

## **ECONOMIC DEVELOPMENT COMMITTEE    EDC 14-01(p3)**

**Date:**                    **14 November 2001**  
**Time:**                    **14:00 to 17:30**  
**Venue:**                  **Committee Room 1, National Assembly, Cardiff Bay**  
**Title :**                    **Energy Review – outline programme for next few months.**

### **Purpose of paper**

1. To report to the Committee on the 6 November meeting of the Reference Group and to consider how to take the Review forward.

### **Background**

2. A meeting of the Reference Group was held to discuss the priorities for the first stage of the Review and the Committee's work programme. A note of the meeting is in preparation and will be circulated in due course. Following the meeting, there was a meeting with officials and the Expert Adviser to discuss the detailed programme, which concluded by recommending the programme below.

### **Overall approach**

3. The general view is that the best way to approach the Review is not from a study of overall 'supply and demand' but by looking at particular critical areas of development. The following initial key areas have been identified:

- Renewable energy/planning;
- Energy Efficiency, including fuel poverty;
- Combined Heat and Power;
- Economic Drivers.

4. Areas for later study might include: security of supply, fossil fuels, nuclear energy and infrastructure.

### **Proposals for the next 3-4 months**

5. It is proposed that the study starts with consideration of a paper on global warming from an authoritative body such as the International Panel for Climate Change. This would seem to be essential background for the study generally.

6. The first priority from the topics above seems quite clearly to be renewable energy and it is proposed inviting AEA Technology, an adviser on a wide range of energy issues, to present a background paper.

7. The Committee could invite to the subsequent meeting, representatives of the main renewable energy sources: wind power, tidal power and biomass. And to accompany this with a discussion with representatives of the CCW and the WLGA to consider the environmental and planning issues that need to be taken into account.

8. After these discussions, it is proposed that the Committee will prepare a (short) report, perhaps as a prelude for a wider consultation, on this issue.

9. While this consultation takes place, the Committee could move to consider energy efficiency. This might start with a background paper and discussion - perhaps with representatives of the Environment Agency, Carbon Trust and the Energy Saving Trust. This seems likely to lead into issues about designing energy efficiency into construction and consumer products and it might be appropriate to take this forward with a discussion with representatives of commercial interests. These will need to include manufacturing – but could also broaden this out into procurement issues.

## Other issues

10. It is also proposed, as a number of Members have indicated, that the Review should look to Wales' energy needs in 2020, rather than 2010, and with a view to developments beyond then. The proposed revised Terms of Reference are attached at [Annex A](#).

11. The Committee might also wish to receive a report at an appropriate time, perhaps from the Expert Adviser, on the Performance and Innovation Unit's Energy Review.

## Timing

12. A possible timetable based on scheduled EDC meetings might be:

28 Nov	Global warming
12 Dec	Background to renewables
16 Jan	Renewable sources: wind power, tidal and biomass;
	Wider issues: CCW and the WLGA
30 Jan	Background to energy efficiency:
	Environment Agency, Energy Saving Trust and Carbon Trust

13 Feb	Consider draft report on renewables.
6 Mar	PIU report (if available) Consider final report on renewables for consultation
20 Mar	Representatives of manufacturing and procurement (energy efficiency) <i>(last meeting before Easter recess)</i>

### **Additional meetings**

13. EDC's agendas are always very full and the work of the Review is going to present an additional pressure. Members will wish to note that there are 2 slots scheduled in EDC's programme next term for extra meetings, if needed – 10 January and 7 February. These can be used at the Committee's discretion for informal discussion but Business Committee's approval needs to be obtained for a formal meeting. Ideally this should be with the unanimous agreement of the EDC members. Given that we are likely to have pressure later in the term it would be worth considering using the 10 Jan slot for the discussion indicated above for 16 Jan as this is likely to be a fairly long item (in terms of a normal EDC meeting.) In view of the shortness of the term, Members might wish to consider seeking Business Committee's approval to use both sessions for the Review.

### **Action**

14. Members are asked to;

- a. Comment on the proposed programme;
- b. Indicate whether they have any views on the bodies to be invited to give evidence;
- c. Indicate whether they wish to use the 10 Jan and 7 Feb EDC 'slots' for extra meetings for the Review;
- d. Agree the changes to the Review's Terms of Reference.

