have been very careful, all the way through, to keep Members involved at parliamentary forum level and at the regional stakeholder level.

9.30 a.m.

[40] The process from now on is that there will be an internal Government review before Christmas, which will assess the projects that have come forward in the long list. There was always a show-stopping element to this—and before people think that there is some change of view, there is not; it was always built in. If, at the end of the first stage, there were show-stoppers, the Government may have made an announcement that the project would not continue. So, assuming that a decision to carry on is made following that internal review and that there are no show-stoppers—that is, unacceptable costs to Government or consumers, the scale of environmental damage, and associated cost implications and regulatory compliance—in early 2009, the findings from the initial studies, including the technology and location options appraisal, will be published and a small number of possible schemes shortlisted and consulted on. The aim is for that to happen early next year. In spring 2009, there will be the Government response to the consultation. That is the process on the Severn tidal power.

[41] **Mick Bates:** I have one point, Minister, before we move on to Alun, Leanne and then to Darren on technical advice note 8. A few witnesses expressed considerable concern about the fact that Scotland was offering bigger incentives for marine developments. Will you match the Scottish encouragement through the renewables obligation certificate?

[42] **Jane Davidson:** ROC is the responsibility of the UK Government. As I have told this committee before, because the majority of the responsibilities for energy policy have not been

devolved, we are always, almost daily, disentangling our responsibilities and opportunities from those at Westminster and trying to work out where our decisions lie.

[43] **Mick Bates:** Nevertheless, there was concern about the Scottish Government offering greater incentives for the development of marine energy.

[44] **Dr Loveland:** The Welsh Assembly Government very much wants a measured but rapid development in marine renewable energy. The Scots appear to be moving forward very quickly in areas like the Pentland firth. In our discussions with the Crown estates, we are proposing through our studies to help companies to develop their technologies. It will be a reasonable way of moving forward, and the ROC offer is far less important than any capital support that we might be able to put in. ROC kicks in only when you have an established technology that is producing electricity, which is not the state of the wave and tidal industry at present.

[45] **Mick Bates:** We will leave that there and we will watch that development.

[46] **Alun Davies:** I would just like to take you back, Minister, to what you said about nuclear energy. The policy that is set out in your paper is quite clear, but may I press you on different aspects of that? Nuclear energy has played an essential and central role in UK energy policy for decades, and there seems to be no easy way of replacing its current generating capacity. The UK Government is supportive of a new generation of nuclear stations, and I think that there is also considerable support for that in Wales. Would the Welsh Assembly Government be happy to work with the UK Government in the development of that policy?

[47] **Jane Davidson:** As we state in our paper, our primary objective is to try to bring as much renewable energy to Wales as possible. When you look at the issues around the carbon budgets, you can see that bringing total renewable energy would mean a double win: not only is it carbon neutral, it also ensures that we do not in any way increase emissions. A critical element that has to be looked at in the context of any new proposals for carbon budgets is not just the end result, but the embodied energy issues, and the embodied carbon in the life cycle. There is still substantial work to be done on the total carbon costs of nuclear and other technologies. It is understandable that a number of people are keen to rely more on nuclear in the near future, given the high carbon emissions from coal and the relatively high carbon emissions from gas. However, when people talk about nuclear in shorthand, they often forget that there are proper, legitimate Government concerns about ensuring that nuclear waste is tackled appropriately. That would be my major consideration in dialogue with the UK Government, which has the responsibility for any further investment.

[48] Another point to make, given that there is not always a great deal of clarity on this, is that we have argued strongly for the continuation of Wylfa as long as it is appropriately safe. Although it is due to be decommissioned in 2010, we hope that it will be decided to extend its life for another couple of years, because of its important to the business of Anglesey Aluminium Ltd. We talk about integrated policy and so we would want to support industry in Wales. However, we maintain that discussions need to take place increasingly urgently over proposals that we would have liked to see developed some four years ago, for a biomass alternative to provide energy for Anglesey Aluminium. Even if the UK Government decided to use a new nuclear site at Wylfa, there would be a minimum of a six-year gap before any new energy was generated. So, it is not an answer to the issues around wanting to continue support for industry in Wales.

[49] **Alun Davies:** Just to clarify, the Welsh Assembly Government played a full part in the process, and it is fair to say that it welcomed the report of the Committee on Radioactive Waste Management when it was published two and a half years ago. I assume that the Welsh

Assembly Government remains content and happy with the process and the plans outlined by CORWM in its recommendations.

[50] **Jane Davidson:** Paragraph 40 shows that we have worked closely with CORWM. I have met the current and previous chairs at some length, looking at its proposals on geological disposal, for example. We have reserved our position as a Government on the policy for geological disposal. We continue to work very closely with CORWM.

