

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Amgylchedd a Chynaliadwyedd](#)

[The Environment and Sustainability Committee](#)

18/11/2015

[Trawsgrifiadau'r Pwyllgor](#)
[Committee Transcripts](#)



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions
- 5 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting
- 5 Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?'—Fideo Grwpiau Ynni
Cymunedol
Inquiry into 'A Smarter Energy Future for Wales?'—Community Energy
Groups Video
- 19 Papurau i'w Nodi
Papers to Note
- 19 Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?'
Inquiry into 'A Smarter Energy Future for Wales?'
- 38 Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?'
Inquiry into 'A Smarter Energy Future for Wales?'

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in
the committee. In addition, a transcription of the simultaneous interpretation
is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Jeff Cuthbert	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Janet Haworth	Ceidwadwyr Cymreig Welsh Conservatives
Alun Ffred Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Meleri Davies	Cydlynnydd Datblygiad Cymunedol ac Economaidd, Partneriaeth Ogwen Community and Economic Development Co- ordinator, Partneriaeth Ogwen
Alun Hughes	Cadeirydd, Ynni Padarn Peris Chairman, Ynni Padarn Peris
Merlin Hyman	Prif Weithredwr, Regen South West Chief Executive, Regen South West
Keith Jones	Cyfarwyddwr, Ynni Padarn Peris/Ymgynghorydd Amgylcheddol, Yr Ymddiriedolaeth Genedlaethol Director, Ynni Padarn Peris/Environmental Adviser, National Trust
Robert Proctor	Rheolwr Datblygu Busnes, Ynni Cymunedol Cymru Business Development Manager, Community Energy

Wales

Paula Roberts	Cyfarwyddwr, Ynni Padarn Peris Director, Ynni Padarn Peris
Hywel Thomas	Cadeirydd a Chyfarwyddwr, Cwmni Adfywio Abergwyngregyn Chairman and Director, Abergwyngregyn Regeneration Company

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol National Assembly for Wales officials in attendance

Celyn Cooper	Y Gwasanaeth Allgymorth Outreach Service
Chloe Corbyn	Y Gwasanaeth Ymchwil Research Service
Martha da Gama Howells	Clerc Clerk
Alan Simpson	Cynghorydd Arbenigol Expert Adviser
Adam Vaughan	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Alun Ffred Jones:** Croeso i'r cyfarfod yma o'r Pwyllgor Amgylchedd a Chynaliadwyedd. A gaf fi groesawu aelodau'r pwyllgor? Rydych chi'n gwybod y rheolau ynglŷn â'r larwm tân. Rydych chi'n gwybod y dylech roi eich ffonau ar 'tawel'. A gaf fi eich atgoffa chi ein bod ni'n sefydliad dwyieithog, ac felly y cewch chi siarad yn Gymraeg neu yn Saesneg? A oes unrhyw ddatgan buddiant o dan y Rheolau Sefydlog?

Alun Ffred Jones: Welcome to this meeting of the Environment and Sustainability Committee. Can I welcome committee members? You are aware of the rules relating to the fire alarm. You know that you should ensure that your mobile phones are on 'silent'. Can I remind you that we are bilingual institution, and that you can speak in Welsh or in English? Are there any interests to declare under Standing Orders? No. There are no

Nac oes. Nid oes ymddiheuriadau. apologies.

09:31

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o'r cyfarfod ar exclude the public from the meeting
gyfer eitem 3, yn unol â Rheol for item 3, in accordance with
Sefydlog 17.42(vi). Standing Order 17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[2] **Alun Ffred Jones:** Eitem 2 yw'r **Alun Ffred Jones:** Item 2 is the
cynnig o dan Reol Sefydlog 17.42 i motion to resolve to exclude the
benderfynu gwahardd y cyhoedd ar public from the meeting for item 3.
gyfer eitem 3. A gaf gynnig? Diolch May I move? Thank you very much.
yn fawr iawn.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 09:31.

The public part of the meeting ended at 09:31.

Ailymgynullodd y pwyllgor yn gyhoeddus am 10:02.

The committee reconvened in public at 10:02

**Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?'—Fideo Grwpiau Ynni
Cymunedol**
**Inquiry into 'A Smarter Energy Future for Wales?'—Community Energy
Groups Video**

[3] **Alun Ffred Jones:** A gaf i eich **Alun Ffred Jones:** May I welcome you?

croesawu chi? Os caf i eich sylw chi, rydym ni ar eitem 4—ymchwiliad i ‘Ddyfodol Ynni Craffach i Gymru?’ Mae’r gwasanaeth cyfathrebu wedi paratoi fideo, sy’n dangos barn o gymunedau ar draws Cymru ar ddyfodol ynni craffach i Gymru, ac mae o tua chwarter awr o hyd. Felly, Celyn, a wyt ti isio dweud rhywbeth i ddechrau?

[4] **Ms Cooper:** Diolch, Gadeirydd. Mae’r fideo yma yn dangos barn nifer o brosiectau cymunedol ledled Cymru. Euthum i a gweddill y tîm allgymorth dros y gogledd, y canolbarth a’r de-orllewin er mwyn clywed barn prosiectau ynni lleol. O’ch blaen chi, mae yna ddarn o bapur sydd yn dangos i chi’r cyfranogwyr i gyd. Mae croeso i chi gysylltu â fi ar ôl gweld y fideo a siarad ymhellach ynghylch y cyfranogwyr yma os ydych chi isio cysylltu â nhw neu glywed mwy am y prosiectau eu hunain. Rwy’n gobeithio fod y prosiectau yma rydych chi’n eu gweld yn dangos ichi’r pwyntiau gwahanol maen nhw wedi eu cyrraedd yn eu prosiectau, fel maen nhw’n mynd ymlaen, a gobeithio bydd hyn yn eich helpu ar gyfer y tystion a fydd yn dod i mewn yn hwyrach y bore yma. Mae yna *translation* ar gael ar y fideo, felly bydd *subtitles* yn cael eu dangos hefyd.

[5] **Alun Ffred Jones:** Dyna chi. Wel, gadewch inni weld y fideo.

If I can have your attention, we’ve moved on to item 4, which is our inquiry into ‘A Smarter Energy Future for Wales?’ The communication service has prepared a video, which shows the views from communities across Wales about a smarter energy future for Wales, and it lasts about quarter of an hour. So, Celyn, do you want to say anything to begin with?

Ms Cooper: Thank you, Chair. This video shows the views of many people representing community projects throughout Wales. I and the rest of the outreach team across north, mid and south-west Wales went to hear the views of a number of local energy groups. Before you, you have a document showing all participants. You’re welcome to get in touch with me, once you’ve seen the video, and we can put you in touch with these participants, should that be your wish. I do hope that these projects that you will see will demonstrate the different points that they’ve reached in their projects, as they proceed, and, hopefully, this will assist you in your scrutiny later on this morning. Translation is available on the video, so there will also be subtitling.

Alun Ffred Jones: There you go. Well, let’s watch the video.

[6] **Ms Cooper:** Dyna ni.

Ms Cooper: There you go.

Dangoswyd DVD. Mae'r trawsgrifiad mewn llythrennau itelig isod yn drawsgrifiad o'r cyfraniadau llafar ar y DVD.

A DVD was shown. The transcription in italics below is a transcription of the oral contributions on the DVD.

[7] **Dawn Davies:** *What communities can do is to take responsibility for their own homes, their community centres and their public buildings by getting creative with things like micro-hydro and solar.*

[8] **Tom Latter:** *Community groups have a huge opportunity to influence the local authorities and to lobby Welsh Government as well. They have the opportunity to bring like-minded people together.*

[9] **Silas Jones:** *There's a huge role, potentially, to play, and also in keeping the money locally, rather than the money disappearing off to the big six and their shareholders in London, Frankfurt or whenever it may be. If we can produce the energy here in Wales, then we can keep some of that money in the local economy.*

[10] **Neil Lewis:** *With renewable energy, we can have this role—that we can own our own energy-generation company, keep the profit locally, develop it locally with local investment, and also use it locally. That would be the holy grail for us, that we could have an energy local model, like in Scotland, where we could sell the energy to our neighbours at good rates, and then, when the money comes back in as a profit, we can target fuel poverty and also low-carbon projects within our county.*

[11] **Dawn Davies:** *Well, I think there's a massive role that all those organisations can play. I think there's a lack of capacity within communities, some communities, at least, to understand what the possibilities are, and then, if people do realise and start to want to take action, there's still not necessarily enough of the right support out there to help communities to develop the capacity to take forward projects.*

[12] *I think, in terms of business, you know, if we can harness the business expertise and financial expertise that we may have locally, then I think that can be invaluable to community groups.*

[13] **Tom Latter:** *Local authorities need to be very much aware of the*

potential, because they're the ones that have to give planning permission, certainly for this type of scheme that we've been involved with.

[14] **Neil Lewis:** *In the ideal world, a local authority would become involved in energy production, but I think we're a long, long way from that, so I think the best we can do at the moment is for local community groups to develop their own renewable energy projects. Once the energy projects are producing renewable energy, then we can look at ways that we can use that within the community and reinvest the profit.*

[15] **Grant Paisley:** *Clearer strategies, priorities and policy frameworks in Wales that guide regulations at local authority and Natural Resource Wales levels, while supporting local ownership and development. We'll continue to be left behind and taken advantage of by the multinational developers, not delivering local benefits for using local resources.*

[16] **Menna Jones:** *Pan wy'n siarad efo'n bwrdd rheoli ni a siarad efo pobl leol, mae pobl yn deall pam fuasech chi eisiau rheolaeth dros yr egni yna sydd allan yna'n barod, a sut y gallem ni harnessu'r egni yna er budd pobl leol. Rwy'n meddwl bod yna lot o bobl â diddordeb yn hynny, yn hytrach na gweld cwmnïau mawr o'r tu allan yn dod i mewn, gwneud budd mawr allan ohono fe, ond nid yw'r arian yn sefyll yn lleol. Felly os rŷm ni'n edrych ar gynaliadwyaeth, rwy'n meddwl ei fod yn hollbwysig ei bod yn cael ei rheoli ar lefel cymunedol.* **Menna Jones:** *When I speak with our management board and speak with local people, people understand why we would need control over the energy that's already out there, and how we can harness it for the benefit of local people. I think a lot of people have an interest in that, instead of seeing large companies from outside the community coming in, benefitting greatly from that energy, but that money is not kept locally. So, if we're looking at sustainability, I think it's incredibly important that it's controlled at a community level.*

[17] **Silas Jones:** *Businesses working in partnership with community groups to deliver renewables on a large scale is certainly the way forward, I think: perhaps getting involved with large-scale windfarm developments and allowing community groups to be able to purchase a wind turbine, or being able to buy into a large solar farm, or buy investments in large combined heat and power units, would be certainly a way forward.*

[18] **Dawn Davies:** *I think until it affects people personally they're probably*

unlikely to get engaged unless they already have an awareness of, you know, how energy impacts them as community members.

[19] **Tom Latter:** *I think the best way is to start with something small and demonstrate the benefit, demonstrate how the income can come back to local communities, and I think that's really the best way.*

[20] **Neil Lewis:** *As for the smart energy network, I think you have to show them a direct benefit of lower bills, and we'll get there slowly. I think there's a strong correlation between producing your own energy and then knowing how to use it effectively and efficiently. I think that's the first stage, really: produce our own energy, offer advice, peer groups that can be trained to offer advice—neighbours talking to neighbours, that sort of thing—and then the advantages of LEDs, electric cars, smart grids, energy monitors, you know, peak load management, all those things. I think that will come into the normal vernacular one day, but I think we're a long way off that at the moment, though, obviously, people in the industry realise the potential that it has.*

[21] **Grant Paisley:** *I think the best way to engage communities in the smart energy agenda is to go out and work with them. We already have a lot of organisations doing that around Wales. Many communities are already interested. Just last month, we held an event in Llanberis for community energy groups that was attended by just over 50 people interested in local supply of renewable energy as a means of addressing fuel poverty.*

[22] **Menna Jones:** *Y ffordd orau i Menna Jones: The best way to get gael cymunedau i gymryd rhan yw eu communities to take part is by giving bod nhw'n gallu gweld llwyddiannau them the opportunity to see the cymunedau eraill. Rydym ni'n successes of other communities. gweithio ar brosiect yng ngogledd- We're working on a project in north-orllewin Cymru rŵan, lle rydym yn west Wales now to create a cluster trio creu clwstwr efo mudiadau with local organisations—five of us lleol—pump ohonom ni'n cydweithio are working together. Some of those efo'n gilydd. Mae rhai o'r prosiectau projects have got their hydro yna wedi cael eu hydro i gweithio. working. I saw a list one day of all the Gwelais i restr pw y ddiwrnod o'r holl steps they had gone through. Say, for gamau roedden nhw wedi bod example, there are 20 key trwyddynt. Dywedwch bod yna development steps you need to take rywbeth fel 20 prif gam ddatblygu before you get the turbine to turn—I tan eich bod chi'n cael y tyrbin i think we are, perhaps, at step 3 and*

