



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

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 9 Chwefror 2012
Thursday, 9 February 2012

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

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

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

Mick Antoniw	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Rebecca Evans	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives

Vaughan Gething	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

**Eraill yn bresennol
Others in attendance**

Michael Butterfield	Prosiect y Cymoedd Gwyrdd Llangatwg Llangattock Green Valleys
Peter Davies	Y Comisiynydd Dyfodol Cynaliadwy Comissioner for Sustainable Futures
Rod Edwards	Rheolwr Masnachol a Thechnegol, Dulas Ltd Commercial and Technical Manager, Dulas Ltd
Andrew Padmore	Prif Weithredwr, Egnida Chief Executive, Egnida
Michael Phillips	Cyfarwyddwr a Phrif Ymgynghorydd, Dulas Ltd Director and Principal Consultant, Dulas Ltd
Andy Rowland	Rheolwr, ecodyfi Manager, ecodyfi

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

Alun Davidson	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Lisa MacDonald	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 11.04 a.m.
The meeting began at 11.04 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Yr Arglwydd Elis-Thomas:** Bore da. Mae'n bleser eich croesawu i Ganolfan y Dechnoleg Amgen, ar ran fy nghyfaill a'r Aelod Cynulliad dros y rhan hon o'r byd, Russell George—ond mae Meirionnydd yn agos iawn, dros yr afon. Diolch yn fawr i Paul ac i'n cyfeillion yma yng Nghanolfan y Dechnoleg Amgen am eu croeso. Mae'n hyfryd bod yma yn Theatr Sheppard, sy'n adeilad cynaliadwy, fel y gwelsom y bore yma—efallai ei fod hyd yn oed yn fwy

Lord Elis-Thomas: Good morning. It is a pleasure to welcome you to the Centre for Alternative Technology on behalf of my colleague and Assembly Member for this part of the world, Russell George—but Meirionnydd is very close, just across the river. I thank Paul and our colleagues here at the Centre for Alternative Technology for their welcome. It is wonderful to be here in Sheppard Theatre, which, as we saw this morning, is a sustainable building—perhaps

cynaliadwy na Senedd Cymru ym mae Caerdydd, ond nid wyf yn siŵr am hynny. Croeso i'r cyhoedd ac i'r tystion.

even more sustainable than the Senedd in Cardiff bay, although I am not entirely convinced about that. I welcome the public and witnesses.

[2] Diffoddwch eich ffonau symudol, os gwelwch yn dda, neu byddant yn effeithio ar yr offer darlledu a chyfieithu. Rydym yn ymwybodol iawn o'r gyfundrefn gyfieithu: mae'r cyfieithu ar sianel 1 a'r darllediad gair am air ar sianel 0. Nid oes raid ichi gyffwrdd â'r botymau ar y meicroffonau; os ydych yn troi eich meicroffon ymlaen, bydd Mr Ray Jones yn ei droi i ffwrdd. Mae Mr Ray Jones yn gysylltiedig â'r rhan hon o'r byd, ac rwy'n siŵr ei fod yn hapus iawn i fod yn y canolbarth.

Please switch off your mobile phones, as they interfere with the broadcasting and interpretation equipment. We are all aware of the interpretation system: interpretation is on channel 1 and verbatim contributions are on channel 0. You do not need to touch the buttons on the microphones; if you switch your microphone on, Mr Ray Jones will switch it off. Mr Ray Jones is from this part of this world, and I am sure that he is very happy to be back in mid Wales.

[3] Rydym wedi derbyn ymddiheuriad oddi wrth Julie James.

We have received an apology from Julie James.

11.06 a.m.

Ymchwiliad i Bolisi Ynni a Chynllunio yng Nghymru: Tystiolaeth Lafar Inquiry into Energy Policy and Planning in Wales: Oral Evidence

[4] **Yr Arglwydd Elis-Thomas:** Mae gennym ddau banel yn rhoi tystiolaeth inni heddiw. Rydym yn gyntaf yn croesawu cwmni Dulas Cyf, ac rydym yn gobeithio y bydd cynrychiolydd Egnida gyda ni yn ogystal yn y man. Diolchaf i gwmni Dulas Cyf am ddarparu papur i'r pwyllgor. Byddwn yn cwrdd ag Ynni Cymunedol Cymru, Ecodyfi a Phrosiect y Cymoedd Gwyrdd Llangatwg yn yr ail banel am 12 p.m..

Lord Elis-Thomas: We have two panels giving evidence to us today. First, we welcome Dulas Ltd, and we hope that the representative from Egnida will be with us shortly. I thank Dulas Ltd for the paper that it has submitted to the committee. We will meet Community Energy Wales, Ecodyfi and the Llangattock Green Valleys Project in the second panel at 12 p.m..

[5] Croesawaf Mike Phillips a Rod Edwards yma heddiw. Cychwynnaf drwy ofyn ichi ddisgrifio gwaith y cwmni a'r modd y mae wedi tyfu dros y blynyddoedd ers ei sefydlu. Byddai'n braf inni gael rhywfaint o hanes y cwmni a'i gysylltiad â'r ganolfan hon, ac yna ddisgrifiad o'r math o waith rydych yn ei wneud.

I welcome Mike Phillips and Rod Edwards here today. I will start by asking you to describe the company's work and how it has grown in the years since its establishment. It would be nice for us to hear some of the company's history and its links with this centre, and then a description of the kind of work that you do.

[6] **Mr Edwards:** Good morning and thank you for the opportunity to discuss these matters with the committee. I am sorry that I am unable to speak in Welsh. I can speak Welsh, but not strongly enough—

[7] **Lord Elis-Thomas:** There is no need to apologise—we are a bilingual country. I know that you are a constituent of mine from over the river—we have met before—so it is alright, you carry on. Just keep voting. [*Laughter.*]

[8] **Mr Edwards:** I am Rod Edwards and I am a commercial and technical manager with

Dulas Ltd. I have been with the company for 20 years and I was a director for 16 years. Dulas Ltd started about 100 yd away from here, but, unfortunately, they have now knocked the shed down. We are based in Machynlleth are we are 30 years old this year. We are specialists in renewable energy and we only deal with renewable energy. We have grown from when I joined the company, when there were six of us; we now have nearly 100 employees and a turnover last year of around £20 million.

[9] It is fair to say that it has been a fairly difficult ride, in that the renewable energy industry did not really exist when we started. We have grown the industry as much as we have grown with it. The company is very much ethically based: yes, we must make money—any business does—but the ethos of the company and its employees is that we are doing it because we believe passionately in the fact that climate change is a real threat to humanity and that we can, as a group of engineers and environmentalists, do something about it.

[10] We work across most of the technologies and in most countries of the world; we are not just focused on Wales. Since we started, we have had a worldwide market with humanitarian applications for renewable energy, particularly solar-powered blood and vaccine fridges. We work in the wind industry and we have a very strong solar team and hydro team. That, basically, is Dulas Ltd in a nutshell, unless my colleague wants to add anything.

[11] **Mr Phillips:** The only thing that I would like to add is that, in addition to our day job, Rod and I are both committee members of Bro Dyfi Community Renewables. You may have seen the two wind turbines up on the hillside; sadly, they are standing idle today, but we have had some fantastic generation out of the Nordtank NTK500/37. We have direct experience of developing and delivering community projects.

[12] Adding to what Rod said, we are currently very well positioned in the wind sector. We design and deliver planning consents for windfarms. Historically, we have done this from Cornwall right up to the Orkneys, although our core work has been based in Wales. The business in wind consents and design was built up through the 1990s and has gained momentum ever since, to the point that we have been involved in consenting around 320 MW of wind power throughout the UK. We are currently working on another 200 MW of wind power for a variety of clients, the principal development of which is the Nant y Moch windfarm development on behalf of SSE Renewables Developments (UK) Ltd. We are also very strong in the wind monitoring and resource area, so we cover the full gamut of the commercially readily available renewables.

[13] **Lord Elis-Thomas:** I have one more question arising from that before I hand over to colleagues. Why is it still the case that consents in Wales seem to take longer than anywhere else?

[14] **Mr Phillips:** That is the \$1 million question.

[15] **Lord Elis-Thomas:** That is why I asked it. [*Laughter.*]

[16] **Mr Phillips:** You may be pleased to know that England is rapidly catching up with Wales. The consenting rate was around 42% last year, so it is fairly poor. It is partly because all the good wind sites have gone, so developers are forced into shoehorning windfarms into smaller and more constrained areas. Also, generally, the sensitivities of not just local communities, but the natural environment and residential amenity, have taken on greater credence and validity as material concerns within the planning regime. Everyone is much more aware, and schemes come under much greater scrutiny. It makes it difficult for developers to get the schemes through in the first phase; generally, they will end up at the appeal phase. It is typically taking a windfarm about 15 months to work its way through the planning process, and it then goes into an appeal process, which increases the period up to 33

or 34 months. The rigours of the planning system are really coming home to roost with regard to the development of schemes.

[17] **Lord Elis-Thomas:** As you can imagine, this is a matter of significant concern to this committee, because we are responsible for the scrutiny of public policy. Is the length of time taken, and the complexity of consent, better or worse in Wales than in other areas where you work?

[18] **Mr Phillips:** In all honesty, it is marginally worse than it is in England. We know what the situation is in Scotland, where there is a slightly more positive and enabling environment. Despite this—we have to accentuate this—we think that the policy in Wales is fantastic; if that policy could be delivered at a local level, we would be genuinely moving towards a low-carbon economy. However, it is faltering at the moment.

[19] **Rebecca Evans:** How achievable are the Welsh Government's targets, contained in the national policy statement and the microgeneration action plan, with regard to microgeneration?

[20] **Mr Edwards:** Given that our specialist field is not so much microgeneration, I will answer as best as I can. I think that they are achievable. As Mike said, the overarching policy is good, but what has to happen, and what has not really happened to the extent that we feel that it should, is that the policy is driven down through the planning system, with accountability at lower levels within Government structures. Given that, there is willingness; certainly for photovoltaic and small wind-power generation, there is no shortage of customers in Wales. What we are hearing, especially with regard to micro and small wind-power generation, is that farmers are concerned that they will have to spend a lot of money getting planning permission. That is what I hear when I talk to our clients.

11.15 a.m.

[21] There seems to be a disjunction between the policy at the top and what you hear at ground level. Provided that can be ironed out, the targets are achievable. Microgeneration is of particular importance, as are community schemes, because, although the contribution in megawatt hours might be relatively small, they play an important part in the public perception of renewables and giving communities the feeling that they can participate at some level.

[22] **Rebecca Evans:** If small-scale schemes of under 25 MW were widely installed across Wales, to what extent would that negate the need for larger projects?

[23] **Mr Phillips:** I will provide a bit of context, if I may, because, as you are aware through the committee meetings, there are ambitious targets for 22.5 GW of power by 2025. If you strip out of that what has recently been removed from that mix, namely the tidal barrage, the non-commercial nature of wave power and the slight shortfall in the offshore areas where the ambition was for 6 GW—and, in actual fact, in round 3, we have 5.5 GW defined—we are talking about more than 11 GW of power that now need to be stripped out of that potential 22.5 GW. They leave a considerable shortfall, and we have only 10 to 15 years to deliver that. As a result, it puts a greater responsibility and burden on the other renewables to deliver. I am fairly certain that the current targets for onshore and offshore wind can largely be delivered. Obviously, there are some strategic issues, but the message from Dulas is that the other renewables have to take up this much greater burden. There is much greater doubt that the available area, the resource and the public support to take on an even greater volume in the capacity of renewables exist. So, we are concerned about both the mix that is prescribed in the low carbon statement from the Welsh Government and the on-the-ground experience in terms of the consents processes and the ability to consent schemes, which brings into our minds a heavy doubt as to whether we can achieve those ambitious targets.

[24] **William Powell:** Good morning. How successful do you feel attempts at Westminster and Welsh Government levels have been in incentivising microgeneration? In asking that, I am conscious that we are down a witness at the moment, and I would like to return to the issue if Mr Padmore joins us in a while, but I would appreciate your perspective on that.