[51] **Leanne Wood:** Thank you for your statement on nuclear power, Minister. It is a myth that nuclear is carbon-free, and we certainly know that it is not contamination-free. There is a problem in that it will not be this Government in Wales that makes the decision on any new nuclear power stations in Wales, but the UK Government.

[52] I want to take you back to the question of marine energy. You will be aware that the RSPB published a report this week advocating a reef for the Severn. Are the proposals in its report included in the 10 options currently being considered?

[53] **Jane Davidson:** Yes, they are.

[54] **Dr Loveland:** A tidal reef is one of the 10 options. However, as the RSPB report itself mentions, there are different types of tidal reef.

[55] **Leanne Wood:** The concept is included as one of the 10, however.

[56] **Dr Loveland:** Yes.

[57] **Jane Davidson:** There is a tidal reef proposal, a tidal fence proposal, and proposals for barrages and lagoons. They are all being considered on the long list at the moment.

[58] **Mick Bates:** We now move on to Darren's questions about the planning aspect, and the evidence that we gathered, particularly from Arup.

9.40 a.m.

[59] **Darren Millar:** One tool that the Assembly Government has sought to introduce as a catalyst to the development of more renewable energy in Wales is technical advice note 8. In it, you have set some quite ambitious targets for the generation of renewable energies, particularly wind. You state that you envisage delivering an additional 800 MW of energy through onshore wind. However, the British Wind Energy Association told us that only 9 per cent of the developments to secure that have been installed so far, and it looks very likely that you will miss your target for 2010. How does the Assembly Government intend to address that and to continue to stimulate wind technology as the one that is available at present?

[60] **Jane Davidson:** As we say in our renewable energy route-map, we think that the balance of renewable energy in Wales will come from marine sources. A third of the energy will come from wind, with the rest coming from biomass and other sources, such as microgeneration. It is important always to state that we are looking at a major mix of forms of renewable energy.

[61] The lead-in times are quite long but, if all the potential onshore projects go ahead in full, they would produce a capacity of up to 2,500 MW—7 TWh—per annum. That is what is in the mix at present. So, although there are differences between what is on the ground and what is in the mix going through various processes, that is the potential of the onshore projects going ahead in full. They would give us carbon emissions savings of as much as 750,000 tonnes per year, even accounting for the intermittency of supply.

[62] **Darren Millar:** They seem to be ambitious targets. However, is it not a matter of fact that we will miss the 2010 target as things currently stand? Do you accept what the British Wind Energy Association and other witnesses have been saying to us, as a committee, namely that that will simply not be achieved by 2010?

[63] **Jane Davidson:** As I have said before, we have very substantial projects in the system at present. The largest biomass producer in Wales has already consented, so there are major potential inputs. As for whether we can deliver all those by 2010, we will continue to report back to the Assembly Government. However, I, for one, am not saying in 2008 that we will not achieve these over the next two years when they are already in the mix. The Prenergy biomass consent, for example, will provide a massive increase and boost to the potential for achieving the targets by 2010.

[64] **Darren Millar:** Another problem that witnesses identified was with the infrastructure. The strategic search areas identified in TAN 8 very often have very poor or inadequate grid connections or transport connectivity for the delivery of the component parts to develop the windfarms. How do you seek to address that, particularly in mid Wales, where grid connectivity is of particular concern? It looks as though large pylons will be necessary across the countryside to get the energy into the grid from the windfarms proposed in the strategic search area, some of which already have consent.

[65] **Jane Davidson:** We have been working with the national grid on taking connectivity forward. There are different connectivity problems in different parts of Wales that we are seeking to resolve with the national grid. You may be aware that, some two years ago, the Sustainable Development Commission published a report called 'Lost in Transmission', which recommended a number of changes to connectivity that we strongly supported in our dialogue with Ofgem and the national grid. With other issues around infrastructure and transportation, we are working extremely closely with the Department for the Economy and Transport.

[66] **Dr Loveland:** We have been working for a considerable time with the National Grid and others to improve connectivity in Wales. Your Chair is aware of some of those activities, and the renewable energy route-map clearly states that we will be talking about a new 400 kV line. I also presume that, in its evidence, BWEA highlighted the enormous developer interest on work that is going on at the moment. There are already a large number of jobs involved in driving forward wind and biomass energy opportunities in Wales.

[67] **Darren Millar:** You mentioned the line, which was referred to in previous documents made available by the Welsh Assembly Government. However, given that the potential energy development will be much more significant than the 800 MW allocated for wind at the moment for the 2010 target, is it not likely that there will need to be a line going into mid Wales with a much bigger capacity than the 400 kV that has already been proposed? Do you think that it is an error within the current planning and consent arrangements that windfarms can be granted consent without consents already being in place to get the energy out from those windfarms into the grid?