*droi—rwy'n meddwl ein bod ni, they've arrived at step 20, even
efallai, ar gam 3 a'u bod nhw wedi though it feels as if we've done a lot
cyrraedd cam 20, er ei bod hi'n of work already. But if I see another
teimlo ein bod ni wedi gwneud lot o community has been successful, and
waith yn barod. Ond os ydw i'n gweld if other communities see Antur
cymuned arall wedi cael llwyddiant, Waunfawr, two years later, then
ac os yw cymunedau eraill yn gweld having had success, I think it's a real
Antur Waunfawr, wedyn, mewn dwy spark to see how possible it is to
flynedd, wedi cael llwyddiant, rwy'n achieve it.
meddwl ei fod yn sbardun go iawn i
weld pa mor bosib ydy o i'w wneud e.*

*[23] Silas Jones: Most people are engaged with their pocket and how much
things are costing them. So, if we can persuade people that, if we can
develop a smart energy grid in Wales, we are going to produce more money
in the local economy and we're going to be keeping the money in the local
economy, then I think people will come on board.*

*[24] Tom Latter: Our main motivating factor was the issue of the need to
get away from fossil fuel generation and also to be aware of bringing money
back into the community.*

*[25] Neil Lewis: —Betws mountain in Ammanford, and, apparently, those
wind turbines are owned by multinational companies, and a lot of the profit
is being taken out of the communities that are putting up with the wind
turbines and the opencast coal mines and the solar panels, and it's leaving
the community. I think Wadebridge in Cornwall is a great example, where
they can produce £6 million from tourism, which they work hard at all year
round, but they're spending £13 million on energy bills. So, the thought of
creating the energy locally, by a locally owned company that local people
have invested in, and then keeping the money within the community and
obviously having the multiplier effect, and the money goes round and round,
the energy goes round, it becomes more effective. Because don't forget, the
lower your energy bill that you're paying one of the big multinationals, the
more money you've got to spend down the local shop. So, I suppose it's all
about being a bit clever and 'stop being so twp'.*

*[26] Well, I'd love to say there aren't many obstacles to community
renewable energy schemes, but that's not the truth. The truth is that there
are many obstacles and it's incredibly complex. I suppose if you start from
basics, communities very rarely own land and they very rarely have any spare*

money, so that's a bad starting point when you're trying to develop a multimillion pound business. However, with the support of Welsh Government, through Ynni'r Fro, we've been able to do the early feasibility work. Trying to work with local authorities—obviously that's been a bit of a challenge in itself, but there's been some co-operation. The main obstacles, I suppose, have been the permission system. The planning system doesn't give any credit to community-owned renewable energy schemes, it just judges it on its merit. Obviously, capacity of developing these schemes; it's a highly complex issue, lots of time required, a lot of head space needed to put into this, when you're trying to bring up families and all the rest of it. But I think my main gripe would be the permission system—not just the planning system, but also Natural Resources Wales when it comes to hydro schemes.

[27] **Tom Latter:** Planning and grid connection capacity, really. Planning is—obviously, with wind turbines, it's probably more difficult than with other things because of the controversy in some areas over wind development, but then hydro schemes you might think would be easier in that respect, but require an awful lot more permits to develop. I understand for hydro schemes you need eight permits to get a scheme up and running. So, life could be much simpler, really, and I hope Welsh Government can help with that.

[28] **Silas Jones:** The Westminster Government, clearly, is not keen on renewable energy, or certainly community renewable energy. We're seeing a reduction in the feed-in tariff and we're also seeing the taking away of the tax incentives, which I mentioned before, and so we really need pressure to be put on Westminster to change that for community groups, if possible, and I think the Welsh Government has a role to play in that.

[29] **Grant Paisley:** We've spoken with the Welsh Government, helping them to design Ynni'r Fro 2, and we're working alongside the Welsh European Funding Office to try and begin a project that will help us overcome these barriers and ensure that there is expertise coming into the communities to help more community energy projects develop.

[30] **Michael Paice:** In getting this scheme to where we are, we've hit a lot of obstacles. Some of them have been caused by the Welsh Government, some of them have been caused by local factors. It's taking a long time to get agreements with various people. I think Natural Resources Wales are probably the people that are holding us up still, and it's been very, very frustrating that it's taken so long and we've lost quite a lot of our potential

income from this.

10:15

[31] **Dawn Davies:** *Well, I think some countries have set targets for community energy projects, and, you know, there's got to be—. If Wales did that, there would have to be a concerted effort, with everybody joining together to meet those targets, because I know targets can be turned against you at times, can't they? But, I think, you know, Germany, Scotland even, something closer to home, I think they've met their community energy targets, so I think—. And there are probably other countries as well that we can learn from, but, certainly, seeing the amazing amount of electricity that's being produced by community-owned projects and renewables in other countries, you know, I think Wales is the right size country to follow suit.*

[32] **Tom Latter:** *I think the Welsh Government's aware of what has happened in Germany, which is really amazing, and there are hundreds of community-owned energy co-operatives, which are developing renewable projects there. And it would be great if we could do something like that in Wales, and I'd see no reason why not. We have huge potential for renewable generation and we can supply not only our own communities, but export to England as well.*

[33] **Silas Jones:** *If you look at other places, such as Scotland and Germany and Denmark, they've done huge amounts. They own their own power, they own their own—. They have smart grids, and, even, in some countries, they own their own grid. And what we can learn from them is that it's doable. And, hopefully, we can pick up on their positivity and their can-do attitude, which I think we are lacking a bit. We're a little bit cynical sometimes, and a little bit pessimistic about what we can achieve, and I think we can learn from other countries that just as ordinary people coming together, working together, we can do these things. We can do incredible things, and build windfarms and solar farms, and we can deliver electricity to our local community, and even heat to our local community. It can be done, and it has been done.*

[34] **Menna Jones:** *Mi wnaeth Menna Jones: The Welsh Government Llywodraeth Cymru fod yn flaengar were very innovative when they said iawn, gan ddweud bod yn rhaid cael that there was a need to have a partner preifat cymunedol a statudol private, community and statutory i greu canolfannau ailgylchu yng partner to establish recycling centres*

Nghymru. Felly, gawson ni ein in Wales. So, we were invited to work gwahodd i weithio efo Cyngor with Gwynedd Council at the time, as Gwynedd ar y pryd, fel rhan o'r part of this strategic recycling 'strategic recycling scheme' yma. scheme. We were part of a project Roeddem yn rhan o brosiect dros £3 worth more than £3 million to get miliwn i gael grantiau a chreu grants and create Caerylchu, a Caerylchu, sef canolfan adennill materials recovery centre in deunyddiau yng Nghaernarfon, sydd Caernarfon, which is really important yn bwysig iawn o ran aildddefnyddio in terms of using recyclables in ailgylchu yng Ngwynedd. Gwynedd.

[35] Beth buaswn i'n ddweud ydy: What I would say is: imagine if we meddylwch petai ni'n gallu cael y could have those kinds of targets in math yna o dargedau yn nhermau terms of community energy provision darpariaeth egni cymunedol yng in Wales, so that we have that vision, Nghymru, fel bod gyda ni'r then we all have all these community weledigaeth yna; wedyn bod gyda ni i plans fitting in, and we have the gyd y cynlluniau cymunedol yma i same success in terms of, say, hydro gyd wedyn yn ffitio, a bod ni'n cael yr schemes or ground source—whatever un llwyddiant o ran, dywedwch, they are, that we have the same focus cynlluniau hydro, neu 'ground and success with community energy. source'—beth bynnag ydyn nhw, ein bod ni'n cael yr un math o ffocws a llwyddiant efo egni cymunedol.

[36] **Alun Ffred Jones:** Is that it?

[37] **Ms Cooper:** Yes.

[38] **Alun Ffred Jones:** Okay. Diolch yn fawr. Interesting voices. Comments? Jenny.

[39] **Jenny Rathbone:** Location is everything, in terms of when you're making a video, and, having gone all the way to Corwen, it is disappointing that you didn't actually go to where the hydro scheme was going to be built, because, otherwise, you might as well be interviewing them in Cardiff. And, similarly, the lady from Bridgend seemed to be sitting in front of City Hall in Cardiff, or maybe somewhere in Bridgend that looks similar. But she's supposed to be representing the communities of this Garw valley, and, if you're using video, it's not radio with a light on. And, in any case, it gives you some cutaways so that you can actually shorten their contributions.

Otherwise, before we put it out into the public domain, I suggest that the subtitles need to be larger, as indeed the chapter headings, because it's just not possible to read them.

[40] **Alun Ffred Jones:** Is it for public consumption?

[41] **Ms Cooper:** We will be putting it on YouTube.

[42] **Jenny Rathbone:** Well, I hope it is.

[43] **Alun Ffred Jones:** The main point of the exercise, of course, is to gather information from people, so that you don't have to ask them to traipse to Cardiff to give their views.

[44] **Jenny Rathbone:** No, absolutely.

[45] **Alun Ffred Jones:** But your comments are noted, obviously. Mick.

[46] **Mick Antoniwi:** I noted three points. Many of the others are, I think, generic things. The first one is the planning system not giving credit to community energy schemes. The second one was in respect of hydro and the actual scale of the permit system, and the third one, which I'd like to explore more, is the discussions going on with WEFO about potential projects. That'll be something quite interesting to know more about, because it's clearly a funding source for—

[47] **Alun Ffred Jones:** That was Grant, was it? You said that?

[48] **Mick Antoniwi:** I wasn't sure whether it was Grant or whether it was about the—

[49] **Alun Ffred Jones:** Grant placed the—. One of the people said that about WEFO. Anyway, I think you've noted the very pertinent points. Joyce.

[50] **Joyce Watson:** Learning from—. They gave a range of ideas, and they gave a range of experience to us. If we can collate that in terms of moving forward to the next stage, if we're going to have an Ynni'r Fro 2 or any other next schemes, it would be almost a waste of this information not to make some recommendations about how we could iron out the creases that were apparent—and they talked about 20 stages to go through. 'Do they need to go through to 20 stages?' was the question I was asking, and could those 20

become three or four?

[51] **Alun Ffred Jones:** Well, hydro, certainly, because of NRW permits, certainly needs—I think it's nine that were mentioned there, but there are other issues as well that they have to go through. You'll hear more of this, of course, from the testimony of the last group of witnesses today. Yes, William?

[52] **William Powell:** Chair, I thought there was a good range of schemes being reflected in the video. I agree with the points that Mick highlighted, but I think also there's the importance of keeping money in communities, and developing that local use of the natural resource is really important. That was emphasised by a range of speakers, memorably by Neil Lewis, I think, at the end. That's something that we need to address, and looking at the issue that Jenny spoke of earlier, and which I raised in Plenary previously, about the ability to sell energy to neighbours and keeping that benefit more local than is often the case.

[53] **Alun Ffred Jones:** Yes. Janet.

[54] **Janet Howarth:** I think it's interesting, the comments about the frustrations in the consents system, and I think what we would find helpful is doing a bit more research work with these community groups and producing a flow chart based on their experiences. So, on one page, you see what they had to do, who they had to do it with, how long it took, what it cost, and where the blockages are in the system. If we're going to make any suggestions about that consents system, I think we need that evidential research to look at that.

[55] It's also flagging up, I think, a major role for our local authorities in whatever form they eventually end up, because there is the issue of sustainability. It is difficult getting volunteers and local champions together to move a project forward, but to sustain that into the generations, 10 years on, 20 years on, there is a role for the local authorities, almost as guardians of that process, so that, if there are any difficulties and it looks like this project isn't going to continue, there is some professional expertise that can be brought in to assist at that point.

[56] And I completely agree with the business of the big energy companies. We need to be very careful. We are very pro-German in this committee. Just remember that RWE is a big, international energy company that builds dirty

coal power stations as well. So, just remember who you're dealing with here. When they get behind a community energy project, most of that money is going to be banked away from Wales, and it is going to fill the pockets of shareholders who maybe don't even live in Germany.

[57] **Alun Ffred Jones:** Well, it won't be a community project, therefore.

[58] **Janet Howarth:** Oh, there will be some money, if you look at—

[59] **Alun Ffred Jones:** No, no; there is a difference between a community project and a handout to the local council or whoever in terms of—

[60] **Janet Howard:** Exactly. They will promise handouts, and they will be—

[61] **Alun Ffred Jones:** Well, that's not a community project.

[62] **Janet Howarth:** They will have been in their helicopters, all over Wales, identifying good locations. So, I would say: just be clear about what you're dealing with.

[63] **Alun Ffred Jones:** Yes, I think you said. Russell.

[64] **Russell George:** Thank you, Chair. There was a mention of communities wanting to take forward a project but not owning land. I thought it was quite important to do a bit more work on that, because I've seen that myself, in my own constituency work. There were comments that a community wants to take forward a project, but they're struggling to get the land in order to do it, because the kind of people who want to take forward a project and have that mindset don't actually own the land very often. The other point was, there was a point on NRW holding up projects, and we've had this in committee before—evidence on that—with regard to hydro schemes. It's the whole balance of holding back a project versus potential environmental impact. I don't think we've explored that much in this committee with NRW, so perhaps we should as well. I thought the video was very good. I suppose it is a public video because, of course, it's part of this committee's proceedings, which are public.

[65] **Llyr Gruffydd:** I think the point was made a couple of times about the need for community energy targets. I think that's not something that we've really looked at in our deliberations—how setting a target is actually driving the growth of community energy in other countries and how that maybe

should be replicated here in Wales.