[25] **Mr Edwards:** One of the things that affects the markets more than weak policy is uncertainty. What has happened with the feed-in tariff has made the market very uncertain. It has affected us as a business; it seems to have engendered feast or famine. Generally, the industry would accept a lower level of feed-in tariff with some certainty that it would be in place for five to six years. PV is a fairly easy technology to deal with: the customer phones up and, generally, they can get a system installed easily in three to six months. A small wind generator, say a 55 kW or 60 kW on-farm wind generator, probably takes at least 12 to 18 months, by the time you have gone through the initial studies, planning permission, grid connection agreements, ordering the turbine and getting it in. From when the customer first rings until it is generating is probably something like 18 months. If, during that period, you know that the feed-in tariff will alter, the customer is put off immediately. They will ask 'How much am I going to get if I spend this money speculatively on getting through the planning system?'. To that extent, this uncertainty and the length of time each change has been allowed to bed in has certainly caused a lot of problems for the microgeneration industry.

[26] **William Powell:** Are there any lessons you feel we have failed to learn from the mainland European experience, particularly the German experience, of feed-in tariffs from the 1990s and the first part of this century?

[27] **Mr Phillips:** In all honesty, to go back to your original question, political leadership on microgeneration has been fantastic. Perhaps that is because it is more palatable than large-scale renewables, and there is also an advantage in that people can actually embrace those renewables and have them on the roof of their home and so on. Delivery generally has been fantastic. We have been through a big boom period with photovoltaic in the run up to December 12, and we have a big boom at the moment. I think that we have put in 80 or 90 systems, not just at domestic level, but at a large commercial level, recently. To echo Rod's point, it is the prevarication on the regulatory mechanisms that has been an issue. We have the impending announcement on the further FITs for medium wind and hydroelectricity, and the rumours we have had are that they will be cut by 25%, so the uncertainty is really nobbling the investment. That is the sense we get. If we may, we would ask the Assembly to do its utmost to lobby at the highest level just to provide some continuity in those mechanisms. That would go a long way towards buoying up the industry.

[28] **Lord Elis-Thomas:** Angela is next. Did I say Angela? I meant Antoinette. I am sorry—I was on another planet briefly.

[29] **Antoinette Sandbach:** I believe that Dulas was involved in the original consultation on technical advice note 8 and the strategic search areas. Can you tell us whether you feel those SSAs were right and whether you felt there were limitations that were not addressed?

[30] **Mr Edwards:** Oh dear. Yes, I was on the technical advice group that had representatives from across the agencies as well as the wind industry, the statutory consultees and the Welsh Assembly Government. Over a period of about 18 months we met regularly and we were reaching some sort of consensus about the approach. The approach that we were coming to at the time was a criteria-based tiered approach, so you would look at sites in the areas where most of the criteria were met, and those would be the tier 1 sites and the ones expected to be taken forward. At some point, the process went into the Assembly Government and came out as TAN 8, when the strategic search areas were announced. At the time, the

thrust of our consultation response was that we did not actually like that approach but that we could work with it. In common with the rest of the wind industry, we would have liked a more clearly defined criteria-based system, so that developers and the planning system had a very clear set of criteria that had to be met, and sites could then be taken forward or found that met those criteria, rather than saying that these areas might broadly meet the criteria so you can only go into those areas. I understand the reasoning behind TAN 8, but I do not necessarily agree with it.

[31] **Antoinette Sandbach:** So, from an industry perspective, your evidence is in effect that you have had to work with it, because that is what came out, but it was not what you and the industry wanted to start with. I know that you wrote a paper in 2004; would you be willing to provide a copy of that to the committee so that we could use it as part of our evidence?

[32] **Mr Edwards:** Certainly.

[33] **Antoinette Sandbach:** Moving on to my final question, if I might, Chair, I would like to concentrate on the community side of wind as opposed to microgeneration. Do you feel that there is enough support for the community side of wind energy in the way it is being promoted? Are there limits in the planning system that are discouraging those sorts of projects from coming forward, because effectively they take up the same resources as a large project? What do you think we could do better to get better community engagement in wind, rather than a top-down approach, which tends to alienate local communities?

[34] **Mr Phillips:** I think that the evidence is there in that we do not have that many social energy enterprises in Wales currently. However, they are gaining momentum, and I know that there is a lot going on at UK Government level and with Community Energy Wales. However, I think that there is more to do. The one thing that Dulas has always identified is a toolkit for communities. Basically, it is a very clear toolkit that you will find available from Suffolk County Council. It provides information on how to constitute a community energy organisation, how to finance it, and how to work with the planning regime. So, a very prescriptive, step-by-step toolkit would be a fantastic starting point.

[35] If it is at all possible for the Assembly to consider whether preferential planning terms could be delivered for communities, so that the process is clearer and not so rigorous, that would help. Also, the big stumbling block until now has been the financing of the community energy projects. Whether it is a revolving fund for them or some further clarity in terms of funding arrangements and whether they would then prevent the use of the regulatory mechanisms, such as the feed-in tariffs, providing clarity on those sorts of things would be very helpful. I think that we are on an upward trajectory on this, but there is more to be done.

[36] **Lord Elis-Thomas:** May I apologise to you? I was speaking earlier of the most brilliant speech made by your colleague Angela Burns when she opened our new all-party energy group.

[37] **Antoinette Sandbach:** I shall take it as a compliment, Dafydd.

[38] **Lord Elis-Thomas:** I will never do this again. [*Laughter.*] How could I ever confuse two such fine ladies among the Welsh Conservatives? And now, a fine gentleman among the Welsh Conservatives: Russell.

[39] **Russell George:** That must be me.

[40] I want to ask some questions on small hydro schemes. I am very supportive of the project being proposed not far from here, in Newtown at Penarth weir. Some responses to our committee have suggested that micro-hydro is a good alternative to wind. There is also a

suggestion that if the Environment Agency were to reduce the licence charges, micro-hydro would have huge potential in Wales. Could you comment on that and just talk about the key advantages and constraints associated with small hydro projects?

[41] **Mr Edwards:** It may be of interest to you to know that my background is in small hydro. I came to Dulas 20 years ago to start the hydro team.

[42] I disagree with the concept that hydro can replace the capacity for wind in Wales. We were involved in the resource assessment for renewables in Wales back in 2000-01 that was conducted by the Welsh Assembly Government, and we found that there was probably an exploitable resource of about 20 MW for small hydro projects of any significant scale of about 25 kW and above. Even if you take away the environmental considerations and just look at the pure technical capacity, that every river could be exploited, technically, the resource is probably about 20 MW. If you then take into consideration factors such as the Environment Agency's legal obligation to protect waters for fisheries and for environmental and ecological reasons, you are probably looking at some fairly small schemes. However, I think that it has a very big role to play in the microgeneration end of the market, because 25 kW is far too big for a house, for instance, where we would be looking at 5 kW to 10 kW. That resource is probably immeasurable, but it certainly is not going to deliver a significant amount of the 22.5 GW target or aspiration.

[43] Sorry, what was the other part?

[44] **Russell George:** The other part was about the Environment Agency reducing its licence charges.

[45] **Mr Edwards:** Unless things have changed—and I might be wrong here—there is no charge for an abstraction licence. There is a one-off charge, but I may be wrong, because I am not exactly current on this. Certainly, five to 10 years ago was the last time I dealt with them, and there was no charge. There was an administration fee, but it was not onerous. What were onerous for the small developer, particularly in Snowdonia, were the ecological studies that had to be carried out, the cost of which could run into several thousand pounds.

11.30 a.m.

[46] **Mr Phillips:** May I add to that? Ironically, my partner works as a planning consultant for the hydro scheme in Newtown. The proximity to the special area of conservation highlighted a lot of sensitivity about extracting water and the potential effects on freshwater species. In recent weeks, though, there has been a fantastic collaboration between the Environment Agency, the Countryside Council for Wales and the developer—the community itself. They have looked at the sensitivity of the scheme against the known species in the river system and they have reduced their demands for the planning requirements. That is where these collaborations—particularly through very clear service level agreements between the developers and through the statutory bodies—can be an enabling environment, making these happen in a much better way. There are costs still associated with them, but those costs can be brought down with the service level agreements, so that the planning requirements are much leaner.

[47] **Yr Arglwydd Elis-Thomas:** Ar y **Lord Elis-Thomas:** At this point, I would pwynt hwn, hoffwn groesawu Andrew like to introduce Andrew Padmore, chief Padmore, prif weithredwr Egnida. executive of Egnida.

[48] I will ask you, in a moment, to describe your involvement. We will carry on with the questioning for the moment.

[49] **Llyr Huws Gruffydd:** Rwyf am fynd ar ôl yr elfen o roi ffafriaeth yn y system gynllunio i gynlluniau cymunedol. Rydych wedi sôn am yr angen i wneud y broses yn haws i fentrau cymunedol ac yn y blaen. Sut y byddech yn diffinio ‘prosiect cymunedol’? Rwy’n gweld gwahanol lefelau o berchnogaeth gymunedol ac rwy’n teimlo weithiau bod *thresholds* isel iawn yn cael eu goddef yn y cyd-destun hwnnw.

Llyr Huws Gruffydd: I would like to pursue the idea of favouring community schemes within the planning system. You talked about the need to make the process easier for community initiatives and so on. How would you define a ‘community project’? I see different levels of community ownership and I sometimes feel that very low thresholds are tolerated in this context.

[50] **Mr Edwards:** The definition of a ‘community project’ is something that is talked about a lot. We were involved in some work that was partly funded by the Department of Trade and Industry, as it was then, and partly funded by the European Union to look at community hydro in north Wales. My colleague and I came up with a working definition for ‘community renewables’, which I think has stuck. Forgive me if I get it wrong or if I am not word perfect. Community renewables were defined as projects where the sponsors are either a local business, a local individual or a group of individuals whose prime function is not the generation of energy. You can have two types of community: a community of place, where a group of individuals comes together; or a community of interest over a wider geographical area. However, the significant thing is that it has to have some sort of local connotation and the prime function of the individual or individuals involved is not to be generators of electricity. That is the working definition that we tend to use.

[51] **Mr Phillips:** The scale is irrelevant. There are good examples, such as a windfarm in Oxfordshire that generates 15 MW to 20 MW and is a community-owned windfarm through Energy4All. Indeed, we are working with Energy4All in Wales at the moment, looking at the potential for a couple of large scale, or perhaps medium-scale, windfarms of between 5 MW and 15 MW. These are much larger scale schemes, but, under the definition that Rod provided, they would still be defined as a community development.

[52] **Llyr Huws Gruffydd:** Diolch am hynny; mae’n ddefnyddiol iawn. Awgrymwyd yn un o’r sesiynau blaenorol y gellid rhoi *presumed consent* i gynlluniau cymunedol hyd at 25 MW tu allan i ardaloedd TAN 8, a bod hynny yn un ffordd o hwyluso ac annog cynlluniau cymunedol. Nid wyf yn gwybod eich barn ar hynny, neu’r awgrym hwnnw yn benodol, ond pa fath o syniadau ymarferol eraill a fyddai’n gallu hwyluso’r math hwnnw o ddatblygiad?

Llyr Huws Gruffydd: Thank you for that; it is very useful. In a previous session it was suggested that presumed consent could be given to community schemes up to 25 MW outside TAN 8 areas, as one way of facilitating and encouraging community initiatives. I do not know what you think of that, or that suggestion specifically, but what other practical ideas could facilitate such developments?

[53] **Mr Edwards:** One practical suggestion is to do with—‘education’ is probably the wrong word—raising the awareness of planning authorities and development control officers that it is the Welsh Government’s policy to promote community. It is beholden on them to co-operate with applicants for community schemes rather than try to find ways of stopping the schemes. We have done a lot of work with Awel Aman Tawe in south Wales, and it has been a war of attrition to get those turbines consented. Mike is probably going to kick me under the table for this, but I am not sure how comfortable I would feel with presumed consent for a windfarm as large as 25 MW. What it comes down to is building up an environment in which the planning system sees these things as a positive development. The Welsh Government has to ensure that that message gets right down to officer level: ‘You will not throw nails on the road of this development all the way along. The Welsh Government wants to see it happen.’ If we were operating in such an environment, it would make things a lot easier.

