

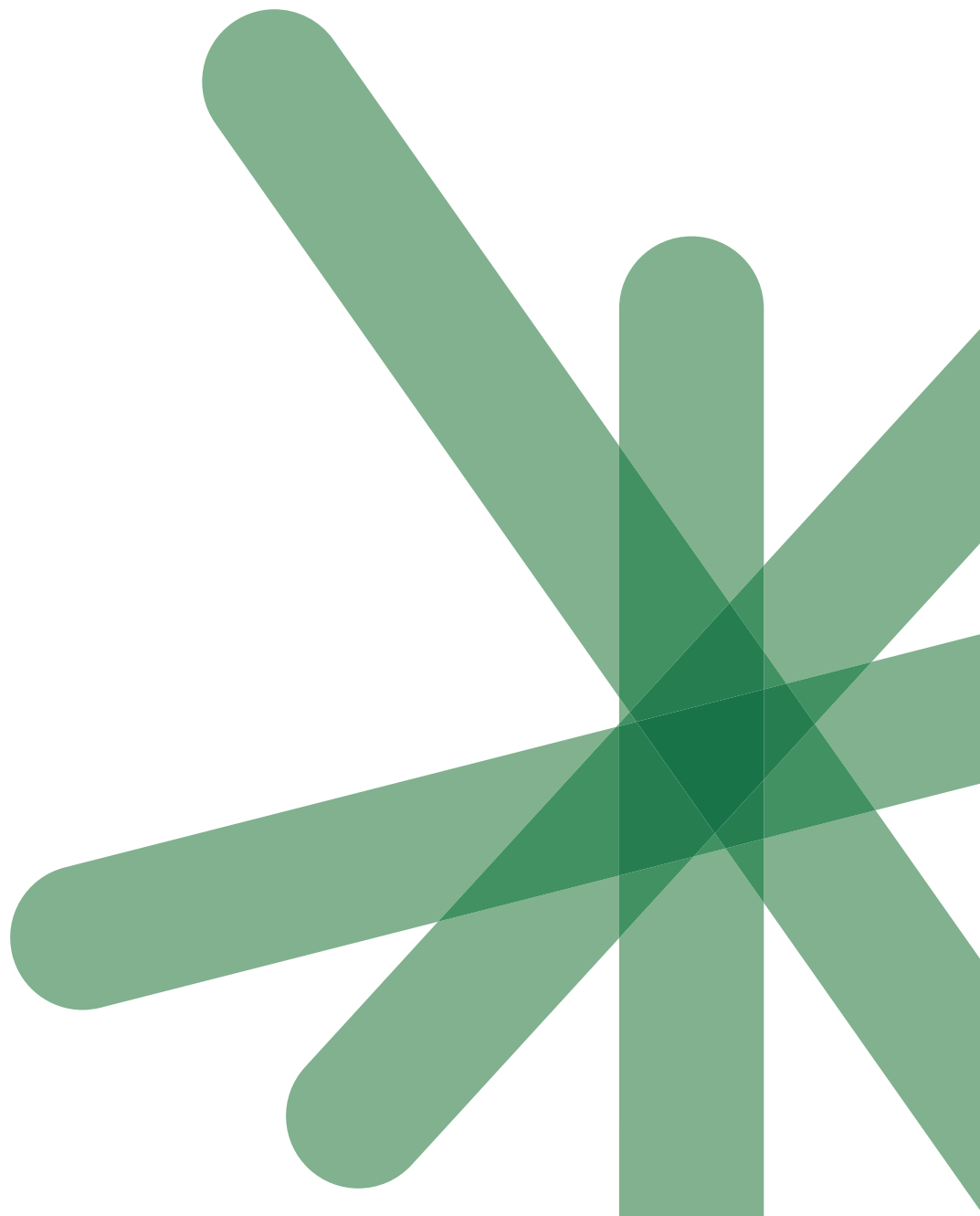
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Chapter 4

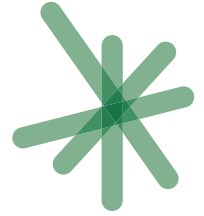
# Energy Policy and Powers

Stevie Upton

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# 4



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### Overview and key recommendations

The existing division of powers on energy is effectively an arbitrary one. The cut-off for planning and consenting powers currently stands at 50MW for onshore generation projects, 1MW for offshore projects and 132kV for sub-station and distribution networks. This introduces uncertainty over policy direction and inconsistency of process for developers. It also enables politicians of all colours to engage in a cross-border blame game over planning decisions, delays and policy failings. As a result, clarity over which body should be held accountable to the electorate is lacking. A further complication is that, with responsibility so comprehensively split between the UK and Welsh Governments, there is every chance that action by the former will cut across the latter's policy aspirations.

