

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 22 March 2018

Meeting time: 09.30

For further information contact:

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Committee Clerk

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1 Introductions, apologies, substitutions and declarations of interest

2 Scrutiny of the Welsh Government on climate change

(09.30 – 11.00)

(Pages 1 – 35)

Lesley Griffiths AM, Cabinet Secretary for Energy, Planning and Rural Affairs

Hannah Blythyn AM, Minister for Environment

Prys Davies, Head of Decarbonisation and Energy

Neil Hemington, Head of Planning

Attached Documents:

Research Brief

Welsh Government paper

3 Paper(s) to note

3.1 Correspondence from the Chair to Welsh Government on Community Energy Projects

(Pages 36 – 40)

Attached Documents:

Correspondence from the Chair



3.2 Correspondence from Welsh Government to the Chair on Community Energy Projects

(Pages 41 – 46)

Attached Documents:

Correspondence from Welsh Government

3.3 Correspondence from the Chair to Natural Resources Wales on fires at recycling sites

(Pages 47 – 49)

Attached Documents:

Correspondence from the Chair

3.4 Correspondence from Natural Resources Wales to the Chair on fires at recycling sites

(Pages 50 – 54)

Attached Documents:

Correspondence from Natural Resources Wales

3.5 Correspondence from the Convener of the Environment, Climate Change and Land Reform Committee of the Scottish Parliament on the implications of leaving the EU

(Pages 55 – 56)

Attached Documents:

Correspondence from the Convener of the Environment, Climate Change and Land Reform Committee of the Scottish Parliament

4 Motion under Standing Order 17.42 to resolve to exclude the public from items 5, 6 and 7 of this meeting.

Break

(11.00 – 11.10)

5 Discussion of the evidence from the Welsh Government on climate change

(11.00 – 11.20)

6 Inquiry into Rethinking Food in Wales: Public Procurement of Food – Discussion of the draft report

(11.20 – 11.30)

(Pages 57 – 82)

Attached Documents:

Draft Report

7 Discussion of the forward work programme

(11.30 – 11.40)

(Pages 83 – 94)

Attached Documents:

Forward Work Programme

Document is Restricted

**Cabinet Secretary for Energy, Planning and Rural Affairs (EPRA)
Minister for Environment**

Climate Change, Environment and Rural Affairs Committee

Climate Change Scrutiny

1. This paper sets out some of our priorities and recent actions related to tackling Climate Change, ahead of our appearance before the Committee on 22 March.
2. The Environment Act sets out a clear decarbonisation pathway for Wales, within the context of our existing UK and international obligations, with a reduction in emissions of at least 80% by 2050. We are on track in developing our supporting regulations under the Environment Act, including setting our interim targets, our first two carbon budgets and the development of our Low Carbon Delivery Plan, which will be published by March 2019.
3. Over the last year, our focus has been on developing the supporting regulations under the Environment Act and accelerating progress in key sectors such as waste, energy and public sector decarbonisation.

Emission reduction framework and targets for decarbonisation

4. In April 2017, the UK Committee on Climate Change (UKCCC) advised the Welsh Government on our Net Welsh Emissions Account and we are looking to agree the recommendations:
 - To count all emissions in Wales, including those from the largest emitters currently operating under the EU Emission Trading Scheme - as the most transparent and simplest way of counting emissions.
 - To include emissions from international aviation and shipping - although these are not devolved areas, we recognise Wales' global responsibility for accounting for all emissions.
 - To allow for a limited amount of international offsetting - our focus will be on driving forward action in Wales, however, if we are including all emissions, including those over which we have limited powers, we may need a certain amount of flexibility through offsetting to help manage those unforeseen circumstances. We agree with the UKCCC recommendation to follow the approach of the UK and Scotland. Offsetting, although not a substitute for reducing emissions, will be considered as a last resort.
5. Collectively, these decisions represent an important milestone in establishing a framework for a lower carbon Wales. They establish the scope within which we can now set the interim targets and carbon budgets.

6. The UKCCC is the Welsh Government's statutory advisor for climate change. When setting regulations under the Environment Act, the Welsh Government is required to seek advice from the UKCCC as well as a number of other requirements.
7. We have involved stakeholders in the process of setting our accounting framework and our interim targets and carbon budgets. The UKCCC have undertaken two Calls for Evidence in relation to our accounting framework and our interim targets and budgets respectively.
8. This has included stakeholder events, jointly hosted with the Welsh Government, to help engage and inform stakeholder responses to the Calls for Evidence. The UKCCC published its advice on the Accounting Framework in April 2017 and its advice on the Interim Targets and Budgets in December 2017.
9. In its advice on targets and budgets, the UKCCC recommend the following interim targets:
 - a 2020 target for an emissions reduction of 27% on 1990 levels. This equates to a reduction of approximately 15.6 million tonnes between the baseline and 2020¹.
 - a 2030 target for an emissions reduction of 45% on 1990 levels. This equates to a reduction of approximately 26 million tonnes between the baseline and 2030.
 - a 2040 target for an emissions reduction of 67% on 1990 levels. This equates to a reduction of approximately 38.7 million tonnes between the baseline and 2040.
10. In terms of our carbon budgets, the UKCCC recommend:
 - First Carbon Budget (2016 – 2020) – an average of 23% below 1990 emissions.
 - Second Carbon Budget (2021 – 2025) – an average of 33% below 1990 emissions.
11. We are evaluating the advice, along with the wider evidence requirements and will provide a further update in the summer on our policy position prior to laying regulations in December.
12. Our Low Carbon Delivery Plan, which will be published by March 2019, will set out proposals and policies for the first carbon budget, broken down into areas of Ministerial responsibility. Ministers will have collective, long-term responsibility for delivering on climate change. The Plan will provide transparency and accountability to deliver emissions savings and provide certainty to drive

¹ These estimates are based on the 2015 inventory data. The estimates of emissions will vary in future inventory releases due to new evidence and methodological improvements, which is why we will be setting targets as percentage reductions.

investment for a low-carbon economy. We will need to look at the decarbonisation pathway for different sectors taking into account the social, economic and environment impacts and looking at the green growth opportunities.

Monitoring and Reporting Framework

13. Alongside our new legislative framework, we will be developing a monitoring and reporting framework using data from the Welsh part of the Greenhouse Gas Inventory. The inventory contains emissions data for the UK, including those for the Devolved Administrations. The UK Inventory is used to report total UK emissions in accordance with the UK's international reporting requirements.
14. Under the Environment Act, Welsh Ministers must publish a final statement after each budgetary and target period, outlining if they have met the budget or target. This will need to be done within 2 years after the budgetary period or interim target year, reflecting the fact that there is a time lag of 2 years before emissions data is verified and ready for publication. Each statement will be laid before the National Assembly for Wales.

Wellbeing of Future Generations

15. The Ways of Working under the Wellbeing of Future Generations Acts guide our Programme, our thinking about our long term target and how we collaborate and involve stakeholders around how to decarbonise to prevent the further effects of climate change. We have established a Ministerial Task and Finish Group and a robust cross-government governance structure.
16. Our officials are working with the Future Generations Commissioner's Office to embed the ways of working and our wider well-being commitments in our Decarbonisation Programme. The Commissioner has identified climate change as one of her key priorities and we are looking to work together to drive this important agenda including aligning the financial and carbon budget cycles and on how we procure goods and services.
17. As part of our wider approach to involvement this summer, we will consult on how Wales collectively can meet its long-term climate goals for decarbonising to 2030.
18. Decarbonisation is an integral part of Prosperity for All and is at the heart of our Economic Action Plan, which sets a new contract for business support. This will help to send the right signals to ensure Wales positions itself to receive the maximum economic, environmental, social and cultural benefits that Decarbonisation can offer.

Energy Generation

19. Energy is a fast evolving sector and is key to delivering our carbon budgets. We are keen to put Wales forward as a test bed for innovation on energy to capture the benefits from low carbon transition. We have set what we believe to be stretching though achievable renewables targets. Our Smart Living programme is

providing a strong base for future opportunities for Wales from the energy transition.

