

Environment and Sustainability Committee

E&S(4)-08-11 paper 3

Inquiry into Energy Policy and Planning in Wales - Evidence from
Scottish Power Limited

Introduction

1. This evidence is provided on behalf of Scottish Power Limited (a major UK energy supply, networks and generation business), and ScottishPower Renewable Energy Limited (a leading renewable developer in the UK). Both companies are subsidiaries of Iberdrola S.A. and references to “ScottishPower” and “we” are to either or both companies as the context requires.

2. Scottish Power Limited is an energy business that provides electricity transmission and distribution services to more than 3 million customers, supplies some 5 million electricity and gas services to homes and businesses across Great Britain (GB), and operates electricity generation, gas storage facilities and associated energy management activities in the UK. ScottishPower Renewable Energy Limited (known as ScottishPower Renewables) is part of Iberdrola’s Renewables business, which is the largest developer of renewables globally.

3. This memorandum provides a summary of our views in relation to how the current devolution arrangements for energy policy and planning affect the delivery of the Welsh Government’s desired future energy mix in Wales. Given our significant involvement in Wales as a Distribution Network Operator (DNO), an energy supplier and a developer of renewable energy, ScottishPower is keen work with the Welsh and UK Governments to understand how climate change and security of supply objectives can be met.

Current Development in Wales

SP Energy Networks

4. SP Energy Networks (SP Manweb) is the licensed Distribution Network Operator (DNO) in Merseyside and in north and mid Wales. SP Manweb operates in a highly regulated environment with targets set by the UK energy regulator, Ofgem. Our network consists of over 65,000km of underground cables and 47,000km of overhead lines, which distributes electricity to over 400,000 points of supply in north and mid Wales. Planned developments in Wales include:

- Onshore wind farm 132kV connections including substation development for Tirgwynt Wind Farm and Llandinam Wind Farm currently in planning system;
- 10 Contracted network connections including substation development in mid Wales to connect onshore wind farms in Strategic Search Areas B, C and D amounting to approximately 800MW;

- 3 Contracted network connections in north Wales to connect wind farms in SSA A amounting to approximately 180MW;
- Associated development linked to the proposed west coast HV DC link between south west Scotland and north Wales providing 2GW capacity;
- Substation developments including Aberystwyth, Flint, Holywell; and,
- Upgrading overhead lines throughout the north and mid Wales area including undergrounding existing lines in Snowdonia National Park

ScottishPower Renewables

5. ScottishPower Renewables in a joint venture with Eurus Energy (UK) has been operating the existing Penrhyddlan and Llidiartywaun windfarm in Powys since 1992. ScottishPower Renewables is also actively developing more onshore wind generation in Wales to assist the Welsh Government in meeting its sustainability targets. Planned developments in Wales include:

- The repowering of the Llandinam windfarm site, currently the subject of a S36 application, submitted in 2008;
- The Mynydd windfarm site (Mynydd Mynyllod) within the local authority areas of Denbighshire and Gwynedd which is in the process of Environmental Impact Assessment (EIA) and will be submitted to the Infrastructure Planning Commission (or its successor) in early 2012; and,
- The Dyfnant windfarm located in Forestry Commission Wales' Dyfnant Forest in the county of Montgomeryshire, Powys. This project is undergoing Environmental Impact Assessment (EIA) and will be submitted to the Infrastructure Planning Commission (or its successor) in early 2012.

Recent Experience with the Consenting Process in Wales

6. Despite Wales' renewable energy aspirations, the delivery of wind farm projects and grid projects has proved to be slow and unpredictable. Local planning authorities have been unable to progress wind farm planning applications (both TCPA applications and Section 36/IPC applications) with grid transmission system upgrades in a timely manner. Transport related issues have also proven to be a serious obstacle, even for those projects with grid capacity already secured and no cumulative traffic impacts.