There are thus clear practical reasons for removing this limit. Moreover, Wales lacks a number of specific powers that have been devolved to the Scottish and Northern Ireland administrations. From a constitutional standpoint there is therefore also a strong case for further devolution.

There is however a degree of unease within the sector at the possibility of wholesale transfer of powers to the Welsh Government at this time. Forthcoming Energy Market Reform, the Energy Company Obligation and recent transfer of responsibility for nationally significant infrastructure projects to the Planning Inspectorate are all conspiring to create considerable uncertainty. Energy companies are understandably wary of adding a further dimension to this uncertainty.

Interested parties, including developers and NGOs have also voiced concerns at what they regard as a lack of strong leadership and clear direction by the Welsh Government. This in turn points to the need for capacity – in terms of both numbers and skills – to be sufficient to enable effective use of further powers. A number of stakeholders believe that these issues need to be prioritised so as to achieve more even with existing powers.

The timing of further devolution is clearly an important issue: it should be arranged so as to minimise any detrimental impact on the field.

Wales does not currently possess the necessary expertise to make all decisions in-house on the kind of energy consenting powers that exist in Scotland. Rather than going to the expense of developing such expertise it would make sense for Wales to continue to use the Planning Inspectorate system, with recommendations made to Welsh Ministers rather than DECC. This would help to minimise disruption, uncertainty and duplication of resources.

Buying in expertise in this way would also allow Welsh civil service capacity to be focused on policy delivery. Further powers will place additional responsibilities on Welsh Government civil servants, and local authority officers. The capacity implications of these responsibilities following further devolution would clearly need to be understood in advance. Attention should also be paid to how staff are deployed, to ensure that efficient use is made of existing and new capacity in light of any new arrangements.

### **Context for decisions on energy policy**

Domestic energy policy is informed by agreements reached at an international level on both energy and sustainable development issues. In respect of the former, the International Energy Agency (IEA) exists to ensure the reliability and affordability of clean energy supply for its member countries. The IEA membership comprises twenty-eight of the OECD countries, including the United Kingdom. Founded in response to the oil crisis of 1973-74, today the IEA has four principal areas of focus:

1. Energy security – promoting diversity, efficiency and flexibility of supply.
2. Economic development – ensuring stability of supply and promoting free markets.
3. Environmental awareness – enhancing awareness of the options for tackling climate change.
4. Engagement – worldwide, with non-member countries.

The IEA's role is an analytical and advisory one. Its recommendations have no statutory bearing. Similarly consensus-based is the work of the United Nations in respect of sustainable development and climate change. A recent development in the UN's approach is the formal recognition, first in evidence at the Rio+20 summit in June 2012, of sub-national scales of government. The Network of Regional Governments for Sustainable Development operates as a networking, resource-sharing and advocacy group for some fifty sub-national governments, and works directly with the UN and European Union.

It is at the EU and UK levels that the principal statutory powers over energy policy are currently exerted. UK-level powers are discussed in greater detail below. As regards the powers of the EU, member states have committed to a reduction in greenhouse gases by 2020 of 20 per cent compared with 1990 levels. This is an interim target towards an objective of an 80-95 per cent reduction by 2050.

The 2007 Energy Policy for Europe identifies three reasons for placing these reduction targets at the heart of EU energy policy:

1. Because CO<sub>2</sub> emissions from energy account for 80 per cent of EU greenhouse gas emissions.
2. To limit Europe's exposure to oil and gas price volatility.
3. To stimulate technological innovation and jobs through a more competitive energy market.

Climate change, energy security and economic development have thus all been identified as issues of overarching importance. Together they constitute the context within which domestic energy policy is developed.