15. Regardless of the decision on c) Members are asked to keep the two spare 'slots' free for EDC business.

### **Committee Secretariat**

**November 2001**

### **Annex A – Proposed revised Terms of Reference**

*(changes only to paragraphs 1 and 2)*

# NATIONAL ASSEMBLY FOR WALES - ECONOMIC DEVELOPMENT COMMITTEE

## Energy Policy Review: Terms of Reference

### Review Objectives

1. To explore possible long term scenarios for (non-transport) energy production and use in Wales and make recommendations to the Assembly Cabinet on a strategic framework most appropriate to achieving the optimum use and generation of energy in Wales by 2010/2020 and with regard to further developments.

### Proposed Process

2. Officials will open the process by offering a possible outline vision of energy in Wales in 2010 and beyond. The Committee will then call a wide range of expert witnesses to respond to this and to gather views on the range of potential energy scenarios Wales might be face by 2010/2020. The Assembly's responsibility to promote sustainable development, whilst facilitating economic growth and development will underpin all the work of the Review.

### Key Questions

3. The Review will examine issues such as:

- a. The energy opportunities and needs of Wales in the future bearing in mind Wales' current distribution of energy sources and associated infrastructures;
- b. The desirability of self sufficiency in energy production with greater emphasis on small, local generating units. How much electricity production should move from being dependent on large grid-linked power plants to distributed, especially combined heat and power, systems at the domestic, company, and business park/public buildings levels;
- c. The potential to increase energy production from renewable sources;
- d. The potential to develop strong renewable energy service and manufacturing sectors and associated research and development activities;
- e. The economic potential of underground (onshore and offshore) fuel reserves in Wales and the environmental impact of exploiting them;
- f. Whether, recognising the designation of the Severn Estuary as a Special Area of Conservation, Wales should be pursuing the development of the 8GW Severn Barrage project;
- g. The current and future potential contribution of nuclear power;
- h. The kind of energy, especially gas and electricity infrastructures, (including storage

systems) needed in the future in Wales;

- i. How electricity demand patterns will change with changing demographics, industrial and business patterns, transport fuels and greater dependence on ICT systems;
  - j. Measures to reduce the overall consumption of energy and minimise fuel poverty in Wales;
  - k. The implications for the planning system to enable the desired outcomes
1. The implications of the recommendations for structural fund programmes, development and other business support agencies, for central Government Departments and regulators and for the Assembly;
- m. The further powers which might need to be devolved from Whitehall Departments to enable the National Assembly to pursue its energy objectives effectively;

4. This represents a substantial amount of work and Members will need to consider the coverage of the study in the context of the time available. It is anticipated that the study will take at least one year. It may be feasible to undertake the work in stages and submit interim reports.

5. Some of these issues will need to be explored jointly with other Assembly Committees, in particular the Environment and Transport Committee and the possibility of one or more consultation exercises might need consideration.

## **Method of Working**

6. The Committee agreed to establish a Reference Group to oversee the Review and the preparation of its final report. In conjunction with the Clerks, the Group will:

- a. draw up a detailed work programme, targets and time frame for the Review;
- b. consider the expert advice needed for the study;
- c. in conjunction with the adviser(s), consider the individuals, companies and organisations which should be invited to give evidence to the Committee and the way in which this should be approached.
- d. consider the liaison arrangements with other Committees and officials within the National Assembly
- e. consider a programme of visits to provide members with an initial overview of the main issues.

## **Membership Of Reference Committee**

7. EDC agreed that a Reference Group should be established to facilitate the process of carrying out the Review but stressed that responsibility for the Review would remain with the Committee as a whole and that the Committee would not be bound by decisions taken by the Reference Group.

8. It was agreed that should comprise the Chair, the Economic Development Minister and representatives of the Plaid Cymru and Conservative party groups.

9. The Group would be assisted by Dr Ron Loveland – ISG Division, NafW and invitations extended to representatives from

the Welsh Development Agency;  
Carbon Trust Wales;  
the Environment Agency;  
the Countryside Council for Wales  
the Energy Saving Trust.

**July 2001 Committee Secretariat**