20. Emissions from the power sector make up 37% of Welsh emissions (2014) so decarbonising the sector is critically important. We need to consider how we reduce emissions from electricity generation using the levers we have at our disposal, such as energy consenting and environmental regulation. We will be issuing a call for evidence this year and engaging on how we develop a pathway to reducing emissions in relation to fossil fuel generation.
21. Clean energy also requires us to move away from fossil fuel extraction. We already have a precautionary planning framework to support this. We have issued two notification directions in respect of unconventional oil and gas extraction. Oil and gas licensing functions will be formally transferred to Welsh Ministers in October this year and we are looking at how these powers can support taking decarbonisation forward. We will also aim to strengthen planning policy in relation to the extraction of fossil fuels through the changes to Planning Policy Wales which are currently out to consultation.
22. We have set what we believe to be stretching though achievable renewables targets. These are:
 - Generating 70 per cent of Wales' electricity consumption from renewables by 2030
 - 1 GW of renewable electricity capacity in Wales to be locally owned by 2030
 - Renewable energy projects to have at least an element of local ownership by 2020
23. We estimate renewable electricity generation in Wales delivered the equivalent of 43% of Wales' electricity consumption in 2016. By the end of 2016 there was 397 MW of locally owned, renewable electricity capacity and 177 MW of locally owned renewable heat capacity. However there is clearly a need for more, to meet the increased demand from decarbonised heat and transport as well as increasing prosperity. Our recent call for evidence seeks to inform our approach to delivering the 1GW local energy target and taking forward local ownership. We held two recent events to discuss the call for evidence which closes at the end of March, after which we will consider the Welsh Government response.
24. Our new grant scheme for hydropower projects with a rateable value of up to £50,000 will provide 100% rate relief to community hydro projects and support to cap the increase in rates for other small-scale developments. We are reviewing the schemes to establish whether a longer term solution is needed.
25. We are convening a group to work with us on solutions to the challenges inherent in developing a grid suitable to support future energy systems. This process will enable us to develop options to address Wales' grid infrastructure issues.
26. We are also exploring the potential for an Energy Atlas for Wales, particularly in supporting new generation matched with smarter local use of renewable energy.

This could play an important role in identifying where the best opportunities will be for locating additional renewable generation to meet the targets.

27. The planning system has a key role to play in encouraging developments which help to reduce emission levels through national planning policy which guides local policies. Planning Policy Wales (PPW) is proactive in encouraging development which seeks to reduce emissions with the over-riding need to tackle climate change and ensure places are resilient to the consequences of climate change. We are consulting on an entirely reworked PPW which places placemaking at the heart of the Welsh planning system and decarbonisation is a thread which runs through it.

Industry

28. The UKCCC recognises the importance in ensuring that climate policies should not lead to carbon leakage - displacement of industrial activity to other countries with less stringent climate policies and that policies do not encourage a reduction in Welsh industrial output.

29. Carbon intensive industrial sectors have significantly progressed actions to reduce energy consumption per unit of product and decarbonise their activities. For example:

- In the last 40 years the steel sector has reduced energy consumption by 40%.per tonne of steel produced.
- Since 1998 cement producing plant have directly reduced CO2 emissions per tonne of Portland cement by 23%.
- Since 1990 UK paper and pulp manufacturers have reduced CO2 emissions per tonne of paper produced from 1.3 tonnes to 0.6 tonnes.

30. The Welsh Government has been working with a number of the carbon intensive sectors to support them with investment in technologies to enable efficiency gains and carbon reduction. This has been achieved in a state aid compliant way through the Welsh Government's EU notified Environmental Protection Scheme.

31. WEFO funding is supporting a number of strategic initiatives that are looking at how industry can further improve efficiency and decarbonise. A key project is Flexis led by Cardiff University, Swansea University and the University of South Wales. The research, which will be applied at a Welsh "place based" demonstrator based at the Tata Steel Works in Port Talbot, will consider how to deliver reliable, low carbon energy in a responsive and flexible way to meet future demand and how to capture and manage carbon generated by industry.

Buildings

32. Tackling the energy efficiency of existing homes offers significant opportunities to reduce emissions, energy bills and levels of fuel poverty. Improving their energy efficiency is the most cost-effective way to meet our commitments to reduce carbon emissions, lower costs for consumers and directly address fuel poverty. The imperative isn't just to take action but to take the right action. There is not a

'one size fits all' solution we can just roll out. Knowing what action to take, based on evidence, is crucial.

33. In 2016, we commissioned the Building Research Establishment (BRE) to survey house conditions and data will start to become available this summer. We have commissioned research with Cardiff University to look at evidence of what works to decarbonise homes in different construction types and situations. Putting this together with the stock condition survey data will allow us to develop, over the next two years, a co-ordinated programme of action with financial, social and behaviour change elements.
34. We are establishing a new Steering Group which will bring together stakeholders, academics, businesses, investors and lenders to understand the challenge and build consensus regarding the decarbonisation of the existing housing stock. Their work will feed into the Ministerial Task & Finish Group around the wider decarbonisation agenda.
35. The financial costs are likely to be significant but so is the cost of doing nothing. Attitudes to energy use and the need for change will require us to work closely with a very wide range of stakeholders, institutions and the public. The UKCCC recognises Welsh Government's position and ability to do this.
36. Our existing housing stock is a huge challenge but we cannot ignore the new homes being built. We do not want to have to keep retro-fitting. Prevention is far better than cure. So sitting alongside action on existing homes we also have an ambition to build 1,000 new types of homes across Wales through our Innovative Housing Programme which started very successfully in 2017-18. This is part of our 20,000 affordable homes target during this term of Government.
37. The Programme seeks to test new models and learn from doing that, so in the future we know how to build quality homes quickly that also underpin our decarbonisation targets and outcomes. For example one of the schemes funded is the Active Homes project in Neath. Led by Pobl housing association 16 new homes are being built, rolling out technologies developed through Solcer house, the SPECIFIC project, developing homes as power stations. It is too soon to say what models will prove to be the most successful but building homes that support our carbon agenda is a given.
38. A scoping study on a review of Part L building regulations is now underway – with a view to the main review starting before the end of the year.
39. This year the EU will consider revisions to the 2010 Recast of the Directive which depending on Brexit transitional arrangements require transposition. It is intended that the Part L review will meet the EPBD 2010 (Recast) requirement to set 'Nearly Zero Energy' (NZE) standards at a cost optimal level or better. We are currently awaiting final analysis of our current standards (Part L 2014) in achieving 'cost optimal levels'.
40. Whilst the upcoming review will be intended to deliver NZE as a minimum, it is anticipated that the requirement to achieve NZE is unlikely to require more than

some fine-tuning to current standards. It is also anticipated that the current standards for new non domestic buildings will meet or be very close to 'Nearly Zero Energy' as defined by the directive.

41. The Part L review was put on hold to consider some of the implications of the Grenfell tragedy. The independent review looks set to generate major changes to building regulations and the building control system which will take a number of years to complete. The way we manage competing priorities is going to be critical to the delivery of, in this case climate change and life safety, improvements to the building regulations.
42. Welsh Government Warm Homes Wales has delivered housing energy retrofit solutions to the economically disadvantaged. Both Nest and Arbed include measures to assess their impact in reducing emissions.
43. Heating constitutes a major part of the decarbonisation challenge. Heat accounts for almost half of UK energy use and a third of UK carbon emissions. This is a major policy challenge. We agree with the UKCCC recommendation on the need for a strategic approach to heat in Wales. This year we will review the wide range of evidence and work with those interested to identify where we should focus our resources. We will then consider whether we need to publish a separate heat policy statement for Wales.
44. The aforementioned Welsh Government's powers on building standards for new-build properties should be used to ensure a high standard of energy efficiency and low-carbon heating systems. This will avoid costly retrofit in future and ensure household energy bills are as low as possible. Wales can lead the UK on this in action to reduce emissions.
45. Elsewhere, the 20% improvement we made to new non domestic buildings puts us ahead of other nations whilst giving real encouragement to the installation of renewables.

Land management

46. We have to think very seriously about how to create more woodland. We need to protect our stores of carbon in existing woodlands, in timber and wood products and also make sure we are creating enough new woodland to maintain and expand these stores.
47. The Welsh Government is currently assessing the challenges of changes to trading conditions for farmers after Brexit (including the end of CAP) and how that will impact on the need to meet international and domestic commitments to reduce emissions from the agriculture sector. We have a working group of farming stakeholders and academics looking at the next steps to reduce carbon, methane and ammonia emissions from agriculture.
48. The Agriculture Industry Climate Change Forum (AICCF) was borne out of the work of Amaeth Cymru and is an industry led forum working closely with Welsh

Government to advise, provide evidence and expert opinion on best options to achieve optimum change.