[54] **Lord Elis-Thomas:** Will Andrew Padmore join the discussion and describe the work of Egnida? Then, perhaps, you would like to comment further.

[55] A wyt ti wedi gorffen, Llyr?

Have you finished, Llyr?

[56] **Llyr Huws Gruffydd:** Do, ond hoffwn grynhoi. Y neges glir sydd wedi'i chyfleu yn y sesiynau hyn ac yn eich papur chi yw'r diffyg arweiniad o gyfeiriad Llywodraeth Cymru, y diffyg uchelgais o ran cyflawni'r targedau a'r diffyg hyder, efallai, i wthio'r agenda hon yn ei blaen. Beth yw'r un weithred—efallai eich bod wedi dweud mai pasio'r neges hon yn ei blaen i'r awdurdodau lleol yw hi—y gallai Llywodraeth Cymru ei chyflawni er mwyn rhoi'r arweiniad hwnnw?

Llyr Huws Gruffydd: Yes, but I would like to summarise. The clear message conveyed in these sessions and in your paper is the lack of leadership from the Welsh Government, the lack of ambition in terms of achieving targets and the lack of confidence, perhaps, in driving this agenda forward. What is the one step—you have said that it is passing this message on, perhaps, to local authorities—that the Welsh Government could take in order to provide that leadership?

[57] **Mr Phillips:** Going back to a previous question, what TAN 8 did is that it reinvigorated interest in Wales. TAN 8, the ministerial interim planning policy statement and, subsequently, the energy policy statement have given positive messages to developers. Consistency in that message needs to be maintained. There should not be prevarication. There is a huge task in front of the industry, Wales and local authorities to try to deliver on that. Keeping that consistency of message is important, so that the investment community has security in knowing that its money is going in the right direction. Investment organisations, wherever they are based, are seriously considering where their money should go. It is a trans-Europe investment programme at the moment. What they need is the assurance from Wales that the policy environment, the delivery and the consistency of message is there. That is the one principle that I would ask to be pushed for.

[58] **Mr Edwards:** The one thing that I would like to see is for that message from the overarching policy, which we have said that we really welcome—the overarching policy is brilliant—to be pushed down the layers, through the statutory consultees and the planning system. As well as to the heads of departments, it has to go right down to the officers on the ground. We are seeing a big inconsistency between the headline policies of the agencies and what we are being told by the officers on the other side of the desk. That message is not being pushed down. I think that I said it earlier: the Welsh Government has to say, 'This is our policy; we want you as a public servant to ensure that it is enacted'. That is my message in one.

[59] **Lord Elis-Thomas:** Andrew, would you like to come in at this point?

[60] **Mr Padmore:** Yes, please. First, thank you for the opportunity to speak and apologies for my lateness. If you do not know Egnida, it is a renewable electricity and heat business, providing solutions to customers from the domestic, industrial and commercial sectors. We are based in Torfaen, which is considered to be a deprived area. Our intent is to reduce environmental impact and create sustainable jobs while doing so, rather than feast and famine. Also, there is a great deal of social benefit to a lot of the things that we do—certainly with social housing. That is the position that we are in.

[61] To pick up on the gentleman's point in the summary, which is a good one, everything in this area is a competitive environment—it is an internationally competitive environment. There are two aspects to that: first is how we ensure that the rest of the world considers Wales to be open for business in this area, and secondly, to extend that, is to ensure that it is what I call 'low-hanging fruit' as far as investors and businesses are concerned. Otherwise, we will

lose out—we will not get the environmental and social benefits or the job creation.

[62] I will give some examples of that, which may be helpful. There is a huge amount of activity around Green Deal, to achieve all the things that I have talked about. There are some good examples on planning in local authorities in England—we are more sensitive because we are nearer the border, so we are conscious of what is happening. In Manchester and particularly in Birmingham and Bristol, they are focusing by encouraging and funding the Green Deal and building up the supply chains. There are good examples of those local authorities using the planning system to make life easier for developers. To mention some specifics, in Bath and North East Somerset Council, solar PV is permitted development on public buildings, such as schools, hospitals and so on; if it is outside a conservation area, it is permitted development. In Wales, it is not.

[63] We are doing some work with communities in Wales. A community wants to put a 4 kW array on a roof, which it sees as being beneficial; if that was on a house it would be permitted development, but as it is on a community centre next to a house, it is not. The community is put off by the planning process, because of the time and the cost, and it needs as much money as it can get. That is the carrot side. There are some stick examples developing around Birmingham, where the authorities are saying, ‘Okay, if you want to extend the house or you are developing out, you have to take microgeneration into account and look into the options’. So, the plea here is to look at some of the very good examples that exist elsewhere. From a purely business and activity point of view, someone given an arm’s-length choice will locate in an enterprise zone in Bristol rather than in Wales, because it is much easier and they get many more benefits. We have a huge opportunity to turn that around with Welsh Government policy, rolling it down, as you said, but we have to join it up and do it quickly, because it is happening now.

[64] **Lord Elis-Thomas:** Why do you think that there is this difference of attitude? Is it reluctance, or is just that the nature of the planning consent system has been different, historically?

[65] **Mr Padmore:** Fundamentally, in the planning system in Wales, there is reluctance to change. It is almost as if it is safer to say ‘no’ than to progress with something. For example, in Bath and North East Somerset Council a proven case has been used to produce permitted development. We gave that to some local authorities in Wales, on the planning side, and said ‘Here is a case study for you’. They came back and asked whether anyone else had done it in Wales. The answer was ‘no’, and they said, ‘Once someone else has done it in Wales, we will take a serious look at it’. The issue is: who does the first one?

[66] **Lord Elis-Thomas:** Would you care to name the local authority?

[67] **Mr Padmore:** There were a few, mainly around the Torfaen and Newport areas. They were very receptive, but I suppose that the issue with a lot of technologies and mechanisms is that they are time constrained. In terms of the things that we were looking at, because of the changes in the mechanism, those sorts of opportunities go away, so people lose interest. The communities lose interest, because they feel that they have worked for something, have asked for it, go for planning, and then the mechanisms move, so they lose confidence in the whole thing.

11.45 a.m.

[68] **Lord Elis-Thomas:** The reason I ask is that we have seen the Welsh Local Government Association, and we can go back to it with this in detail. It would help us in writing our report.

[69] **Vaughan Gething:** Good morning. I want to return to a couple of points made earlier in evidence before dealing with the points you raised about permitted development. We have heard different points of view about TAN 8 and its value, but I want to come back to targets and some of the points you made in your evidence. The First Minister has suggested that, as part of the targets, up to 300 MW should be produced by a range of microgeneration and/or community schemes. I am interested in whether you think that community level of generation will meet those targets—not just whether there is potential, but whether you think that will happen. If you do not think that, what is your view on why that might not happen?

[70] **Mr Phillips:** In all honesty, I think it will not happen unless you can get community schemes of scale. You will get schemes that are 50 kW generators, endurance-style machines, small hydroelectric plants and perhaps odd wind clusters, such as Awel Aman Tawe. However, for them to collectively deliver on 300 MW is extremely challenging. As I have said previously, the way to address that is through the financing of those projects and allowing communities to come together to constitute themselves as a body. Any sort of enabling of that would be welcome.

[71] As you are probably aware, there is also quite a bit of competition between the large-scale developers and the community groups. That means that the finance is going into the large-scale developments. However, at the edge of the TAN 8 areas, on the edge of the SSAs, there is a sense that large-scale wind developments will sterilise further development around the peripheries of those areas. That is the wrong message to send out to the communities, because there is a great opportunity for blending schemes. Adding one or two community-owned turbines to the edge of the SSAs, for example, not only goes a long way to building public favour, but gives the public buy-in to the schemes.

[72] **Vaughan Gething:** There has been a consistent theme throughout the inquiry with regard to the major tension between the people in and around the renewables industry, at every level—from small to large generation—who say ‘We support the aspiration and we want this to happen’ and the people at a local level who are often vehemently opposed to the reality of projects, regardless of the wider argument of needing to generate power differently. I want to return to some of your evidence about further devolution and what we do and what we do not do with the planning system. Pretty much everyone has said that the planning system is a problem and holds back investment and the ability to deliver. Is that because of the range of planning authorities we have? Is it simply that the Welsh Government needs to be much more central and that it needs to tell the 25 local planning authorities ‘You will do this effectively’, which is a practical challenge that produces its own issues? Is your view on further devolution a statement about your contentment with the leadership that has been shown up to now or do you think that the current planning consent system makes sense?

[73] **Mr Phillips:** That is a broad-ranging question.

[74] **Lord Elis-Thomas:** He does tend to ask those questions. [*Laughter.*]

[75] **Mr Phillips:** We have a variety of experience with local authorities. I remind you that we are responsible for the delivery of planning applications for a variety of developers and scales of schemes. We find that some local authorities are very pragmatic. That does not necessarily mean that they are supportive, but they have the resources and/or the nous in terms of their experience of how to determine these schemes. Conwy County Borough Council, for example, is particularly firm in its requirements, and therefore we know exactly what it requires for the submissions. We go to other local authorities and they are not prepared to engage with us, for example at the scoping and screening levels, to determine their requirements. There seems to be reluctance and resistance with regard to some local authorities. I must say that my local authority, Ceredigion County Council, has been fairly constructive on the Nant y Moch scheme, but we have experienced an in-built resistance to

any scheme outside of that SSA, particularly from a wind perspective.

[76] This has reached as far as asking for a full environmental impact assessment for a single turbine, which we then appealed to the Welsh Ministers. That should have taken 21 days, but it took 84 days for that decision to come through, and the Welsh Ministers endorsed Ceredigion council's opinion, saying that a full EIA was required. That developer has now left the site; it has lost its interest in the site. We are finding a huge variety of experience across local authorities. Fundamentally, addressing that is about resource and awareness. They need to be aware of the policy and how that policy gets dropped down and devolved to the local planning authority. Rod and I have been very encouraged by the toolkit for planners, which came through in the development of the local developments plans, so it came through the Welsh Government. It is a fantastic guidance document; it is very clear guidance that also helps the developers. It is helping the local authorities to skill up and to understand the issues. Reinforcing the side of the service level agreement with the statutory bodies and the local authorities, so that we all have a common platform on which to try to develop these schemes, would be a great starting point.

[77] **Vaughan Gething:** I like the idea of having specific examples of permitted development that encourage development and that sort of clarity in the process. With regard to recommendations, it could be a fairly simple one for us to make, because I cannot see people objecting to public buildings having additional renewables on them.

[78] **Mr Padmore:** You have to have an air of practicality around it. If you look at wind turbines on a hillside, you get what I call the marmite effect—half the people love them, half the people hate them. Then consider solar PV on a roof in an industrial or a residential area; it is the technology that no-one complains about, which is a mecca in renewables. It would make sense, then, as an easy decision, to recommend solar PV in certain circumstances—industrial, commercial, public, domestic and community buildings. It could be done up to quite a scale. You would think that was a relatively easy decision regarding permitted development, and you would then see huge amounts of activity in Wales, and it is a fast roll-out technology that starts to hit the carbon targets.

[79] The other side, which is probably not looked at enough, is technologies, including wind, on industrial sites. It works, and you have not got the issue with infrastructure. We have an awful lot of industrial and commercial clients who would love to put wind on their sites, but they will not go near it because of the planning process. With regard to a quick roll-out where there are no infrastructure issues, there are massive opportunities in Wales. The industrial sites are there already; you can argue that they are a bit of a blot on the landscape because of the stacks and so on. To put a wind turbine somewhere like that has a negligible visual impact, because they make quite an impact already. A practical approach to this is required as well as quick action.

[80] **Vaughan Gething:** I have an example in my constituency, and it has not ruined my house price even though I can see it from my window.