[66] **Julie Morgan:** I was going to make that point, because I think that video did give us a real reason why we're doing this inquiry, because it's sort of calling out, I think, for some sort of strategic drive to these sorts of projects. I was struck by—I can't remember who said it—the point about people becoming cynical and pessimistic. One of the people said that, and I just think it illustrated that we need a big drive on this from the centre, to enable the community to do it locally and have the benefits locally. I thought it illustrated that.

[67] **Alun Ffred Jones:** I think you've summed up a number of the—sorry, did you want to come back, Jenny?

[68] **Jenny Rathbone:** I just wanted to add to that. I thought Menna Jones was very good at describing the targets they were given for recycling in Gwynedd and how, if they'd had targets for community energy as well, they would have made much more progress.

[69] **Alun Ffred Jones:** Just summing up, perhaps we might want to reflect on, in terms of what Janet said about perhaps trying to get the experience of one or two of these projects, how long it took and where the impediments were. That might be useful, if that can be done, and perhaps we should consider asking NRW in—are they coming in?—and asking them about their approach, because I think it would be interesting to get their take on this as well.

[70] **Janet Haworth:** On that point, Chair, NRW are well placed to know about locations as well, particularly with hydro. We do have old hydro sites. There's one at the back of Penmachno. The structures—some of them are still there.

[71] **Alun Ffred Jones:** Many have been reused.

[72] **Janet Haworth:** We do have reservoirs with dams that do not have turbines in them, and we have issues with the dams on our reservoirs. Some of them are quite old and require significant inspection and maintenance. We nearly had a very serious problem a year back, didn't we? So, these are assets, aren't they—resources? I think we just need to look at if there are delays in that flow chart, then it may be to do with the resourcing of NRW—that they just can't get the work done, timely.

[73] **Alun Ffred Jones:** Right, do you want to add anything else?

[74] **Mr Simpson:** Just a couple of observations, Chair. In relation to the video, I don't know how much work is still possible to do, but my thoughts were, first of all, there were some really good comments, but the backdrops were all static. You just, as an outsider, wouldn't get the feeling that anything was happening in Wales from all of those static backdrops. So, I just felt that you wouldn't know the wind blew, you wouldn't know you had hydro schemes, you wouldn't know there were any of those. It wasn't an engaging set of backdrops. If you want to use this—and I think some of the comments are fantastic—then somehow it needs to draw people in, rather than parking them somewhere else. And, the point about the labelling and stuff just needs tidying up, so that it's readable. But, it probably needs to end with challenges, so people are engaged in the question.

[75] For the committee, I think the point about community is really important, because what we need to remember is, in Germany, they had exactly the same problems. The way they got around this is the general Government, or rather KfW bank, commissioned a couple of people from Deutsche Bank to go in and say, 'No, let's ask the communities about the hurdles'. But, they said to the banks, 'You work out how to set out a set of protocols that simplify this process'. So, they simplified it from the centre. Then, they said, 'When schemes come in, you can't be expecting communities that want to be engaged to come in with experts in planning, experts in law, experts in whatever. So, you simplify it.' The banks now have pro formas for most of the stuff. So, your community, when it comes in, is hand held. It doesn't always have to reinvent the wheel. So, this may be something that needs to be fed back to the Assembly as a whole, about what Wales could do to simplify the process.

[76] **Alun Ffred Jones:** There are plenty of ideas there. We'll take a break and come back at quarter to—

[77] **Julie Morgan:** I thought we were going straight on—

[78] **Alun Ffred Jones:** No, we're having a break now and we'll come back in a quarter of an hour. Thank you. Diolch.

*Gohiriwyd y cyfarfod rhwng 10:31 a 10:44.
The meeting adjourned between 10:31 and 10:44.*

Papurau i'w Nodi Papers to Note

[79] **Alun Ffred Jones:** Welcome back to the second part of this morning's committee. I think we'll just take the papers to note. There are three papers there, from the Minister, ScottishPower and the Deputy Minister for Farming and Food. Are you happy to note those papers? Right. Diolch yn fawr.

Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?' Inquiry into 'A Smarter Energy Future for Wales?'

[80] **Alun Ffred Jones:** Symudwn **Alun Ffred Jones:** We will move on, ymlaen, felly, i eitem 5, sef rhan o'n therefore, to item 5, which is part of hymchwil ni i 'Dyfodol Ynni Craffach i our inquiry into 'A Smarter Energy Gymru?'. Mae gennym ni ddau dyst. Future for Wales?'. We have two witnesses.

[81] We have two witnesses in this session. Then, as I said to some of you, I hope then to start the next session of witnesses sooner than is indicated in the timetable. Obviously it depends on how this session goes. Diolch yn fawr. A very warm welcome to both of you. Thank you for coming to help us with our inquiry. We'll give you a second to settle in. Can I just introduce you to our special adviser, Mr Alan Simpson, who will undoubtedly have a question or two before the end, after the Members have gone through some of their questions? So, to begin with, can you just introduce yourselves and the bodies that you represent? You may say something about the work that you do as well, perhaps, as an introduction.

[82] Pwy sydd am ddechrau? Who wants to start?

[83] Robert Proctor.

[84] **Mr Proctor:** I'm Robert Proctor. I'm the business development manager for Community Energy Wales. We're set up as a membership organisation for community energy groups across Wales to represent their views, and to provide opportunities for networking between community energy groups throughout Wales to support the community energy movement.

[85] **Alun Ffred Jones:** Are you supported by the Government in any way?

[86] **Mr Proctor:** Yes. We're currently receiving Welsh Government funding for this year in order to establish our membership offer, set up our website, and carry out some research on behalf of Community Energy Wales.

[87] **Alun Ffred Jones:** Diolch yn fawr.

[88] **Mr Hyman:** Merlin Hyman. I'm chief executive of Regen SW. Regen is a not-for-profit organisation that supports the development of renewable energy, and particularly community energy. We run a network of support—and we have done for nearly five years now—for community energy groups, principally in the south-west of England, but also more broadly across the country. We work with the Department of Energy and Climate Change, the Welsh Government and others to provide specialist advice in areas around community energy.

[89] **Alun Ffred Jones:** Diolch yn fawr. Llyr, a wyt ti eisiau dechrau? **Alun Ffred Jones:** Thank you. Llyr, would you like to start?

[90] **Llyr Gruffydd:** Yes. I'd like to kick off with questions around funding and financing community energy projects because it has been a prominent feature of the evidence that we've received; people feeling that it is an issue, although I noted in your paper that you don't see finance as a fundamental barrier. So, I was wondering whether you could expand on that a little bit and maybe we could talk a little bit about what models there are out there to help fund some of these community energy projects.

[91] **Mr Hyman:** Yes. If we can distinguish the barrier between a project that is financeable and then the availability of funds, of money, the principal barrier for community energy groups is to develop, in a very complex arena with a very rapid changing policy framework, projects that are financeable that will make money and pay back their investors. Once they have got to that point, then we have not found, certainly in England, the availability of finance for those projects to be, at that point, a major barrier. The principal mechanism for finance has been local share offers. So, I launched yesterday Exeter Community Energy's share offer for £390,000. That's one of at least 10 share offers currently live in the south-west of England alone, totalling on the way up towards £50 million. So far, almost all of those local share offers have been successful. So, where groups have got to the point where they have financeable projects, funding has not been the barrier. Attempts from the Green Investment Bank, for example, to see how it can add value to this

sector have really got not very far because no-one's quite seen the gap that they are filling. The challenge is to help these groups get off the ground and develop financeable projects, particularly now with the changing policy environment, where it's very difficult to build a sustainable business model for a community energy group going forward.

[92] **Alun Ffred Jones:** Did you say £50 million or £15 million?

[93] **Mr Hyman:** Fifty. That's a slight top-of-the-head figure, but it's heading towards that number.

[94] **Alun Ffred Jones:** Llyr?

[95] **Mr Proctor:** Just to add to that, I think I'd agree with Merlin. Once the groups get to a stage where they've got through the planning process, they've got all their permissions and they're ready to build the project, then financing up to this point hasn't been an issue for groups. The issue in Wales, in particular, has been getting groups to that point where the schemes are ready to build the project and raise the finance to do that. I think, with the announcements from Westminster and the DECC recently, that may change now. Certainly, the evidence from groups in Wales is that they are now struggling to have a viable business plan that means that they will be able to raise finance in order to build schemes. So, I think that is an issue certainly going forward that hasn't been an issue to date.

[96] The major issue has been the smaller amounts of money initially to help get them through planning. That's been where groups have struggled, but we have got a scheme in Wales, the community energy fund, that is administered by the Robert Owen Community Banking Fund, where groups can apply for a risk-free loan—where, if the project doesn't go ahead, it doesn't have to repay the loan—to help them through those initial stages. But, if it does go ahead and it does get the planning and it does get built, then they have to repay that at a fairly high interest rate. But the advantage is that it's risk-free, so, if they don't get that far forward, they don't have to repay that. So, that might be something to look at in the future to help groups get to that stage.

[97] **Mr Hyman:** Just to endorse that, the critical issue is the first few thousand just to try and get going and then the £20,000 to do the feasibility work for a project. In England there are similar Government-led schemes—the rural community energy fund and the urban community energy fund—

which allow you to apply for up to £20,000 in grant, essentially, to get your project going.

[98] **Mr Proctor:** One other point is that there's the Ynni'r Fro programme as well, which does provide some of the funding, but I think possibly some greater flexibility within that programme so that groups can decide how best to use the funding that's available through that scheme would make it a much more useful scheme for groups. So, that could be something to look at as well.

[99] **Llyr Gruffydd:** So, would you see a clear role for Government in providing some of that or facilitating some of that, clearly avoiding any state aid issues, but being a key source of that funding coming forward?

[100] **Mr Proctor:** Yes. That's certainly very beneficial. Looking at Ynni'r Fro, one of the challenges for Ynni'r Fro is that it's been very successful at getting groups off the ground, getting them interested in community energy and getting them to a certain point, but the challenges have then been out of the Ynni'r Fro programme's control—issues with planning particularly, you know, getting groups through planning; there were a number of issues with licensing through Natural Resources Wales, but I think those are improving; and there are issues with grid connections, particularly in rural parts of Wales. So, if you're looking at, I suppose, a return on investment, we need to resolve some of those issues if we're going to be putting Government money—. But it's also not just Government money; it's also the people's time, because these people have put a huge amount of time into these projects and have been supported through the Ynni'r Fro programme to take it forward and then, unfortunately, due to planning issues or grid connection issues, they've got to a point where they're struggling to take those projects forward. So, we really need to make sure that we maximise our investment in these projects by helping smooth out those issues along the way.

[101] **Alun Ffred Jones:** lawn. Jenny Rathbone.

[102] **Jenny Rathbone:** On the video we saw earlier, we heard from Tom Latter from Transition Bro Gwaun, which is the first Ynni'r Fro-supported wind project to be completed. What is it about that project that enabled it to make it? You know, it's happened. You describe these barriers, so what was it about that project that meant it did actually get there?

[103] **Mr Proctor:** I don't know. Certainly, they've been around for a long

time. They've got a lot of very experienced individuals involved in that project. I suppose I probably don't have enough detailed knowledge of that exact scheme—

[104] **Jenny Rathbone:** Okay. Well, let me ask the question the other way round, which is: why have we missed the boat so substantially in terms of the now disappearing feed-in tariffs? We've paid into them, but we've got nothing out of them.

[105] **Mr Proctor:** I think, ultimately, the biggest problem as I see it has been the planning issue and the fact that I don't think local authorities generally in Wales have really got on board with community energy or understood the benefits of community energy for the local area. They have not been supportive of community energy, unfortunately, in Wales. I think, if we're looking forward in Wales, something that they did in Scotland that I think helped encourage support from local authorities was setting targets on community-owned energy. I think if we set targets on community-owned energy, but set them at a local authority level, so local authorities have those targets, then it would encourage a more proactive role in terms of supporting community energy projects. The whole planning process is, you know, a very back-and-forth, back-and-forth process; it takes a lot of time. Community energy groups put their proposals forward, having had a lot of discussion with the local authority and then, ultimately, they get knocked back. I'm not sure with Transition Bro Gwaun, but I assume—did it go to appeal? I'm not 100 per cent sure on that.

[106] **Alun Ffred Jones:** Okay, thank you.

[107] **Mr Hyman:** Just to comment briefly on that: one thing is, when we started, six years ago now, trying to support community energy, we thought we'd support the first couple and they'd be trailblazers and show the way. Then we found that there was rather a gap below that. We found that the first couple were not actually that representative, because they had particular circumstances—perhaps a very inspirational expert leader whom not everyone else could copy, and they almost put off some of the next round of groups. So, we found it quite hard then and realised we had to work harder to get the next—to start to make this more mass market, take the next round of groups through and build a broader network that could support each other, rather than just one or two.

[108] I'd just endorse the point that community energy works best when you

have a partnership between local authorities and community groups, local authorities recognise the benefit and they don't try and squash it or take all the best sites for themselves. You know, they recognise the benefits of community energy and they work in partnership to encourage and support it.

[109] **Jenny Rathbone:** Well, the challenge is to avoid the inverse prosperity law, so that the better-off communities with all these professionals get in on the act, but the communities that most need these schemes, the former coalfield communities, for example—. How are we going to achieve that in Wales?