[68] **Dr Loveland:** On your first point, we have been assured by the National Grid that, if you have a 400 kV line, it can cope with up to around 1,300 MW. We do not expect windfarm developments in mid Wales to go above that level. The 2,500 MW figure that the Minister mentioned covers the whole of Wales.

[69] With regard to what comes first, the windfarm consent or the grid consent, it is a chicken and egg situation. Ofgem will not allow NGT to build a speculative line until there are firm windfarm proposals on the table. So, in practice, they have to go forward in parallel.

[70] **Mick Bates:** I will pursue that point. We have a target in technical advice note 8, but, even when TAN 8 was published, it was well known that the length of time to receive planning permission for whatever size of line, whether in distribution or transmission, meant that it may be 2015 at the earliest before there would possibly be a connection to mid Wales. How was this mismatch allowed to go on for so long? It could have been addressed from day one with TAN 8, because developments were on the table that had quite a large capacity.

[71] **Dr Loveland:** As you are aware, TAN 8 was developed over a long period of time. When we initially started, we were assured by SP Manweb, as it was in those days that, for the sort of figures that we were originally considering—the figures in TAN 8 are limited to 600 MW as indicative targets—there were a number of options to bring forward grid connection that could be done in a fairly short time. As things moved forward and as the interest grew, that position changed and it became apparent that the most efficient way of taking the energy from mid Wales without incurring enormous transmission losses was through a major 400 kV line.

[72] **Jane Davidson:** I would like to add something, Chair. When I first became the Minister for Environment, Sustainability and Housing, which was only a year and a half ago, Ofgem was still not allowing, under the old arrangements, the strategic investment policy in terms of support for shareholders. So, things are moving quickly. The Sustainable Development Commission report, 'Lost in Transmission—The role of Ofgem in a changing climate', led on to the ongoing transmission access review that was initiated by Ofgem and the Department for Business, Enterprise and Regulatory Reform at the time. That has now been picked up by the Department of Energy and Climate Change. So, all these issues are being looked at again.

9.50 a.m.

[73] It was only relatively recently that the national grid agreed on the strategic investment policy. So, Wales was actually ahead of the game in terms of having a policy that could then drive forward that relationship. That has put us in a good position and that is why we have so much potential renewable power already in the mix and not just out there without there being any expressions of interest.

[74] **Dr Loveland:** The changes that the Minister has outlined are very clearly laid out in an explanatory memorandum on renewables connection that Ofgem recently published; you might like to look at that.

[75] **Mick Bates:** Alun, would you like to move on to the process of co-operation?

[76] **Alun Davies:** Many of us who sit on this committee are becoming less confident in Ofgem and how it manages and regulates the industry. Those of us who represent some of these areas in mid Wales, in particular, have been frustrated by this process over some years. It is probably the biggest, single obstacle that faces the development of renewables in the region. We talk about our ambitions, but if you cannot get the power out of these areas, there is very little purpose to those ambitions and to the targets. A more co-operative approach is being adopted in mid Wales at the moment, which involves all the different windfarms, businesses and companies that require this connection. Is the Welsh Assembly Government supporting this approach in terms of attempting to push forward and break through this logjam? It appears to us, from the outside, that different public bodies, government bodies and government departments are all working entirely independently of each other at cross purposes and that none of them are delivering what we actually need, which is this connection.

[77] **Jane Davidson:** We have actively encouraged this approach.

[78] **Mick Bates:** Thank goodness for that.

[79] **Darren Millar:** Just to go back to the need for the grid connection and the cable, there will obviously be an environmental impact connected with any new connectivity to the grid. That will be sensitive and will potentially delay even further the opportunities to connect to the grid, if what we have seen elsewhere is anything to go by. Do you think that some kind of requirement to bury the cables would be a way forward in terms of removing that potential barrier and the additional costs for developers in lengthening out the process, particularly in beautiful mid Wales?

[80] **Dr Loveland:** I think that I have to put that question back to you, as the Sustainability Committee, because it is a classic sustainable development issue of balancing the desire for clean energy with affordability. If you bury the cable, it will cost a lot more.

[81] **Mick Bates:** I will give you a brief example of the costs of going underground. In London, as part of the Olympic Games development, the grid has had to put 6 km of cable underground at a cost of £76 million. The big issue is maintenance, because if the cable is not underground it is easy to access. If it is underground, there has to be a maintenance tunnel that is adjacent to the line. I forget how much time they have, but they must mend a transmission line within an hour or so—those are the rules. So, it is enormously expensive and it is an issue that is often discussed. Ron has referred to the classic issue, namely that it is very difficult to find money to do such things.

[82] **Leanne Wood:** The response has to be that half of Wales has just been dug up to bury a liquefied natural gas pipeline. Why on earth were these things not connected to each other?

[83] **Mick Bates:** I do not think that it is feasible to put a power cable next to a gas pipeline.