7. Our concern is that without planning applications being considered within a reasonable timescale, investors could ultimately turn to alternative markets where there is greater certainty, either elsewhere in the UK, in Europe or beyond. This could limit the contribution renewable energy can make to the Welsh economy and could jeopardise the delivery of the Welsh Government's renewable electricity targets. Furthermore, recent Welsh Government announcements relating to renewables policy have also created some uncertainty, which has left the industry confused as to intentions of the Government. We ask that clarification be provided in this area.

Implications if Energy Consents Remain Reserved to the UK Government

8. The Climate Change Act 2008 commits the UK to reduce greenhouse gas emissions by 80% by 2050, and the EU Renewable Energy Directive requires 15% of all energy to be from renewable sources by 2020. These policy instruments provide the framework for the UK to increase its electricity generated by renewables from 6.7% in 2009 to in excess of 30% by 2020. When considered alongside the further need to replace over a quarter of the existing generation, the scale and urgency of the energy challenge across the entire UK is clear.

9. To meet climate change targets and maintain secure energy supplies across the UK, Ofgem estimate that £200 billion worth of investment is needed in all forms of sustainable energy and related infrastructure by 2020. In our view, certainty and stability within the planning system is the critical factor in enabling this level of investment to come forward and in ensuring that these much needed projects are delivered. As such, we are keen to work positively and collaboratively with whichever consenting authority has responsibility for energy projects in Wales. It is more important to ensure that all decisions are firmly based on existing policies and the national energy need. Should energy consenting powers be devolved to the Welsh Government, we believe this should be viewed as an opportunity for the Welsh Government to demonstrate its commitment to delivering renewable energy in Wales by using these powers to increase the rate of deployment.

10. Other devolved administrations have been able to demonstrate a sense of urgency in decision making but only where the targets are clear, the policies supportive and the capacity / capability to make consenting decisions exists. Should energy consenting powers be devolved to the Welsh Government, it is vital that the process is properly resourced and linked to professional energy expertise available within Planning Inspectorate Wales. Consenting officials would need to be capable of making informed recommendation to Welsh Ministers and for this reason we would advocate learning from the experience of, for example, the Scottish Government, who have demonstrated strong capability and leadership in this area.

How this Affects the Achievement of the Welsh Government's Aspirations

11. Under the present arrangements, we believe that the best way of meeting the Welsh Government's aspirations as set out in the Energy Policy Statement is by greater cross-government co-operation between the administrations in London and Cardiff. Given the numerous changes that have taken place in planning policy, it is critical at this stage for investors to deal with stable and predictable planning or consenting procedures. Any cross border issues should be dealt with quickly and effectively.

12. Should consenting powers remain reserved to the UK Government, consideration could be given to the option of Welsh Ministers being consulted by the DECC Secretary of State when making decisions associated within Welsh projects. However, given the urgency of the energy challenges, it would be imperative that decisions were still made within the 3 month timescale already established.

Welsh Government Aspirations for a Diverse Mix of Renewable Sources

13. We believe that delivering a diverse mix of renewable technologies is important. However, the importance of onshore wind within the renewable energy mix to 2020 and beyond should not be underestimated. Onshore wind underpins investor confidence across the entire renewables sector. As such, continued focus on supporting onshore wind as a proven, financially viable technology is needed to ensure that current renewable energy and climate change obligations are met. This is essential to the delivery of the desired future mix of renewable technologies and must be the immediate priority.

14. Whilst we support ambitious targets for marine energy, in our view, the achievement of 4GW of marine energy in Wales by 2025 is unrealistic. Our own estimates suggest that even with an increase in the current level of industry capacity, it is likely that we will have a UK total of 1.6GW by the end of this decade. Renewable UK's 'Wave and Tidal Energy State of the Industry Report 2011' outlines industry-agreed scenarios for deployment, with the highest estimate being up to 2.2GW installed throughout the UK by 2020. On this basis, we believe that the contribution that marine renewables can make to meeting Welsh Government renewable targets may be set too high.

15. Similarly, we support ambitious targets for offshore wind and the policy and funding structures that will be required to achieve these. However, we would welcome clarification of the basis of the Welsh target of a further 15 kWh/d/p of capacity by 2015/6, as this may be difficult to achieve within the existing context of Round 3 development.