49. The starting point for the work of the AICCF was the Review of Land Use Climate Change. The 2014 report, delivered by independent consultants supported by academic institutions, essentially constitutes a review of scientific evidence, but also contained 20 recommendations aimed at a range of policy areas. It provided guidance provided on a way forward for the sectors to cut emissions and prepare measures to become more resilient to a changing climate. This is set in the context of a need for land use to provide a wider range of eco-system services (including production of food) and the cross-cutting Welsh Government priority of developing a Green Growth Economy.
50. AICCF are now working in partnership with the Welsh Government to;
- Work with the wider food chain to implement a national approach to Carbon Navigation following a review on Climate Change key indicators to underpin a Welsh sustainable food chain and underpin any future brand “Wales”.
 - Develop and agree a national set of high level and sub set of performance indicators within a robust monitoring and evaluation framework to measure progress in the agriculture sector and Welsh food businesses.
 - Work with the Industry Bodies and relevant Industry Boards to develop a seamless approach in developing sustainable brand values to and from the primary industry and wider food supply chain.
51. We want to keep farmers on the land. Our new policy should centre on Welsh land delivering public goods for all the people of Wales. This may include actions such as tree planting and peat bog restoration to increase the scale of the carbon sink in land use.
52. We remain committed to creating more new woodland with an aspirational target of 100,000 hectares of new woodlands by 2030. Officials are reviewing the Woodlands for Wales forestry strategy, taking advice from the Woodland Strategy Advisory Panel. Increasing woodland cover and developing a competitive and integrated forestry sector are, and will continue to be, key outcomes of the Strategy, the delivery of which will be guided by the Natural Resources Policy and its area-based implementation.
53. The new planting aspiration is 2,000 hectares a year with the aim of around 1,000 hectares delivered through Glastir. The other half would be achieved through more privately funded planting or other means. Current planting rates are not delivering the target for new woodland. However, Welsh Government views this as a long term aspiration which will need time for a range of measures to make progress rather than a straight line annual progression.

Waste

54. Waste emissions in Wales have fallen by 72% since 1990. Wales has the highest recycling rate in the UK (64% of municipal waste was reused, composted or sent for recycling in 2016/17) and the third best household waste recycling rate in the World according to an independent study.
55. Towards Zero Waste is predicated on reducing carbon emissions associated with waste. It sets Wales on a pathway for <5% landfill by 2025, with the virtual elimination of methane emissions from landfill arising from newly landfilled waste. Plastic is identified as a priority waste for action. The aspiration is that by 2050 all products and packaging will be designed for disassembly and reuse or recycling. WRAP Cymru has been tasked with producing a route map to increase the demand for recycled plastic.
56. Latest data from the Waste and Resources Action Programme shows that Welsh Local Authorities' capture rate of plastic bottles for recycling from households in 2015 was 75%, up from 55% in 2009.
57. We have commissioned consultants to conduct a study to examine the potential for Extended Producer Responsibility schemes which will include an analysis of Deposit Return Schemes.
58. We are exploring extended producer responsibility options for six key types of food and drink packaging, with the aim of reducing waste, increasing recycling and reducing litter.
59. The Cabinet Secretary for Finance has worked collaboratively with HM Treasury on the need to tackle the issue of disposable plastics, including exploring taxation. It is anticipated that the call for the evidence on single-use plastics will be published before Easter – both the Welsh and UK Governments have agreed to work together to inform future decisions on the way forward.
60. We are also developing legislation to introduce the microbeads ban in Wales, on both the manufacture and sale of products, by 30 June 2018.
61. Once the ban is in place, it will be a criminal offence for anyone to manufacture, sell or offer to supply any rinse-off cosmetic or personal care products which contain plastic microbeads in Wales.

Transport

62. We are looking at measures to support the phasing out of petrol and diesel vehicles in an integrated way as part of our decarbonisation commitments, recognising that vehicle manufacturing standards, fuel duty and road tax are not devolved matters.
63. We are liaising with the UK Government on the development of its low carbon road transport strategy, and how its commitment to invest more money in low carbon vehicles will benefit Wales.

64. The number of new electric and hybrid car registrations in Wales rose by 35% in 2017 compared to the previous year and plans are being developed for a network of public charging points along/near our trunk road network, focusing on areas where the market is unlikely to fill the gaps.
65. We have and will continue to advise Local Authorities, other public sector bodies, bus operators, other businesses and the Third Sector on bidding for UK Government funding that extends to Wales, including the Low Emission Bus Fund and Workplace Charging Scheme.
66. We are engaging with a range of organisations including the local authority sector, the UK Office of Low Emissions Vehicles and Transport Scotland. It is clear there are a wide range of potential models for funding, implementing and managing a sustainable Electric Vehicle charging infrastructure, they include: a national model similar to ChargePlace Scotland; a Local Authority delivery model; or a combination of both.
67. Our national policy seeks to reduce the need to travel and the length of journeys, whilst making it easier for people to walk, cycle and use public transport. The planning system can achieve this by influencing the location, scale, density, mix of uses and design of new development and where possible driving a policy of transit-orientated design, locating developments that are connected to key good quality sustainable and multimodal transport interchanges.
68. We are also focussed on ensuring that all providers of public services adopt the same approach to the integration and planning of service provision - an approach that is sustainable, accessible for all, integrated, and focused on the needs of people, communities and business.
69. We allocated additional Capital funding of £8m for Active Travel schemes for 2017-18 which will boost existing schemes and fund additional projects in December, 2017.
70. Funding for 2018-19 has been allocated for the three grants that are used by Local Authorities to put in place active travel improvements: £5m Local Transport Fund plus an additional £5m specifically for pre-works on active travel schemes to develop a pipeline of Active Travel projects.
71. This money has been allocated to all Local Authorities on a formula basis to set a signal that we expect communities across Wales to benefit from good active travel infrastructure.
72. In addition to this funding for local schemes, we will plan active travel improvements as part of our trunk road walking and cycling programme and build these into all our major projects. Additionally £1.9m Road Safety revenue are being made available, the majority of which funds walking and cycling training.

73. It is, however, not all about spending more. The Active Travel Act puts in place the plans that will help us spend our money better and in the places where it can have the biggest impact.
74. Elsewhere, the M4 Project is proposed as the long-term, sustainable solution to the problems associated with this gateway to Wales. Evidence is in front of the ongoing public Inquiry covering all aspects of the project, including the proposed measures for climate change adaptation.
75. Environmental impacts and their mitigation is clearly a diverse subject. A comprehensive Environmental Statement has been published setting out the potential impacts. Proposed mitigation of negative impacts is set out in that reporting, for example new woodland planting of more than double the area taken and natural reed bed rainwater run-off filtration and attenuation ponds. The positive environmental impacts of the Scheme must also be borne in mind, for example significant improvements in air quality and noise, most notably in urban areas adjacent to the existing M4.

Air Quality

76. Improving air quality in Wales is a priority for Government as reflected in our national strategy, Prosperity for All.
77. We intend to publish the Clean Air Plan for consultation later this year. We still face a significant challenge meeting nitrogen dioxide limits in some urban areas. We are taking a cross-Government approach to developing the right solutions in the soonest time possible.
78. It is also our intention to work with the UK Government and the other devolved administrations on the development of the UK Clean Air Strategy. This Strategy will support the delivery of the Welsh Government's commitment to improve air quality in Wales. We expect the Strategy to be underpinned by a consistent evidence base across all sectors and administrations as a basis for coherent action across the UK. The Strategy must also reflect where appropriate specific circumstances in Wales.
79. The UK currently meets the legal limits for almost all pollutants but faces significant challenges in reducing levels of nitrogen dioxide (NO₂). In Wales, we need remedial measures to accelerate the pace of compliance and, in July 2017, we published information in the new UK Air Quality Plan on measures we intend to take to accelerate the pace of compliance.
80. The plan included a commitment to consult on a Clean Air Zone Framework for Wales. We will consult on the Framework as soon as possible and no later than the end of April 2018. Officials are working with officials in Cardiff, which has been identified as a city where a Clean Air Zone would accelerate compliance with EU limit values.