[84] **Jane Davidson:** I wish to add another point. We take environmental issues very seriously; it is important for me to say that from the Government's perspective. The National Grid has been engaging with the Countryside Council for Wales on an extensive scoping study to address high-level environmental issues, and you would expect that to take place. We would clearly need the results of that in this context in order to look at what further needs to happen.

[85] **Dr Loveland:** I will give you one example of how Ofgem is being more supportive than it used to be. The last big inquiry that led to a power line being installed was about the north Yorkshire power line, which went on for a long time. The rules that Ofgem used at that time stated that NGT had to provide the minimum cost option with no undergrounding options. Only when the undergrounding options, as part of the route, came forward through the public inquiry did Ofgem then bless them. Ofgem is now prepared for NGT to come up with a proposal that may already propose undergrounding of parts of the system.

[86] **Darren Millar:** There is a significant impact on road infrastructure in terms of accessing sites and getting the component parts of turbines onto site, and the decision is often taken away from the local authority that will end up paying the cost of having to repair the site through the planning process, because there might be schemes of more than 50 MW that the local authority is not able to determine. How do you think that these sorts of developments, and the impact on the transport infrastructure, can be mitigated through the planning process to ensure that some conditions require the developers to improve the infrastructure in order to enable this to happen?

[87] **Jane Davidson:** That is already in place.

[88] **Darren Millar:** Do you think that it is sufficiently robust at the moment, because some problems have occurred and there are high-level concerns in Powys, for example, about this.

[89] **Jane Davidson:** If you write to me about any problems, I will ensure that the appropriate official comes back with a substantive answer.

[90] **Darren Millar:** So, you are satisfied that that level of protection is in place for the highways infrastructure.

[91] **Jane Davidson:** The highways infrastructure elements are the responsibility of the Department for Economy and Transport and it has done substantial work in terms of looking at these issues. However, if you want to give me real examples, I am happy to either respond myself or for the Department for Economy and Transport to respond to you.

[92] **Darren Millar:** The concerns are well known and have been voiced for some time.

[93] On the location of windfarms outside SSAs, we have a situation where, again, developers have given us evidence suggesting that there are areas outside of the current SSAs that are perfectly suitable for windfarm development, but because of the planning guidance issued by the Assembly Government, it is highly likely that they will be unsuccessful in gaining approval for windfarm developments. Do you think that TAN 8 is too restrictive in that respect?

[94] **Jane Davidson:** No, I do not. I think that you need to differentiate between the larger, almost industrial-sized, windfarms and the fact that TAN 8 takes a deliberate approach to ensuring that they will be in a relatively small number of locations in Wales locations where the wind is most efficient. Those locations will be outside areas of outstanding natural beauty and national parks. However, we would still consider more community-sized wind initiatives in other parts of Wales, which will go through the normal planning process. There is no proscription, as you suggest, on development outside TAN 8. However, it was a wise and appropriate move by the previous Assembly Government to bring forward a proposal that limited the largest windfarm proposals, which means that those people who might have suggested that our proposals would cover Wales were just wrong.

[95] **Darren Millar:** The one problem with the policy of SSAs is that it is having a cumulative impact on a number of communities across Wales that would feel differently about whether or not it was appropriate. Having said that, it has been successful in delivering applications for windfarms in the strategic search areas. Given your support for the SSA framework, are you hoping to apply that to other technologies, for example, marine technologies, through the proposals that you might bring forward in the new year?

[96] **Jane Davidson:** One thing that we have outlined in the report is that we will be looking for appropriate locations for types of marine technology, because that is the sensible approach to be taken by Government.

10.00 a.m.

[97] **Mick Bates:** Leanne, I know that you have a question on marine technologies. At this point, I remind the committee that the Minister only has another 20 minutes with us, and I think that quite a few Members want to talk about fuel poverty. Leanne, if you ask about marine technologies, I will then call Lesley on biomass and Lorraine on community

engagement. I think that they are important issues to discuss with the Minister while she is here. Please be brief in your questions and responses.

[98] **Leanne Wood:** Minister, in your paper, you refer to a number of background studies that are trying to understand the marine potential around Wales. Can you tell us how that research into the development of marine technology will fit in with the work that is being undertaken on a UK level by the Department of Energy and Climate Change?

[99] **Dr Loveland:** The current UK strategic environmental assessment work is very much focused on offshore wind rather than on wave and tidal stream devices, whereas our work is focused on wave and tidal stream. We expect the Department of Energy and Climate Change to catch us up eventually, but it is not there yet.

[100] **Leanne Wood:** The second question that I have relates to the fact that your submission says that the research includes an initial study into carbon dioxide storage in Welsh waters. Witnesses have told us that that technology is a long way off from being developed. Can you outline some of the findings of the study with regards to the potential and location of carbon dioxide storage in Welsh waters?