[81] **Lord Elis-Thomas:** Yes, but you have a very nice house.

[82] **Vaughan Gething:** Yes, it is lovely and I have a nice wife inside it as well. *[Laughter.]*

[83] **Mr Phillips:** It is very problematic to put wind turbines in built environments. The roughness effect of buildings and various infrastructure on wind turbine operation can make them economically unviable and lead to operational and maintenance issues, which include potential increased noise effects from the turbines. Just as a caveat, be aware that that is a concern.

[84] **Mick Antoniwi:** On the problems of planning, you talk about the Welsh Government effectively ensuring that its policies are understood and applied. To what extent is the problem to do with resources and skills at local planning level?

[85] **Mr Edwards:** It is an issue. I often feel quite sorry for development control officers because it is a big workload, particularly with some of the bigger developments, and they are often dealing with issues on which they have less experience than the applicant has access to, and less skill. It is not necessarily that the developer always has the resources to buy in the experts, but sometimes the planning system does not have the resources. Planning officers are definitely under-resourced.

[86] **Mr Phillips:** Windfarms are also an incredibly complex business. Planning officers and development control officers have to deal with collision risk models for bird strike and noise assessments under ETSU-R-97. There are all sorts of things that are difficult to understand until you have direct experience of them. Where local authorities have direct experience, those planning officers are much better enabled, but where there is less experience, we find that they falter.

[87] **Mr Padmore:** To pick up that point, one of the issues with renewables in general is that, when you progress a project, there is a huge learning curve; when you progress the second one, in relative terms it is a lot easier. When you look at planning, even for simple technologies, if the planning officers have not done a project of that type before, there is a huge learning curve for them to go up. As you go around the various local authorities, they all go up the learning curve individually. I suspect that there is a better way to do it. A lot of it is common ground; with any technology you will have common issues. If you can get that learning out there, it saves everyone going up the learning curve and prevents delays in the roll-out.

[88] **Lord Elis-Thomas:** In paying my council tax—or one of my council taxes—to Conwy County Borough Council, I sometimes think that some of us take the view that perhaps there are too many planning authorities in Wales, particularly when you include the national parks—sharp intake of breath.

[89] **Antoinette Sandbach:** I wonder whether I could explore two things with you—first, Green Deal. What awareness is there of that in Wales? You are talking about there being active strategies in England around Green Deal. Are you seeing that happening in Wales? I also want to ask about community interest trust companies in connection with community projects.

[90] **Mr Padmore:** To put it on a time line, I would say that we are about 18 months behind England in terms of Green Deal and preparation. We have been actively involved around the country developing for Green Deal ourselves, and there are lots of models developing. Birmingham is a good example of quite a large model that is akin to the size of Wales, almost, in terms of what it is doing, and then there are some smaller local authorities developing models as well. Central Government and the Department for Energy and Climate Change have made it pretty clear that, if you want things to happen in your area, and particularly if you want to create sustainable local jobs, local authorities in particular have to have quite a heavy hand in it. It is a competitive environment. That message is going out, and has been for about two years, and so the local authorities in England have been preparing. Certain local authorities in Wales are now starting to look at it, so I would say that we are about 18 months behind. However, there is no point coming second, because if the supply chains are developed on the border in enterprise zones then, economically, the solution is there already. So, I am quite concerned that we could easily lose out in Wales.

[91] **Antoinette Sandbach:** Is that something that the energy enterprise zones set up by Edwina Hart now need to get on to very quickly, in order to have any chance of effectively going into Green Deal?

[92] **Mr Padmore:** A lot of the measures around Green Deal are great, because it is all about the insulation side as well, which is reducing energy use. However, the solutions, clearly, will be around the biggest impact for relatively large areas of population, because there are more houses to deal with. In essence, if you have an energy and environmental cluster that is aimed at Green Deal on Anglesey, it will not be particularly effective in meeting the customer base to offer the solution. It has to be thought out well. It is an option, but we are 18 months behind.

12.00 p.m.

[93] **Antoinette Sandbach:** In relation to permitted development, I know that you have talked about community buildings, but what about things like farm buildings, some of which will already be connected to three phase, and industrial buildings? For example, I am aware that UPM Shotton wanted to put a big solar PV installation on its roofs, but could not go forward with the project because it was not permitted development, even though it was on an industrial estate and no-one would have been likely to object to it.

[94] **Mr Padmore:** I would highlight that an issue with UPM was one of timing, because the tariffs changed; it had the solution, but the timing of the planning prevented it. Again, the chances of objection to roof-mounted solar at UPM are negligible. To bring in some other areas around the Green Deal, we should not forget that it is about more than renewable technologies. A lot of it is external wall insulation, which, depending on how you interpret it, may need planning permission as well. It is about how you deal with the measures that are out there that will create jobs, reduce environmental impact and give social benefits. It goes back to the choice of asking whether there are obvious candidates that we can make permitted developments. There are an awful lot.

[95] **Yr Arglwydd Elis-Thomas:** Rydym wedi cyrraedd hanner dydd, ac rwy'n edrych ar y tystion nesaf. Os nad ydych eisiau rhuthro oddi yma yn ofnadwy o gyflym, a fydddech yn caniatâu inni barhau am ychydig? Gwelaf y bydddech; diolch yn fawr.

Lord Elis-Thomas: We have reached midday, and I am looking to our next witnesses. If you do not want to rush away straight away, would you allow us to carry on for a while? I see that you would; thank you.

[96] Peter, are you okay? You are not rushing off to Australia immediately after this meeting, I take it. [*Laughter.*] Then we will continue.

[97] **Mr Padmore:** I am conscious that I did not pick up your question on farms, and I guess that it is around solar PV. I have not seen the announcement today—there is one due—but the proposal to bring in energy performance certificate level C for all will rule out pretty much all farm buildings, which are great for PV. For example, it can run a barn, and you do not lose heat with PV. Taking out farming communities disadvantages Wales quite severely.

[98] **Antoinette Sandbach:** That would be an easy or quick win for us, if we could do it.

[99] **Mr Padmore:** It would have been, but, unfortunately, it is a central Government policy that you cannot change, because it is in the feed-in tariff rules.

[100] **Lord Elis-Thomas:** It is called devolution, I believe.

[101] **William Powell:** I have a couple of final questions, with the first to Mr Padmore.

You said earlier that there is scope for rolling out good practice and sharing the learning from dealing with particular applications. Do you think that there would be a useful role here for the Welsh Local Government Association and possibly the national parks in pooling their resources and having something like a rapid response unit or particular areas of expertise that they could bring to assist individual authorities or park authorities in dealing with applications? A related point is evidence that I heard recently that absence related to stress in planning authorities is a significant factor, if you take out a key staff member in a fairly slim planning team in the first case, since we have 25 planning authorities in Wales. That might also make a useful contribution.

[102] **Mr Padmore:** It can work well with what I would call the greater volume technologies, namely around external walls, heat pumps, solar PVs and those types of technologies, because you get a lot of commonality in the solutions. If local planners are unsure, they will tend not to make a positive decision and they will delay it. The worst thing that you can have is a slow ‘no’ if you are developing projects. The structure that you talk about could work, but it would then provide comfort. If planning authorities say ‘I really don’t know about this one’, and you say ‘Well, 40 or 50 of those schemes have gone forward, they look exactly the same and that is absolutely fine’, there is comfort to move it on and make a decision. It gets away from that learning-curve aspect, so something like that is a good idea.

[103] **William Powell:** On a wider point, we have spoken quite a lot today about the planning authorities, but perhaps a little less about the statutory consultees. This committee, with a different hat on, is doing a fairly intensive piece of work around the business case for the single environmental body. Through your experience in recent years of dealing with applications, and the two or three consultees that I am referring to, are there any useful lessons that we could take away and build in to that aspect of our inquiry?

[104] **Mr Phillips:** I must admit that my knowledge of the merger of those statutory bodies is slightly weak. It is easy to criticise them a lot of the time, particularly in our experience, but they are between a rock and a hard place: protecting natural heritage and also trying to help to deliver new development. The organisations have been incredibly prescriptive in recent years in their planning requirements and their submissions requirements. That has made it problematic and has, therefore, led to lengthy processes. My hope is that some sort of streamlined organisation—again, just to reinforce the message—with service-level agreements on the developers would help. Beyond that, however, I am really not in a position to comment at this stage.

[105] **William Powell:** What about from your perspective, Mr Padmore?

[106] **Mr Padmore:** It is less of an issue than what we do now. I have been in renewables for over 20 years, and we have done a lot in terms of the bigger schemes. There are some lessons. One of the issues, which is being resolved now, I believe, is that decision making can become fragmented. We used to have projects that, essentially, could be located pretty much anywhere along the M4 corridor, for example, and we would put multiple applications in to different authorities for a decision. On the same project, you would get a real positive from one and a complete ‘no’ from another, so we used to site the project where we would get a positive response in terms of planning.

[107] Now, that should not happen, and I suspect, picking up the points that the gentleman made, consistency is essential. If you are developing projects, it is about just knowing where you are. The slow ‘no’ is the worst thing ever, so knowing where you are and your chances of success are critical, because it is otherwise not effective—the developer is taking a lot of time not getting anywhere, but it is not very effective for the bodies on the other side having to look at it either. There is no point, if it is not going to happen. So, any consistency in that

would be welcome.

[108] **Mr Edwards:** I would just make a point to reiterate what I said earlier: it is really important that the Welsh Government's policy gets pushed down through the hierarchies of the statutory bodies down to officer level, so that they understand that it is Welsh Government policy to promote renewables. They have to approach their job with that at the back of their mind as much as any other consideration.

[109] **Lord Elis-Thomas:** In looking at this as a developer, Andrew, given your experience in renewables in this company in Torfaen, what proportion of the priority that you would give to a scheme as a developer would be influenced by potential planning constraints and difficulties? Can you put a rough figure on it?

[110] **Mr Padmore:** It is around 80% to 90% in essence to make it first choice. If you are looking for things to progress, and you ask what you should look at, out of all of these things, certainly wind—I have worked with, and know, a lot of wind developers—it is essentially the prime consideration according to the question of whether it is likely to work and, higher than that, whether we are likely to get planning for it. Even working with industrial and commercial customers now, we have mentioned that many of them in Wales are really receptive on the technologies, but they are just put off by the planning process and the time and effort required. They have to go through an internal proposal, so they want it to come out well. They will look at what will stop it, and the only things outside their control that will stop projects are usually infrastructure issues, which you can get quite a good steer on early from Western Power Distribution in Wales. The one that they will not generally take a risk on is planning, because part of it, for industrial sites, is that they tend to put the site on the radar as far as the local community is concerned, and they do not necessarily want to do that if there is a low degree of success. So, planning is really high on the list of considerations to decide whether to start a project. As we said earlier, that is true at a country level. If you look at investors and at how it works, people look at which country will be more receptive to what they are trying to do from a planning perspective. Wales is not at the top of the league, by a long way, and it is definitely at the bottom of the league of the UK.

[111] **Lord Elis-Thomas:** This places a huge responsibility on this committee, if I can put it like that, because we are supposed to be scrutinising how policy operates. If you are telling us that the main constraint—up to 90% of any project—is to do with the deterrent effect of the planning system, then that is frightening, to say the least. Do you agree?

[112] **Mr Padmore:** I know that it is a slightly odd link, but you are almost in a position where economic benefits and regeneration in Wales are heavily reliant on planning decisions. So, it is not just the environmental aspect; it is a Welsh economy issue. It is much more fundamental than people think.

[113] **Mr Phillips:** Planning risk and gaining planning consents is the middle bit of the hourglass. Everything in the development process focuses on one point, and everything pivots on that one point. If it is successful, then it comes out at the other end. The great experience in Wales is that developers left in their droves in the 1990s because of refusals and because of the forcing of windfarms into the inquiry process. It was only with TAN 8 that that was reinvigorated, because it created a more positive planning environment. So, I agree with Andrew; it is really one of the most pivotal development issues and risks that you have to account for in deciding where you are going to put your capital.

