

The Energy Decade

Welsh Government energy policy and delivery

1. The Welsh Government will bring a new focus on delivery of a *mixed energy economy* in Wales over the next decade and more. ‘Standing up for Wales’ includes related commitments;
 - *The First Minister takes overall Ministerial lead for energy policy.*
 - *Development of a high level strategic relationship with the major energy companies*
 - *A closer alignment between energy sector investments and Welsh Government policy priorities.*
 - *A high level statement regarding its engagement with the energy sector, explaining economic and low carbon benefits of energy sector investment.*

2. In formulating a new statement on energy, the First Minister and Cabinet will consider whether to retain, amend or develop new policy in many areas, including:
 - **Overall aim.** A statement indicating the general approach the Welsh Government wishes to take on energy policy – with due weight to energy security and prices, consumer protection, fuel poverty, low carbon development, Welsh economy and green jobs.
 - **Energy efficiency.** We have a comprehensive approach through Arbed, regulation, uptake of UK policies and programmes related to fuel poverty – realising environmental, economic and social gains.
 - **Nuclear power.** The technology has secure low carbon and indigenous energy security credentials, and presents significant job creation potential in Wales. There remain questions about nuclear waste and proliferation, and, post Fukushima, a need to assess safety risks.
 - **Gas.** Substitution of coal by gas in electricity generation substantially reduces carbon emissions, with possibility for carbon capture and storage in the longer term. Shale gas may increase supplies, but with environmental costs as yet unclear. In the shorter term gas may help in tackling fuel poverty through grid extension.
 - **Large scale biomass.** Large scale biomass may evolve as a lower cost renewable, though its viability and desirability depends on sustainable sources of biomass.
 - **Renewables / on-shore wind:** A Low Carbon Revolution and TAN-8 provide a strong basis for renewables delivery from a diverse set of technologies. The First Minister’s statement of 16 June 2011 emphasises the role TAN-8 plays in setting appropriate constraints on development that balance different environmental, social and economic objectives
 - **Severn barrage.** The energy in the Severn tidal range creates one of the world’s largest single project renewable energy opportunities,

Restricted – Policy

although presenting considerable economic, financing, timing and local environmental issues.

- **Offshore Wave and Tidal.** There is great energetic potential in the seas around Wales, though at present the technologies to extract it need significant subsidy and practical support.
 - **Offshore wind.** A very substantial investment in offshore wind is anticipated, but most policy and consenting rests with UK Government and its agencies. Welsh Government to develop a clear delivery and co-operative approach.
 - **Grid transmission extension and strengthening/distribution modernisation.** Recognition of the importance of transmission enhancements to delivery of our low carbon agenda, though with constraints on visually intrusive pylons and power lines in sensitive landscapes, with appropriate approach to undergrounding.
 - **Energy market reform and regulation.** Ensuring market reforms deliver our low carbon agenda with particular focus on carbon floor price and ensuring that the viability of Wales' energy intensive industries is not compromised.
 - **Planning** ensuring the planning system both onshore and offshore is streamlined to deliver a sustainable energy sector in Wales.
 - **Skills capacity** Focussing skills development in Wales to support new and emerging technologies to ensure Wales maximises the benefits of the estimated investment in large scale low carbon technologies in the next 10-15 years.
3. **Devolution agenda.** The development of a programme to pursue further devolution in energy policy is a key Government commitment. The is scope to devolve consenting for larger onshore and offshore renewables projects and aspects of grid development, and to rationalise devolved responsibilities where the UK Government takes the lead in approving projects in Wales.
4. **Discussion points**
- **Delivery priorities.** In developing this agenda, we would welcome a clear view from you all, as to which areas the Welsh Government should consider for priority action.
 - **Devolution in energy consents.** We believe there is an emerging consensus in Wales for increasing the threshold for devolved consents, to provide for an efficient and accountable approach to consenting energy projects in Wales. We invite your comments on that ambition
 - **Maximising the benefits.** We welcome views on the opportunities and priorities in maximising the benefits for Wales of the potential large investments and ongoing support.