[101] **Dr Loveland:** The main opportunity that we have is in north Wales because we have the depleted BHP, Hamilton and Lennox, oil and gas fields, which already have a stainless steel pipeline network that could be used to pump the carbon dioxide back the other way. Those areas are somewhat limited in capacity, but further out—not necessarily in Welsh waters, but in the Irish sea—you have the Morecambe bay fields, which have a much larger capacity and which will be depleted in the longer term. In the south, our main prospects are some sandstone deposits in St George’s channel, which theoretically are capable of storing considerable amounts of carbon dioxide, but which have not yet been well characterised.

[102] The main constraint on moving forward with carbon capture generally is the legislative and regulatory regime because, as you know, it is a fearsome area, taking you into all sorts of liabilities. As soon as it seems likely that some of those issues will be resolved and we know the sort of timetable that we are working to—it may be that Lord Turner’s Committee on Climate Change report will illuminate that—we will try to make sure that areas such as St George’s channel are looked at very carefully. Taking one step back, of course, not only do you have the prospect of storage in Welsh waters, but there is also the prospect of storage in Irish waters, which are not too far away. There seem to be considerable developments there that could be used, particularly in the south. There is still potential for shipping the carbon dioxide to suitable reservoirs rather than using pipelines. Companies such as RWE are actively considering all such options.

[103] **Leanne Wood:** Is any of the research beyond the theoretical stage?

[104] **Dr Loveland:** The seismic data is very good for the oil and gas fields. You used the word ‘theoretical’—the geology is known, but more seismic probing is needed to prove what is there. A major fault is associated with St George’s channel and people need to better understand how that will operate.

[105] **Leanne Wood:** Presumably, this research is also looking at how we could get the carbon dioxide to those sites.

[106] **Mick Bates:** The only big example is off the Norway coast, the Sleipner field, which I think has been going for three years now. That is where the major research is being undertaken. The British Geological Survey holds all the information that shows where the rock formation is capable of storing carbon. It is also a matter of time, because you are talking about thousands of years in some cases. These projects are evaluated on the basis of how the



carbon dioxide is retained within the geological structure. The Sleipner field is the only one at present. I can circulate evidence about that to the committee, because I am keen for us to move on.

[107] **Dr Loveland:** In Cardiff University, we have Professor Joe Cartwright in the School of Earth Sciences, and he is, as we speak, doing research on the leakage from the Sleipner field.

[108] **Mick Bates:** As you know, there are some questions about whether or not it would be appropriate to use St George's channel.

[109] In view of the time, I will close down this session on energy in about five minutes so that we can ask the Minister about fuel poverty. Lesley, you have a question about biomass and then Lorraine has one on community engagement.

[110] **Lesley Griffiths:** Briefly, the Forestry Commission told us that the wood energy business scheme had been successful in supporting a variety of projects and in creating jobs. Will there be a successor to this scheme, and, if so, when will it be open to applicants?

[111] **Dr Loveland:** I understand that there is a proposal with the convergence fund programme at the moment.

[112] **Lesley Griffiths:** Do you know when it will be up and running?

[113] **Dr Loveland:** I think that it is going through the standard convergence fund process of project information forms and all the rest of it, but it is being actively pursued.

[114] **Lesley Griffiths:** The target that you set for biomass in the route-map is for 4 to 7 TWh per annum of electricity. Bearing in mind that the Port Talbot biomass generating station is one of the largest in the world, what is the Government doing to attract new companies to Wales to generate energy in this way, and have you identified any locations for these stations?

[115] **Jane Davidson:** In advance of our bioenergy action plan, which is due out in the new year, we are trying to do four things: to optimise the benefits of bioenergy use in Wales, to contribute to long-term fuel security, to encourage the development of sustainable forestry and agriculture—on which I am working closely with Elin Jones—and to support business development and job creation in all parts of the biomass energy sector. To deliver that, we will be looking in particular at how we can develop schemes whereby communities use local biomass for generating heat or both heat and electricity, many more houses use local biomass for heat, public sector buildings commonly use biomass for heat or combined heat and power, and most agricultural slurries and food wastes are used to generate biogas for local heat or combined heat and power schemes, or for transport, and the biomass used for energy generation comes only from sustainable sources, whether from the UK or imported. Those are the principles around which we are framing the actions that we are proposing that cover that latter group.

[116] **Lorraine Barrett:** My question follows on from some of Darren Millar's points. Throughout the inquiry, we have heard that renewable energy projects often face problems due to a lack of local understanding, engagement and involvement. We all know, as Members, how public opinion can be—I will not say 'whipped up', but people do get very concerned and they start campaigns and it is difficult to contain them or to get the message over so that you can have a reasoned debate about the pros and cons. The information that we have had from many presenters is that there is a weakness in the public engagement strategy. We have heard of examples in Germany where communities get together and ask what they

can get out of proposed developments and how they can make the most of them, looking at the global benefits as well as the benefits for the community. We are all involved in this as leaders in our communities, I suppose, but what can you do to address that?