[110] **Mr Proctor:** I personally think if people want to—the reason why people do this is to improve the local communities. I think, in every community, you've got wealthier people and less wealthy people, so I don't think we want to be in a situation where we say, 'Well, we're not going to support groups in this area, and we are going to support groups in this area'. If we get an understanding of what the benefits of community energy are for local communities throughout Wales, and that's from right at the top at Welsh Government right down to local authorities to community councils—you know, a real understanding of what the benefits of community energy are—. As Merlin said, once you get a few examples then people can actually start to see the benefits—. Until you get some examples up and running, it's difficult to demonstrate the benefits really effectively.

[111] But, actually, a number of schemes are in less well-off areas. So, you've got Awel Aman Tawe, for instance; that's in a poor area. The Egni project was in a deprived area, so was the Taff Bargoed project, and then you've got some rural projects up in Snowdonia in—

[112] **Alun Ffred Jones:** Can I—? William Powell, and then Joyce Watson.

[113] **William Powell:** Diolch, Gadeirydd. Good morning, both. I think, in the context of the difficulties in getting enough of an understanding of community energy, the appointment of Chris Blake, the chair of Community Energy Cymru to the board of NRW—poacher turning gamekeeper, to some extent—has been widely welcomed. In evidence that he's submitted from the Green Valleys, he suggested that one of the issues with community projects is that they lack the scale, very often, to succeed. Is that something that you'd agree with, broadly?

[114] **Mr Hyman:** I'm very ambitious for the development of community

energy and for community energy to become the backbone, and for all renewables to become, at least, in a sense, community projects. That does mean scale, but, often, I think we have to let communities make some of their own decisions about why they're doing this and what their objectives are. Some of those projects may be relatively small.

11:00

[115] They may be projects that are cheaper—PV for free on social housing in their community, or PV on a community building roof. The critical thing, from my experience, is, once the group has got to a point where it can actually build a project—. This is not a simple thing to do. They are becoming power station operators to a greater or lesser extent. Whatever scale, it is a very complicated thing to do. They are raising funding, and once they have got to that point and they have an entity, a constitution, a skill base and an asset, then there is every chance that they can build off that to do bigger things. So, we support large and small equally, and I wouldn't personally try and aim support more at bigger projects. Though I want scale to come, I think that will come naturally out of supporting the full range.

[116] **Mr Proctor:** I probably agree with Merlin to some extent. I suppose the only thing now—and possibly, that's a point that Chris is making—is because the support for renewables in general through the feed-in tariff is changing significantly, we may need to look at what scale is the most likely to support or have a viable business plan. So, it might be that certain sizes and types of projects are more likely to be viable than other types of projects. In that case, I think we can advise communities: 'If you want this to be successful, then, you know, perhaps this scale is where you are going to get the best return on your investment.' But I certainly wouldn't want to be prescriptive and restrict communities from developing projects that are suitable to them. I think that that was maybe another slight issue with the Ynni'r Fro programme: it focused on quite large schemes. We could have actually got a number of smaller schemes up and running and had some success, and then been able to promote that. Then, that would have supported the larger schemes in any case.

[117] **William Powell:** Thank you. One other thing that came through loud and clear in the video that we saw earlier is quite how complex the planning and licensing framework still is. In that context, do you think that it would be beneficial if community groups had the support of signposting, maybe from project officers, rather akin to what happened under the much-celebrated Tir

Gofal agri–environment scheme, to actually give individuals and clusters of project managers greater support, and hopefully fostering collaboration as well?

[118] **Mr Proctor:** I think there's definitely an opportunity. In Wales, if we look at the sector, although maybe we haven't got as many schemes off the ground as we'd want to, we've built up the capacity of a lot of different people in the community energy sector. A lot of those people now have a lot of skills and expertise around planning and getting projects through planning. We have got some schemes now off the ground. Also, I think that part of Community Energy Wales's role is bringing in outside organisations—private organisations—who also have that experience to be able to support groups, to be able to get through planning and link those groups up. So, I think that, in terms of support, we want something that's flexible and that provides the support that groups need, whatever stage that they are at. So, it might be at the planning stage—

[119] **Alun Ffred Jones:** Can I bring Joyce Watson in here?

[120] **Mr Proctor:** Yes.

[121] **Joyce Watson:** I want to keep on with the idea of planning but in a much wider usage. It seems, from everything that we've heard, that planning is looking particularly at producing energy in some form. I want to—and you started with it, Merlin—ask about joining up planning in its comprehensive nature of what it deals with, and here I am thinking about housing, particularly, and new build. Have you got any examples where the planning departments have thought more widely along the lines of what is a community energy producing scheme that they could bring forward alongside their commitment to build housing that they all have at the moment—particularly now, when they are producing their local development plans? Surely, this has to fit in there, and it would ease all the other issues that are coming to the table.

[122] **Mr Hyman:** The two have never really met, is the truth. Local authorities have been trying to get higher carbon standards for new housing and higher levels of renewables linked to new housing, without a great deal of success because Government policy has started down that route and then changed and been pulled back, and it's left local authorities very uncertain about what they are allowed to require and not require. The link in then with communities, and thinking about the potential links between new build and

community energy I think has been—. I just don't see that—. At the moment, in the local authorities, we deal with the resource in the planning team to have that kind of strategic approach. In England, the closest I've seen is in Cornwall, which has quite a substantive planning team, and they have come out with a supplementary planning document, which puts a lot of emphasis on community energy, and if you're going to get permission for a renewable energy project in Cornwall, essentially you have to have a community element in it now. But, in terms of linking that in with new build, I haven't seen that.

[123] **Mr Proctor:** I suppose one point that might be beneficial in Wales, and what we don't currently have, following on from the Localism Act 2011, is the community rights opportunity for local communities to identify either bits of land or buildings within the local community that they feel would be an asset to the local community. I think there has been an opportunity, another opportunity with local authorities, to put things like solar PV on the roofs of their buildings, and there are communities that have looked into doing that. But, again, it's—. There are some examples in Cardiff, for instance, where that's happening on quite a small scale, and Swansea have been looking at it as well. But I think it's something that we could take more advantage of. And I think it's the same with social housing—potentially a partnership between a community scheme and a social housing provider, or maybe the community providing the PV or something. You know, something like that, as long as there's a business case for that.

[124] **Alun Ffred Jones:** Julie Morgan, did you want to come in on the schemes?

[125] **Julie Morgan:** It was just following up—. You said that there are people who've learnt the expertise about planning, for example, and can come in and advise. How much sharing is there of good practice between the different groups? How much is that able to actually happen?

[126] **Mr Hyman:** I can give an example more from the England experience, and we do try and connect up Welsh groups with the work that's going on in England, so there is some connection. The critical experience for us in supporting the development of community energy over five or six years, as a not-for-profit body, has been about building a network and providing flexible support. Initially, that's a lot of us providing training; we're fortunate in having quite a lot of expertise in-house, but we can bring in other experts, training and support. But, increasingly, we find that the calls for expertise are

then coming up from the communities, so rather than a structured, perhaps Government-funded programme, with a certain timeline, and certain objectives and tick boxes, one is able to respond flexibly to what the communities need.

[127] We now find that, more and more, what we're doing is bringing a network of people together to support themselves. We had a quote from one community group the other day, and they said to me, 'Well, I can ask Joddy about wind; I can ask Chris about hydro, and they'll have the answers'. So, if you have a flexible support system, which focuses on the support that communities need at the right time, small amounts of funding to help them get going and increasingly enables peer-to-peer mentoring, rather than a very kind of structured, top-down approach, which is what Governments tend to end up with when they structure support programmes—our experience is that that has worked much better.

[128] **Julie Morgan:** And how is that reflected in Wales?

[129] **Mr Proctor:** In Wales I think we've got a good example in the Renew Wales programme, which provides peer-to-peer mentoring—that's for climate change projects in general. But, in a very short space of time, in less than three years, it significantly contributed to the development of Egni, the first PV co-operative in Wales; a project with Narberth Energy, which was with a local leisure centre that was community owned, which installed a biomass boiler; and it was also helped with the share offers of Anafon hydro, and supporting schemes like Garw power and Corwen hydro. So, that's a good example of how that sort of peer-to-peer support can have very, very quick results, and it brings people together. I think the role for Community Energy Wales is to provide that sort of function in a purely community energy environment.

[130] **Alun Ffred Jones:** Joyce, did you want—? Sorry, Julie; carry on.

[131] **Julie Morgan:** I was just going to say: what about international co-operation? Does that happen?

[132] **Mr Hyman:** I think there's more room for that. We've run a session with Western Power Distribution in Cardiff, and I've spoken at a number of events and a number of Welsh groups have come over to events and things we've run, and they will always be very welcome. So, yes, I think there are opportunities in there, but you do of course have to recognise that there are

differences in the regulatory and financial systems—

[133] **Julie Morgan:** I suppose I was thinking beyond England and Wales, really.

[134] **Mr Hyman:** We've run a European support project with seven or eight communities across Europe, and part of that was that there were visits between people. It's interesting, actually, that our UK projects won European awards as the best community projects. So, I think there are things to be gained from overseas—certainly inspiration from going to places like Germany. There are two limitations. One is that, once you get to the detail, the regulatory and financial systems are different, and therefore you can't just take them straight and say, 'Well, the Germans did this; therefore, we can do the same thing.' You can get ideas and inspiration, but it's a lot of work to apply it locally and very different systems. Some of them have been mandated. In Denmark, you have a requirement to let communities invest within a 20-mile radius of a new windfarm or something. But it's very top-down, actually. In some ways, I think our opportunity here to build a bottom-up community energy movement that's really driven from below is almost greater, and there's the opportunity to leapfrog some of what's gone on in Europe, who've perhaps moved earlier but in a slightly more regulated, structured way.

[135] **Alun Ffred Jones:** Joyce, did you want come back on this?

[136] **Joyce Watson:** There is only one final question that I want to ask. When you talk about the community producing energy, do you also look at any potential impact on another community? I'm thinking here particularly about biomass or woodchip. It's all very well and good giving cheap energy to somebody here, but it isn't very good if you're actually displacing the community elsewhere because you're not mindful of where your fuel is coming from. I have to ask it because it's a big bugbear of mine, but it also fits into the future generations Bill, where we have to be mindful.

[137] **Mr Hyman:** Is there a particular example of that you're thinking of when you mention woodchip?

[138] **Joyce Watson:** I'm just thinking generally. Is it the case that built into producing energy for one community, there is also built in a realisation of what you do not impacting on another, wherever that community might be, because it might not be in this country?

[139] **Mr Hyman:** What I would say is that my experience of the community energy groups is that they think through these kinds of issues in a great deal more rigour and detail than a commercial alternative. So, if you want an energy project that is likely to think through its full life-cycle carbon impacts on broader communities, then the best way of doing that is to support community energy because it's embedded in what they do. A lot of them grow out of transition groups; they're very aware of their impacts on localities and more broadly—

[140] **Joyce Watson:** So, you're telling me that there would never be, in this case—

[141] **Alun Ffred Jones:** I don't think he or anybody could say 'never'—

[142] **Mr Hyman:** I don't think I can say 'never'—. If you want renewable energy and you want it done in the most sensitive way to other communities, then the best way to do that would be to support community energy projects.

[143]

[144] **Alun Ffred Jones:** Jeff Cuthbert.

[145] **Jeff Cuthbert:** You mentioned in passing before about how your organisation can provide help with training. However, if we want this type of project to become more the norm, is there a real or even a perceived issue about levels of skills and training? Would we have to do far more in terms of the communities and even indeed further education, for example, to make sure that there are enough people with the right skills for the right type of renewable energy out there in the communities or do you feel that your organisation is able to handle all the likely demand?

[146] **Mr Hyman:** There's a lot of expertise out there, and the way the community, as it gets going—the level of skills it develops is really quite extraordinary. As I mentioned, I launched the Exeter community energy share offer yesterday, and a group of volunteers there have gone through the whole process of site finding, project developing, project finance, insurance, financial advice, share offer, construction. They've had a certain amount of support and peer mentoring along the way, but they've developed a lot of those skills in-house—

[147] **Jeff Cuthbert:** Do you mean, by 'in-house', as they've gone along?

11:15

[148] **Mr Hyman:** As they've gone along, with a certain degree of flexible support. Now, there is no lack of expertise out there in the market. The renewable energy sector as a whole is large; it employs perhaps 100,000 people across the UK. In the south-west, there's been £3 billion invested and 13,000 jobs in the last few years. If the support is there to enable groups to develop projects, and there's support there for training and support, I don't see the lack of skills out there, in a skills capacity, to be a major problem. Focusing it in the right way, at the right time, is the challenge, rather than the absolute level of skills.

[149] **Jeff Cuthbert:** This point has been made. When we were in Brussels, for example, there was a suggestion that there is a lack of skills right across Europe, not just here. So, do you think that's more perception than reality?

[150] **Mr Hyman:** We live in a market economy, apparently, and if you create a market, if you set up the structure so that there are viable schemes—and that is the fundamental issue for community groups at the moment—in renewable energy generally, for example, my experience is that the market will, over time, respond to that. Now, that is not to say that we don't need to invest in skills development generally, and in apprenticeships and the like, but I'm not convinced that skills are the major problem. The major question is: are renewable energy projects viable? If they are, then you will find the finance and the skills will come forward to address that and to build the schemes.