## **Extent of devolved powers**

In terms of powers relating to energy supply, Wales holds the relevant planning and consenting powers for:

- Energy generation projects of up to 50MW onshore (dealt with under local authority planning powers).
- Offshore projects of 1MW or below in Welsh territorial waters.<sup>1</sup>
- Sub-stations and distribution networks up to 132kV (again dealt with by the local planning authority).

In addition, oil and gas exploration and extraction must receive local planning permission, as well as a Department of Energy and Climate Change (DECC) licence.

The 50MW cut-off applying to onshore development consents in Wales does not apply in Scotland or Northern Ireland. The Welsh Government has called on the UK Government to devolve consenting powers for onshore energy generation projects up to 100MW in size.<sup>2</sup>

At present the Renewables Obligation, which places a mandatory requirement on UK electricity suppliers to source a specified proportion of the electricity supplied to customers from renewable sources, is administered in Scotland and Northern Ireland by the devolved administrations, but by DECC jointly for England and Wales. Companies' obligations are met through the presentation of Renewables Obligation Certificates (ROCs), with the administering bodies awarding varying numbers of ROCs per MWh depending on the renewables source.

Welsh Ministers argue that they should have powers equivalent to those in Scotland and Northern Ireland for setting these bands. However, the planned Electricity Market Reform (EMR) will, from 2017, introduce in its place a system of Feed-in Tariffs with Contracts for Difference. The details of how this will impact energy companies and the devolved administrations are not yet clear, although certain powers (such as the differential prioritisation possible under the ROC regime) could well be repatriated to Westminster.

Under Schedule 7 of the Government of Wales Act 2006, devolved powers specified in other fields with a bearing on energy generation include:

- Economic development (excluding electricity generation, transmission, distribution and supply, energy conservation except elements of energy efficiency, oil and gas and nuclear power).
- Highways.
- Town and country planning (excluding certain nationally significant infrastructure projects).

Whilst matters reserved to Westminster under Schedule 5 of the Scotland Act 1998 mirror those reserved in the field of economic development in Wales, a significant difference is that there are no reserved matters in the field of planning in Scotland.

In respect of energy demand, the Welsh Government is already in a position to implement policy with the dual goals of carbon emissions reduction and relief of fuel poverty. The Arbed scheme to improve energy efficiency of homes in regeneration areas, which has a threefold goal of reducing climate change, eradicating fuel poverty and boosting economic development and regeneration, and the Nest fuel poverty scheme bear witness to this.

## **Non-devolved powers**

In England and Wales, the UK Government retains decision-making powers relating to energy supply over:

- Nationally significant infrastructure projects, defined in the Welsh context as encompassing:
  1. all offshore generation in UK waters;<sup>3</sup>
  2. offshore generation of more than 1MW in Welsh territorial waters<sup>3</sup>;
  3. projects of more than 50MW onshore.
- (In Scotland, the Scottish Government has devolved powers over onshore developments above 50MW.)
- Over-ground power lines above 132kV and cross-country power lines longer than 10 miles.
- Oil and gas exploration, extraction and pipelines.
- Nuclear power.

Additionally, for any offshore development within Welsh territorial waters consent must first be obtained from the Crown Estate Commissioners, since the Crown Estate retains ownership of most of the foreshore and the majority of the seabed within the 12 nautical mile territorial limit.

Prior to April 2012, nationally significant infrastructure projects (NSIPs) in England and Wales were determined by the Infrastructure Planning Commission. Following the latter's abolition, the Planning Inspectorate has assumed responsibility. The Inspectorate is required to make a recommendation to DECC, with a final decision being made by the Secretary of State.

As regards energy demand, one key area in which the UK Government retains powers at a UK-wide level is on energy company obligations for emissions reductions. At present companies are bound by obligations under the Carbon Emissions Reduction Target (CERT). This will be replaced from 2013 by the Energy Company Obligation (ECO)<sup>4</sup>. Targets are UK-wide, and there is no obligation on companies to commit to particular reductions (or associated spending) in each of the nations of the UK.

Emissions reduction targets for the UK as a whole are also a matter of UK Government responsibility. A commitment to delivering an 80 per cent reduction in emissions by 2050 was established in the 2008 Climate Change Act. Progress towards this is overseen by the Committee on Climate Change, which advises on the level of legally-binding carbon budgets for successive five-year periods.