Public Sector Decarbonisation

81. The public sector only accounts for a small amount of Wales' emissions but leadership is needed nationally and locally to achieve the depth of decarbonisation required. The public sector is uniquely placed to ensure efficient buildings and to influence emissions through their service delivery, procurement and influencing action in communities.
82. The public sector must be efficient in terms of their bottom line in this challenging economic climate. We are making efficiencies, reducing costs and seizing the wider economic and social benefits from taking action on emission reduction, along with forward thinking Local Authorities, universities, colleges, health boards and trusts.
83. Figures for 2014 show the public sector has reduced its emissions by 57% since 1990 through more efficient use of fuels and a switch to gas fired heating across Wales for many public sector buildings. Wales is at the forefront of global action on climate change and is doing so in a way which prepares Wales for the future.
84. The ambition is for the Welsh public sector to be carbon neutral by 2030. Responses to our call for evidence last summer outlined areas of difficulty but were overwhelmingly supportive of the ambition and approaches to progressively increase decarbonisation measures.
85. Natural Resource Wales' (NRW) Carbon Positive Project has influenced the Carbon Neutral ambition. The Carbon Positive Project evaluated NRW's net carbon status, including greenhouse gas emissions, carbon sequestration across the NRW estate and operations and mitigation opportunities. The project indicates the importance of a comprehensive approach to estimating an organisation's net carbon status to fully understand the carbon impact. We will continue to support NRW to share the learning from the Carbon Positive Project to disseminate best practice across the Welsh public sector.
86. Other pilots with Local Authorities are in progress and include key drivers such as reduction in plastics use, transport minimisation and supporting the circular economy. For example the National Procurement Service (NPS) and Welsh NHS shared procurement services purchase 100% renewable energy for their member organisations. The NPS supports a collaborative forum of public sector fleet managers exploring the use of electric vehicles and supporting infrastructure. NRW has introduced several electric vehicles and installed some charging points at two visitor centres. Lessons learnt in moving to electronic vehicles will be shared with the wider public sector fleet manager forum.
87. Many of the actions to decarbonise the public sector are revenue generating or saving. Our Green Growth Wales service will, by the end of the current Government term, have invested approximately £70m in public sector energy projects. Finance repayments are reinvested in further public sector energy projects. Our business case for Green Growth Wales identified a £50m fund

gives us the opportunity to make around £650m in cash savings on energy and reduce emissions by 2.5m tonnes of CO₂, over the lifetime of the assets we finance.

88. This year alone we expect to commit approximately £24m in energy projects, with investments dominated by street lighting and building energy efficiency solutions. A number of public sector renewable energy schemes are also in development with investment expected within the next two years. We have the opportunity to create community involvement in these projects. To stimulate this opportunity, a new Welsh Government Energy Service to deliver energy services to the public sector and to groups focussed on local Welsh benefit. The new service will be in place in April 2018.

Procurement

89. The public sector in Wales spends around £6bn per annum on externally procured goods, services and works. There is a real opportunity to understand where action can have the greatest impact to reduce carbon in public sector supply chains.

90. Decarbonisation must be owned by the whole public sector. However, in order to take action, the Welsh public sector needs to understand the carbon footprint of its own procurement activity, and identify areas of procured spend that can have the greatest impact on reducing emissions.

91. Our Joint Ministerial Task and Finish Group met on 15 January and noted a paper from Value Wales, which included several recommendations for progressing this work stream, including:

- An assessment of current levels of awareness and understanding across Procurement departments in the Welsh public sector;
- that Value Wales explores engaging with NRW and other key stakeholders to develop tools and training for public bodies to use, including a reporting mechanism for tracking progress on carbon reduction;
- that tools and training are piloted, to be followed by wider roll out across Welsh public sector.

92. The Joint Ministerial Task and Finish Group is supported by a Decarbonisation Working Group, who will support a review of procurement expenditure data to help inform priority categories of spend, following which a stakeholder engagement and delivery plan will be compiled.

93. Value Wales is now drawing up a project plan and working with NRW and other stakeholders to develop an approach.

Behaviour change

94. While the data and our thinking to date have focussed on sector specific emissions, we recognise the importance of addressing emissions at the personal level. The emissions from the transport sector, for example, are an

aggregate of millions of people's choices. Individuals have an important role in reducing emissions. We are keen to explore how we can work with the public to reduce emissions. We will shortly be commissioning research to help build the evidence base around this agenda.

95. Our Eco-Schools programme has a focus on improving the awareness of climate change and its impacts among children and young people. The international scheme runs in 70 countries around the world. The programme encourages pupils to take action in their school and as part of their community. The Eco-Schools programme instils in students a sense of responsibility and cultivates a sustainable mindset which they can apply on a daily basis.

96. We have launched a video competition for children aged 8 to 11 years old, using the Eco schools network, to ask young people on what they expect Wales to look like in 2050. The video competition will raise awareness and involve young people in looking at solutions. The competition runs until 23 March 2018.

Climate Change Adaptation

97. As well as reducing emissions, we are also looking at building resilience to the impacts of climate change. This work implements our obligations under the Paris Agreement, which recognises adaptation must be undertaken at a national, subnational and regional level and supports UN Sustainable Development Goal 13 on Climate Action.

98. The UKCCC provided evidence on the risks to Wales resulting from the projected physical climate change impacts and we have committed to responding to these risks in a new climate change adaptation plan. We are now working to understand these climate change impacts and to develop and implement policies to ensure an optimal level of adaptation response.

99. We have assessed the UKCCC's evidence and have summarised the key risks to Wales as follows:

a. Risks where more action is needed:

- Risks to infrastructure (from all sources of flooding)
- Risk to public water supplies from drought and low flows
- Risks from some land management practices exacerbating flood risk
- Risks to ecosystems and agriculture businesses from changes in climatic conditions

b. Research priorities:

- Risks to communities from all sources of flooding and sea-level rise
- Risks to infrastructure, business and buildings from high river flows, erosion and extreme weather
- Risks and opportunities from changes to agriculture and forestry productivity

- Risks to people's health and well-being and associated service delivery from high temperatures, flooding and extreme weather

100. We anticipate the Plan will focus on:

- Tackling the key risks identified in the Climate Change Risk Assessment (CCRA) 2017.
- Supporting disadvantaged groups and vulnerable communities to build resilience to climate change impacts.
- Establishing mechanisms and timescales for addressing research priorities.
- Clearly define the actions to be taken at an all Wales level, and those for which local delivery partners are responsible.

101. We recognise that the latest CCRA evidence findings have implications across all sectors of Welsh Government including Health, Communities, Transport, Housing, Economy, Agriculture, Food and Environment. These implications are important considerations for our key decisions and major projects and we will be working to embed climate adaptation into Welsh Government programmes across portfolios.

102. Internally, working groups have been established to consider the risks, provide expert advice, agree priorities and establish potential objectives and actions. We will also be reviewing progress on implementing adaptation measures across portfolios and producing case studies to share best practice.

103. We will shortly be establishing an external reference group to support the development of the plan, including representatives from our delivery partners at a pan-Wales and local level, with the aim of establishing aims, objectives and key actions for public consultation before the end of 2018.

Water Management

104. The impacts of surface water flooding on our people and communities can be devastating and the cost to the Welsh economy significant. Our intention is to ensure the management of surface water from new developments follows good practice using the sustainable drainage approach known as SuDS.

105. At present the uptake of good quality SuDS remains low, mandatory SuDS standards will ensure resilient drainage systems are installed for all new developments in both rural and urban areas, providing multiple benefits for water quality, flood risk reduction, amenity, well being and biodiversity.

106. We are working closely with key stakeholders, including the Welsh Local Government Association and the Local Authorities, to deliver against our commitment to better manage water in our environment. Our consultation last summer found strong support for commencing Schedule 3 of the Flood and Water Management Act 2010 which establishes in local authorities a

SuDS approval and adoption mechanism and introduces mandatory SuDS Standards.