[151] **Jeff Cuthbert:** Fine, but we could well be—and it's already there to a certain extent, from what you're saying—developing new career paths for people in terms of renewable energy—

[152] **Mr Hyman:** We certainly are, yes.

[153] **Jeff Cuthbert:** —which would mean apprenticeships, for example, and structured training programmes involving further education, if not higher education. Is there work going on in that structured way?

[154] **Mr Hyman:** Over the years, certainly in England—I can't speak for Wales—we've done lots of projects around supporting the development of renewable energy in the higher education and the further education sector—the right skills. The critical thing there, really, is to translate the needs of

employers back to the education system, because it's not always—. Actually, a lot of employers don't want people with renewable energy degrees; they want mechanical engineers who they can then train up.

[155] **Jeff Cuthbert:** Indeed. Generics.

[156] **Mr Hyman:** So, if you're talking about offshore wind turbines, you need people with skills in working at heights. So, the skills mix is not always obvious, so it's good to understand the skills mixes that are needed in these new technologies, and that's something that we've done quite a lot of work on. And then that will transmit to the education sector through the force of the market over time, but you can speed that up by a structured programme of saying, 'Well, we're developing these kinds of technologies; there is a market out there, the employers will be needing the skills, these are the things you should be focusing on more'. So, it's that communication between market drive in the education sector that I think can be speeded up, and I'm not sure I could claim that it's been done in as good and as structured a way as it should be.

[157] **Alun Ffred Jones:** Okay. Thank you. Mick Antoniw, Llyr, Jenny Rathbone.

[158] **Mick Antoniw:** Just to get a clearer picture as to what's actually happening, as of this moment in time, how many community energy projects are actually up and running at the moment, actually operating?

[159] **Mr Proctor:** What, in Wales?

[160] **Mick Antoniw:** In Wales.

[161] **Mr Proctor:** In Wales, there are—. Well, it's a handful, really. There's about just over 1 MW of capacity in Wales, at about 1.3 or 1.4 MW. So, it's about six or seven. It depends. I suppose, if you looked at community buildings with PV on the roof, then there are—

[162] **Mick Antoniw:** No, I'm thinking about specific things.

[163] **Mr Proctor:** Yes, large projects, then.

[164] **Mick Antoniw:** Okay, so, there are very few. Over the next 12 months, how many more do you reckon will actually be established?

[165] **Mr Proctor:** There are a number of schemes being built at the moment, so, another, I'd say, four schemes, I think, being built at the moment, and there are another two that have got share offers out at the moment. So, we're looking at another six schemes. So, about a similar number of schemes.

[166] **Mick Antoniw:** So, across the whole of Wales, we're talking, over the next 12 months, potentially, around about a dozen or so.

[167] **Mr Proctor:** Around a dozen, yes.

[168] **Mick Antoniw:** What would be the two or three key things you think would need to change to actually significantly—? You're making recommendations; what would be the two or three things you say have to happen for this to actually become a far more significant process?

[169] **Mr Proctor:** I think we have to get a more, I suppose, proactive approach from all the authorities involved—a supportive approach. I think we can do that by introducing targets that are set at a local authority level. So, that means they have to start identifying sites within communities and have to engage with communities who are interested. It just means you're going to create a more proactive approach to developing projects. Obviously, there's significant challenges now in terms of finding a business model for these projects to be able to go forward now, given the latest announcements. We don't know what is going to come back from the FIT review, whether—

[170] **Alun Ffred Jones:** I think we have to press you on this one. We're looking for recommendations. We're asking you to provide us, give us, tell us what you want us to say.

[171] **Mr Hyman:** I think what Rob is suggesting on the feed-in tariff is, either the feed-in tariff cuts need to be much less and without artificial caps, or there needs to be a community feed-in tariff. We have had discussions with DECC about that idea of a part of the feed-in tariff that is separated out and eligible for communities.

[172] **Alun Ffred Jones:** But, in Wales, is there anything?

[173] **Mr Proctor:** So, yes. I think, the targets, and then, I think, obviously, once we find out what's happened with the FIT review, we need to look at alternative ways we can finance these schemes potentially, if there are no

FITs. That might be looking at how we can provide cheaper finance. So, maybe looking at how we can best utilise grants from Europe and maybe look at some sort of package that could be put together on a Wales-wide level to provide cheaper finance. But, also look at how we can better use our land resources, our land assets that are nationally owned by either local authorities or NRW, and perhaps offering free use of that land in order to make the business case more viable for community energy projects.

[174] **Alun Ffred Jones:** Okay, thank you. Llyr.

[175] **Llyr Gruffydd:** I was going to ask about tariffs, because I was going to ask whether you thought it would be desirable for the Welsh Government to set community renewable energy targets. I presume that you do, but you see them very much as localised targets, do you, for local authorities?

[176] **Mr Proctor:** Yes. I think so, yes. Definitely.

[177] **Alun Ffred Jones:** Okay. Jenny Rathbone.

[178] **Jenny Rathbone:** Just going back to the different regulatory and financial systems that we have here compared with Europe, and given that the current UK Government doesn't seem to be at all interested in renewables—the dash for gas and the plod for nuclear—

[179] **Alun Ffred Jones:** And the question is—?

[180] **Jenny Rathbone:** What recommendations do you think you could make regarding devolved powers for Wales, so that we could do something different, possibly along the lines of Germany or Denmark or wherever? How important is that, particularly the one around being able to sell energy generated rather than sending it back to a national grid?

[181] **Mr Proctor:** I think that's one of the major opportunities, possibly, in Wales. Currently, with Ofgem regulations, it's very difficult for community energy groups to be able to sell the energy they produce locally to local people, local businesses. I think one of the things we need to do is use the European money to run pilots looking at how we can actually develop ways of selling that energy to local people. Potentially, that means, if it's a direct selling, you can charge people less, but effectively get more money for what you're generating, because you're selling directly to local people. So, that can help with the business case for a lot of these community energy schemes as

well, and provide a much greater local benefit to people.

[182] **Jenny Rathbone:** So, what does that mean: a separate Ofgem for Wales, or what?

[183] **Mr Proctor:** I would be quite happy to see that, but I don't know—

[184] **Jenny Rathbone:** Okay, but we need to know what the barriers are and what the things are that we need to break down. Money's not the issue, really, is it? Because Merlin's already explained that you can actually raise £50 million because the banks are paying almost nothing to savers. So, there's lots of money doing nothing at the moment.

[185] **Mr Hyman:** The model for the future is clearly for community groups to generate and sell their own power. That's when you really break up the energy system. As we said, it's a difficult and complex thing to do. We are running a trial called the Sunshine Tariff Trial, which we're hopefully starting very shortly, which does that with a community group in Cornwall. It's essentially cheaper power that you can buy from your local community energy group when the sun is shining and their generation is going; that's the kind of concept.

[186] So, the market is breaking up. One of the things that we suggested when I sat on a community energy and grid task force that Ofgem and DECC ran was priority access to the grid for community groups. The risk, I suppose, if you create a separate Ofgem, is that maybe that makes sense, but you're throwing the whole system up in the air and it's going to take quite a long time to settle down again. If you are able to set some different rules in Wales, for example, that put in priority access to the grid for community groups as you have in some other countries across Europe, then that would be a fairly simple but very clear signal.

[187] **Alun Ffred Jones:** I'm very conscious of the time. I want to ask Alan whether he's got a couple of questions.

[188] **Mr Simpson:** I just wanted to follow that last point. In a way, to both of you, you're here explaining what has been done, but the opportunity is to tell the committee what Wales ought to be doing, not what you'd be happy with, but what you'd want Wales to be doing in taking it in.

[189] Two things struck me: one is that although the regulatory systems are

different in Germany and other parts of Europe, one of the things that they have done is that the state has intervened to simplify this whole regulatory process about access, and developed protocols so that every community doesn't have to reinvent the wheel. Would it be helpful, for instance, for you to be saying that the Welsh Government should actually make a commitment to develop the protocols that simplify this whole access system? And, if so, bloody well say it to us.

[190] The second thing is the Achilles heel in the community energy movements is that almost everything you've described is as communities and co-ops of investors, and not of consumers. And this right of access to locally generated energy at locally discounted prices seems to be the critically market disruptive area that neither of you have dived into, that Jenny's taken us into—

[191] **Alun Ffred Jones:** Right, let's take the first point.

[192] **Mr Simpson:** What do we have to do to fundamentally transform the market in Wales to benefit the poor?

[193] **Alun Ffred Jones:** Who's going to take it first?

[194] **Mr Proctor:** I think with the current regulatory system that we have, there are trials going on in other parts of the UK where people are finding ways around this, so that community energy projects are able to find ways of selling energy locally. There's the energy local scheme, there are there things like Piclo, which is peer-to-peer selling of energy, and then there are other schemes where local authorities or organisations have set up energy companies, effectively, so that they can buy the energy off the generators and distribute it locally. So, what I think we need to do in Wales is—. I don't know what the panacea is and how we're going to do it, but I think we need to use the European money that we've got to trial some of these things in Wales. We've got some generation happening now. We need to trial this and find out how this is going to work in Wales and get it happening in a few local areas. We can do this by concentrating on supporting the energy projects that are no longer viable because of the recent Government announcements, and finding a way of making them viable and finding a way for them to be able to sell the energy directly to local people. So, that's what I think we need to be doing in Wales.

[195] **Alun Ffred Jones:** And what about simplifying the regulation or the

process?

[196] **Mr Proctor:** Yes, that would certainly be helpful. It's a very complicated system and, unfortunately, it's far more complicated than me having a true understanding of it. But, certainly, I think we need to look at setting up a task group in Wales where we can look at how we could do this in Wales, and what needs to be done. And, certainly, within the community energy sector as a whole, there'll be people who would be more than happy to take part in that and who have a greater understanding than myself of that.

[197] **Alun Ffred Jones:** Merlin?

[198] **Mr Hyman:** Firstly, in answer to Alan's question, I think I said a community FIT of some description. There has to be a finance mechanism that makes the business model fundable. Secondly, ability to sell power back to your residents. We published a paper on local supply models recently, and we've worked pretty intensively around this area.

[199] 11:30

[200] The most promising answer for us is what's called—it gets a little technical—a local balancing unit. So, the ability for a local community to look at the amount it generates and the amount it uses and net off those two before it trades with a kind of system for extra power. I think that's the kind of regulatory change that is going through the system, but much too slowly, and perhaps it could be accelerated here. Finally, the first right to connect to the grid would be the other one.

[201] **Alun Ffred Jones:** Okay, lovely. Thank you very much indeed for your evidence this morning. It's been very helpful and very useful for us in our deliberations and then creating a meaningful report at the end. Diolch yn fawr iawn. Thank you very much. We're going to take a very short break now—not intended—because there's a slight difficulty with the connection up north, as usual, and we may have to move rooms.

*Gohiriwyd y cyfarfod rhwng 11:31 a 11:51.
The meeting adjourned between 11:31 and 11:51.*

Ymchwiliad i 'Dyfodol Ynni Craffach i Gymru?' Inquiry into 'A Smarter Energy Future for Wales?'

- [202] **Alun Ffred Jones:** Mae gennym gwestiynau, a'r unig anogaeth y gallaf ei roi i chi wrth ichi ateb ein cwestiynau yw i fod yn glir ac yn onest yn eich atebion, fel y byddwch chi, rwy'n siŵr. A gaf i ofyn i Hywel: a wnei di jest gyflwyno dy hun i mi wneud yn saff bod y cyfieithu'n gweithio ar yr ochr yma hefyd?
- Alun Ffred Jones:** We have questions, and the only encouragement I can give you in answering our questions is to be clear and honest in your replies, as I'm sure you will be. May I ask Hywel: will you introduce yourself, just to ensure that the interpretation is working here, too?
- [203] **Mr Thomas:** Iawn. Hywel Thomas o Gwmni Adfywio Abergwyngregyn.
- Mr Thomas:** Yes. I'm Hywel Thomas from Abergwyngregyn Regeneration Company.
- [204] **Alun Ffred Jones:** Reit. Ocê. A gaf i ofyn i chi i gyd gyflwyno'ch hunain? Rhowch eich enwau a'r corff rydych chi'n ei gynrychioli, ac wedyn fe awn ni at y cwestiynau. Dechreuwn efo Alun ar y chwith.
- Alun Ffred Jones:** Right. Okay. May I ask you all to introduce yourselves? Give your names and the body that you represent, and then we'll move to the questions. We'll start with Alun on the left.
- [205] **Mr Hughes:** Alun Hughes, cadeirydd Ynni Padarn Peris.
- Mr Hughes:** Alun Hughes, chairman of Ynni Padarn Peris.
- [206] **Ms Davies:** Meleri Davies. Rwy'n brif swyddog i Bartneriaeth Ogwen, ond rwyf hefyd yn ysgrifennydd i Ynni Ogwen Cyf.
- Ms Davies:** Meleri Davies. I'm the chief executive of Partneriaeth Ogwen, but I'm also the secretary of Ynni Ogwen Ltd.
- [207] **Mr Thomas:** Hywel Thomas o Gwmni Adfywio Abergwyngregyn a Chwmni Anafon.
- Mr Thomas:** Hywel Thomas from Abergwyngregyn Regeneration Company and Cwmni Anafon.
- [208] **Mr Jones:** Keith Jones o'r Ymddiriedolaeth Genedlaethol, ond rwyf hefyd efo Ynni Padarn Peris, Anafon a Bethesda.
- Mr Jones:** Keith Jones from the National Trust, but I'm also with Ynni Padarn Peris, Anafon and Bethesda.