## **Welsh Government policies, aspirations and targets**

Whilst the target for emissions reductions of at least 80 per cent by 2050 is legally binding on the UK Government, the same is not the case for the Welsh Government. Reductions in Wales contribute to the UK target, but carbon budgets are monitored only for the UK as a whole and there is thus no binding requirement on each region to meet the reductions targets.

Nevertheless, in its 2009 One Wales: One Planet sustainable development strategy the Welsh Government set an annual reduction target for emissions of 3 per cent. This applies to greenhouse gas emissions in areas of devolved competence. The 2010 Climate Change Strategy reiterated this target and added a commitment to "at least a 40 per cent reduction in all emissions in Wales by 2020 on a 1990 baseline".

By contrast, Scottish Ministers have set stringent targets which, through the Climate Change (Scotland) Act 2009, are legally binding. Scottish emissions are required to be at least 80 per cent below the 1990 baseline by 2050, and at least 42 per cent below by 2020. (Scottish emissions reductions are also counted towards the UK-wide target.) In May 2012, the Northern Ireland Environment Minister gave a commitment to follow Scotland's lead in enshrining ambitious targets in legislation. According to one senior official in the Welsh Government this is a power also devolved to Wales under the Government of Wales Act 2006, but there appear to be no current plans to develop a Welsh Climate Change Act.

In its Electricity Generation Policy Statement the Scottish Government has set a target of delivering the equivalent of at least 100 per cent of gross electricity consumption from renewables by 2020. This latter target compares to a Welsh commitment to generating up to twice as much electricity from renewable sources in 2025 over 2010 levels, and to be able to meet most energy needs – whether heat, electricity or transport – from renewables by 2050<sup>5</sup>.

The Low Carbon Revolution energy policy statement also set out a detailed breakdown of potential generation capacity in Wales by source. This included a stated potential 4GW capacity for tidal stream/wave generation that has led some energy sector experts to question the extent of the Welsh Government's engagement with the commercial reality of what can be delivered. (A widely quoted figure for what is realistic in the delivery of tidal/wave energy at the UK level is 1.4GW.)

The latest Welsh Government policy on energy is contained in the 2012 Energy Wales: A Low Carbon Transition document. This reiterates the Welsh Government's ambition "to create a sustainable, low carbon economy for Wales". It sets out a threefold focus on i) leadership on energy, ii) maximising economic benefit, and iii) acting for Wales' long term energy future that encompasses:

- Improving the planning and consenting regime.
- Putting in place robust energy infrastructure, to include Grid and port improvements.
- Introducing a strategic approach across Government to creating a low carbon economy.
- Ensuring benefits for the Welsh economy and communities.
- A focus on energy projects with the greatest potential benefit (with particular attention to energy efficiency, marine renewables and Anglesey Energy Island).
- Reducing energy demand through efficiency improvements.

In his foreword to this latest statement, the First Minister makes clear his position on the current powers settlement:

"I will continue to highlight the fact that Wales is disadvantaged by UK energy policy and seek a fairer resolution to the current arrangements. In Wales, the energy market is not working effectively and we need clear long term support for key industries such as marine in Wales that is on a par with the rest of the UK."

### **Welsh civil service capacity**

Responsibility for issues pertinent to energy matters in Wales is split between three principal Welsh Government Ministers:

- As of 2012, the First Minister is the lead for energy policy.
- The Minister for Environment and Sustainable Development's remit covers planning

- policy, micro-generation projects and energy efficiency/fuel poverty measures.
- The Department for Business, Enterprise, Technology and Science takes responsibility for the economic development and supply chain opportunities arising from energy projects.

In addition, the Minister for Local Government and Communities is responsible for transport matters relating to power facility developments, and the Minister for Education and Skills for associated skill development.

Within the Welsh civil service, internal estimates of capacity in the energy field are as follows:

#### **Department for Environment and Sustainable Development**

Approximately seven staff sit within the Energy Policy branch. This group works at a strategic level, developing an evidence base for policy decisions, liaising with UK Government on national issues such as Energy Market Reform, and acting as a statutory consultee for decisions on power generating facilities above 50MW.