[117] We heard evidence about the community windfarm at Hermon, where the community receives direct benefits, and there are other examples of co-operatives, community windfarms and suchlike. So what can you do as a Minister, and what is the Government doing generally, in this regard?

10.10 a.m.

[118] **Jane Davidson:** I will respond in a couple of ways. You are absolutely right about reasoned debate, because this is an area about which there is massive misinformation. There have been a number of attempts, not least by the Sustainable Development Commission, Friends of the Earth and others, to put the record straight. What I have found in this debate, as Minister, is that in every area where there has been a major concern, the Government has commissioned independent reports to test those concerns. Therefore, reports were commissioned on issues around intermittency, carbon emissions, community benefits and noise. We must ensure that people understand that this policy has not just grown for ideological reasons, but that there is a massive obligation on the Government to respond, as I said at the beginning of the meeting, in the context of decarbonising our energy production. Therefore, we need to use the opportunities available to us.

[119] The World Energy Council reviewed the life-cycle carbon cost of various energy technologies in a report published in July 2004. For electricity generation based on estimates from around the world, typical greenhouse gas emissions are as follows: for wind, 6.9 to 14.5 tonnes of carbon dioxide equivalent per gigawatt hour; for nuclear, between 3 and 40 tonnes of carbon dioxide equivalent per gigawatt hour; for hydro, 3.5 to 120; for biomass, 15.1 to 49; for gas, 398 to 499; for coal, 757 to 1,185. When you look at those facts, you see that the focus must be on those technologies that deliver the lowest carbon emissions. A recent study was done by Cardiff University on the community benefits of windfarm development in Wales, which assessed the 22 existing onshore windfarms in Wales, as well as several projects that are under construction or in development. We strongly support that there should be a community benefit. That is a clear Government policy, and we would like to see that in the form of a community benefits fund, paid to a local community body, usually per installed megawatt, so there is a direct relationship.

[120] The average sums have increased, and about £2,000 per megawatt per annum is now common. The report estimates that the total community benefit funding flow is currently around £650,000 per annum, which could increase to £2 million by 2010 if our targets to increase to 800 MW are reached. The report also assesses that it is a realistic prospect that the community benefit flows will reach £50 million over the next 20 years. So, committee members may wish to look at that report.

[121] **Lorraine Barrett:** Do you agree that we need a cultural shift? People will hear the figures that you quoted for carbon emissions, comparing fossil fuels to renewables, and say, 'That is amazing; we must do something, but, sorry, we do not want it here—we are committed to the idea, but we do not want to sign up to it in our community'. We need to reconcile those two responses. People accept and understand the environmental need for this, but do not necessarily want it in their back garden, and that is the problem.

[122] **Jane Davidson:** There are two points in response to that. I am also very attracted to those community benefit funds that incorporate some provision for supporting sustainable energy in the community, so there is seen to be a direct benefit either through energy conservation and efficiency or through microgeneration. However, I am also pleased that

there seems to be a growing trend for developers to agree to implement habitat and landscape enhancement measures across the development sites, which is also highly appropriate.

[123] **Mick Bates:** I have a couple of questions, because there are some major issues—

[124] **Jane Davidson:** I have to go shortly.

[125] **Mick Bates:** I know. If the committee is in agreement, I will write to the Minister to invite her back, because there are some other substantial issues that came up during our scrutiny of witnesses that we need to put on the record. So, if Members are willing, I will take two brief questions and hold after that.

[126] **Darren Millar:** I have a point on community engagement. One thing that I have found in my constituency is that, where windfarm developers take the issue of community engagement seriously, that often overcomes the barrier of misinformation and gets the job done. I have been surprised to see that, where windfarm developers are taking this forward properly and engaging properly with local communities, community councils and members of the public, they overcome this barrier. Anything that the Assembly Government can do to encourage windfarm developers to appoint community liaison officers and so on, which has happened with two different developers in my area, should be done, because that is the way to deal with the community engagement problem. It is not the responsibility of the Assembly Government to engage directly with the community; it is the developers who need to take that responsibility much more seriously, and I am pleased that that is beginning to happen.

[127] **Mick Bates:** I will take one final question, Minister, and then I will write and invite you back to discuss the other major issues that we have.