[209] **Ms Roberts:** Paula Roberts. Rwy'n gweithio i Brifysgol Bangor, a hefyd yn gyfarwyddwr Ynni Padarn Peris.

Ms Roberts: Paula Roberts. I work for Bangor University, and I'm also a director of Ynni Padarn Peris.

[210] **Alun Ffred Jones:** Diolch yn fawr iawn i'r pump ohonoch chi. Fe gewch chi ateb y cwestiynau, wrth gwrs, yn Gymraeg neu yn Saesneg, fel y dymunwch chi. Rwyf am ddechrau gyda Llyr Gruffydd.

Alun Ffred Jones: Thank you very much to all five of you. You may answer the questions in Welsh or in English, of course, as you wish. I will start with Llyr Gruffydd.

[211] **Llyr Gruffydd:** Diolch yn fawr iawn. Cwestiwn ynglŷn â chyllido sydd gen i. Mae yna ddwy agwedd i gyllido, wrth gwrs, fel yr ydym wedi clywed gan ein tystion eisoes y bore yma. Un elfen yw cyllido prosiect yn yr hirdymor—hynny ydy, bod y gyfundrefn, neu'r system sy'n cael ei fabwysiadu, yn creu incwm dros y blynyddoedd—a hefyd yr angen i godi pres *upfront* er mwyn hwyluso'r gwaith braenaru a'r gwaith adeiladu. Buaswn yn ddiolchgar i glywed gennych chi rai o'r syniadau hwyrach sydd gennych chi ynglŷn â'r cyfleoedd sydd yna o ganlyniad i'r penderfyniadau diweddar yn San Steffan, a sut y mae modd ceisio sicrhau bod prosiectau yn mynd i fod yn fwy cynaliadwy yn yr hirdymor, heb y gefnogaeth, efallai, y byddem wedi ei disgwyl yn y blynyddoedd diwethaf, a hefyd pa syniadau y buasai gennych chi ynglŷn â sut y gallai Lywodraeth Cymru fod yn cefnogi'n fwy effeithiol yr angen am fuddsoddiad *upfront* ar gyfer rhai prosiectau.

Llyr Gruffydd: Thank you very much. I've got a question about funding. There are two aspects to funding, of course, as we have already heard from our witnesses this morning. One element is the long-term funding of the project—that is, that the system that's adopted generates income over the years—and also the need to raise money upfront in order to facilitate the preparatory work and the building work. I would be grateful to hear from you some of the ideas that you have about the opportunities that are available as a result of the recent decisions in Westminster, and how we can ensure that projects will be more sustainable in the long term, without the support that we might have expected in previous years, and also what ideas you have regarding how the Welsh Government could be supporting more effectively the need for upfront investment for some projects.

[212] **Alun Ffred Jones:** Reit. Ariannu, felly, a chyllido. A gaf i ddechrau efo ti, Hywel, gan dy fod di wedi bod trwy'r felin? Felly, dy awgrymiadau di.

Alun Ffred Jones: Right. Funding, then, and finance. May I start with you, Hywel, as you've been through this experience? So, your suggestions.

[213] **Mr Thomas:** Rydym yn ffodus ein bod ni wedi adeiladu'n cynllun ni yn barod. Rydym wedi gallu ariannu'r prosiect trwy ddwy ffynhonnell. Un ydy trwy cynnig cyfranddaliadau a'r llall ydy trwy gael benthyciad gan fanc. Roedd y broses o gael cyfranddaliadau yn eithaf lwyddiannus. Fe gwnaethon ni hel £450,000 ac aethon ni wedyn i'r banc i gael benthyciad £570,000. Roedd y broses o gael y benthyciad gan y banc yn eithaf anodd o safbwynt gweinyddu'r benthyciad, ac mae wedi golygu llawer o waith i'r cwmni i gael y benthyciad yna yn ei le gan y banc.

Mr Thomas: We are fortunate that we have already built our programme. We've been able to fund the project through two sources. The first is through share options, and the second is through a bank loan. The process of the share option was quite successful. We collected £450,000 and we then borrowed £570,000 through the bank. The process of accessing the loan through the bank was quite difficult from the point of view of administering the loan, and it has meant a great deal of work for the company to get that loan in place from the bank.

[214] **Alun Ffred Jones:** Rwy'n gwybod bod rhai ohonoch chi dim ond ar ddechrau'r broses, felly pwy arall sydd eisiau ymateb i'r cwestiwn?

Alun Ffred Jones: I know that some of you are only just starting the process, so who else wants to answer the question?

[215] **Mr Jones:** Wel, o'r criw—mae Bethesda a Llanberis rwan am weithio ar y cyd, achos nad yw'r broses i godi arian drwy gyfranddaliadau wedi gorffen. Mae'r gwerth ar yr ochr dreth wedi mynd, ond os fydd y llog, yr arian byddwn yn talu allan, yn ddigon uchel, rydym yn reit grediniol y byddwn yn dal yn gallu gwneud cyfranddaliadau, ond bydd yn rhaid i ni wneud mwy o werth allan o'r prosiect. Felly, mae'r ddau brosiect ym Methesda a Llanberis yn gweithio

Mr Jones: Well, from the crew—Bethesda and Llanberis now are wanting to work jointly, because the process of raising funds through shares isn't completed. The value on the tax side has gone, but if the interest, the money that we pay out, is high enough, then we're quite confident that we'll be able to continue with the share options, but we will have to get more value out of the project. So, the two projects in Bethesda and Llanberis are working

ar y cyd rŵan i fynd allan.

jointly now to go out.

[216] Ond y broblem fwyaf yn hyn ydy bod y system gymunedol reit yn y canol rhwng dau fath o arian. Mae'r arian mawr—. Nid yw'r banc fel arfer eisiau siarad efo chi os ydych yn benthyg llai na £1.5 miliwn. Dyna, fel arfer, mae nhw'n rhoi fel yr isafswm mae nhw'n licio gweithio gydag e, achos mae'u costau nhw drwy'r *due diligence* yn uchel ofnadwy. O dan £0.25 miliwn, mae'n eithaf rhwydd i godi; mae yna fuddsoddwyr eraill allan yna. Ond, yn y canol, lle mae egni cymunedol, mae e'n costio cryn dipyn. Ac, wedi edrych o gwmpas y farchnad, a gweithio efo cwmnïau yn Llundain, ac i fyny yn yr Alban, mae yna systemau y mae nhw'n eu galw'n *due diligence light*, sef creu fframwaith yn ei le y fedr cymuned fynd ato, lle mae cryn dipyn o'r gwaith cefndirol wedi cael ei wneud yn barod. So, rŷm ni'n edrych ar y system CARES—*Community and Renewable Energy Scheme*—yn yr Alban; mae lot o gyflenwyr yn y fan yna sydd ar fframwaith sydd wedi cael eu gwerthuso, sydd yn golygu nad yw'r banc wedyn yn gorfod mynd i'r afael â chyn gymaint o fanylder, ond hefyd cyn gymaint o gostau.

But the major problem here is that the community system is in the middle of two sources of funding. The big money—.The banks don't usually want to speak to you if you're borrowing less than £1.5 million. That, usually, is the minimum that they like to work with, because their costs through due diligence are extremely high. Under £0.25 million it's quite easy to raise that; there are other investors out there. But, in that middle ground, where community energy is, it is quite expensive. And, having looked around the market, and worked with companies in London, and up in Scotland, there are systems that they call 'due diligence light', that is, creating a framework that a community can go to, where much of the background work has already been done. So, we're looking at the Community and Renewable Energy Scheme system in Scotland; many of the suppliers there are part of a framework that has been evaluated, which means that the bank then doesn't have to grapple with so much detail, but also so much cost.

[217] **Llyr Gruffydd:** A gaf i ofyn felly: pwy ddylai fod yn darparu'r gwasanaeth yna yng Nghymru? A oes yna le i greu rhyw gorff i wneud hyn?

Llyr Gruffydd: May I ask then: who should be providing that service here in Wales? Is there room to create a body for this?

[218] **Mr Jones:** I fod yn hollol onest, bob tro mae mudiad cyhoeddus yn

Mr Jones: To be entirely honest, every time a public organisation gets

mynd i fewn i hyn, mae nhw'n gwneud y broses yn anodd ofnadwy. A dweud y gwir, gweithio gyda chwmnïau preifat sy'n well gen i ei wneud, ond wnawn nhw ddim ddod i fewn i'r farchnad yna heb rywun mawr fel y Llywodraeth fwy neu lai'n 'underwrite-io' darn o'r broses, achos wrth adeiladu hydro y mae'r risg fwyaf—rydych yn talu fwy o log yr adeg hynny. Ond y funud rydych chi wedi ei adeiladu, mae'r arian yn eithaf rhad i gael gafael arno, achos mae yna *turnover* yn dod i fewn. Mae yna le yn y fan yma i Lywodraeth Cymru i ddwâd a'r arian mawr, efallai fel Allied Funding, a aeth i fyny i'r Alban—£100 miliwn i helpu egni cymunedol. Ond mi oedd y Llywodraeth yn hanfodol i ddod â chwmni mawr fel yna i fewn.

involved, it makes the process very difficult indeed. In fact, working with private companies is my preferred option, but they won't come in to that market without a major player such as the Government more or less underwriting some of the process, because it is building hydro that constitutes the major risk—you pay more interest then. But once you have constructed it, you can get access to funding quite cheaply, because of the turnover coming in. There is scope here for the Welsh Government to bring the large funding, perhaps like Allied Funding, which went up to Scotland—£100 million to help community energy projects. But the Government was a key to bringing such a major company in.

[219] **Alun Ffred Jones:** Iawn. A oes rhywun arall o'r panel eisiau ymateb i'r cwestiwn yna? Na? Ocê. Russell—

Alun Ffred Jones: Right. Does anyone else from the panel want to respond to that question? No? Okay. Russell—

[220] **Ms Davies:** Yr unig beth byddwn yn ychwanegu—

Ms Davies: The only thing I would add—

[221] **Alun Ffred Jones:** Sori.

Alun Ffred Jones: Sorry.

[222] **Ms Davies:** Yr unig beth byddwn yn ychwanegu o ran ariannu yw fy mod yn meddwl ei bod yn bwysig bod cynlluniau cyfranddaliadau yn cael eu hagor yn fwy cymunedol, achos mae'n rhoi elfen o berchnogaeth leol i'r cynlluniau yma. Ac rwy'n meddwl bod y gair 'perchnogi' yn bwysig, bod y gymuned yn perchnogi'r ynni, ac yn

Ms Davies: The only thing I would add in terms of financing is that I think it is important that shareholder programmes are opened up to the community, because it gives an element of local ownership to these schemes. And I think that the word 'ownership' is important, that the community owns the energy, and gets the benefits from it.

cael y budd ohono fo.

[223] **Alun Ffred Jones:** Diolch yn fawr. Rwyf am droi rŵan at Russell George a'i gwestiwn.

Alun Ffred Jones: Thank you very much. I am going to turn now to Russell George and his question.

[224] **Russell George:** Thank you, Chair. I wanted to ask in regard to what obstacles you may find in our way in regard to taking schemes forward. I'm particularly thinking about the planning process for hydro schemes. I wonder if you could talk to any situation where the planning process has been a barrier, particularly in regard to perhaps local authorities or Natural Resources Wales.

[225] **Ms Davies:** Mae Keith yn sbio i, felly—. O ran Cyngor Gwynedd, a'r broses gynllunio, mi oedd hynny'n eithaf hwylus i ni. Rydym ni wedi cael caniatâd cynllunio ar gyfer ein cynllun *hydro* ni. O ran y cais trwydded echdynnu dŵr, efo Cyfoeth Naturiol Cymru, mae'r broses yna yn parhau. Rydym ni'n dal heb gael ein *abstraction licence*, er ein bod ni wedi cyflwyno'n cais ar 29 o Fai. Mae hynny tu hwnt i'r pedwar mis sydd yn eu canllawiau statudol nhw i brosesu ceisiadau o'r math yma.

Ms Davies: Keith's looking at me, so—. In terms of Gwynedd Council, and the planning process, that was not too difficult for us. We have had planning permission for our hydro scheme. In terms of the water abstraction licence application, with Natural Resources Wales, that process is ongoing. We still haven't had our abstraction licence, although we presented our application on 29 May. That is beyond the four months that's in their statutory guidelines to process such applications.

[226] Mae hyn yn boendod i ni am sawl rheswm, achos rydym wedi ymgynghori'n eithaf agos efo Cyfoeth Naturiol Cymru ers i ni ddechrau'r prosiect yma. Rydym ni wedi lleihau maint y cynllun o gynllun 500 KW lawr i 100 KW yn barod, a hynny ar sail effaith ar bysgod a geomorffoleg. Felly, rydym ni wedi bod yn trafod, ac yn negodi, ac yn gwrando ar farn arbenigwyr Cyfoeth Naturiol Cymru, ac wedi addasu'n cynlluniau.