A division of approximately nine works on energy efficiency, fuel poverty, micro-generation and community issues.

The Planning Division comprises approximately 40 staff. Responsibilities include cyclical review of Technical Advice Notes and Planning Policy Wales, and there are therefore periods where particularly substantial attention is paid to energy matters. Senior figures suggest that a “significant amount” of time is always devoted to energy, with an estimated one or two staff constantly working on energy and others operating on a case officer basis.

#### **Department for Business, Enterprise, Technology and Science**

The Energy and Environment group of BETS consists of approximately seventeen staff. Responsibilities include fostering sectoral development in the fields of energy generation and use, renewable energy, low carbon technologies and environmental goods and services.

In addition, the Energy and Environment Sector Panel of five industry experts was established in March 2011 to advise Government on sector needs and opportunities.

Staff within the Transport and Skills divisions are assigned at need to particular programmes with an energy dimension.

These estimates suggest a minimum of 35 officials, including planning officials, working on matters relating to energy policy at any one time. At present, the DECC website shows double this number working on energy policy within the department, excluding those specialising in nuclear power. (Also excluded from this number are those outside DECC with planning or economic development functions that have a bearing on energy policy.)

Capacity is not solely a matter of numbers, of course. Whilst one would not expect the Welsh Government to maintain as large a staff as would an administration with full energy powers, stakeholders highlighted concerns that the Welsh Government is less proactive than the Scottish Government in developing relationships with both DECC and developers. This has been attributed in part to split responsibility between departments for the environment, economy and education.

A formal programme is now underway to bring the strands of work in different departments

together. Three civil servants are currently establishing a common programme approach, which is intended to incorporate an agreed decision-making structure and regular reporting. The Director General for Sustainable Futures will act as the single lead for energy matters, accountable directly to the First Minister. If successful, this programme should address a number of concerns. Questions nevertheless remain about the ongoing implications of split delivery for accountability. It was also argued that energy policy is not yet sufficiently embedded as a core responsibility of specific civil servants, but rather tends to be, in one respondent's words, "tacked on".

### **Views on the status quo and further devolution of powers**

The issues identified below in relation to the potential further devolution of powers relating to the field of energy, and the possible models for future distribution of powers, emerged from interviews conducted with fourteen respondents during July/August 2012.

Views were obtained from the Commissioner for Sustainable Futures, from the Welsh Local Government Association and Welsh Government, from academics in Cardiff University's Business School and School of Planning and Geography, from RenewableUK Cymru and from representatives of three major energy companies with renewables and non-renewables interests in Wales, from Friends of the Earth Cymru and from a former Welsh Government Minister.

Whilst, given time and resource constraints imposed on the study, this is a necessarily limited list, the issues highlighted here were recurring themes. This notwithstanding, no individual respondent should be assumed to have subscribed to any or all of the positions outlined below.

### **Welsh and UK Government positions on devolution of energy powers**

In a 2011 letter to the Prime Minister, First Minister Carwyn Jones set out his Government's case for the devolution of powers for the consenting of energy projects above 50MW. He emphasised six principal reasons for devolving powers:

- Failure of a centralised approach to successfully move the UK towards its emissions reduction targets.
- The lack of a practical reason to treat Wales differently from the other devolved administrations.
- Greater likelihood of a Welsh administration being able to manage local objections, ensure community benefit and deliver greater accountability.
- Enhanced ability to integrate energy policy with (already devolved) planning policy.
- Rationalisation of a consenting process that is currently split between different administrations, leading to streamlining and improved ability to address the cumulative impact of developments.
- Greater consistency and credibility for investors.

However, the Wales Office response was in the negative:

"...the UK Government has not yet seen any compelling evidence that would support such a change".<sup>2</sup>



### Stakeholder views on the status quo

Consensus among stakeholders and commentators on the energy powers debate was that it is principally a constitutional issue, rather than a question of what system would produce the most effective outcome. As one academic explained, the number of departments and associated policies inevitably involved in any energy policy decision means that no straightforward answer can be obtained on what would constitute the “best” settlement for Wales. Any further devolution of powers was therefore identified as being chiefly a matter of improving consistency between devolved settlements.