How this Affects Delivery of the Welsh Government's GHG Target

16. Under the present arrangements, we believe that the best way for the Welsh Government to deliver its target of a 3% reduction in greenhouse gas emissions per annum from 2011 is for the Welsh and UK Governments to work more collaboratively on decisions for major energy infrastructure projects in Wales. Consideration could be given to the option of Welsh Ministers being consulted by DECC Secretary of State when making decisions associated within Welsh projects, as long as this did not impact the timetable for decision making.

Impact if Consent Decisions are not all taken in accordance with Welsh Planning Policy

17. We believe it to be important that Welsh planning policy is taken into account in making any energy infrastructure related consent decisions relating to Wales. We support current policy as outlined in TAN 8 (July 2005), Planning for Renewable Energy (October 2010) and Planning Policy Wales (February 2011). However, we have some concerns over how some policies are interpreted and applied.

18. We believe that a level of strategic planning is useful in identifying the opportunities and constraints in relation to the potential for renewables in Wales, including the factor that each development needs to be connected to the grid. TAN 8 goes some way towards identifying key areas of activity, with large scale development being focused on the Strategic Search Areas (SSAs). However, this does not and should not preclude suitable developments which could also be brought forward in areas on the edge of and/or outside the SSAs (and which could ease cumulative effects within the SSAs). An allowance for repowering and extension would also be helpful. Wales is the only part of UK to exclude areas that have no apparent constraints. We request that interpretation of TAN 8 is more closely aligned with the more flexible approach taken in the UK's National Policy Statements for Energy.

19. TAN 8 also specifically mentions the ‘very restricted capacity’ in north and mid Wales and specifically that ‘the reinforcement of the network through the construction of new high voltage distribution and transmission lines is vital to the realisation of any significant additional generating capacity as well as providing a more reliable network for electricity users in the western mid Wales area. This represents one of only a few references in national policy to electricity networks in Wales. In bringing forward network schemes in Wales, we believe it is vital for the planning system that such policy is retained and applied in its current form by decision makers in order to achieve Welsh Government renewable policy.

Planning Guidance Petition P-03-273: Transportation of Wind Turbines in Mid Wales

20. The petition states: *We call upon the National Assembly for Wales to urge the Welsh Government to issue guidance to Local Planning Authorities to ensure that communities are properly consulted on wind farm developments, that impact on road infrastructure is properly assessed and that the broader effects of traffic disruption on sectors such as tourism are properly considered before any development is approved to take place. We believe the only way this can be properly concluded is by way of a public inquiry.*

21. Windfarm developments are subject to Environmental Impact Assessment (EIA) which ensures that the likely significant effects of any proposal are assessed and minimised and taken into account in the decision making process. The EIA process adopts good practice guidance and methodologies in assessing transportation, among other effects, and includes both a formal and informal consultation of local communities. This occurs from the early stages of the EIA through planning application and beyond. Beyond this, ScottishPower Renewables is working with RUK Cymru and Welsh transport authorities to identify strategic routes and, in turn, to manage the effects of cumulative turbine movements in mid Wales which are anticipated when projects (including those dependent on future grid upgrades) come forward.

22. However, perceived transport issues are holding up the determination of projects that already have grid capacity secured and could be delivered now. In our view, these projects could make an early contribution to Wales’ renewables targets. The concerns of the roads authorities, police and local communities are ones which are routinely dealt with elsewhere via planning conditions post consent. An example of this is where ScottishPower Renewables recently delivered 60 wind turbines to Arecleoch and 28 to Mark Hill (both of which are in remote parts of south-west Scotland) with no associated transport impacts.

23. We support the request that “communities are properly consulted on wind farm developments (and) that impact on road infrastructure is properly assessed”. However, we see no need for a PLI and would ask the Welsh Assembly Government to use this as an opportunity to show leadership and issue a direction to the Local Planning Authorities to address these issues



**ScottishPower
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