[114] **Mick Antoniw:** I would like to follow up on the point about how local councils operate. I know that it is difficult; councils are elected and are accountable at certain stages not only to their planning obligations and so on within that role, but also to their communities. Are councils avoiding that responsibility by allowing the buck to be passed and waiting for

the situation to be sorted at the appeal stage? The political process is effectively allowing a key part of the planning system to avoid carrying out its responsibility on the basis that it lets someone else take the responsibility for that. Is that an unfair suggestion?

[115] **Mr Phillips:** It can work both ways. Positively, there was an occasion in Denbighshire where two local farmers went for two 55 kW generators. The officers first said that they refused to determine the application because they did not have a policy structure in place, even though TAN 8 had been in place for five years. Eventually, they decided to write a recommendation for refusal. The committee said that it was nonsense. It said that the case involved two local landowners with very low-impact schemes and, therefore, it approved the schemes. So, there are some positive sides to committees and members. They can be very aware, but often they can be hijacked by parochial issues and by the interests of their constituents. In our experience, we can work with planning offices and the officers will recommend approval, but then that will be turned around by the committee.

[116] To go back to some of the discussion that we have had on local planning authorities, there is a lot of cross-experience: you could have local authorities talking to local authorities, councillors talking to councillors, sharing the benefit of their experience and their work on these schemes. You cannot beat direct experience. Probably the best way to address it is to get the local authorities with the experience talking to those that do not as to how best to handle these applications.

[117] **Mr Padmore:** I would like to pick up on one point. One of the issues in terms of the risk of something happening, or not happening, is that the current system is down to individuals. So, the choices that you see are down to the individual. That is very difficult for someone who is developing projects, because they may ask whether it will go ahead, but this will depend on the individual that is making the decision. We have to try to change that in order to get consistency. That would help the individuals, because they will have a framework to make a decision. The individual is making, perhaps, 10% or 5% of the decision rather than 80% or 90% of the decision.

12.15 p.m.

[118] **Mr Edwards:** I just want to make the point that this is not just in Wales—this is an inherent problem with the UK's underlying planning system. You will often find that, not just in the wind industry, a perfectly rational officer recommendation—meaning that there is no reason in planning why something may not happen—is overturned by a democratic mechanism for reasons that, largely, have nothing to do with the development. This does not just happen in Wales; Wales suffers from it equally with Scotland and England.

[119] **Lord Elis-Thomas:** The good news is that this committee, by 2016, if we survive that long, will have deliberated on a new Welsh planning Bill. It is going to be good, is it not, William?

[120] **William Powell:** We will do our best, Chair. I have one final question. Andrew said that this often comes down to one person. The planning appeals process, by its very nature, almost always comes down to one person's view. Is there anything about the operation of Planning Inspectorate Wales that would be useful for us to know about, positive or otherwise, with regard to the interactions that you have had with it as the ultimate arbiter?

[121] **Mr Phillips:** Linking to the previous question, we have the benefit that the inspectorate works to an objective decision-making process, so our experience is that it comes out with reasonable determinations. It might not always be what we want, but at least it is dealing with it on an objective basis and without the influence of local subjective matters, if you like. So, generally, the experience has been positive for us.

[122] **Lord Elis-Thomas:** I thank our witnesses. Before we welcome our next witnesses, we will have a short break, if Members want to quickly take the air. Diolch yn fawr.

*Gohiriwyd y cyfarfod rhwng 12.17 p.m. a 12.25 p.m.
The meeting adjourned between 12.17 p.m. and 12.25 p.m.*

[123] **Yr Arglwydd Elis-Thomas:** Croeso i ail ran ein trafodaeth. Mae'r panel yn cynnwys cynrychiolwyr o Ynni Cymunedol Cymru, ecodyfi, a phrosiect y cymoedd. Croeso i Peter Davies, Andy Rowland a Michael Butterfield a diolch am eich amynedd yn gadael inni gychwyn tamaid bach yn ddiweddarach. Os oes gennych ffonau symudol ymlaen, maent yn effeithio ar y gyfundrefn ddarlledu a chyfieithu ar y pryd, felly diffoddwch eich ffonau. Mae hynny'n cynnwys fi, Mr Davidson a phawb arall. Rydym am gychwyn gyda chwestiwn cyntaf oddi wrth Russell. Gan ein bod yn eistedd yma yng nghanol ecodyfi a biosffer Dyfi, efallai yr hoffai Andy gychwyn gyda'r atebion.

Lord Elis-Thomas: Welcome to the second part of our discussion. The panel includes representatives from Community Energy Wales, ecodyfi, and Llangattock Green Valleys project. Welcome to Peter Davies, Andy Rowland and Michael Butterfield and thank you for your patience in allowing us to start a little later than expected. If you have mobile phones on, they affect the broadcast and interpretation system, so please switch off your phones. That includes me, Mr Davidson and everyone else. We will start with a first question from Russell. As we are sitting here in the middle of ecodyfi and the Dyfi biosphere, perhaps Andy would like to start with the answers.

[124] **Russell George:** I thought that I would start with a light question, which is to Andy. In your submission, you talk about 'wind hysteria in Montgomeryshire'. Why do you think that is?

[125] **Lord Elis-Thomas:** That is a very good question.

[126] **Mr Rowland:** I did reflect after I wrote that fairly hurriedly on Monday night that it may have been a little hasty to leave that paragraph in. However, I do see elements of hysteria in Montgomeryshire, not so much over this corner, but over to the east. I say that because, obviously, it is a psychological term, and I believe that there is a psychological basis to many of the arguments that are going on. What I usually see in the press is not so much fact and reasoned argument as assertion. It is going on because people fear change.

[127] **Russell George:** Point 6 of your evidence states:

[128] 'Wind hysteria in Montgomeryshire is such that some Town and Community Councils seem to be registering objections to all wind turbine proposals, however small. Not deciding on the merits of the individual case is inappropriate as a planning procedure.'

[129] Can you give any examples of that and which town and community councils are expressing inappropriate objections?

[130] **Mr Rowland:** Unfortunately, I cannot give you any examples today. However, I will undertake some research and get back to you, because it is only fair that I do that having written it down. It is something that I have heard from a developer but, off hand, I cannot remember which community council it was.

[131] **Russell George:** So, you do not have any evidence at the moment, do you?

[132] **Lord Elis-Thomas:** Maybe I can help you by suggesting Llanfair Caereinion, which

I have only read about in the press. I have friends who live there, but I am sure that it is true. If you would like to add any further information, we would be grateful.

[133] Peter, you have ventured forth incognito in various parts of mid Wales in recent months. Do you have any observations on the assertion that there may be some strong emotional reaction that has been generated and what may be the reasons for that? Are there ways in which a rational discussion can still take place?

[134] **Mr Davies:** Yes, Chair, I have been around, not incognito, but in my role as Commissioner for Sustainable Futures and chair of the climate change commission. I have had several meetings with developers and communities across mid Wales. It is a long-established and seated issue, which dates back over a long period, in terms of how this has been developed. There is a strong feeling that this has been a top-down exercise and that communities have been disempowered by it. There is no sense of any feeling of ownership or benefit, simply of loss. It dates back to how the consultation was undertaken and how consultants are engaged: the responsibility for this key issue as to how you engage communities is devolved to a group of consultants who are contracted to do it, who come in from outside the area and have little sympathy with the area. It has been a build up over a long period of time to the point where, now, there are elements of hysteria that have been built up around some degree of myth and some degree of lack of information and misinformation around the nature of wind development. At the heart of it, it is about the lack of community engagement and probably a local authority that, at various points in this process, was not well-equipped to manage what had been entrusted to it by central Government. I am not putting the entire fault on it; it simply did not have the capacity to manage the nature of the scale of change that we were talking about.

12.30 p.m.

[135] I would also add, in respect of this, that we in Wales have had an institutional gap in several areas. One of those—this is the point about Community Energy Wales—is the fact that in Scotland, Community Energy Scotland has been operating since 2004, very much as a focal point for community engagement around this and as the voice for the sector in an institutional capacity, which the Scottish Government has invested in. We have not had that in Wales, and the policy of procuring services from external bodies does not build the sort of institutional capacity that you need for long-term representation, engagement, support and confidence-building in communities. That is why, in my role as the chair of the climate change commission and as the sustainable futures commissioner, I have been chairing the process to establish Community Energy Wales. Hopefully, in the next month or two, I will step out of that and it will establish itself as an entity going forward, very much learning from the Scottish experience.

[136] **Lord Elis-Thomas:** Is this also to do with the division in the consents regime, namely that many of these larger developments would undertake their statutory consultations in Wales almost as if they were doing them anywhere else?

[137] **Mr Davies:** Absolutely, yes. I have talked about institutional weaknesses, and another institutional weakness is the fact that, in Scotland, you had a strong renewable industry body that was representative and was engaged in the Scottish agenda. In Wales, to be honest, we have had an outpost of London operating in terms of the renewables sector, and that has also had an impact on this issue. There is no question about that. It was debated in the earlier session. We have also suffered from the lack of consistency in the response of key agencies, and I would put the Countryside Council for Wales and the Environment Agency in that. A key role for the new single environment body will be addressing this issue, some of which is related to culture.

[138] **Lord Elis-Thomas:** I call on Rebecca and then Antoinette. I am sorry, you have not finished. I should have asked you to comment.

[139] **Mr Butterfield:** To come in on that, I do not want to start on a negative, because so many good things are going on, but on local authorities, we had to blow the whistle on Powys County Council in December to the chief executive, because what was going on there beggared belief. You had a very progressive community interest company trying to take simple measures in relation to its housing stock and schools, be they insulation or solar PV, to give you a couple of examples, and one of the officers turned around and said, 'Well, it's a pain in the backside, and it's on the corner of my desk', hoping that it would go away. Having blown the whistle, my day-to-day dealings are now with the strategic director. I had the Minister for Environment and Sustainable Development in with me a week last Thursday and asked him to write to Powys County Council with regard to my concerns.

[140] You talk about planning, but, as part and parcel of that, we also need to concentrate on local authorities. Powys County Council covers a quarter of the land mass of Wales, but it is very dysfunctional. For an organisation such as ours that has a model that is rapidly growing, not only in Llangattock, but which is now reaching out to a bigger audience—and which, we would like to think, will be a significant audience over the next couple of years—the local authority plays a key role in that. We talk of collaboration and togetherness, but as a country and a nation we are an absolute complete mess. We cannot get out of that with individual factions. It goes right down to county council level. Before Christmas, my chair and I had to sit with our local councillor and threaten him with legal action because the councillor feared the change within the community and was spreading malicious rumours about the board members, who are all volunteers. This is what we encounter on a day-to-day basis. So, the local authority plays a very important role as regards the success of community energy in Wales.

[141] **David Rees:** I have a couple of points to make, and I will come back to that point towards the end, if I may. We have heard evidence from previous witnesses, and you have already mentioned the issue of the importance of community buy-in to these projects, and you have clearly identified that there is a lack of that. That has mainly been discussed with regard to major projects, but is it having an influence by putting people off community-based projects because they see the difficulties larger projects are facing and they do not want to go through that and think it will be too much hassle?

[142] **Mr Butterfield:** The tack is all wrong. In fairness to Peter, I use it as a funny quip when we have Community Energy Wales meetings: I say that we should have a pot in the middle of the table as an incentive not to use that disgusting word, 'engagement'. It is a clinical word. We use the word 'involvement'. Consider the success of Llangattock Green Valleys. We have been around only since 2008 but incorporated in May 2010. I am not trying to sound arrogant, but example is the best way to show you and the evidence demonstrates that our tack is different. We take what could be deemed as a high-risk approach. We deliver and deliver early, because then you get over the flash-in-the-pan syndrome; the infrastructure is there and people say, 'Actually, we're going to give this lot a chance'. For example, this week, 151 houses in our community—which is more than a third of the houses—will be assessed for insulation, voltage optimisation and various other measures. That will all be installed in the next three weeks. That is the scale on which we operate. Are we unique? Possibly. However, the fact of the matter is we have got to come away from that uniqueness. There is a sense of duty to shape the market place, hence my heavy involvement with Community Energy Wales.