This is a frustration to us for many reasons, because we have consulted quite closely with NRW since we commenced this project. We have reduced the scale of the programme from 500 KW to 100 KW already, on the basis of the impact on fish and geomorphology. So, we have been discussing, and negotiating, and listening to the views of NRW experts, and have adapted our proposals.

[227] 12:00

[228] Felly, wrth gyflwyno ein cais *abstraction*, roeddem ni yn eithaf hyderus fod gennym gynllun rydym ni'n meddwl y bydd swyddogion Cyfoeth Naturiol Cymru yn hapus ag o, ond, serch hynny, rydym ni'n parhau heb drwydded echdynnu dwr. Mae hynny'n golygu ein bod ni wedi colli y *pre-accreditation*—y rhag-achredu—sy'n rhoi holl hyfywedd y cynllun—. Wel, mae'n codi cwestiynau am y cynllun. Wrth gwrs, dim bai Cyfoeth Naturiol Cymru ydy y *FIT review*. Dyna ydy'r broblem fwyaf. Ni fyddwn yn gwybod i raddau faint o incwm fyddwn ni'n gallu ei gael o gynllun Hydro Ogwen tan ddiwedd y flwyddyn. Erbyn hynny, siawns y byddwn yn gwybod gan Cyfoeth Naturiol Cymru faint o ddŵr rydym yn cael ei dynnu allan o'r afon a hefyd beth fydd canlyniadau'r *FIT review*.

So, in presenting our abstraction application, we were quite confident that we had a scheme that we thought NRW officials would be happy with, but, despite that, we still don't have that water abstraction licence. That means that we have lost the pre-accreditation, which puts the whole viability of the scheme—. Well, it raises questions about the scheme. Of course, the FIT review isn't down to NRW. That's the major problem. We won't know how much income we can generate through the Hydro Ogwen scheme until the end of the year. By then, we will most likely know from NRW how much water we're allowed to abstract from the river and also what the outcome of the FIT review will be.

[229] **Alun Ffred Jones:** A oes rhywun arall eisiau ymateb?

Alun Ffred Jones: Does anyone else wish to respond?

[230] **Russell George:** Can I ask, if it's all right, Chair, without going into the specifics of your individual application, what do you think are the issues within NRW? Is it a contradiction of advice? Is it different bits of advice from different officers? What are the issues outside of your specific application?

[231] **Mr Jones:** I'm working on about 30 different projects at the moment. The biggest challenge I'm seeing on planning authorities and Natural Resources Wales is capacity—a lack of staff to do the work. And, therefore, quite a lot of it is held back because there's a lack of human beings. When you've got a planning officer in a national park that has 90 to 100 hydro applications on the desk, you know there aren't enough people there to do the work.

[232] **Ms Davies:** Yr unig beth arall— **Ms Davies:** The only other thing—

[233] **Russell George:** Can I ask what specifically we can do as a committee? What can we recommend as a committee to overcome that? It's an issue of capacity, but what can we do as a committee to facilitate a faster response?

[234] **Mr Jones:** I think, when coming out with national strategies, there needs to be consultation with the statutory bodies in assessing their ability and capacity to deliver on national targets. At the moment, it's a bit too reactive, and therefore a better consultation when developing these sorts of implementation strategies—. I know, when the feed-in tariff changes, all hell breaks loose and 100 applications hit the desk, but we're wise enough and long enough in the tooth now to know that, if you're doing stretching targets, you also need the capacity and competence in there to do it. So, it's an honest question to pose, because everybody says, 'Yes, we can do it; yes, we can do it', but when it comes to the delivery and the crunchy end, it sort of falls short.

[235] **Ms Davies:** Rydym ni hefyd yn gallu awgrymu—. Ar hyn o bryd, nid yw Cyfoeth Naturiol Cymru yn gallu blaenoriaethu cwmnïau ynni cymunedol; mae'r un canllawiau yn bodoli ar gyfer cwmnïau masnachol a chymunedol. Felly, rwy'n gresynu at hynny. Hynny yw, roeddent yn methu â gwthio ein cais i dop y ciw achos mae eu canllawiau nhw yn mynnu bod pawb yn cael eu trin yn gyfartal, boed yn gwmni masnachol mawr neu yn gwmni ynni cymunedol bach fel ni.

Ms Davies: We also can suggest—. At present, NRW can't prioritise community energy companies; the same guidelines apply for commercial and community companies. So, I do regret that. That is, they can't push our application to the front of the queue because their guidelines insist that everyone is treated in the same way, whether they're a large company or a small community energy company like us.

[236] **Alun Ffred Jones:** Diolch yn fawr. A oes yna rywun eisiau gwneud sylw arall? William Powell i ofyn cwestiwn.

Alun Ffred Jones: Thank you very much. Are there any further comments? William Powell to ask a question.

[237] **William Powell:** Diolch, Gadeirydd. Prynawn da, bawb.

William Powell: Thank you, Chair. Good afternoon, everyone.

[238] I'm very interested in building on the candid answers that we've already had from Meleri and from Keith. Do you believe that it would be useful to have a network of community champions to actually help small and medium-sized groups to navigate this complex landscape that you've been describing? And also do you think that it would be maybe useful at a Welsh Local Government Association level or within the Welsh network of local authorities to have a mobile resource of planning officers with the necessary expertise and mind set to help to progress some of the schemes that you've been describing?

[239] **Alun Ffred Jones:** A gawn ni ateb efallai gan Paula neu Alun?

Alun Ffred Jones: May we have a response perhaps from Paula or Alun?

[240] **Mr Hughes:** Byddai'n help, rwy'n meddwl, cael rhywun—cael *point of contact*, yn enwedig o fewn Gwynedd lle rydym ni, lle gallwn ni ffeindio allan pwy i siarad efo fo. Mae'n anodd iawn ar adegau cael gafael ar bwy bynnag sydd â'r hawl i ddelio efo ni. Felly, beth fyddem ni'n ei wneud yn aml, a beth rwyf i'n ei wneud yn aml, ydy sbio i'r gogledd, i'r Alban, a gweld sut maen nhw'n trefnu pethau, achos maen nhw ar y blaen. Felly, y wers inni, rwy'n meddwl, ac i chi efallai, ydy *look north* a gweld beth sy'n digwydd i fyny fanna ac efallai gopïo eu systemau nhw.

Mr Hughes: I think it would be of assistance to have a point of contact, particularly within Gwynedd where we are based, where we can find out who we should be speaking to. It's very difficult at times to get hold of whoever should be dealing with our issues. So, what we would often do, and what I often do, is to look north, to Scotland, to see how they arrange things, because they are ahead of the game. So, the lesson for us, I think, and for you, perhaps, is to look north and see what is happening there and perhaps to copy their systems.

[241] **Alun Ffred Jones:** Paula, a wyt ti eisiau ychwanegu rhywbeth?

Alun Ffred Jones: Paula, do you have anything to add?

[242] **Ms Roberts:** Rwy'n credu y byddai cael rhywun yn y cynghorau lleol ag arbenigedd yn help garw i gymunedau, achos, yn ein proses cynllunio ni, rydym ni wedi ffeindio swyddogion cynllunio'n gefnogol

Ms Roberts: I believe that having someone in the local authorities with expertise would be of great assistance to communities, because, in our planning process, we have found planning officers to be very

dros ben ac yn rhai hawdd trafod â supportive and very easy to talk to. nhw. Ond mae o'n dal yn rhywbeth However, it's still quite a new thing eithaf newydd iddyn nhw fod yn for them to be working with gweithio efo cymunedau ar communities on similar projects. So, I brosiectau tebyg. So, byddai cael would say that having individuals unigolion â'r arbenigedd yna, yn with that expertise would be helpful, gweithio efallai mewn ardal perhaps working on quite a large ddaearyddol eithaf mawr, felly'n geographical area, and that would be ddefnyddiol, rwy'n credu, i grwpiau of use, I think, to new groups that newydd sy'n cychwyn. are just starting off.

[243] **Alun Ffred Jones:** Diolch yn **Alun Ffred Jones:** Thank you very fawr. much.

[244] **William Powell:** Thank you very much for that. Picking up the point about looking north, I wonder if I could specifically ask, Keith, whether you've got further information about the CARES loan programme that I believe is operating in Scotland.

[245] **Mr Jones:** The main difference with the CARES programme is that it's not solely community focused; it's looking at distributed energy generation with communities, but also with landowners, with farmers, with interested bodies in basically generating megawatts. This is why they reached their target two years ahead, which was 450 MW of installed capacity. They don't really differentiate between landowners and community. There is more support for community in there, but I did mention earlier about the frameworks and systems and toolkits that they've developed. I know the Welsh Government are talking with the CARES programme in Scotland, and the Scottish Government have offered the CARES programme, lock, stock and barrel to Wales. It has to be adapted to a Welsh situation, because of different regulations and laws and bodies, but in having that one-stop shop for everybody, it's not then split between the Energy Saving Trust and Ynni'r Fro and the Carbon Trust and everybody else. It really does need that node, or point of contact, so that everybody knows, 'We start at this point', which is a little bit confusing currently in Wales.

[246] **William Powell:** Diolch yn fawr.

[247] **Alun Ffred Jones:** A oes **Alun Ffred Jones:** Does anyone want rhywun eisiau ychwanegu rhywbeth to add anything to that point? Okay. at hynny? Océ. Jenny Rathbone. Jenny Rathbone.

[248] **Jenny Rathbone:** So, just moving beyond the importance of having prioritising community energy schemes to get the licences, what about the relationship with the regulators, the grid connections? We heard from earlier witnesses that £100,000 schemes have been told it will cost them £5 million to connect to the grid, which, obviously, has killed them stone dead. So, what do you think needs to be in our recommendations to change the regulatory process?

[249] **Alun Ffred Jones:** Hywel **Alun Ffred Jones:** Hywel Thomas, Thomas, rwyd ti wedi bod trwy'r felin. you've gone through this process. Do A wyt ti eisiau dweud rhywbeth? you want to talk about it?

[250] **Mr Thomas:** I think one of the problems we had was that the district network operator required us to pay up-front for the connection and also for the upgrade of the grid, which, in total, was a substantial sum, in excess of £150,000, which we had to find at very short notice. So, I think the district network operators need to be more flexible when dealing with communities in hydro projects, especially those which are in remote places where, sometimes, the grid isn't that strong.

[251] **Jenny Rathbone:** Okay. So, the DNOs need to prioritise community projects, which they don't at the moment. How significant would it be if you were able to not just generate energy, but to sell it to your neighbours, your local communities?

[252] **Mr Thomas:** When we started the process of looking at a hydro scheme in the village, we did a considerable amount of community consultation to see what the local people wanted out of the scheme, and the main answer that we got back was, 'We would like to see cheaper electricity for homes in the village'. We understand that that isn't possible through the current scheme, where you have a national grid, but, as a partnership, we are looking at trying to develop what they called community energy services companies—local energy networks—where we combine households to try and purchase electricity from a company.

[253] **Jenny Rathbone:** So, what financial support are you getting from Europe or other sources of funding to test that local energy network?

[254] **Mr Jones:** We're basically right at the beginning of developing what's called a community energy supply organisation, a CESCO, which I think will

be one of the first ones in the UK. So, we've just received some Ynni'r Fro feasibility funding, but we're working in—. We developed a consortium called Cyd Ynni, which is energy together, which is a consortium of five community energy companies that are supporting each other, but we're also working as part of a consortium, with Community Energy Scotland, Energise Sussex Coast and Low Carbon Hub in order to supply cheap, local electricity that is supported by our own generation. It's what's called a virtual grid. So, a pilot, I'm hoping—crossed fingers—we get the postcode lottery funding because we're among the final four now, and we find out at the end of the month, to install smart meters in the valley of Bethesda, where fuel poverty is at its highest, but supplementing it with our own generation within the valley. So, overall, what it means is that we make more money from the generator, because we can set our own tariffs but also, in terms of fuel poverty, you're looking at a 10 per cent to 30 per cent cut in electricity cost for the valley. So, I know that Ynni'r Fro is also seriously looking at this, as in how it can support it. We're at the cusp at the moment, but Cyd Ynni, which is the consortium in north Wales, is building the business plan now and, hopefully, launching the pilot in January as well.

[255] **Jenny Rathbone:** So, developing those virtual grids sounds excellent. Is there any need for changes in the regulatory framework that we have in the UK at the moment? Do we need any devolved powers for Wales to enable more of this to happen?

[256] **Mr Jones:** The killer for supply is something called balancing and settlement, which is basically what happens at 5 o'clock to 7 o'clock at night if you're not generating, and you have to buy energy from the spot market at that time, and it's 16 or 20 times more than the standard rate. So, at the moment, we have to have an Ofgem-registered energy supply company, bankrolling it, making sure to Elexon, who are the organisation that oversee the balancing of the grid in the UK, to give them the guarantees that there will be sufficient supply if you're not generating at the right time of day. At the moment, it's completely centralised—the whole balancing and settlement aspect. There's been talk of Licence Lite and all sorts of stuff but, to date, nothing's come out. This is why Ofgem launched the consultation in January on something called the non-traditional business model, which was looking at a market disruptive approach to tackling the big six monopoly on it by creating local energy companies. So, there is definitely room for the Welsh Government in here, both to support the pilots but also to share the lessons. Every valley can become their own CESCO.