Flood and Coastal Risk Management

107. We acknowledge that climate change will increase the risk of flooding, not only through sea level rise but also from all sources of flooding, particularly due to more frequent and intense storms. Flood and coastal risk management remains a priority for the Welsh Government. In 2017/18, we are investing over £54 million across Wales. The 4 year capital funding allocation for flood risk management will allow us to plan more effectively, providing certainty of funding from one year to the next.
108. We are planning for future coastal risk by working alongside local authorities to develop a programme of capital investment in coastal risk management commencing in 2018/19. The Coastal Risk Management Programme provides the opportunity for local authorities to invest up to £150 million in the coastal infrastructure protecting our coastal communities, adapting to the challenge of climate change and sea level rise and achieving wider benefits.
109. We are currently reviewing our National Strategy for Flood and Coastal Risk Management with an update planned for 2017/18. This provides an opportunity to set out this Government's longer-term objectives and underline our approach to managing risk. In carrying out this review we will be working alongside risk management authorities as well as other government departments.
110. A new Development Advice Map, aligned with the NRW Flood Map was launched in spring 2017 providing a single site for all flood risk mapping advice to public, developers and local authorities alike.
111. The Welsh Government publishes climate change adaption guidance for use by Risk Management Authorities when developing Flood Risk Management Schemes and Strategies. The current guidance note will be refreshed this summer to ensure that it aligns with corresponding Planning guidance and reflects the most up to date assessment of UKCP09 data.

Natural Resources Policy

112. The Natural Resources Policy was published on 21 August 2017. The Natural Resources Policy will drive delivery across all of the Well-being Goals, delivering win-wins for our communities and our economy whilst also improving our environment. Tackling the causes and consequences of climate change is a principle embedded in the Policy and the delivery of nature-based solutions, including those which can mitigate climate change as well as address risks, is one of the three national priorities.

113. Natural Resources Wales will now develop Area Statements to support delivery of the Natural Resources Policy in a local context, for example by providing evidence for Local Development Plans, Well-being Assessments and by encouraging local, collaborative action.

Developing the Evidence Base

114. A well developed and robust knowledge base is one of the fundamental building blocks to aid the development of a comprehensive and coherent adaptation response. We are working with Defra and the other UK administrations, Natural Resources Wales, the Met Office, the UKCCC and academia to ensure the key research priorities are addressed over the next five years.
115. The Welsh Government sits on the Project Board for UK Climate Projections 2018 (UKCP18), which will update the UKCP09 projections over UK land areas and update UKCP09 projections of sea-level rise, giving greater regional detail, further analysis of the risks we face, both nationally and globally, and provide more information on potential extremes and impacts of climate change. This new data, accompanied by key messages and supporting products, will be released in November 2018.

Lesley Griffiths AM

Cabinet Secretary for Energy, Planning and Rural Affairs

Hannah Blythyn AM

Minister for Environment

March 2018

Lesley Griffiths AM
Cabinet Secretary for Energy, Planning and Rural Affairs
Welsh Government

Dear Lesley,

7 February 2018

Community Energy Projects

At the meeting of the Climate Change, Environment and Rural Affairs Committee on 14 December 2017 Members discussed the issues facing community energy projects with representatives who run them.

We looked into the possible barriers to development of projects in Wales, how Wales can reach its target of generating 1GW from locally owned energy by 2030, and what support is available from the Welsh Government. We also asked our witnesses how the planning process can facilitate developments and if there are any other government interventions which could facilitate the expansion of community energy projects.

Those we spoke to were keen to highlight the good practice in Wales, described as a 'bright spot' in terms innovation and engagement. There was also praise for the support provided by Ynni Lleol which is seen as crucial to the success of community owned energy projects.

Following the discussion there were some issues which our Members wished to highlight:

- Expansion and longevity of Ynni Lleol;
- Access to finance;



- The need for the planning process to actively support community energy generation;
- Greater certainty of business rates and valuations and
- Delegation of national targets to the local level and greater transparency of levels of locally generated energy

1. Scaling up support for Ynni Lleol

We heard from Cwm Arian Renewable Energy of the support provided by Ynni Lleol in terms of providing training and skills for volunteers. This support was described as ‘essential in enabling communities to develop complex projects in an ever changing market’ by Community Energy Wales. Community Energy Pembrokeshire also said ‘Support from Ynni’r Fro was invaluable throughout the development of the wind turbine... Indeed, we wouldn’t continue without it as the financial, technical and legislative barriers continue to make it very challenging for community groups to get projects off the ground.’

Members would like to commend the excellent work delivered by Ynni Lleol, and expressed their desire to see community groups continue to be supported in this way. In particular, we heard of the importance of investing money in projects at the development stage.

Do you have any plans to ensure that the work of Ynni Lleol is expanded? Ensuring that funding for this scheme continues is important to reassure scheme operators. Can you confirm your plans in this regard?

2. Access to finance

We heard that planned schemes in Wales suffered as a result of the changes to the Feed in Tariffs which are set to end in April 2019. The witnesses highlighted the instability of schemes reliant on the volatility of the wholesale energy prices and the difficulty this poses when seeking investors. There were calls for a contract for difference for onshore wind and solar to set a price which will attract investors.

Also, community energy is specifically excluded from accessing Social Investment Tax Relief. Do you agree that calling on the Treasury to remove this ban would attract more investment to community energy in Wales?

What is being done in Wales to ensure community energy projects and social investors can access low cost finance to develop projects?

By opting to use energy from community renewables, public sector bodies can deliver the goals of the Wellbeing of Future Generations (Wales) Act 2015 in considering the long-term implications of their actions. We understand that there are barriers to matching supply and demand for community generated energy, not least, enabling greater grid access. Nevertheless, we would appreciate a greater understanding of what the difficulties are.

Can you comment on the call we heard for the Welsh Government and local authorities to become the 'buyer of choice for community generated energy throughout Wales'?

3. Planning guidance to support community energy projects

Members were concerned that decisions by planning authorities have resulted in considerable delay to projects which, in some cases, has made them unviable.

Members heard that those responsible for making planning decisions in local authorities feel that Welsh Government's guidance should be clearer and in many cases are failing to implement this guidance on the ground. We would be interested to know if you have received similar feedback.

Please can you comment on the extent to which you feel community energy solar projects could be included within the permitted development regime?

We heard that Ynni Lleol and Local Partnerships are separate organisations delivering separate support to local authorities and community groups and that this split does not foster cooperation. How do you intend to encourage greater joint working between local authorities and community groups?

4. Business rates and valuations applied to community energy projects

We heard from Cyd Ynni that the rate relief for small scale hydro-electricity projects was welcomed by the sector and they asked that this be extended to all community energy projects. They said that changes to Business rates in the last 12 months have resulted in increases of, in some cases, about 200 per cent. They told us that the way in which many of the hydro-electricity schemes are valued takes them above the threshold for the Small Business Rate Relief which is in danger of making them unprofitable.

Please can you set out how the thresholds for business rate relief will be calculated? Will the size of the enterprise be considered, or the ownership?

We would be grateful if you could clarify the expiration date of the rate relief for small hydro-electricity schemes announced in the budget agreement in November 2017 or confirm whether it will continue until the end of this Assembly.

The exchange of correspondence between Community Energy Wales and the Cabinet Secretary for Finance, attached at Annex 1, provides more detail. We considered this correspondence in advance of our meeting and in our discussions we agreed we would like to see the Welsh Government reconsider the decision not to exempt all community energy projects from business rates, as is the case in Scotland. Can you let us know of any discussions you have had with the Cabinet Secretary for Finance on this topic?

5. Targets for generating energy locally

The feedback we received is that the Welsh Government's target of generating 1GW by 2030 was realistic and attainable. However, it has been stressed that the political will and structures need to be in place to facilitate this. The delays

experienced in gaining planning permissions from local authorities have been cited as the most common barrier to launching successful projects.

Members have suggested that the national target for energy generation is translated into targets which correspond to local authorities. In this way they can be accounted for in the process of drawing up Area Statements and local planning considerations will take place in the context of local targets for community energy generation.

Members also requested greater transparency on the levels of renewable energy generated in Wales and the proportion of that which is generated by community owned assets. Do you have any plans to publish the levels of renewable energy generated in Wales? Do you agree with the suggestion to devolve national targets to local ones corresponding to local authorities?

I would be grateful if you could respond to these issues by 8 March as it would give greater clarity to those working in, and potential new entrants to, this field which will bring us closer to meeting the 2030 community energy target.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive, slightly slanted style.

Mike Hedges AM

Chair of Climate Change, Rural Affairs and Environment Committee

Lesley Griffiths AC/AM
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig
Cabinet Secretary for Energy, Planning and Rural Affairs

Agenda Item 3.2


Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA/P/LG 0655/18

Mike Hedges AM
Chair of the Climate Change, Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

7 March 2018

Dear Mike

Community Energy Projects

Thank you for your letter of 7 February 2018 on behalf of the Climate Change, Environment and Rural Affairs Committee. I am pleased to set out what the Welsh Government is doing to support community energy projects.