[143] Community Energy Wales will give this country the backbone for organisations such as ours, ecodyfi and The Green Valleys. It is important to mention that The Green Valleys is a different organisation to Llangattock Green Valleys. I was one of the founding directors of

The Green Valleys, but unfortunately my wife slapped my hand and said, ‘Concentrate on one thing because there are only 24 hours in the day’. However, in this country we severely lack the framework. That was glowing in the first session today. Community Energy Wales plugs that gap because it can provide the backbone needed.

[144] **David Rees:** You are talking about a fear of change in individuals and communities.

[145] **Mr Butterfield:** It is a human trait unfortunately. We were talking about that before the committee: we ask people not to fear change but to embrace it. You have only to look at our example to see what happens when you embrace it. The changes that are made in a short space of time are breathtaking. Confidence breeds confidence. The recreation ground is being redeveloped, mothers are setting up Spanish classes, people are looking to do Llangattock in bloom next year, and that is aside from the evidence in the paper.

[146] **Mr Rowland:** To directly answer the question of whether the existence of controversy and strong bad feeling concerning large windfarm developments in many parts of Wales put off community enterprises and groups from venturing into that territory, it definitely does. We help to deliver the Welsh Government programme, Ynni’r Fro. So, we work with many community groups that were not founded to deal with energy issues; they are there for general community purposes or for other particular aspects of community benefit. So, when we are talking to them and pointing out that they have the opportunity to deal with renewable energy as well, it is a real fear in their minds.

[147] For example, a group in Ceredigion has an aspiration for a single wind turbine and is also interested in hydro. The group has been quite active against large-scale windfarm developments, because it is also concerned with other issues, such as landscape and so forth. So, it finds itself in a philosophical bind, which it is still struggling with: should it go for a demonstrator community-owned development to show that it is different from what it sees as the most-of-the-benefit-exported model of windfarm developments on a larger scale and that something can fit into the social aspect as well as the natural environment aspect for community benefit, or would it then be tarred with the same brush by the people in their communities and decide that it dare not go there because it is too much trouble? It is going forward; it has come down on the first of those sides and decided that the community regeneration benefits are available and worth the trouble, but it really puts people off.

[148] **David Rees:** I would assume that, with most objections, the issues are to do with windfarm developments rather than other forms of renewable energy. In that context, there was a discussion previously about whether community schemes should be outside the SSAs in that sense.

[149] What is your view about perhaps expanding community projects outside the SSAs? Would you have the same problems because most of the issues relate to people within SSAs and that is why it is those communities raising concerns?

[150] **Mr Rowland:** My view is that there should be special treatment, if you like, for community-owned and community-based schemes, and there is perhaps room to think about the definition of that. That would apply within SSAs and outside SSAs, and it is outside SSAs where there is clearly more scope for manoeuvre that may not be available to commercial developers. I was very interested to see the evidence referred to in the first session from the BETS energy and environment sector team; this allows me to talk about the option of joint ventures, which is something that is relatively new and exciting. There are examples of it in Scotland, where communities have real buy-in, such as in Fintry. That is a real possibility for getting the capital on a moderate scale by direct collaboration with the commercial developer. That would be applicable outside SSAs.

[151] **David Rees:** Is there an issue with infrastructure and connecting to the grid if you go outside the SSAs?

[152] **Mr Rowland:** That problem exists in most of rural Wales and some of urban Wales, whether or not you are inside an SSA. The grid infrastructure is a challenge. For example, one of the projects that has been supported by windfall that I referred to in my evidence is in Carno, where the community centre has had a biomass heating system installed. They would now like to have PV tiles on the community centre. They hope to pursue that with a system with a peak of just under 10 kW; it had to be limited to that, even though the roof was much bigger, because of the strength of the local distribution system.

[153] **Mr Butterfield:** It is sad that large-scale windfarm development has taken over the more important agenda, because if you look at the feed-in tariff, we have had a run on the bank, in a sense, with PV, and an industry that is heavily weighted towards solar PV, offshore and onshore wind. However, on the micro-hydro side of things, not once today have we heard those magic letters ‘AD’—anaerobic digestion.

[154] **David Rees:** It will come, do not worry.

[155] **Mr Butterfield:** We need to talk about it more. For example, you talk about bringing in capital; the model that we have with the Glanusk estate is unique. It really upsets me to say that. With those types of models we can bring in the initial capital to do the feasibility studies and the working-up stage, which, might I add, is somewhere in the region of £380,000. The estate is not in a position to pay that. There may be a misconception in the marketplace that it is, but it is not, and it is happy for me to say that on the record. The fact is that we, as a young, progressive organisation, have access to that through the Ynni'r Fro funding programme, fortunately, although I would add that it is beset with problems. As with anything, the people who are flying the flag—and we are one of the flagship schemes—are then sucked into trying to sort out state aid issues with Government.

[156] To give the example of the AD side of things, we do all the sweat capital and we get 30% of the equity of a scheme that will produce £1.3 million of revenue, albeit the financing will take quite a big chunk of the income out of it. When I saw the call for evidence papers in September for this meeting, it was wind, wind, wind—it has taken over the agenda. For example, today, hydro and AD will come back on to the agenda with the release of phase 2 of the comprehensive review, but we really need to get a mixed portfolio of investment. It is like anything else: consider yourselves and how you would invest your money—you would not put all your eggs in one basket. The fact of the matter is that, in the renewables industry, at this moment in time, because of incentivisation—and over-incentivisation in some cases—we have a very imbalanced approach with regard to renewables. Andrew spoke about PV, saying we should roll it out because it is an easy technology, but I would be slightly guarded about that because there are other technologies as well; it is not just about picking the easy wins.

12.45 p.m.

[157] **Antoinette Sandbach:** I want to go back to some of the comments Peter made about the TAN 8 process being top-down. Being sustainable includes people being able to live and work in their environments, and much of the income in north and mid Wales comes from tourism. The real concern of communities is that they are having industrial scale windfarm developments on the land that generates, for them as communities, income through tourism.

[158] I will pick up on Michael's point. We seem to be light years behind on anaerobic digestion in this country. Look at what is happening in Germany. Why does anaerobic digestion have such a low profile? It does not have the landscape impact of windfarm developments and it deals with waste, including farm waste, with fantastic by-products, such

as natural fertiliser that can go back on the land. What should the Welsh Government be doing to look at anaerobic digestion, promote it and get much better use of it? I can think of a company in north Wales, Free Energy. You are likely to get much more ground support from the bottom up for small-scale renewables or low-impact renewables. Communities may then decide that they are prepared to accept the bigger, more industrial developments.

[159] **Mr Butterfield:** But is it Government? I pose that question: is it Government? If you look at Llangattock Green Valleys, I have gone through management and environment and sustainable development like a rash. It is about getting into the community so it understands who we are, what we are, and what we are looking to do. Peter has been into the community, and I recommend this committee to come to Llangattock. When you look at it, is it Government? We have a society that will point fingers and say, 'Why aren't you doing this for me? Why aren't you doing that for me?'. We have got to get the fundamentals right first of all, get off our own backsides and start doing some things for ourselves. The point is that what you have is exemplar schemes around Wales—exemplar. It is on a micro scale compared to what we need to be going at.

[160] What I am getting at is whether social enterprises are sticking their necks above the hedge—bringing on board a £3.2 million anaerobic digester that will put 254 cu m of biomethane into the grid an hour for renewable gas, for example. We are trying to get the first one in Wales. It is a big race at the moment. Then you use the magnifying glass that will be Community Energy Wales to say, 'They have done it down there, they can come to help you get the process going'. It is about having an open Government. In fairness, nothing is perfect, but our experience, perhaps because we are taking a different tack, is that civil servants are open to this—they are at the other end of the telephone and on email. We do not have that with DECC.

[161] I was appointed by Greg Barker to chair the community energy contact group. The second meeting is on Monday. You can just start to see DECC opening out and understanding community energy. Committee, 2012 is the year for community energy. We will look back and say, 'That was the real rebirth of community energy and the rebranding of what it can do'. I am slightly hesitant about this question of what Government can do. We can do a lot ourselves and then go to the Government and say, 'We need this, this and this'. In the long term, that will bring a greater benefit than allowing Government to drive us. This is the way it should be: we should drive Government. We have got lost because of inertia in society. I am sorry, but I am passionate about this.

[162] **Antoinette Sandbach:** I wonder whether Peter could pick up on some of the points I raised.

[163] **Mr Davies:** The two examples we have of the people who are doing this are replicated with other examples around Wales. However, we have to try to connect that into a much more coherent and focused expansion of the individual examples. I will comment on your point, but I want to mention the Climate Change Commission's first annual report. I thank Russell for his support and contribution to the production, launch and development of this document. We make a number of points in the document that are relevant to this. One is about clarity of strategic leadership at local authority level.

[164] We think that there needs to be clarity with regard to strategic leadership in terms of who is responsible for sustainable energy development at local authority level. That needs to be a very clear strategic responsibility, not simply for the energy management of their own estates or of the social housing sector, but of their area and in terms of generation and efficiency because, Andrew, just to reinforce the point, we are definitely 18 months behind in handling the Green Deal, and that is about clarity of strategic leadership and responsibility. The First Minister has taken responsibility for energy at a strategic level; that needs to be

replicated at local authority level.

[165] We also need town and community councils to have authority and responsibility for assessing the energy needs, efficiency and generation potential of their areas. Again, I would agree with the points made earlier that, partly because of the noise in the system—the mood music—town and community councils are simply rejecting as opposed to considering applications, and they are certainly not considering energy as the most strategic issue for their communities in terms of the costs and impact on them. That needs to be built in from the top down through the system if we are going to get this scale, because you are absolutely right: it does connect. If we have greater awareness of the energy issue at the community level, it does connect, because we need large-scale development as well. Community energy is not going to solve the problem; we need large-scale energy developments as well. However, the two are interrelated. Again, to go back to the point about Scotland, the joint venture models are clearly there, and I know that you have had recommendations coming from the energy and environment sector panel about the specific proportions that can be incorporated in large-scale developments, which is something we certainly want to reinforce.

[166] On your point about tourism, it is one of these discussion points on which the evidence base does not necessarily stack up for the view that this will damage tourism in an area. The evidence base does not quite reinforce that; there is at least mixed evidence for that. However, I absolutely understand the perception that the tourism industry has.

[167] **Mr Butterfield:** That is just wind we are talking about now.

[168] **Mr Davies:** Yes, which is the point—

[169] **Antoinette Sandbach:** Hold on; if I could just—

[170] **Lord Elis-Thomas:** Excuse me; the committee is being chaired from this end of the table.

[171] **Antoinette Sandbach:** Sorry, Chair.

[172] **Lord Elis-Thomas:** Mick is next.

[173] **Mick Antoniw:** Just looking at what you said about what you can do for yourselves as opposed to the role of Government, Government nevertheless has an important role in ensuring that objectives are achieved and policies implemented. Do you think that there is a weakness or failure of ownership and leadership at Government level in terms of its policies and their implementation at the moment? Should there be more direct control, more call-ins, and perhaps a more interventionist role for Government in view of all the things that have been said about the inconsistencies that exist along the way? If you had the opportunity to make one or two recommendations, what would be your most important recommendation for something that would facilitate the achievement of policy objectives?

[174] **Mr Butterfield:** From our personal experience, which I keep harping on about, the issue is not so much about Government as local government, in that the message is not being fed down to local government. Really and truly, what we have had to go through in the past two years with our local authority beggars belief, and we have maintained a hands-off approach. We were part of the Green Streets project with British Gas, and evidence has been collected by the IPPR. There is classic evidence there: there were 14 communities in the final, and two of them partnered up with local authorities, and that was like a lead weight around their feet. I mean no disrespect, as they did some fantastic things, but my goodness they could have done a lot more. That is the problem. We have kept a safe distance from the local authority, but in developing solar and insulation in council houses and on the schools side of

things, we find that we have to develop a partnership with local authorities. I sound as though I am blowing the Government's trumpet here, but credit where credit is due. It is not perfect, but we work with it in a collaborative approach.