[128] **Alun Davies:** The point that I wanted to make was that we have discussed larger scale projects a great deal this morning and the Minister's approach towards energy policy on more of a macro scale. We need to examine the Government's approach towards decentralised energy supply and microgeneration in much more detail. There are significant questions about how the Government seeks to clear obstacles to the expansion of decentralised energy generation—which is the single area of this policy where we are furthest behind the leading countries in the development of a more renewable-based energy policy—as well as how the Government in Cardiff intends to meet targets that have been set for the growth of microgeneration over the next decade. That is an area on which I would like to focus in any future scrutiny session.

[129] **Jane Davidson:** I have two brief points. First, I have actively, in all my conversations with the British Wind Energy Association, made it absolutely clear that the Assembly Government does not support wind development without community benefit. That is set out in the route-map. I am pleased that developers have taken this on board seriously, and so they should. Secondly, I said at the beginning that, now that we have the 5 MW feed-in tariff in the Energy Bill, I am looking to make a Cabinet written statement as quickly as possible on our commitment to community, as well as individual householder, generation. We will be taking forward new regulations next year and lifting some of the planning restrictions around microgeneration.

[130] **Mick Bates:** I am mindful of your time. Your answers this morning have helped us a great deal in our scrutiny of the evidence that we have received. However, I know that Members are also keen, if we have a couple of minutes, to talk briefly about fuel poverty.

[131] **Leanne Wood:** The energy companies were invited to give evidence to us a number of weeks ago, and one of the concerning statements that they made was that the reduction in world oil prices would not be passed on to consumers for between 12 and 18 months. As a

committee, we recognise that there is a serious problem this coming winter. Pensioners, disabled people, cancer patients and other vulnerable groups need extra heat, and they will find it very difficult with the additional costs. You have talked to us previously about the home energy efficiency scheme and your bids for additional money to fund more of a roll-out of that scheme. However, that takes time and I am not convinced that we have the resources to roll that out in time for this winter.

10.20 a.m.

[132] The ‘One Wales’ agreement commits to helping pensioners with their council tax. I wonder whether there is anything that could be brought forward in the budget this winter to provide that help to pensioners with their council tax or their energy costs, whichever way it can be phrased. The key issue is that money is made available to help pensioners and other vulnerable groups to pay their additional energy costs this winter.

[133] **Mick Bates:** Thank you, Leanne. At this stage I would like to welcome Claire Bennett, the head of the climate change and water division. I call on the Minister.

[134] **Jane Davidson:** We have to remember that the home energy efficiency scheme operates on a proxy in terms of fuel poverty—an income proxy in terms of qualification for benefits. You have also heard substantial evidence, from organisations such as Citizens Advice, Energywatch and others, that the scheme picks up around only 27 per cent of the people in fuel poverty. We made you a commitment when I last appeared before this committee that we were looking to create a scheme in Wales that focused far more on fuel poverty because the carbon emissions reduction target arrangements from the energy companies use the same kind of income proxy as HEES. When I meet all of the energy companies on 2 December I will look at what can be done within funding that is already available, and that is substantially more than the Assembly Government has at its disposal, to bring together what we do and what they do. A proposition that would benefit all pensioners would include those on very high pensions and, in this Assembly Government’s fuel poverty strategy, we are not looking to benefit those who could undertake changes by other means. We have to focus our investment, which is relatively small, on fuel poverty.

[135] We will be publishing our fuel poverty strategy in the new year, separately from our national energy efficiency and savings plan, to consult on the way forward.

[136] **Leanne Wood:** All of this is going to take so much time. There is urgency now. You are not meeting the energy companies until 2 December. There are already people struggling with bills now. Is there anything that can be done this winter?

[137] **Jane Davidson:** There are substantial extra investments being made at a UK Government level, and we must remember that the income issues and the energy price issues do not sit with the Assembly Government. Our primary function is in terms of home energy efficiency, and we are carrying on doing as much of that as is possible, which is why the CERT arrangements are critical in terms of ensuring that they fit alongside what we do. There are also the substantial additional investments in cold weather and other payments, along with the commitment to ensure that people are on the right tariffs. We know that one of the critical issues in the Ofgem price review, as well as in the energy companies’ evidence to you recently, was that the fact that not all customers are on the appropriate tariffs. That fact is now thoroughly in the spotlight. I will continue to keep it in the spotlight in terms of our dialogue with the energy companies.

[138] In Wales, people have historically not changed supplier. As you know, this is a big issue about the fact that in a liberalised competitive system, we sadly have to recommend to people that they should change supplier. They have no premium for loyalty. I cannot change

that, but I can work with all of those other organisations to look at benefit entitlement and social tariff support and to link that with what we aim to do as an Assembly Government with the UK Government and the energy providers. I have called, once again, for another meeting of the inter-ministerial group on fuel poverty because, with the recent changes in the UK Government, the Ministers have changed. We want to ensure that we keep working on this right across the United Kingdom since only small elements of tackling this are in the hands of the Assembly Government.