As noted by the Committee, for there is excellent work being delivered by the Welsh Government Local Energy Service (Ynni Lleol). Over the eight years Welsh Government has been delivering services on local energy, we have supported over 200 communities to scope out projects. Our services have provided advice and support from experienced local delivery officers, grant funding for scheme development and access to capital construction funds from the Local Energy Loan Fund. Since 2010, 16 projects have been built as a result of the support given by the Welsh Government's renewable energy schemes. This has resulted in an increase of 8.5 MW of installed capacity in community ownership. Our commitment to continue supporting community energy is set out in "**Taking Wales Forward**", the Programme for Government.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Pack Page 41

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

1. Scaling up support for locally owned energy

The Local Energy Service was launched in January 2016 in recognition of the need for community groups, SMEs and social enterprises to work together to realise the full benefits from local energy. The service provided an online mechanism to develop cross sector projects and Development Officers from the service have been instrumental in bringing partnerships together. However, there is more to be done, which is why I set ambitious targets for locally owned electricity and for local ownership within large developments. I have recently published a call for evidence to inform our approach to supporting delivery of these targets. We held two events last month to discuss the call for evidence, which closes at the end of March. Following this we will analyse responses and consider the Welsh Government's position.

The need for co-operation between Local Authorities and the communities they support is clear. There are some excellent examples of Local Authorities enabling community energy, including the Swansea Community Energy and Enterprise Scheme (SCEES) led by the City and County of Swansea, which has now handed over a 200 kilowatt solar array on the public estate to the community. We need more of these joint initiatives.

Last year we worked with those receiving support from the Local Energy and Green Growth Wales services to establish how current provision could more effectively meet future needs. As a result of this feedback we have procured a service bringing together our support for these sectors, which will be launched shortly. The current Local Energy service will transition into the Welsh Government Energy Service in the next few months. We intend this support to have a greater focus on bringing together participants to support the right developments within the places they live.

2. Access to finance

I have spoken frequently about the impact of UK Government's decisions in 2015 to exclude onshore wind and solar technologies from 'Contracts for Difference' auctions and to reduce levels of Feed in Tariffs, which have caused a dramatic reduction in the viability of projects. I wrote again on this to the UK Government last November, setting out a common position on support for renewable energy in Wales, signed by a range of Welsh stakeholders. This position was co-ordinated through my Brexit Ministerial Roundtable. The statement set out our collective view of the economic, social and environmental benefits from enabling the continued deployment of onshore wind and solar developments in Wales and strongly urged restoring this support. I will shortly be writing again in connection with the current consultation on the Contracts for Difference mechanism and will continue to press the UK Government to restore support for the most affordable technologies, providing a route to market for more renewables and minimising the costs to bill payers.

Our Local Energy Loan Fund was established to provide funding for projects supported by the Local Energy Service, to increase community owned generation capacity and support other associated local energy outcomes. The Development Bank for Wales (DBW) manages the fund and decisions are made by the fund's Investment Panel based on the mutually agreed Investment Strategy and Guidelines. The fund currently provides loans at market rates in order both to enable the funds to be compatible with UK Government funding and to comply with State Aid requirements.

I consider it important to minimise the cost of finance for communities in order to retain more benefit locally. My officials are currently working to identify ways to provide lower cost finance within current regulations. However, the higher level of risk inherent in funding the construction stages of projects makes this challenging. Our Local Energy service helps groups find finance at a lower rate after construction. I have recently provided additional funds to the Local Energy Service, to work with the Wales Council for Voluntary Action to use Social Investment Cymru (SIC) to create a community energy loan fund (CELF). This work is piloting re-financing a community's construction loan with lower cost finance, raised from third parties as lower return social investment. If successful, this could be rolled out more widely, leveraging more lower cost finance into the sector.

At the end of 2015 HM Treasury decided to exclude community energy projects from Social Investment Tax Relief (SITR), considering this to be double funding for projects in receipt of Feed in Tariffs. At the time the decision took government and the sector by surprise. Since then the sector has lobbied Treasury to include community energy schemes within SITR. This campaign has been led by Community Energy England, supported by Community Energy Wales. This does not appear to be a major obstacle as since 2015, the sector in Wales has continued to be successful in attracting private investment to community energy projects through share offers. However, we agree qualification for SITR could benefit the sector and continue to support their campaign to Treasury.

I am interested in the Committee's observation regarding Welsh Government and local authorities becoming the 'buyer of choice for community generated energy throughout Wales'. As you are aware, all electricity bought for public services in Wales by the National Procurement Service (NPS) has been from renewable sources by 2017, with an aspiration for it to be wholly from Welsh sources.

We are also exploring ways the public sector can help to stimulate new developments by lowering the development risks. This could include using the combined purchasing power of the public sector to demonstrate a long term income. Our initial work has identified complex challenges around state aid and procurement law needing detailed investigation before a scheme can be designed. We are continuing work to build understanding and resolve these issues. However, both communities and public sector developers need to achieve the best possible price for their generation. Finding organisations willing to pay a premium for clean energy will continue to be a challenge for our support services.

3. Planning guidance to support community energy projects

I have recently launched a consultation on an entirely revised version of Planning Policy Wales (PPW), in light of the Well-Being of Future Generations Act, which will make matters clearer for those making decisions. The revised text takes a more integrated approach to energy policy, emphasising decarbonisation as the driver for planning choices. The policy has also been updated to clarify the expectation of local planning authorities in considering appropriate renewable and low carbon energy generation in their development plans. A link to the consultation, which runs from 12 February to 18 May 2018, is below:
<https://consultations.gov.wales/consultations/planning-policy-wales-edition-10>.

I am also planning to make it easier for renewable developments to be constructed without planning permission. There are currently extensive permitted development rights for microgeneration renewable energy installations and I will be consulting in the spring on potential further changes. The consultation will propose removing the need to apply for planning permission for non-domestic rooftop solar installations of any size and small scale, low risk hydropower developments.

I recognise local and community renewable energy projects do need assistance when navigating the planning system and we have in recent years written to local planning authorities asking for them to be as accommodating as possible when dealing with community projects. In 2016, we commissioned the Energy Saving Trust to undertake training on community renewable energy projects. The training brought community group representatives and local authority planning officers together to develop a shared understanding and highlight ways in which community renewable energy projects can more easily navigate through the planning system. Training was also provided to local authority Members. Six training sessions were held across Wales, with a total of 63 people attending. We anticipate the Welsh Government Energy Service providing further opportunities for increased shared understanding of community energy development

4. Business rates and valuations applied to community energy projects

We will be putting a new, permanent Small Business Rates Relief (SBRR) scheme in place from 1 April 2018, following the consultation in the autumn of last year. The consultation invited views on whether additional support should be provided to certain types of business which support wider Welsh Government objectives, giving the decarbonisation agenda as an example.

The current SBRR scheme, which has been extended until 31 March 2018, provides 100% relief to eligible business with a rateable value of up to £6,000 and tapered relief for those valued between £6,001 and £12,000. This scheme provides relief to over 70% of ratepayers in Wales, with over 50% paying no rates at all. In order to enable us to target relief more effectively, the new scheme will maintain these eligibility criteria but limit the number of properties eligible for small business rates relief to two properties per business in each local authority. This releases approximately £7m which will be reinvested in other areas of relief, including additional support for hydropower projects.

The £10m Transitional Rate Relief scheme, which is fully funded by the Welsh Government, is also assisting businesses whose entitlement to Small Business Rates Relief has been adversely affected by increases in their rateable value following the revaluation. This scheme will assist eligible ratepayers by enabling them to phase in any increases in the amount they have to pay over a three-year period. There is no application process with the relief automatically applied to eligible ratepayers' bills.

In addition to this support, I recently announced the establishment of a grant scheme for hydropower projects with a rateable value of up to £50,000. This grant scheme will provide 100% rate relief to community hydro projects to ensure they are able to retain the maximum possible benefit for the local area. In addition to this, the scheme will provide support sufficient to cap the increase in rates for other small-scale developments to 10% or £1,000 where there was no previous liability.

The new grant scheme will be application based, although the process will place as light an administrative burden on small organisations as possible. Under the scheme, owners of hydropower developments with a rateable value of less than £50,000 will be able to apply to Welsh Government for a grant towards their 2017/18 and 2018/19 non-domestic rates liabilities. This grant scheme will provide greater support to hydropower developers in Wales than available in the rest of the UK.