[175] **Mr Davies:** Could I just come in on that point? There has certainly been a major issue. The level of resourcing within Government to tackle this issue and implement the policy has been low. You could identify it down to individual tiny teams of civil servants who had the strategic responsibility for taking the policy and leading its implementation. That has begun to improve, but I am still concerned by the degree of connectivity.

[176] I am sure that, when you are going to get input, you will have at least three Ministers and the First Minister responding to this. The question I am interested in is what is behind that in terms of the structures that make things happen internally. I have had evidence from developers who do not know who to talk to in order to make things happen. That is probably still an issue. It has improved, but there is still an issue in terms of split responsibilities and the management of teams with internal clarity. If we can get that clarity of responsibility translated down to local authority level in terms of clarity at cabinet level regarding strategic responsibility, that is who is responsible for sustainable energy development in this local authority area and what their policy is to implement it—in relation to both efficiency and generation—we will begin to get somewhere.

[177] **Mr Butterfield:** I have a project coming up that touches on the work of most of the portfolios. That will be a good test. Watch this space, because it involves education, tourism, business and enterprise, environment and sustainability, and it means that the different portfolios need to work with one another. So, watch this space on that project, because I am watching it like a hawk. It means that they have to work together for a common project, which will hopefully be a beacon.

[178] **Lord Elis-Thomas:** Peter, do you think that we should consider the form of words you just used as one of our recommendations?

[179] **Mr Davies:** In respect of the—

[180] **Lord Elis-Thomas:** In respect of the designated responsible person or officer for the delivery of a particular planning consent process.

[181] **Mr Davies:** Yes, absolutely. I have the title of 'Commissioner for Sustainable Futures' and there is no question that, in terms of sustainable development and the Government's commitment to sustainable development in Wales, energy is the key sustainable development issue—socially, economically and environmentally. It needs clarity of responsibility.

[182] **Lord Elis-Thomas:** You must never apologise for being called the Commissioner for Sustainable Futures. This country is full of commissioners for sustainable pasts. [*Laughter.*] I have been waiting to say that. [*Laughter.*] William wishes to speak and then Rebecca, who has been neglected at this end of the table, and then Llyr. Diolch yn fawr.

[183] **William Powell:** In connection with what Peter just said, another important issue is clarity regarding the language we use. That struck me the other day when the Chair and I and a number of other Assembly Members attended the launch of the cross-party energy group and Mrs Hart made a characteristically robust statement about the importance of two issues: food security and energy security. She made some other points that it would certainly be worth revisiting, because it is plain, clear language that people understand that will help to get that message across. That is also true at local authority level. We have two members of Powys County Council currently sitting at this table and we hear what Michael says about his

experience. However, Powys has also lost a chief executive in the past three and a half or four years—I cannot remember the exact timescale—and it is interesting that statements around energy issues were not unconnected with his departure. So, there are issues that we need to be aware of there.

[184] I want to pick up on a point that Michael raised earlier regarding the feed-in tariffs regime and the state aid rules. You referred to the fact that there is a significant lack of clarity about that and I know that the evidence we received today from Community Energy Cymru noted that there is considerable concern regarding the eligibility for the full benefits of feed-in tariffs with regard to state aid. Would it be possible for you to flesh that out a little so that we can get a better understanding of that?

[185] **Mr Butterfield:** It is more complicated again because the feed-in tariff is paid for through consumer bills, and the renewable heat incentive comes from central Government coffers. So, there are muddy waters before we start. That said, the Secretary of State for Energy and Climate Change threw a challenge to us on 15 December, more than anything because I lost my patience at a round table event at the House of Commons on 3 November. The challenge he has set before us is to shape policy and to provide a critique of policy.

1.00 p.m.

[186] State aid is an absolute pain, because state aid has pulled Ynni'r Fro left, right and centre: it is beset with problems because of the Welsh European Funding Office. However, one of the challenges we see before us is state aid, and it will be discussed in Whitehall on Monday. It is the same with regard to the development of Community Energy Wales—and I was chatting to Rita, the co-ordinator, about this on the way up—because you cannot get away from the fact that you need a certain level of support from Government to get you going. I emphasise the word ‘you’, because if there is anything I can influence through my involvement in Community Energy Wales it is the idea that, just possibly, you can get a start from Government but that it is just a start and we need to build sustainable business models that break the reliance on the grants. That is the other side of it. We are already over our de minimis threshold and we are having to pay grants back. However, there is this situation with feed-in tariff schemes and the renewable heat incentive. In our big project, certainly, we are trying to sort things out at this end of it, not trying to unpick it, because as directors we are liable. Having said that, Government plays a key role in helping us to have clarity on the situation.

[187] Sometimes, I scratch my head with regard to—I have a boring life, I watch Senedd.tv—

[188] **Lord Elis-Thomas:** There is nothing wrong with that. [*Laughter.*]

[189] **Mr Butterfield:** There is when it is the early hours of the morning, Chair.

[190] I hear the First Minister talking about the feed-in tariffs, and sometimes I have more information than the First Minister. There is something wrong there; Wales needs to be flying the flag more at DECC as regards the situation we find ourselves in in Wales. The situation is not unique when you compare us to England and Scotland. I may be speaking out of turn, but when I sit in front of the television, I think, ‘My goodness, I’ve probably got the answer for that’, and I wonder why the Welsh Government is not getting those answers.

[191] Bill, you have raised questions in the Chamber, and I was giving the answer in front of the television. It is frustrating. I do not think that we are really flying the flag with DECC. Perhaps I will pick it up on Monday.

[192] **Mr Rowland:** It may be helpful if I give a little more detail about the problems that Ynni'r Fro has had, as have been referred to. It is a European-funded scheme, as you may be aware, through the Welsh Government. These are structural funds, contracted through the Energy Saving Trust Wales. It was designed to provide 100% grant support for the period of development of community schemes when they are most vulnerable, in other words before you have any certainty that you have a viable scheme, before you having planning permission in particular. So, preparatory grants were vital and they are in the programme and are helpful. However, at that stage, when it was written, it was seen that capital grants would be of assistance to help communities get hold of the capital, which is logical enough. However, almost as soon as we got into delivery, the problem with state aid arose and the feed-in tariff scheme was launched. It has taken months of stopping and starting to attempt to work with the officers in Welsh Government who are, in turn, working with officers in DECC and in Ofgem. It is a convoluted situation to try to understand what we can tell communities, to have a clear message. We still do not have a completely clear message on it, even after all this time.

[193] It is obvious that people cannot have a capital grant and get FITs. At first we thought that that meant that you could not buy equipment, install it or pay your contractors—and that is all fair enough. However, there is still room for debate because, if a committee group accepts a public grant to do some detailed design or to pay the planning fee—things that were originally envisaged by Ynni'r Fro as eligible costs—it is likely that, when it eventually builds and goes to Ofgem and asks, ‘Can I register now?’ and Ofgem asks, ‘Have you had any public grants?’, and it replies, ‘Yes, I had one for this’, it will say that it is ineligible, because those are costs, it now turns out, that were taken into account by DECC when it was working out the appropriate tariffs in the FITS regime in order to provide the reasonable rate of return that was Government policy. However, it is still not possible in all of the technologies to get chapter and verse from Ofgem about which of the costs are what are called standard costs and which are non-standard. There is still a risk that has to be taken by the community group, if it accepts a grant, as to whether, in the end, it will have a slap on the wrist from Ofgem. Hopefully, it will be able to pay it back, which is the get-out clause.

[194] **Mr Butterfield:** What is fundamental to that is that Ynni'r Fro was launched. I remember the day, down in Cwm Clydach, when Jane Davidson launched it, and the expression of interest form went in the next day—that shows you how much of a catalyst it was to us. However, right from the start it was recognised that £30,000 is what you need to get a scheme into construction, and you need a £300,000 capital grant. That just shows you a lack of understanding at officer level when you are developing a community wind scheme or a community AD scheme—you need the £330,000 just to get you to construction, and a little bit more. The way that we are going about it—and discussions are ongoing—is that we have to take more preparatory grants, because the scheme is moving towards more of a loan system. That heightens our de minimis situation, but there is an understanding that, subject to a commercial loan coming through—because that is how we can get around the state aid side of things—we will repay it. However, understand this: you have a board of directors who are volunteers and who are signing these situations off, and at the end of the day we are putting our reputations on the line. Some of us come from commercial backgrounds and we are sticking our heads above the parapet. It is about reputation. We have a degree of trust with Government, because there are lights at the end of the tunnel with certain things, but the big unknown in Wales is the interpretation of the state aid department, which is probably one of the worst in Europe, and the Welsh European Funding Office, where they seem to sit in an ivory tower, and cannot be scrutinised by Government or people from the project.

[195] **William Powell:** Your answers have been very useful indeed for our work. I wanted to move now to another area that I think is relevant. What experience have you had in your work on the ground with local authorities and their legal departments in dealing with things such as section 106 agreements? To what extent are they fleet of foot in understanding such

structures as community interest companies, which often play a role here? Has there been any useful experience that you could share in this area? I have come across examples of significant delays because planning authorities are bringing to bear a one-size-fits-all approach, or not understanding the nature of some of these structures that should be there to help.

[196] **Mr Butterfield:** It is the legality of it, but it is actually a structure—community interest companies have only been about for, what, seven years? If you look at us, we are a community interest company that is membership-based—that is Llangattock Green Valleys for you. Then you have LGV Ventures, the trading arm that we have just created, partly because of state aid issues and taxation. That is an equity-based structure that has one shareholder, Llangattock Green Valleys. However, seven years in, the local planning authority, not speaking out of turn, still cannot seem to get its head around what a community interest company is. It is not rocket science. In fairness to the Department for Business, Innovation and Skills, it has spelt out very informatively on its website what a community interest company is.

[197] I am not best-placed to talk about section 106 agreements, because we are a fairly young organisation. Yes, we are progressive, but we have not got to that stage on some of the projects. However, at Powys County Council level, I will give an example—it wants a legal contract to put insulation into its properties. I laughed on the phone when I was told that; it will take months to turn that around, because it will be a bespoke contract. We have to deliver our Department of Energy and Climate Change local energy assessment fund project by 31 March, and the Minister is coming to have a look at it on 28 March, so there is a bit of pressure on, but there is no sense of urgency in these departments. They work at their own pace. However, I am not qualified to comment on the section 106 agreements.

[198] **Mr Rowland:** I have no direct experience of section 106 agreements, but in terms of legal issues, leases and permissions slightly more generally, two factors come to my mind. One is Awel Aman Tawe, which is currently held up because of the need to deal with common land, which is a relatively small part of the land within its overall development footprint. Of course, it has to go through the Welsh Government and get the section 194 common land agreement. That is happening, but it has been tortuously slow. I do not know whether that is something that could be looked at. A colleague of mine has been dealing with that, but it has been painful for Awel Aman Tawe.

[199] I will just mention something that, hopefully, is coming out of the woods. If you are interested in wind or hydro energy on the Forestry Commission's estate, which is a large proportion of Wales, of course, it is difficult to get agreement for leases or permission to use the resource on the estate. The Forestry Commission has spent a long time considering the process that it could apply to applications for leases. It has been at pains to secure a fair approach to community and commercial developers, but it is launching its new process in a week or two. So, hopefully, things will improve. There has been a delay on some schemes that need Forestry Commission land.

[200] **Yr Arglwydd Elis-Thomas:** Daw'r **Lord Elis-Thomas:** Rebecca has the next cwestiwn nesaf gan Rebecca, ac yna cawn question, and then we will have a series of gyfres o gwestiynau treiddgar gan Llyr i probing questions from Llyr to close the gloi'r sesiwn. session.

[201] **Rebecca Evans:** I will pick up on some of the points that Michael made, but I would be keen to hear from the entire panel. You have talked about communities doing things themselves, and you have also mentioned access to finance and the role of volunteers. I am keen to know to what extent you think communities have access to the resources and expertise that they need in order to navigate complex and technical issues around community

development.

