

Mike Hedges AC  
Cadeirydd y Pwyllgor Newid Hinsawdd, Amgylchedd a  
Materion Gwledig

11 Hydref 2017

### Cyllid gan Lywodraeth Cymru i Ynni Sir Gâr Cyf

Annwyl Mike,

Cyhoeddodd Archwilydd Cyffredinol Cymru [adroddiad](#) ar y cyllid a roddodd Llywodraeth Cymru i Ynni Sir Gâr Cyf ym mis Gorffennaf 2017. Tynnodd yr adroddiad sylw at nifer o bryderon llywodraethu'n ymwneud â'r cyllid a roddodd Llywodraeth Cymru i'r prosiect ar ffurf cymorth ariannol, ac mae'n gwneud pump o argymhellion i fynd i'r afael â'r rhain.

Er bod y Pwyllgor Cyfrifon Cyhoeddus yn credu bod yr argymhellion yn yr adroddiad wedi ymdrin â'r pryderon ynghylch y trefniadau llywodraethu, teimlwn y gallai'r adroddiad, a'r enghraifft y mae Ynni Sir Gâr Cyf yn ei chynnig yn fwy cyffredinol, fod o ddiddordeb i'r Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig, yn arbennig o ran lefel y rheoleiddio'n ymwneud â chronfeydd budd cymunedol.

Yn gywir



Nick Ramsay AC  
Cadeirydd



Caroline Hill

16 Hydref 2017

## Adroddiad yr Archwilydd Cyffredinol: Cyllid gan Lywodraeth Cymru i Ynni Sir Gâr Cyf

Annwyl Ms Hill

Diolch am eich llythyr dyddiedig 7 Awst 2017, ar ran Selina Carpenter, Andy Clifford a Karla Smith. Ymddiheuraf am yr oedi wrth ymateb, ond ni chafodd y Pwyllgor Cyfrifon Cyhoeddus gyfle i drafod adroddiad yr Archwilydd Cyffredinol, ynghyd â'ch llythyr, tan y cyfarfod a gynhaliwyd ar 25 Medi.

Wrth drafod y materion a amlygwyd yn yr adroddiad, nododd yr Aelodau fod rhai pryderon llywodraethu wedi'u nodi ynglŷn â dull gweithredu Llywodraeth Cymru mewn perthynas â'i chefnogaeth ariannol ar gyfer y prosiect CEL T2. Fodd bynnag, barn yr Aelodau oedd bod yr argymhellion yn yr adroddiad wedi mynd i'r afael â'r pryderon hynny. Roedd yr Aelodau'n cytuno y gallai'r adroddiad—ac enghraifft Ynni Sir Gâr yn fwy cyffredinol—fod o ddiddordeb i Bwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig y Cynulliad, yn enwedig o ran lefel y rheoleiddio sydd ynghlwm wrth gronfeydd budd cymunedol. Gofynnodd yr Aelodau i mi ysgrifennu at Gadeirydd y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig, gan amgáu copi o'ch llythyr. Os yw'r Pwyllgor hwnnw'n penderfynu trafod unrhyw un o'r materion sydd wedi'u nodi yn yr adroddiad, mae'n bosibl y bydd yn cysylltu â chi fel rhan o'r gwaith hwnnw.



Hoffwn ddiolch ichi am godi'r materion hyn gyda mi.

Yn gywir,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal flourish extending from the end of the word "Ramsay".

Nick Ramsay AC  
Cadeirydd



Nick Ramsay AM  
**Chair, Public Accounts Committee**  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

7 August 2017

Dear Mr Ramsay

### **More issues to be addressed**

The Press has reported that you have said that the Public Accounts Committee will want to consider the Auditor General's report "The Welsh Government's funding of Carmarthenshire Energy Limited" carefully – and the use of public money to fund initiatives that claim to "directly benefit local communities."

When the Audit Report is considered by the Public Accounts Committee, there are more issues to be addressed about the "direct benefit to communities" than the governance issues - which were central to the remit of the Audit Report (and its recommendations) in its investigation of the CELT 2 wind turbine at Salem.