I met with the Cabinet Secretary for Finance in September last year to discuss ways to mitigate the impact of rate relief on the community sector. The scheme we have announced was developed on the basis hydropower has a particularly high up front capital cost and appears to have been significantly affected by the non-domestic rates revaluation. The hydropower grant scheme has been developed and agreed jointly with the Cabinet Secretary for Finance, and in consultation with British Hydropower Association and Community Energy Wales.

Welsh Government is looking to develop a longer term solution to the question raised by the hydropower sector on business rates. I am in the process of commissioning independent advice on the causes and potential remedial actions for hydropower and district heating developments to inform future policy.

5. Targets for generating energy locally

I am encouraged to hear Committee has received feedback suggesting the target of generating 1GW of locally owned renewables by 2030 is realistic and attainable. I do agree support and facilitation will be necessary to help bring forward and develop projects. The call for evidence on local ownership will inform our approach to delivering the 1GW local energy target. I believe encouraging projects to come forward on a shared ownership basis has a number of potential advantages in terms of building local support and securing the benefits of renewable energy at a local level.

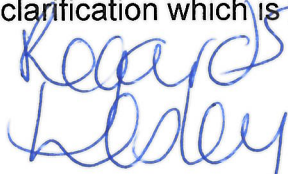
In December last year, I published the Energy Generation in Wales survey, containing information on the levels of renewable energy generated in Wales and the proportion generated from community assets. In total, at the end of 2016 there were 62,420 locally owned projects, 93 per cent of all renewable energy installations. The total installed capacity of locally owned energy was 575 MW, made up of 397 MW of electricity and 177 MW of heat. This is a 40 per cent increase since 2014. Locally owned renewable energy capacity made up 17% of total renewable energy capacity and 5% of overall energy capacity.

The planning system has an important role to help ensure the delivery of the renewable energy targets. To assist in the achievement of these targets, local authorities must take an active, leadership approach at the local level. The revised version of Planning Policy Wales (PPW) proposes to introduce a requirement for local planning authorities to identify targets for renewable energy in their development plans. This will include consideration of the infrastructure requirements as well as the generation itself. We see the National Development Framework playing an important integration role in this process.

We are currently working with Natural Resources Wales to inform their approach to developing Area Statements for Wales. These will provide an evidence base to facilitate implementation of the Natural Resources Policy, including the national priority to increase renewable energy, to inform the location of the right projects in the right place.

We have committed to developing an Energy Atlas for Wales and are in discussions about the scope and purpose of this work. It could include a means of integrating information on current generation, energy consumption, potential resources and future demand, to provide place based evidence for developing generation and matching it with demand. We have been supporting the development of such a tool, along with Bridgend County Borough Council and the Energy Systems Catapult through our Smart Living programme, which will enable Bridgend to produce an Energy Strategy focused on decarbonisation. I am aware of other work in this area such as the Institute of Welsh Affairs' work alongside the Swansea Bay City Region work. We envisage the Energy Atlas for Wales will prove a useful tool in developing more coherent approaches to local energy.

I hope the Committee finds this information useful. I would be happy to provide any further clarification which is needed at the Committee scrutiny session on 22 March.



Lesley Griffiths AC/AM

Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig
Cabinet Secretary for Energy, Planning and Rural Affairs

Kevin Ingram
Interim Chief Executive
Natural Resources Wales

12 February 2018

Dear Kevin,

Tackling fires at recycling sites

The Climate Change, Environment and Rural Affairs Committee of the National Assembly for Wales are looking into the frequency of fires at recycling sites in Wales. Members have noted the prevalence of fires, as reported by the BBC, of 123 incidences, 13 of which were serious.

The Committee is concerned on the impact to local businesses and the Fire and Rescue Services. I note from your comments to the BBC, that NRW has three officers from fire services in Wales working to develop fire prevention plans for all permitted sites.

I am interested in your response to Mark Andrews, who is the lead on waste fires in Wales and England for the National Fire Chiefs Council, to take a "more robust line" with operators who fail to comply with what he called "common sense" practices, including not stacking waste too high and leaving space between piles of waste so firefighters gain access if a fire does start.

At the time of writing, the Welsh Government has laid draft England and Wales regulations for approval by the National Assembly (The Waste Enforcement (England and Wales) Regulations 2018), which, if approved by both the National



Assembly and the UK Parliament will provide additional powers to Natural Resources Wales (NRW) as the Welsh waste regulation authority.

The Regulations amend two Acts of Parliaments to provide powers for NRW to tackle illegal activity in the waste sector which includes sites permitted under the Environmental Permitting (England and Wales) Regulations 2016 (“EPR”) or which are exempt from the requirement to have a permit. Amendments to The Environment Act 1995 would give NRW the ability to prohibit or restrict access to permitted and illegal waste sites by physical means and to secure premises against access. Amendments to the Environmental Protection Act 1990 would expand the powers of NRW and local authorities (as the Welsh waste collection authorities) to issue a notice on occupiers or owners of land, requiring them to undertake specified action on their land in relation to waste unlawfully kept or unlawfully disposed of, including its removal.

In the Explanatory Memorandum accompanying the Regulations, the Minister for Environment states as follows (at page 10, ‘Benefits of introducing the new powers’):

The two new powers will help tackle illegal and poor performance in the waste industry. They will help to reduce the risk of harm to the environment and human health from pollution incidents and to reduce problems with odour, litter, fly infestations and the potential for waste fires. Compliant businesses will benefit from increased competitiveness and costs to the public purse in dealing with fires or clearance at waste sites will be reduced...

I would also be grateful to know whether NRW is content that the current regulatory framework is sufficient to deal with the threat of fires. Does NRW consider that the proposed new Regulations will reduce the potential for waste fires? Are further legislative changes needed to help tackle waste fires in Wales?



Please can you let us know if NRW has identified any additional resources needed to tackle this issue and had relevant discussions with the Welsh Government about this?

In order to inform our work, please can you respond to this letter by 12 March 2018?

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style with a large initial 'M'.

Mike Hedges AM

Chair of Climate Change, Rural Affairs and Environment Committee



Mike Hedges Chair of Climate Change, Rural
Affairs and Environment Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

15 March 2018

Dear Mr Hedges,

Tackling fires at recycling sites

Thank you for your letter on the 12th February. I am pleased to have the opportunity to respond and share our views.

I welcome the Climate Change, Rural Affairs and Environment committee's interest in the important and problematic issue of regulation of non-compliant & illegal waste sites. We are also concerned about the impact that these sites have on people, the environment and the economy including the reputation of the waste sector and legitimate waste business. We are committed to working with Welsh Government, Local Government and the Fire & Rescue Services in Wales to tackle the problems caused by poor compliance and illegal waste sites.

As reported by the BBC, we respond to many reported incidents of fires at waste sites, these range in scale, nature and cause. In response to significant incidents we prioritised work to ensure that our regulatory approach to poor performing, illegal sites and sites posing high fire risk is robust. This included,

- Using additional Welsh Government funding in 2016/17 to second an officer from the South Wales Fire & Rescue service to work with us to help develop review and revise our Fire Prevention and Mitigation Plan Guidance for permitted waste sites.
- We have provided training for our regulatory officers, Fire & Rescue officers and waste operators to embed this guidance.
- We are progressing with a programme to include a permit condition to require operators of specific sites to develop a Fire Prevention and Mitigation Plan which provides a stronger basis for tackling compliance issues. This programme is being targeted at sites posing a high fire risk.

- We have had a further two officers from the fire and rescue services seconded to support continued delivery of a prioritised operational work programme. One of these officers has now returned to his substantive post with South Wales Fire & Rescue Service but the other officer from North Wales Fire & Rescue Service will continue with us until the end of this month.

Our Regulatory Approach

Natural Resources Wales is responsible for providing a risk-based approach to regulation of the waste industry to ensure the sustainable management of our natural resources for human and environmental well-being. We seek to achieve this directly through delivery of our regulatory duties, using powers and tools available as set out in legislation; and indirectly through wider interventions such as raising awareness with waste producers to ensure they are taking steps to segregate, classify and manage their waste responsibly.

The responsibility for complying with relevant legislation and permit conditions lies with the waste operator and they are ultimately in control and responsible for what happens on site. By applying for a permit, they have made a commitment to operate lawfully and in line with the conditions within it.