[257] **Jenny Rathbone:** That's crucial. What about the role of batteries—the development of batteries—to support or underpin that? How significant is that?

[258] **Mr Jones:** Bank of China have basically decided to take over the world of batteries, and therefore the price is falling down exponentially at the moment, as they did with photovoltaics five years ago. They're buying the lithium mines; they're doing the whole lot to drive down the price. We've seen a 70 per cent cut in the last 18 months. Battery storage will come in and it will play a part. It will also play a part in grid management, in terms of dealing with the peaks. Italy are currently doing a huge project on battery storage, but they're doing it in order to deal with inadequacies in their grid. At a community level, it will really help in terms of generation, but, at the moment, the cost per kilowatt in storage—the business case isn't quite there. So, some form of financial support mechanism for pilots and for smart trialling is definitely needed in order to drive the need.

12:15

[259] **Jenny Rathbone:** Thank you.

[260] **Alun Ffred Jones:** Diolch yn fawr. Reit, a oes yna gwestiwn arall? **Alun Ffred Jones:** Thank you. Right, are there any more questions? **Jeff Cuthbert.** Jeff Cuthbert.

[261] **Jeff Cuthbert:** Thank you. You mentioned earlier the importance for public bodies like Natural Resources Wales to have the right level of occupational competence as well as the right number of staff. Clearly, that's a no-brainer, although we acknowledge we're in a time of austerity. However, in terms of your industry, shall we say—renewable energy generation—do you feel that there is an issue of skills gaps? Are there issues to do with training enough personnel to install and maintain the facilities? If so, are you getting the right level of help from Government or, indeed, other sectors?

[262] **Mr Jones:** Sorry, it's me again. The National Trust has formed a consortium framework agreement with what normally would be subcontractors. We've created space that they now have a guaranteed amount of work. The problem with the renewables industry is it's a bit boom and bust, as we may have seen in the news. Creating capacity for something that you may or may not install is a challenge. I know manufacturing

companies that make turbines, and investing in expansion at the moment is the last thing that they're thinking of doing, because they haven't got a clue if they'll have a market after January.

[263] But, in terms of skills, one of the gaps we've noticed is that there's a lot of support for building a hydro, but what people forget is that you're actually building a business, and the operation of that business to maintain margins, to manage risk and to expand, at the moment, isn't really there. So, supporting the technical side—it's not bad, but supporting the—. It's like planning a wedding—everybody seems to be planning for the day, not for the 40 years afterwards. At the moment, there is a gap there.

[264] **Alun Ffred Jones:** That's a philosophical point that we won't go into. *[Laughter.]*

[265] Cyn fy mod i'n gofyn i'n harbenigwr ni fan hyn, Mr Alan Simpson, ofyn cwestiwn, rwyf i eisiau rhoi cwestiwn i chi i gyd. Petaech chi, o'ch profiad chi, yn gallu argymhell rhyw newid neu ryw syniad newydd er mwyn hwyluso twf ynni cymunedol, beth fyddai fo? Yr un peth—gallwch chi roi dau os ydych chi'n dda iawn, ond un peth rydych chi'n meddwl y byddai wedi gwneud bywyd yn haws ichi neu a fydd yn gwneud bywyd yn haws ichi. Nid wyf i'n gwybod pwy sydd am ddechrau efo hwn. Cewch chi ddewis. Un peth y byddech chi'n meddwl a fyddai'n gwneud y broses yn haws. Alun, wyt ti eisiau dechrau? Paula.

Before I ask our expert here, Mr Alun Simpson, to ask a question, I would like to put a question to you all. If you, based on your experience, could recommend some change or new idea in order to facilitate the growth of community energy, what would it be? That one thing, or perhaps two, if you're very good, but one thing that you think would have made life easier for you but will make life easier for you. I don't know who wants to start on this. You may choose. One thing that you think would make the process easier. Do you want to start, Alun? Paula.

[266] **Ms Roberts:** Gwnaf i gychwyn. Un peth y buaswn i'n hoffi ei weld byddai rhyw fath o system mewn lle lle mae'r llwybr caniatáu yn haws—ein bod ni'n cael rhyw fath o system gynllunio ac achredu ysgafn ar gyfer y broses os ydy o'n un cymunedol.

Ms Roberts: I'll begin. One thing I would like to see would be some kind of system in place whereby the consenting pathway was made easier—that we should have some kind of light-touch planning and accreditation system for the process

Byddai angen ystyried y maint, efallai, ond ein bod ni'n cael rhyw fath o, ie, system gychwynnol ysgafnach, os liciwch chi, yn y broses datblygu yn y lle cyntaf.

for community projects. We may have to take into account the scale involved, but we could have some kind of lighter touch initial system in place, if you like, in the initial development phases.

[267] **Alun Ffred Jones:** Alun.

[268] **Mr Hughes:** Buaswn i'n licio, jest mynd yn ôl, reit i'r *baseline*, felly—pwynt politicaidd, efallai. I mi'n bersonol, mae'r glaw sy'n disgyn arnaf fi—fi pia fo. Mae o'n bart o beth sydd ym mherchnogaeth yr ardal. Felly, roeddwn i'n cytuno â John Elfed Jones, cyn arweinydd Welsh Water, a oedd yn dweud mai *produce* ydy dŵr a dylem ni feddwl amdano fo felly, yn fwy economaidd. I ni sydd eisiau gwella ein cymunedau, buaswn i'n licio gweld elfen o berchnogaeth gymunedol i bob cynllun hydro. Felly, fel rwy'n ei gweld hi, ac fel roeddwn i'n dweud, mae'r dŵr sy'n disgyn i mewn i'n hafonydd ni yn berchen i ni, y bobl sy'n byw yma. Felly, os oes yna bobl breifat eisiau gwneud busnes allan o'r dŵr, fe ddylai fod rhyw fath o *mechanism* i gael *benefit* o hynny i'r gymuned yn uniongyrchol. Ond, sut i wneud hynny, ni allaf gynnig. Nid wyf yn gwybod.

Mr Hughes: I'd like to go back and look at the baseline—a political point, perhaps. For me personally, the rain that falls on me is something that belongs to me. It's a part of what is owned by the area. So, I agreed with John Elfed Jones, the former chairman of Welsh Water; he said that water is a product, and that we should think of it in those terms, more economically. For us, who want to improve our communities, I would like to see an element of community ownership for all hydro schemes. So, as I see it, and as I was saying, the water that falls into our rivers is something that is owned by us, the people who live here. So, if private organisations want to make a business out of the water, there should be some sort of mechanism in place so that the community can benefit from that directly. But, how we do that, I can't say. I don't know.

[269] **Alun Ffred Jones:** Diolch yn fawr, mae hynny'n gynnig doeth iawn. A oes unrhyw un arall eisiau dod ag awgrym i mewn—un peth i wella'r system?

Alun Ffred Jones: Thank you very much, that is a very interesting proposal. Does anyone else want to make any suggestions—one thing to improve the system?

[270] **Mr Thomas:** O'n safbwynt ni, rwy'n meddwl beth fuasem ni wedi licio'i weld ydy proses llawer mwy hwylus i gael benthyciad yr arian i adeiladau'r cynllun. Mae'r proses o gael y benthyciad yn ei le wedi bod yn dipyn bach o hunllef. Rydym wedi gorfod creu portffolio o dros 800 o ddogfennau i'r banc i ddangos bod gennym ni bob dim yn ei le i adeiladu'r cynllun. So, mae wedi bod yn broses reit hirwyntog a chostus o safbwynt cyfreithiol i roi bob dim yn ei le i gael benthyciad.

[271] **Alun Ffred Jones:** Meleri, wyt ti eisiau dweud rhywbeth?

[272] **Ms Davies:** Na—roeddwn i'n mynd i gynnig rhywbeth tebyg i Paula, mewn ffordd. Rwyf hefyd yn cytuno 100 y cant efo beth mae Alun wedi'i ddweud. Yn Nyffryn Ogwen, mae cynllun preifat 500 kW, ac mae'r holl fudd o'r cynllun yna, yr incwm o'r cynllun yna, yn mynd dros y ffin i gwmni preifat yn Lloegr. Felly, byddai gosod amodau ar ddatblygwyr preifat yn beth da, rwy'n meddwl, fel bod yna fudd cymunedol o bob un cynllun hydro ar draws Cymru.

[273] **Mr Jones:** Beth rydym ni'n ei wneud yw creu cynnyrch, ac nid yw'r farchnad ar y funud yn licio os ydych yn cynhyrchu'n fach. Mae'n licio lymphiau mawr o egni. Os edrychwn ar rywbeth fel Our Power i fyny yn yr Alban, nid yw'n berffaith, achos

Mr Thomas: From our perspective, I think what we would have liked to have seen is a far more convenient process to actually borrow the funds to build the scheme. The process of getting the loans in place has been something of a nightmare. We have had to create a portfolio of some 800 documents for the bank to demonstrate that all our ducks are in a row before we can proceed with construction. Therefore, it's been a longwinded process and an expensive process from a legal point of view in getting everything in place just so that we can access the loan.

Alun Ffred Jones: Meleri, do you want to say something?

Ms Davies: No—I was going to propose something quite similar to Paula, to be honest. I also agree fully with what Alun said. In Dyffryn Ogwen, we have a private scheme of 500 kW, and all the benefits, the income, from that scheme go over the border to a private company in England. So, setting conditions in terms of private developers would be a good thing, I think, to make sure that there is a community benefit for every hydro project across Wales.

Mr Jones: What we're doing is actually producing, and the market at present doesn't like small-scale production. It likes large-scale energy production. If we look at something like Our Power in Scotland, it's not perfect, because it

mae'n fwy i wneud â mudiadau cyhoeddus, ond, yng Nghymru, mae cynhyrchu a gwerthu a dosbarthu egni a chreu'r farchnad ar lefel oddi fewn Cymru, byddai'n bosibl gwneud hynny achos mae digon o gwmnïau wedi'u creu. Byddai'n risg i ddechrau, ond o ran creu cwmni egni Cymreig sydd fwy neu lai wedi cael ei adeiladu o'r holl gwmnïau egni cymunedol bychan sydd yma, byddai hynny'n adio gwerth mawr i'r cynnyrch—achos dyna rydym ni'n ei wneud ar ddiwedd y dydd.

is more to do with public authorities, but, in Wales, the production, selling and distribution of energy and the creation of the market at a pan-Wales level would be possible because there are enough companies out there. There is a risk initially, but to create a Welsh energy company that could more or less be built up from all the small-scale community projects already in place, would add great value to the product—because that's what it boils down to at the end of the day.

[274] **Alun Ffred Jones:** Roedd hynny'n ddefnyddiol iawn, iawn. Rwy'n mynd i roi'r gair olaf y bore yma i Mr Alan Simpson, sydd am ofyn cwestiwn i chi.

Alun Ffred Jones: Those were very, very useful suggestions. I'll give the last word this morning to Mr Alan Simpson, who is going to ask you a few questions.

[275] **Mr Simpson:** Thank you, Chair. Actually, my question follows on from Keith's answer and it is to ask: have you looked at the recent launch of the Robin Hood Energy company in Nottingham as a not-for-profit energy company? If so, is that any sort of model that Wales could adopt as a replica of the not-for-profit water company that you have? That would take Wales into a space that not only sold clean energy, but also developed new market rules to sell less energy consumption.

[276] **Alun Ffred Jones:** Keith.

[277] **Mr Jones:** Yes. We're in the middle of it now. We're working with Co-op UK, who buy terawatt hours of energy. The problem we've got is all of this balancing and settlement aspect. So, you need a big friend for it. But, definitely, the development of a mutual process for trading, buying and enabling energy—. Then, you look at the German model—. We've got to remember, if I ask the question, 'Do the Welsh Government's agencies buy Welsh energy?', the answer is, 'Well, they can't at the moment, because there isn't a Welsh market for it'. They must buy gigawatt hours, so, you've got a big customer there. It's something that we're working on at the moment. One of the questions we were asked is: what could Welsh Government do? If

you're going into structural funds, that would be a hell of a good outcome if we could use that money in order to pump prime the initial risk set-up phase.

[278] **Alun Ffred Jones:** Diolch yn fawr iawn. Mae honno wedi bod yn sesiwn wirioneddol ddefnyddiol. Rydym yn ddiolchgar iawn, iawn i chi. Mae'n ddrwg iawn gennyf am yr amryfusedd efo'r cyfieithu a'r cysylltiad, ond rwy'n wirioneddol ddiolchgar i chi am roi eich profiad. Rhyw ddiwrnod, mi gawn ni'r system dechnoleg yma i weithio'n iawn. Felly, diolch yn fawr iawn i chi a diolch yn fawr iawn i aelodau'r pwyllgor. Diolch yn fawr. Bydd cyfarfod nesaf y pwyllgor yn digwydd ar—

Alun Ffred Jones: Thank you very much. That has been a truly useful session. We're very, very grateful to you. I am sorry about the difficulties with the interpretation and the link, but, we're truly thankful to you for sharing your experience. Hopefully, we'll get the technology to work here one day. We're very grateful to you as a committee. Thank you very much. The next meeting of the committee will take place on—

[279] Second of December—next meeting of the committee. Diolch yn fawr iawn. Thank you.

*Daeth y cyfarfod i ben am 12:25.
The meeting ended at 12:25.*