#### **1. Loan period**

The Audit Report mentions that the loan of Government money was initially for a 12-month period – "but has since been re-negotiated" [See Footnote 6, page 16]. This rather detracts from the assurance that the CELT 2 project is meeting its re-payment commitments. Perhaps the need for the re-negotiation – for an unspecified longer loan term – reflects the inflated estimated value of the project (£2.6m compared to £1.3m) made by the man who had dual roles (at the Energy Saving Trust and on the Carmarthenshire Energy board), Ben Ferguson-Walker.

#### **2. "Preparatory grants"**

- a) The Audit Report states that over £34,000 of public money has been given by the Welsh Government as a "preparatory grant" for Allt Cafan which is a scheme on land at Pentrecwrt owned by Mr Steve Hack – who is named in the Audit Report and is a

founding member of Carmarthenshire Energy Limited and also a director of the Seren companies which developed and operate the Salem wind turbine. This is the same man who “sold” the Salem scheme to Carmarthenshire Energy Limited on the strength of Government money. The Allt Cafan scheme is yet to go ahead.

- b) The Report also mentions that £14,000 of public money was given as a “preparatory grant” for the CELT 1 scheme at Llanarthne, but this never went ahead as it failed to gain planning consent at Appeal.

### **3. Diversion of funds from a “community” scheme to a non-community scheme**

The planning application for CELT 1 painted it as a “community” scheme. However, Carmarthenshire Energy could not pledge that the turbine would directly benefit the host (and directly impacted) community at Llanarthne because its own society rules stated that funds raised from their Carmarthenshire schemes must provide benefits countywide. The planning application was refused at appeal.

In contrast, the CELT 2 planning application contained no documentation referring to it as a “community” scheme, nor as a project driven by any local residents. Yet this was the scheme which absorbed the Government funding that had been intended for a “community” scheme.

### **4. Community Benefit Funds – failure to involve the community**

In common with many wind turbine schemes, the CELT 2 profits are supposed to create dividends for its shareholders (NB Shares were not given or confined to the local community, but were sold nationwide).

A Community Benefit Fund was also promised – although Planning Authorities are supposed to ignore this as a non-material planning issue. However – again, as we are finding with other wind schemes – the Fund has not been put in the hands of the local community or its democratically elected representatives. Instead, because of the way Carmarthenshire Energy Limited operates, it holds a “monopoly” over the administration of the fund and itself chooses who to help decide how it is spent.

The Audit Report mentions its use for “dry-stone walling”. The local community believes that this walling is part of the turbine scheme itself, re-establishing the boundary of the turbine site, and has therefore NOT provided benefit to the community, but only to the scheme’s financially involved landowner. In effect, it seems to have covered the costs of one of the planning requirements for the construction of the turbine.

### **5. Abuse of the term “community”**

There is growing evidence that schemes – like CELT 1 – which are NOT community-led, community-driven or community supported are being labelled “community” by companies because they see this as a way of easing the path through planning – and

gaining fiscal advantages eg. grants, loans and a later Feed-in-Tariff cut-off date. This could be interpreted as fraud.

Moreover, they seem NOT to be returning the promised “benefits” to the communities into which they have been forced – and there is no mechanism to monitor or to enforce these “promises”.

## **6. Lack of regulation or oversight of community benefit funds**

It is the Welsh Government which has encouraged developers to offer “community benefit funds” and communities have – understandably - believed that this means that they will receive significant sums of money. In many cases, this has reduced the volume of objections to planning applications for turbines.

However, there is no requirement for planning authorities to make fiscal evaluations of the robustness of such offers – indeed, they do not have the resource, capacity or expertise to do so - and there is no regulation over such “community benefit” or share schemes.

So we are not surprised to see that any funds are, at best, slow in coming forward, and at worst not materialising at all, as the Government has failed to make such offers enforceable.

No-one is taking on the responsibility of warning the public that no community fund, or indeed share dividend, may ever appear.

We hope that the Committee will take a close look at the “community benefit” issues listed in this letter, with the knowledge that the concerns that we have raised have been substantiated by the Auditor General’s findings. It is not simply a question of asking how – and when – the Audit recommendations are actioned. There are wider implications from the Audit Report, and not just for the community in Salem.

Yours sincerely

Caroline Hill

On behalf of Selina Carpenter, Andy Clifford and Karla Smith