Most of the waste industry operates responsibly, but there is a part of the industry that fails to meet the required standards or operates outside the law. At the end of 2016 there were 570 operational permitted waste sites, of which 5% were assessed to be poor performing. Non-compliant, poor performing or illegal sites can impact on the environment, communities, reputation of a sector and legitimate waste business. Significant extra regulatory effort is required to monitor compliance and improve performance at poor performing sites. These sites also pose a greater risk of incidents and can consume a large amount of the collective resources of Welsh public bodies.

Our initial regulatory approach is to work with legitimate operators to bring them into compliance. This approach reflects our wider duty to follow the Regulators' Code and is reflected in our organisation's Regulatory Principles which are available on our website (<https://naturalresources.wales/about-us/what-we-do/how-we-regulate-you/regulatory-principles/>). Where operators fail to take adequate steps we then seek to use our other powers, though our use of powers must be proportionate, justified and based on sound evidence. We recognise that there are some operators that will make some short-term progress to demonstrate a shift to compliance, for example with meeting the requirements of enforcement notices served, but then demonstrate further non-compliances in the same or different areas of their activities. We recognise this issue and are seeking to better address this through the effective use of our existing and recently enhanced powers.

Regulatory Framework

We provided our views to the Cabinet Secretary and continue to explore, with Welsh Government officials, additional regulatory approaches, powers and funding that we believe would improve our ability to undertake waste regulation effectively and encourage the Sustainable Management of Natural Resources.

Some of the significant areas of regulatory reform highlighted have already moved forward including the recent changes to the Environmental Permitting Regulations. This has improved our ability to take action against waste operators who pose a fire risk, for example, by suspending the inputs of combustible material. We have also taken steps to ensure that we are refusing permit applications of operators that have failed to demonstrate their competence. Two waste permits have been refused since 2017. Further amendments are expected during the next few months, which will enable NRW to prohibit all access to premises that pose a high risk of pollution or of fire, and to require the removal of waste at abandoned sites.

We are also exploring opportunities with Welsh Government to strengthen the 'Operator Competence' requirements for those within the waste industry. A joint Welsh Government/DEFRA public consultation was published on the 15th January 2018 which lays out these proposals. By reducing opportunities for poor operators to enter and operate within the industry, we can tackle the risk of poor site management and the associated pollution risks. The consultation also includes proposals to revise the system of waste Exemptions have been put forward, which we expect will reduce the risk of fire posed by waste handled at Exempt sites.

Waste – big picture

We support Wales's ambition to create a circular economy that moves away from the current linear model, where materials are fed in to the economy at the start and discarded at the end. Wales is the only UK country to have introduced statutory local authority recovery targets for waste recycling and, collectively the LA's achieved the 58% in 2015/16. Whilst Wales is performing well against Welsh Government's Towards Zero Waste aspirations and increasing recycling rates is important, it is essential that mechanisms and drivers are put in place to encourage prevention and re-use of waste as recognised by Welsh Government's waste prevention programme.

To give you an idea of scale, over 10 million tonnes of waste was received at permitted waste facilities in Wales in 2016. Responding to changes in waste policy means that waste flows have become more complicated as waste is no longer simply discarded to landfill. Waste remains longer in the management process requiring more complex sorting, treatment and reprocessing. The value of that waste is often set at point of entry into a site, not output, and coupled with an absence of robust markets for secondary outputs or

fluctuation in those markets. It can create an incentive for stockpiling. This leads to an increased risk of fire or creates opportunities for illegal disposal.

Waste Crime is increasingly being associated with organised criminal gangs, who may also be engaged in other forms of illegality. It takes business income away and diverts materials away from recycling, moving material down the waste hierarchy and damaging efforts to create a circular economy. It also takes business income away from legitimate waste and annual cost to Wales.

We commissioned experts to undertake a waste crime review, this estimates that criminal activities and the impact on the Welsh economy was between £15.2 – 32.4 million in 2015/16, through undercutting legitimate waste businesses, reducing tax take and imposing costs on those who have to clear up after waste criminals.

We will continue to undertake our risk based regulation and focus the resources available to us on those who operate below a level of compliance, but recognise that our regulation will not be effective in isolation. It will take concerted action from all those involved in the waste chain; producers, collectors, carriers and waste management operators, to create an environment where compliant businesses can flourish on a level playing field. In broad terms, people, businesses and public bodies must improve and strengthen, where possible, their current arrangements to prevent waste and to manage their waste when it arises they know where their waste is going and that it is managed appropriately.

NRW additional resources

Our compliance monitoring of permitted facilities is funded through fees & charges on a cost recovery basis. As mentioned above, significant extra regulatory effort is required to monitor compliance and improve performance at poor performing sites. Following Cabinet Secretary approval, our charging scheme was amended in 2017 to provide a mechanism for improved cost recovery of compliance monitoring at poor performing sites.

However, our enforcement response on permitted facilities and action against illegal sites is funded through Grant in Aid, not fees & charges. Grant in Aid is under pressure across the public sector and this limits our ability to tackle all waste crime. Modelling by the Environmental Services Association shows that, each pound spent on enforcement is likely to yield a return of as much as £5.60. Of this £3.20 would be received directly by government in taxes.

As waste crime is an international issue we work closely with our colleagues in partner organisations, particularly across the UK and Ireland, to share intelligence, experience and good practice. We have ambitions to implement learning from the other regulatory agencies and increase our capability to tackle waste crime.

We recognise that enforcement action is retrospective and does not always achieve the outcome we are seeking in an effective way; we would like to build on the intelligence and information available to us and act proactively. We would also like to be able consider a different approach and employ disruption tactics working with partners to deter criminals from continuing to undertake illegal activity. These have proven to be effective additional measures that have been put in place in England following an additional significant investment to 2020 by the UK Government. We recognise though that additional funding will be needed to increase our action in these areas. In 2016, we requested additional resources (£1.5m to 2m) over 3-5 years to enable us to tackle waste crime and effectively monitor compliance and enforce at poor performing sites.

So far we have received £200k additional GiA in 2016-17, which we used to improve our approach towards fire prevention & mitigation as described at the start of this letter. We also commissioned the waste crime review which has several recommendations that we are as yet unable to take forward without the additional funding requested. In response to a recent offer from Welsh Government to explore funding to clear any abandoned waste sites that pose an immediate and significant risk, we understand the Minister has approved funding for work at 2 sites costing in the region of £300k.

We are concerned that the improvements to legislation, powers and our regulatory approach, will have limited effect if we do not have further resources. We continue to work with Welsh Government officials to provide the evidence base to support the request for additional funding for tackling waste crime in Wales, over a 3 – 5 year basis.

I trust that this response provides you with information on how we continue to work to improve our regulatory approach and our commitment to tackle issues in the waste sector but please let us know if you require any additional information.

Your sincerely,



Clare Pillman
Prif Weithredwr, Cyfoeth Naturiol Cymru
Chief Executive, Natural Resources Wales



The Scottish Parliament
Pàrlamaid na h-Alba

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12 March 2018

Dear Mike,

**Environment, Climate Change and Land Reform Committee –
Environmental Implications for Scotland of the UK’s decision to leave
the EU**

I am writing following our correspondence and meeting last year on the work the Scottish Parliament’s Environment, Climate Change and Land Reform Committee has undertaken on the environmental implications for Scotland of the UK’s decision to leave the EU.

The Environment, Climate Change and Land Reform Committee recently took evidence from legal academics with expertise in environmental law and stakeholders on the implications for Scotland of the UK’s decision to leave the European Union (EU).

- [Official report of meeting 23 January 2018](#)
- [Written Submissions from Witnesses on 23 January 2018](#)

Following this, the Committee agreed to bring the transcript to your attention to share the most recent evidence received.

The Committee has also agreed to undertake an inquiry into the environmental principles of EU law. Details of this inquiry, including the Committee’s call for views, can be [found here](#).

I have asked the Committee’s clerks to keep you informed of its progress.

At our meeting last year, we undertook to maintain contact and dialogue on progress regarding the EU Withdrawal Bill and the development of common frameworks. The Environment, Climate Change and Land Reform Committee

would welcome an update on what your Committee has undertaken since we met and any developments you believe we should be aware of.

On behalf of the Committee, I thank you for your time and look forward to hearing from you.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Graeme Dey', with a stylized flourish at the end.

Graeme Dey MSP
Convener
Environment, Climate Change and Land Reform Committee

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