Energy company representatives were at pains to point out that they have no political stance on further devolution. Their foremost concern is to see a system that, to the greatest extent possible:

- Provides clarity and stability over time of process.
- Guarantees dependable timescales for decision-making.
- Provides the company with a favourable result.

Energy companies always have to work with a number of bodies to obtain the full range of necessary consents and licences. This would be no different were further powers to be devolved. Thus the operation of different regimes for different scales of project, with an associated need for engagement with different consenting/licencing bodies, was described by representatives as not necessarily problematic in and of itself. Indeed, in order to achieve a favourable result, energy companies have entered applications both above and below the 50MW limit according to which system they deemed more likely to approve development.

Where companies do see unnecessary complexity is in the separate applications necessary for sites above 50MW (made through the Planning Inspectorate) and associated substation development (made to the local planning authority). In England, the latter is submitted to the Planning Inspectorate as associated development. Other issues causing complaint among energy companies can be attributed either to necessarily UK-level issues – notably the Grid – or to issues over which the Welsh Government already has devolved powers – especially in relation to the planning system.

Concerns were raised over the often highly politicised nature of decisions made at a local level on infrastructure projects. By contrast, the Planning Inspectorate was judged to operate a more impartial system. As one commentator noted, that there is a perception of partiality is significant regardless of the reality. Company representatives spoke of a window of opportunity for securing development in Wales and made it clear that uncertainty – whether from planning delays resulting from public inquiries or from the implementation of a new policy regime – is likely to adversely affect investment decisions.

A further concern, raised by a clear majority of respondents, regards capacity within local authorities and the Welsh Government. Energy sector stakeholders and commentators alike compared Wales unfavourably with Scotland in terms of developing and delivering on detailed policy and targets, removing obstructions in the planning system, and proactively engaging with and pursuing investment from the energy companies. They suggested that capacity, in terms both of numbers of staff employed to work on energy and of their skills, played a part in this. For those attempting to engage with the Welsh Government, a lack of clarity about individual officers’ responsibilities also appears to be hindering efforts to build relationships.

Questions were also raised by all non-Government respondents about the extent of Welsh Government leadership on energy matters. Specifically:

- Welsh energy policy statements were deemed to be less comprehensive than their Scottish equivalents (although it was acknowledged that Scotland has a longer history of engagement with energy issues and has a First Minister with a background in energy economics).
- Local authorities, the environmental bodies and the Welsh Government are not regarded as singing from the same hymn sheet.
- There appears to be little evidence of the Welsh Government having used its influence to drive through applications on renewable energy developments under 50MW, or to amend elements of the regulatory regime that present a barrier to development.
- The planning system is agreed to be a significant barrier to development, but existing powers have not yet been used to resolve this.
- Some respondents argue that powers which could be used to increase energy efficiency and reduce demand are not being used in a sufficiently concerted manner.

Concluding that he would feel more confident in gaining consent if an application went to appeal in Scotland than in Wales, one developer summed up the current situation thus:

“It is clear that the Scottish Government is pro-wind and takes an active leadership role in terms of making things happen in Scotland, rather than the more arm’s length approach we have seen in Wales over recent years.”

The as yet unrealised potential in respect of policy on demand reduction was addressed by a number of academic and energy company respondents. Its significance relates firstly to its possible contribution to emissions targets (estimated to be sufficient to enable Wales to achieve a 40% reduction without recourse to supply-side changes). Secondly, the economic development payback from an energy efficiency focus (in terms of job creation, skills development and fuel poverty reduction) is sizeable.

This is not a case of either-or: respondents were by no means arguing that a focus on energy demand is an alternative to addressing the nature of supply. Their point was rather that without efforts to influence consumption patterns environmental gains will be limited. Moreover, the fact that existing powers in respect of energy demand have not, to date, been fully utilised led respondents to question the extent of political will and leadership on energy in Wales.

### **Stakeholder views on devolution of further powers**

Respondents identified a number of potential benefits and dis-benefits of further devolution of energy powers.