[202] **Mr Davies:** There are two points. The first point is that, even before we talk about energy, we need to talk about the capacity of the community. The communities that are most successful in developing community energy strategies tend to be those that have been successful in developing their community, full stop—in terms of engaging and involving people at that level and having an effective community association or social enterprise operating in their area. One area that I have continually pushed on is the question of whether we have an effective community development strategy in Wales, per se, in Government policy. There is a question mark over what our community development policy is with regard to how that works. That is an essential prerequisite to get communities to the point at which they can begin to think about community energy development. That is an important point.

[203] The second point, and the specific point, is that I have been at many meetings where colleagues from around Wales have come to share their experience, but it is ad hoc. There is no focus for it, and it pales into insignificance compared with what is available in Scotland, so we must address that. Hopefully, the development of Community Energy Wales would be part of that solution.

[204] **Mr Butterfield:** It is a safety net as well. I do not mean to sound ungrateful in saying this, but British Gas, through the Green Streets project, gave us an enormous catalyst—£137,400 upfront with a £100,000 when we wanted it—and countless hours of support, but, again, I went through the management system there, and, in all honesty, in those early days, it was like wolves in sheep's clothes. It talks of rebuilding trust, health and safety and working with communities, but the fact of the matter is that it has shareholders to satisfy, it must make a profit, it must increase its dividends year on year, and community engagement—because they use the dirty word of 'engagement'—is, to be honest, lip service.

[205] I am not going to name names, but I had a meeting recently with another of the big six energy companies. If I shut my eyes, it was as if I was speaking to British Gas again; it was the same language. I am telling you this because the Community Energy Wales framework can act as a safeguard for fledgling organisations. There are wolves out there, waiting to help community organisations. They will say, 'We'll help you put that solar PV on'. We have our own renewables trading arm, and at some stages, we are half the price of the big six energy companies, but those companies would say, 'We can help you finance that' or 'We can help develop our own installer business, but it is at a cost'. That cost has taken away the potential wealth generation for a community or a region. Community Energy Wales will play an important role there, because business is business at the end of the day.

1.15 p.m.

[206] **Rebecca Evans:** Looking at the Community Energy Wales paper, you say that

[207] 'there is also a critical need to improve and enhance the skills of local groups through quality training that is specific to the needs of community-led energy projects'.

[208] Do you have any examples of really good practice, either from Scotland, the wider UK or beyond? What is the training involved, who provides it and what is its impact?

[209] **Mr Rowland:** Unfortunately, I have not been to Scotland to look at the operation of its community support organisation, but we envy it and have done for some years. I have taken part in what is effectively video-conference training with the leaders of some of the community projects there. A lot of the skills that have been acquired by some of those groups have been through a peer-to-peer method. They now have a critical mass of projects that have been through the hard graft, learned the lessons, got the expertise and are able to share it. That

is one of the crucial roles that I hope that Community Energy Wales will be able to play, namely enabling that sharing and moving to a stage in which groups and initiatives are not so dependent on having an individual enthusiast—a dogged, determined character—to make things happen, and that there is enough history of case studies, whether from Wales or elsewhere, that, while not being able to create a model of how a community might go about it, is at least more informed about what has worked elsewhere, and that will improve the capacity.

[210] **Mr Davies:** If I may make a small point in answer to Rebecca, Blaenau Ffestiniog is doing some work with small businesses—I am a big fan of how we are investing in our local tradespeople, namely the local plumber, electrician and small builder. They have to be at the centre of this strategy, and they are not, by and large. There is a good example in Blaenau Ffestiniog of where they are being supported and skilled up, and made aware of the potential business opportunities for them.

[211] **Lord Elis-Thomas:** I was in Tanygrisiau on Saturday morning, you will be pleased to know, and they were talking fondly of you. [*Laughter.*]

[212] **Llyr Huws Gruffydd:** Hoffwn fynd ar ôl y buddiannau cymunedol. Y budd cymunedol mwyaf fyddai perchnogaeth neu ranberchenogaeth, ond nid yw hynny wastad yn mynd i ddiwydd. Rwy'n deall bod RenewableUK Cymru yn datblygu protocol ar gyfer darparu buddiannau cymunedol gwirfoddol. Pa fath o bethau a fydddech yn hoffi eu gweld mewn protocol o'r fath?

Llyr Huws Gruffydd: I would like to explore community benefits. The greatest community benefit would be ownership or part ownership, but that is not always going to happen. I understand that RenewableUK Cymru is developing a protocol for providing voluntary community benefits. What sort of things would you like to see in such a protocol?

[213] **Mr Rowland:** Mae rôl i gorff penodol, fel Ymddiriedolaeth Ynni Cymunedol Canolbarth Cymru, sy'n gallu derbyn rhan o'r budd cymunedol o ffynonellau masnachol i glustnodi cyllid ar gyfer prosiectau ynni lleol mwy cynaliadwy. Mae'n bwysig cadw rhywbeth mwy cyffredin yn lleol hefyd, sef rhyw fath o ymddiriedolaeth gyffredin. Dylai'r protocol gydnabod rôl clustnodi peth o'r cyllid ar gyfer gostwng lefelau carbon yn benodol.

Mr Rowland: There is a role for a specific body, such as the Mid Wales Community Energy Trust, which can receive part of the community benefit from commercial sources to allocate funding for more sustainable local energy projects. It is also important to keep something more general locally, namely some sort of general trust. The protocol should acknowledge the role of allocating some of the funding specifically for reducing carbon levels.

[214] **Mr Davies:** I would agree with that. The only point that I would add is that there is potential for us to think about how such a fund could be developed into local enterprise development. We have talked about enterprise zones; you could potentially use those resources to stimulate local enterprise development, because this is about indigenous business development. Too often, some of the funds are put into softer things, which are fine and right, but the heart of it is that we need a stronger economy, so we should invest more in enterprise development.

[215] **Mr Butterfield:** There is an inter-community connection as well. With us, to reach carbon negativity by 2015—that is, by the end of it, to give myself a few more months—there will come a time when we cannot spend money. That is why we are constituted in Llangattock and the surrounding area—we can put money wherever. As I have conveyed to the Government, we will pay back some of the grants that we have had, because we have had a privileged start and we want to give that to other communities. It is important to instil in this marketplace—that is what it is, at the end of the day; we need to get a bit more

commercialised—that it is fine to have grants to start you off, but you have to move away from that if you are to have a sustainable model. If anything, we see ourselves as an organisation, potentially, as being a mini Ynni'r Fro in the future, seeding community groups around parts of Wales in order to get them started on the course that we have taken. However, it will be provided not through grants, but loans with performance contracts, because you then shape that organisation and ensure that it takes the right path in the future. Therefore, it is about effecting a change of mindset. We have to break the dreadful reliance that we have on the grant system.

[216] **Llyr Huws Gruffydd:** Hoffwn i chi ymhelaethu ychydig ar y pwynt hwnnw. Un pwynt diddorol a wnaethpwyd i'r pwyllgor gan un neu ddau o gyrff sydd wedi rhoi tystiolaeth yw bod y budd neu'r buddiannau cymunedol hynny fel arfer yn cael eu ffofcysu ar yr ardal yn union o gwmpas y melinau gwynt, neu beth bynnag, tra bod ardaloedd eraill, yn sgîl datblygiadau cysylltiedig o ran peilonau neu impact ar drafnidiaeth ac effaith hynny ar yr economi leol, wrth gwrs, yn teimlo y dylent gael rhyw fath o gydnabyddiaeth. A fydddech yn cyd-fynd â hynny?

Llyr Huws Gruffydd: I would like you to expand a little on that point. An interesting point made to the committee by one or two of the organisations that have given evidence is that those community benefits or interests are usually focused on the area immediately surrounding the wind turbines, or whatever, while other areas affected by associated developments such as pylons or by transport issues and the subsequent effect on the local economy, also feel that they should receive some level of recognition. Do you agree with that?

[217] **Mr Davies:** Yes, absolutely. It is a key point. As has been said many times, there are only so many village halls you can redevelop and paint. So, we need to take a more strategic look across an area that is affected more widely, potentially, by transport and so on. Indeed, some of the developers, such as National Grid, should be a part of the provision of the benefit.

[218] **Mr Butterfield:** I will be shot for this, but society should not expect anything. Just because you have a pylon going through your community, you should not expect to be compensated. It is fine their being compensated, but I would rather see that money going into local infrastructure that is legally constituted and has the right aims in relation to the use of that money, not only to ensure that it has an impact this year or next year, but in the long term.

[219] **Mr Rowland:** I would like to add one illustration, namely the Nant y Moch proposal that was referred to by the first panel. It is interesting to note that the developer there has revised its suggested terms—the offer, if you like—in terms of community benefits and is now suggesting £2,500 per 1 MW installed to the local general benefit funds and another £2,500 on top to a wider area, which is also aimed particularly at low carbon, social enterprises, and that kind of economic development. So, that might be an appropriate split. Perhaps the local communities should still be able to spend it on what they see fit, but the wider region could have the focus on more strategic aims.

[220] **Mr Butterfield:** It is important that the incentivisation, certainly in relation to solar photovoltaics, will be at grid parity sooner rather than later. However, there is intent, certainly at DECC—and, if I have anything to do with it, Chair, in the community energy contact group—and the community energy side of the feed-in tariff and hopefully the renewable heat incentive are key. We should not be treated as a charity case, but there should be recognition of the benefit that community energy brings to society. For example, I come back to the point about micro-hydro, which has around 25 MW of potential. We should not underestimate what micro-hydro can do. We have five schemes coming into the community with us, four of which have community buy in. The total cash return over 20 years will be £977,000; the index-linked income for year 6 to year 20 is £53,000, rising to £70,000 or so over the term.

That is a catalyst for many other great projects. This comes back to what I said—and I am sorry to be harping on about this—in that we need a mixed portfolio of technologies. That is key. We also need the right incentivisation for community energy.

[221] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr i Michael ac Andy, ac i Peter, sydd gyda ni bob amser, am eich cyfraniad. Hoffwn hefyd ddiolch i aelodau'r gynulleidfa am eu presenoldeb. Mae gennym beth busnes ar ôl i'w drafod yn sydyn.

Lord Elis-Thomas: Thank you very much, Michael and Andy, and Peter, who is always with us, for your contribution. I would also like to thank the audience for attending. We have a little business left to discuss quickly.

1.24 p.m.

Papurau i'w Nodi Papers to Note

[222] **Yr Arglwydd Elis-Thomas:** Cytunwn i nodi cofnodion y cyfarfod ar 26 Ionawr. Rydym hefyd wedi derbyn papurau ychwanegol ar yr ymchwiliad hwn gan West Coast Energy. Bydd y pwyllgor yn cwrdd eto ar ddydd Mercher, 22 Chwefror, pan fyddwn yn parhau i wrando ar dystiolaeth ar yr ymchwiliad hwn ar bolisi ynni a chynllunio yng Nghymru.

Lord Elis-Thomas: We will agree to note the minutes of the meeting held on 26 January. We have also received additional papers relating to this inquiry from West Coast Energy. The committee will meet again on Wednesday, 22 February, when we will continue to listen to evidence in relation to this inquiry on energy and planning policy in Wales.

[223] Wrth orffen, hoffwn ddiolch i Paul a'n cyfeillion yn y ganolfan yng Ngheinws neu yn Esgairgeiliog, neu le bynnag yr ydym, yn Nyffryn Dulas. Mae'r lle hwn wastad yn rhoi ysbrydoliaeth i mi; hwn yw fy nghartref ysbrydol. Diolch yn fawr am gael bod yma.

I would like to end by thanking Paul and our friends in the centre in Ceinws or Esgairgeiliog, wherever we are, in the Dulas valley. This place always provides me with inspiration; it is my spiritual home. Thank you very much for allowing us to be here.

*Daeth y cyfarfod i ben am 1.25 p.m.
The meeting ended at 1.25 p.m.*