[139] **Ms Bennett:** I do not think that there is a huge amount to add to that, but the key point is that supplementing people's income is a UK Government responsibility. The Assembly Government's responsibilities are primarily around the energy efficiency measures and doing what it can, by providing advice and support, to ensure that all referrals give people the full range of advice—whether it is about switching tariffs between suppliers or the different tariffs that might be available from their current supplier—as well as advice on what other benefits or help they might be entitled to. They were some of the issues that the fuel poverty advisory group, which met about two weeks ago under its new publicly appointed chair, was focusing on, namely what things could be done in Wales and how the various organisations represented around that table could ensure that they were making the right referrals—to the Energy Saving Trust, Age Concern and so on.

[140] **Mick Bates:** One problem that we have had with the fuel companies is finding out the true expenditure that each company has to alleviate fuel poverty in Wales. We have raised this issue in correspondence, which I will forward to you. In fact, the situation is so bad that one major company actually gave us the wrong evidence at committee; it has since written to apologise. It seems important to me to match that funding, but we do not know what it is. So, in your meeting on 2 December, I encourage you to ask for detailed information about their expenditure to alleviate fuel poverty, because, at the moment, we cannot get it from them.

[141] **Darren Millar:** I appreciate what you say about the home energy efficiency scheme benefiting not only those in fuel poverty, but a much bigger group of people who may not be living in fuel poverty at all. It is, however, just about the only tool that we have to take this issue forward. The UK Government, in its pre-budget report, made some announcements of increased cash going into the Warm Front scheme. It will mean that people in Wales are disadvantaged, if you like, in accessing the scheme. We know that there is currently a growing waiting list for HEES, which is likely to get longer as the time approaches for the criteria to change, perhaps next year, with the fuel poverty strategy that you will be announcing. We support that as a committee and there is cross-party support for that.

[142] However, given that there is money coming to Wales as part of the Barnett consequential and that you have increased the capacity to administrate further parts of HEES in the next financial year, we implore you again to bring forward some of the expenditure planned for next year to this winter to address some of the problems. I appreciate that it is a scatter-gun approach, but even if just one in four of those people living in fuel poverty access the scheme, it will make some difference to vulnerable people this winter. I implore you to think about that. We know that there will be a statement next week on the Assembly Government's plans, and I encourage you to try to work with the Minister for Finance and Public Service Delivery to see what might be available to pump into the scheme this winter.

[143] **Jane Davidson:** It is worth saying that, every time that I have been to this committee, I have made it clear that whenever there is any opportunity for additional funding for fuel poverty, I am loudly knocking on the door of the appropriate Assembly Cabinet colleague, and I will continue to do so. It is also appropriate to say that this approach is strongly supported by the TUC and the Confederation of British Industry, because the two economic summit meetings that have taken place so far have demonstrated that the opportunities in the energy efficiency agenda to meet social justice and carbon reduction imperatives, and to keep

the labour force going, are the biggest opportunities available to us. We are looking at how widely we can take that agenda forward across the Assembly Government.

[144] It is always easier for opposition Members to suggest that they know how much comes to Wales out of the pre-budget report, than it is for the officials to work out, with our colleagues in the UK Government, exactly how much comes to Wales from any UK Government announcement. I will be looking for as much of that as possible to come to Wales.

[145] I say that because, as you may remember, there was a previous announcement as part of a big UK Government announcement on fuel poverty, which restored Warm Front money in England out of existing budgets, and so there was no Barnett consequential. However, we are determined to pull as much funding as possible into this area this year. You must also remember that we have had additional money via the low-carbon building programme, which we are match-funding, and other money is already going into the housing standard in social housing, which has dramatically increased energy efficiency. Several initiatives are taking this agenda forward, including the Heads of the Valleys programme. So, HEES is just a small mechanism amid other Assembly Government investment in this agenda, which we are taking forward.

[146] **Mick Bates:** I thank you on behalf of the committee, particularly for that final response. We look forward to the full announcement of the funding. Opposition Members lead the way on this, do we not? [*Laughter.*] I will write to you, because there are many other issues that I wish to raise.

10.30 a.m.

**Ymchwiliad i Leihau Allyriadau Carbon yng Nghymru:  
Y Defnydd o Dir—Papur Cwmpasu  
Inquiry into Carbon Reduction in Wales:  
Land Use—Scoping Paper**

[147] **Mick Bates:** We have a scoping paper to note, and we will receive the first witnesses for this inquiry next week. Members also need to note the letters that we have received from the energy companies in response to my letter asking for detailed information. Are there any comments? I see that there are not.

**Cynnig Trefniadol  
Procedural Motion**

[148] **Mick Bates:** I propose that

*the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).*

[149] I see that the committee is in agreement.

*Derbyniwyd y cynnig.  
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.31 p.m.  
The public part of the meeting ended at 10.31 p.m.*