For	Against
Greater consistency in the consenting process.	Energy companies envisage increased uncertainty arising from any changes to the consenting process. (Whether or not this would prove to be the case, this perception is significant.)
Given a high degree of political stability, Wales could become the most stable part of the UK in which to invest.	Wales is already subject to uncertainty associated with the new Planning Inspectorate process, Energy Market Reform and the Energy Company Obligation. Energy companies require greater certainty, not further uncertainty.
Wales' "gratuitously complex" (and apparently arbitrary) energy powers settlement would be simplified.	The Welsh Government has not set out a sufficiently detailed roadmap of how it would act differently from UK Government. Increased uncertainty is not balanced by evidence of clear gain.
Reduced opportunity for politicians to engage in a cross-border blame game over delays/policy failings.	Lack of clear leadership within the Welsh Government raises questions about coherence of approach within Wales.
The recent distribution of new renewable and non-renewable generating capacity points to the UK Government treating England as the location for next generation technologies, with Wales housing the old technologies that will "keep the lights on" in the interim.	A current lack of proactive engagement by the Welsh Government, with DECC and developers, raises questions about capacity in Wales.
The requirement on Welsh politicians to deal with Welsh energy issues would help to address the current accountability gap.	Increased powers would require new skills of local authority and Welsh Government officers. This is a significant challenge that would demand time and resources.
Potential to improve policy coherence and better address local needs. Reduced probability of UK policy cutting across Welsh Government aspirations.	Greater powers alone will not ensure better outcomes. Powers for developments under 50MW have not been used to their full potential. Capacity, leadership and a focus on delivery must also be in place.
Enhanced relationship-building potential between Welsh Government and energy companies.	The decision-making process could potentially be too political, especially if powers are held within the Welsh Government and not at arm's length.
From a constitutional standpoint, Wales would achieve parity with the other devolved administrations.	Any devolution of energy powers brings a risk of fragmentation of policy, with implications for "keeping the lights on".

In spite of an openness in principle to the Welsh Government holding greater power, in practice there was considerable scepticism.

As regards devolution of Crown Estate responsibilities, developers view the existing regime as sufficiently well disposed towards their needs. The Welsh Government and Crown Estate are seen as equally supportive. Developments are progressing as fast as technology and finances will allow. While energy companies wish to deal with as few consenting bodies as possible, given that some potential sites span English and Welsh territorial waters there is an ongoing likelihood of needing to

work with the Crown Estate, regardless of any future Welsh settlement. By far the greater barriers to development are encountered onshore.

Further devolution of consenting powers raises particular concerns:

- Powers alone will not deliver a new approach to energy policy. Does the necessary political leadership exist to drive forward a radically different agenda in Wales? No detail has been released on the form of and schedule for such an approach. (And if a different agenda is not planned, can there be said to be a policy, as distinct from a constitutional, case for further devolution?)
- Considerable demands would be placed on capacity, in both the Welsh Government and local authorities. The WLGA has emphasised an existing capacity deficit in relation to the sustainable development challenge. The scale of the challenge must not be underestimated.
- Energy companies are already facing considerable uncertainty. Investment funds and timescales are limited and adding to the uncertainty risks discouraging investment in Wales.

However, this is not to deny that the status quo remains problematic. Several respondents raised the point that decision-making and delivery are currently divorced from one another in Wales, making development of a coherent approach difficult. Furthermore, without full powers it is difficult to engage in a sophisticated debate about what could or should be the future direction on energy for Wales. As well as encouraging people to play politics across the boundary between UK and Welsh Government responsibilities, the split-powers model introduces a democratic deficit. If it is unclear who has made a particular decision, it cannot be evident who should be held to account.

### **Future arrangements**

Respondents were divided as to whether it is important first to devolve powers (with confidence in the administration expected to grow once Ministers are able – and required – to develop Wales-specific policy) or whether it is necessary to establish stronger leadership before devolving further powers (without which uncertainty might be expected to undermine confidence). However, as many of them noted, the complexity of the energy policy field makes it virtually impossible to make a decision on the distribution of powers on anything other than purely constitutional grounds. Given the likelihood that the UK's Changing Union project, for which this working paper has been prepared, will recommend the adoption of a reserved powers model for Wales, there are a number of specific considerations in the field of energy that should not be overlooked.

Firstly, a majority of respondents were agreed that Wales lacks the necessary expertise to make all consent decisions in-house, as happens in Scotland, and that the time and resources required to develop them are prohibitive. Should energy powers be devolved, ongoing use of the existing Planning Inspectorate system is therefore recommended. This would reduce disruption and uncertainty, use existing expertise and minimise duplication of resources. It would also serve to overcome concerns associated with local planning authority consenting. Setting the recommendation process at arm's length would require confidence on the part of the Welsh Government, and the Inspectorate would have to be prepared to work within differing policy contexts.

The Inspectorate's recommendations could be made to Welsh Ministers or, as one respondent suggested, to a consortium comprising local authority and Welsh/UK Government representatives. This model of cross-tier decision-making was put forward as a means of ensuring that all viewpoints

receive due consideration. Certainly, if powers are devolved, Wales has an opportunity to radically rethink its decision-making model, and should not be bound to adopt an existing approach.

Secondly, coordination between the timing of further devolution and of changes in the UK-wide regime would be beneficial. Without this, devolution risks adding to the uncertainty for developers already engendered by Electricity Market Reform. Any change that makes Wales a less attractive location for investment than its neighbours should be avoided. Such coordination could prove problematic should there be a wholesale transition to a reserved powers model.

Thirdly, from a purely policy (as opposed to constitutional) standpoint the balance of stakeholder views points to the need to increase capacity and develop a sharper focus on delivery prior to any new power settlement. Much could be done with existing powers that would increase confidence in the ability of the Welsh Government to manage further powers as and when they are devolved. To achieve its stated objectives on energy, it is recommended that the Welsh Government should:

- Set out a more detailed agenda on energy, to include an action plan with specific targets and timelines, and with greater weight given to energy efficiency and demand reduction.
- Give stronger leadership and clearer direction to local authorities and the new single environmental body.
- Engage more proactively, and in a consistent manner, with UK Government and with the energy companies.
- Create a detailed roadmap of energy-related investment opportunities.
- Ensure that the Planning White Paper fully addresses concerns over local planning authority involvement in the consenting process.

Consider how local authorities could be better encouraged to use their borrowing powers for renewable energy projects and energy efficiency programmes.

The need for clearer leadership and a sharper focus on delivery implicit in these recommendations was a recurrent theme among respondents.

Fourthly, due consideration should be given to the implications for capacity of the devolution of further powers. Concerns have been raised about the current distribution of responsibilities among staff, levels of expertise, and numbers of staff focusing on energy policy within the Welsh Government and local authorities. Further powers will increase the pressures in these areas. Although it is hard to predict with any precision what specific capacity requirements will be, one might usefully look to Scotland for evidence of what would be required. Attention should be paid not only to absolute numbers of staff, but also to the way in which they are deployed. Inefficiencies resulting from split responsibilities between departments should be avoided wherever possible.

Above all, local authority and government officials and departments will need to be responsive. Officers should be given the space to keep up to date with developments in what is a fast-changing field. A distinction between the routine roles that necessarily underpin delivery and the specialist, often technical, roles that facilitate innovation would seem to be a useful one. Proactive engagement with UK Government and the energy companies should follow in part from the availability of sufficient capacity, but most particularly will be driven by strong leadership and clear direction.

### Notes

- 1 Note that the Gwynt y Mor wind farm off Wales' northern coast will have a capacity of 576MW, while the Bristol Channel Atlantic array, planned under Round 3 of the Crown Estate leasing programme, could total 1500MW.
- 2 Ministerial correspondence regarding the devolution of powers over energy consents (Docs 4, 5 and 6), accessed 29 August 2012. <http://wales.gov.uk/publications/accessinfo/disclogs/dr2012/julsep/enviro1/dlenv209/?lang=en>.
- 3 Projects of 1-100MW are determined by the Marine Management Organisation. For projects above 100MW, the DECC Secretary of State makes a final decision based on a recommendation to grant or refuse from the Planning Inspectorate.
- 4 ECO will form part of the Green Deal, which will also include measures to encourage energy efficiency among consumers. A Government-financed system will eliminate the need for consumers to pay upfront for the installation of energy efficiency measures.
- 5 A Low Carbon Revolution – The Welsh Assembly Government Energy Policy Statement, 2010.